



Advisory Board Presentation

December 5th, 2011
AIM XXXIII



Presentation Agenda

- Personal Introductions
- Presentation Topics
 - I. Objectives and Guidelines
 - II. Economic Environment
 - III. Security Analysis
 - IV. Portfolio Performance Evaluation
 - V. General Information
- Concluding Remarks



AIM Analyst Bios

Kelly Anderson

*Bolingbrook, IL
Dollar Tree, Cinemark*

David Bratton

*Houston, TX
Archer Daniels, MasTec*

Michael Burkin

*Orange, CA
Perrigo, Monro Muffler*

Robert Cahill

*Oceanside, NY
Coca-Cola, Forest Labs*

John Goedert

*Chicago, IL
Starwood, RBC Bearings*

Joseph Hurtekant

*Dallas, TX
Potash, Dick's Sporting Goods*

Timothy Keebler

*Philadelphia, PA
Discover, Teradata*

Colin Keeler

*Moorestown, NJ
Sonic, Panera Bread*

Patrick Kissling

*Plymouth, MN
United Health, Boston Beer*

Anne Lenzi

*Carmel, IN
Intel, Apollo Group*

Matthew Libel

*Springfield, MO
Apple, Vistaprint*

David Mahin

*Cincinnati, OH
American Tower, Dreamworks*

Christopher Masoud

*San Francisco, CA
Chevron, Tesla Motors*

Thomas McMackin

*Chevy Chase, MD
Tessera, Overseas Shipholding*

Joseph Mezyk

*Chicago, IL
Gilead, Vale S.A.*

Katie Misch

*Detroit, MI
Qualcomm, Owens & Minor*

Griffin Naylor

*Cincinnati, OH
Continental Resources, eBay*

Ryan O'Donnell

*Brunswick, GA
Fed Ex, Abercrombie & Fitch*

Patrick Robb

*Kansas City, MO
Newmont, LabCorp*

Kevin Slawinski

*East Northport, NY
Google, Cummins*

Charles Spokes

*Overland Park, KS
Alliant Tech, Key Bank*

Alex Study

*Dayton, OH
EcoLab, Yum! Brands*

Eileen Sullivan

*Chicago, IL
Hasbro, Estee Lauder*

Lauren Sullivan

*Rosemont, IL
Caterpillar, Whole Foods*

Moises Torres Page

*San Pedro de Sula, Honduras
Deere, Chipotle*

Nick Weido

*Houston, TX
Starbucks, Halliburton*

Bradley Wright

*Cincinnati, OH
Activision, Huron Consulting*

Kathryn Zemlock

*Indianapolis, IN
Amazon, Green Mountain*



I. Objectives and Guidelines



Overview

- Analyst Selection
 - Potential analysts submit both an application and resume
 - Analyst class selected based on academic record and professional experience

- Course Objectives
 - Blend traditional academic objectives with practical experience of hands-on investment management
 - Provide analysts with thorough grounding in process of portfolio management



Analyst Responsibilities

- Stock Selection
 - 1st Stock: Inherited position from previous AIM analysts and updated intrinsic value
 - 2nd Stock: Selected new security and valued by current analyst

- Equity Valuation
 - Company Background
 - Industry Analysis
 - Fundamental Analysis
 - Earnings Forecast
 - Intrinsic Valuation
 - Technical Analysis



Group Responsibilities

- Economic Analysis
 - Important economic indicators
 - Current economic events
 - Assess impact on portfolio

- Portfolio Performance Analysis
 - Relative performance to benchmarks
 - Sector weighting
 - Risk-adjusted performance metrics

- Trade Execution
- Class Log
- Newsletter compilation
- Webmasters



Portfolio Decision Process

- Hold/sell or buy/no buy recommendations given by analysts based on intrinsic valuations
- Full discussion of key assumptions and drivers of analyst presentations
- Final portfolio decisions decided by majority vote of all analysts
- Hedge positions recommended, discussed and voted upon by analysts



Investment Philosophy

- Investment Objective
 - Outperform our primary (S&P 500) and secondary benchmarks (Russell 2000, Russell 1000 and the Hank Blended Index) over a long term time horizon (3-5 years)

- Risk Tolerance
 - Not a factor that will be actively managed since portfolio diversification will naturally limit risk
 - Asset allocation to small, mid and large capitalization stocks determines our risk tolerance



Investment Policies

- Only equities traded on major U.S. exchanges
 - No bonds, ADRs, money market or derivative instruments
 - No margin purchases or short selling

- Portfolio Target Allocation
 - 35% in Small (<\$500M) and Mid-Cap (\$500M-\$5B) Stocks
 - 65% in Large Cap (>\$5B) Stocks
 - +/- 10% Boundary
 - 0% long-term target for cash holdings

- No individual position should exceed 10% of the portfolio's market value



Ethical Policies

- AIM will not invest in any company whose values are not consistent with those of the University of Notre Dame

- This includes but is not limited to companies that are involved in:
 - Abortifacients

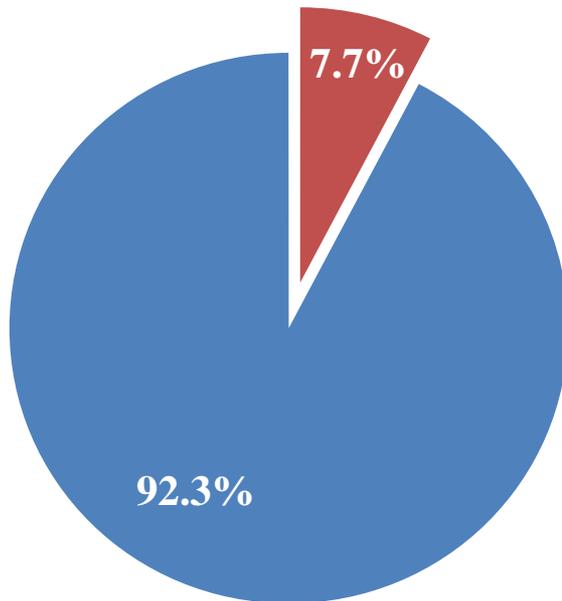
 - Birth Control

 - Tobacco



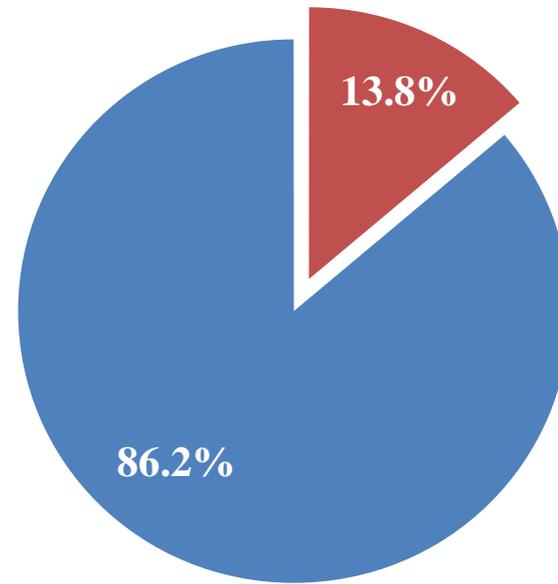
Market Capitalization

AIM XXXII



■ Large Cap

AIM XXXIII



■ Small & Mid Cap



II. Economic Environment



Economic Summary

- GDP Component Breakdown

- Consumer Consumption
- Business Investment
- Net Exports
- Government Spending

- Continued Uncertainty

- U.S. Government
- Fed Policy
- Europe
- Concerns in China
- Housing
- Energy Prices

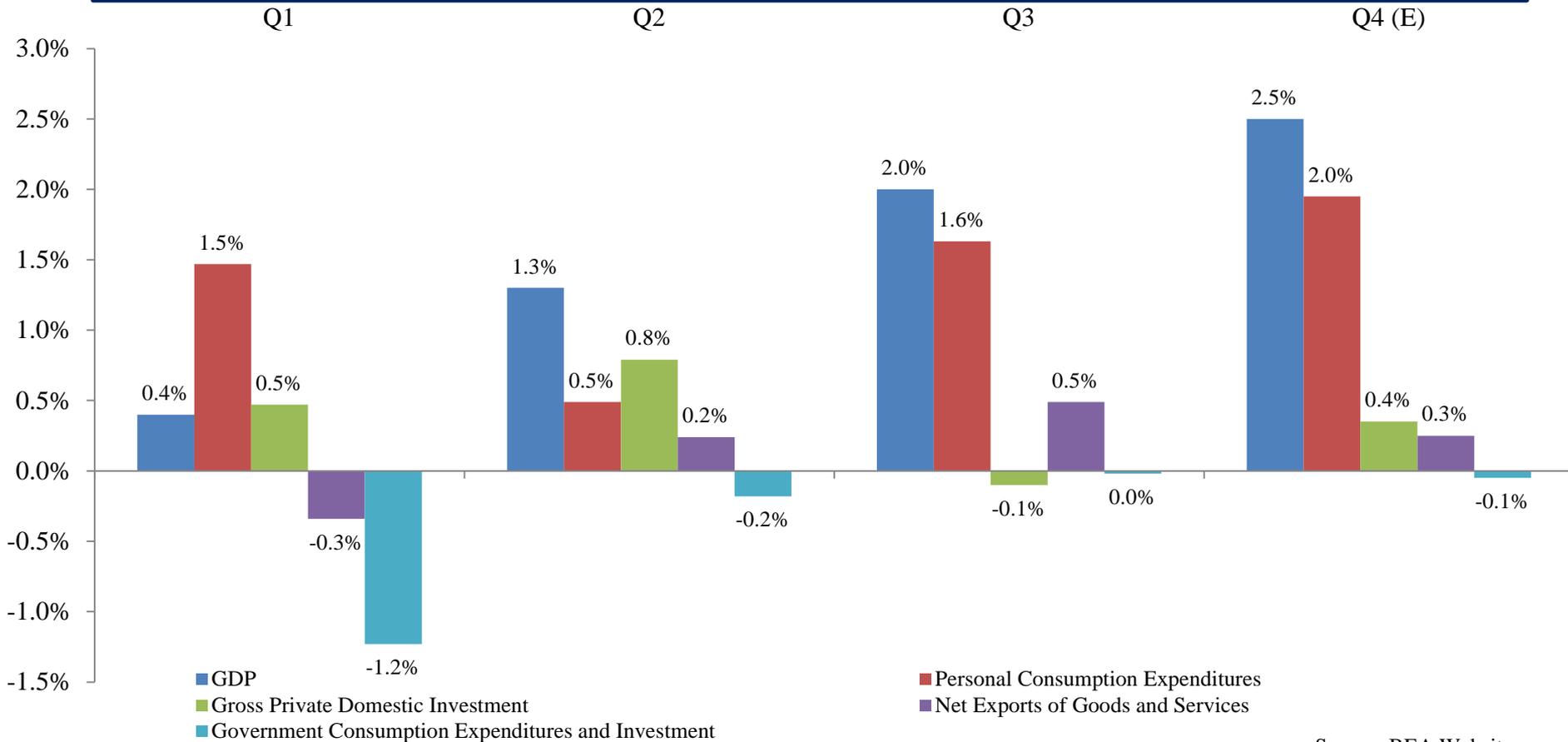
GDP Growth Projections		
Analyst	4Q 2011	FY 2012
AIM XXXIII	2.5%	2.0%
Barclays	2.8%	2.0%
Deutsche Bank	3.0%	2.3%
Goldman Sachs	2.0%	1.6%
Morgan Stanley	2.5%	2.0%
WSJ Consensus	2.5%	2.3%

- Impact of Projections on AIM XXXIII Portfolio



GDP Component Breakdown

2011 GDP Composition by Quarter



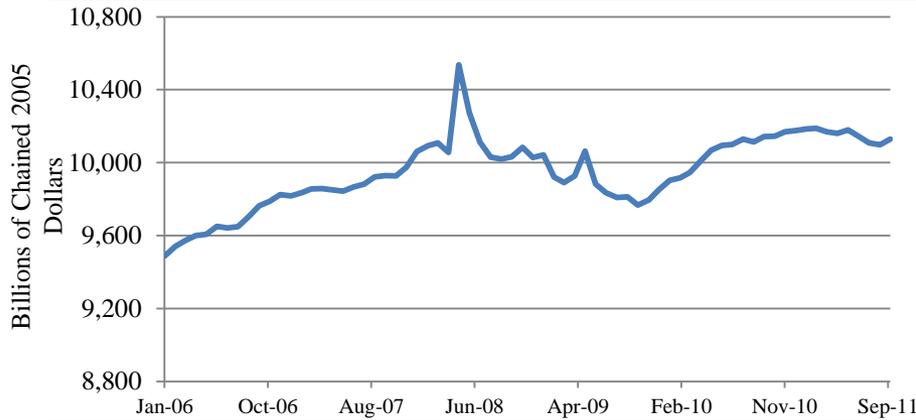
Source: BEA Website



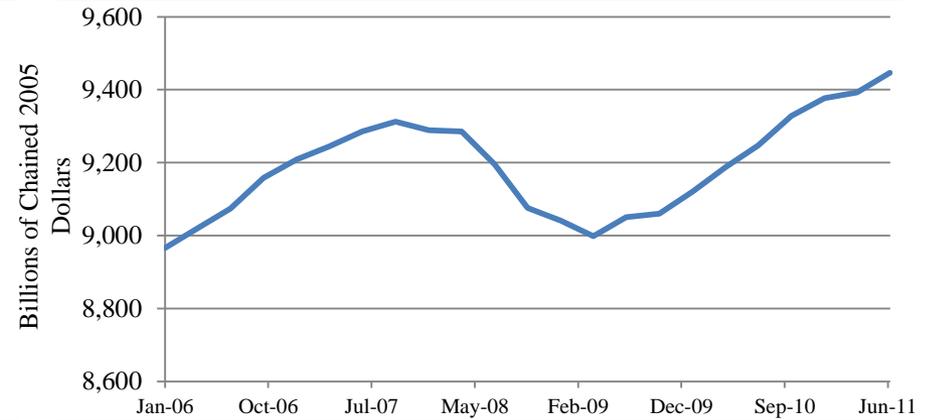
The Consumer

1.6% of GDP

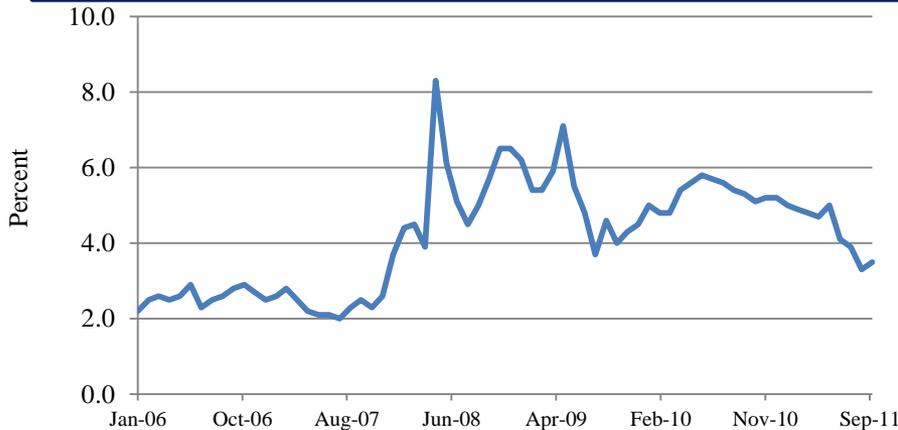
Real Disposable Personal Income



Real Personal Consumption Expenditures



Personal Saving Rate



Analysis

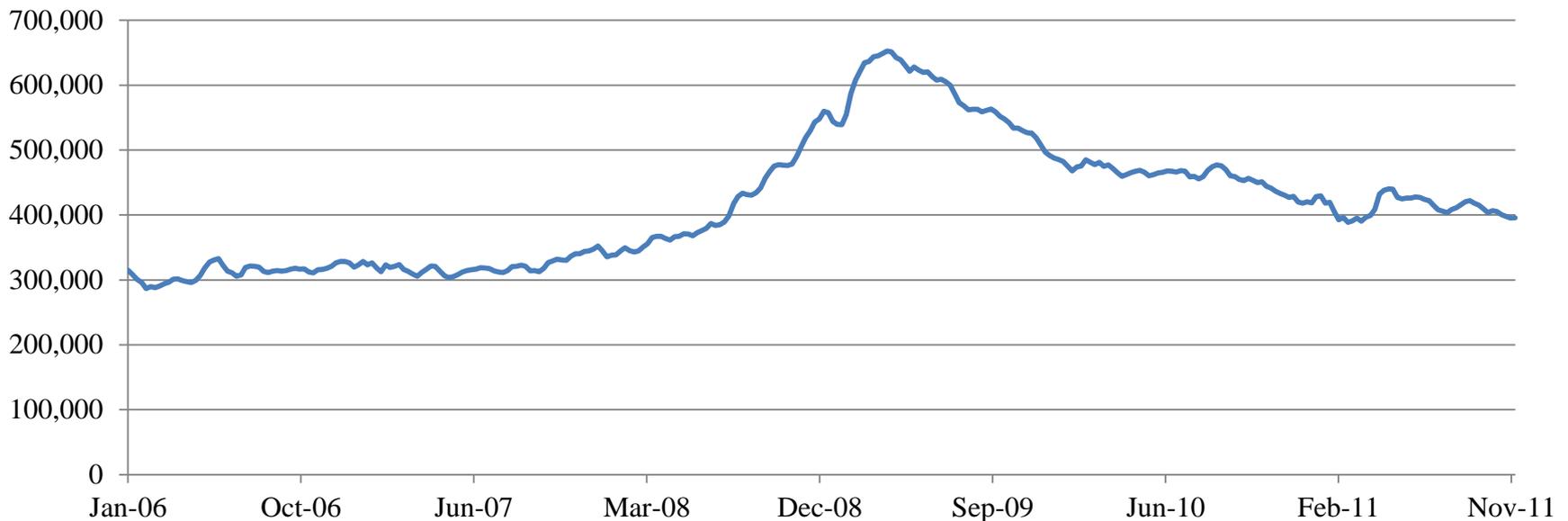
- In the middle months of 2011, Real Personal Consumption increased despite decreases in Real Disposable Personal Income
- The mechanism for this asynchrony is a decrease in the personal saving rate



Jobs and Unemployment

Initial Jobless Claims

- The 4-week moving average for initial jobless claims has fallen over 5,000 over the last 2 weeks to 395,000
- This is the first time the 4-week moving average has been below 400,000 since April 2011



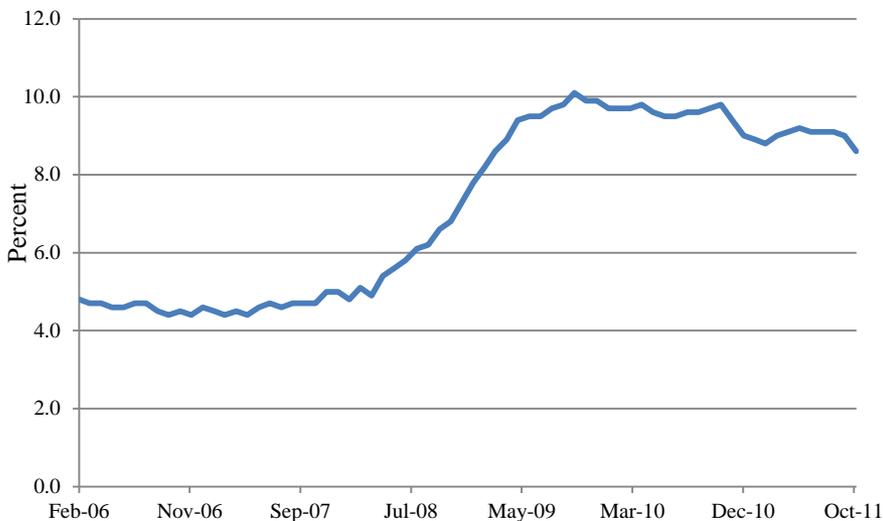


Jobs and Unemployment

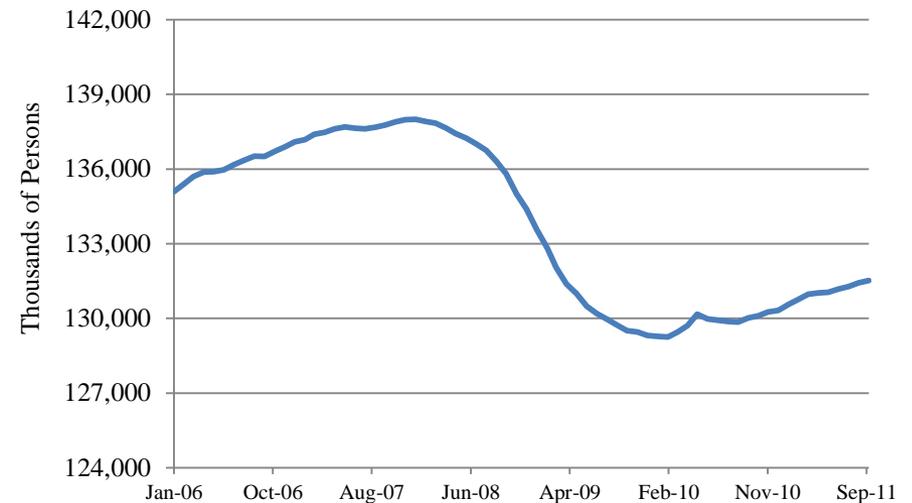
Nonfarm Employment and Unemployment

- Continued slow growth in net nonfarm employment
- Unemployment Rate released for November was 8.6% -- had been hovering around 9% for awhile

Unemployment



Nonfarm Employment



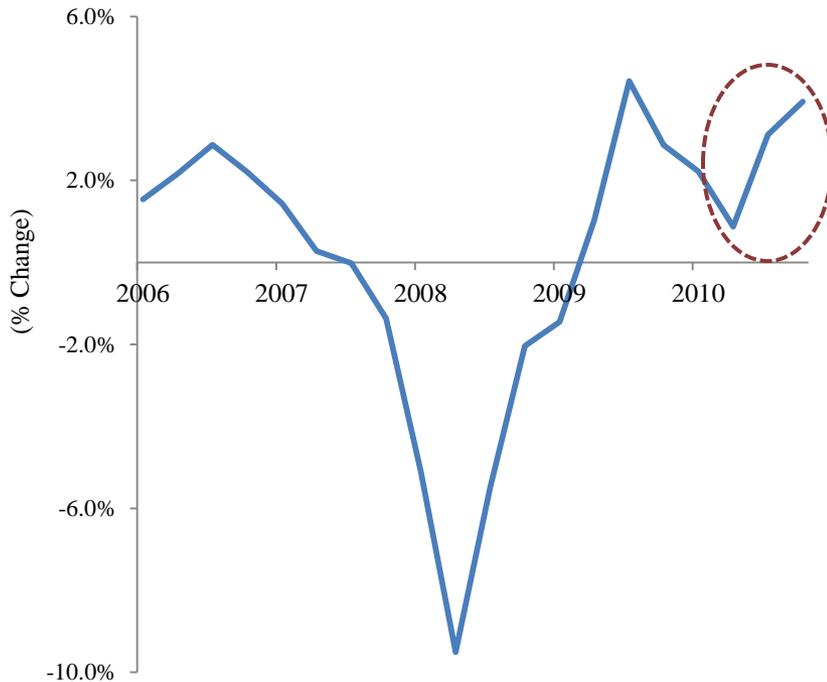


Business Investment

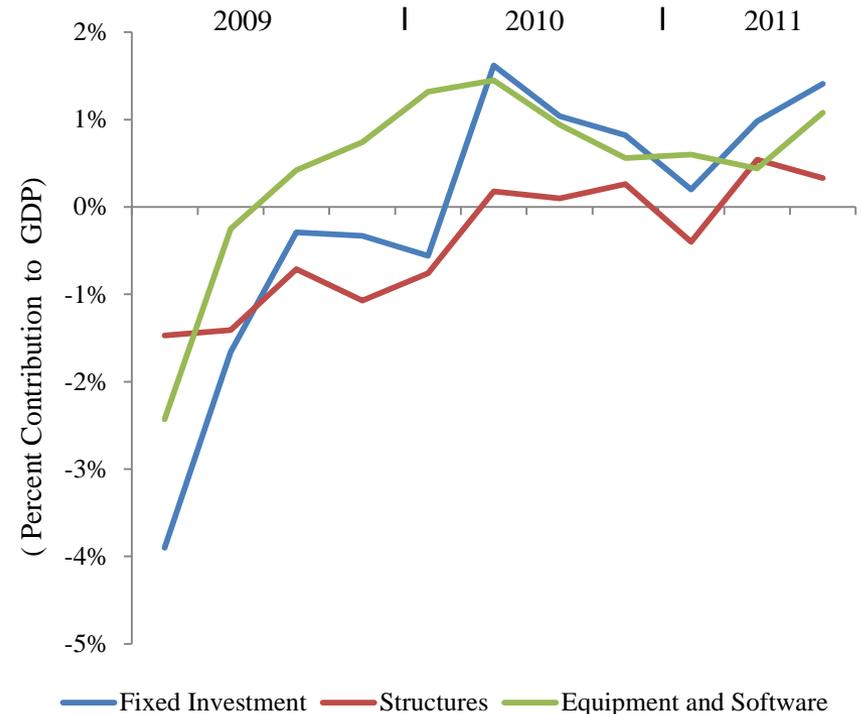
-.1% of GDP

**Total Gross Private Domestic Investment*

Percent Change in Private Nonresidential Fixed Investment



Private Nonresidential Fixed Investment Breakdown



- Increased investment in nonresidential fixed assets
 - Growth mainly driven from increased investment in equipment and software

Source: St. Louis Federal Reserve

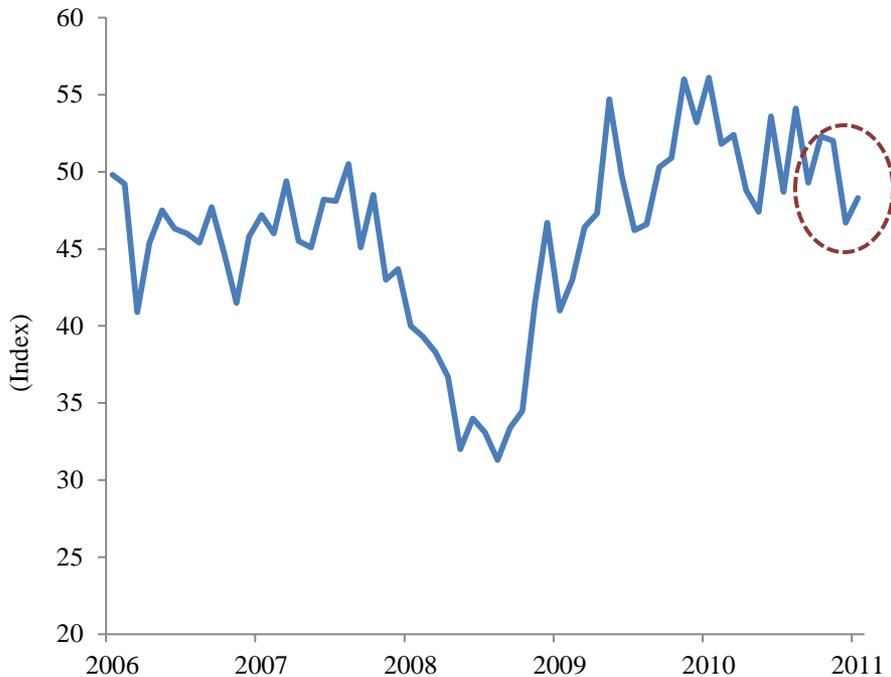


Business Investment

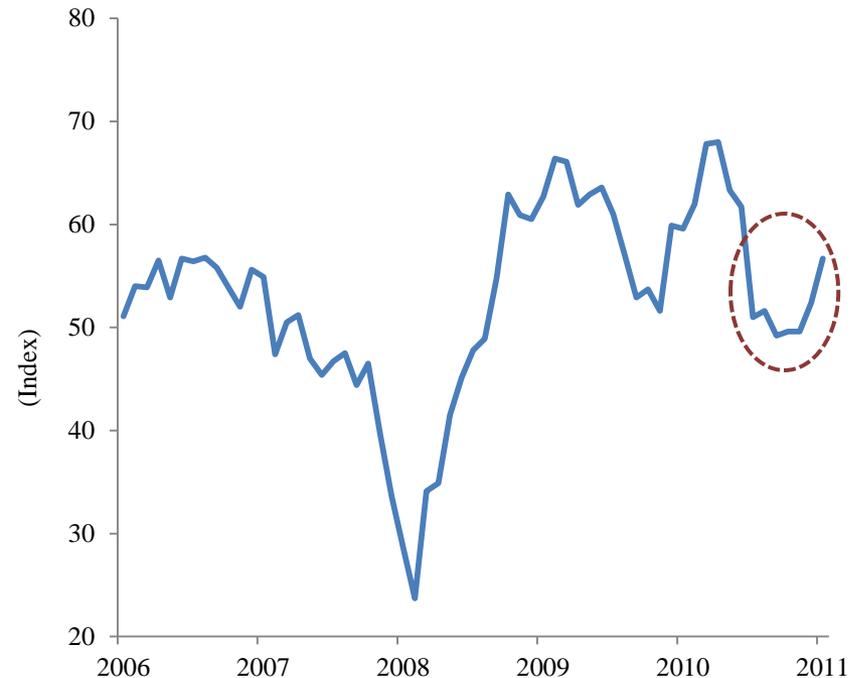
-.1% of GDP

**Total Gross Private Domestic Investment*

ISM Manufacturing: Inventories Index



ISM Manufacturing: New Orders Index



- Inventories negatively contributed to GDP in Q3
- Recent uptick in new orders index after previous contraction

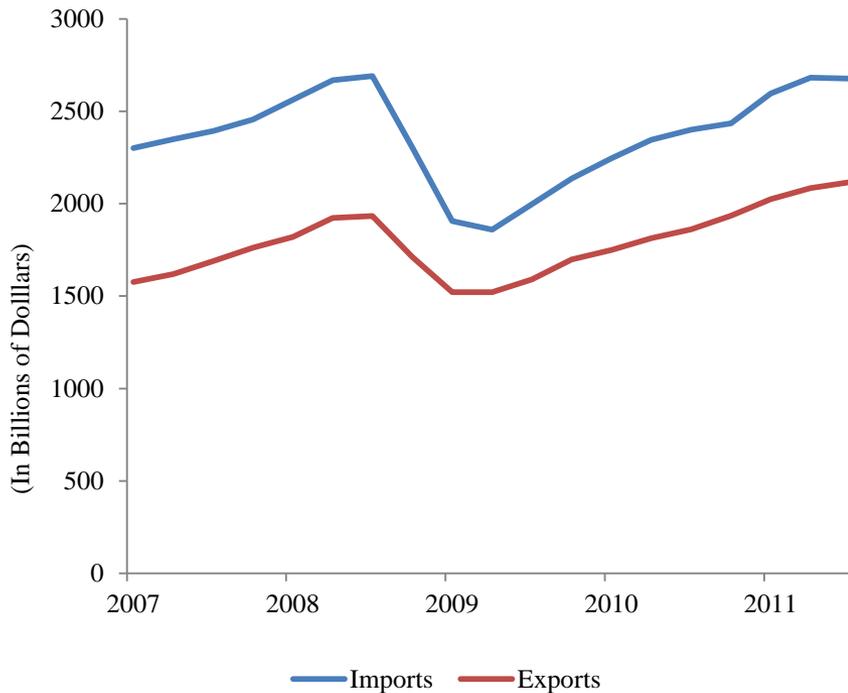
Source: St. Louis Federal Reserve



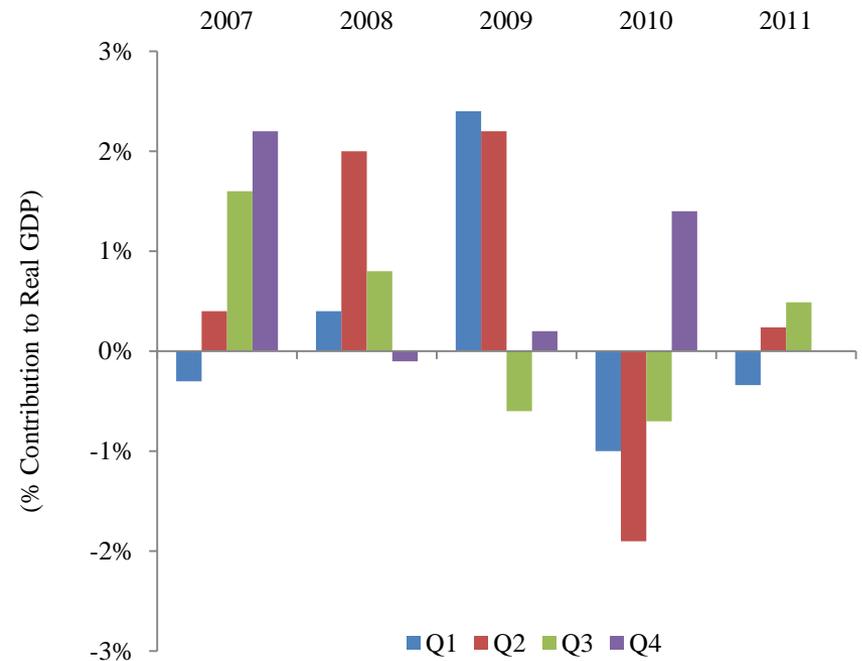
Net Exports

.49% of GDP

Growth in Imports and Exports



Net Export Contribution to GDP



- Exports continuing to increase although may be hampered by European Crisis
 - U.S. to become net exporter of fuel products for first time since 1949
- Imports expected to slowly and steadily rise

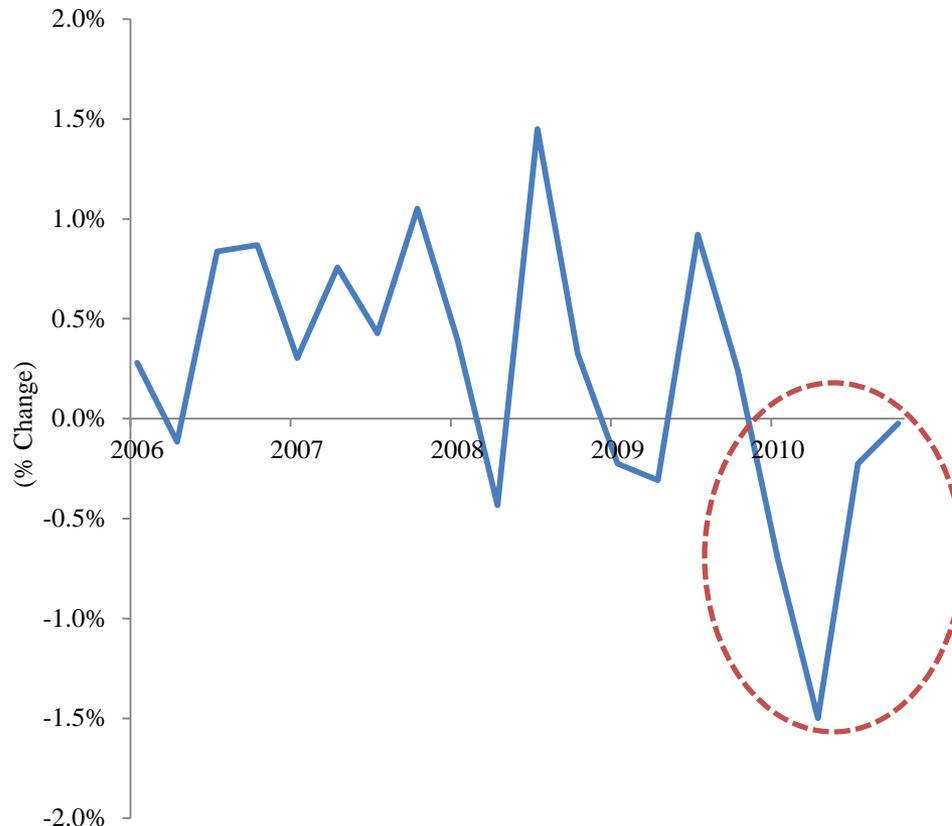
Source: St. Louis Federal Reserve



Government Spending

-.02% of GDP

Government Consumption and Expenditures



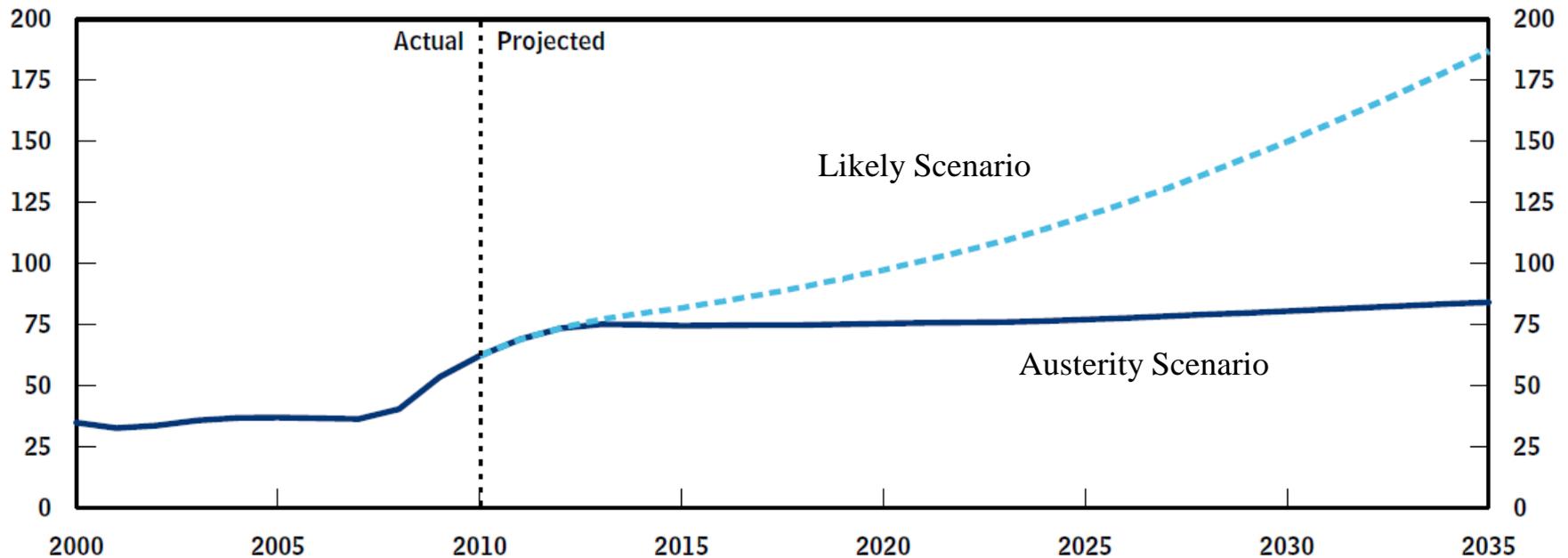
- Government spending expected to face pressure due to increasing debt levels
- State and local levels in particular exhibiting weakened financial profiles
 - State and local expenditures declined 1.4% in Q3

Source: St. Louis Federal Reserve



US Debt Levels

(Percentage of gross domestic product)



Source: Congressional Budget Office.

Long-Term debt concerns hamper ability / willingness for fiscal stimulus



Current Political Divide

Democrats

Increase
revenue
through tax
increases

Moderates

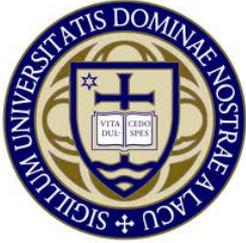
No current
proposal

Republicans

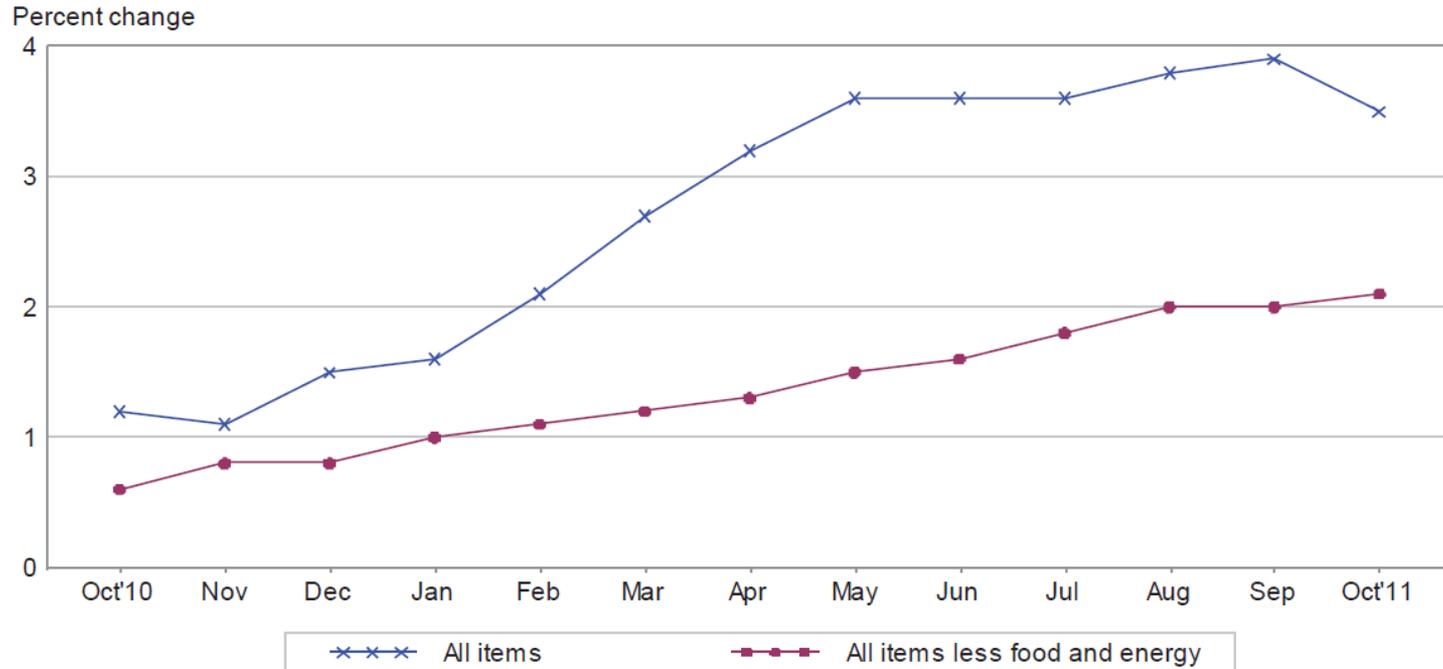
Will not accept
plan with tax
increases

- Failure of “Super Committee” & Impending Payroll Tax Battle
- OECD 2012 GDP prediction 2.0% → 0.3%

Risk of fiscal tightening pushing US economy into a recession regardless of outcome in Europe or US monetary Policy



Inflation: CPI Index



Source: US Bureau of Labor Statistics

- Inflation drivers thus far in 2011: Japan earthquake, energy, other commodities
- Muted forward inflation expectations: depressed wages, housing, utilization



Federal Reserve Policy

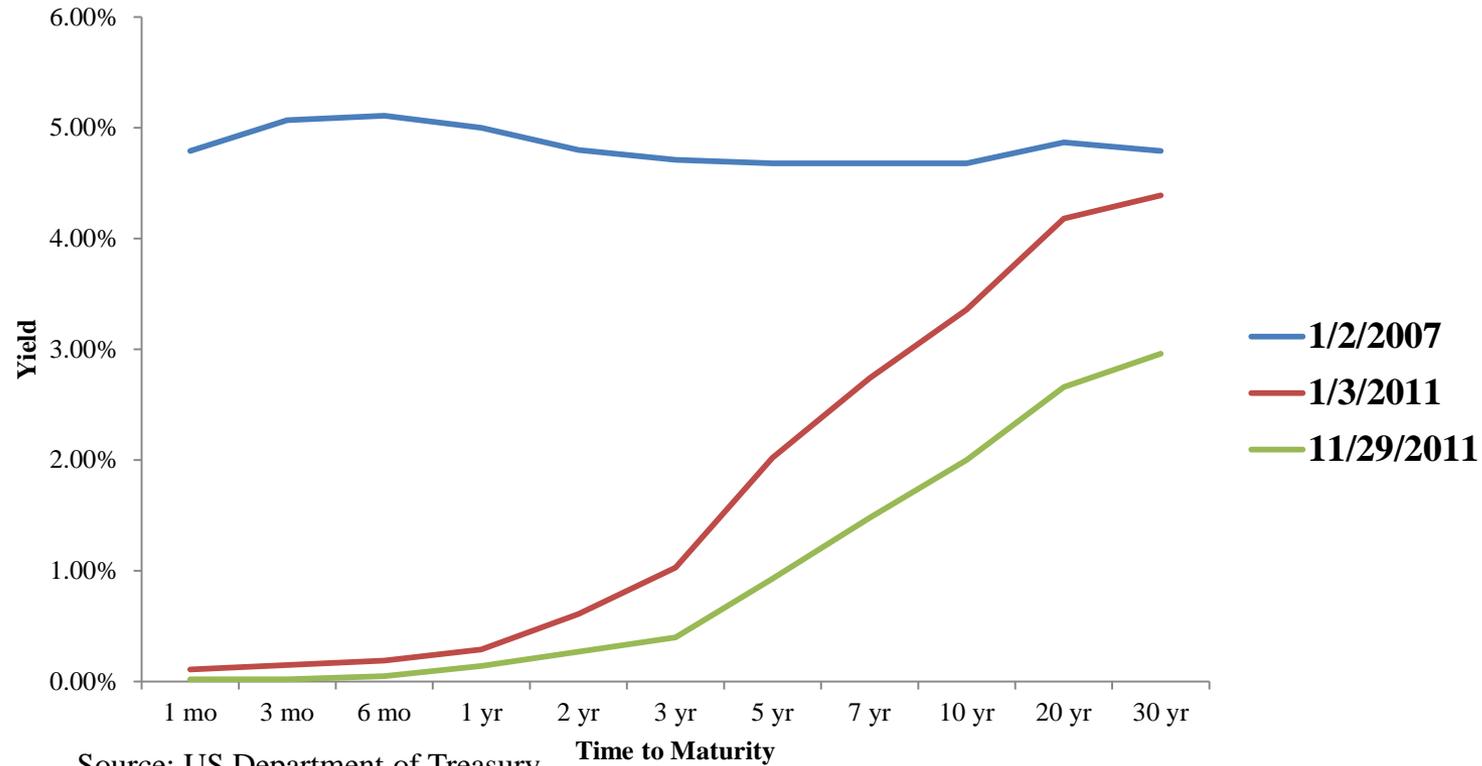
Short-term stimulus; long-term austerity

- Quantitative Easing
 - QE1 Sept. 2008: \$1.725 trillion
 - QE2 Nov. 2010: \$600 billion + reinvestments of maturities
 - Operation Twist Sept. 2011: \$400 billion of reinvestment
- QE3? Looking increasingly likely, focus on mortgages
- Congressional Worries
 - Inflation
 - Ineffectiveness due to consumer deleveraging



Federal Reserve Policy

US Treasury Yield Curve Over Time

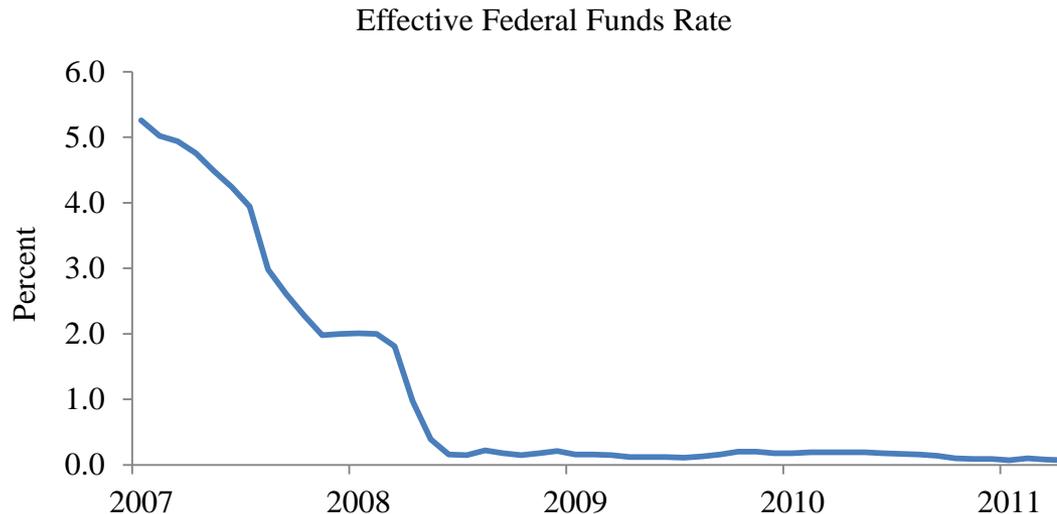


- Flattening of yield curve creates difficulties for Banks, Pensions, and Insurance Companies



Federal Reserve Policy

- Historically Expansionary Monetary Policy
 - Fed Funds target rate = 0-0.25%
 - Discount rate = 0.75%
- Likely to continue through 2013
 - Discount Rate affirmed by 11-1 vote
 - Likely need employment $>7\%$ & inflation $>3\%$ to raise rates

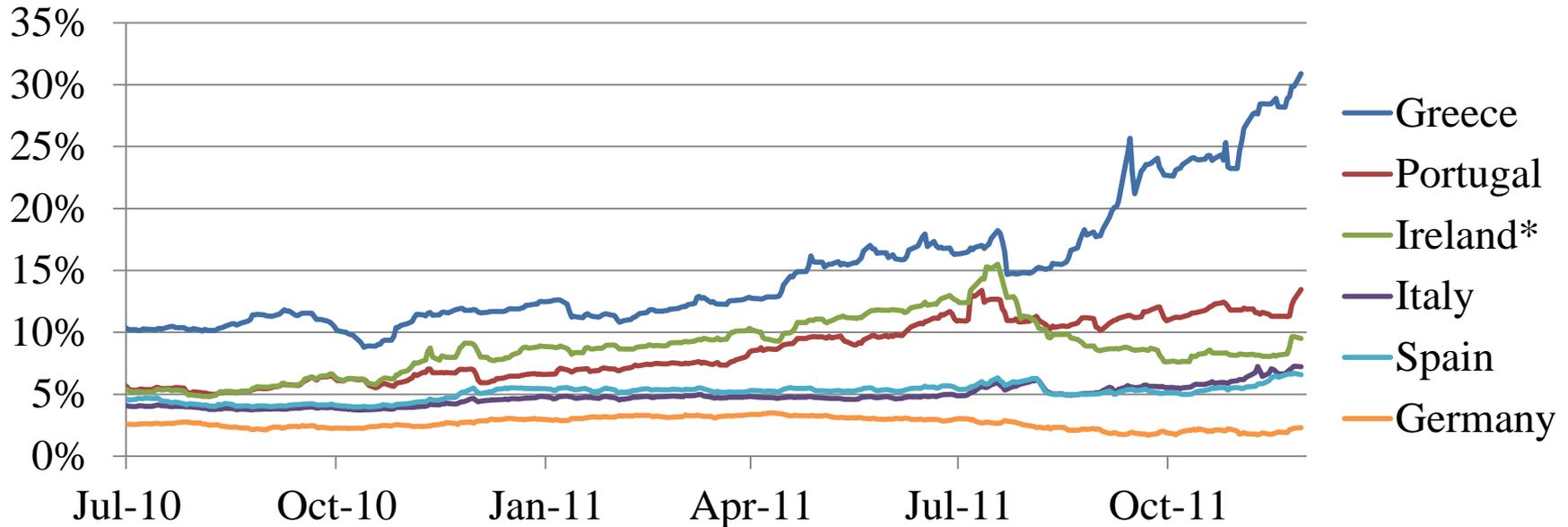


Source: St. Louis Fed Reserve



European Debt Crisis

Yields on Select European 10-year Bonds



- Central Banks' offer cheaper dollar funding to European banks
- Bright spot without addressing fundamental problems

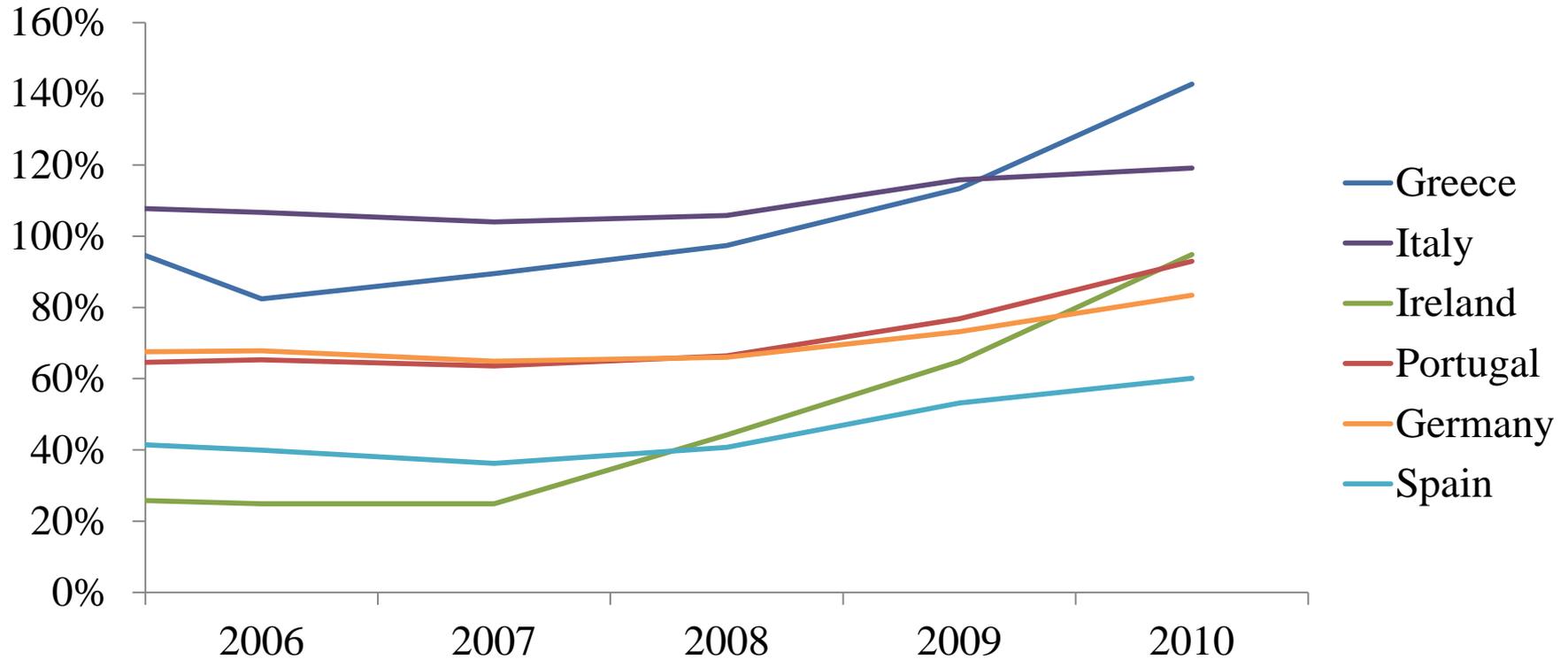
*Represents 9-year bonds

Source: Bloomberg as of 11/28/2011



European Debt Crisis

Debt-to-GDP Ratios of Select European Countries



Source: Bloomberg as of 12/31/2010



Euro-zone Debate

Separation of Euro-zone

Massive devaluation of peripheral currencies

Large losses for banks and investors

Strengthening of Euro-zone

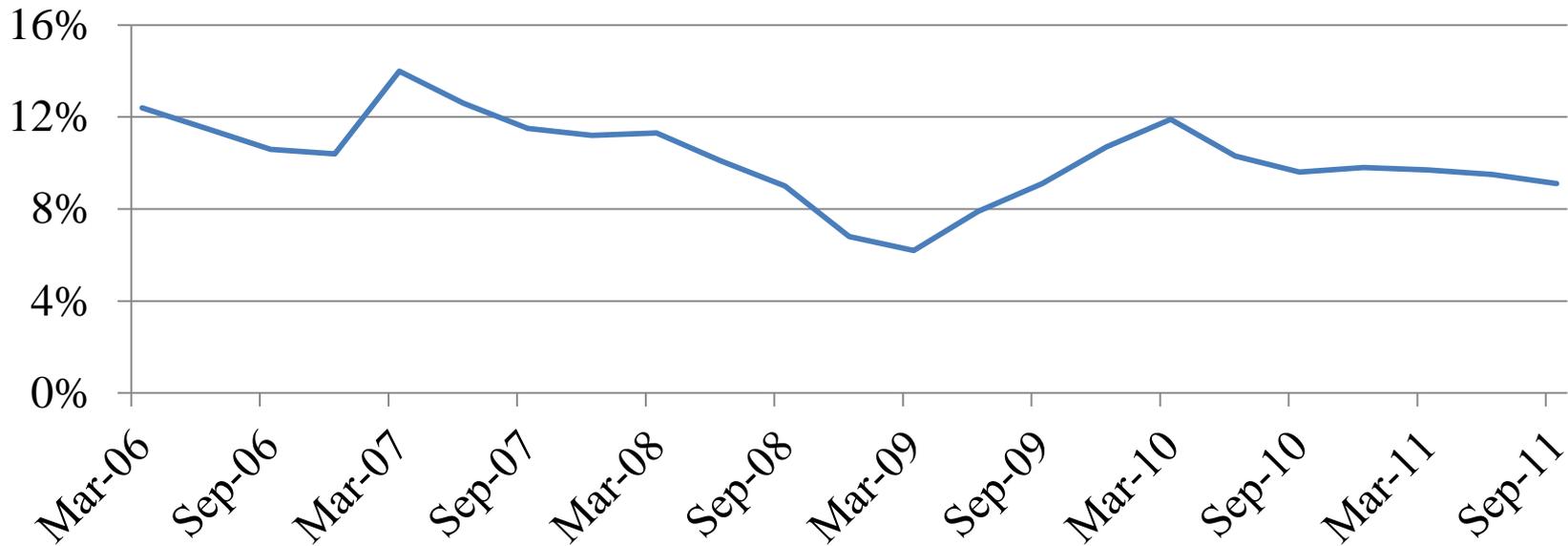
Enforceable budget discipline and fiscal unity

Continued high debt burdens



Softening in China

China GDP Growth YoY

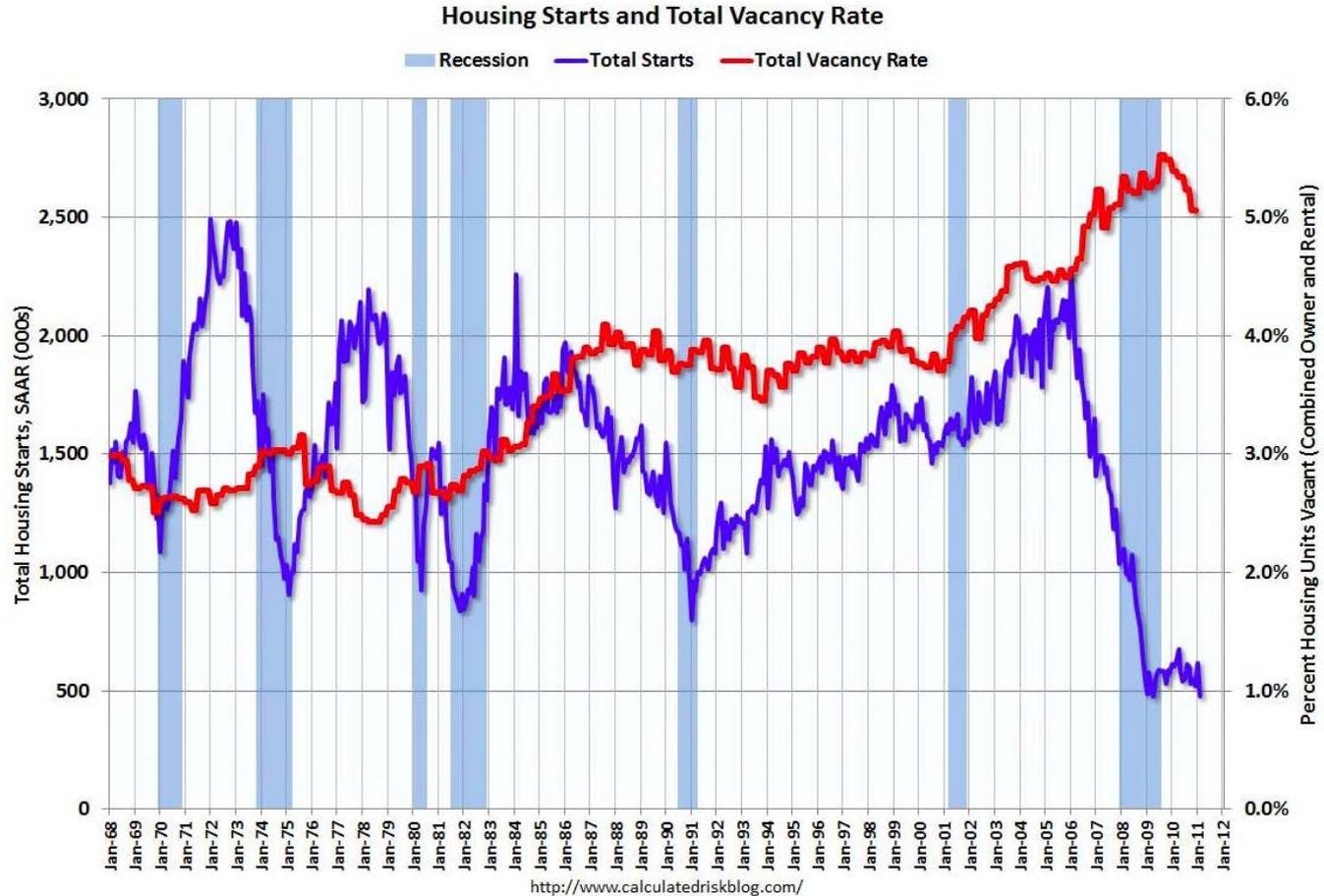


- Short-term concerns as China's growth slows
- China is a growing consumer of exports from the West

Source: Bloomberg as of 11/28/2011



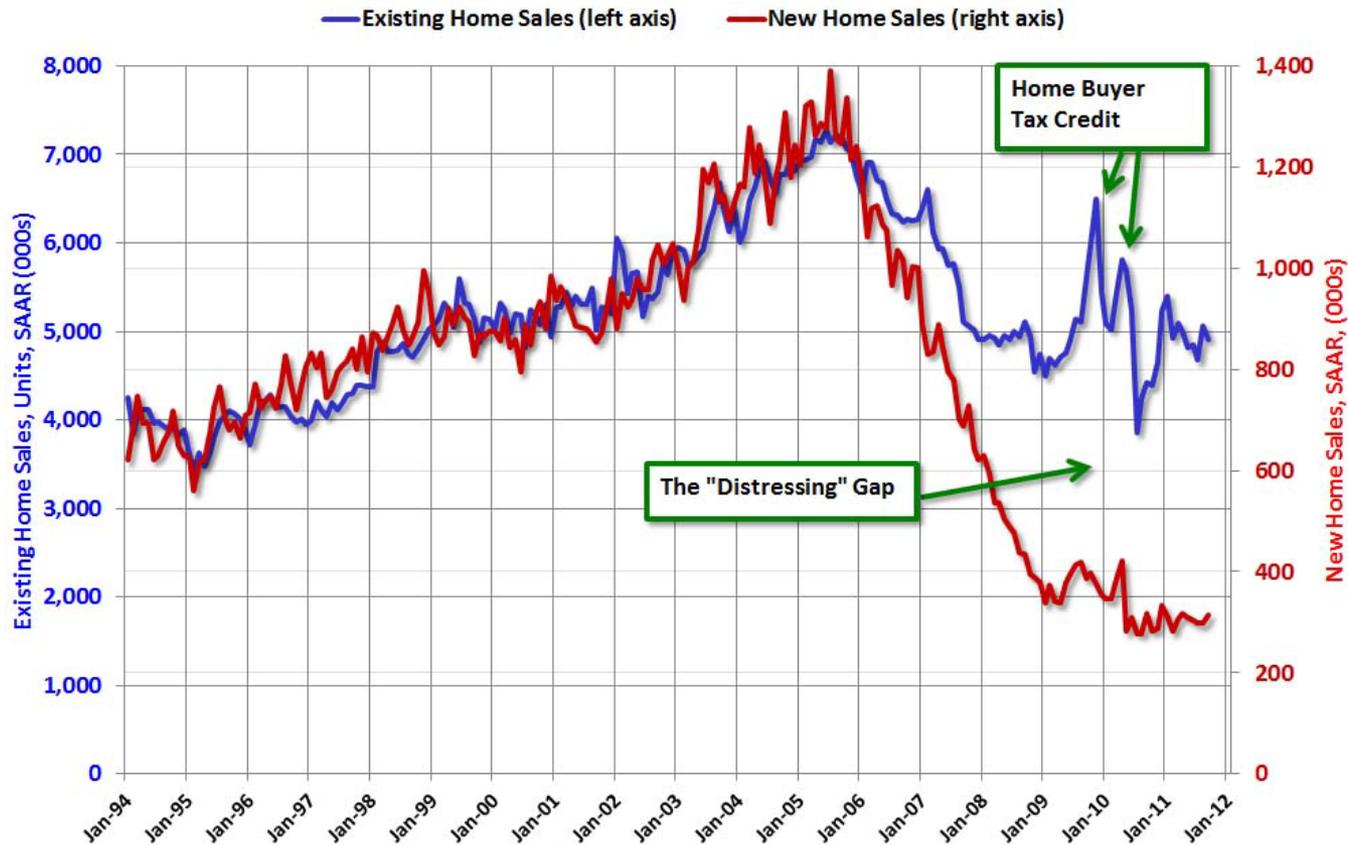
Housing Starts and Vacancies





New & Existing Home Sales

New and Existing Home Sales, Sept 2011



<http://www.calculatedriskblog.com/>



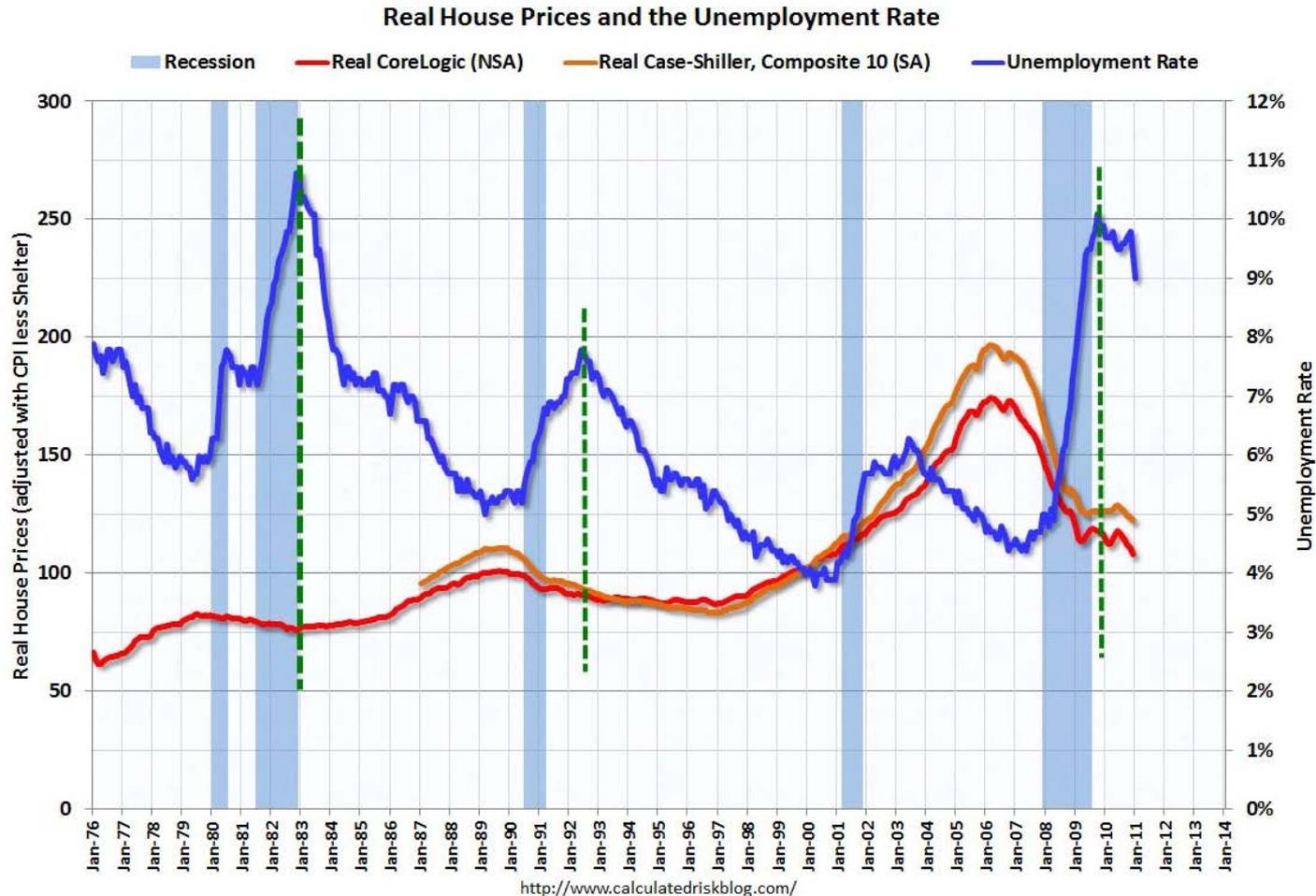
Prices Continue to Fall

Case-Shiller Composite Indices SA, Year-over-year Change





Home Prices & Unemployment





Oil Uncertainty

- Oil hits \$100 per barrel Tuesday 11/29/2011
 - Violence in Iran
 - Increased Consumer Confidence
- However, oil rally likely to ebb
 - Increase in U.S. stockpiles
 - Production in Libya



Economic Outlook

- 2.5% Growth in Q4 2011 (vs. 2.5% WSJ consensus)
 - Consumer Spending benefits from strong holiday demand
 - Business Investment increases slightly to replenish inventories
 - Investment in capital, not labor, as uncertainty persists
- 2.0% Growth in FY 2012 (vs. 2.3% WSJ consensus)
 - Consumer Spending growth slows as change in income is flat to negative and high unemployment persists
 - Build up of existing home inventory remains a problem
 - Business Investment grows at decreasing rate
 - Macroeconomic conditions too uncertain to support major improvements in employment



Portfolio Impact

Negative

Positive



- Consumer Discretionary industry hit hardest as consumption growth slows
- Defense exposed to government spending cuts
 - Financials remain vulnerable despite attractive pricing
 - Political Uncertainty results in neutral healthcare and tech outlook
 - Staples outperform otherwise sluggish economy



III. Security Analysis



Security Selection Process

- Bottom-up approach to security selection
- Six reports:
 - Company background – Breakdown of segments, revenue
 - SWOT analysis
 - Industry analysis – Overview of competitive environment
 - Industry demand and cost factors
 - Fundamental analysis – Business and financial risk profile
 - DuPont analysis
 - Earnings forecast – EPS projections through 2012
 - Heuristic and financial model estimates
 - Final valuation and recommendation – Intrinsic value of the stock
 - Discounted cash flow, multiples method, dividend discount model
 - Discovery
 - Technical analysis – Short-term momentum
 - Moving averages, relative strength, support/resistance levels
- 1 minute “elevator speech” then discussion of each stock while all options are laid out on spreadsheet



Analyst Agenda

Analyst	Stock	Focus
John Goedert	RBC Bearings	Company background
Katy Zemlock	Amazon	Fundamental analysis
Tim Keebler	Teradata	Multiples valuation
Kevin Slawinski	Cummins	Technical analysis
Patrick Robb	LabCorp	Beta Forecast, DCF valuation
Chris Masoud	Tesla Motors	Industry analysis, discovery
Anne Lenzi	Apollo Group	DCF scenarios
David Mahin	American Tower	Background, fundamental analysis
Brad Wright	Activision Blizzard	Earnings forecast



RBC Bearings (ROLL)



Market Price **\$39.68**

1-year forward P/E **15.9x**

Market Cap **\$877M**

Enterprise Value **\$844M**

LTM EPS **\$1.78**

LTM Stock Price Graph

RBC Bearings Incorporated

ROLL





Company Background

- **Highly specialized bearings manufacturer**
- **Customer-centric** – participates in customers' R&D processes by developing customized bearings for new offerings
 - RBC navigates regulatory approvals and seeks patents on new bearings
 - Makes competition difficult, switching costs high – locks in aftermarket sales
- **Small customer base**
 - Ten customers make up 31% of revenue
- **Dominates small, niche markets**
 - Have leading market position in majority of markets in which they compete

Largest Customers

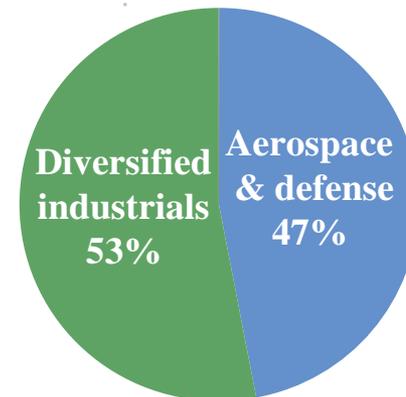
Diversified industrials



KOMATSU



Aerospace and defense



Customer type by 2011 revenue



Company SWOT



Strengths

- **Limited competition locks in aftermarket sales for decades**
- Leader in many of its small niche markets
- Deep customer relationships
- Patent protection and regulatory approval dampen possible competition

Weaknesses

- **Majority of sales to U.S. companies (86%)**
- Small customer base exposes RBC to individual companies' risks
- Have not produced bearings cheaply enough to compete outside of specialty bearings

Opportunities

- **Boeing 787 ("Dreamliner") production**
- Opportunity for international growth
- Depressed valuations could lead to more growth through acquisition
- High industrials M&A – RBC could become a target

Threats

- **Reductions in U.S. government spending (8% of revenue)**
- Yet to see a decline in aerospace orders from the most recent downturn – could change
- Highly exposed to trends among industrials



Company Background and Fundamentals

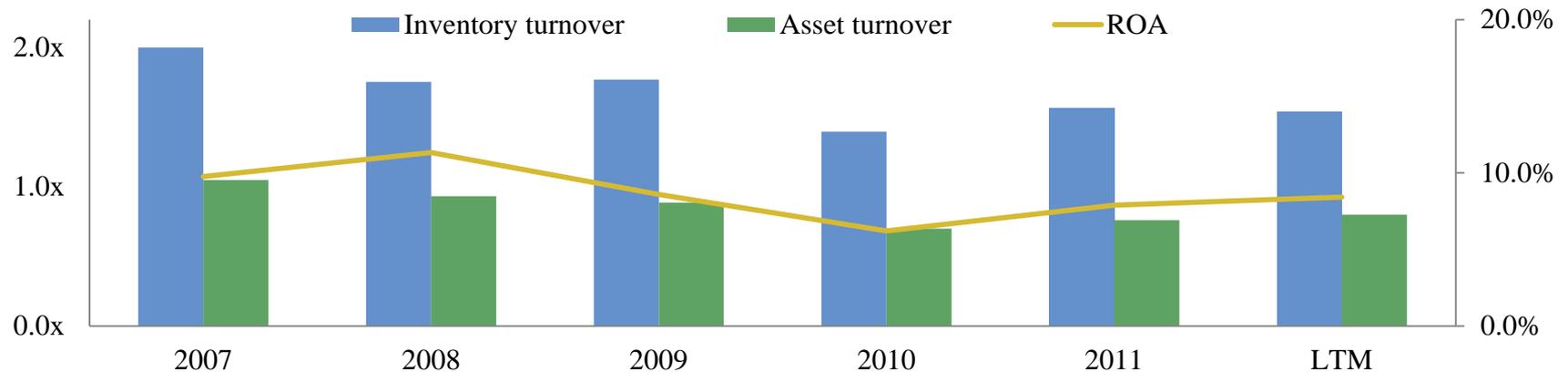
Management

- Michael Hartnett – Chairman, President, and CEO
 - Founded company with Aurora Capital in 1991
 - 65 years old – nearing retirement age

Capital Structure (\$ in millions)

Cash	\$ 49.5
Total Book Debt	1.1
Capitalized Leases	15.6
Total Debt	16.7
Market Capitalization	876.5
Enterprise Value	\$ 843.7

Inventory Turnover, Asset Turnover, and ROA





ROLL Recommendation – Buy

Valuation Method	Weight	Value	Contribution
LBO Analysis	30%	\$46.00	\$13.80
Free Cash Flow	70%	47.52	33.26
Final Valuation			\$47.06
Price as of 11/21/2011			\$38.90
Estimated Upside			21.0%

Investment Thesis:

As a niche bearings manufacturer, RBC Bearings has put up significant barriers to entry to any competition for its original manufacturing and after-market parts sales. While the company has recently receded in operating efficiency, it remains an attractive takeover target for large diversified industrials. RBC's operating model has significant value, which will eventually be realized by either RBC's management or another company's.



Amazon (AMZN)



Market Price **\$189.25**

1-year forward P/E **94.2x**

Market Cap **\$85.67B**

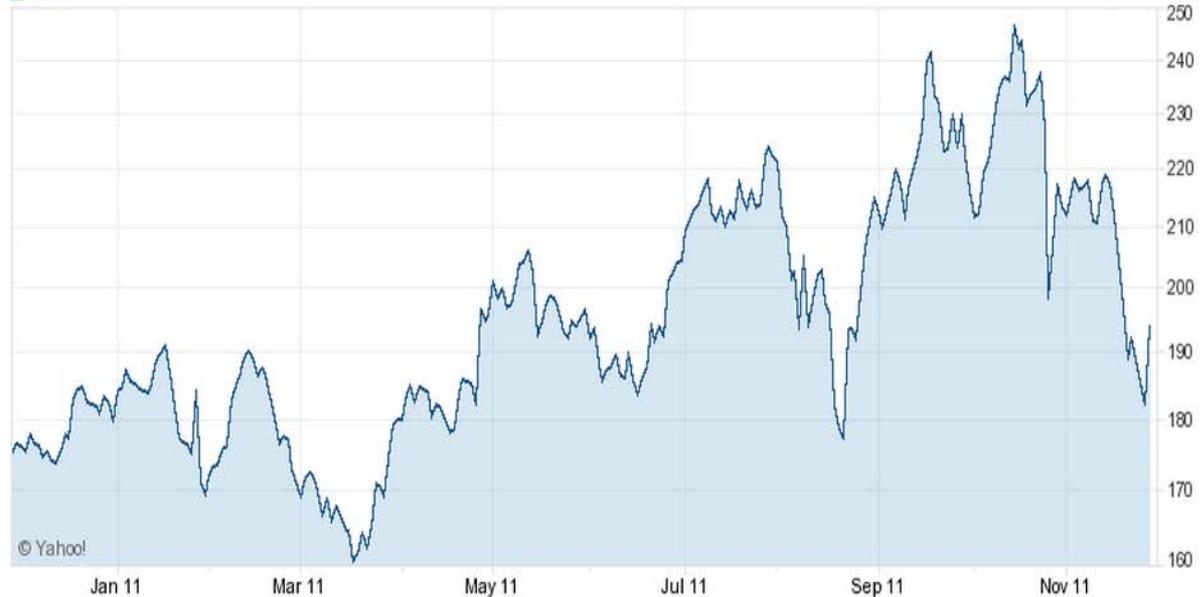
Enterprise Value **\$100.52B**

LTM EPS **\$1.90**

LTM Stock Price Graph

Amazon.com, Inc.

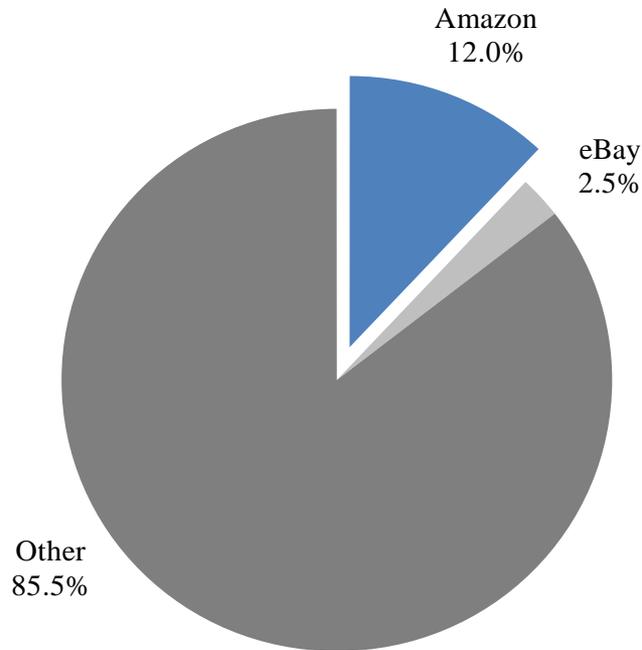
■ AMZN



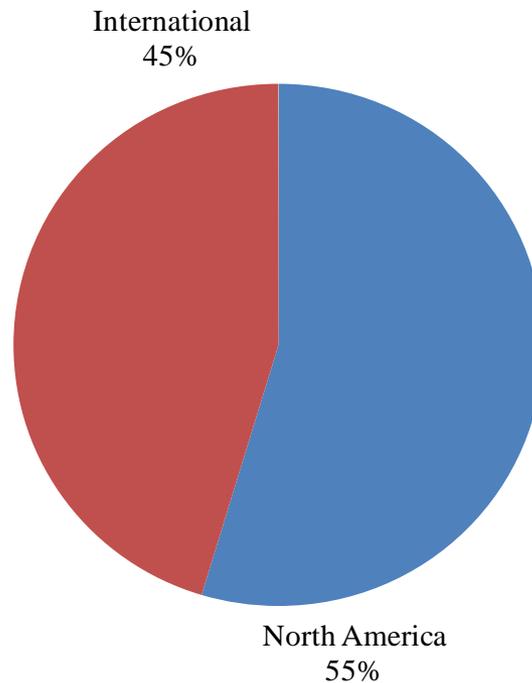


Company Background

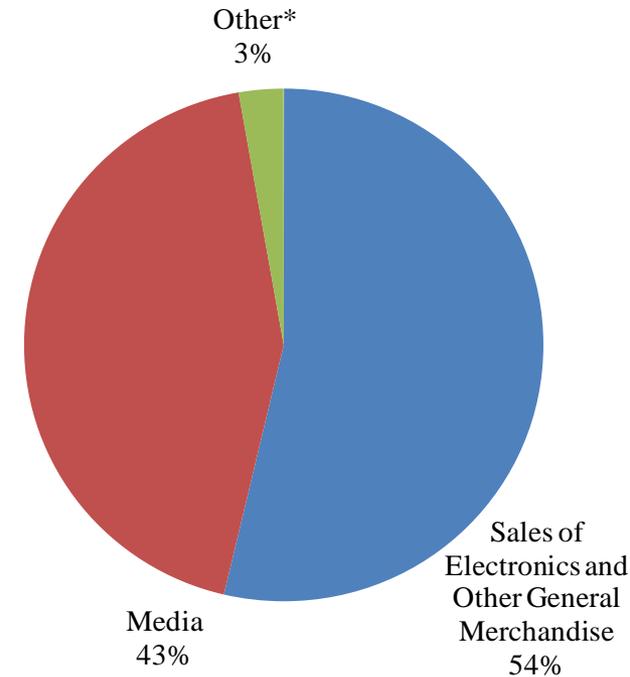
Market Share



Geographic Breakdown



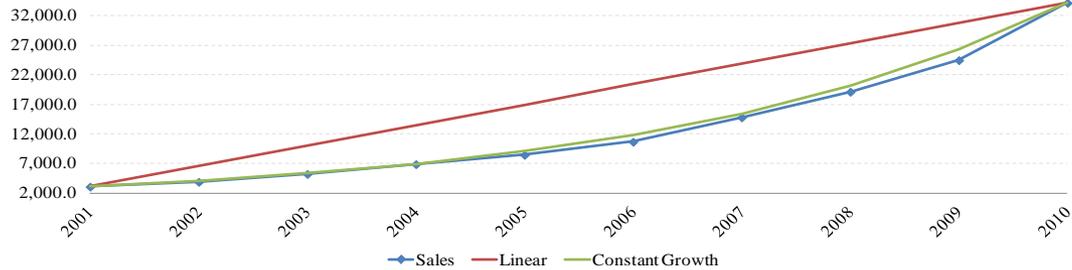
Revenue Breakdown (2010)





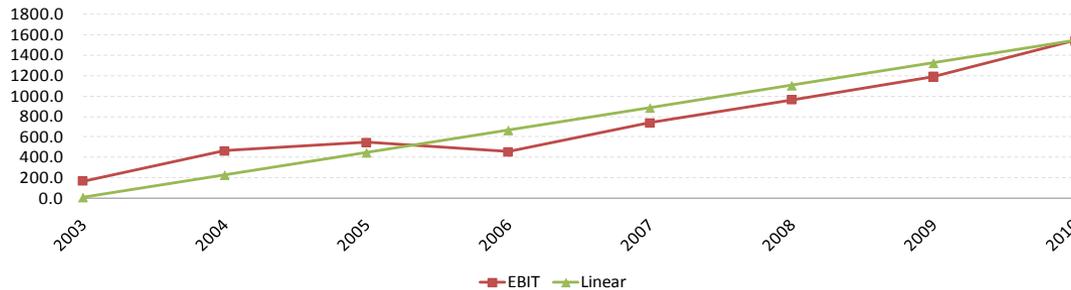
Business Risk - Low

Sales Volatility



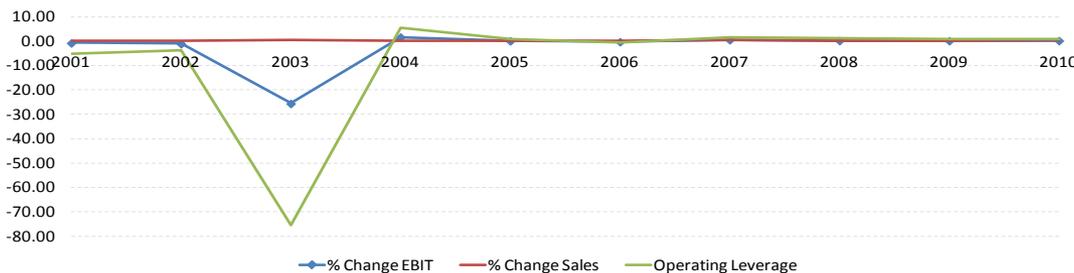
vs. Mean = 77%
vs. Linear = 35%
vs. C.G. = 6%

EBIT Volatility



vs. Mean = 159%
vs. Linear = 20%

Operating Leverage

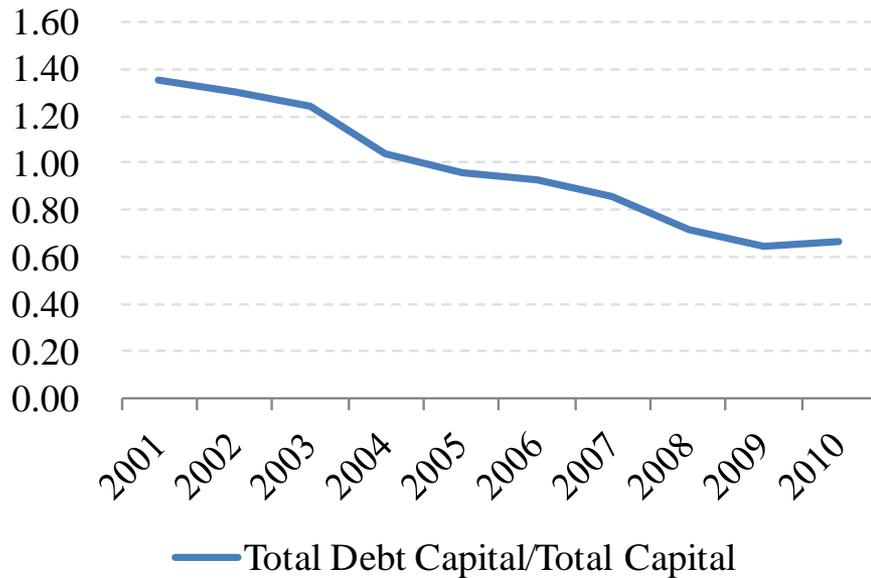


Mean Operating Leverage
= 0.12

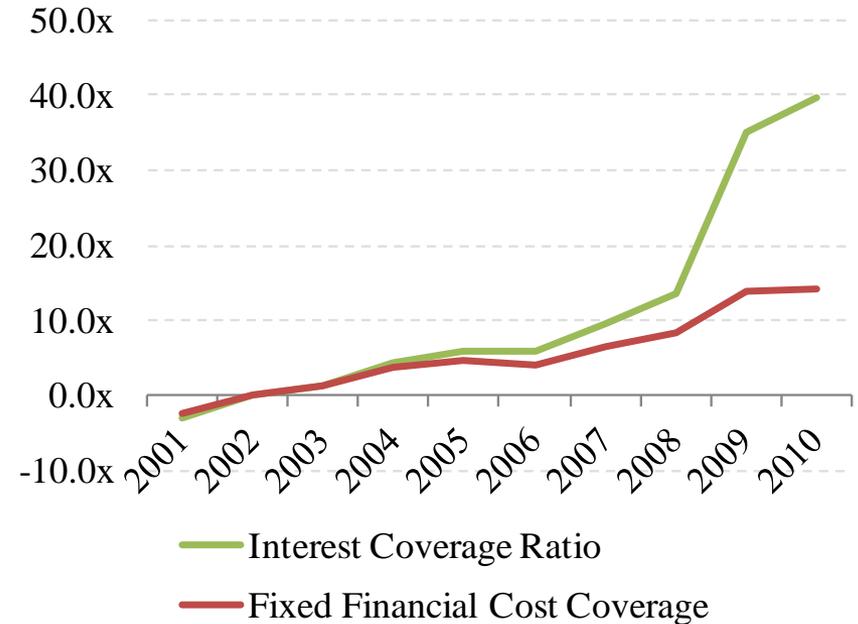


Financial Risk - Low

Total Debt Capital/Total Capital



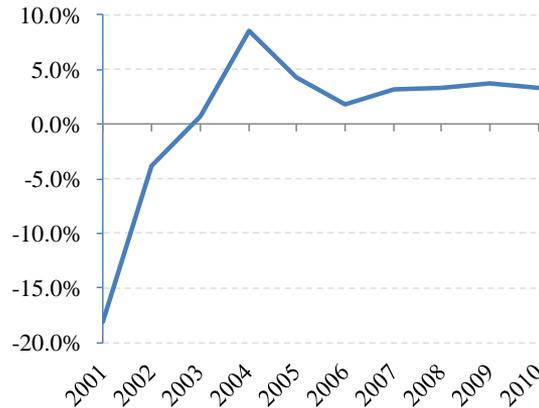
Coverage Ratios



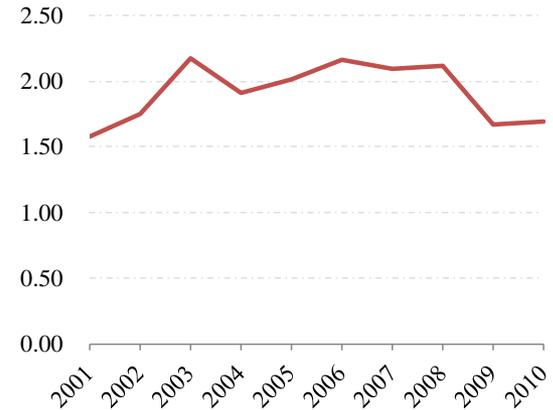


Return on Equity – DuPont Analysis

Net Profit Margin



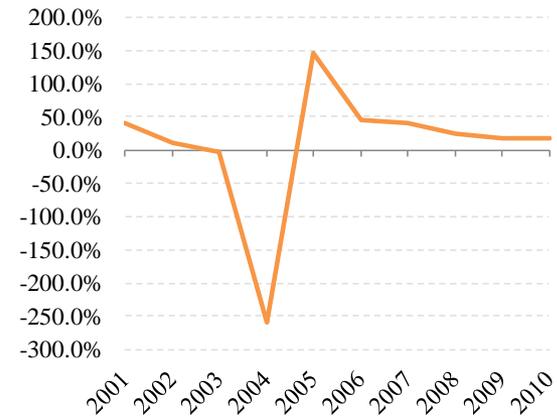
Total Capital Turnover



Financial Leverage



Return on Equity





AMZN Recommendation – Buy

Valuation Method	Weight	Value	Contribution
Free Cash Flow	80%	\$237.41	\$189.93
Forward P/E	20%	197.92	39.58
Final Valuation			\$229.51
Price as of 11/21/2011			\$189.25
Estimated Upside			21.3%

Investment Thesis:

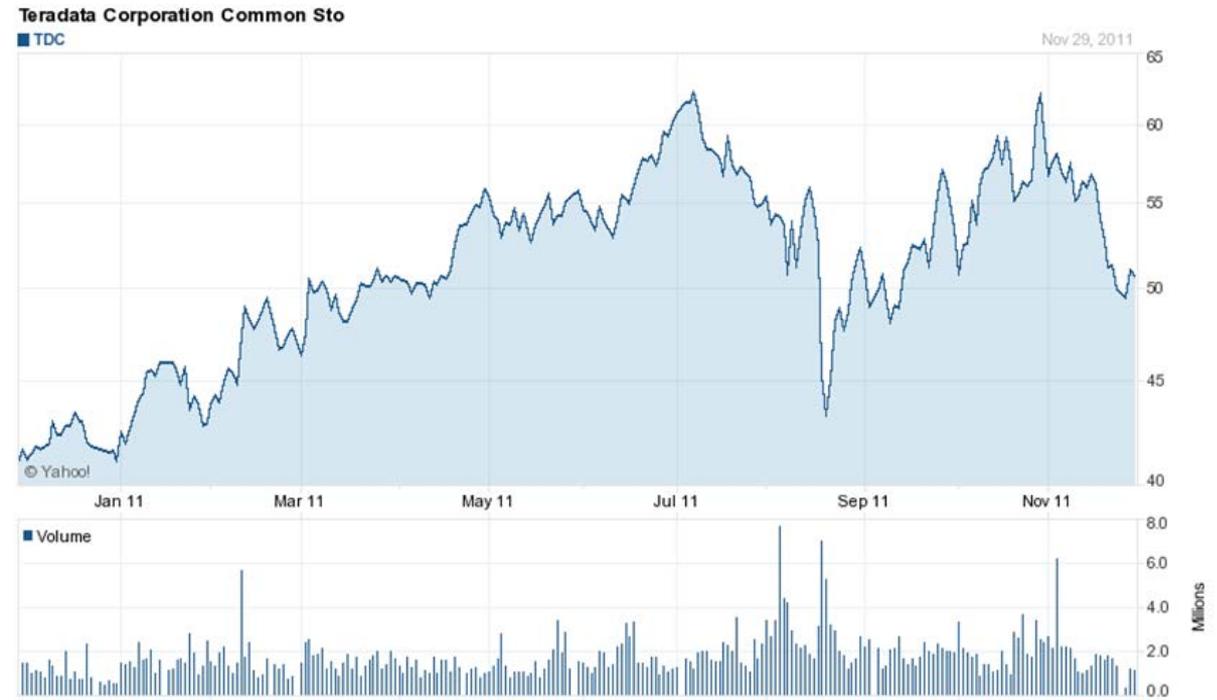
Amazon is favorably positioned in the E-Commerce industry, which is forecasted by IBISWorld to grow at an average annual rate of 9.4% to 2016. Additionally, the company has potential to expand further internationally, build brand loyalty through Amazon Prime, and increase sales with branded products like the Kindle Fire and associated content.



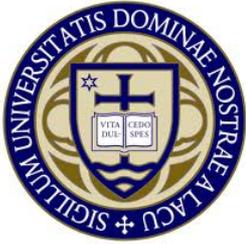
Teradata Corporation (TDC)



LTM Stock Price Graph

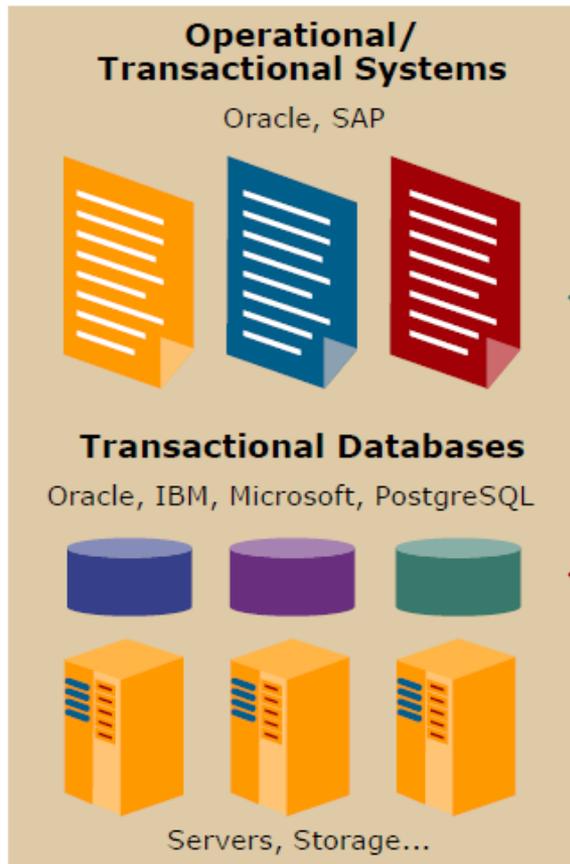


Market Price	\$50.70
1-year forward P/E	23.8x
Market Cap	\$8.49B
Enterprise Value	\$8.09B
LTM EPS	\$1.98

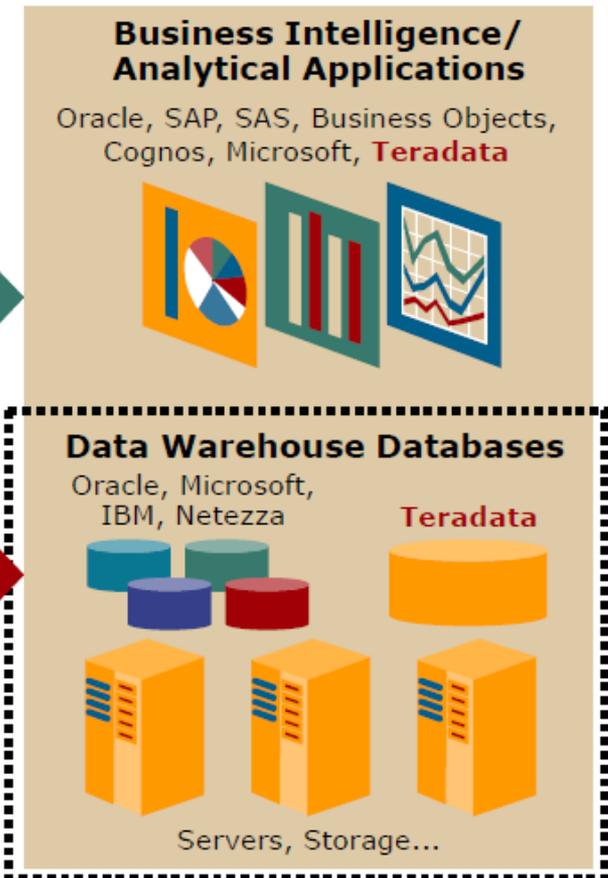


Business Overview

Operational Systems Help Run the Business



Analytic Systems Drive Business Decisions



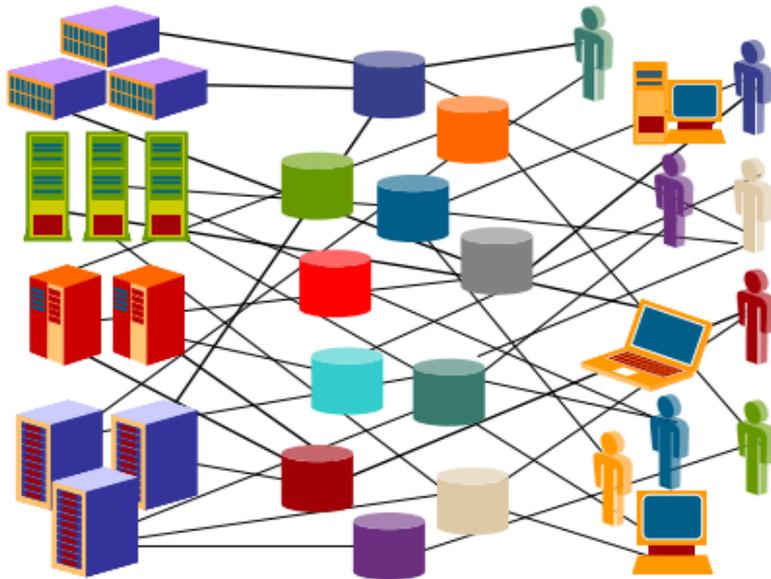


The Problem...and the Solution

The Problem

OPERATIONAL
SYSTEMS

DECISION
MAKERS

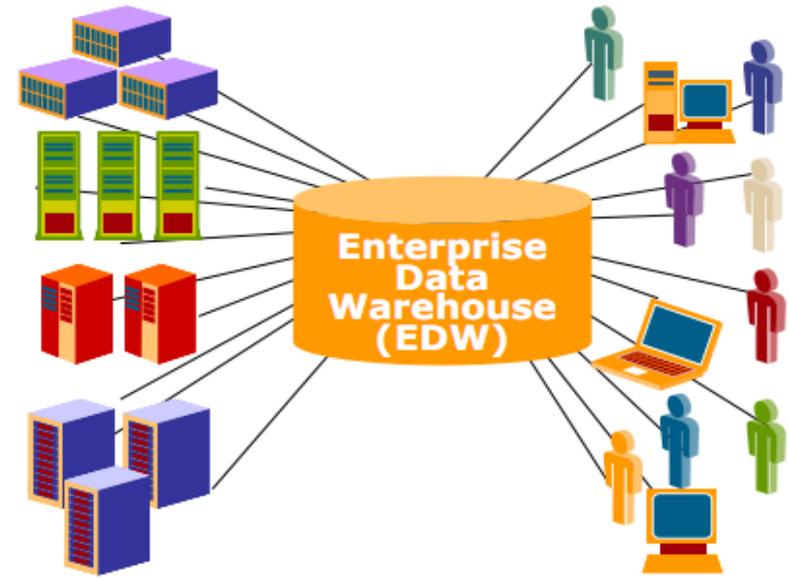


Proliferation of data marts has resulted in fragmented data, higher costs, poor decisions

The Solution

OPERATIONAL
SYSTEMS

DECISION
MAKERS

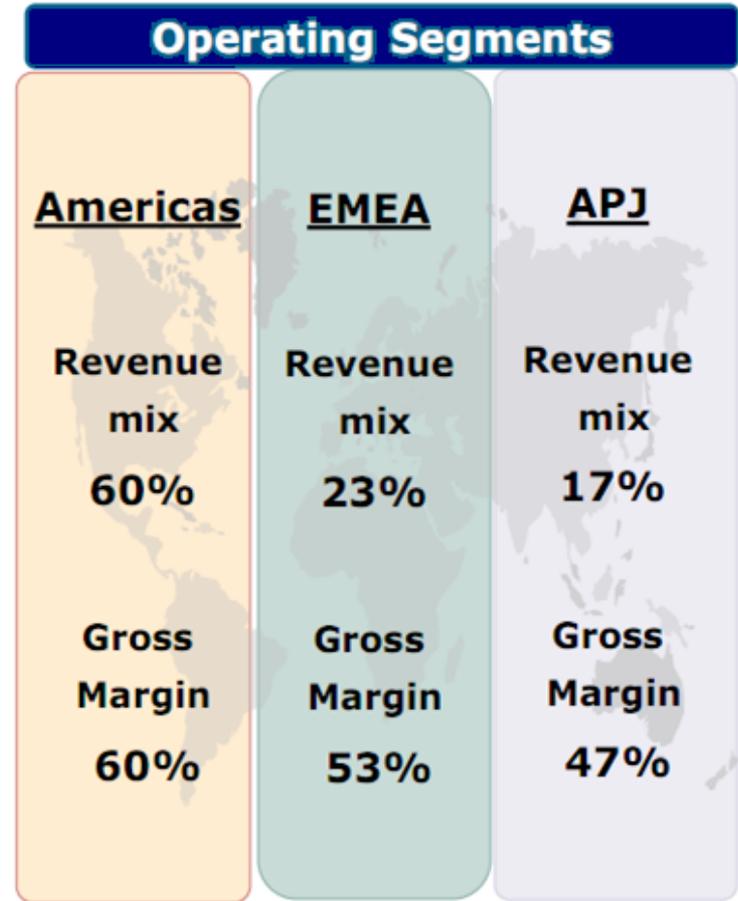


Integrated data provides data consistency, lower costs, better decisions

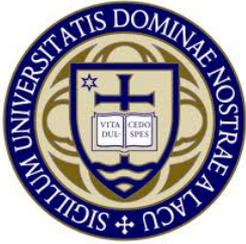


Revenue Mix and Operating Segments

Revenue Mix	2010	% of Total
Products (SW/HW)	\$933	48%
Consulting Services	536	28%
Maintenance Services	<u>467</u>	24%
Total Revenue	\$1,936	



Maintenance and subscription revenues contribute approximately 1/3 of Teradata's total revenue.



Multiple Analysis: Forward P/E

Qtr.	TDC Price	EPS	Implied	Oracle's	% of Oracle	S&P	% of S&P
			Forward P/E	Forward P/E		Forward P/E	
1Q09	\$14.99	\$0.26	10.13	15.81	64.05%	16.70	60.65%
2Q09	16.21	0.36	9.94	15.38	64.66%	11.80	84.28%
3Q09	23.33	0.38	13.49	10.47	128.76%	9.70	139.03%
4Q09	27.53	0.48	15.21	9.94	153.00%	10.30	147.67%
1Q10	31.78	0.41	17.09	11.83	144.47%	11.60	147.29%
2Q10	29.00	0.46	15.03	12.16	123.55%	12.50	120.21%
3Q10	30.39	0.46	14.68	11.60	126.54%	13.30	110.38%
4Q10	39.00	0.53	17.73	11.88	149.17%	12.00	147.73%
1Q11	41.60	0.48	18.01	10.10	178.32%	14.00	128.63%
2Q11	50.89	0.60	21.38	10.53	203.13%	16.31	131.10%
3Q11	60.25	0.59	24.49	11.54	212.26%	15.75	155.50%
4Q11(e)	53.24	0.64	20.64	13.82	149.36%	15.90	129.78%
1Q12(e)		0.55					
2Q12(e)		0.68					
3Q12(e)		0.71					
Average since 2009			16.48	12.09	141.44%	13.32	125.19%
Subjective Implied Forward P/E			20.75				
Next 12 Month Projected EPS			\$2.58				
Intrinsic Value			\$53.54				



Multiple Analysis: M&A P/E

<u>Date</u>	<u>Acquirer</u>	<u>Target</u>	<u>Brief Business Description of</u>	
			<u>Target</u>	<u>P/E of Deal</u>
10/8/2007	SAP	Business Objects	Business Intelligence	25.2
1/31/2008	IBM	Cognos	Business Intelligence	24.8
9/21/2009	Dell	Perot Systems	Application Development and Systems Integration	29.0
5/12/2010	SAP	Sybase	Database Software	24.9
10/3/2011	HP	Autonomy	Information Management	25.3
			Average P/E	25.8
			Next 12 Month Projected EPS	<u>\$2.58</u>
			Intrinsic Value	\$66.67

Jim Parsons of Viking Capital – “it could be 2 days or 12 months...”



TDC Recommendation – Buy

Valuation Method	Weight	Value	Contribution
Forward P/E	30%	\$53.54	\$16.06
M&A Scenario P/E	20%	66.67	13.33
Free Cash Flow	50%	60.07	30.04
Final Valuation			59.43
Price as of 11/21/2011			51.27
Estimated Upside			15.9%

Investment Thesis:

Teradata's best of breed solution positions the firm as the clear market leader in an industry growing at a 12.8% CAGR through 2016 (IBISworld). CIOs are shifting IT spend towards big data analytics, providing major growth opportunities in the mid-market and abroad. Moreover, TDC is a likely target for acquisition in an industry that pays a high premium for valuable IP.

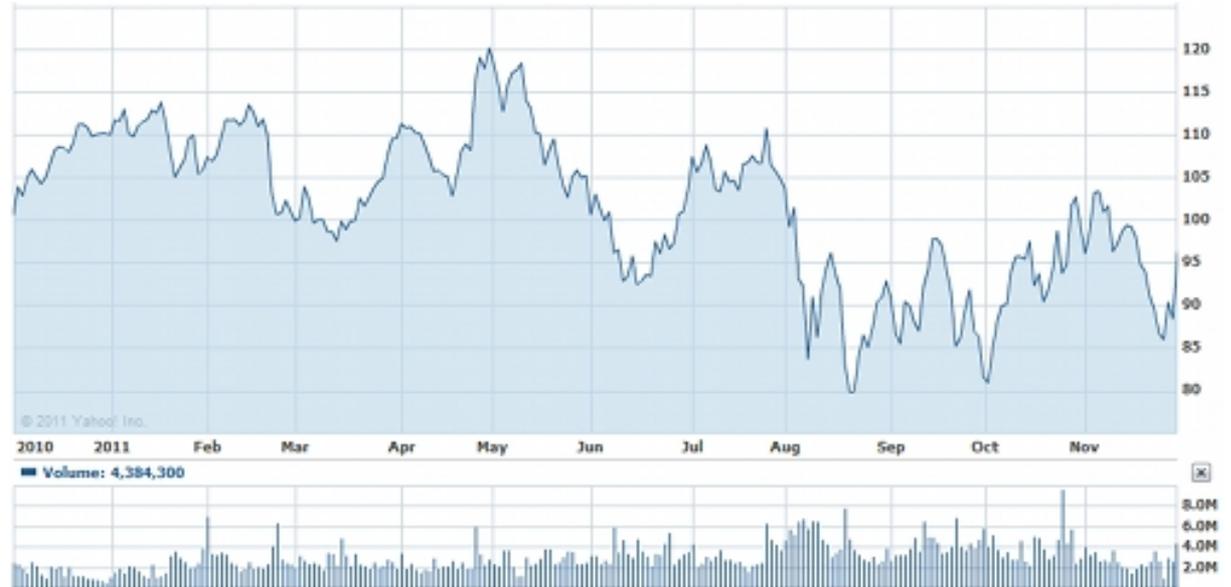


Cummins (CMI)



Market Price	\$91.10
1-year forward P/E	9.1x
Market Cap	\$17B
Enterprise Value	\$16.55B
LTM EPS	\$8.54

LTM Stock Price Graph





Company Background

- Founded in 1919 and based in Columbus, Indiana
- Divided into Four Operating Segments:

Segment	% of Sales	% of EBIT
Engines	49%	48%
Power Generation	18%	18%
Components	19%	16%
Distribution	14%	18%

- International Company – Customers in 190 countries
 - 36% US Sales
 - 64% Rest of World

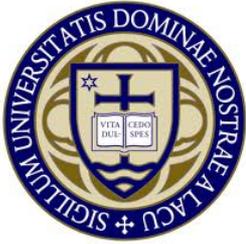




CMI – Moving Averages



SELL – Death Cross in July with period of heightened volume



CMI – Support and Resistance



SELL – Currently at Resistance in Downward Sloping Trend Channel
*Could become a BUY if it breaks through Resistance



CMI – Relative Strength



SELL – In a Negatively Sloping Trend vs. the S&P 500

Technical Summary

Moving Averages	SELL
Support and Resistance	SELL
Relative Strength	SELL
Overall Technicals	SELL



CMI Recommendation – Buy

Valuation Method	Weight	Value	Contribution
Forward P/E	25%	\$122.16	\$30.54
Price-to-book	25%	115.41	28.85
Free Cash Flow	50%	172.58	86.29
Final Valuation			\$145.68
Price as of 11/21/2011			\$91.10
Estimated Upside			59.9%

Investment Thesis:

Cummins stands to benefit from the secular growth trend in trucking due to improving emission standards (especially in the US, Brazil & China), and its strong management team has a 4-year plan to grow sales at a 14% CAGR and improve EBIT Margins to 18%.



LabCorp (LH)



Stock Price **\$79.30**
1-year forward P/E **11.9x**
Market Cap **\$8.2B**
Enterprise Value **\$10.9B**
LTM EPS **\$6.30**

LTM Stock Price Graph





Company Background

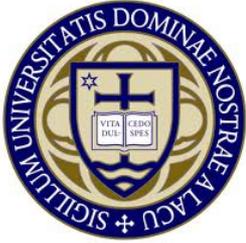
Lines of Business

- Routine testing
 - Blood, drugs of abuse testing by employers
 - 60% of revenue
- Genomic and esoteric testing
 - Oncology, HIV genotyping, infectious disease, companion diagnostics
 - 34.5% of revenue
 - **Expected to be 45% by 2015**
- Ontario, Canada
 - 85.6% owned joint venture
 - 5.5% of revenue

Revenue Breakdown

LabCorp Revenue = Volume x Revenue per requisition

Volume	2008A	2009A	2010A
Routine Testing	86.0	84.6	83.3
<i>% change</i>		-1.6%	-1.6%
Genomic and Esoteric Testing	23.7	25.8	27.2
<i>% change</i>		8.9%	5.7%
Ontario, Canada	8.0	9.1	9.1
<i>% change</i>		12.9%	0.4%
Total	117.7	119.5	119.6
Revenue Per Requisition	2008A	2009A	2010A
Routine Testing	\$32.30	\$33.62	\$35.96
<i>% change</i>		4.1%	7.0%
Genomic and Esoteric Testing	\$62.49	\$62.14	\$63.48
<i>% change</i>		-0.6%	2.2%
Ontario, Canada	\$30.92	\$27.24	\$30.68
<i>% change</i>		-11.9%	12.6%
Average	\$41.90	\$41.00	\$43.37



Acquisitions

Expands genomic testing menu



\$925 million

December 2010

Reproductive and
oncology testing



\$85 million

April 2011

Forensic DNA and
paternity testing

Diversifies types of testing offered



\$160 million

August 2009

Develops companion
diagnostics



\$300 million

June 2011

Conducts clinical trials
worldwide



Beta and WACC Calculation

	Monthly	Weekly	Daily
Beta	0.64	0.69	0.61
t-stat	4.31	6.95	26.7
Adjusted R-squared	32.8%	47.0%	32.6%

Summary of beta estimates	Beta	Weight
Regression beta (5-year daily)	0.61	50%
Adjusted beta (mean reversion)	0.73	25%
Value Line	0.65	10%
Yahoo! Finance	0.54	10%
Bloomberg	0.61	5%
Final beta estimate	0.64	100%



WACC Calculation	
Equity risk premium	5.0%
Risk free rate	2.0%
Beta	0.64
Credit rating	BBB+ Source: Bloomberg
Cost of debt	3.89% Assume 10-year debt
Cost of equity	5.20% CAPM calculation
Tax rate	40.5% Source: Historical average
Equity weight	79.9% Source: Company financials
Debt weight	20.1% Source: Company financials
WACC	4.62%
Adjusted WACC	8.50%

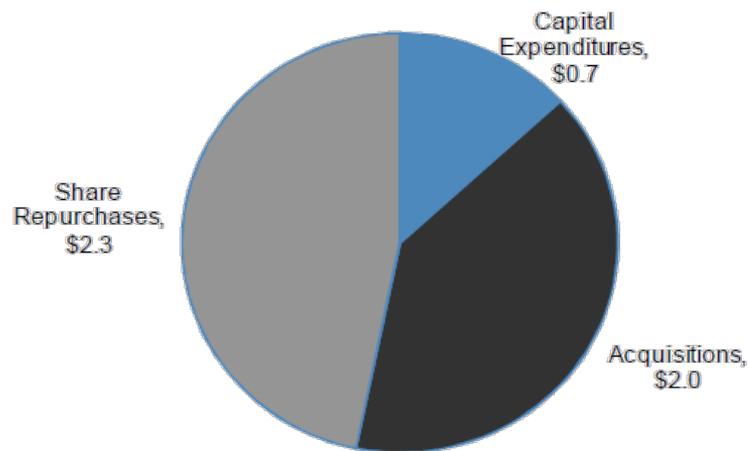


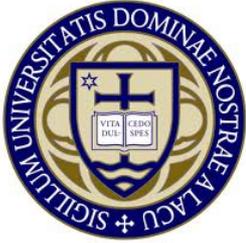
DCF Assumptions

- Revenue growth
 - 2012-13: Win market share from Quest Diagnostics (main competitor), increased volume of genomic and esoteric tests
 - 2014: Healthcare coverage expansion
- Margin expansion
 - Higher percentage of genomic/esoteric tests
- Continue share repurchases and acquisitions

Figure 23: LabCorp Historical Uses of Cash, 2006-2010

\$ in billions





Discounted Cash Flow Valuation

Discounted cash flows (\$mm)

	2010A	2011E	2012E	2013E	2014E	2015E	2016E	Terminal
Revenue	\$5,003.9	\$5,576.2	\$5,855.0	\$6,001.4	\$6,361.5	\$6,488.7	\$6,553.6	\$6,586.4
<i>% growth</i>	6.6%	11.4%	5.0%	2.5%	6.0%	2.0%	1.0%	0.5%
EBIT	1,088.0	1,172.0	1,276.6	1,338.3	1,463.1	1,524.8	1,572.9	1,580.7
<i>EBIT margin</i>	21.7%	21.0%	21.8%	22.3%	23.0%	23.5%	24.0%	24.0%
EBITDA	1,291.6	1,402.5	1,509.4	1,562.3	1,687.1	1,755.6	1,810.5	1,818.4
Free cash flows	1,043.8	1,124.5	1,206.2	1,247.8	1,343.4	1,393.8	1,416.9	1,376.1

PV of Free Cash Flows

WACC	PV of Free Cash Flows
6.5%	\$20,684.5
7.5%	\$17,570.4
8.5%	\$15,245.7
9.5%	\$13,446.3
10.5%	\$12,013.9

Enterprise value	\$15,246
Net debt	\$2,742
Equity value	\$12,504
Equity value / share	\$121.63
Current price	\$79.30



LH Recommendation – Buy

Valuation Method	Weight	Value	Contribution
Forward Price-to-Earnings	25%	\$94.36	\$23.59
Forward Price-to-Sales	10%	74.22	7.42
Forward Price-to-Book	15%	72.88	10.93
Free Cash Flow	50%	121.63	60.82
Final Valuation			\$102.76
Price as of 11/21/2011			\$79.30
Estimated Upside			29.6%

Investment Thesis:

While key growth indicators, including overall healthcare utilization, remain weak, LabCorp is well-positioned as an industry leader in the high-growth genomic and esoteric testing segment. The company maintains superior volume and margin trends to Quest and has greater financial flexibility to pursue acquisitions or share repurchases.



Tesla Motors (TSLA)



Market Price **\$32.56**
1-year forward P/E **N/A**
Market Cap **\$3.31B**
Enterprise Value **\$3.26B**
LTM EPS **(\$2.29)**

LTM Stock Price Graph





Company Overview

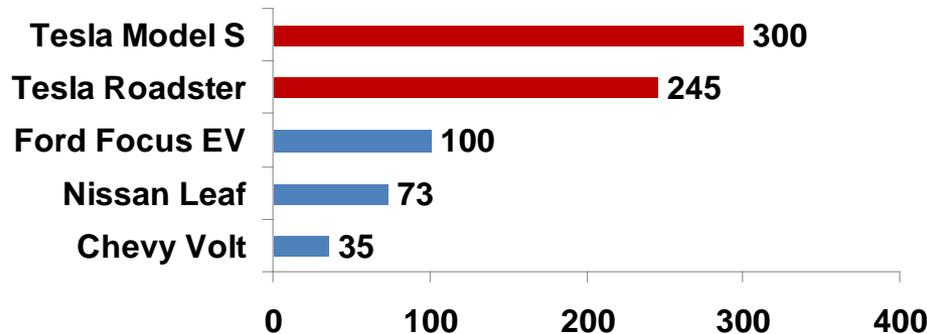
- Designs, develops, manufactures and sells high-performance, fully electric vehicles and advanced electric vehicle (EV) powertrain components
- Leadership in technology — 40 patents awarded, 200 pending

Select Financials

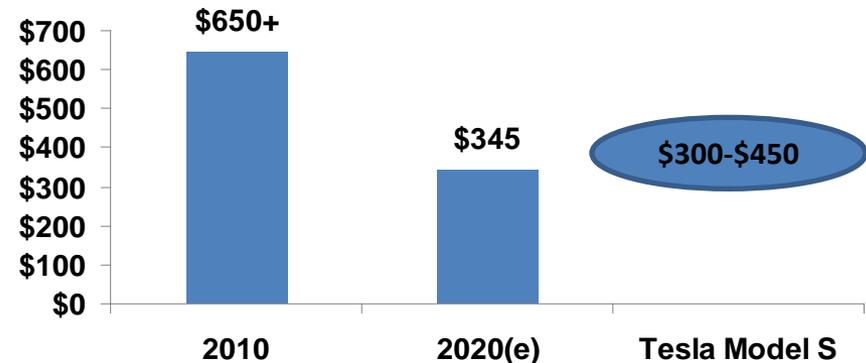
	2008	2009	2010	2011*
Sales	\$14.7	\$111.9	\$116.7	\$164.9
R&D	53.7	19.3	93.0	147.8
<i>% of sales</i>	364.4%	17.2%	79.7%	89.6%
Net Loss	(\$82.8)	(\$55.7)	(\$154.3)	(\$172.9)

* First nine months

Maximum miles per single charge



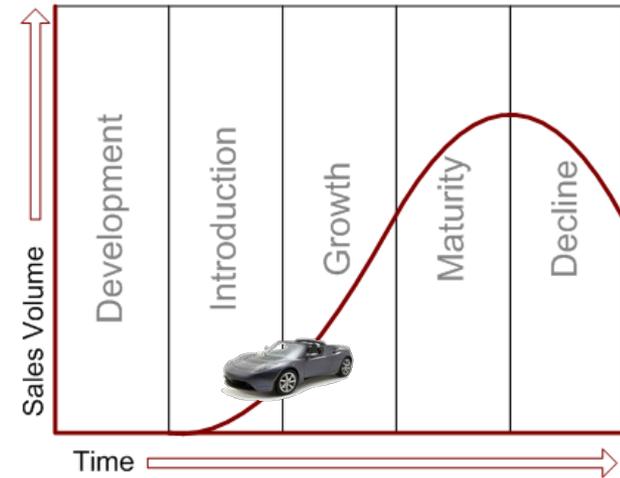
Battery pack cost (\$/kWh)



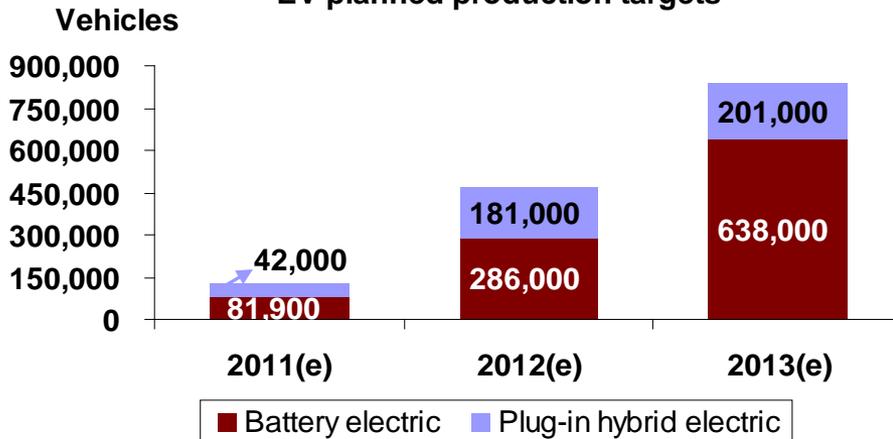


Electric Vehicle Industry

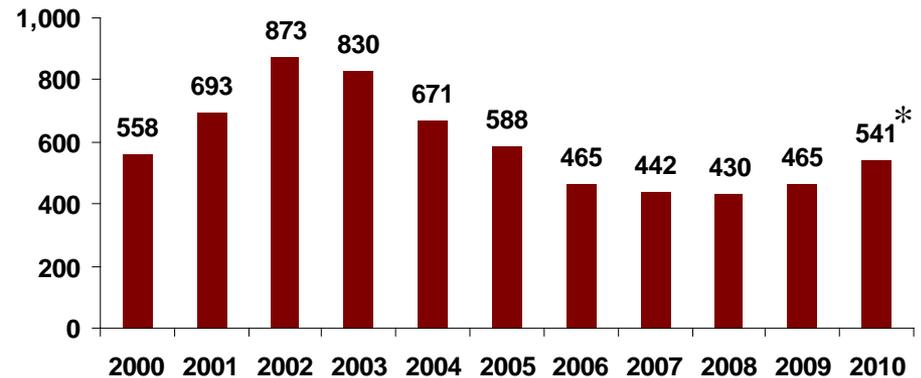
- Industry demand driven by
 - More stringent fuel efficiency and emission standards
 - Advancements in technology
 - Government subsidies (\$7,500 per vehicle)
- Industry costs driven by
 - Battery cells (\$1,000 kW/h)
 - EV charging infrastructure
 - Volatility in commodity prices



EV planned production targets



Electric charging stations in the U.S.



* 420 located in California



Discovery

November 4, 2011



- Nate Bard (AIM XIX) – Vice President
- 6,500 reservations will be met
- Tesla crash-testing performed in-house in Fremont facility: less crash-test safety procedures, less frequency
- Model Implications: Strong growth tempered by recall risk

... November 17, 2011



- National Highway Traffic Safety Administration (NHTSA) simulates crash test on Chevy Volt
- Fires in two out of three tests
- 11/25/2011 — Auto regulators open formal investigation into lithium-ion batteries
- Recall risk increased in electric vehicle industry



TSLA Recommendation – No Buy

Valuation Method	Weight	Value	Contribution
Free Cash Flow	100%	\$32.41	\$32.41
Forward Price-to-Sales (auto comps)	0%	1.48	0.00
Forward Price-to-Book (auto comps)	0%	2.28	0.00
Forward Price-to-Sales (high-growth comps)	0%	22.10	0.00
Forward Price-to-Book (high-growth comps)	0%	12.06	0.00
Final Valuation			\$32.41
Price as of 11/21/2011			\$31.76
Estimated Upside			2.0%

Investment Thesis:

Tesla is a well-managed company developing best-in-class electric vehicles for luxury car owners, but penetration of EVs in the automobile industry remains contingent on substantial government subsidies and an electric charging infrastructure yet to be developed. Range and recall anxiety weigh heavily on consumer sentiment, and better opportunities provide less risky upside.



Apollo Group (APOL)



APOLLO GROUP, INC.

Market Price **\$44.82**

1-year forward **8.6x**
P/E

Market Cap **\$6.2B**

Enterprise Value **\$8.5B**

LTM EPS **\$4.04**

LTM Stock Price Graph

Apollo Group, Inc.

■ APOL

Nov 28, 2011





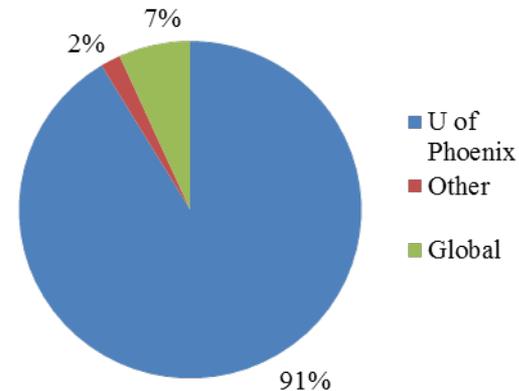
Company Overview

- Largest for-profit post-secondary education provider
 - 11.5% market share
- Focused on “non-traditional” students
- Combination of online and on-campus degree programs



COLLEGE
FOR FINANCIAL
PLANNING

2011A Revenue Breakout



- ~85% of revenue from Title IV federal scholarships
 - Potential impact of “gainful employment” legislation down the road



DCF Scenarios: Growth

- No extraordinary regulatory issues
- Low growth from University of Phoenix offset by high growth in Apollo Global
- Margins flat as company focuses more on quality and retention over enrollment growth

	<u>2010A</u>	<u>2011A</u>	<u>2012E</u>	<u>2013E</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2017E</u>
Revenue Growth	24.6%	(3.9%)	10.0%	10.0%	8.0%	8.0%	6.0%	6.0%
Cost of Sales	35.2%	37.5%	38.0%	39.0%	40.0%	40.0%	40.0%	40.0%
SG&A	44.3%	42.2%	41.0%	40.0%	38.0%	38.0%	38.0%	38.0%

Intrinsic Value = \$102.30 per share



DCF Scenarios: Disruptive

- “Gainful employment” legislation hits in 2013
 - As per stress-test guidance, 30% of University of Phoenix’s revenues are cut instantaneously
 - Used 35% to account for potential reputational risks
 - 35% chance of this scenario happening
- Margins similar to growth scenario but with more SG&A

	2010A	2011A	2012E	2013E	2014E	2015E	2016E	2017E
Revenue Growth	24.6%	(3.9%)	10.0%	(35.0%)	(20.0%)	(10.0%)	10.0%	5.0%
Cost of Sales	35.2%	37.5%	38.0%	39.0%	40.0%	40.0%	40.0%	40.0%
SG&A	44.3%	42.2%	41.0%	42.0%	42.0%	40.0%	40.0%	38.0%

Intrinsic Value = \$46.90 per share



APOL Recommendation – Buy

Valuation Method	Weight	Value	Contribution
DCF: Growth Scenario	30%	\$102.30	\$30.69
DCF: Disruptive Scenario	35%	46.90	16.42
Forward P/E	10%	40.04	4.00
Forward price-to-sales	25%	41.92	10.48
Final Valuation			\$61.59
Price as of 11/21/2011			\$44.82
Estimated Upside			37.4%

Investment Thesis:

The downside risk from upcoming legislation is priced into the stock. Apollo is positioned to do well in a growing economy or a downturn as its growing exposure to emerging markets and corporate clients leads to stable and high long-term growth, even if the industry as a whole is unstable.



American Tower (AMT)



AMERICAN TOWER®

Market Price **\$55.90**

1-year forward P/E **41.9x**

Market Cap **\$22.7 B**

Enterprise Value **\$27.9 B**

LTM EPS **\$0.69**

LTM Stock Price Graph

American Tower Corporation Comm

■ AMT

Nov 28, 2011



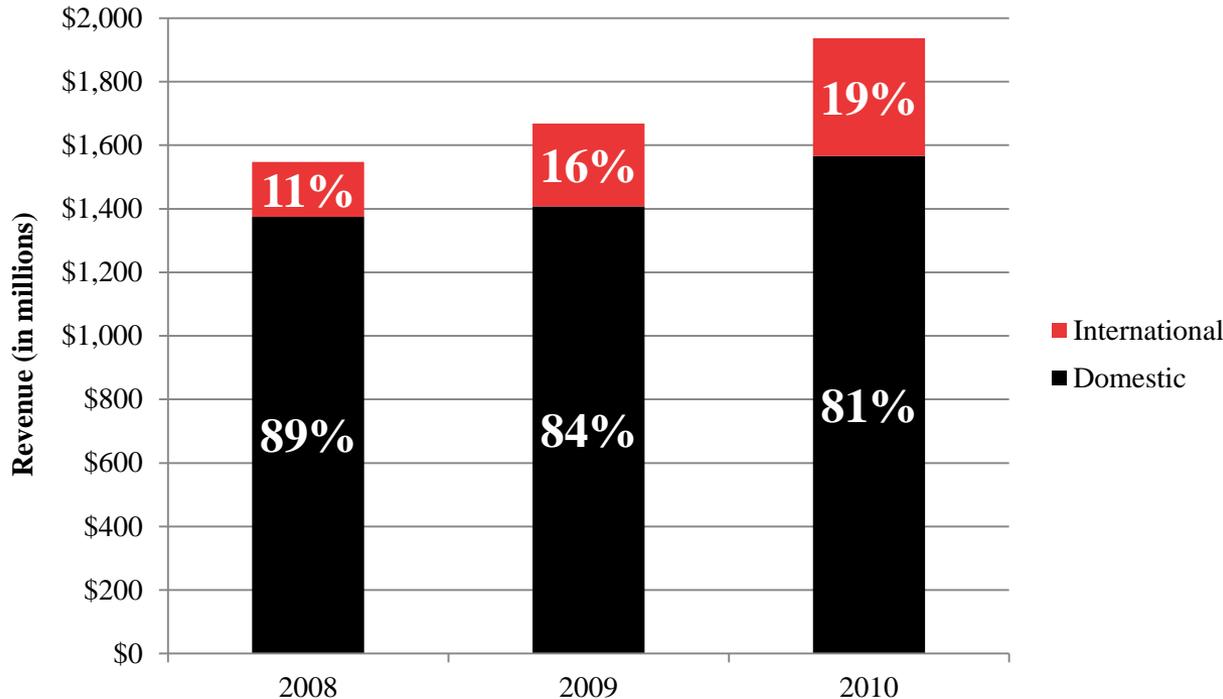
■ Volume





Company Background

American Tower Revenue Source (2008-2010)



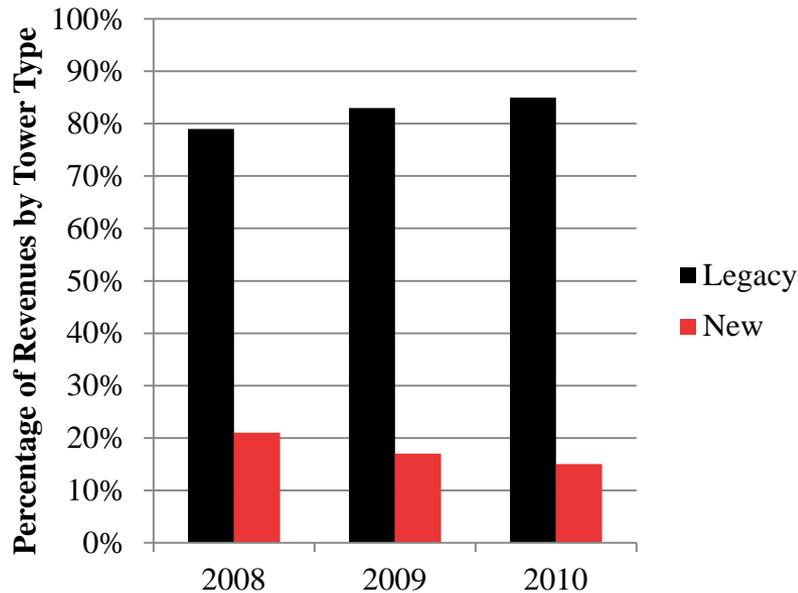
- American Tower leases antenna space on 38,000 multi-tenant communications towers to wireless service providers such as Verizon and Sprint, both domestically and internationally



Company Background

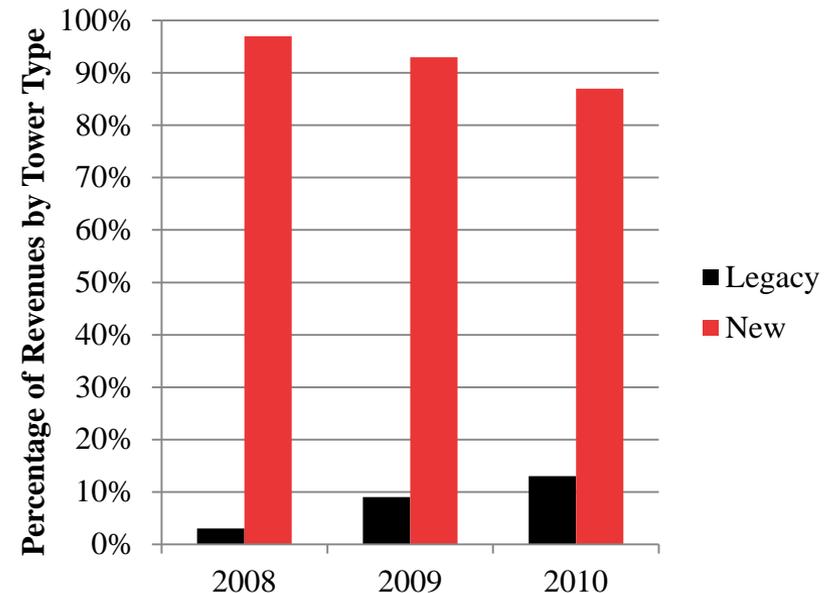
Domestic Efficiency

Domestic Tower Revenue Source



International Expansion

International Tower Revenue Source



- Of the 16,000 towers built or acquired since 2008, over 90% are located abroad
 - These towers are concentrated in India, Mexico, Brazil, Colombia, and Ghana



Fundamental Analysis

Business Risk

- **LOW** business risk due to extremely steady demand and growth
 - 5% Sales Volatility
 - 8% EBIT Volatility

Financial Risk

- **HIGH** financial risk due to capital needed to fund expansion
 - Each new tower, whether built or bought, costs approximately \$280,000

Financial Risk

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (E)</u>	<u>2012 (E)</u>	<u>2013 (E)</u>
Interest Coverage Ratio	1.37	1.22	1.14	1.14	1.09	1.04
Cash Flow/Total Debt	10%	11%	13%	13%	12%	12%
Total Debt (in millions)	\$4,483	\$4,326	\$5,805	\$6,017	\$6,153	\$6,274
Total Sales (in millions)	\$1,594	\$1,724	\$1,985	\$2,382	\$2,823	\$3,317



AMT Recommendation – Sell

Valuation Method	Weight	Value	Contribution
Forward Price-to-Earnings	10%	\$56.64	\$5.66
Forward Price-to-Sales	10%	58.86	5.89
Dividend Discount Model	10%	64.19	6.42
Free Cash Flow	70%	57.43	40.20
Final Valuation			\$58.17
Price as of 11/21/2011			\$55.90
Estimated Upside			4.1%

Investment Thesis:

Although American Tower is best-in-class, the company has a very high debt level. Because of this debt, even if it maintains year-over-year sales growth of nearly 19%, it has only limited upside.



Activision Blizzard (ATVI)



Market Price	\$11.88
1-year forward P/E	12.5x
Market Cap	\$13.5 B
Enterprise Value	\$14.0 B
LTM EPS	\$0.65

LTM Stock Price Graph

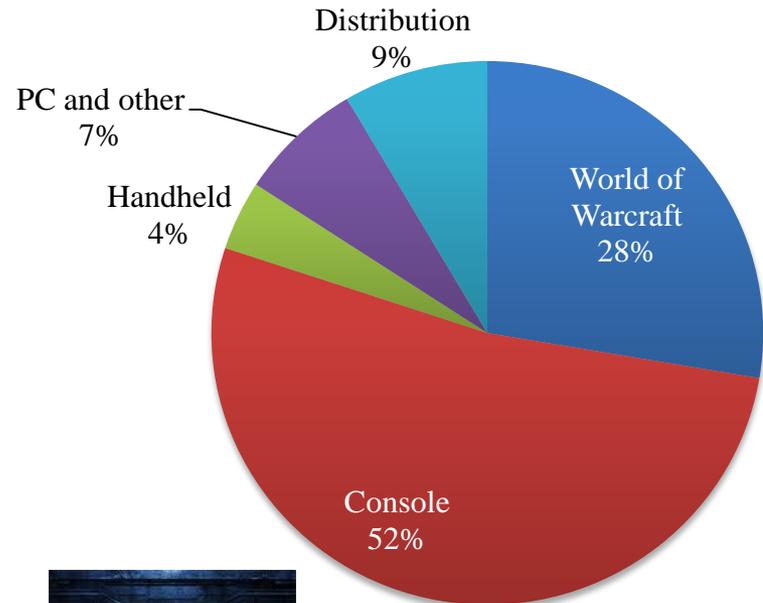




ATVI Company Background

- Video game producer and publisher on PC's, game consoles, mobile devices
- Several revenue models
- Specialty: high budget games and established brands
- In 2010, 62% of revenue came from Call of Duty and World of Warcraft

2010 Revenue Breakdown





Revenue Assumptions for EPS Forecast

	2010	2011E	2012E	2013E
Sales (in Millions)	\$4,447	\$5,070	\$5,678	\$4,826
% Growth	0.2%	14.0%	12.0%	(15.2%)

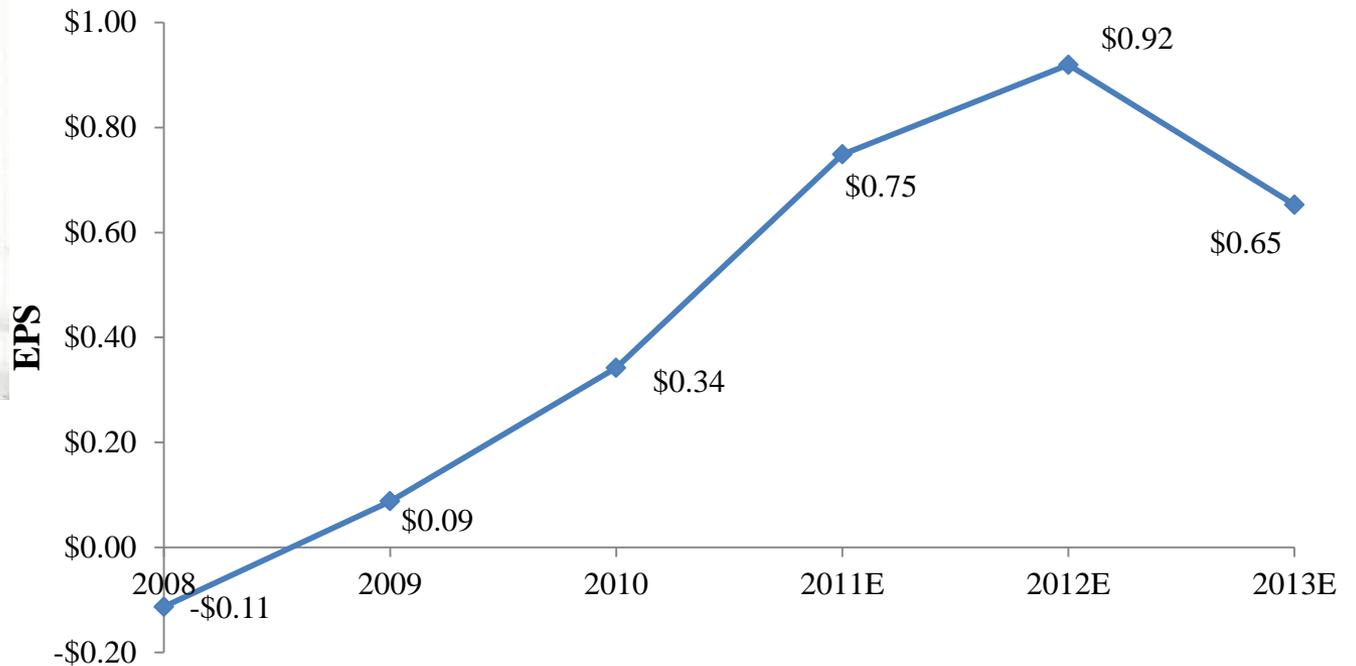
- Important because of high operational leverage
- Revenue originally on track to increase 11% in 2011
 - Further increased this growth because of Modern Warfare 3's early success
- Decline in 2013 due to increased competition for Call of Duty and World of Warcraft



EPS Forecast



Annual ATVI Earnings per Basic Share





ATVI Recommendation – Sell

Valuation Method	Weight	Value	Contribution
Forward Price to Earnings	20%	\$12.55	\$2.51
Free Cash Flow	80%	12.16	9.73
Final Valuation			\$12.24
Price of 11/21/2011			\$11.88
Estimated Upside			3.0%

Investment Thesis:

Despite projected negative revenue growth in 2013 and 2014 due to increased competition, the stock is slightly undervalued. The stock is quite risky because of the fad nature of the products and heavy reliance on just two games. The stock is technically a “Buy” but the analyst group identified other superior opportunities.



IV. Portfolio Performance



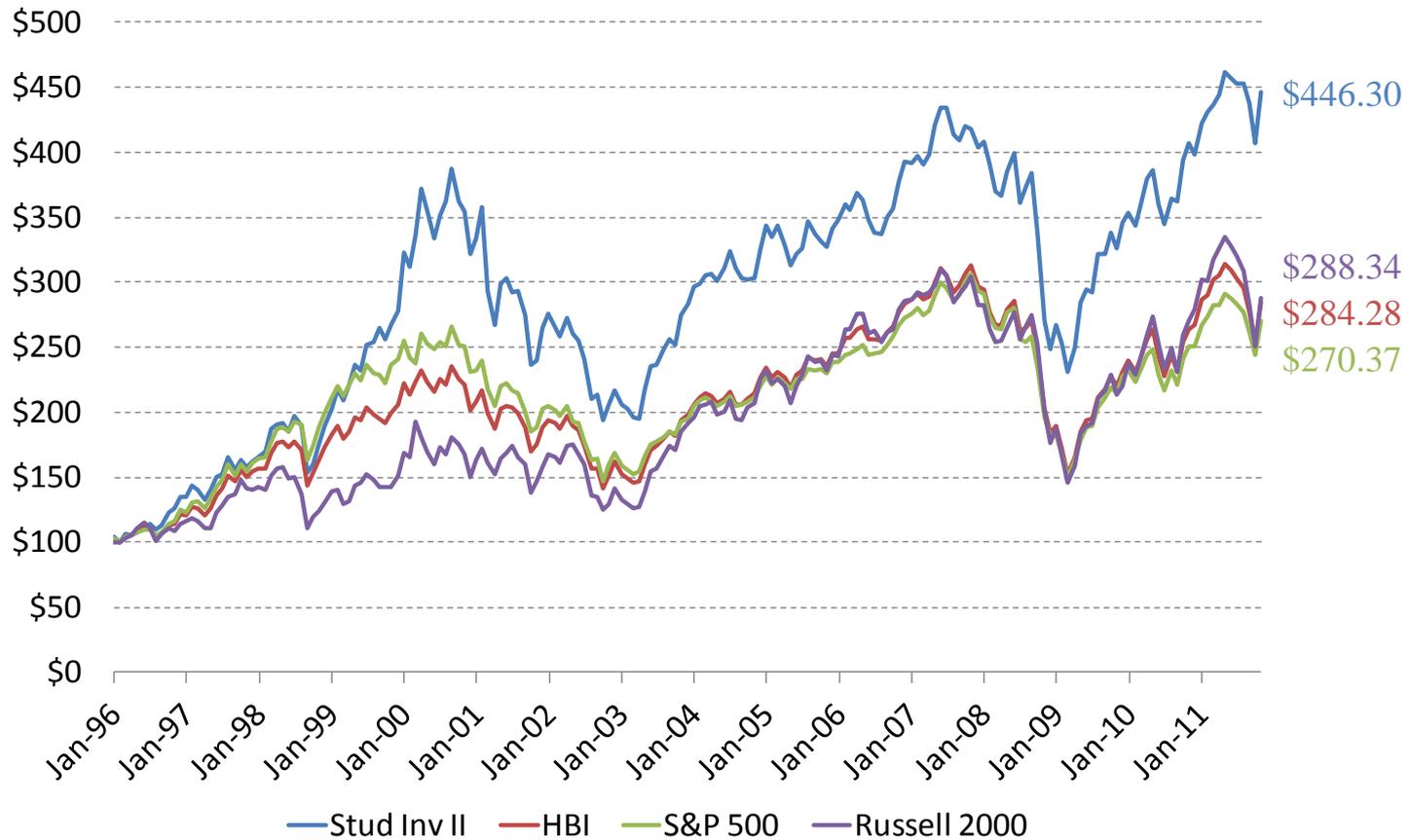
Portfolio Performance Agenda

- Historical Returns
- Performance Measures
- Attribution Analysis
- Top & Bottom 5 Performers
- Portfolio Transactions
- Final Portfolio Discussion



Returns Comparison

Performance of \$100 Invested on 1/1/1996

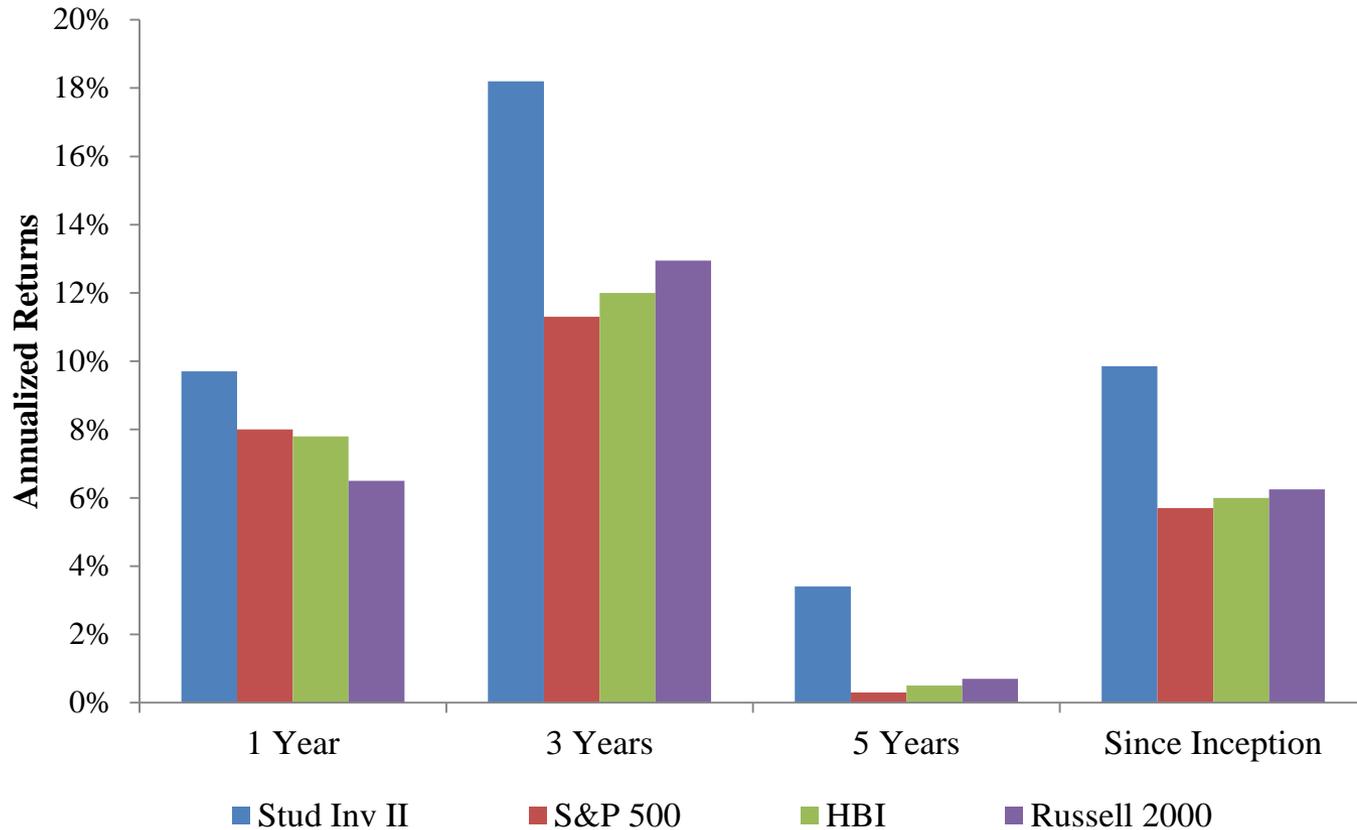


* For the period ended 10/31/11



Benchmarks

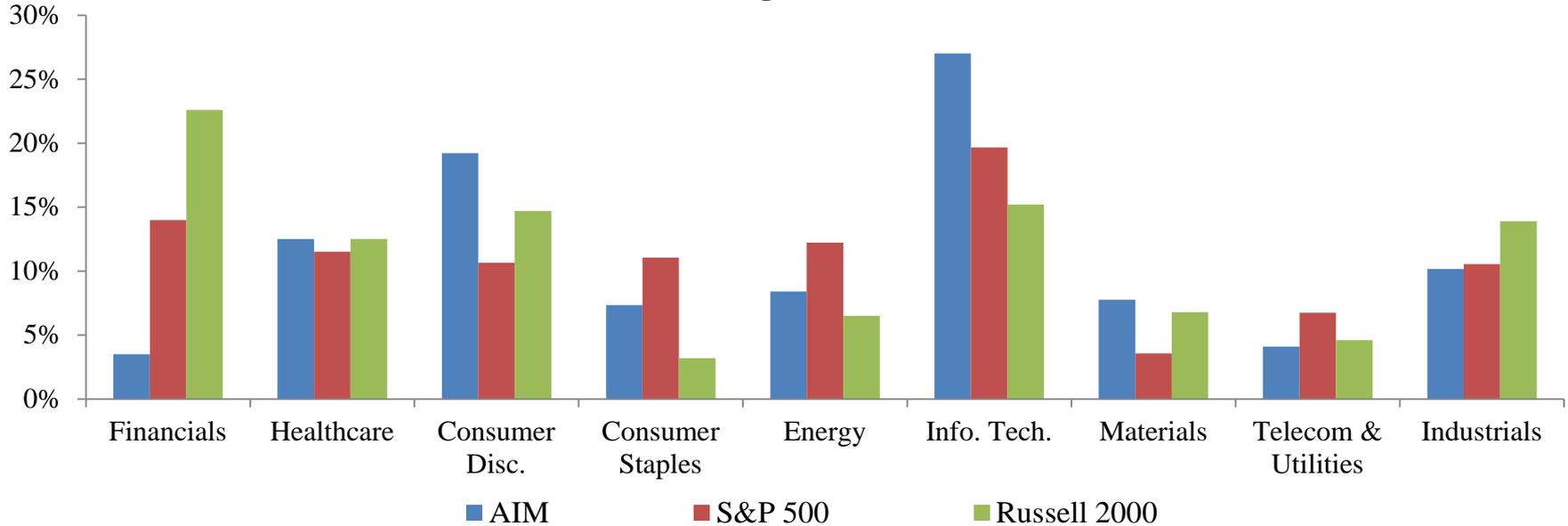
AIM Portfolio Returns vs. Benchmark Returns (Annualized)





Sector Allocations (as of 10/31/11)

AIM Sector Weights vs. Benchmarks



	Financials	Healthcare	Consumer Disc.	Consumer Staples	Energy	Info. Tech.	Materials	Telecom & Utilities	Industrials
AIM	3.50%	12.52%	19.22%	7.34%	8.40%	27.01%	7.77%	4.09%	10.16%
S&P 500	13.99%	11.51%	10.65%	11.06%	12.23%	19.66%	3.56%	6.75%	10.55%
Russell 2000	22.60%	12.50%	14.70%	3.20%	6.50%	15.20%	6.80%	4.60%	13.90%



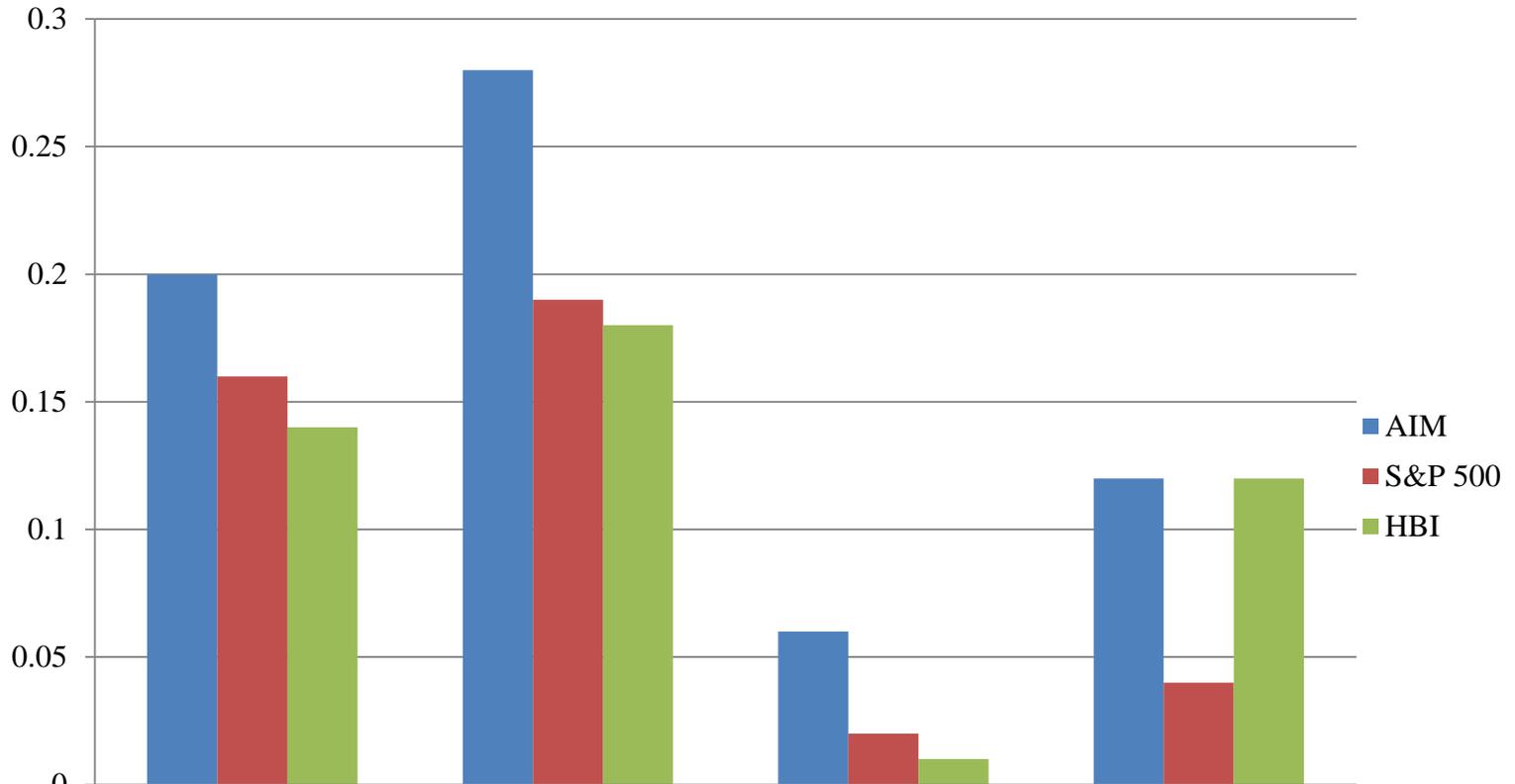
Sharpe Ratio

- Used to determine whether returns generated by management decisions or additional risk
- Measured by excess portfolio returns ($R_p - r_f$) per unit of risk (σ_p)
- Greater management efficacy with higher ratio
- Formula:

$$\frac{\text{Portfolio Return} - \text{Risk Free Rate}}{\text{Portfolio Standard Deviation}}$$



Sharpe Ratio (as of 10/31/2011)



	1 Year	3 Years	5 Years	Inception
AIM	0.2	0.28	0.06	0.12
S&P 500	0.16	0.19	0.02	0.04
HBI	0.14	0.18	0.01	0.12



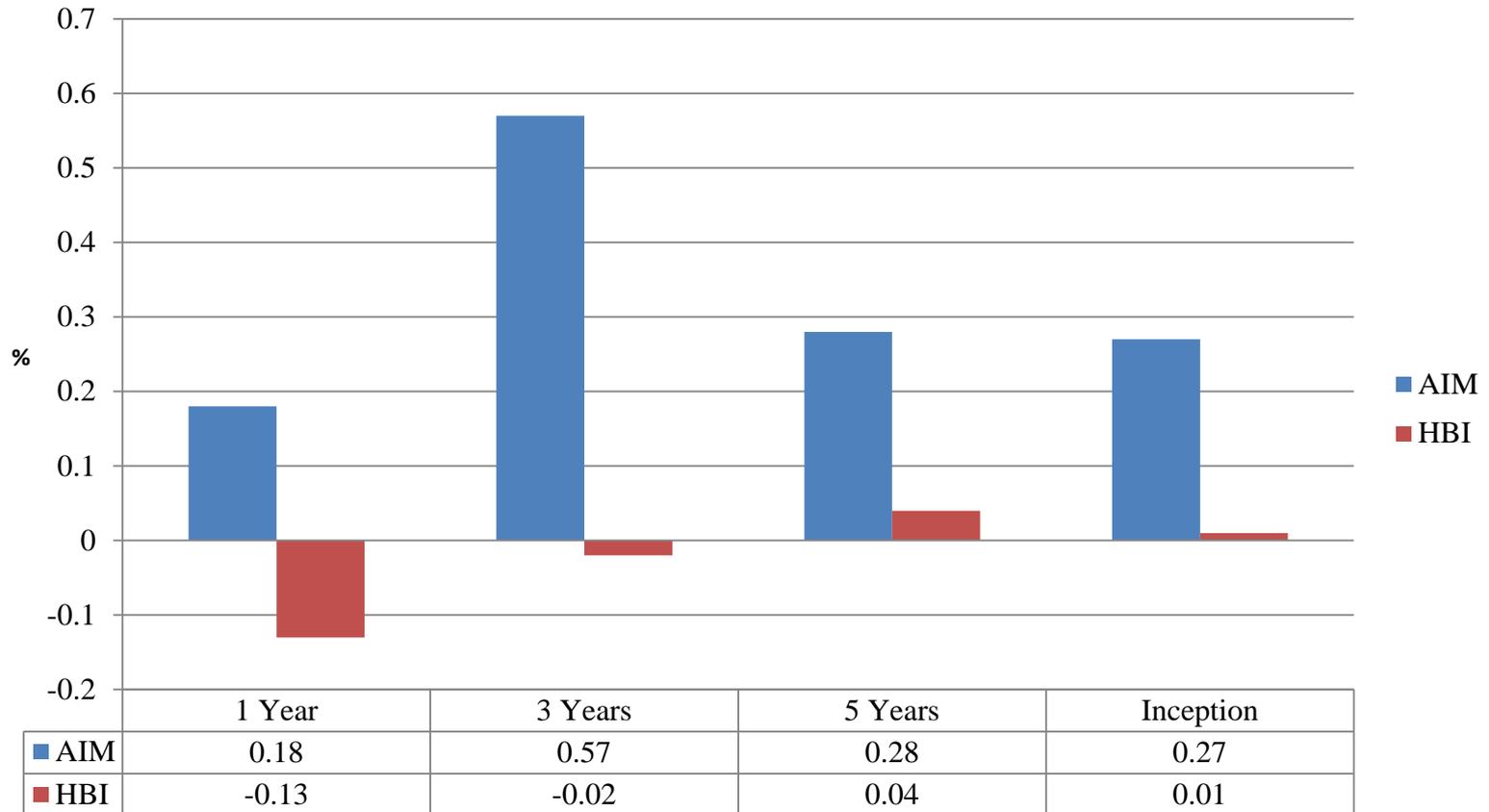
Jensen's Alpha

- Compares returns adjusted for systematic risk
- Measures the excess portfolio return over that predicted by the Capital Asset Pricing Model
- Higher (positive) values indicative of better management
- Formula:

Portfolio Return – (Risk Free Rate + β x Market Risk Premium)

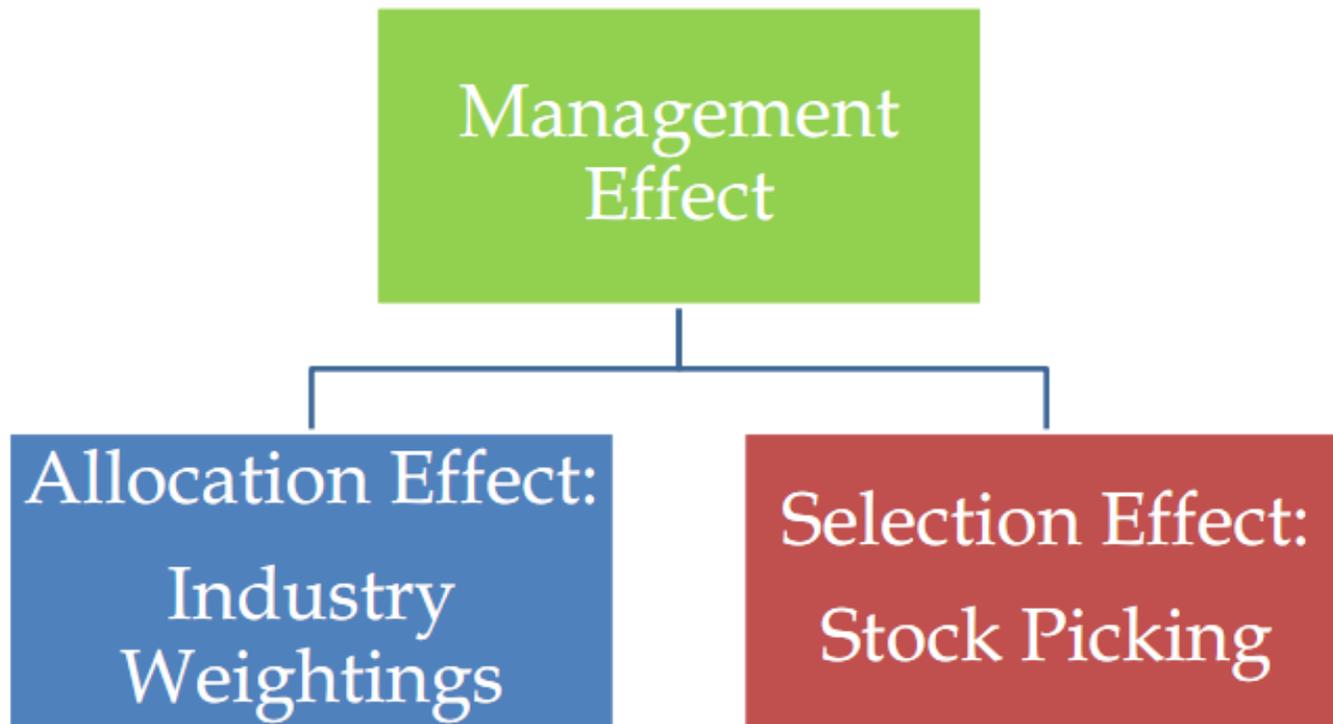


Jensen's Alpha (as of 10/31/2011)



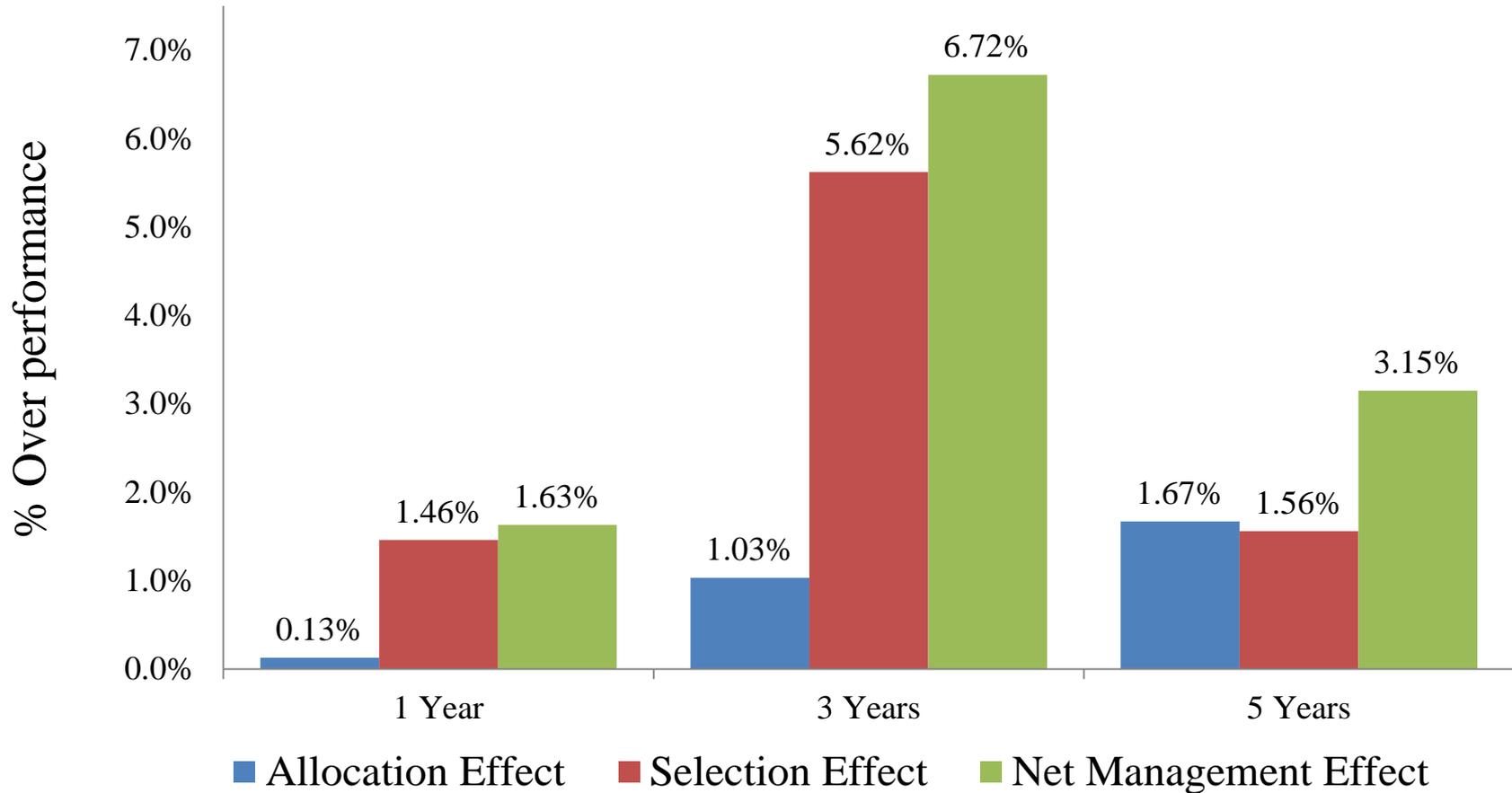


Attribution Analysis





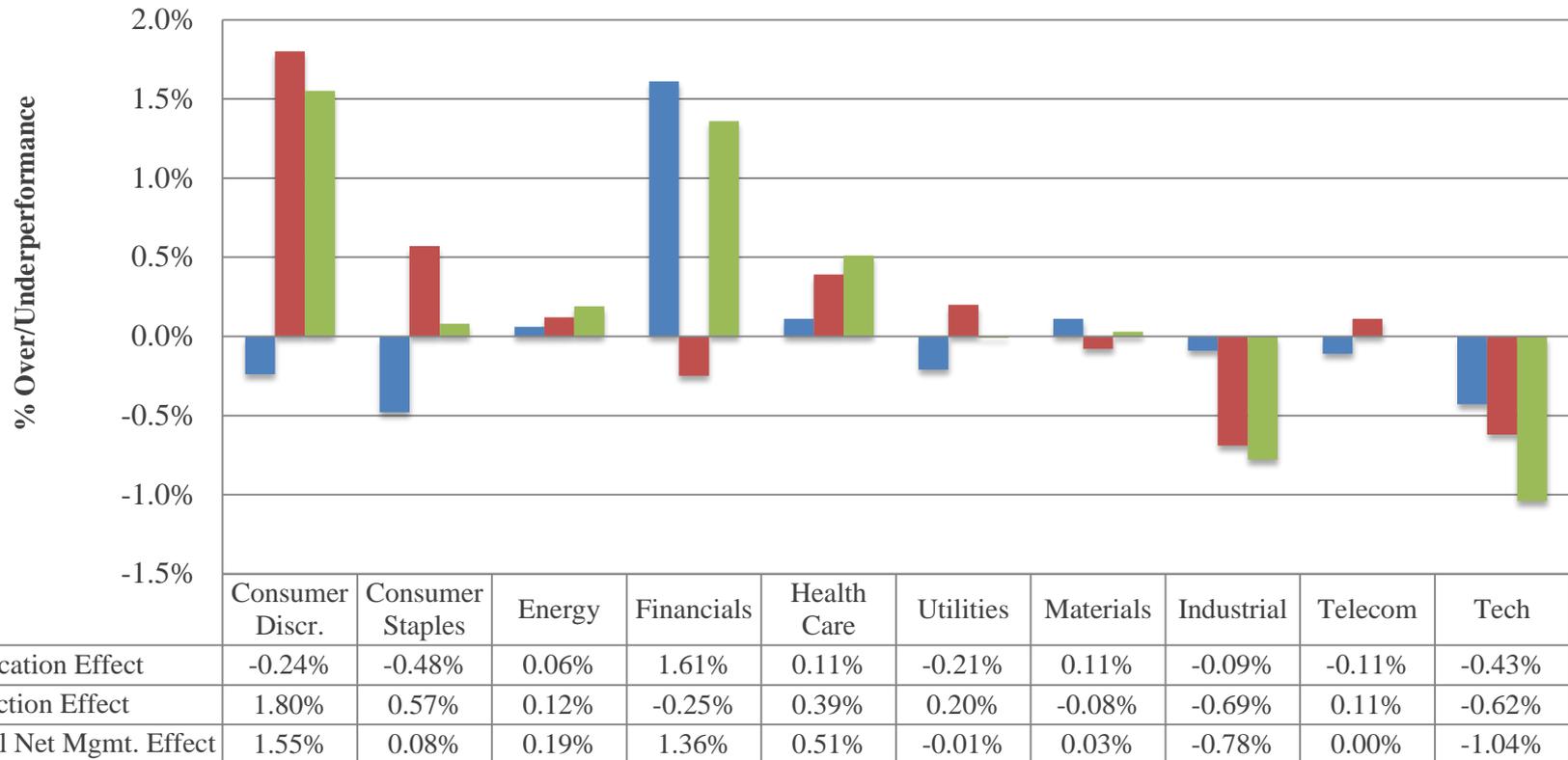
Attribution Analysis





Attribution Analysis

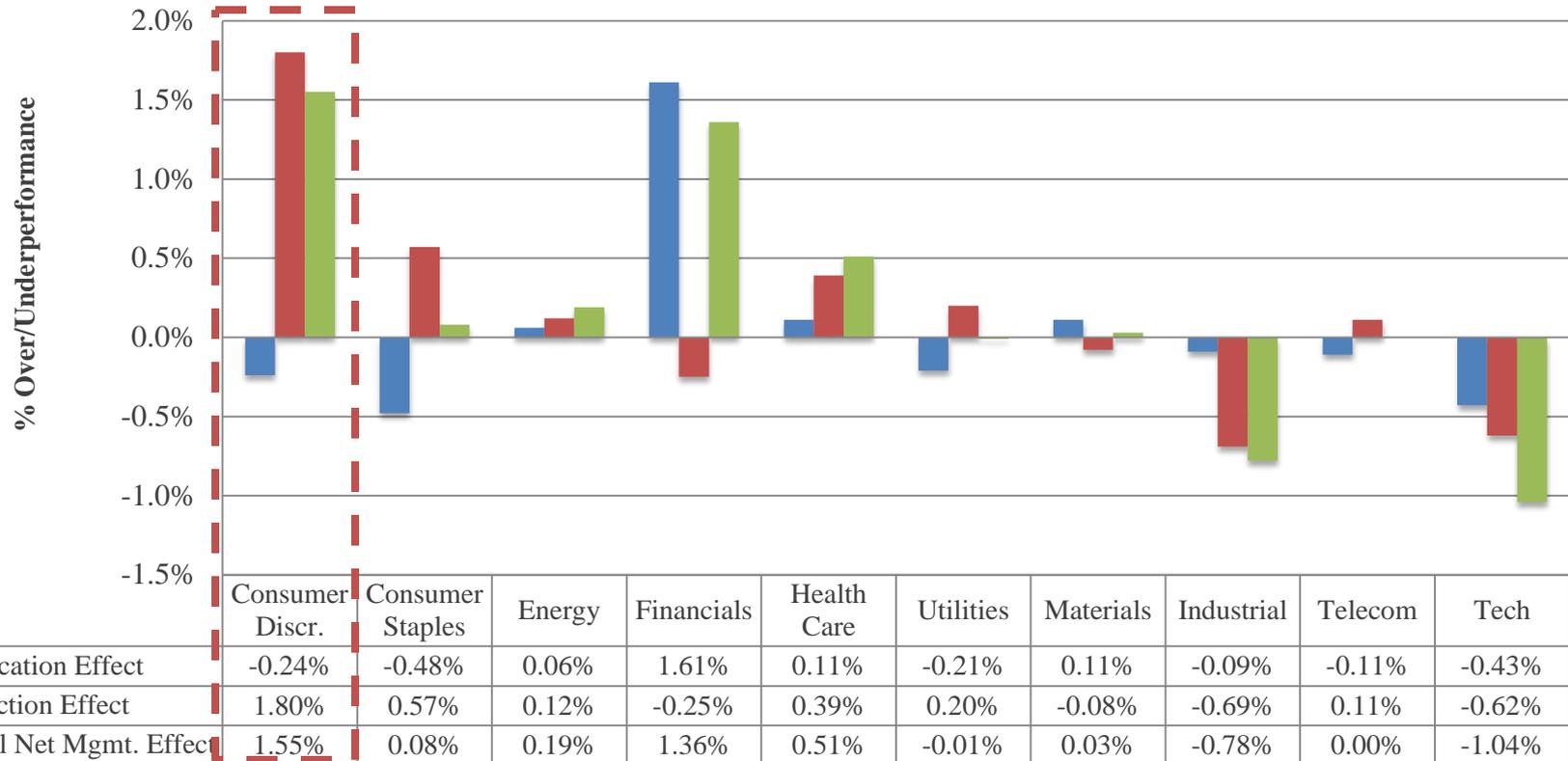
5 Year Annualized Attribution





Attribution Analysis

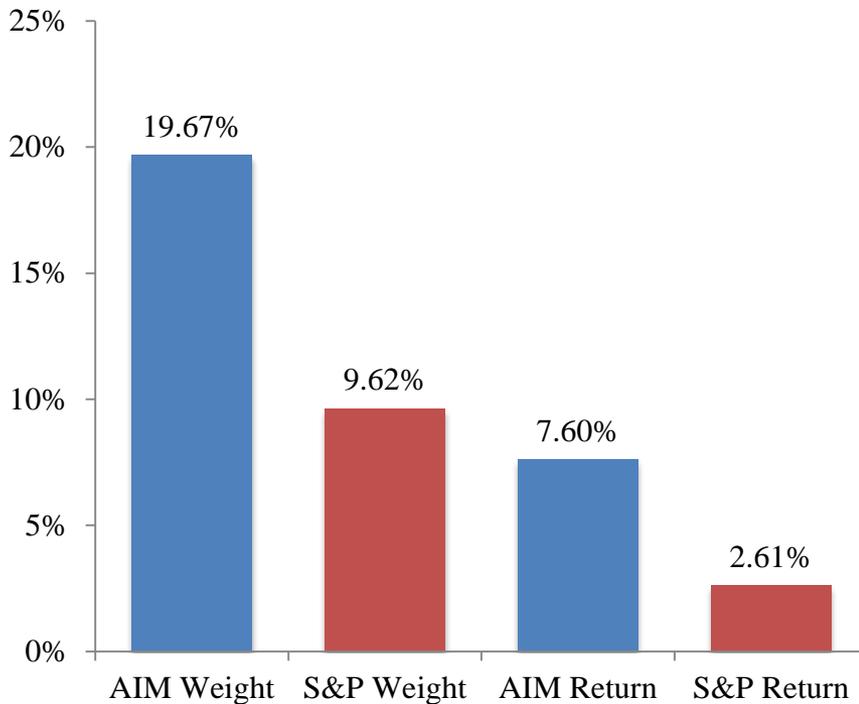
5 Year Annualized Attribution



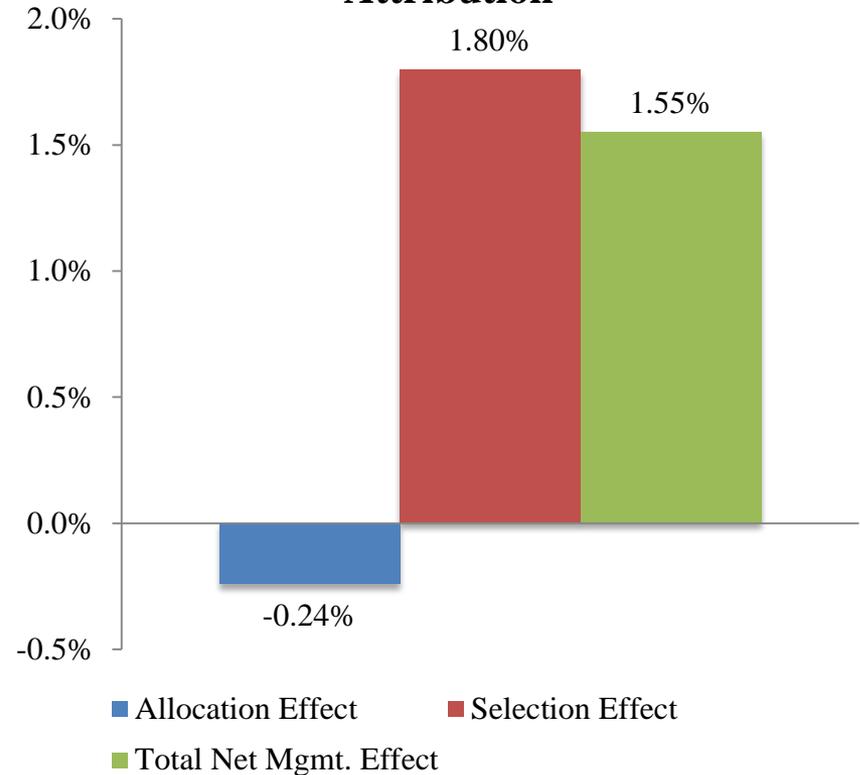


Attribution Analysis

Consumer Discr. Weight and Return



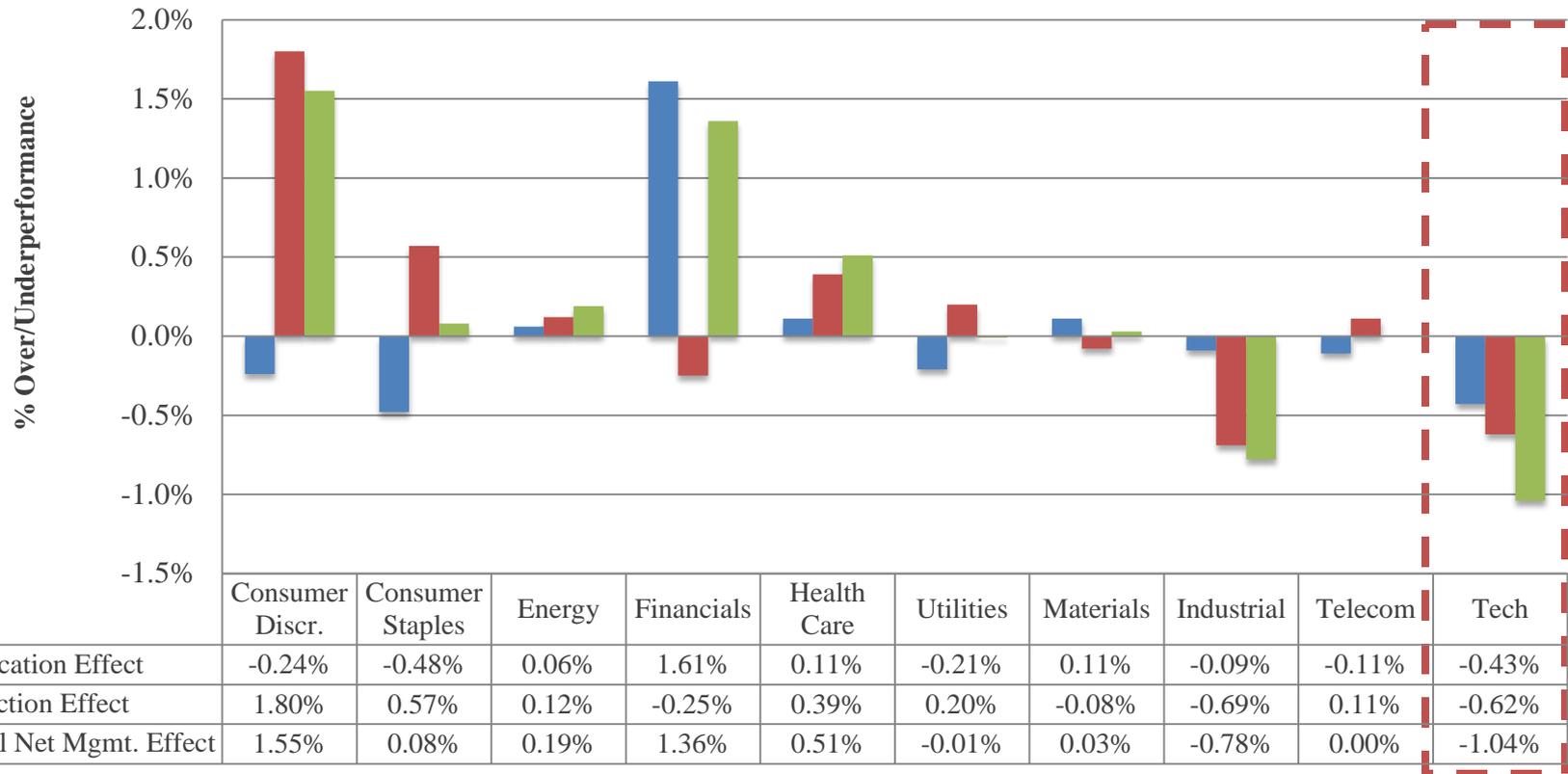
Consumer Discr. Performance Attribution





Attribution Analysis

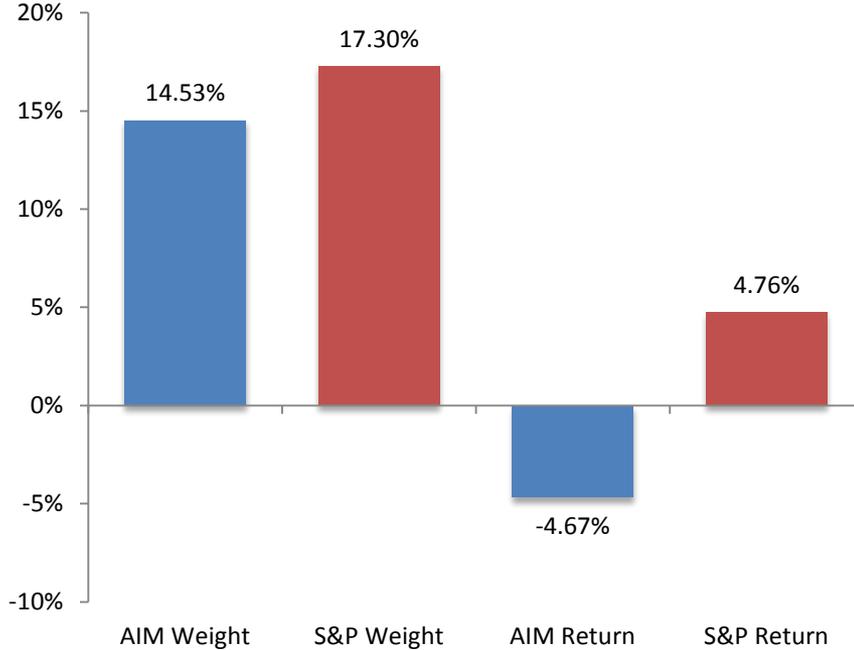
5 Year Annualized Attribution



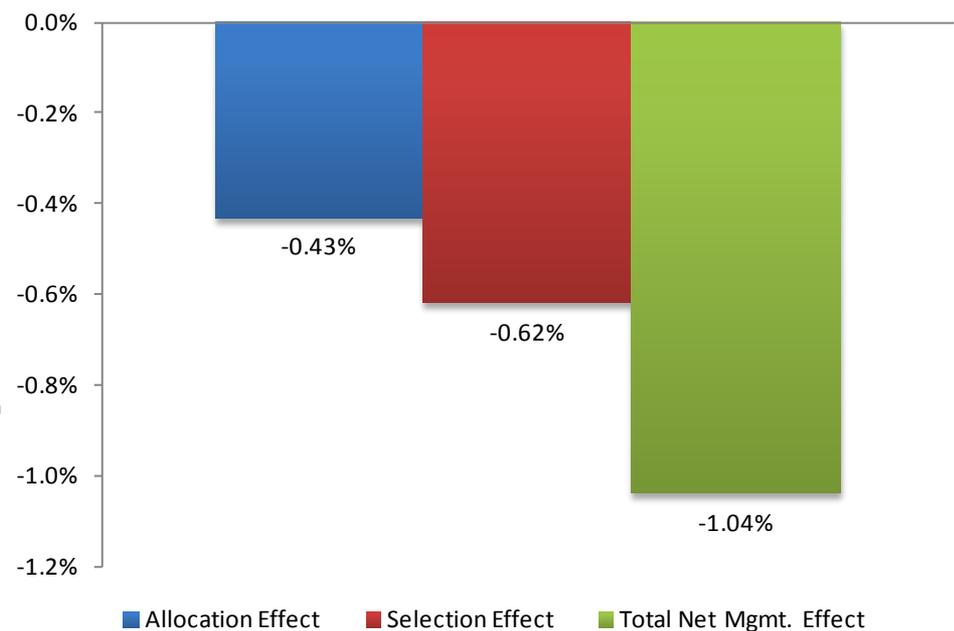


Attribution Analysis

Technology Weight and Return

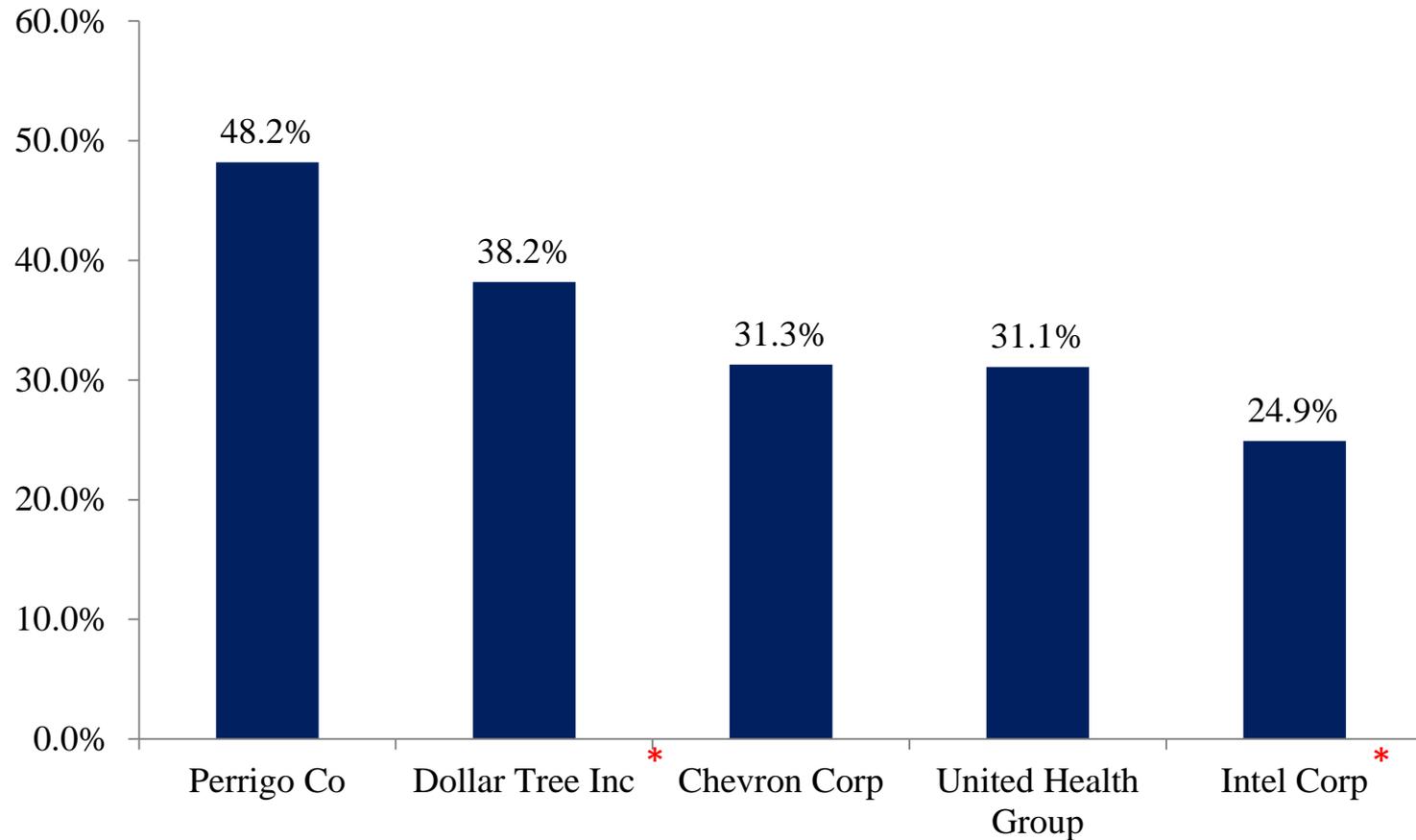


Technology Performance Attribution





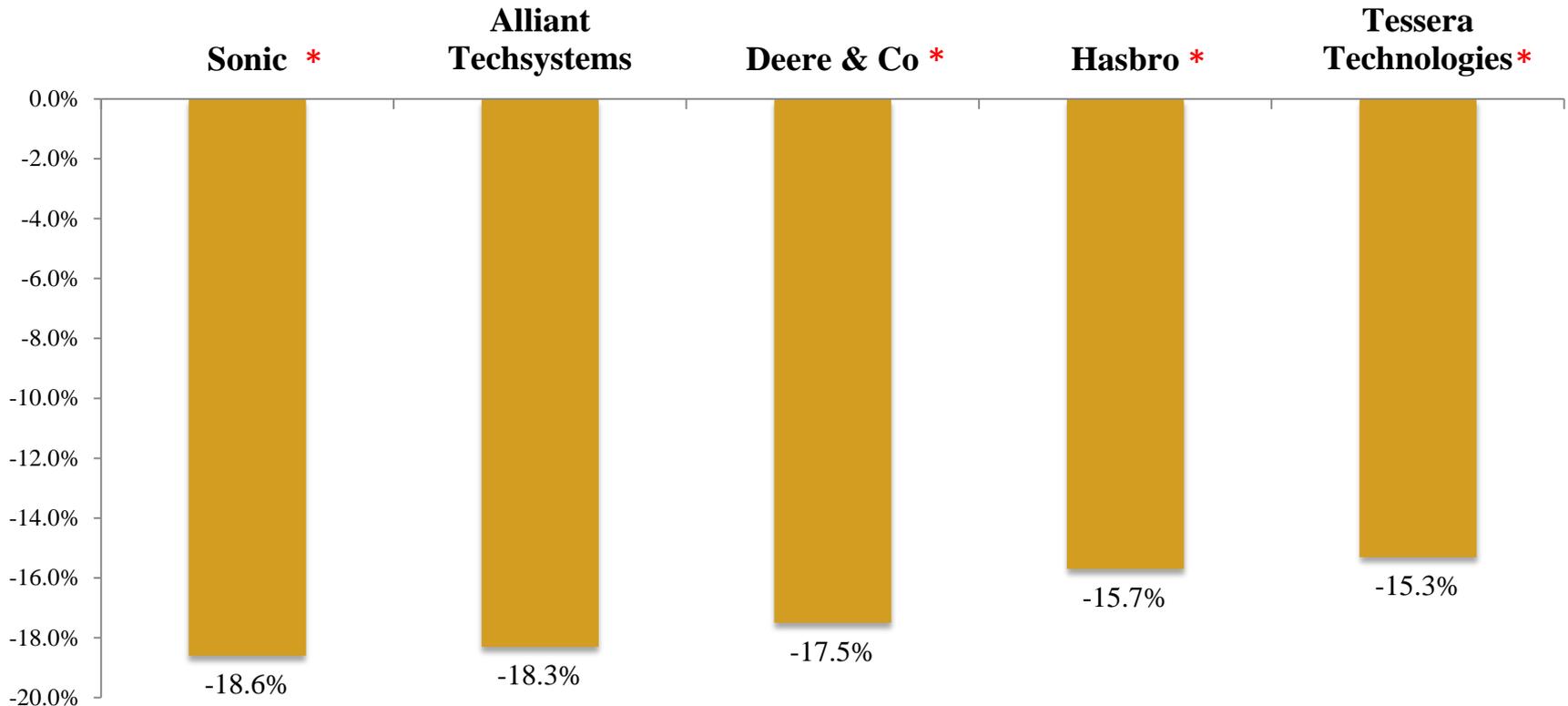
Top 5 Stocks – LTM Return



Source: BNY Mellon Workbench



Bottom 5 Stocks – LTM Return





Portfolio Turnover

Buy

- Amazon (AMZN)
- Caterpillar (CAT)
- Cummins Inc. (CMI)
- Dick's Sporting Goods (DKS)
- eBay Inc. (EBAY)
- Halliburton Co. (HAL)
- KeyCorp (KEY)
- Laboratory Corporation of America (LH)
- RBC Bearings Inc. (ROLL)
- Teradata Corp. (TDC)

Sell

- Activision Blizzard Inc. (ATVI)
- American Tower Corp. (AMT)
- Archer-Daniels-Midland Co. (ADM)
- Deere and Co. (DE)
- Fedex Corp. (FDX)
- Hasbro Inc. (HAS)
- Intel Corp. (INTC)
- Starbucks Corp. (SBUX)
- Tessera Technologies Inc. (TSRA)

Hold

- Alliant Techsystems Inc. (ATK)
- Apple Inc. (AAPL)
- Chevron Corp. (CVX)
- Coca-Cola Co. (KO)
- Continental Resources Inc. (CLR)
- Discover Financial Services Inc. (DFS)
- Dollar Tree Inc. (DLTR)
- Ecolab Inc. (ECL)
- Gilead Sciences Inc. (GILD)
- Google Inc. (GOOG)
- Newmont Mining Corp. (NEM)
- Perrigo Co. (PRGO)
- Potash Corporation of Saskatchewan Inc. (POT)
- Qualcomm Inc. (QCOM)
- Sonic Corp. (SONC)
- Starwood Hotels and Resorts Inc. (HOT)
- United Health Group (UNH)



Portfolio Purchases

Company	Ticker	Decision Day Price	Intrinsic Value	Upside / (Downside)
Amazon	AMZN	\$ 189.25	\$ 229.51	21%
Caterpillar	CAT	\$ 89.63	\$ 112.00	25%
Cummins Inc.	CMI	\$ 91.10	\$ 145.68	60%
Dick's Sporting Goods	DKS	\$ 39.74	\$ 44.31	12%
eBay Inc.	EBAY	\$ 28.90	\$ 35.90	24%
Halliburton Co.	HAL	\$ 33.86	\$ 53.17	57%
KeyCorp	KEY	\$ 6.77	\$ 10.68	58%
Laboratory Corporation of America	LH	\$ 79.30	\$ 102.76	30%
RBC Bearings Inc.	ROLL	\$ 38.90	\$ 47.06	21%
Teradata Corp.	TDC	\$ 51.27	\$ 59.48	16%



Portfolio Divestitures

Company	Ticker	Decision Day Price	Intrinsic Value	Upside / (Downside)
Activision Blizzard Inc.	ATVI	\$11.88	\$12.24	3%
American Tower Corp.	AMT	\$55.90	\$58.17	4%
Archer-Daniels-Midland Co.	ADM	\$28.69	\$31.59	10%
Deere and Co.	DE	\$70.88	\$70.00	(1%)
Fedex Corp.	FDX	\$78.74	\$85.75	9%
Hasbro Inc.	HAS	\$36.29	\$44.40	22%
Intel Corp.	INTC	\$23.28	\$21.00	(10%)
Starbucks Corp.	SBUX	\$41.88	\$40.97	(2%)
Tessera Technologies Inc.	TSRA	\$17.60	\$18.00	2%



Final Portfolio as of 11/21/11

Company	Ticker	# Shares	Price	Total Value	% of Portfolio
Alliant Techsystems Inc	ATK	3,400	\$57.46	\$195,364	3.5%
Amazon	AMZN	1,050	\$189.25	\$198,713	3.6%
Apple Inc	AAPL	750	\$369.01	\$276,758	5.0%
Caterpillar	CAT	2,500	\$91.12	\$227,800	4.1%
Chevron Corp	CVX	2,250	\$95.66	\$215,235	3.9%
Coca-Cola Co	KO	3,100	\$65.95	\$204,445	3.7%
Continental Resources Inc	CLR	3,200	\$65.91	\$210,912	3.8%
Cummins Inc	CMI	2,400	\$91.10	\$218,640	3.9%
Dicks Sporting Goods Inc	DKS	4,900	\$39.79	\$194,971	3.5%
Discover Financial Services	DFS	8,600	\$22.86	\$196,596	3.5%
Dollar Tree Inc	DLTR	2,500	\$75.69	\$189,225	3.4%
eBay Inc	EBAY	6,800	\$28.75	\$195,500	3.5%
Ecolab Inc	ECL	4,000	\$53.11	\$212,440	3.8%
Gilead Sciences Inc	GILD	5,500	\$36.26	\$199,430	3.6%



Final Portfolio (cont'd)

Company	Ticker	# Shares	Price	Total Value	% of Portfolio
Google Inc	GOOG	340	\$580.94	\$197,520	3.6%
Halliburton Co	HAL	5,500	\$34.86	\$191,730	3.5%
KeyCorp	KEY	28,000	\$6.85	\$191,800	3.5%
Laboratory Corp. of America	LH	2,500	\$79.30	\$198,250	3.6%
Newmont Mining Corp	NEM	3,200	\$65.29	\$208,928	3.8%
Perrigo Co	PRGO	2,200	\$89.96	\$197,912	3.6%
Potash Corp Of Saskatchewan	POT	5,000	\$42.40	\$212,000	3.8%
Qualcomm Inc	QCOM	4,100	\$54.27	\$222,507	4.0%
RBC Bearings Inc	ROLL	4,800	\$38.90	\$186,720	3.4%
Sonic Corp	SONC	28,000	\$6.98	\$195,440	3.5%
Starwood Hotels and Resorts	HOT	4,000	\$47.63	\$190,520	3.4%
Teradata Corp	TDC	4,000	\$51.27	\$205,080	3.7%
United Health Group	UNH	4,800	\$44.44	\$213,312	3.8%



Final Portfolio

Stock	Ticker	Weight	Market Value	Stock	Ticker	Weight	Market Value
Amazon	AMZN	3.6%	\$198,713	Alliant Tech	ATK	3.5%	\$195,364
Dick's Sporting Goods	DKS	3.5%	\$194,971	Caterpillar	CAT	4.1%	\$227,800
Dollar Tree	DLTR	3.4%	\$189,225	Cummins	CMI	3.9%	\$218,640
Sonic Corp	SONC	3.5%	\$195,440	RBC Bearings	ROLL	3.4%	\$186,720
Starwood Hotels	HOT	3.4%	\$190,520	<i>Industrials</i>		14.9%	\$828,524
<i>Consumer Discretionary</i>		17.4%	\$968,869			(AIM XXXII 10.2%)	
		(AIM XXXII 19.2%)		EcoLab	ECL	3.8%	\$212,440
Coca-Cola	KO	3.7%	\$204,445	Newmont Mining	NEM	3.8%	\$208,928
<i>Consumer Staples</i>		3.7%	\$204,445	Potash Corp	POT	3.8%	\$212,000
		(AIM XXXII 7.3%)		<i>Materials</i>		11.4%	\$633,368
						(AIM XXXII 10.9%)	
Chevron	CVX	3.9%	\$215,235	Apple	AAPL	5.0%	\$276,758
Continental Resources	CLR	3.8%	\$210,912	eBay	EBAY	3.5%	\$195,500
Halliburton	HAL	3.4%	\$191,730	Google	GOOG	3.5%	\$197,520
<i>Energy</i>		11.1%	\$617,877	Qualcomm	QCOM	4.0%	\$222,507
		(AIM XXXII 8.4%)		Teradata Corp	TDC	3.7%	\$205,080
Discover	DFS	3.5%	\$196,596	<i>Technology</i>		19.7%	\$1,097,364
KeyCorp	KEY	3.4%	\$191,800			(AIM XXXII 27.0%)	
<i>Financials</i>		7.0%	\$388,396	Cash and Hedge			\$20,410
		(AIM XXXII 3.5%)		Total			\$5,568,157
Gilead Sciences	GILD	3.6%	\$199,430				
LabCorp	LH	3.6%	\$198,250				
Perrigo	PRGO	3.6%	\$197,912				
United Health Group	UNH	3.8%	\$213,312				
<i>Healthcare</i>		14.5%	\$808,904				
		(AIM XXXII 12.5%)					



V. General Information



General Information

- Chicago Trip
- New York City Trip
- In Class Speakers
- Newsletter
- AIM Website



Chicago Trip

- **CME**
 - Met with David Lerman, Director of Equity Products
 - Received a tour of the trading floor
- **Madison Dearborn Partners**
 - Met with Patrick Eilers, Managing Director (ND Alum '89)
 - Went through an example of an LBO in the wind energy space
- **UBS**
 - Met with John Leonard, Global Head of Equities, and Laura Lawson, Asset Allocation Strategist
 - Had an asset allocation presentation and discussed our stocks with Mr. Leonard
- **Equity International**
 - Met with Ira Chaplik, Chief Operating Officer, and Chris Fiegen, Chief Portfolio Officer
 - Learned about emerging market private equity real estate investing and met Sam Zell



NYC Trip- Business Meetings

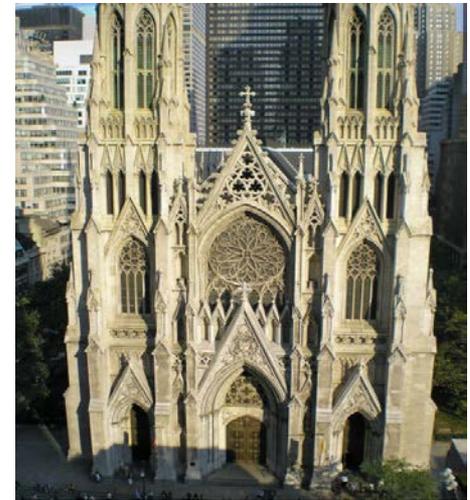
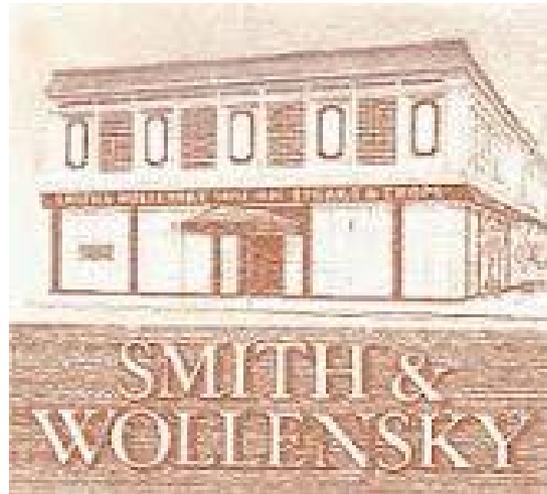
- S-Squared Technology
 - Hosted by Sy Goldblatt & Kenneth Goldblatt
 - Topic: Technology equity hedge fund strategy
- D.E. Shaw
 - Hosted by Chris Zaback (ND Alum '90)
 - Topic: Global Asset Management and D.E. Shaw's unique approach
- The Blackstone Group
 - Hosted by Sean Klimczak (ND Alum '98)
 - Topic: Private Equity
- BlackRock
 - Hosted by Jim Keenan (ND Alum '98)
 - Topic: Current financial markets
- Tegean Capital Management
 - Hosted by Tom Maheras (ND Alum '84)
 - Topic: Value-based hedge fund strategy





NYC Trip- Social Events

- Dinner & Reception at Hilton New York
 - Attended by over 50 AIM alumni in the NY area
 - Discussed careers and AIM experiences
- Mass at St. Patrick's Cathedral
- Class Dinner at Smith & Wollensky





In Class Speakers

- Scott Malpass (ND Alum '84)
 - Discussed endowment investing and the strategies of the Notre Dame Endowment
- Rick Hans, Vice President of Investor Relations and Finance, Walgreens Co. (ND Alum '87)
 - Received analyst presentation and discussed Walgreen's battle with Express Scripts
- Jim Parsons, Portfolio Manager, Viking Global Investors (ND Alum '92)
 - Discussed careers in the hedge fund industry and Mr. Parson's views on technology stocks



Newsletter

- Objective
 - Alumni News
 - Portfolio Performance
 - Economic Outlook

aim.nd.edu

AIM XXXIII

Fall 2011

AIMQUARTERLY

Welcome to AIM XXXIII



The portfolio managers of AIM XXXIII have been tasked with completing sound investment decisions amid a very unique economic situation. Volatility in the equity markets is high; the real level of interest rates remains at a record low. Political and economic uncertainties have created an atmosphere of fear and caution. Nevertheless, the AIM analysts have already

conducted a thorough analysis of the 26 inherited stocks in the portfolio, as well as Amazon and Caterpillar, and are preparing to make recommendations on first round stocks in the coming weeks. Additionally, AIM XXXIII had the opportunity to travel to Chicago to meet with past members of AIM and several financial firms (see article on p. 6)

QUARTER 3, FALL 2011

Contents



Economic Outlook

1



Portfolio Performance

3

Features



Alumni Updates

2, 5



Chicago Trip

6



AIM XXXIII Roster

6

Economic Outlook: An AIM Perspective

Employment

The U.S. Bureau of Labor Statistics reported the unemployment rate held at 9.1% for the month of August. The nonfarm payroll employment remained at 131.1 million with most private sector industries exhibiting little or no change. Health care was the biggest contributor of jobs for the month, having added 30,000 jobs in August.

The Information industry saw the biggest decline losing 48,000 employees in August, driven mostly by a large strike of Verizon workers.

Government employment continues to trend down over the month, shedding over 17,000 jobs in August. Local

Continued on Page 2



AIM Website

- Analysts
- Portfolio Performance
- Publications
- Alumni
 - Career Opportunities
 - Upcoming Events
 - Social Networking
 - Facebook
 - LinkedIn
 - Irish Online

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About AIM

Applied Investment Management (AIM) blends traditional investment theory with the practical experience of managing a live equity portfolio for select students at the University of Notre Dame.

[Learn more...](#)

News & Events

Admission for Spring 2012
- Click [here](#) for more details

New York Alumni Dinner
- Click [here](#) for more details

Q3 2011 Newsletter
- Click [here](#) to download a copy

AIM Portfolio

Ticker	# of Shares	Price per Share	Value of Position	Daily % Change
AAPL	1,000	\$373.99	\$373,990	-0.07%
ADM	6,700	\$29.06	\$194,702	0.65%
AMT	4,100	\$57.82	\$237,062	2.25%
ATK	3,400	\$57.07	\$194,038	1.51%
ATVI	17,800	\$12.13	\$215,914	-0.20%
CLR	3,200	\$66.32	\$212,224	2.74%
CVX	2,570	\$97.80	\$250,832	1.91%
DE	2,300	\$75.99	\$174,708	-0.71%
DFS	3,200	\$22.76	\$190,032	-1.05%
DLTR	3,700	\$78.53	\$290,224	3.02%
ECL	4,000	\$55.42	\$221,680	0.11%
FDX	2,300	\$79.00	\$181,700	0.09%
GILD	5,500	\$39.37	\$216,535	-1.00%
GOOG	340	\$584.00	\$198,764	-0.01%
HAS	4,300	\$34.98	\$149,898	-0.69%
HOT	3,700	\$45.40	\$167,980	-1.00%
IEZ	38	\$51.78	\$1,968	1.53%
INTC	11,000	\$23.73	\$261,030	1.15%
KO	3,100	\$66.33	\$206,623	2.52%
NEM	3,200	\$65.67	\$210,144	0.66%
POT	4,200	\$42.48	\$178,416	0.59%
PRGO	2,200	\$96.96	\$213,312	1.91%
QCOM	4,100	\$35.25	\$144,325	-1.25%
SBLU	5,800	\$42.31	\$245,388	1.10%
SNOC	23,000	\$6.80	\$156,400	-0.04%
TSRA	12,100	\$16.18	\$195,778	-1.00%
UNH	5,500	\$45.97	\$252,835	2.09%
Cash			\$4,798	
Total AIM Portfolio			\$5,614,910	

Quotes may be delayed up to 20 minutes. Information is provided 'as is' and solely for informational purposes, not for trading purposes or advice. [Disclaimer](#)



Thank You

- We would like to extend a special thank you to:
 - Professors Langley, Reilly and Trubac for their guidance and knowledge
 - Scott Malpass, the Notre Dame Investment Office and the AIM Advisory Board for the opportunity to participate in such a unique and valuable course
 - Rachel Karnafel for administrative support
- Post – Presentation Agenda
 - Food & refreshments
 - Questions from the AIM analysts for the advisory board



Final Portfolio

Stock	Ticker	Weight	Market Value	Stock	Ticker	Weight	Market Value
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<i>Healthcare</i>		14.5%	\$808,904				
		(AIM XXXII 12.5%)					