



ADVISORY BOARD PRESENTATION DISCUSSION MATERIALS

AIM XLVII | December 3, 2018



Analyst Introductions

Ben Bogart

Stryker, Royal Caribbean

Liam Bryson

Facebook, Salesforce.com

Nick Bufalino

Trupanion, Starbucks

Caleb Chamberlain

Arconic, Constellation Brands

Emmet Coyle

Kinder Morgan, Crown Holdings

Ethan Donnelly

Waste Management, NextEra Energy

Matt Ebertin

Ritchie Bros, Walmart

Emily Feczko

Alphabet, Target

Jared Hendrick

Dollar Tree, Lear Corp

Charles Hughes

Apollo Global, Micron

Greg Kaniecki

Intercontinental Exchange, Boyd Gaming

Peter Loughran

Microsoft, Spotify

Kevin Marks

Unitedhealth Group, Darling Ingredients

Niko Martinovic

Comerica, Activision Blizzard

John Mullen

Disney, Brookdale

Griffin Over

Total System Services, AO Smith

Chris Page

Cleveland-Cliffs, McDonalds

Zach Prephan

Paypal, GTT Communications

William Schipke

Kraft Heinz, Booking Holdings

Gary Schorr

Biogen, XPO Logistics

Chris Skomra

Exelon, Compass Minerals

Francesca Ventura

Lockheed Martin, Ulta Beauty

Richard Xiong

Palo Alto Networks, Netflix



I. COURSE OVERVIEW

II. ECONOMIC OUTLOOK

III. SECURITY ANALYSIS

IV. PORTFOLIO PERFORMANCE

V. AIM XLVII REVIEW

VI. CONCLUDING REMARKS

A. Course Fundamentals

B. Investment Philosophy & Policies

C. Analyst Responsibilities



Course Fundamentals

Course Objectives

- Blends traditional academic objectives with the practical experience of hands-on investment management
- Provide students with a thorough grounding in the portfolio management process
- Enhance each student's ability to effectively communicate their approach and analyses leading to their investment recommendations

Analyst Selection

- Students submit a resume, transcript and essay detailing their desires and qualifications to participate in the course
- Analysts are selected based on academic performance, professional experience and other relevant criteria

Methodology

- The new AIM class inherits the approximately \$15 million portfolio handed over by the previous class
- Each analyst covers an existing portfolio stock
- Analysts pitch a new stock of their choice to be considered for addition to the portfolio
- Finally, the class votes on the composition of the new portfolio based on each analyst's final recommendation on the ~50 stocks



Investment Philosophy and Policies

Investment Philosophy and Goals

- Bottom-up, deep fundamental analysis approach with top-down consideration
- Create a portfolio with well-researched trade decisions that contribute to the growth of the portfolio's value for the use of future classes
- Outperform the S&P 500 over the long-term
 - Other benchmarks include the Russell 2000 & the HBI Index (65% S&P 500, 35% Russell 2000)

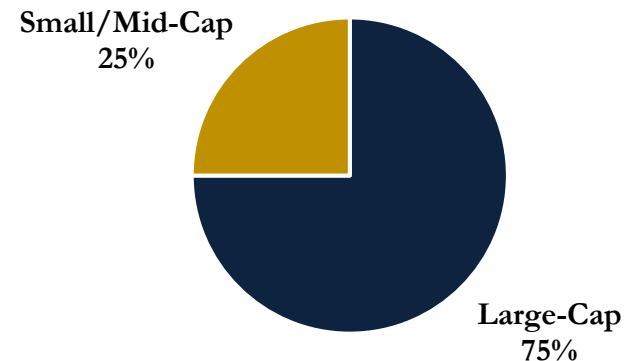
Investment Guidelines

- Only common equities traded on major U.S. exchange
- Avoid companies whose ethics are not in line with those of the University (i.e. abortifacients, birth control, tobacco, etc.)
- Target allocation: 35% Small & Mid-Cap, 65% Large-Cap
 - With a +/- 10% limit
- One stock should not exceed over 10% of the portfolio

Investment Constraints

- Liquidity: Investments limited to common equities
- Time Horizon: 3 – 5 year outlook
- Laws & Regulation: “Prudent Person Rule”
- Tax Considerations: Not a constraint for the fund given its tax-exempt status

AIM XLVII Portfolio Composition





Analyst Responsibilities

Individual Responsibilities

- In-depth research and coverage of two stocks and effective communication of findings to peers
- Completion of various analyst reports and group projects
- Staying informed on the markets/stocks in the portfolio
- A student is assigned as “CIO” for each class
 - CIO responsibilities include a market update and organization of the class period

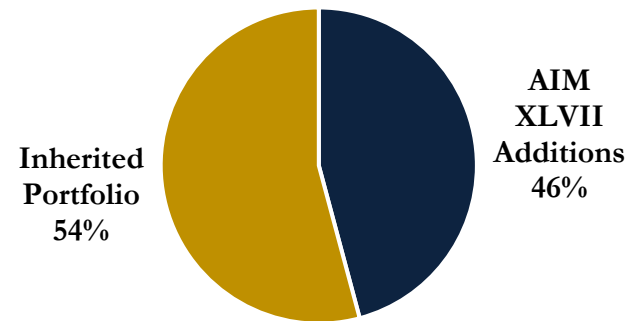
Group Projects

- Industry/Sector Analysis
- Economic Analysis
- Portfolio Performance
- Newsletter

Analyst Reports

- Company Background
- Fundamental Analysis
- Earning Forecast
- Cost of Capital Forecast
- Valuation
- Technical Analysis

AIM XLVII Portfolio Composition





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- A. GDP Breakdown
- B. FX, Inflation and Interest Rates Overview
- C. Labor and Housing Market
- D. Political Environment
- E. Global Considerations



Q3 2018 GDP Breakdown

Net Exports in Q3 was hit substantially due to the trade war with other categories largely unencumbered

GDP Contributions Highlight Underlying Weaknesses

Major Category	Q3 2018	Q2 2018	Q3 2017
Overall Growth	3.5%	4.1%	3.2%
Consumption	+2.7%	+2.2%	+1.8%
Investment	+1.5%	+0.4%	+1.1%
Trade	(1.4%)	+1.0%	+0.2%
Government	+0.6%	+0.5%	+0.2%

Contribution Drivers

Consumption

- **Strong Growth:** healthcare and housing services
- **Moderate Growth:** F&B, vehicles, recreational goods

Investment

- 36.8% increase in non-farm inventories (95% of Investment contribution)
- Preparation for holiday season

Net Exports

- 1.1% of growth cut due to excess imports to fuel inventories
- Trade war: reduction in exports and 0.3% decrease in GDP

Gov. Spending

- Higher state and local spending
- Growth in defense budget

Source: Bloomberg and Seeking Alpha.

Note: GDP growth statistics reflect nominal year-over-year figures.



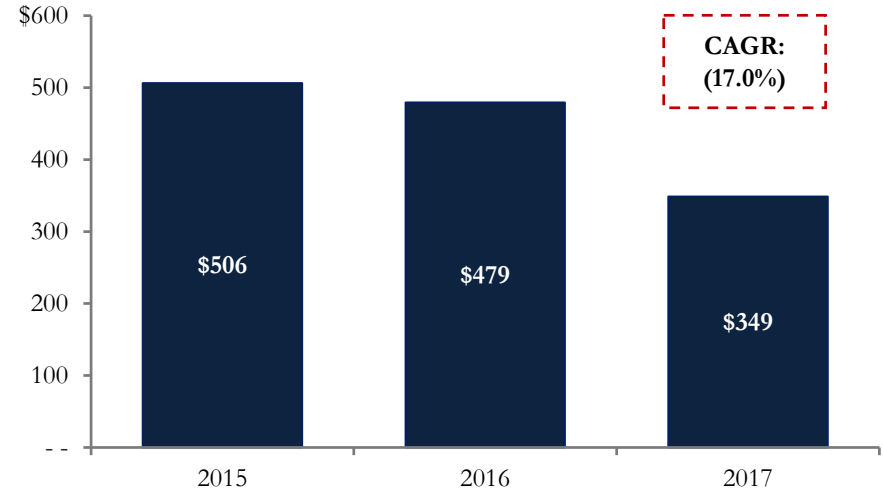
FX Overview

U.S. Dollar to Hold Strong

- Strengthening U.S. dollar since 2014, yet **still weak** relative to 30 year average
- Rising interest rates leading to **short term USD appreciation**
- **Fewer dollars required** to purchase imported goods and the prices of imported goods into the U.S. **tend to fall**

Contracting FDI is **concerning for long-term growth**, but high rates will continue to increase USD asset appetite

U.S. Foreign Direct Investment (\$ in billions)



EUR/USD



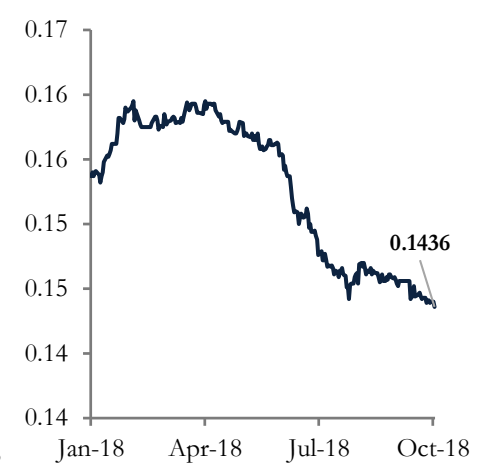
GBP/USD



CAD/USD



CNY/USD



Source: S&P Capital IQ, World Bank and Investing.com

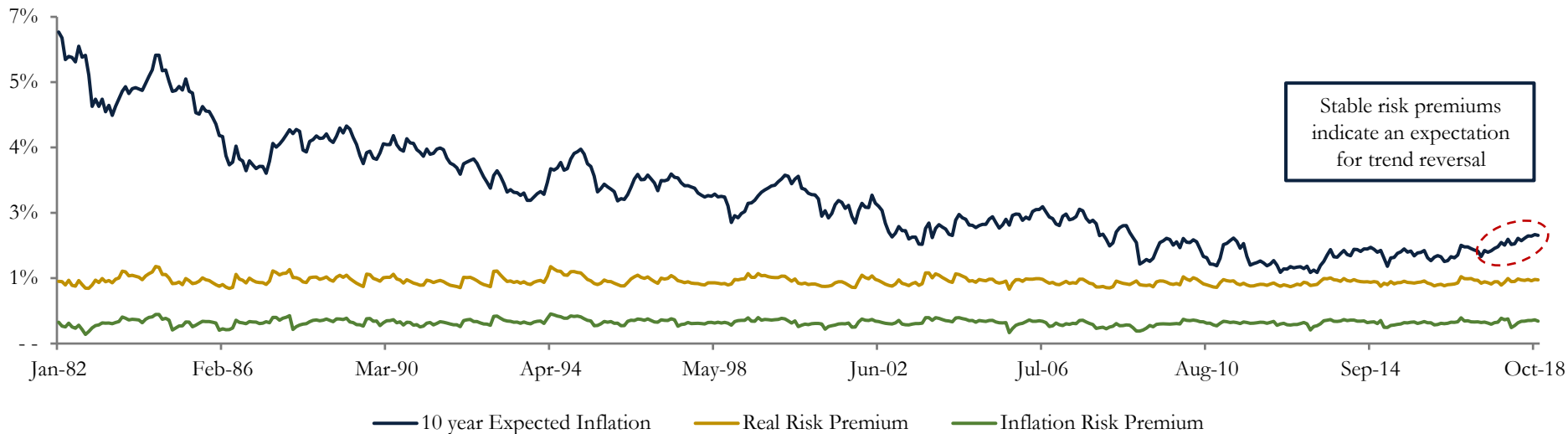
Note: Exchange rates reflect direct quotes for U.S. dollar.



U.S. Inflation Overview

While inflation has been allowed to creep above ~2.0%, it does not pose a meaningful concern as of yet and is broadly in-line with short-term expectations

U.S. Inflation Evolution (1982 – 2018)



Considerations

- Higher inflation rates **tend to reduce** the value of the currency
- **A strong dollar holds down** prices of imported consumer goods
 - **Helps offset** core consumer service inflation

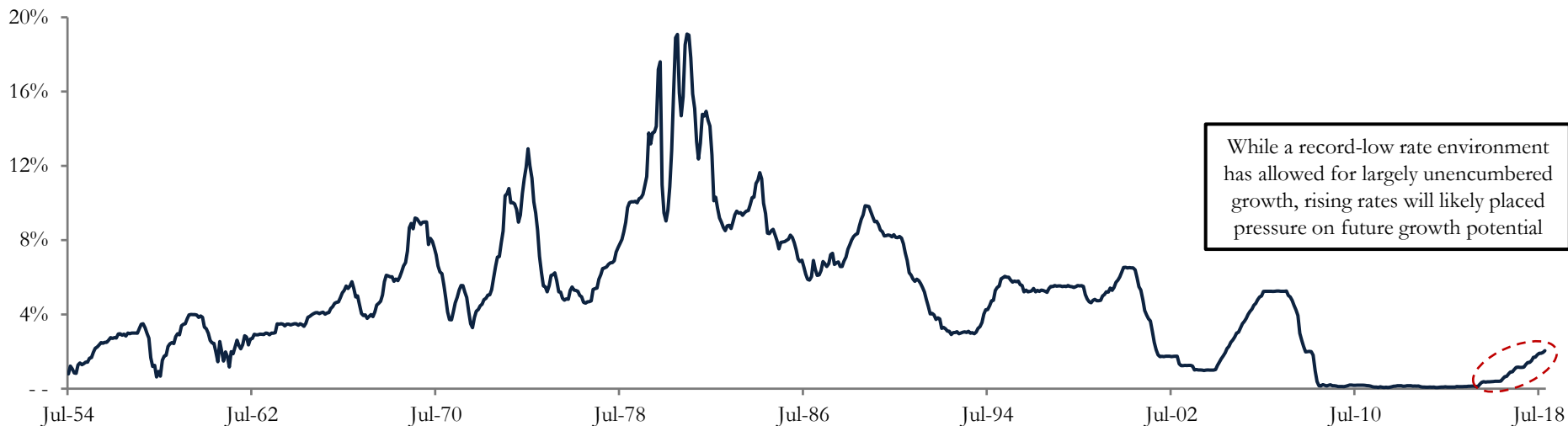
Should We Be Concerned?

- The FED believes 2% inflation **sustains** economic growth
- May 2018: signaled a “**temporary period**” of inflation over ~2.0% target
- **Important to monitor** reversion to ~2.0%



Interest Rate Overview

Federal Funds Rate Evolution (1954 – 2018)



Recent Rate Hikes

Date	Increase (bp)	Level (%)
Mar. 2017	25	0.75 – 1.00
Jun. 2017	25	1.00 – 1.25
Dec. 2017	25	1.25 – 1.50
Mar. 2018	25	1.50 – 1.75
Jun. 2018	25	1.75 – 2.00
Sept. 2018	25	2.00 – 2.25

November FOMC Meeting

- While the Fed sees continued strength in the U.S. economy, they left rates unchanged.
- Analysts expect the Fed will hike rates by an additional 25 bps at its December meeting
- Rising rates will continue to put pressure on stock returns, but will benefit Comerica’s floating rate book of loans



Mixed Signals from Labor Market

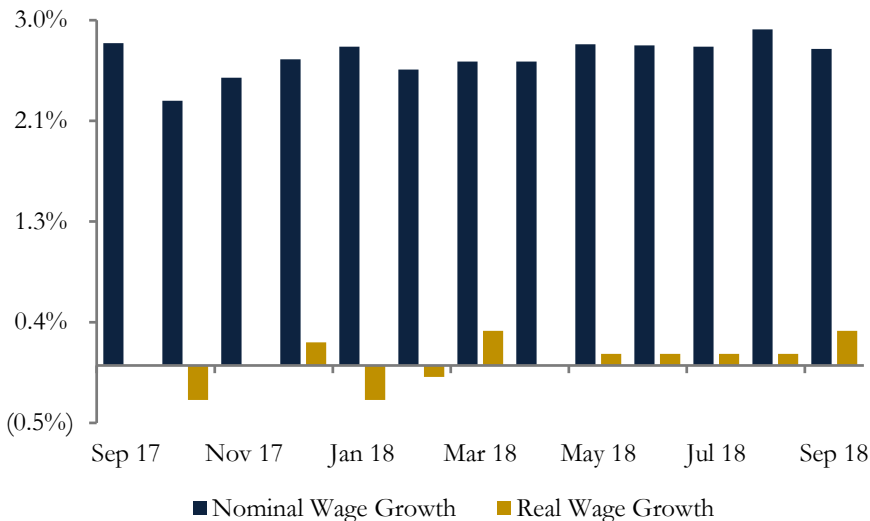
Positive Signals

- ✓ Unemployment Rate hits lowest level, at 3.7%, since 1969
- ✓ Recent uptick in real wage growth may indicate that low unemployment is finally fueling wages
 - Amazon raised minimum wage to \$15 per hour, Walmart and Target have responded with increases
 - Pressure on other large competitors to follow suit

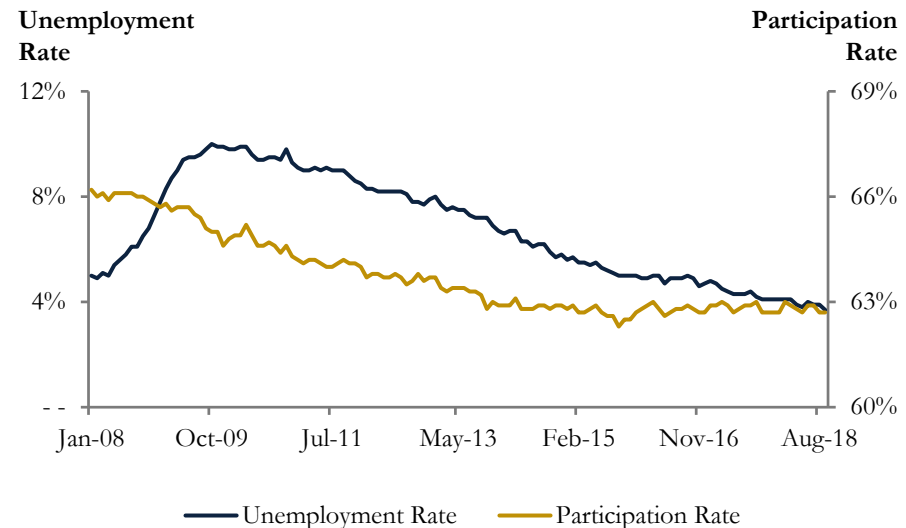
Negative Signals

- ✗ Participation Rate still sits at 62.7%
- ✗ Labor shortages growing in select sectors, including retail and the food industry
 - 757,000 retail industry openings (+100,000 YoY)
 - 909,000 food industry openings (+161,000 YoY)

U.S. Wage Growth



Unemployment & Participation Evolution

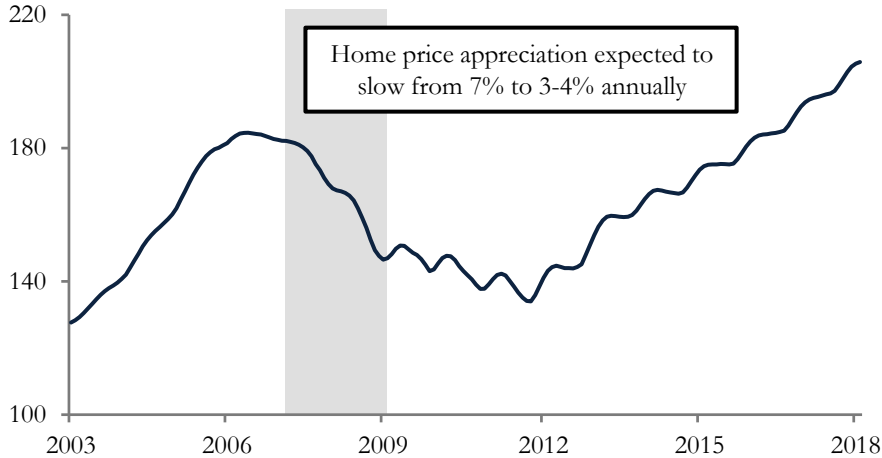




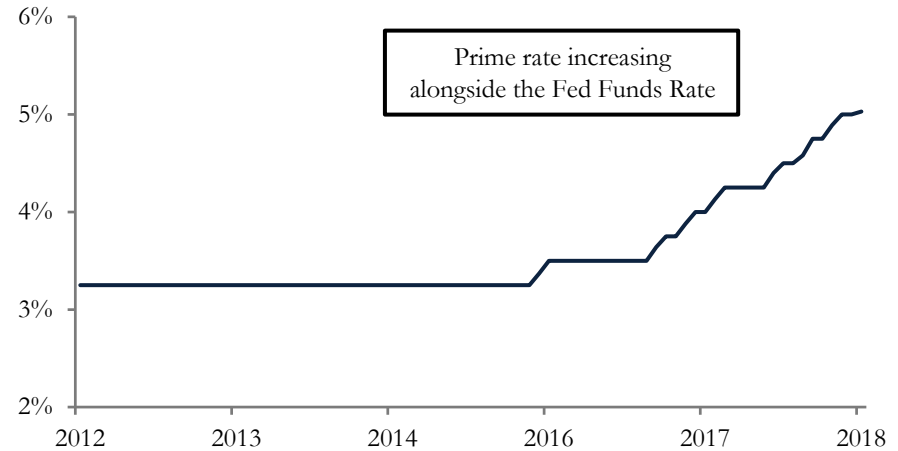
Housing Market

While rates have been on the rise, real-estate values have followed. Further, with less leverage in the market, conditions are far better than 2008/09

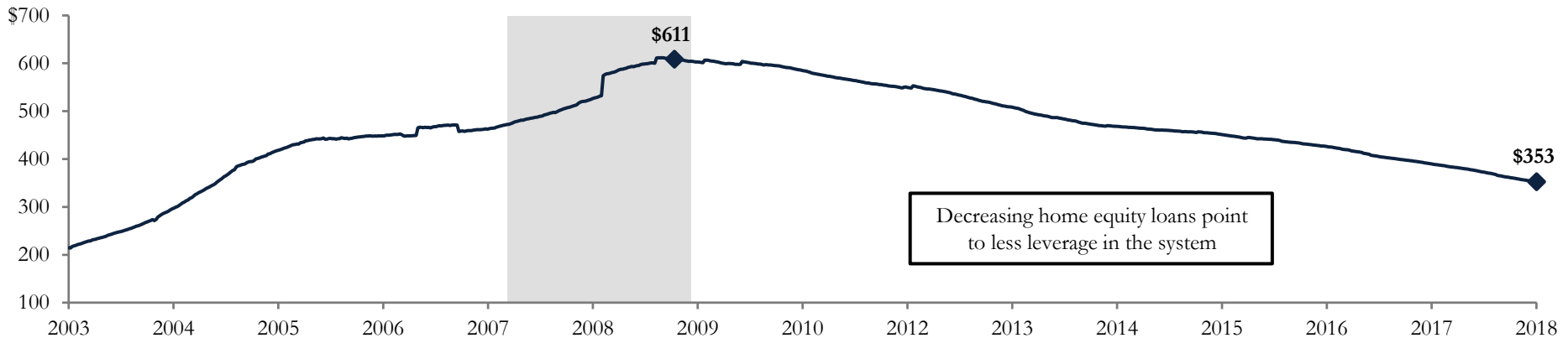
U.S. National Home Price Index



Increasing Prime Rate



Total Home Equity Loans (\$ in billions)





Political Environment

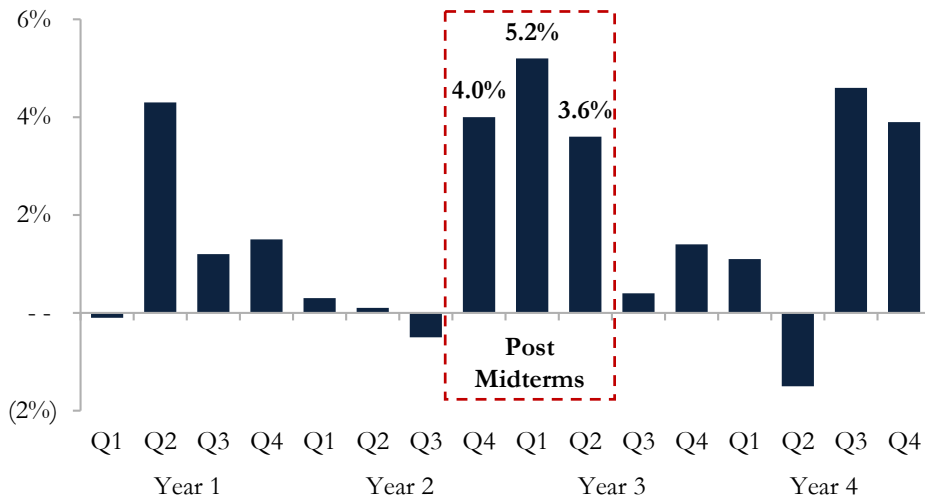
Historically, divided governments have benefited markets. Gridlock should minimize material changes in policy and allow business to operate at status quo

Midterm Election Results

Democrats took control of the House of Representatives, prompting a newly divided U.S. government

The DJIA and S&P 500 jumped +2.0% following results. With uncertainty fading, clarity is beginning to emerge

DJIA Returns Through Presidential Cycle ('86 – '17)¹



Gridlock Impacts by Sector



Pharmaceuticals



Medical Equipment



Insurance



Hospital Care



Construction and Infrastructure



Oil and Gas Drilling



Financials



Technology

Source: USA Today and CNN Business.

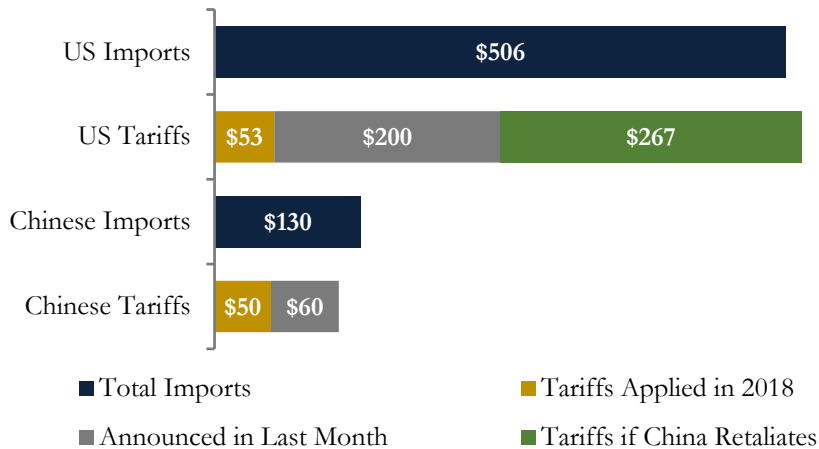
¹ Reflects average quarterly DJIA returns within respective term years between 1986 and 2017.



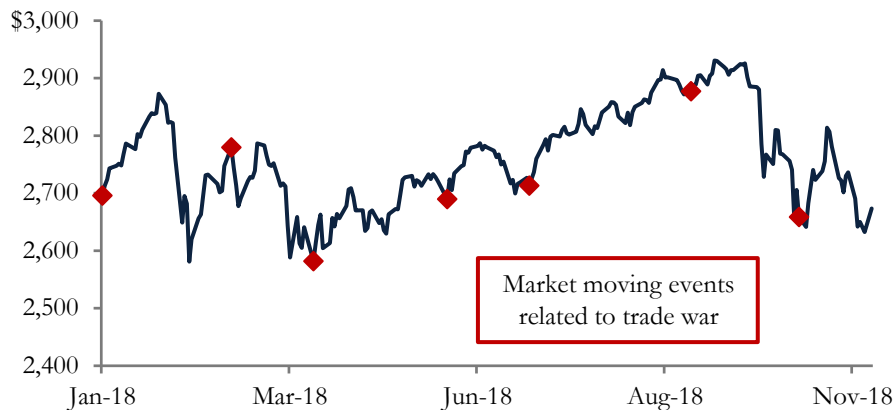
Global Considerations

Negative Considerations

U.S.-China Trade War Impact (\$ in billions)



S&P 500 Volatility Driven by Trade Uncertainty

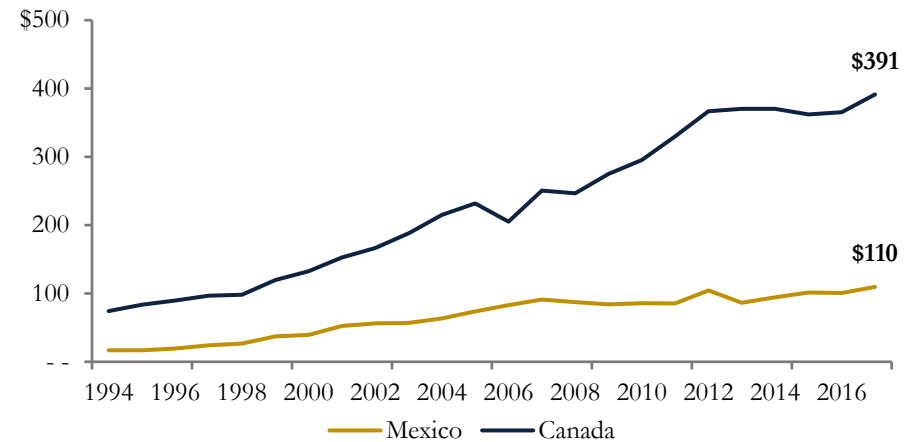


Positive Considerations

USMC Agreement Overview

- In 2020, vehicles must have 75% of its components manufactured in USMC at \$16 per hour
- 25% steel tariffs stay in place
- U.S. drug companies will now be able to sell pharmaceuticals in Canada for 10 years before facing generic competition
- Deal must be reviewed after 6 years

FDI in Mexico and Canada (\$ in billions)

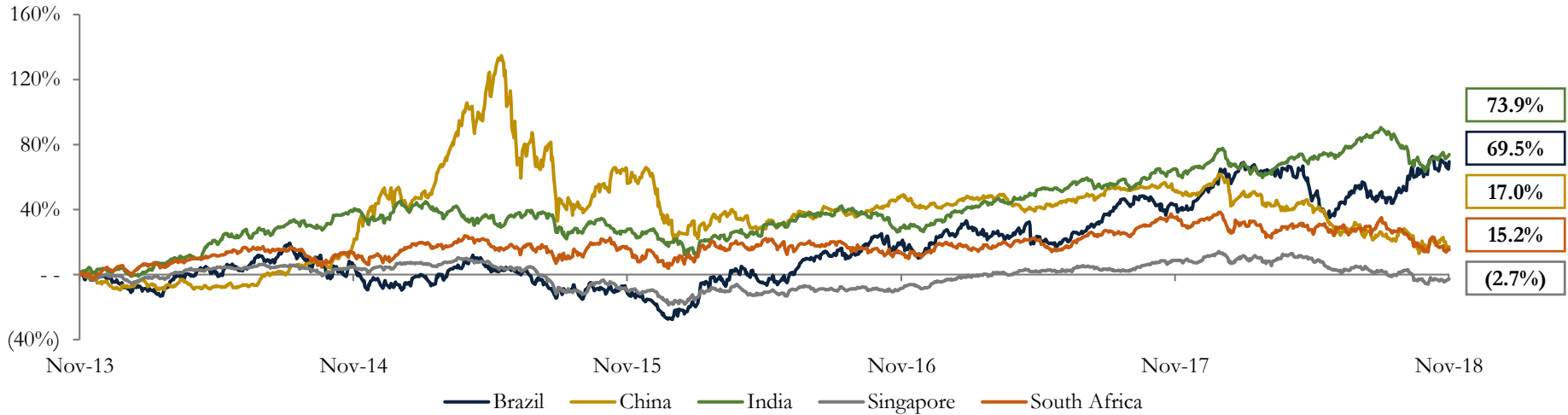




Global Considerations (cont'd)

While volatility has increased, current sentiment largely ignores the long-term benefits of globalization

Selected Five-Year Global Benchmark Performance



Compelling Fundamentals

- 90% of the world's population under the age of 30
- Increasing adoption of technology
- Growing use of commodities for infrastructure
- High working-age to non-working-age population ratio

Selected Portfolio Company Exposure

- AC Smith.** Chinese and Indian operations dominate growth story
- Constellation Brands** Cash-cow beers imported from Mexico
- Compass Minerals** Fertilizer business levered to Brazilian farm economics



Summary Outlook

While the economy is certainly late-cycle, current fundamentals suggest limited likelihood of a contraction within the next several quarters

Key Economic Themes

- ✓ Monetary and Fiscal policy makers are more transparent than ever
- ✓ Real wages will grow, but it will be important to monitor inflation and interest rate changes
- ✓ There is less leverage risk in the housing market providing a cushion for price appreciation
- ✓ Gridlock will promote a more stable environment due to less market moving legislation
- ? Strong growth story in Emerging Markets is convincing enough so we can stomach the associated risks



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- B. Selected Analyst Insights
- C. Final Valuations & Recommendations



Selected Equities & Analyst Insights

stryker[®]

Fundamental Analysis

facebook

Primary Discovery

trupanion[™]
Medical insurance for your pet.

Competitive Advantage



Constellation
Brands

Industry Analysis

ACSmith

Fundamental Analysis

Compass
Minerals

Sum of the Parts

XPO
Logistics

Discounted Cash Flow

 **CROWN**

Relative Valuation

NEXtera[®]
ENERGY

Fundamental Analysis

 **TARGET**[®]

Industry Analysis

DARLING
INGREDIENTS INC.

Case Study

NETFLIX

Primary Discovery

 **BROOKDALE**
SENIOR LIVING

Fundamental Analysis



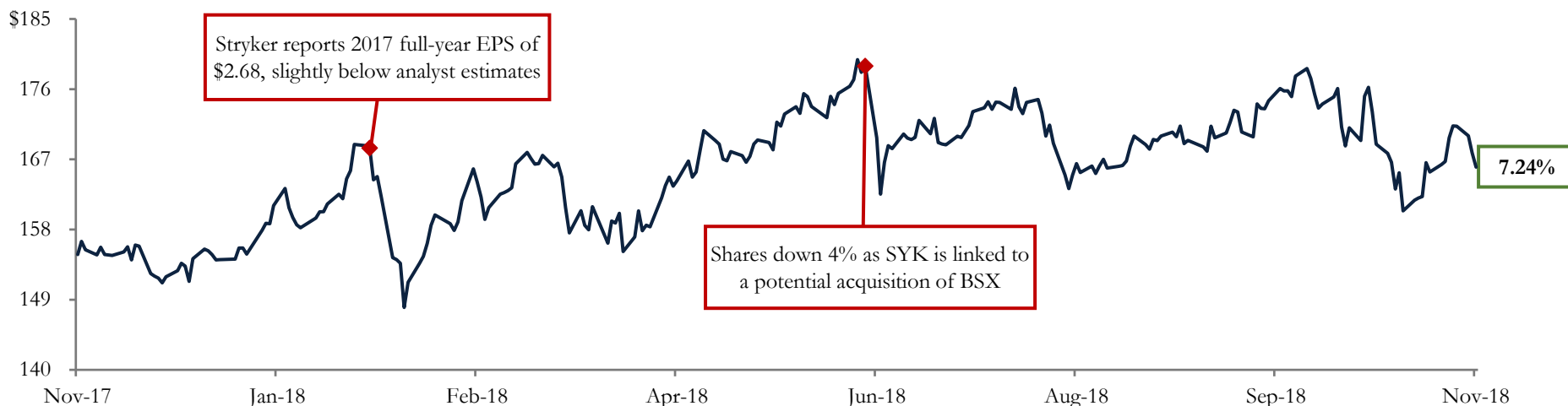
Company Overview

- Stryker Corporation (NYSE:SYK) was founded in 1946
 - **Headquarters:** Kalamazoo, MI
 - **CEO:** Kevin Lobo (6 years)
- Largest medical device manufacturer in the United States
 - Global leader in surgical equipment technology and implants
 - **3 Primary Operating Segments:** Orthopaedics, MedSurg and Neurotechnology/Spine
- **2017 Revenue:** \$12.4 bn
- Completed 31 acquisitions since 2014

Selected Financial Data

Share Price (as of November 14, 2018)	\$166.00
Enterprise Value	\$66.6 bn
LTM EPS	\$4.37
2019E P/E	22.0x
2019E EV/EBITDA	17.2x
Dividend Yield	1.1%

One-Year Share Price Performance (\$/share)



Source: AIM/Bogart 2018, company filings and S&P Capital IQ.

Note: Market data and valuation herein as of November 14, 2018, unless specified otherwise.



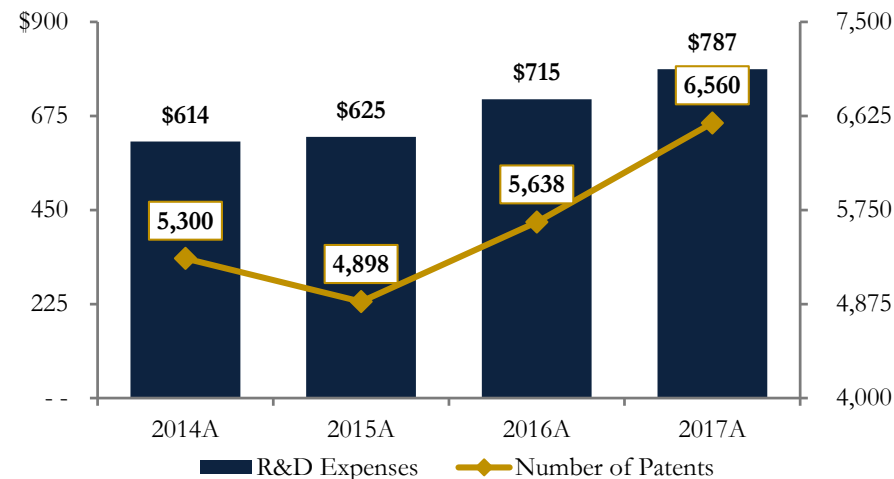
Key Fundamental Considerations

- ⚠ R&D expenses drive patent and top-line growth
- ⚠ Acquisitions major part of growth strategy; 31 since 2014
- ✅ Capitalized R&D as an asset in order to reflect investment
- ✅ Grew intangibles and PP&E at stepped up historical rates to reflect need to continue to acquire patents
- ❌ Management's ability to successfully bring developed and acquired patents to market

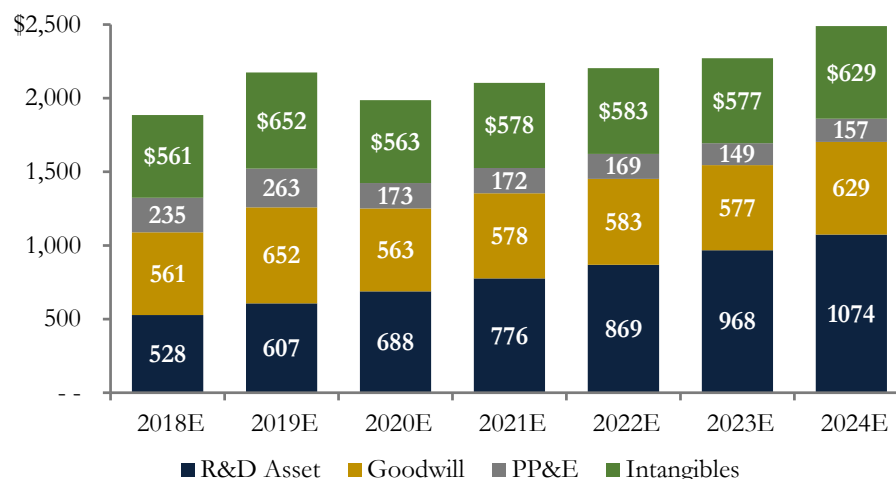
Acquisition History

Company	Year	Size (\$MM)	Segment
K2M Group	2018	1,397	Neuro & Spine
Entellus	2017	715	MedSurg
Novadaq	2017	700	MedSurg
Physio	2016	1,344	MedSurg
Sage Products	2016	2,775	MedSurg
MAKO	2013	1,511	Ortho
BSX Neuro	2011	1,500	Neuro & Spine

Historical Patent Growth (\$ in millions)



Capex Projections (\$ in millions)





Final Valuation & Recommendation



Recommendation: Buy

Portfolio Decision: Hold

Valuation Method	Weight	Implied Price	Contribution
Discounted Cash Flow	80.0%	\$174.19	\$139.35
Comparable Companies (EV/Revenue)	10.0%	179.43	17.94
Comparable Companies (EV/EBITDA)	--	166.44	--
Comparable Companies (P/E)	10.0%	179.61	17.96
Intrinsic Value per Share			\$175.26
Current Price (as of November 14, 2018)			166.00
<i>Upside/(Downside) to Current</i>			<i>5.6%</i>

- ✓ Proven management team that has historically been very good at acquiring/developing patents and bringing products to market
- ✓ SYK's MAKO total knee and total hip products are set to be major revenue sources after their recent FDA approval in 2015
- ? The smaller Neurotechnology and Spine segment is set to change drastically with the acquisition of K2M in September of 2018
- ? Healthcare as a whole is subject to large amounts of regulation risk which can alter the entire industry fundamentally
- ✗ Uncertainty over Stryker's ability to avoid large scale recalls that would drastically hit the top line going forward
- ✗ Company is trading rather close to its intrinsic value, indicating modest risk-adjusted upside today



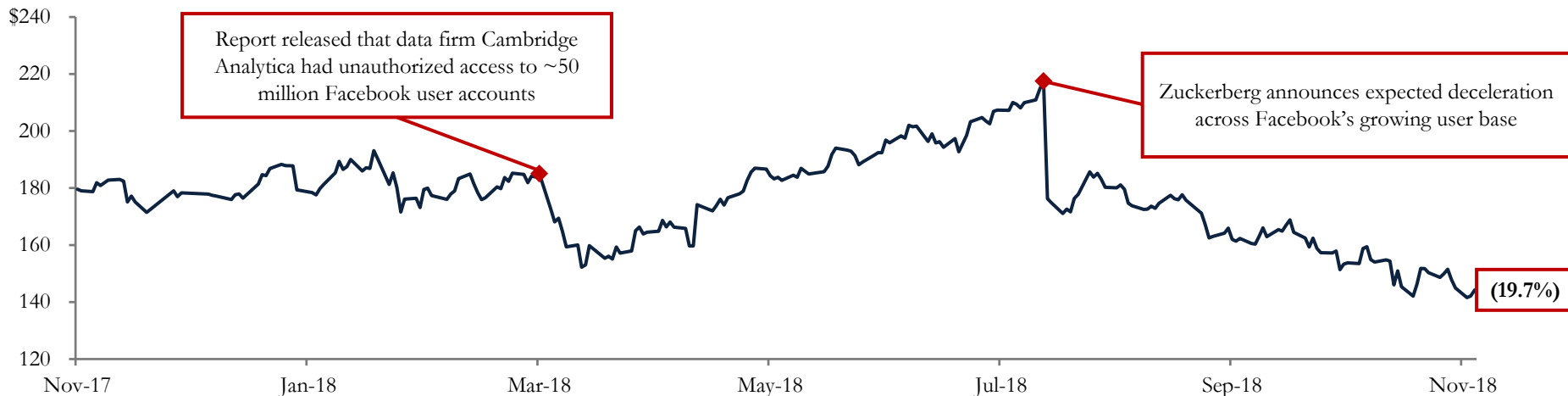
Company Overview

- World's leading social media platform, serving ~1.4 billion Daily Active Users across its four major platforms:
 - **Facebook** (~2.2 bn Monthly Active Users)
 - **Messenger** (~1.3 bn Monthly Active Users)
 - **WhatsApp** (~1.3 bn Monthly Active Users)
 - **Instagram** (~1.0 bn Monthly Active Users)
- Generates ~98% of its ~\$51.9 billion LTM Revenue by selling targeted digital advertising placements to marketers
 - Advertisements can narrow target audience by age, gender, location, interests and behaviors

Selected Financial Data

Share Price (as of November 14, 2018)	\$144.22
Enterprise Value	\$395.7 bn
LTM EPS	\$6.64
2019E P/E	16.22x
2019E EV/EBITDA	9.41x
Dividend Yield	N/A

One-Year Share Price Performance (\$/share)





Bryce Badura's Background

- Notre Dame Class of 2019
 - Computer Science Major
- Interned with Facebook in Palo Alto, California over the past two summers:
 - 2017: Data Analytics Intern
 - 2018: Data Science Intern
- Committed to return to Facebook next year as a full-time employee



Interview Goals

- To confirm thesis regarding Facebook's growth story despite the platform's decelerating domestic and European user growth
- To develop a stronger grasp with regard to the regulatory concerns surrounding the company and possible outcomes that could result from new legislation
- To better understand the projects that drive Facebook's Research & Development expenditures both in the short and long-term

Key Takeaways

International Growth

- U.S. is no longer FB's focus
- International internet improvements will fuel future growth overseas

Regulatory Concerns

- Firm does not foresee regulation significantly hindering Facebook's underlying business model

Platform Monetization

- 3/4 of FB's platforms have barely been monetized, providing a significant growth opportunity

Platform Integrity

- Removing "bad actors" is FB's #1 focus, resulting in increased R&D expenses
- Project completion by 2020



Final Valuation & Recommendation



Recommendation: Buy

Portfolio Decision: Hold

Valuation Method	Weight	Implied Price	Contribution
Discounted Cash Flow	100.0%	\$202.57	\$202.57
Comparable Companies (PEG)	--	392.77	--
Comparable Companies (EV/EBITDA)	--	232.05	--
Comparable Companies (P/E)	--	192.97	--
Intrinsic Value per Share			\$202.57
Current Price (as of November 14, 2018)			144.22
<i>Upside/(Downside) to Current</i>			<i>40.5%</i>

- ✓ Significant growth opportunities across three platforms yet to be fully monetized
- ✓ Strong international growth potential as internet infrastructure and global penetration continues to improve
- ✓ Selloff driven by market overreaction to regulatory concerns, paired with decelerating user growth rates
- ? Unprecedented regulation could have a greater impact on the firm than forecasted
- ✗ Facebook decides to not fully monetize its other three platforms



Trupanion Inc. (NASDAQ: TRUP)

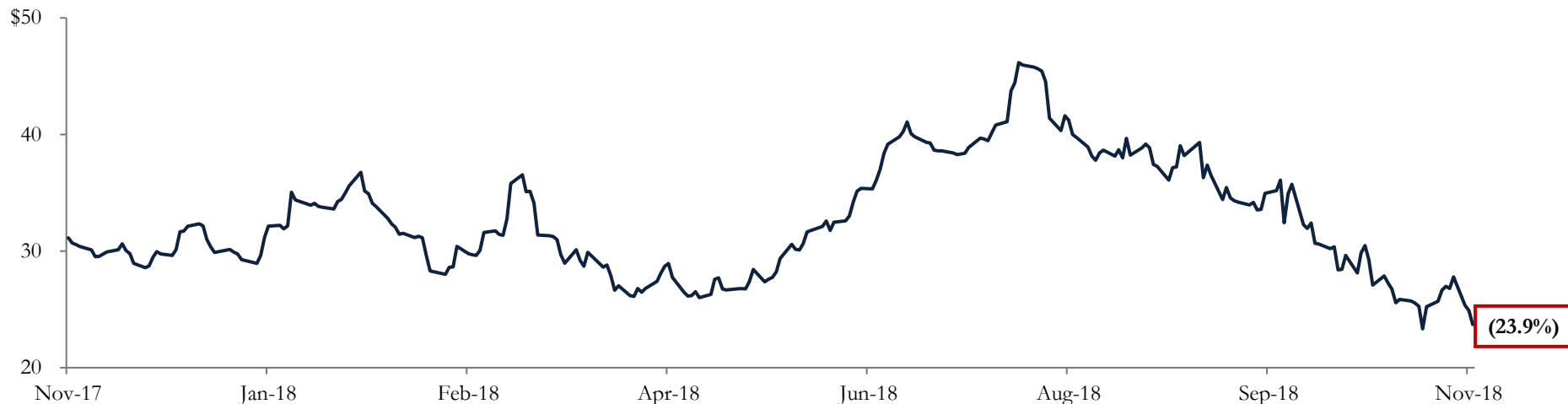
Company Overview

- Trupanion provides medical insurance for cats and dogs in the U.S. & Canada; founded in 2000 with a 2014 IPO
- Shares have slid in recent months in light of **regulatory risk** and a pullback in the broader equity market
 - Regular discussions with regulatory authorities are normal; there is also significant **short interest**
- Recent discussions to enter **new product** (pet food) and **geographic** (Australia) markets present opportunities for upside

Selected Financial Data

Share Price (as of November 14, 2018)	\$23.70
Enterprise Value	\$801.8 mn
LTM EPS	(\$0.05)
2019E P/E	N/M
2019E EV/EBITDA	86.7x
Dividend Yield	N/A

One-Year Share Price Performance (\$/share)





Competitive Advantage

Trupanion's data-driven approach to risk assessment and superior value proposition create a competitive moat that is difficult for peers to replicate

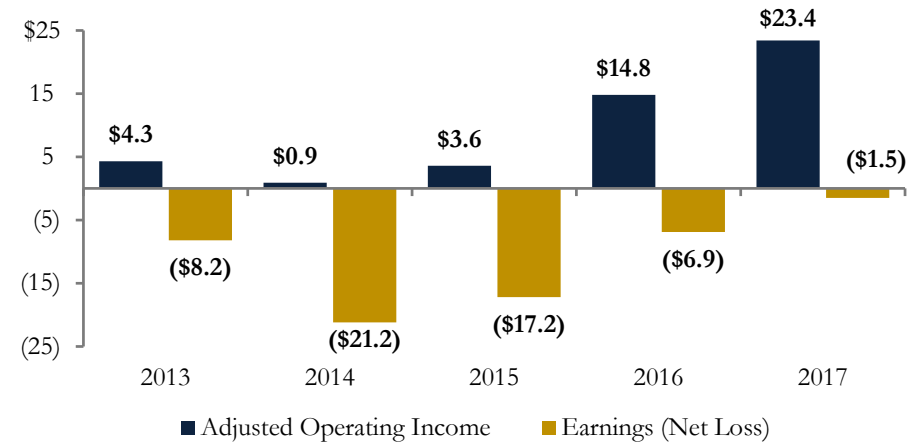
Data-Driven Approach in Estimating Risk

- Comprehensive data provides insights into risk of each pet
- Breed, postal code and age among the pricing categories used to measure risk
- Pet medical expenses expected to rise as more sophisticated techniques are adopted in the pet health industry

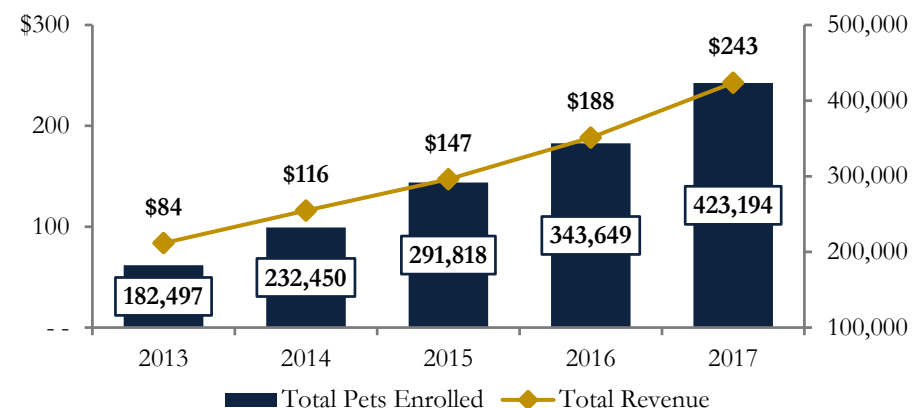
Best Value Proposition Among Peers

- **70% claims payout** with no caps on claims—vertical integration allows Trupanion to pay more invoices
- Direct and **automated invoice payment** with proprietary Trupanion Express software
- **98.61%** average monthly retention rate

Demonstrating Operating Leverage (\$ in millions)



Compelling Growth (\$ in millions)





Final Valuation & Recommendation

Recommendation: Buy

Portfolio Decision: Hold

Valuation Method	Weight	Implied Price	Contribution
Discounted Cash Flow	100.0%	\$41.33	\$41.33
Comparable Companies (EV/Revenue)	--	30.65	--
Comparable Companies (EV/EBITDA)	--	11.46	--
Comparable Companies (Price/Book)	--	18.81	--
Intrinsic Value per Share			\$41.33
Current Price (as of November 14, 2018)			23.70
<i>Upside/(Downside) to Current</i>			74.4%

- ✓ Trupanion is a category leader in an industry with a large TAM (~\$32.7 billion) and attractive financial prospects—U.S. penetration rate (1% – 2%) is far below comparable geographic markets
- ✓ Increasingly accurate risk pricing (driven by data accumulation), an extensive marketing network and a best-in-class value proposition creates a competitive moat that is difficult to replicate
- ? Trupanion will continue to attract regulatory attention as it grows both in size and popularity; the company's interests are aligned with authorities and investors are likely overreacting to compliance risk



Constellation Brands (NYSE: STZ)



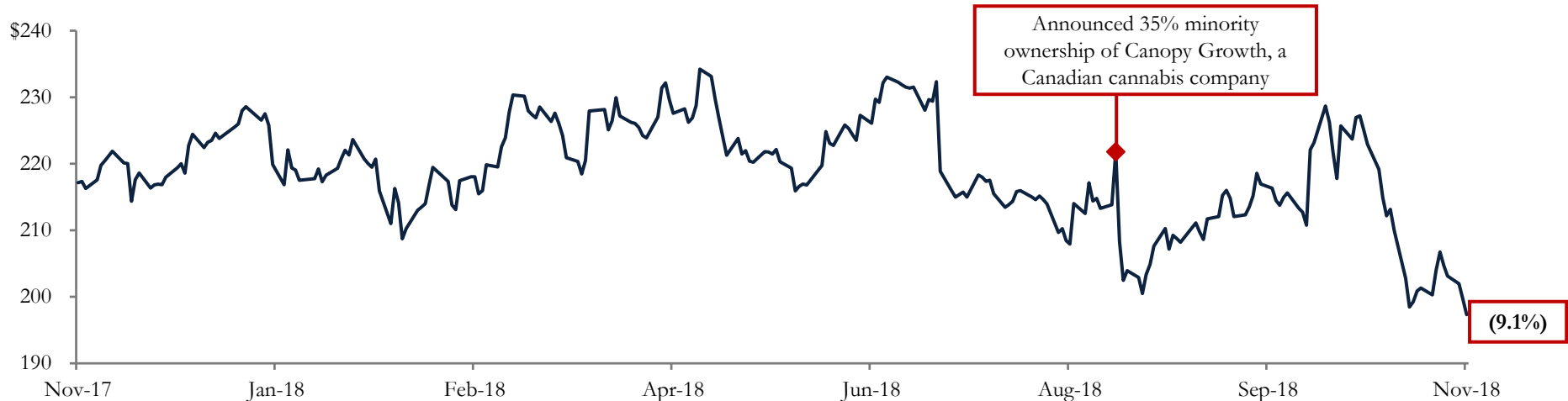
Company Overview

- Largest multi-category (beer, wine and spirits) alcohol supplier in the United States
- More than 100 brands
 - **Beer:** Corona, Modelo, Pacifico
 - **Wine:** Robert Mondavi, Clos du Bois, Meiomi
 - **Spirits:** SVEDKA, Casa Noble, High West
- History of inorganic growth through acquisitions
 - Independent beer business acquired in 2013
- Founded in 1945 by the Sands family, the current owners

Selected Financial Data

Share Price (as of November 14, 2018)	\$197.31
Enterprise Value	\$49.0 bn
LTM EPS	\$8.97
2019E P/E	19.5x
2019E EV/EBITDA	14.8x
Dividend Yield	1.4%

One-Year Share Price Performance (\$/share)

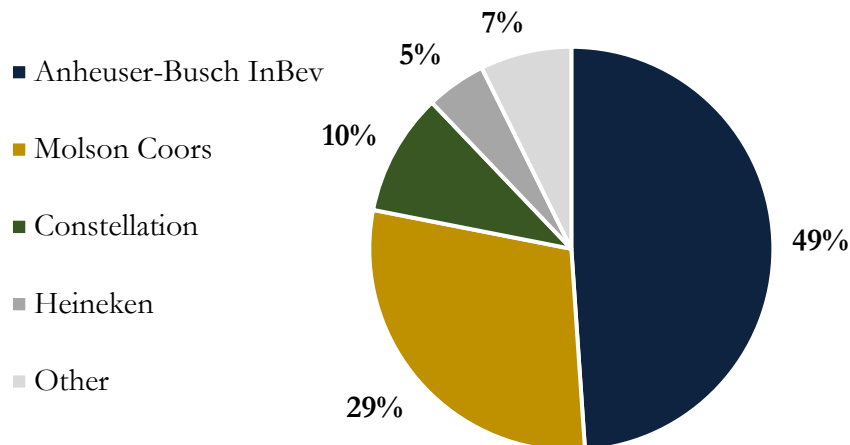




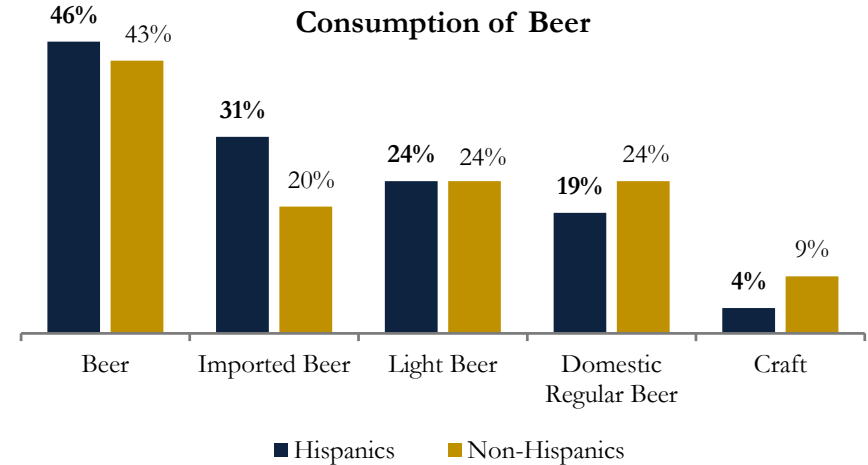
Key Themes

- **“Premiumization” trend:** consumers increasingly prefer higher-end beverages
- **Demographic driver:** expanding Hispanic population, which largely prefers imported beer
- **Competitively concentrated landscape:** large brands dominate
- **Major players acquiring craft breweries** to combat declining domestic beer consumption

Highly Concentrated Beer Industry



Beneficial Hispanic Demographic Trends



High-End Beer Outperformers

Volume CAGR	10-year ('07 – '17)	5-year ('12 – '17)	3-year ('14 – '17)
High-End Beer	+5%	+6%	+5%
Craft Beer	+11%	+12%	+9%
All Other Beer	(3%)	(4%)	(3%)
Total Beer	0%	0%	0%



Final Valuation & Recommendation



Recommendation: Buy

Portfolio Decision: Buy

Valuation Method	Weight	Implied Price	Contribution
Discounted Cash Flow	80.0%	\$272.79	\$218.23
Comparable Companies (EV/Sales)	5.0%	248.10	12.41
Comparable Companies (EV/EBITDA)	7.5%	255.82	19.19
Comparable Companies (P/E)	7.5%	264.50	19.84
Intrinsic Value per Share			\$269.66
Current Price (as of November 14, 2018)			197.31
<i>Upside/(Downside) to Current</i>			<i>36.7%</i>

- ✓ Strong portfolio of beers, wine and spirits positions STZ to maintain an edge in the alcoholic beverage industry
- ✓ Investment in state-of-the-art production facilities should result in efficiencies and margin expansion
- ✓ Favorable demographic trend in the growing U.S. Hispanic population
- ? Portfolio brands grew significantly over the past five years, suggesting the run-way may be shrinking
- ✗ Competition from Heineken-owned Dos Equis, craft brewers and domestic beer
- ✗ Breakdown in relations between U.S. and Mexico



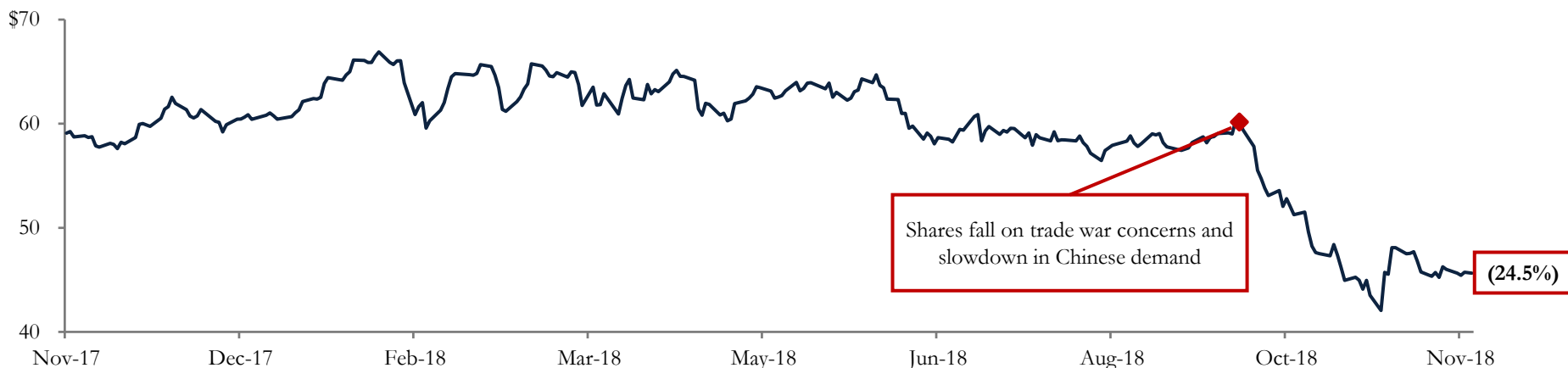
Company Overview

- A.O. Smith Corporation (NYSE:AOS) was founded in 1874
 - **Headquarters:** Milwaukee, WI
 - **CEO:** Kevin J. Wheeler
- Largest water heater manufacturer in the United States
 - ~36% of sales are from international segments, primarily in China
 - Manufactures and sells water heaters, boilers and other water treatment products
- **2017 Revenue:** \$2.99 billion
 - Brands include A.O. Smith, Lochinvar, American, State Water Heaters and Hague Quality Water

Selected Financial Data

Share Price (as of November 14, 2018)	\$45.23
Enterprise Value	\$7.36 bn
LTM EPS	\$1.97
2019E P/E	16.2x
2019E EV/EBITDA	11.9x
Dividend Yield	1.9%

One-Year Share Price Performance (\$/share)





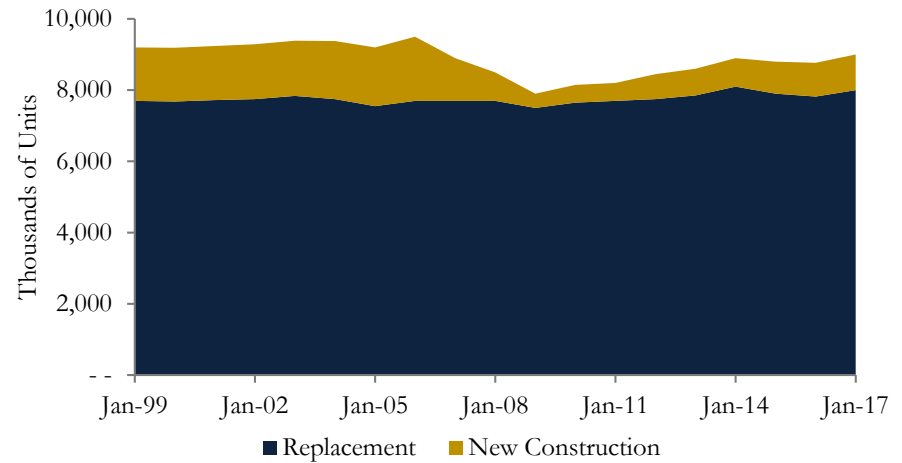
Domestic & International Opportunities



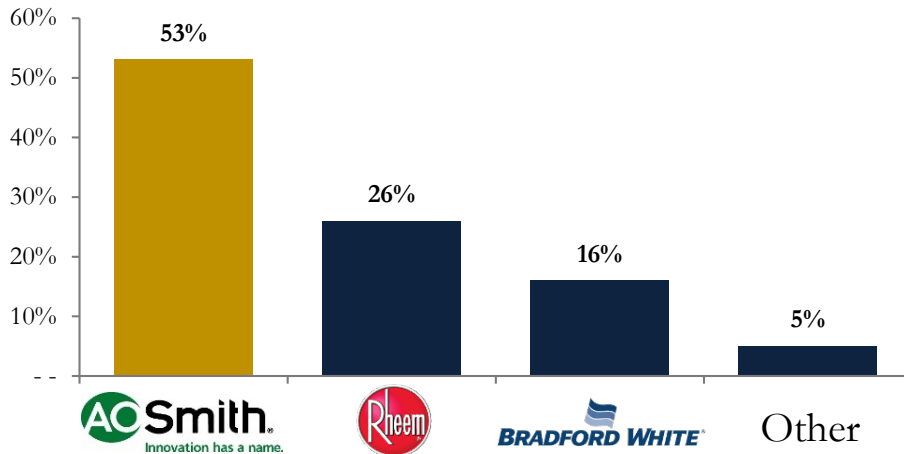
Key Fundamental Considerations

- ✓ History of ~10% revenue growth with improving margins
- ✓ China and India have a rapidly growing middle class that can drive sales of A.O. Smith products
- ? Trade war and macroeconomic conditions in China present substantial uncertainty
- ? Limited growth opportunity domestically, with question marks surrounding further margin expansion
- ✗ Reliance on the Chinese market presents inherent risk

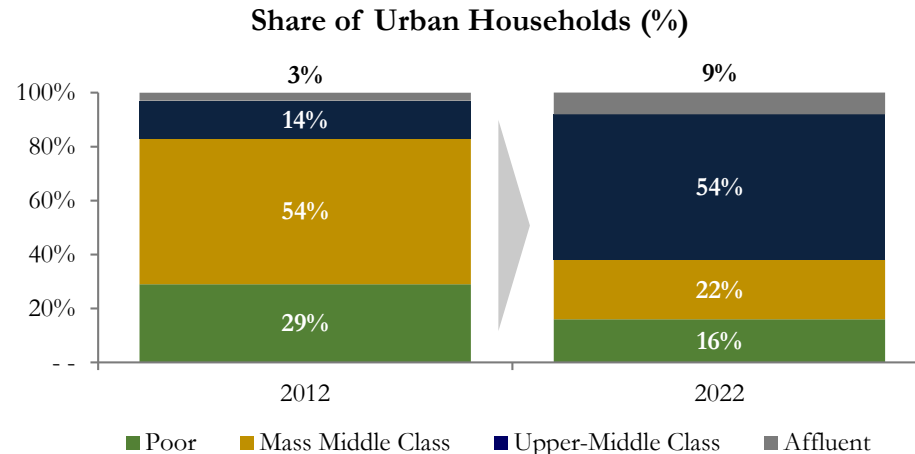
U.S. Reliance on Replacement Water Heaters



United States Market Share



Growth Opportunity in China





Final Valuation & Recommendation



Recommendation: Buy

Portfolio Decision: Buy

Valuation Method	Weight	Implied Price	Contribution
Discounted Cash Flow	90.0%	\$52.39	\$47.15
Comparable Companies (EV/Revenue)	--	32.98	--
Comparable Companies (EV/EBITDA)	5.0%	44.52	2.23
Comparable Companies (P/E)	5.0%	52.11	2.61
Intrinsic Value per Share			\$51.98
Current Price (as of November 14, 2018)			45.23
<i>Upside/(Downside) to Current</i>			<i>15.0%</i>

- ✓ Proven ability to **grow rapidly while also improving margins** and retaining market leadership
- ✓ **Established position as the market leader** in both the growth market of China and the stable U.S. market
- ✓ Share price has dropped beyond intrinsic value due to uncertainty in the geopolitical landscape
- ? Water heater demand driven from macroeconomic fluctuations is outside of company control
- ✗ Growth in international markets, specifically China, expected to slow from historical levels
- ✗ **Impossible to accurately predict trade war and political outcomes** due to unpredictability of leading political players



Compass Minerals (NYSE: CMP)



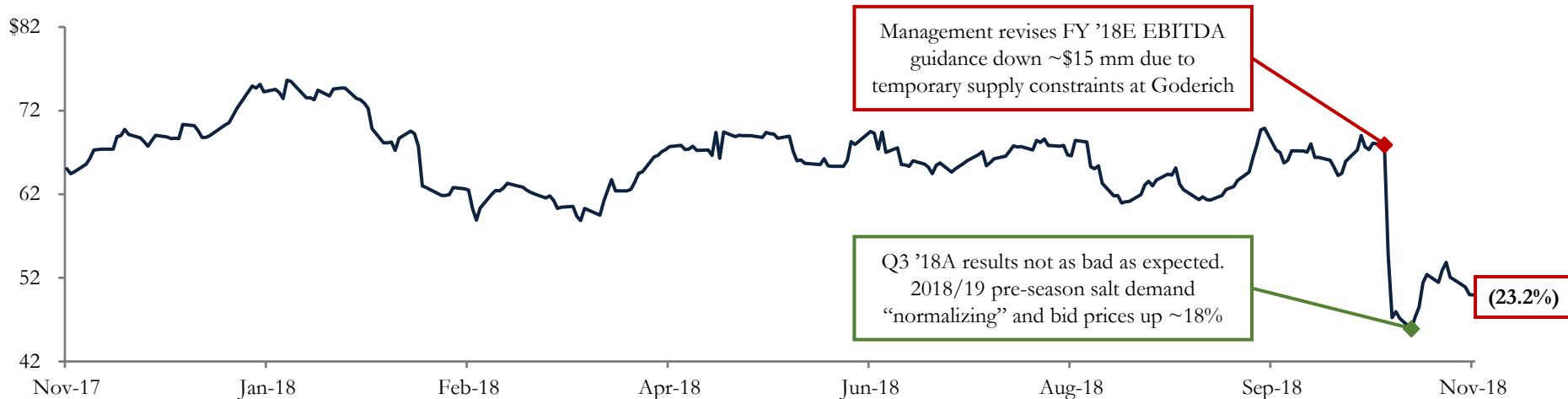
Company Overview

- Compass Minerals is a specialty materials and chemicals company operating through two segments:
 - **Salt:** primarily sells highway deicing salt to municipal authorities in North America and the UK
 - **Plant Nutrition:** produces sulfate of potash and blended crop nutrient offerings in North America and Brazil
- Shares have slid over the past three years on the back of **mild winters and lackluster Salt performance**
 - Recent issues at its largest rock salt mine, Goderich, have driven a wedge between intrinsic and market value

Selected Financial Data

Share Price (as of November 14, 2018)	\$49.95
Enterprise Value	\$3.01 bn
LTM EPS	\$2.17
2019E P/E	13.5x
2019E EV/EBITDA	7.7x
Dividend Yield	5.4%

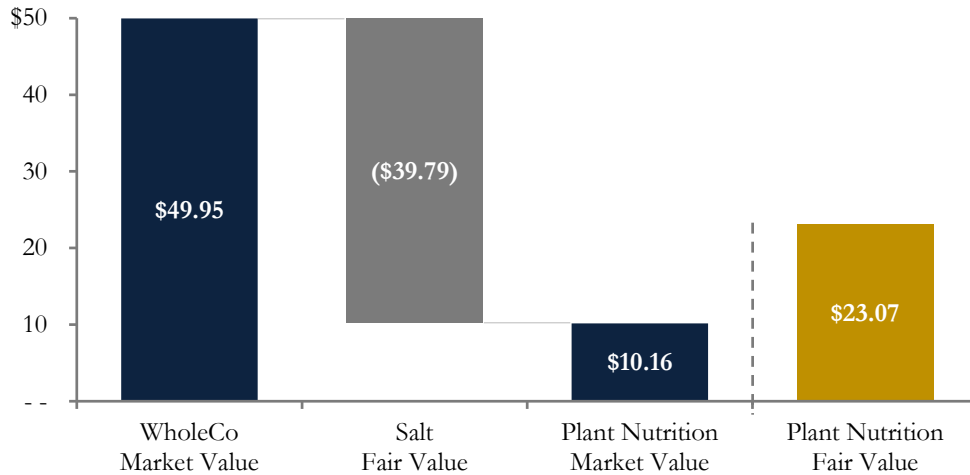
One-Year Share Price Performance (\$/share)





Sum of the Parts Analysis

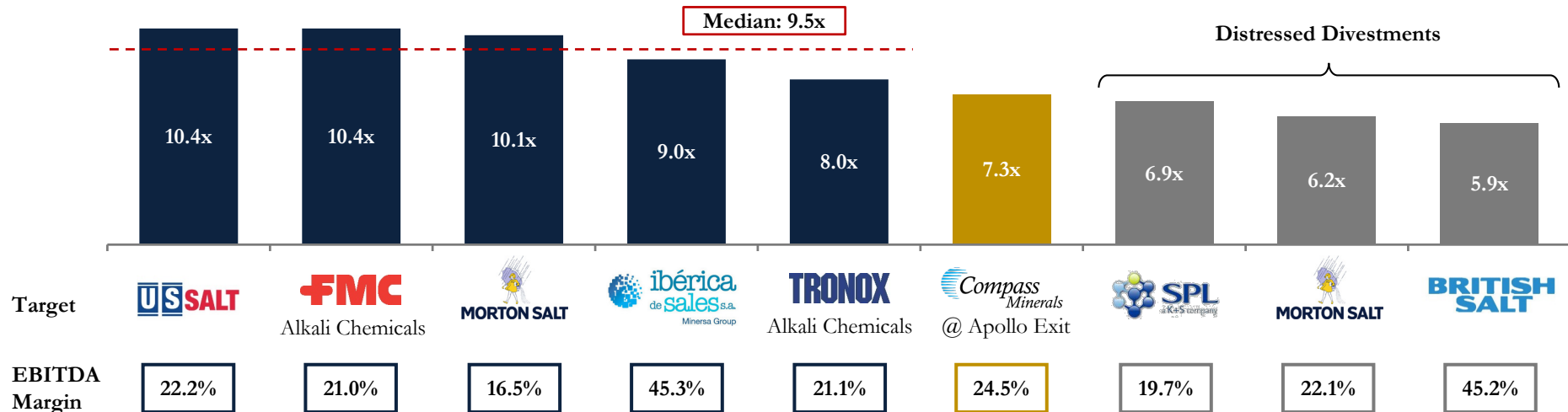
Sale on Plant Nutrition (\$/share)



Selected Commentary

- While Compass has historically garnered a ~1.0x – 2.0x premium to peers, investors have re-rated it as of late
 - **Forward EBITDA multiples have contracted ~3.0x** on the back of lackluster Salt news
- With current prices reflective of cyclically low earnings, **the market is meaningfully undervaluing Salt**
 - Similar to other world-class mineral businesses, Salt could go for ~8.0x – 10.0x run-rate EBITDA
 - As such, at today's price, **you can buy into a Plant Nutrition at a ~56% discount to intrinsic value**

Selected Precedent Transactions (LTM EV/EBITDA)



Source: AIM/Skomra 2018, company filings, Wall Street research and S&P Capital IQ.

Note: Valuation and financial metrics reflect BASE case scenario. Analysis assumes Salt and Plant Nutrition net debt of \$676 mm and \$638 mm respectively.



Final Valuation & Recommendation



Recommendation: Buy

Portfolio Decision: Buy

Valuation Method	Weight	Implied Price	Contribution
Discounted Cash Flow ¹	85.0%	\$61.89	\$52.60
Sum of the Parts ¹	15.0%	62.85	9.43
Comparable Companies (EV/EBITDA)	--	64.57	--
Comparable Companies (P/E)	--	60.55	--

Intrinsic Value per Share	\$62.03
Current Price (as of November 14, 2018)	49.95
<i>Upside/(Downside) to Current</i>	24.2%

- ✓ **Best-in-class salt assets, normalized demand and cost savings should unlock material value** over the coming year
- ✓ Levered to favorable macro-trends and recovering farm economics, PDQ's **direct-to-farmer sales channel should drive above market earnings growth** from Plant Nutrition
- ✓ With current prices reflective of “trough” earnings, **Compass presents true asymmetric upside potential**
- ? With Fran Malecha stepping down as CEO, a **fresh face could drive a reversal in current market sentiment**
- ? AIM's limited trading optionality may prevent an attractive exit with the stock often moving in lockstep with potash prices
- ✗ Should further issues at Goderich arise, returns could certainly be delayed, as investors have proven wed to that segment

Source: AIM/Skomra 2018, company filings and S&P Capital IQ.

¹ Reflects probability-weighted implied price with 65% weight to BASE, 25% to BEAR and 10% to BULL.



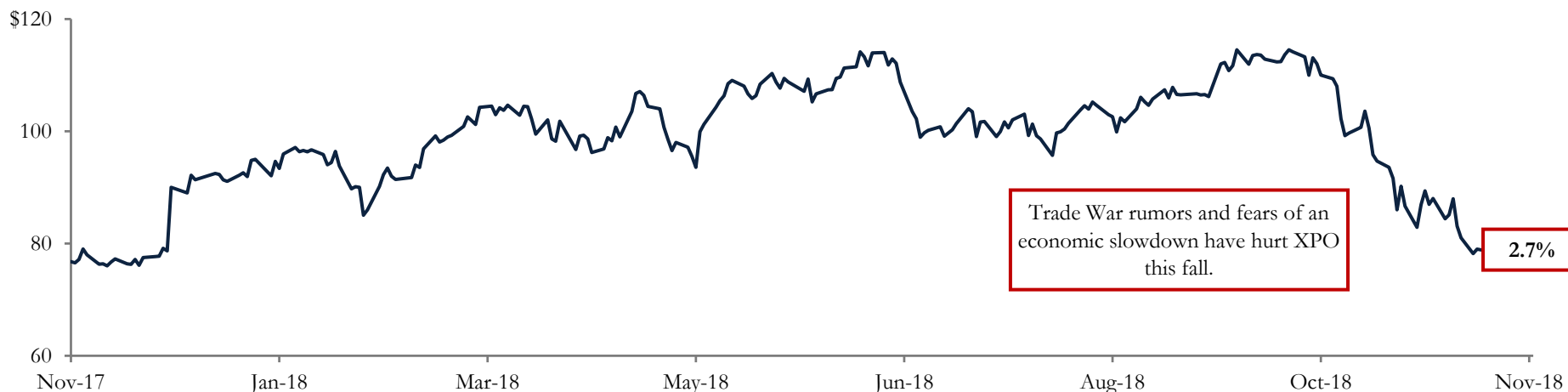
Company Overview

- XPO Logistics is a top ten global provider of supply chain solutions
- XPO is divided into **two main segments**:
 - Transportation (~63% of 2017 Revenue)
 - Logistics (~37% of 2017 Revenue)
- The business is mostly asset-light and acts as a broker connecting shippers to producers
- XPO serves more than 50,000 customers and operated with 1,455 locations in 32 countries¹
- **2017 Revenue:** \$15.4 bn

Selected Financial Data

Price (As of November 14, 2017)	\$78.87
Enterprise Value	\$13.96 bn
LTM EPS	\$1.47 bn
2019E P/E	17.4x
2019E EV/EBITDA	12.7x
Dividend Yield	N/A

One-Year Share Price Performance (\$/share)



Source: AIM/Schorr 2018, company filings and S&P Capital IQ.

¹ Per fiscal year end 2017 disclosures.



Discounted Cash Flow Analysis



XPO's management has demonstrated an ability to drive meaningful growth, both organically and through a prudent M&A playbook

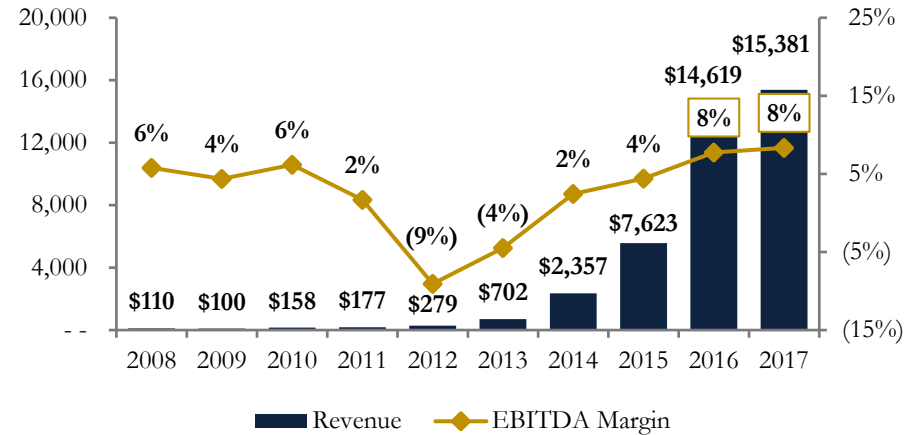
Revenue Growth Story

- XPO has grown well above market through acquisitions and strong organic growth
- Management has explicitly stated they plan on acquiring more businesses in the future at attractive valuations
 - Acquisition expenditure was 65%, 35% and 51% of revenue from 2013 – 2015, respectively
- The transportation and logistics industries are naturally fragmented, providing XPO with numerous potential targets

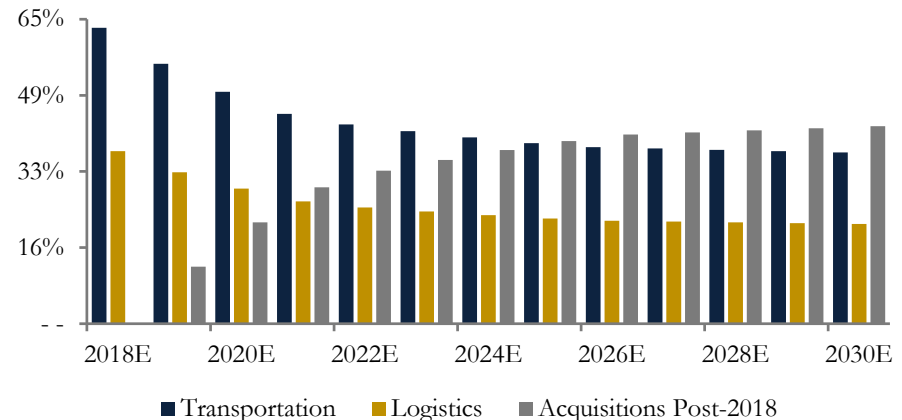
Management Overview

- **Bradley Jacobs** – CEO and Chairman
 - Took over company in 2011
 - Has founded 4 companies, each valued >\$1 billion
 - Over 500 acquisitions in his career
- **Troy Cooper** – President
 - Former VP-Group Controller at URI
 - Over 200 acquisitions in his career

Revenue and EBITDA Margins (\$ in millions)



Segment Sales Contributions





Final Valuation & Recommendation



Recommendation: Buy

Portfolio Decision: Buy

Valuation Method	Weight	Implied Price	Contribution
Discounted Cash Flow	85.0%	\$99.43	\$83.66
Comparable Companies (EV/Revenue)	5.0%	132.54	6.63
Comparable Companies (EV/EBITDA)	5.0%	102.27	5.14
Comparable Companies (P/E)	5.0%	74.04	3.70

Intrinsic Value per Share	\$99.13
Current Price (as of November 14, 2018)	78.87
<i>Upside/(Downside) to Current</i>	<i>25.6%</i>

- ✓ Strong management team with history of inorganic growth operating in a very fragmented industry
- ✓ XPO has a leading position in its space, with scale as a significant competitive advantage.
- ✓ Industry tailwinds will continue as growth of e-commerce develops
- ✓ Ample opportunities for cross-selling across business segments which will only grow with acquisitions
- ? Management will have to continue strong acquisition performance to grow at current breakneck pace
- ? Share price has been vulnerable to trade war concerns and a slowing economy dampening consumer spending



Crown Holdings (NYSE: CCK)



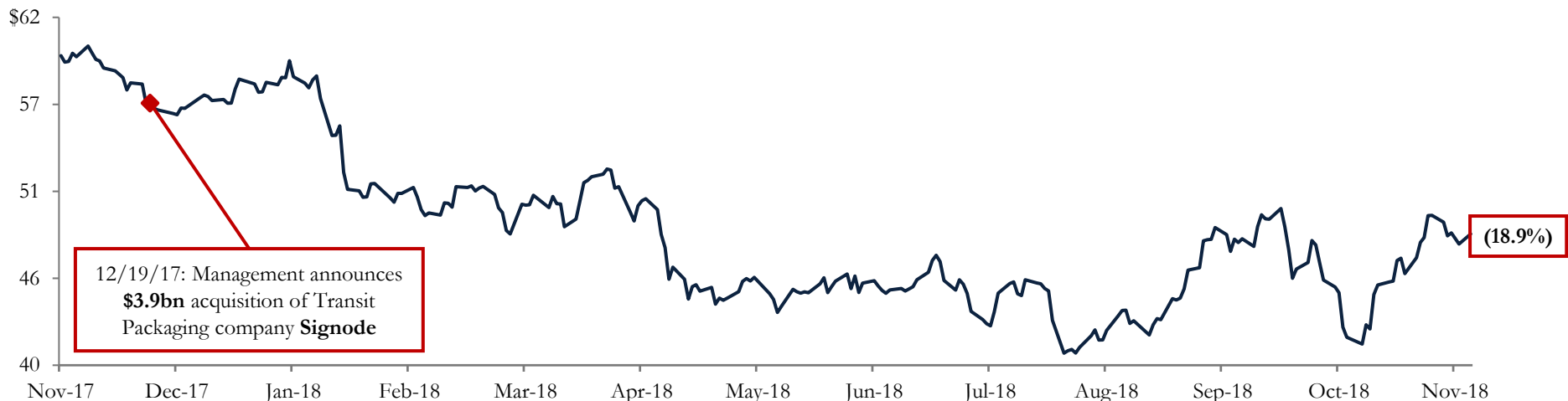
Company Overview

- Crown Holdings is a leading supplier of beverage, food and aerosol packaging
- Operate 143 plants in 36 different countries
 - 78% of revenue comes from outside the United States
- Shares have dropped significantly in 2018 due to concerns regarding their \$3.9bn acquisition of Signode in December
 - Signode is a leading transit packaging company
 - Diversifies Crown's business, adds organic growth opportunities and has higher margins and lower capex needs than the legacy business

Selected Financial Data

Share Price (as of November 14, 2018)	\$48.07
Enterprise Value	\$16.30 bn
LTM EPS	\$4.62
2019E P/E	8.9x
2019E EV/EBITDA	8.3x
Dividend Yield	N/A

One-Year Share Price Performance (\$/share)





Relative Valuation



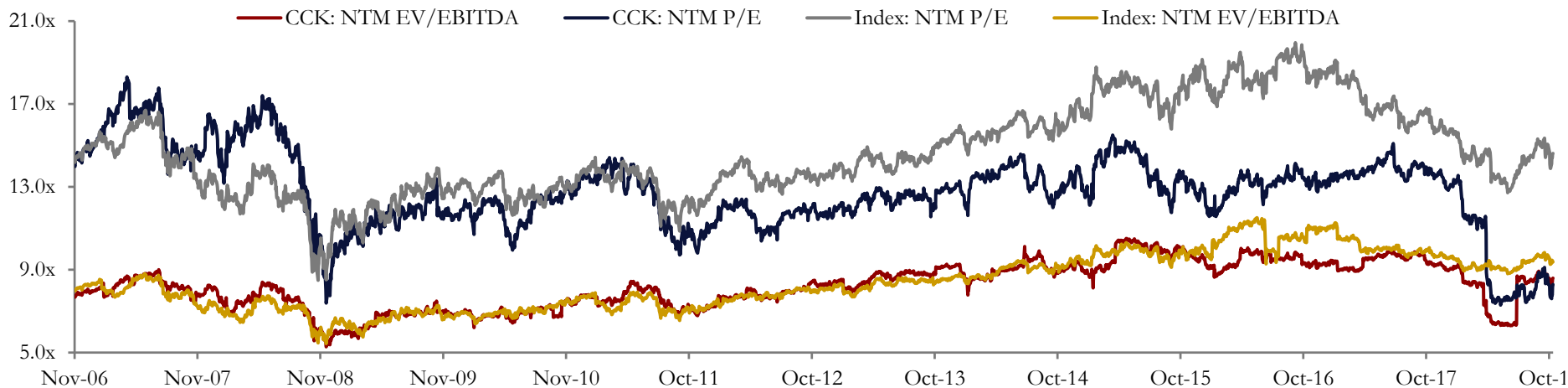
Metrics Used

- P/E is not a measure used for Metal Can Manufacturers
 - Varying capital structures, capital intensive industry
- EV/EBITDA versus peers shows CCK is fairly valued
- EV/(EBITDA – Capex) implies CCK is undervalued
 - Multiple shows the capital intensity needs of the business

Selected Comparable Companies

Company	EV/EBITDA	P/E	EV/(EBITDA-Capex)
Ball Corporation	11.3x	17.7x	15.6x
Ardagh Group	8.2x	8.6x	12.9x
Silgan Holdings	8.6x	10.9x	12.4x
Sonoco Products	8.6x	15.8x	12.0x
Crown	8.3x	8.9x	10.9x
Median	8.6x	13.3x	12.6x
Implied Share Price	\$45.47	\$75.45	\$59.17

NTM Multiple Evolution





Final Valuation & Recommendation



Recommendation: Buy

Portfolio Decision: Buy

Valuation Method	Weight	Implied Price	Contribution
Discounted Cash Flow	85.0%	\$61.98	\$52.68
Comparable Companies (EV/EBITDA)	7.5%	45.47	3.41
Comparable Companies (EV/(EBITDA-Capex))	7.5%	59.17	4.44
Comparable Companies (P/E)	--	75.45	--

Intrinsic Value per Share	\$60.53
Current Price (as of November 14, 2018)	48.07
<i>Upside/(Downside) to Current</i>	<i>25.9%</i>

- ✓ Resilient business model with a current attractive price due to the major share price decline in 2018
- ✓ Signode acquisition significantly undervalued by the market because of leverage and management concerns
- ✓ Strong growth opportunities in Southeast Asia, Brazil and the Specialty Can market in North America
- ✓ Strong management team who has a history of prudent strategic decisions with a focus on shareholders
- ? Signode acquisition has increased leverage and moves Crown away from core business
- ? Worldwide decline in carbonated soft drink consumption per capita



NextEra Energy (NYSE: NEE)



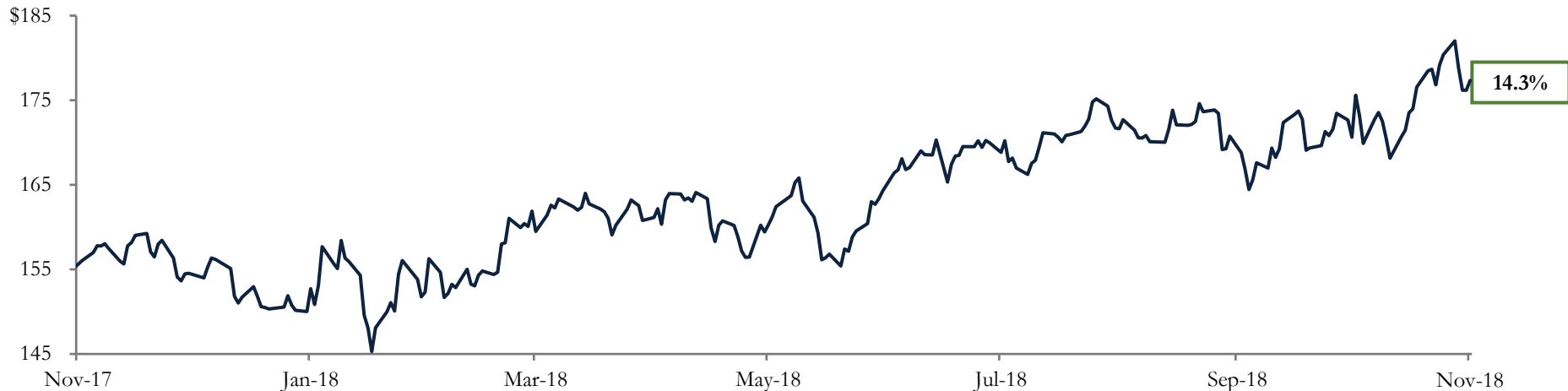
Company Overview

- NextEra Energy is the largest utility in the United States¹
- Bifurcated into two operating verticals: Florida Power & Light (FPL) and NextEra Energy Resources (NEER)
- **FPL:**
 - Largest utility in Florida, expansive footprint on east coast
 - One of the “cleanest” utilities in the U.S., with 70% of its generation coming from natural gas
- **NEER:**
 - World leader in electricity generated from the sun & wind²
 - Generation capacity of roughly 20 GW

Selected Financial Data

Share Price (as of November 14, 2018)	\$176.82
Enterprise Value	\$119.69 bn
LTM EPS	\$7.48
2019E P/E	19.7x
2019E EV/EBITDA	11.3x
Dividend Yield	2.5%

One-Year Share Price Performance (\$/share)



Source: AIM/Donnelly 2018, company filings and S&P Capital IQ.

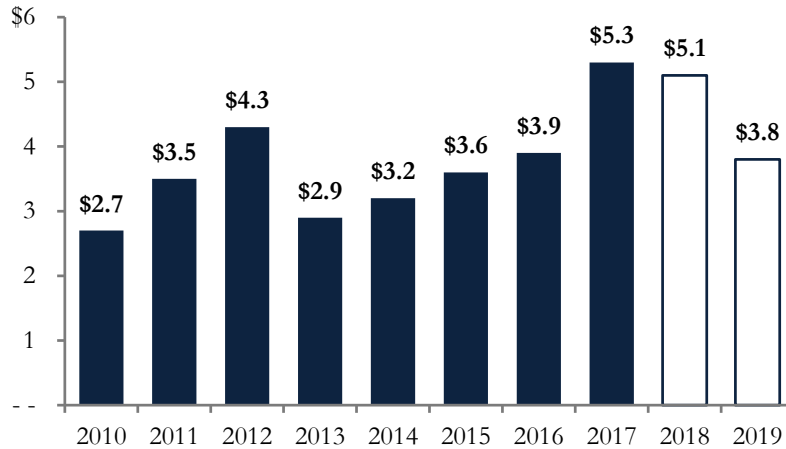
¹ Largest utility by market cap (\$85bn). ² Largest market share in wind generation (22%) and solar generation (5%) within the U.S., according to IBISWorld.



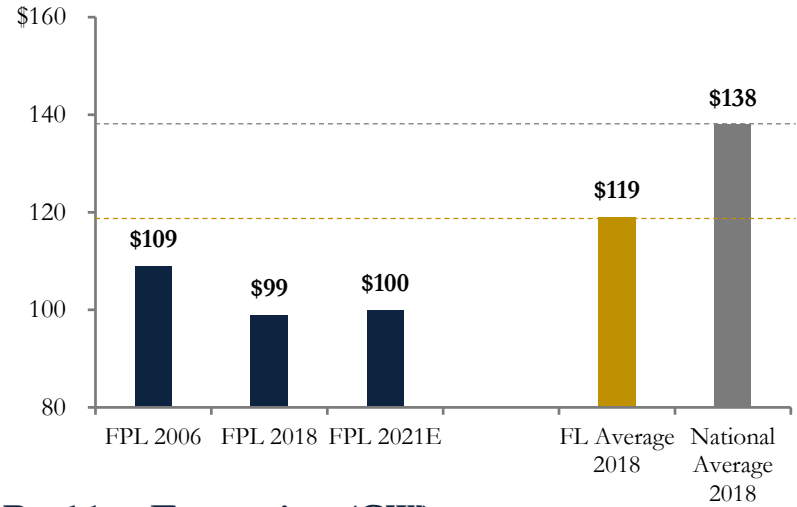
Fundamental Analysis—FPL & NEER



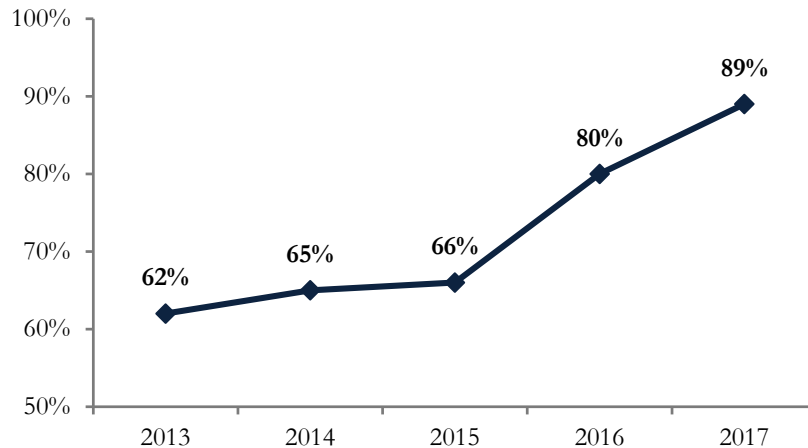
Capital Deployment (\$ in billions)



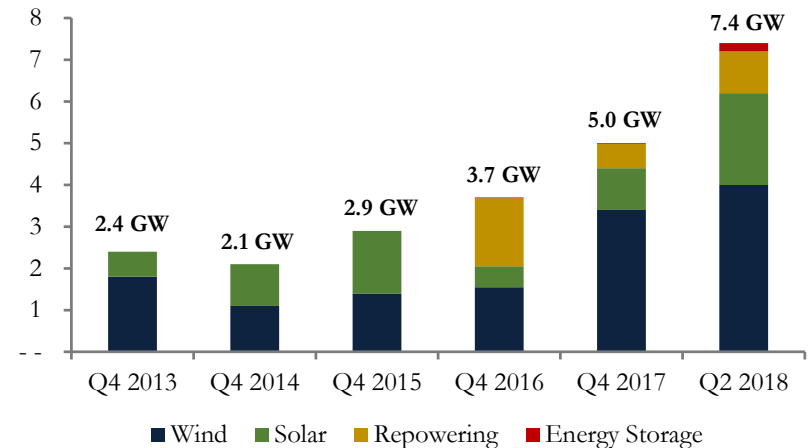
Residential Bill (\$/1,000 kWh)



Contracted Assets



Backlog Expansion (GW)





Final Valuation & Recommendation



Recommendation: Buy

Portfolio Decision: Buy

Valuation Method	Weight	Implied Price	Contribution
Discounted Cash Flow	80.0%	\$210.50	\$168.40
Dividend Discount	10.0%	185.24	18.52
Comparable Companies (EV/EBITDA)	5.0%	142.28	7.11
Comparable Companies (P/E)	5.0%	129.99	6.50
Intrinsic Value per Share			\$200.54
Current Price (as of November 14, 2018)			176.82
<i>Upside/(Downside) to Current</i>			<i>13.4%</i>

- ✓ Diverse business model (regulated and unregulated) allows NEE to grow at a faster rate than its peers
- ✓ Cash flows are extremely contracted for NEE and backlog has been growing rapidly
- ✓ FPL has consistently grown earnings through capital deployment, operating efficiencies and macro environment in Florida
- ? Increasing short-term interest rates affects the utility industry as a whole, as most investments in utilities are yield-driven
- ✗ Exposure to hurricanes and other natural disasters in the state of Florida
- ✗ Trade war with China may increase input prices



Target Corporation (NYSE: TGT)



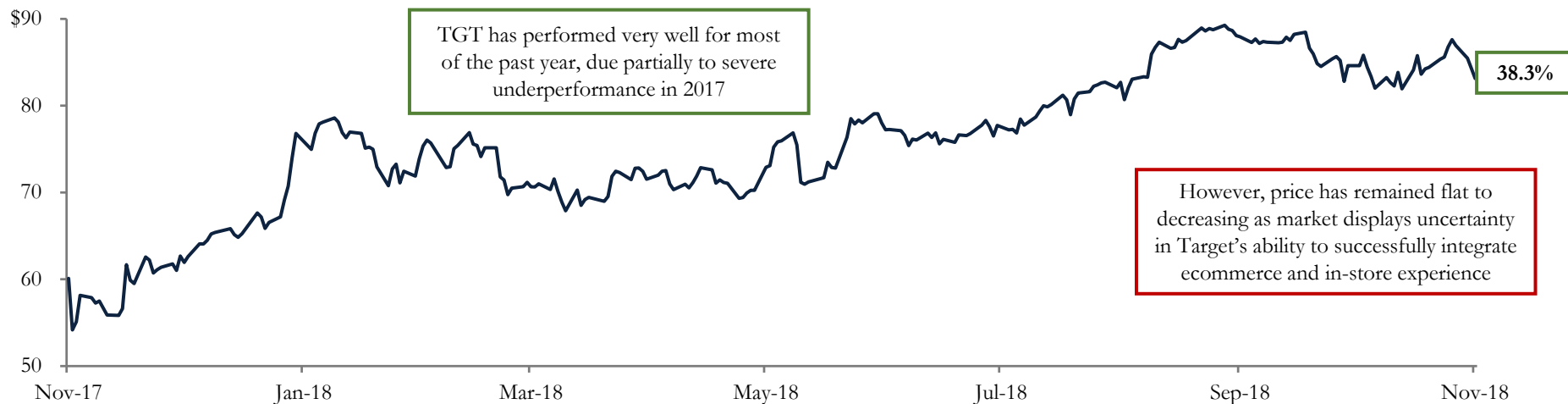
Company Overview

- Target Corporation (NYSE:TGT) was founded in 1962
 - **Headquarters:** Minneapolis, MN
 - **CEO:** Brian Cornell
- Discount department store that operates across five segments
 - 1,850 locations and 39 distribution centers in the U.S.
 - Average “guest”: female, age 18-44, middle class
- **2017 Revenue:** \$71.88 bn
 - Largest revenue segment was Beauty & Household, followed by Food & Beverage, Apparel & Accessories, Home & Décor and Hardlines

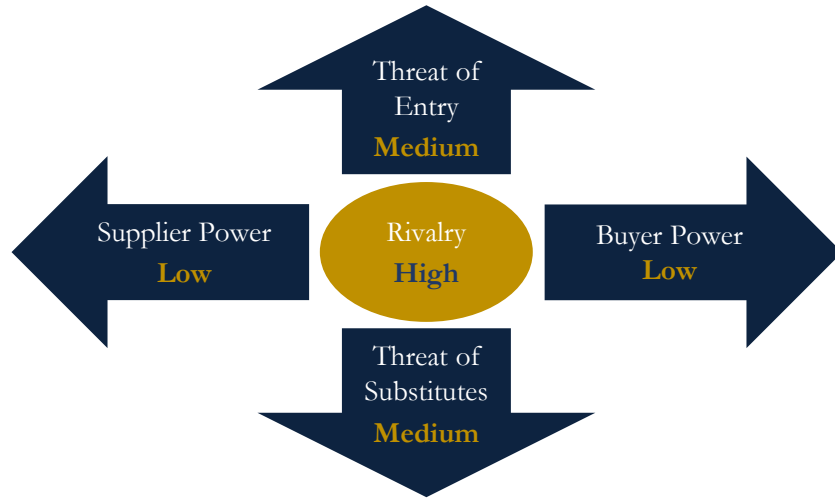
Selected Financial Data

Share Price (as of November 14, 2018)	\$86.94
Enterprise Value	\$54.19 bn
LTM EPS	\$6.02
2019E P/E	15.7x
2019E EV/EBITDA	8.7x
Dividend Yield	3.6%

One-Year Share Price Performance (\$/share)

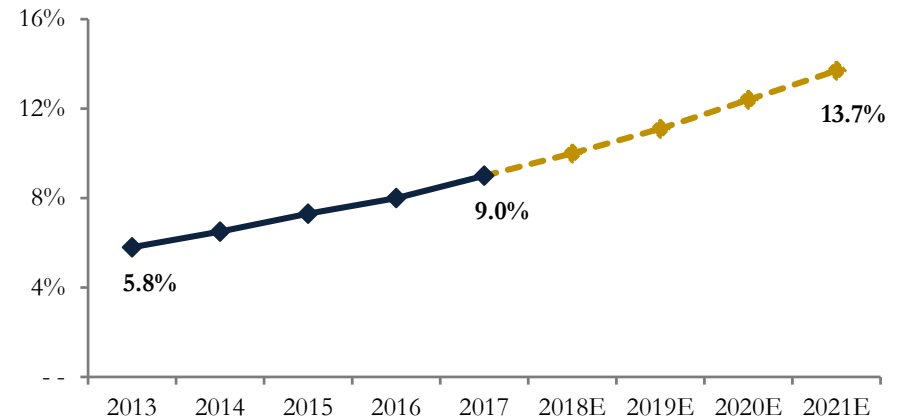


Porter's Five Forces



Growth of Ecommerce

Online Sales as Share of Total Retail Sales



Opportunities and Threats

- ✓ Strong economy benefits consumer spending
- ✓ In struggling industry, strong players have the opportunity to adapt and outperform
- ✗ Threat of the "Amazon Effect" and potential failure to adapt to changing environment
- ✗ Shrinking margins and strong threat of substitutes

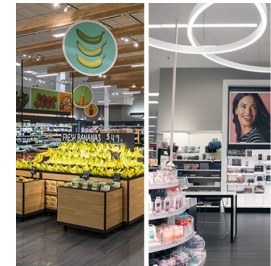
Surviving a Shifting Environment



Private label additions to bolster differentiation



Technology investments to boost ecommerce



Store remodels to enhance shopping experience



Final Valuation & Recommendation



Recommendation: Buy

Portfolio Decision: Buy

Valuation Method	Weight	Implied Price	Contribution
Discounted Cash Flow	85.0%	\$95.41	\$81.10
Dividend Discount Model	10.0%	96.94	9.69
Comparable Companies (EV/EBITDA)	2.5%	98.79	2.47
Comparable Companies (P/E)	2.5%	98.32	2.46
Intrinsic Value per Share			\$95.72
Current Price (as of November 14, 2018)			86.94
<i>Upside/(Downside) to Current</i>			<i>10.10%</i>

- ✓ Reinvestment in core in-store experience through store remodels which will boost traffic and sales
- ✓ Increased available market share, particularly in the toys segment, due to bankruptcy of close competitors (Toys“R”Us, Sears)
- ✓ Diverse management team with strong retail experience and proven ability to make long-term strategic decisions
- ? Timing and magnitude of results given that projects are still in very early stages and potential delays may slow the process
- ✗ Margin pressure due to increasing competition, rising labor costs and expensive investments in ecommerce and logistics



Darling Ingredients (NYSE: DAR)



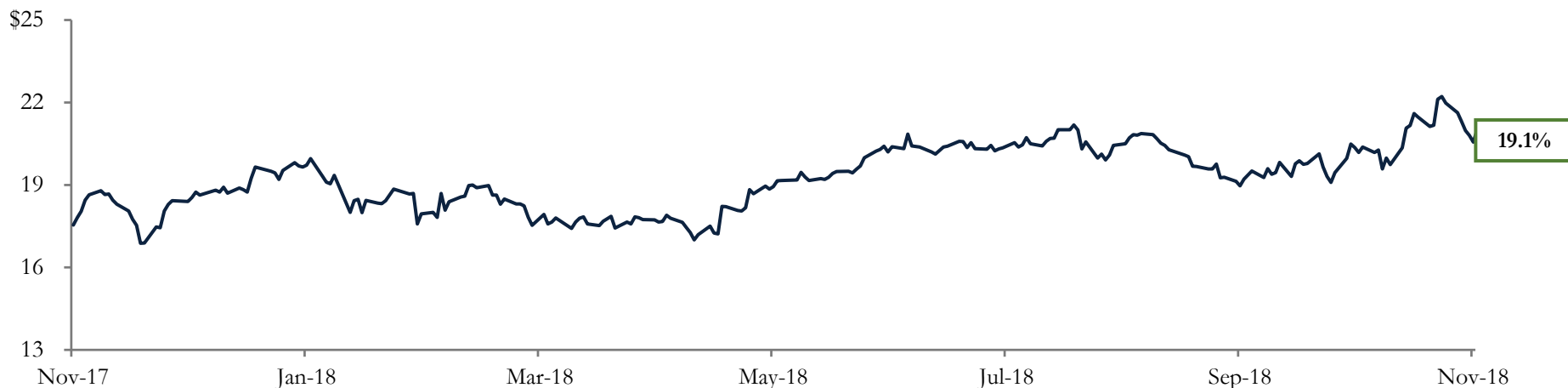
Company Overview

- Darling Ingredients is a developer and producer of **natural ingredients from edible and inedible bio-nutrients**
- Operating on **five continents**, Darling collects and transforms all animal by-products into useable products:
 - **Animal meals, pet food ingredients, organic fertilizers, fuel feedstocks, casings and hides**
- Further, Darling operates **Diamond Green Diesel** that produces over **250 MMGY** of renewable diesel
 - **Investment thesis is grounded in DGD & RD**

Selected Financial Data

Share Price (as of November 14, 2018)	\$20.30
Enterprise Value	\$5.1 bn
LTM EPS	\$1.00
2019E P/E	17.5x
2019E EV/EBITDA	8.4x
Dividend Yield	N/A

One-Year Share Price Performance (\$/share)

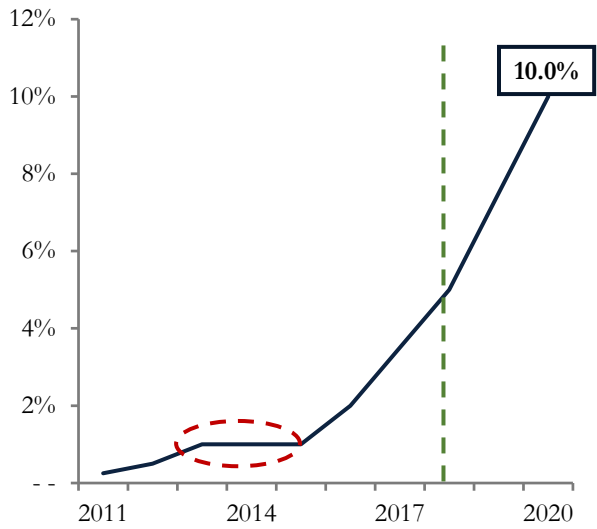




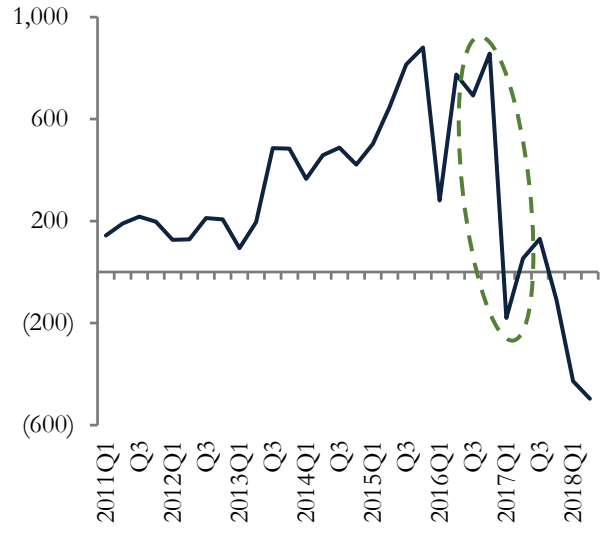
California Case Study—Renewable Diesel



CI Reduction Laws in CA



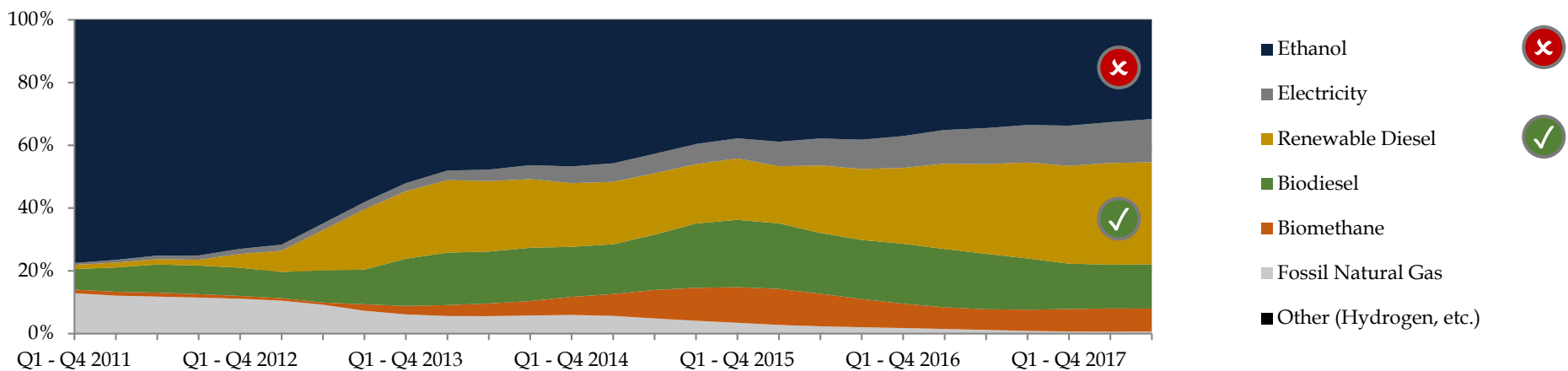
CA LCFS Net Credit Balance



CA LCFS Credit Price



Biofuel Credits By Fuel Type



Source: AIM/Markets 2018 and California Air Resources Board.



Final Valuation & Recommendation



Recommendation: Buy

Portfolio Decision: Buy

Valuation Method	Weight	Implied Price	Contribution
Discounted Cash Flow	90.0%	\$32.19	\$28.97
Price to Revenue	3.3%	23.27	0.78
Comparable Companies (EV/EBITDA)	3.3%	25.98	0.87
Comparable Companies (P/E)	3.3%	22.44	0.74

Intrinsic Value per Share¹	\$31.36
Current Price (as of November 14, 2018)	20.30
<i>Upside/(Downside) to Current</i>	54.5%

- ✓ **Global footprint and diverse offerings** in rendering allows Darling to be a global leader
- ✓ Tremendous growth potential through **Darling's market leading position in renewable diesel**, which is poised to boom in value as the **blend wall approaches**
- ✓ **High quality management team**—proven ability to integrate large acquisitions and have **foresight to see future opportunity**
- ? **Extreme commodity exposure** that has the potential to juice or drag heavily on earnings every quarter
- ? **High government regulation** in the biofuel space that creates the potential for “**stroke of the pen**” risk

Source: AIM/Marks 2018, company filings and S&P Capital IQ.

¹ Reflects probability-weighted implied price with 75% weight to BASE, 0% to BEAR and 25% to BULL.



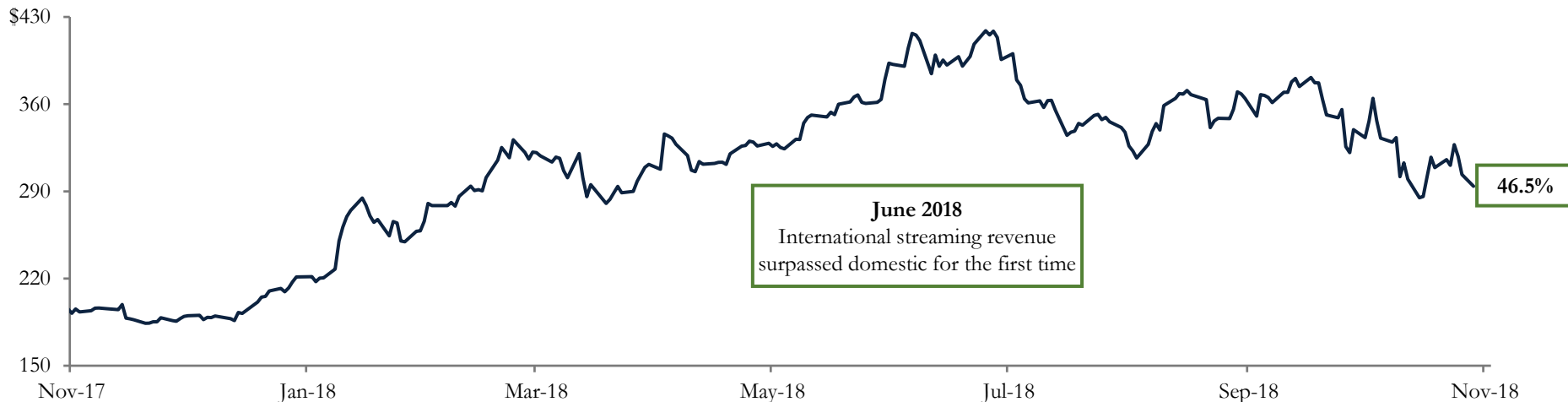
Company Overview

- Netflix was founded in 1997 as a DVD-rental-by-mail business
- Significant strategic shifts under the leadership of the CEO and co-founder Reed Hastings
- Leading market share (73%) in the U.S. Over-The-Top internet media streaming market
- 137 million subscriptions across 190 countries
 - Business segment: 49% international streaming, 49% domestic streaming, 2% DVD rental

Selected Financial Data

Share Price (as of November 14, 2018)	\$286.73
Enterprise Value	\$130.32 bn
LTM EPS	\$2.80
2019E P/E	64.6x
2019E EV/EBITDA	7.6x
Dividend Yield	N/A

One-Year Share Price Performance (\$/share)





Primary Discovery



Point of Contact

- **Wenwen Jiang:** producer at ChinaLion publishing, responsible for idea generation
- Specialist in China-US movie co-production fields
 - The Meg (August, 2018)



Selected Insights

- The fast growing Netflix originals sector insists no co-invest project, only with sole ownership
 - China domestic movie protectionism: 34 Hollywood movies annual quota
 - No joint publishing with other streaming platforms



Overseas Growth Prospects Limited

- Eliminates upside case which doubles international subscriber additions forecast assuming a successful China strategy
 - Indicates an intrinsic value of \$304.7 (6.4% upside)

<i>FYE December 31,</i>	2019E	2020E	2021E	2022E	2023E	2024E
<i>BASE Int'l Growth</i>	30.0%	24.0%	18.0%	12.0%	8.0%	4.0%
Net Additions ('000)	25,871	26,905	25,022	19,684	14,697	7,937
<i>BULL Int'l Growth</i>	40.0%	35.0%	30.0%	25.0%	15.0%	10.0%
Net Additions ('000)	34,494	42,255	48,895	52,970	39,727	30,458

Valuation Sensitive to Content Spend

UPSIDE/(DOWNSIDE) TO CURRENT

		Perpetuity Growth				
		4.0%	4.5%	5.0%	5.5%	6.0%
Content Exp % of Revenue	20.0%	20.7%	28.1%	36.6%	46.8%	58.9%
	30.0%	(3.4%)	2.5%	9.5%	17.8%	27.7%
	40.0%	(27.6%)	(23.0%)	(17.6%)	(11.2%)	(3.6%)
	50.0%	(51.7%)	(48.5%)	(44.7%)	(40.2%)	(34.9%)
	60.0%	(75.9%)	(74.0%)	(71.8%)	(69.2%)	(66.1%)

Implied Downside to Current



Final Valuation & Recommendation

NETFLIX

Recommendation: Sell

Portfolio Decision: Pass

Valuation Method	Weight	Implied Price	Contribution
Blended Discounted Free Cash Flow	100.0%	\$195.42	\$195.42
<i>Discounted Free Cash Flow (Base)</i>	<i>95.0%</i>	<i>199.75</i>	
<i>Discounted Free Cash Flow (Upside)</i>	<i>--</i>	<i>304.71</i>	
<i>Discounted Free Cash Flow (Downside)</i>	<i>5.0%</i>	<i>112.52</i>	
Comparable Company Analysis (EV/Revenue)	--	56.57	--
Intrinsic Value per Share			\$195.42
Current Price (as of November 14, 2018)			286.73
<i>Upside/(Downside) to Current</i>			<i>(31.8%)</i>

- ✓ Visionary management team that led the company through a series of successful strategic transitions
- ✓ Industry leading domestic market penetration and international market expansion speed based on high-quality content library
- ✗ Remote opportunity breaking into the Chinese market given the current company strategy
- ✗ Valuation highly sensitive to content spending assumptions, while guidance does not justify the stock's current trading price
- ✗ Reported "culture of fear" that results in high employee turnover rate across all corporate hierarchy



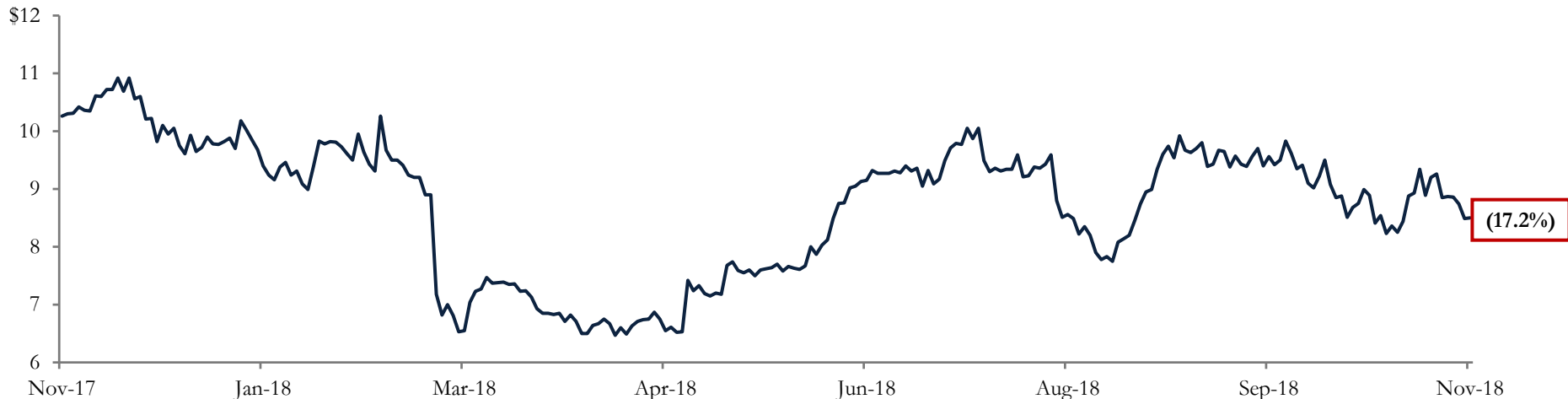
Company Overview

- Brookdale Senior Living is the largest operator of senior living communities in the United States based on total capacity
 - 988 communities in 46 states with the ability to serve approximately **95,000 residents**
- Founded in 2005** by combining two leading senior living operating companies, Brookdale Living communities, Inc. and Alterra Healthcare Corporation
- 5 main product lines:** Retirement Centers, Assisted Living, Continuing Care Retirement Centers (“CCRCs”), Ancillary Services and Management Services

Selected Financial Data

Share Price (as of November 14, 2018)	\$8.50
Enterprise Value	\$6.05 bn
LTM EPS	\$2.80
2019E P/E	N/M¹
2019E EV/EBITDA	12.3x
Dividend Yield	N/A

One-Year Share Price Performance (\$/share)



Source: AIM/Mullen 2018, company filings and S&P Capital IQ.

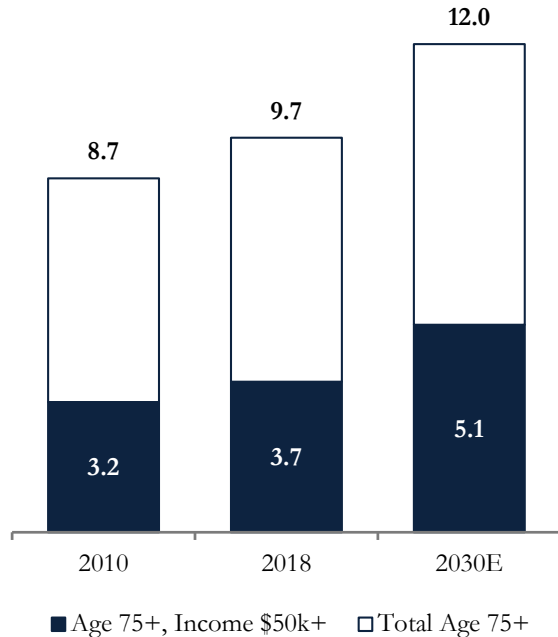
¹ Reflects negative expected net income for fiscal year 2019.



Fundamental Analysis

Demographic Tailwinds

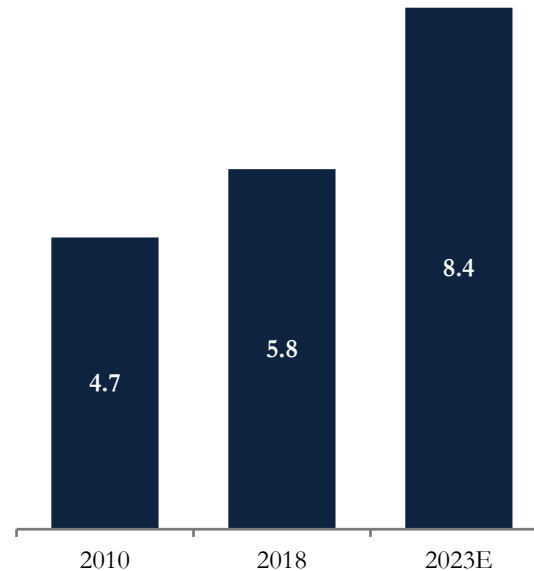
Growing Senior Population
(millions of persons)



- Baby Boomers are more isolated than past generations were, so there will be a greater need for paid senior services
- Senior population expected to grow >6x faster than rest of population

Baby Boomers to Drive Demand

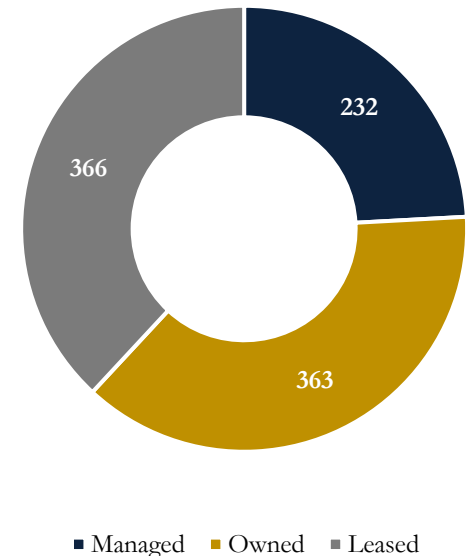
Seniors with Dementia
(millions of persons)



- BKD can 'cross-sell' services to transition residents from IL → AL → Dementia-Care services

Brookdale's Scale to Win Out

961 Communities
Across 46 States



- BKD offers other supportive ancillary services:
 - Home health
 - Hospice
 - Outpatient therapy



Final Valuation & Recommendation

Recommendation: Buy

Portfolio Decision: Sell

Valuation Method	Weight	Implied Price	Contribution
Discounted Cash Flow	100.0%	\$10.12	\$10.12
Comparable Companies (EV/EBITDA)	--	N/M	--
Comparable Companies (EV/EBIT)	--	N/M	--
Comparable Companies (P/E)	--	N/M	--
Intrinsic Value per Share			\$10.12
Current Price (as of November 14, 2018)			8.50
<i>Upside/(Downside) to Current</i>			<i>19.1%</i>

- ✓ Demographic tailwinds will drive occupancy rates across the industry
- ✓ BKD has massive scale & diversified offerings which allow it to “cross-sell” services to its aging residents
- ? Uncertain whether management team will be committed to selling excess communities to renovate existing ones
- ✗ Historically high employee turnover and current labor shortage will keep operating costs high
- ✗ Hangover from Emeritus acquisition in 2014 that harmed its reputation for best-in-class senior living services



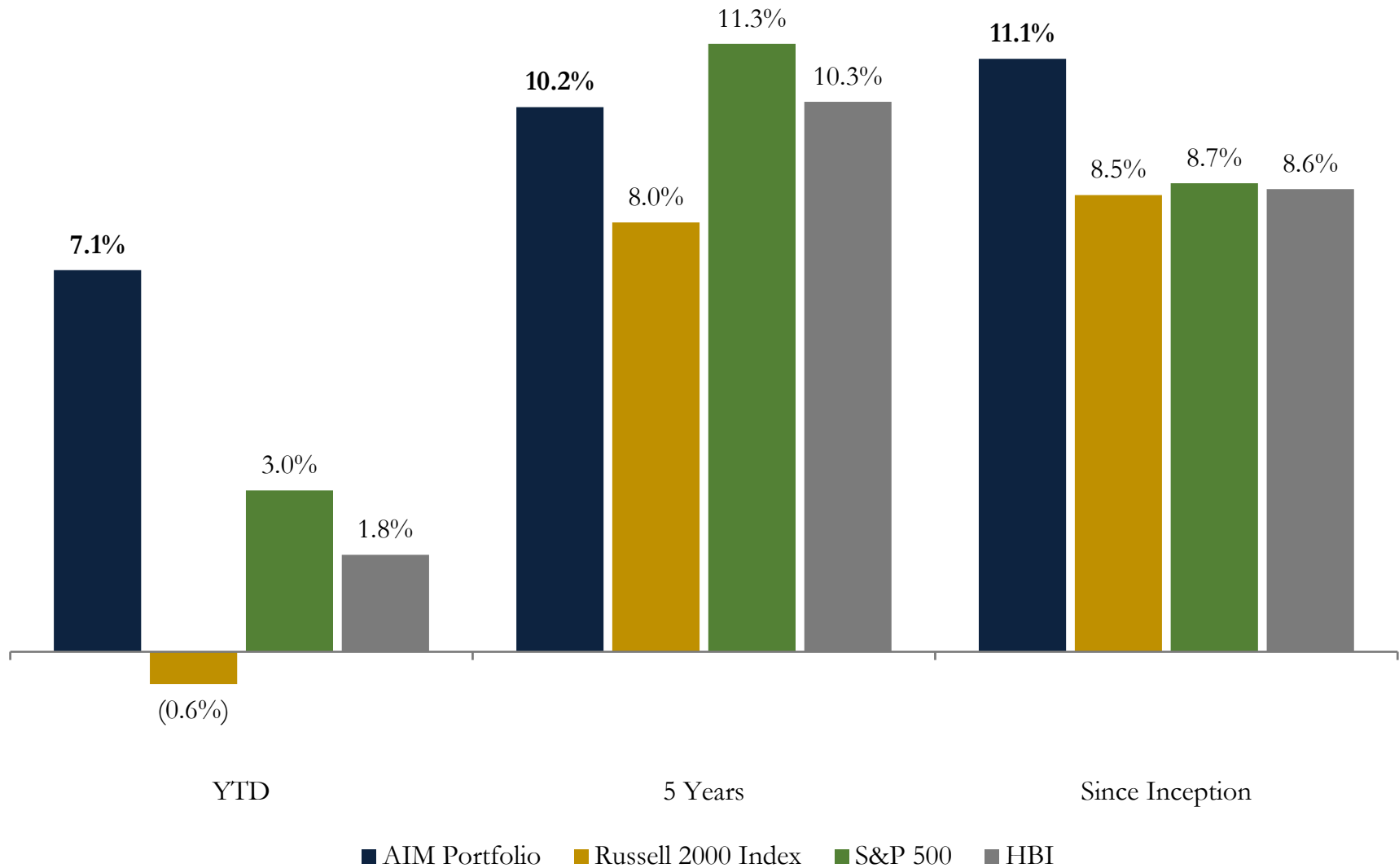
I. COURSE OVERVIEW
II. ECONOMIC OUTLOOK
III. SECURITY ANALYSIS
IV. PORTFOLIO PERFORMANCE
V. AIM XLVII REVIEW
VI. CONCLUDING REMARKS

- A. Historical Returns vs. Benchmarks
- B. Winners & Losers
- C. Portfolio Returns by Industry
- D. Attribution Analysis
- E. Portfolio Risk & Return

- F. Portfolio Additions & Deletions
- G. Finalized Portfolio



Historical Performance Relative to Benchmarks













Source: BNY Mellon

Note: Returns through October 31, 2018; Inception date of January 1, 1996



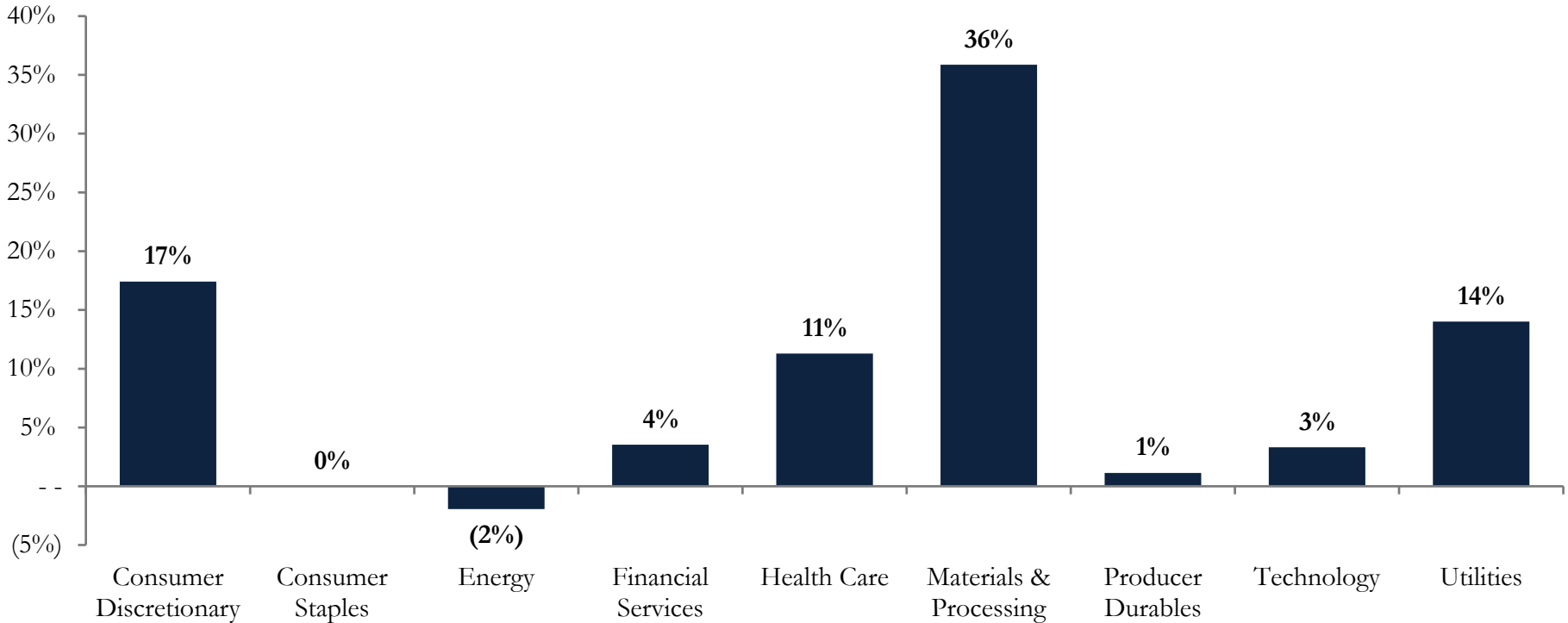
Top Winners & Losers (as of November 14, 2018)

Technology holdings continue to largely lead the pack while legacy business lines have posted lackluster performance as of late

	Portfolio Company	Industry Classification	YTD Performance
WINNERS	 CLIFFS Cleveland Cliffs (NYSE: CLF)	Materials	36%
	 Microsoft Microsoft (NASDAQ: MSFT)	Technology	23%
	 paloalto NETWORKS Palo Alto Networks (NYSE: PANW)	Technology	22%
	 RITCHIE BROS. Auctioneers Ritchie Bros Auctioneers (NYSE: RBA)	Industrials	15%
	 Exelon Exelon (NYSE: EXC)	Utilities	15%
LOSERS	 Kraft Heinz Kraft Heinz (NASDAQ: KHC)	Consumer Staples	(32%)
	 ARCONIC Arconic (NYSE: ARNC)	Industrials	(25%)
	 DOLLAR TREE Dollar Tree (NASDAQ: DLTR)	Consumer Discretionary	(20%)
	 trupanion Medical insurance for your pet. Trupanion (NASDAQ: TRUP)	Financials	(19%)
	 ACTIVISION BLIZZARD Activision Blizzard (NASDAQ: ATVI)	Technology	(19%)



YTD Returns by Industry (as of October 31, 2018¹)



Portfolio Companies

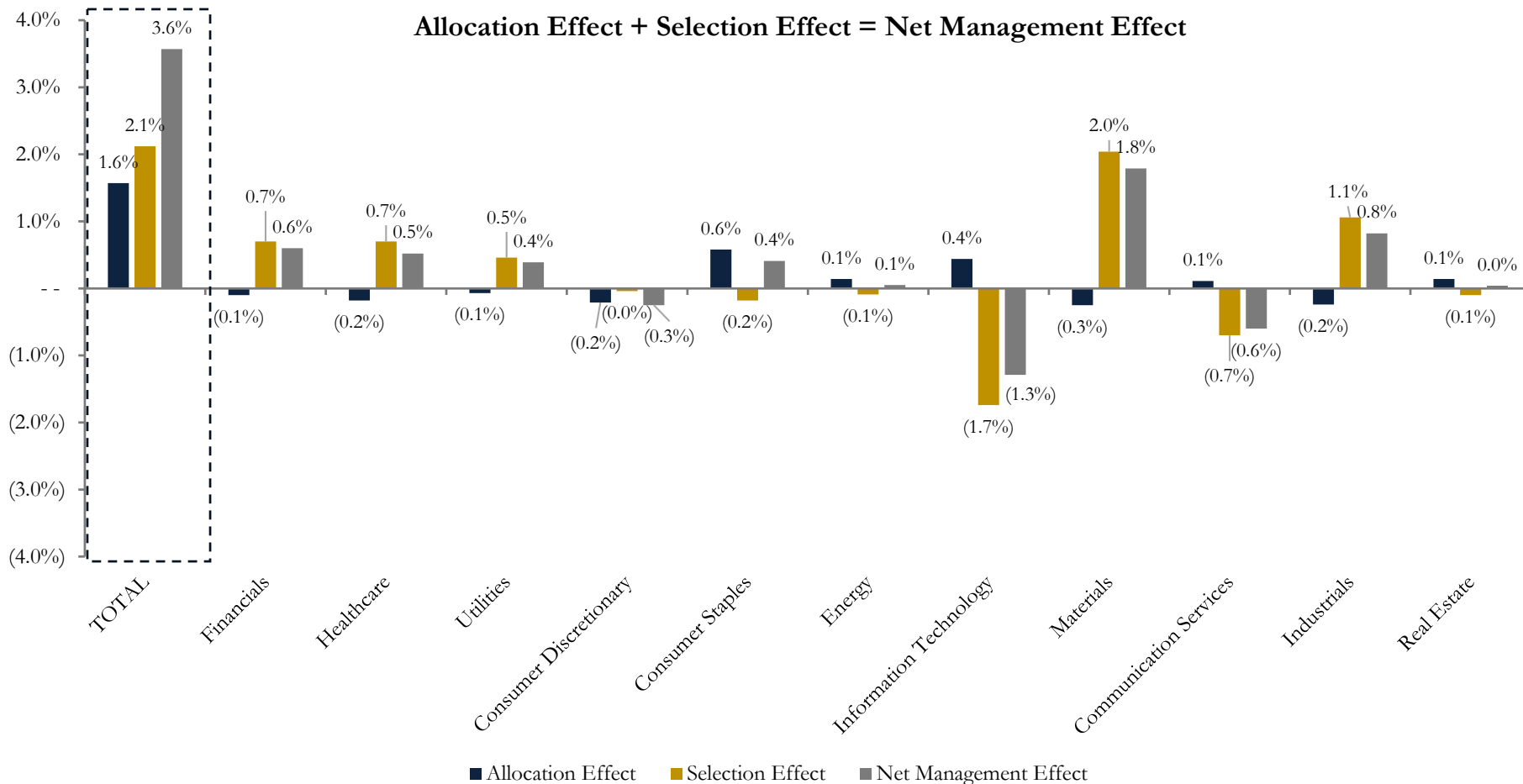
Source: AIM/Ventura 2018 and BNY Mellon.

¹ Includes AIM XLVI holding returns for positions maintained in Spring 2018 in addition to Fall 2018 positions.



Attribution Analysis: One-Year (as of 10/31/2018)

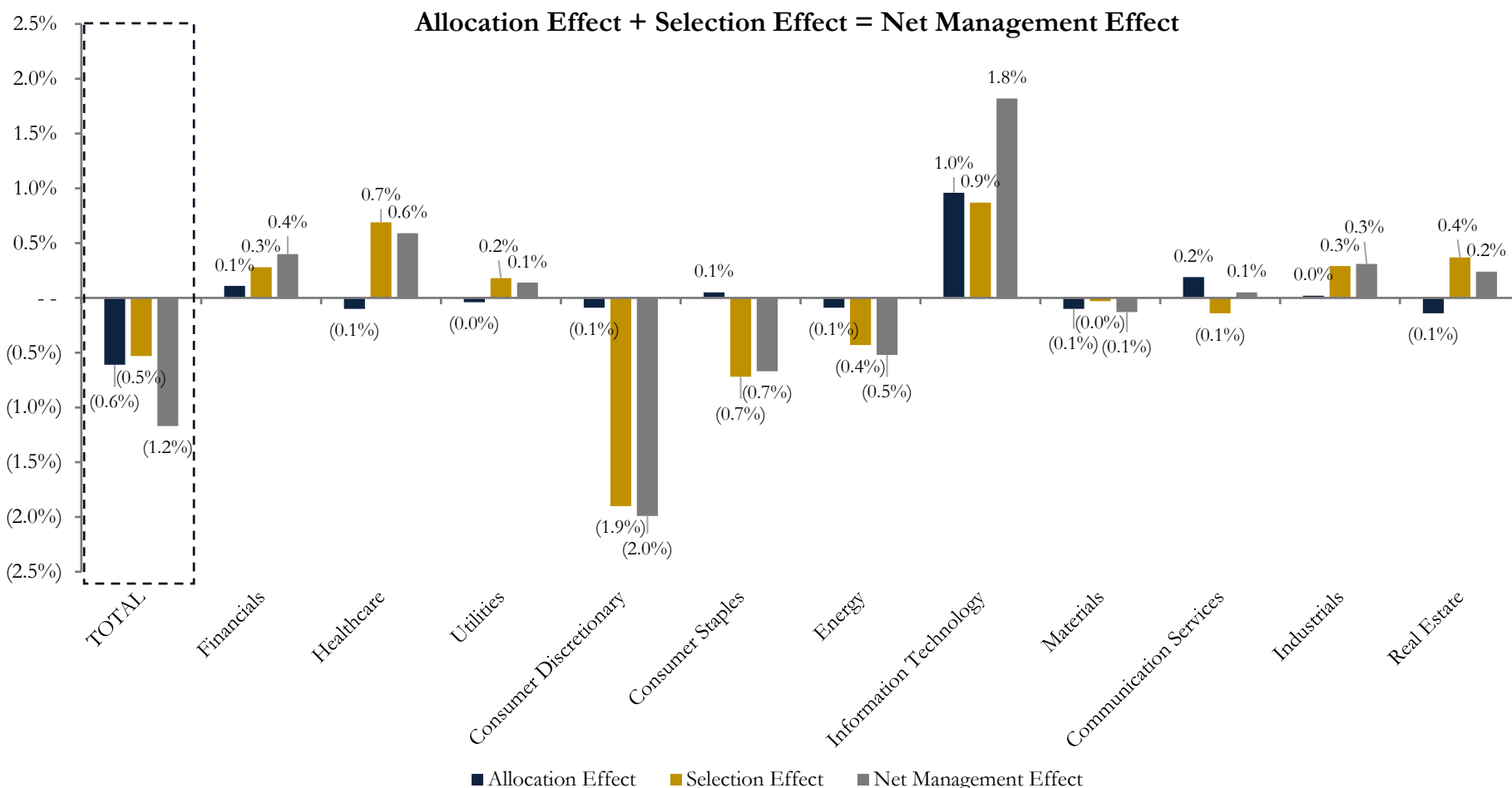
The AIM portfolio has been bolstered by both allocation effects and selection effects over the past year, particularly through selection of Materials and Industrials companies. Information Technology and Communication Services have lagged





Attribution Analysis: Five-Year (as of 10/31/2018)

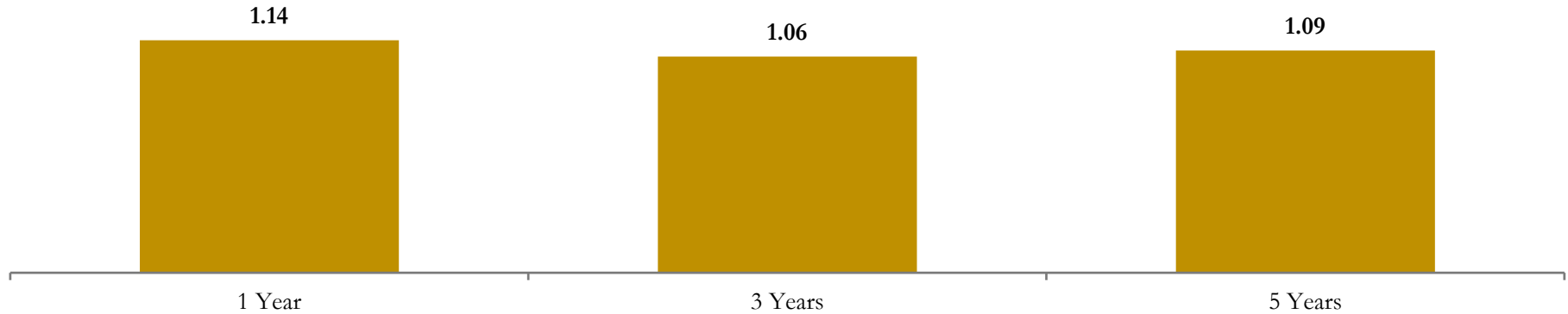
The 5-year management effects are negative with selection effects particularly detrimental in Consumer Discretionary and Staples sectors, while Information Technology saw positive management effects



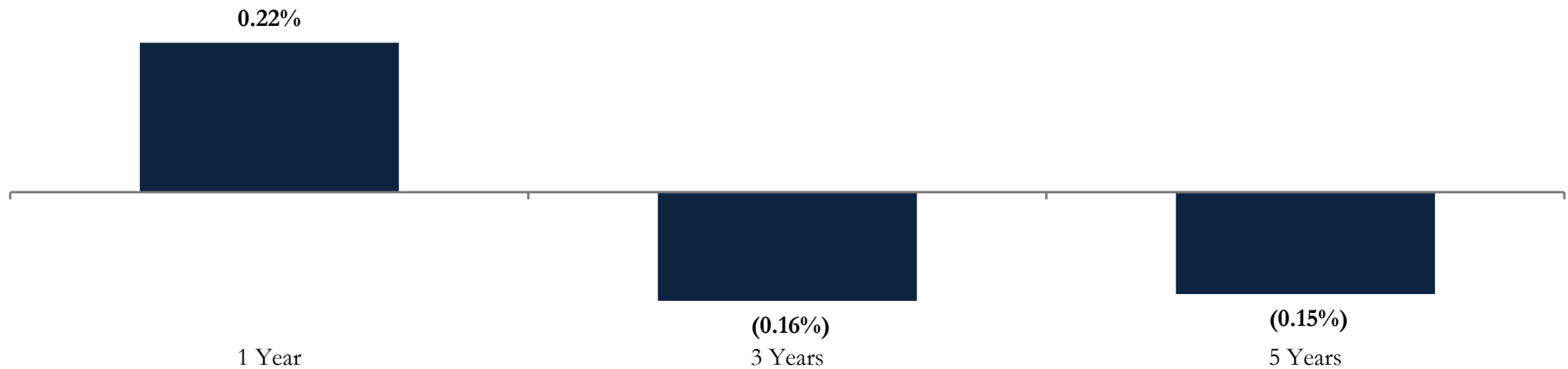


Portfolio Risk & Return

Beta (as of October 31, 2018)



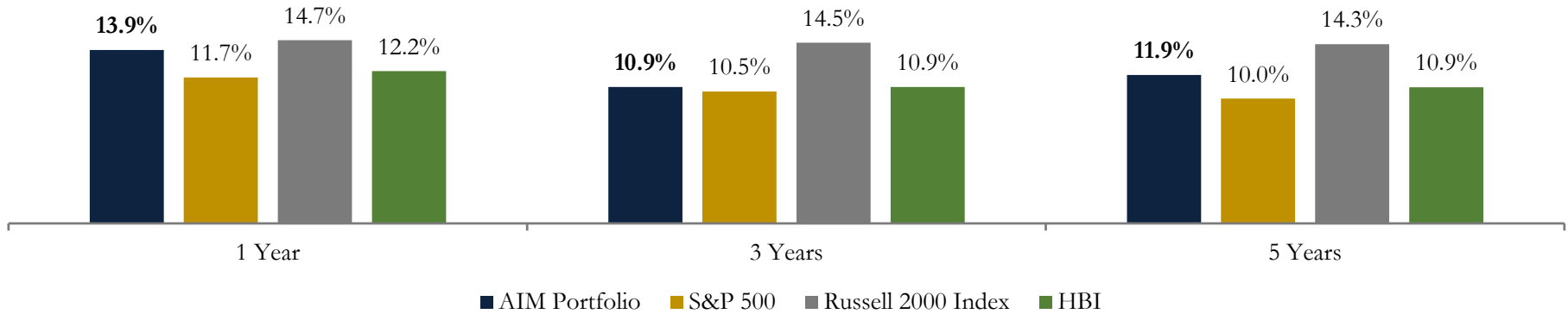
Alpha (as of October 31, 2018)



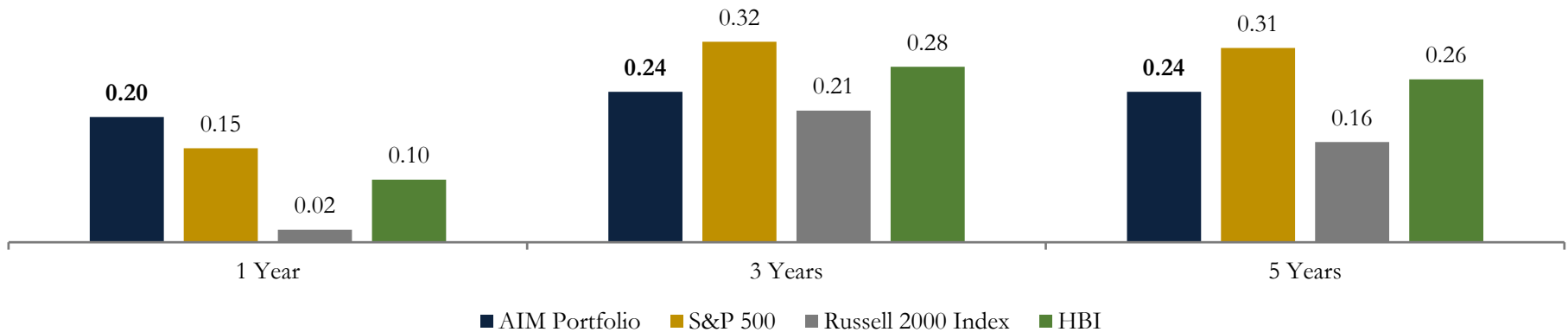


Portfolio Risk & Return (cont'd)

Standard Deviation (as of October 31, 2018)



Sharpe Ratio (as of October 31, 2018)

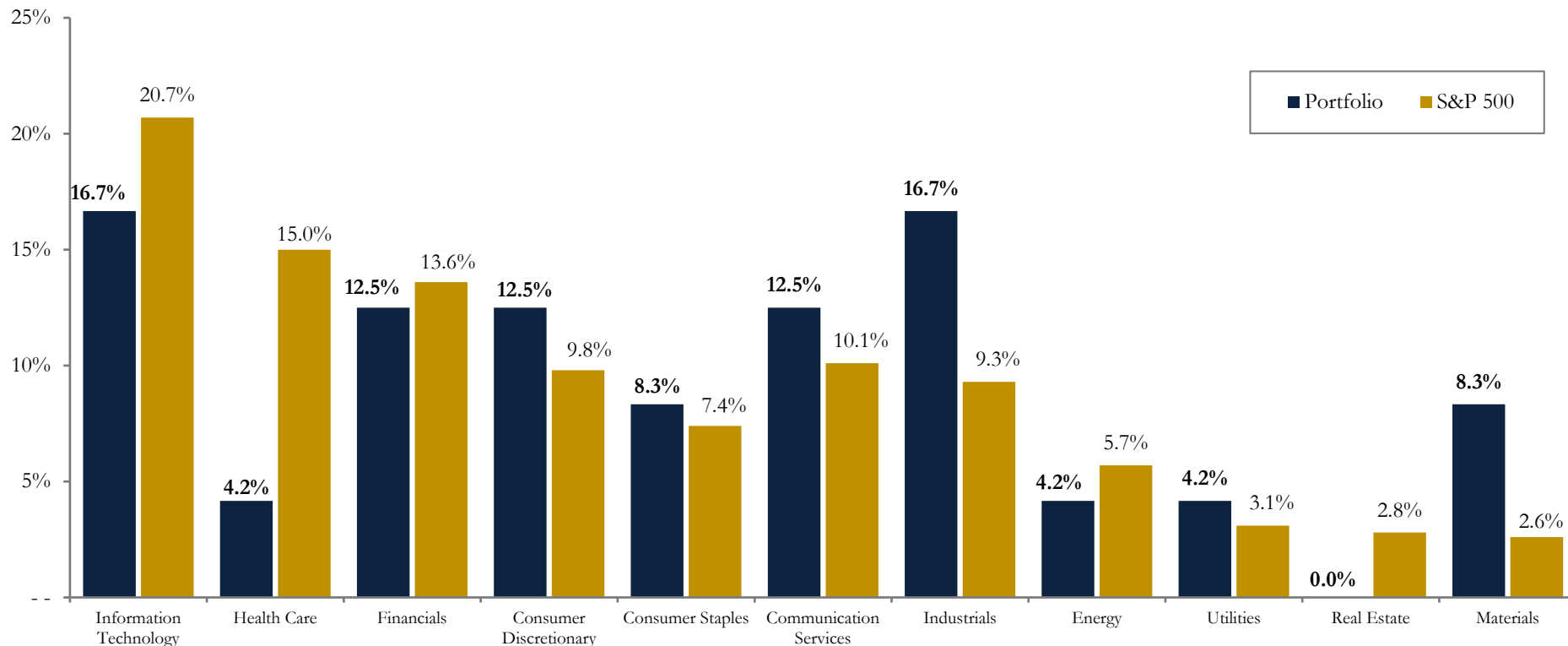




Industry Allocation (as of November 14, 2018)

AIM XLVII's industry allocation has fallen out of line with the S&P 500 due to recent portfolio divestitures and the creation of the Communication Services sector

AIM XLVII Sector Allocations vs. S&P 500¹



- **Notable Overweight Sectors:** Industrials (+7.4%), Materials (+5.7%), Consumer Discretionary (+2.7%)
- **Notable Underweight Sectors:** Health Care (-10.8%), Information Technology (-4.0%), Real Estate (-2.8%)

Source: AIM/Hendrick 2018, BNY Mellon and Bloomberg.

¹ S&P 500 weightings as of October 31, 2018



Final Portfolio Decisions

Inherited Portfolio		AIM XLVII Selected Stocks		
Company	YTD Performance	Company	YTD Performance	
13 Inherited Stocks Kept in Portfolio	Activision Blizzard Inc.	(18.5%)	A. O. Smith Corporation	(26.2%)
	Alphabet Inc.	(0.3%)	Booking Holdings Inc.	8.7%
	Comerica Inc.	(7.0%)	Boyd Gaming Corp.	(29.7%)
	Facebook Inc.	(18.3%)	Compass Minerals International, Inc.	(30.9%)
	Intercontinental Exchange Inc.	11.7%	Constellation Brands, Inc.	(13.7%)
	Kinder Morgan Inc.	(6.3%)	Crown Holdings, Inc.	(14.5%)
	Lockheed Martin Corp.	(5.5%)	Darling Ingredients Inc.	13.0%
	Microsoft Corp.	22.7%	Micron Technology, Inc.	(7.5%)
	Palo Alto Networks Inc.	22.0%	NextEra Energy, Inc.	13.2%
	Stryker Corp.	7.2%	Target Corp.	27.4%
	Trupanion Inc.	(19.0%)	XPO Logistics, Inc.	(13.9%)
	Total System Services Inc.	11.0%	Brookdale Senior Living Inc.	(14.3%)
	Waste Management Inc.	5.5%	GTT Communications, Inc.	(33.9%)
9 Stocks Sold from Inherited Portfolio	Arconic Inc.	(25.4%)	Lear Corp.	(21.6%)
	Apollo Global Management	(15.6%)	McDonald's Corporation	6.8%
	Cleveland-Cliffs Inc.	35.5%	Netflix Inc.	49.4%
	Dollar Tree Inc.	(20.3%)	Royal Caribbean Cruises Ltd.	(10.7%)
	Exelon Corp.	14.7%	Salesforce.com, Inc.	26.5%
	Kraft Heinz Co/The	(32.3%)	Starbucks Corp.	16.7%
	Paypal Holdings Inc.	14.2%	Spotify Technology S.A.	(19.2%)
	Ritchie Bros Auctioneers	14.9%	Ultra Beauty, Inc.	40.0%
	Walt Disney Co/The	8.9%	Walmart Inc.	2.8%
3 Stocks Divested	Biogen Inc.	(1.6%)		
	Thermo Fisher Scientific Inc.	23.8%		
	Unitedhealth Group Inc.	20.2%		

11 AIM
XLVII
Selected
Stocks
Added to
Portfolio

11 Other
Stocks
Evaluated
by AIM
XLVII



- I. COURSE OVERVIEW
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- V. AIM XLVII REVIEW**
- VI. CONCLUDING REMARKS

- A. New York Trip
- B. Networking
- C. Acknowledgments



New York Trip

Aterian Investment Partners

- Brandon Bethea
- Turn-around and distressed focused private equity



Axar Capital

- Ty DeBoer
- Special situations credit and equity alternative asset manager



Firefly Value Partners

- Ryan Heslop
- Ariel Warszawski
- Long/Short Equity Hedge Fund



Paxos

- Emil Woods
- World's first block-chain powered trust



Spruce House Capital

- Zach Sternberg
- Ben Stein
- Long-only equity investment partners



Solus Asset Management

- CJ Lanktree
- Distressed credit hedge fund





New York Trip

ND vs. VT



No. 6 Notre Dame extended winning streak to 6 with a rout of the No. 24 Hokies

Broadway Musical



Class attended Jersey Boys at New World Stages



Networking

Guest Speakers

- **Scott Malpass** – Executive Vice President & CIO
- **Tom Digenan** – UBS Asset Management
- **Bill Duhamel** – Co-founder Route One Investment
- **Kristen Collett-Schmitt** – Economics Professor
- **James Parsons** – CEO Junto Capital Management
- **Stephen Santrach** – Viking Global Management

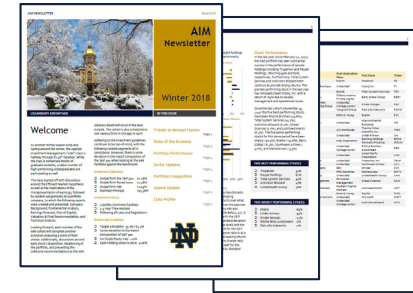
AIM Website

- Economic Report
- Portfolio Performance
- Portfolio Composition
- Analyst Profiles
- Alumni Updates



Newsletter

- Course Description and History
- Current Portfolio
- Current Analysts & Coverage
- Board Presentations
- Alumni Newsletters



AIM Alumni LinkedIn

- Network with over 650 AIM alumni
- Link to join is on the AIM website: aim.nd.edu





Acknowledgements

Thank you for all of your guidance and support

AIM Advisory Board

Howard Lanser

Scott Malpass

Notre Dame Investment Office

Shane Corwin

Kristen Collett-Schmitt

Shelley Huff

Marlene Wasikowski

Frank Reilly



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