



# Advisory Board Presentation

---

AIM XLI  
December 7, 2015

# AIM XLI Analysts

**Thomas Aichele**

Arlington Heights, Illinois  
Delphi Automotive, GoPro

**Andy Cheung**

Bloomfield, New Jersey  
Jazz Pharma, Bright Horizon

**Michael Cyrocki**

Troy, Michigan  
Royal Caribbean, Under Armour

**Kirsten Dodds**

Wayne, New Jersey  
Las Vegas Sands, Johnson and Johnson

**Brandon Faresich**

Denville, New Jersey  
Atwood Oceanics, Outerwall

**Andrew Fausone**

Wilmette, Illinois  
Union Pacific, American Tower

**Cavan Finigan**

Milton, Massachusetts  
Apple, Dicks Sporting Goods

**Quinn Fredrickson**

Cincinnati, Ohio  
Seadrill Ltd., Cedar Fair LP

**Samuel Gerstemeier**

Roanoke, Virginia  
Mattress Firm, Envision Healthcare

**Thomas Gordon**

Glenview, Illinois  
Microsoft, Facebook

**Lilian Ho**

Hong Kong  
Monsanto, Kate Spade

**Andrew Jensen**

Wheeling, Illinois  
Mastercard, Starbucks

**Joseph Kelly**

Toledo, Ohio  
UnitedHealth, KKR & Co. LP

**Mariel Kennedy**

Watchung, New Jersey  
Hain Celestial, O'Reilly

**James Li**

Annandale, New Jersey  
Gilead Sciences, Walt Disney Co.

**June Liang**

Shenzhen, China  
Kinder Morgan, Priceline

**Daniel Lipka**

Arlington Heights, Illinois  
Activision Blizzard, Fiserv

**Jacob Lippe**

Dyer, Indiana  
Exxon Mobil, FedEx

**Robert Luttrell**

Chappaqua, New York  
Cisco Systems, TJX Companies

**Timothy Maguire**

Finksburg, Maryland  
Mobileye, Parker-Hannifin

**Paul Mascarenhas**

Fairfield, Connecticut  
Alphabet, Spirit Airlines

**Megan O'Brien**

Cincinnati, Ohio  
Checkpoint Software, lululemon

**Stephen Schafer**

Edgewood, Kentucky  
IMAX, Best Buy

**Kevin Unger**

Willmar, Minnesota  
Harman International, Fastenal

**Brian Willis**

Rutherford, New Jersey  
Covanta Holdings, TransDigm Inc.



UNIVERSITY OF  
NOTRE DAME

## Agenda

Investment Objectives and Guidelines

Economic Overview

Security Analysis

Portfolio Performance

AIM XLI Highlights

Closing



UNIVERSITY OF  
NOTRE DAME

## Objectives and Guidelines

AIM Overview

Analyst Responsibilities

Stock Selection Process

Investment Policies

Market Capitalization Profile

Ethics Policies

# Objectives and Guidelines

## AIM Overview



### Course Objectives

- Provide students with exposure to the process of portfolio management, from asset allocation decisions through individual stock evaluation
- Combines academic theory with hands-on experience

### Analyst Selection

- Selection based on academic record and professional experience
- Analysts assume responsibilities for all portfolio management decisions

# Objectives and Guidelines

## Analyst Responsibilities

---



- Each analyst covers two companies:
  - First round: assigned stock from current portfolio
  - Second round: selected stock of interest
- For each stock, analysts produce and present a series of reports:
  - Company Overview
  - Fundamental Analysis
  - Industry Report
  - EPS Forecast
  - Technical Analysis
  - Valuation and Final Recommendation

# Objectives and Guidelines

## Group Responsibilities



### Economic Outlook

- Analyze recent developments and trends of economic factors
- Assess portfolio impact

### Portfolio Performance

- Analyze risk-adjusted performance and portfolio attribution
- Report on recent and long-term performance compared to benchmarks

### Newsletter

- Produce quarterly newsletters to alumni and advisory board
- Provide economic and performance summaries, as well as alumni updates.

### Trading

- Manage trading activities for portfolio
- Maintain communication with Investment Office



# Objectives and Guidelines

## Stock Selection Process

---



- Analysts discuss inputs, drivers, and potential upside/downside risk
- Analysts provide buy, hold, or sell recommendations based on an intrinsic valuation
- Final portfolio positions require a majority vote of all analysts
- AIM XLI allowed to take long and short positions using sector ETFs in industries that exhibit positive and negative trends



# Objectives and Guidelines

## Investment Philosophy

---



- Long-term objective is to outperform the returns of the S&P 500 by identifying undervalued stocks
- Additional benchmarks
  - Russell 2000
  - Hank Blended Index (HBI) (65% S&P 500, 35% Russell 2000)
- Bottom-up approach, accompanied by top-down consideration
  - Determine intrinsic value of stock while maintaining macroeconomic and specific industry outlook
- Risk is not actively managed since portfolio diversification naturally limits risk

# Objectives and Guidelines

## Investment Constraints

---



- Liquidity
  - Stocks should have high liquidity
- Time Horizon
  - Long-term (3-5 years)
- Laws & Regulation
  - Fund abides by “Prudent Person Rule”
- Tax Considerations
  - Not a constraint for the fund given its tax-exempt status

# Objectives and Guidelines

## Investment Guidelines

---



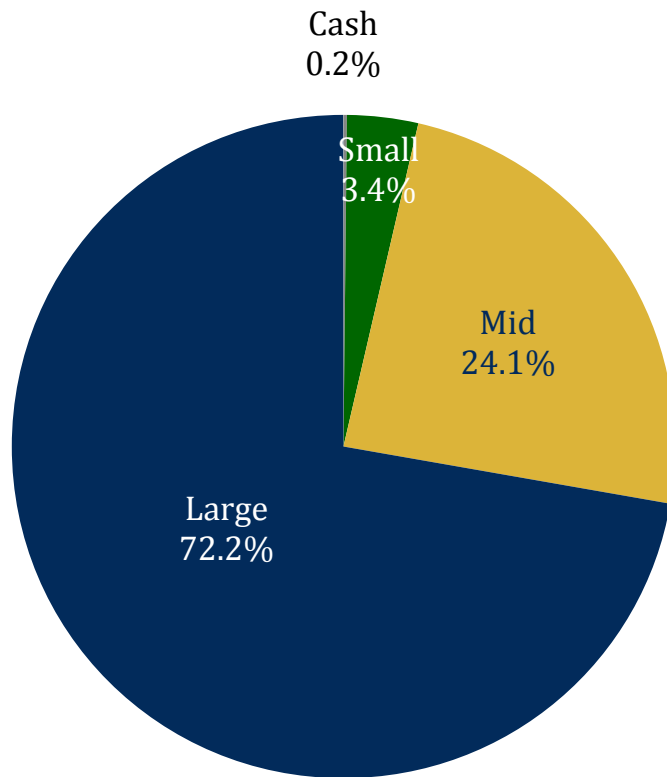
- Common equities traded on major US exchanges
- Sector Allocation should be roughly that of the S&P 500
- Portfolio Target Allocation
  - 35% in Small & Mid-Cap stocks
  - 65% in Large-Cap stocks
  - +/- 10% boundary
- Any one stock should not exceed 10% of the portfolio
- Goal is to be fully invested

# Objectives and Guidelines

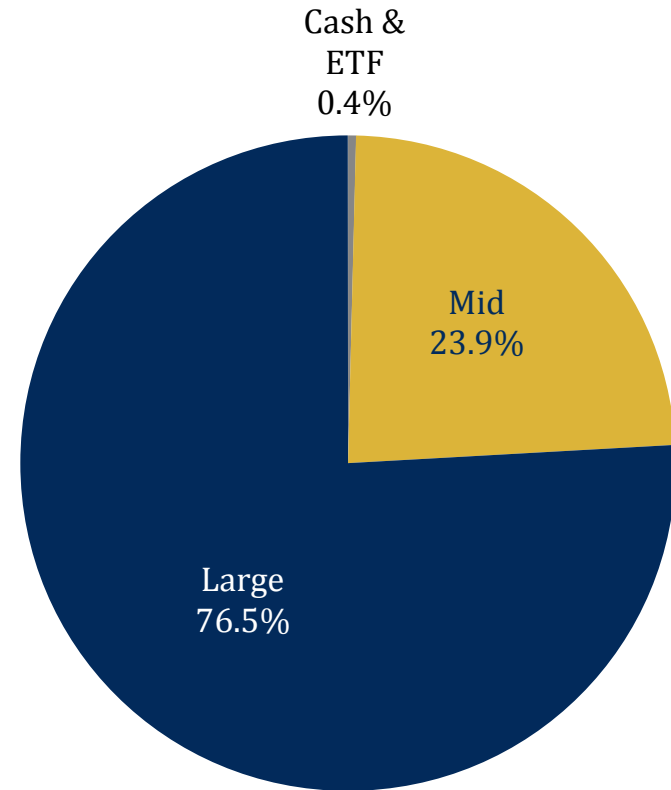
## Market Capitalization Profile



### AIM XL Portfolio Composition



### AIM XLI Portfolio Composition



# Objectives and Guidelines

## Ethics Policies

---



*Avoid companies “whose values are not consistent with those of the University”*

- Including (but not limited to):
  - Abortifacients
  - Birth Control
  - Tobacco



UNIVERSITY OF  
NOTRE DAME

## **Economic Overview**

Consumer and Economic Growth

Global Trade

Oil Prices and Energy

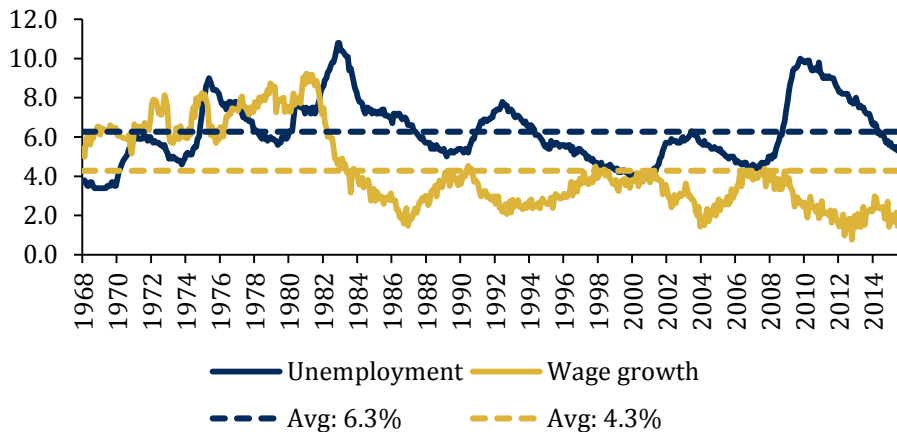
Interest Rates and the Federal Reserve

# Economic Overview

## Consumers remain cautious

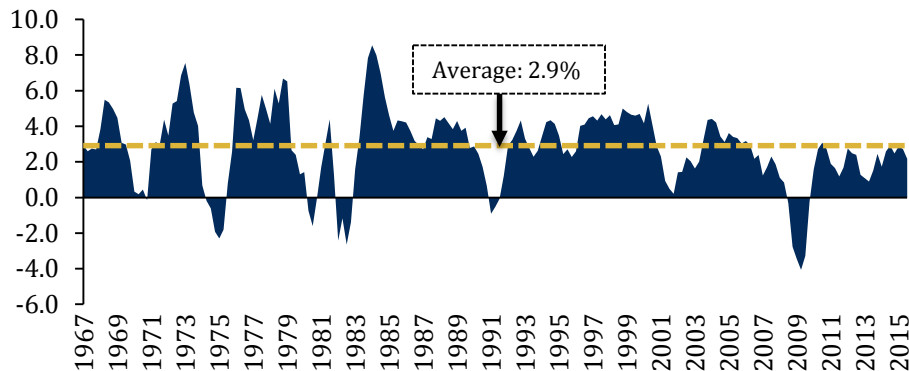


### Unemployment and Wages



- November jobs report beats expectations
  - 211,000 jobs added vs. 200,000 projected
- Unemployment rate- 5.0%
  - 9.9% including discouraged and part time workers
- Labor force participation rate lowest in 38 years at 62.5%
- Wage growth remains tepid
- Savings rate highest in 3 years

### YoY % Growth in GDP



- Consumption- 68.6% of GDP
- GDP growth remains below average
- Expansion average 2.1% growth
- 3Q15 growth of 2.0%
  - Dragged down by inventory, energy spending cuts

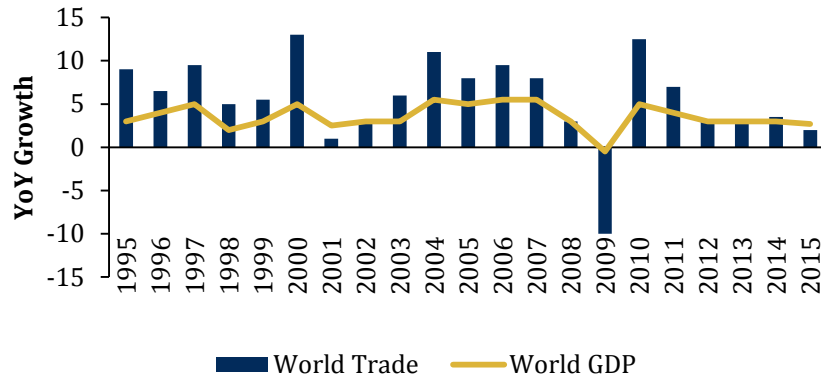


# Economic Overview

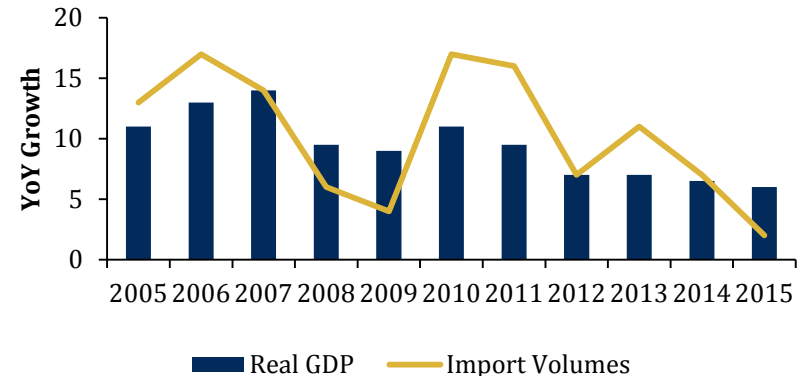
## Global trade growth slowing



### World Trade, GDP Growth



### China GDP Growth



- USD strengthening weakens exports, increases trade deficit
- China GDP growth slowing- accounted for 1/3 of global growth over last seven years
- Commodities markets struggling
- ECB quantitative easing- €60 Billion a month bond buying
- Strong U.S. dollar negatively impacts multinationals

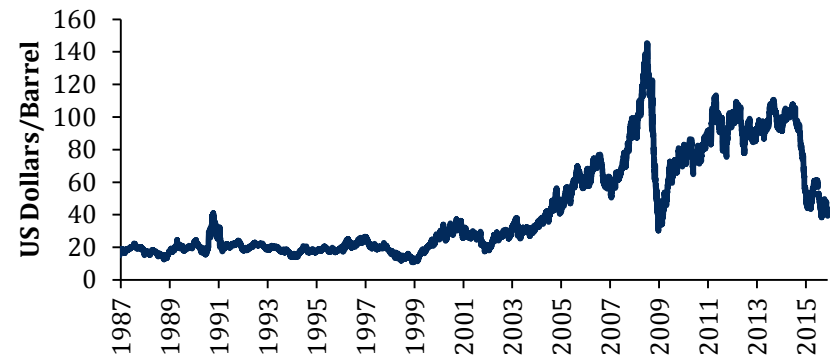
# Economic Overview

## Oil Prices

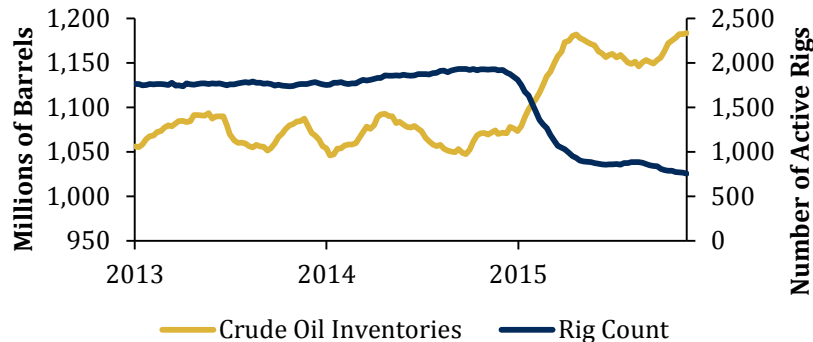


Production	Growth Since 2013
U.S.	20.1%
OPEC	3.2%
Global	5.4%
Consumption	Growth Since 2013
U.S.	3.3%
Global	4.3%

## WTI Crude Oil Price



## U.S. Rig Count and Crude Inventories



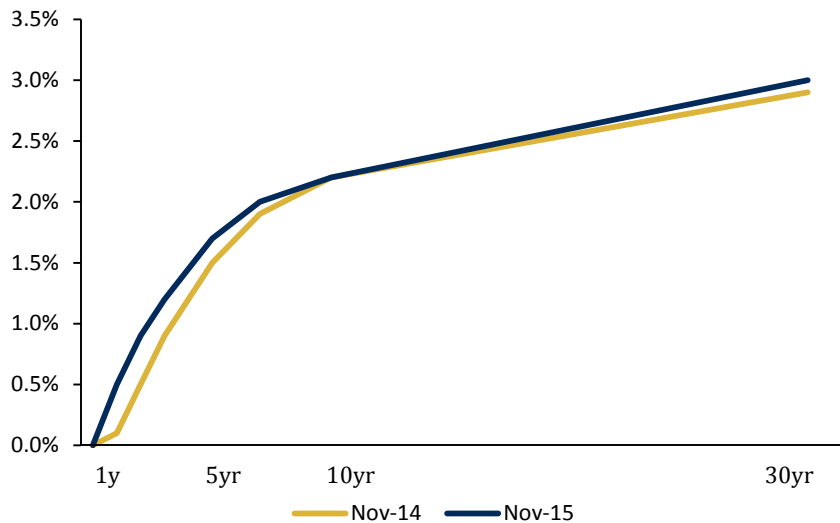
- Supply of oil has flooded the market
- Global growth concerns have dampened demand
- Lower oil prices hold down headline CPI
- Generates consumer discretionary spending

# Economic Overview

## Interest Rates

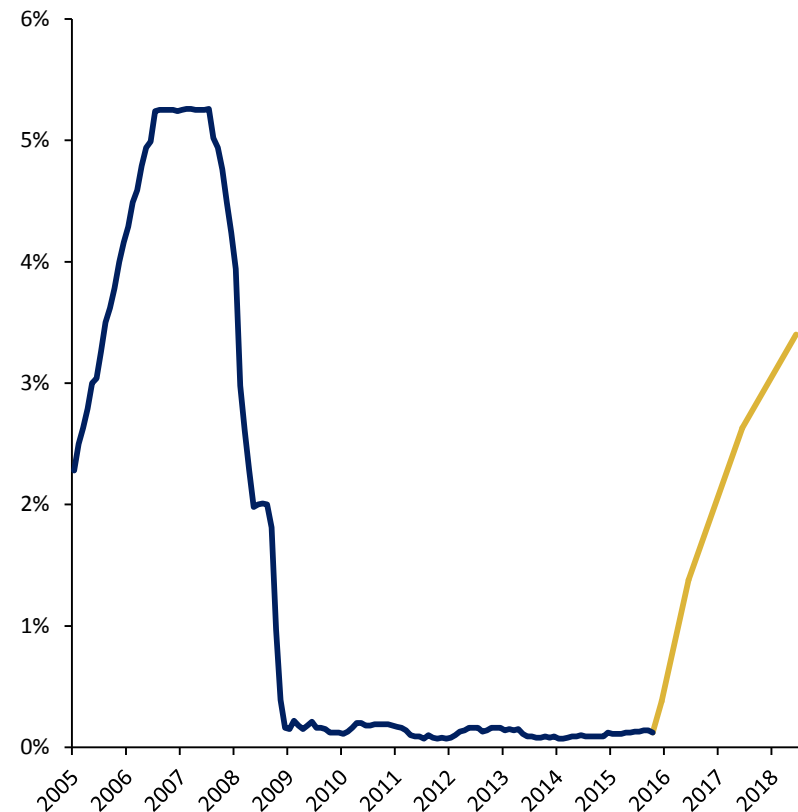


### Yield Curve



- Positive economic data has Fed ready to hike rates
- Market pricing in 75% chance of December rate hike
- Rate hike likely impounded in risk asset prices
- Policy divergence from other developed economies
- Pace of subsequent rate hikes

### Federal Funds Rate





UNIVERSITY OF  
NOTRE DAME

## **Security Analysis**

Overview

Growth Dynamics

Discovery

Fundamental Analysis

Technical Analysis

Management Team

Industry Dynamics

EPS and Valuation

# Security Analysis

## Stock Pitches



Stock	Analyst
GoPro	Tom Aichele
Bright Horizon Family Solutions	Andy Cheung
Royal Caribbean	Mike Cyroki
Atwood Oceanics	Brandon Faresich
American Tower Corporation	Andy Fausone
Dicks Sporting Goods	Cavan Finigan
Envision Healthcare Holdings	Sam Gerstemeier
Facebook	Tom Gordon
Monsanto	Lilian Ho
Mastercard	Andrew Jensen

Stock	Analyst
United Healthcare	Joseph Kelly
Hain Celestial	Mariel Kennedy
Disney	James Li
Priceline	June Liang
T.J. Maxx	Rob Luttrell
lululemon	Megan O'Brien
Best Buy	Stephen Schafer
Harman International	Jimmy Unger
TransDigm	Brian Willis



**Price (11/23/15):** \$18.99

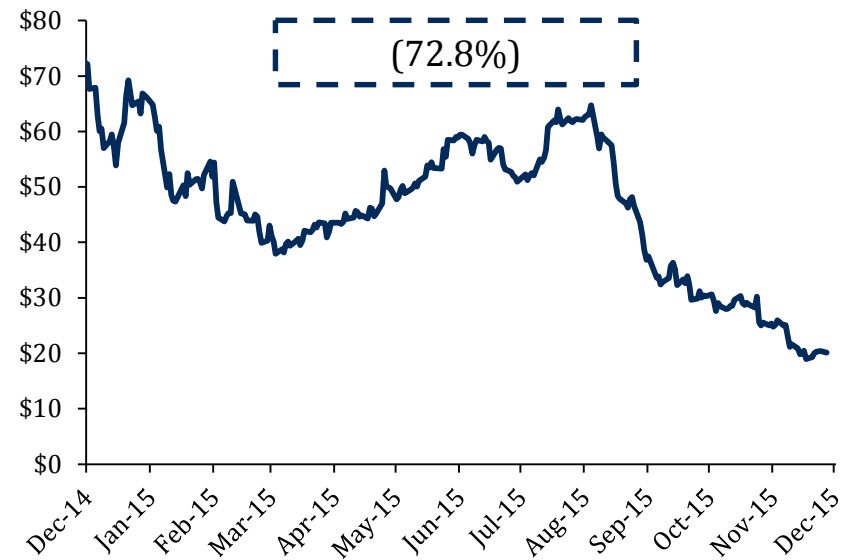
**1-yr Forward P/E:** 20.9x

**Market Cap:** \$2.8B

**Dividend Yield:** N/A

**LTM EPS:** \$1.22

## 1-Year Price Chart



**Focus – Fundamental Analysis**

# GoPro

## Overview

### GoPro

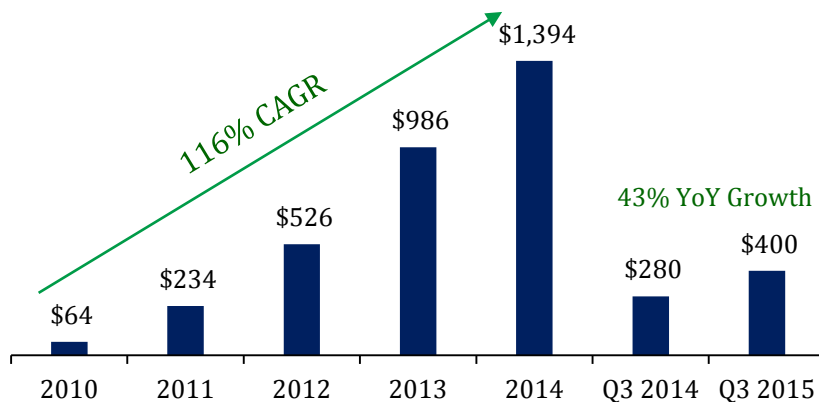
- Founded in 2004 by Nick Woodman
- Makes mountable action cameras & supporting content management software



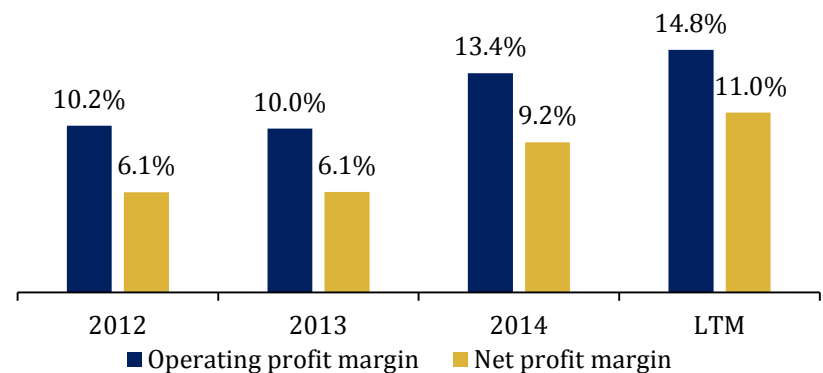
### Industry

- Highly competitive
- Increasing dominance of smartphones

### Revenue (\$M)



### Margins





### New Segments

- Consumer drones – introducing quadcopter in first half of 2016
- Virtual reality – partnered with Google and Facebook
- Media – leverage user generated content

### Operating Cases Assumptions

- Research and development
- Sales and marketing
- General and administrative

### GoPro Net Margins Forecast

	2016E	2017E	2018E	2019E	2020E
<b>Downside Case</b>	2.9%	3.2%	3.6%	4.3%	4.3%
<b>Base Case</b>	4.0%	5.5%	6.9%	8.4%	9.9%
<b>Upside Case</b>	7.4%	9.9%	12.5%	13.9%	14.7%

Recommendation: BUY		Portfolio Decision: NO BUY	
Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow -Downside	20%	\$9.50	\$1.90
Discounted Free Cash Flow -Base	40%	\$23.10	\$9.24
Discounted Free Cash Flow -Upside	40%	\$40.13	\$16.05
Book Value per Share	0%	\$8.05	--
Implied P/E Multiple	0%	\$36.30	--
Implied P/Sales Multiple	0%	\$71.83	--
<b>Intrinsic Value</b>			<b>\$27.19</b>
Market Price (11/23/15)			\$18.99
<b>Estimated Upside / (Downside)</b>			<b>43.3%</b>

### Investment Thesis

- Growing and profitable firm oversold after recent misses
- Strong brand creates defensible margins
- Consumer drones, virtual reality, and media offer large upside potential

# Bright Horizons Family Solutions

NYSE: BFAM



UNIVERSITY OF  
NOTRE DAME



**Price (11/23/15):** \$66.00

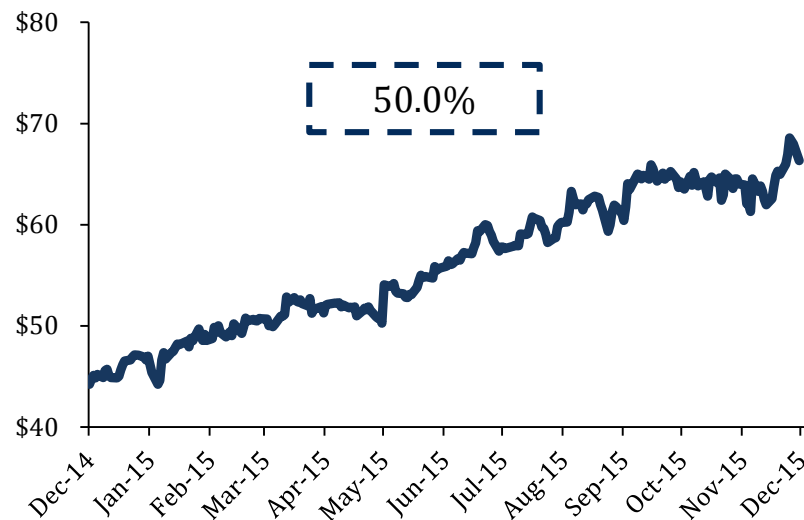
**1-yr Forward P/E:** 37.1x

**Market Cap:** \$4.0B

**Dividend Yield:** N/A

**LTM EPS:** \$1.40

### 1-Year Price Chart



**Focus – Beta Analysis**

# Bright Horizons Family Solutions

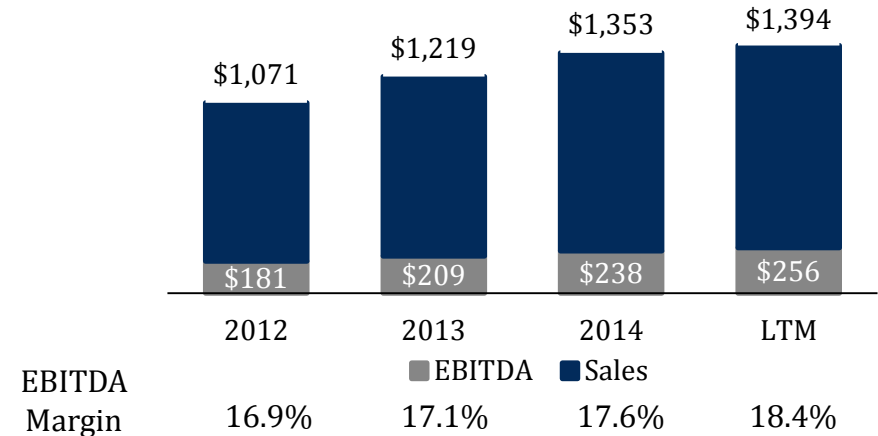
## Overview



### Business Overview

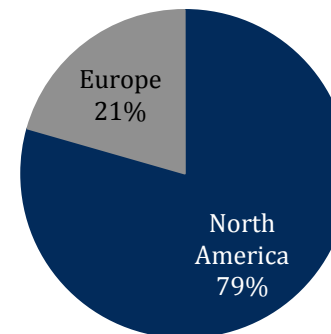
- Early education and daycare service provider
- Employer-sponsor business model targets upper class, college educated working mothers
- Margin expansion opportunities
  - Accredited status of service and target market allows for premium pricing
  - Inorganic growth strategy allows for cost savings
- Supportive socio-economic trends regarding early education adoption

### Revenue and EBITDA Growth (\$M)

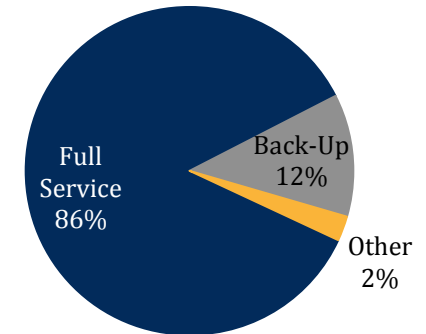


### LTM Revenue Breakdown

#### By Geography



#### By Product



# Bright Horizons Family Solutions

## Beta Analysis

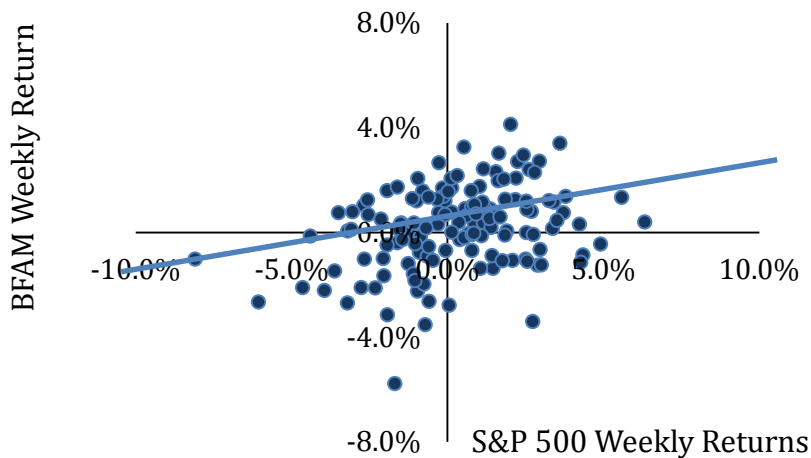


### Beta Regression

Public Estimates	Beta
Value Line	0.90
Barrons	0.80
Bloomberg Weekly (Adjusted)	0.71
Regression	Beta
Weekly (Adjusted)	0.47
Mean Reversion Final Beta	0.65

### Sensitivity Table

Beta				
0.50	0.65	0.80	0.95	1.10
WACC				
4.9%	5.5%	6.1%	6.7%	7.3%
Intrinsic Valuation				
\$66.23	\$56.20	\$48.20	\$41.68	\$36.26



### Key Takeaways

- Perceived criticality of early education
- Diversified revenue base
- Sticky service on employer-sponsors and target market

# Bright Horizons Family Solutions

## Valuation and Thesis



Recommendation: NO BUY		Portfolio Decision: NO BUY	
Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	80%	\$56.20	\$44.96
Implied P/E Multiple	10%	\$58.68	\$5.87
P/EBIT Multiple	10%	\$62.70	\$6.27
P/Sales Multiple	0%	\$60.99	--
Intrinsic Value			\$57.10
Market Price (11/23/15)			\$66.00
Estimated Upside / (Downside)			(13.5%)

### Investment Thesis

- Strong historical growth strategy and identifiable areas for margin expansion
- Strengthening industry trends regarding increasing focus on early education
- Stock presently overvalued and value dependent on overleveraging balance sheet

# Royal Caribbean Cruises

NYSE: RCL



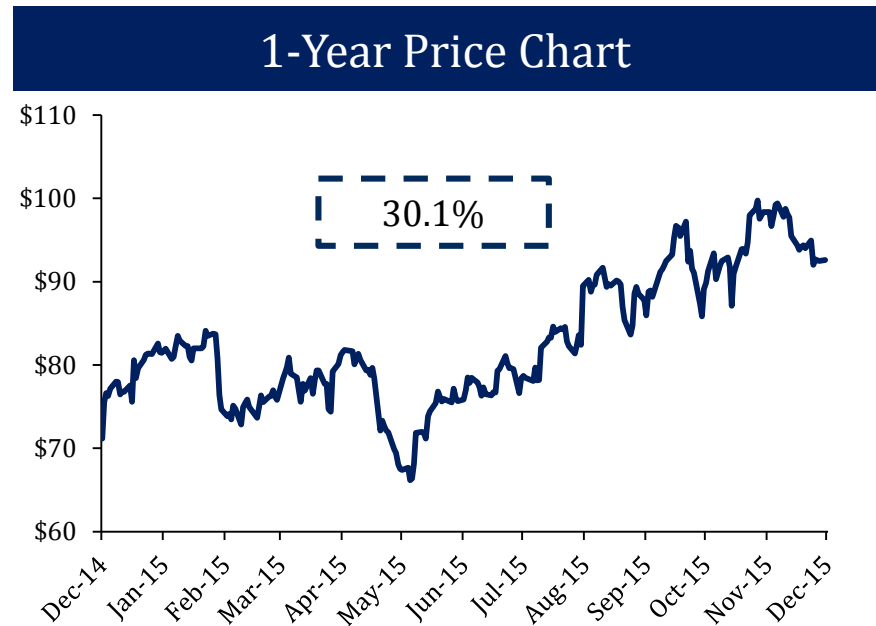
**Price (11/23/15):** \$94.93

**1-yr Forward P/E:** 15.0x

**Market Cap:** \$20.8B

**Dividend Yield:** 1.6%

**LTM EPS:** \$4.23



**Focus – Fundamental Analysis**



# Royal Caribbean Cruises

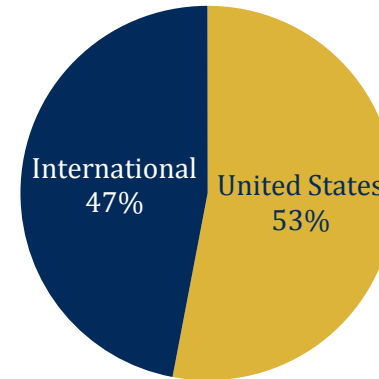
## Overview



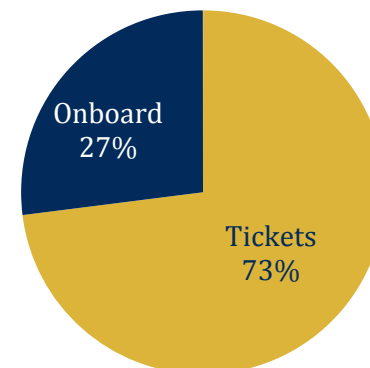
### Business Overview

- Global vacation company specializing in cruises
- Operates under six brands and travels to nearly 500 destinations on all seven continents
- Strong push for growth in the Asia-Pacific region
- Aggressive “Double-Double” Initiative
- Strengths lie with the company’s brand recognition and broad market coverage

### Geographic Source of Revenue



### Revenue by Offering

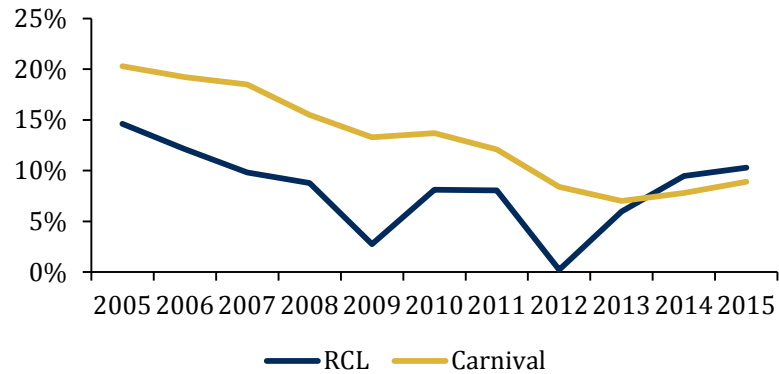


# Royal Caribbean Cruises

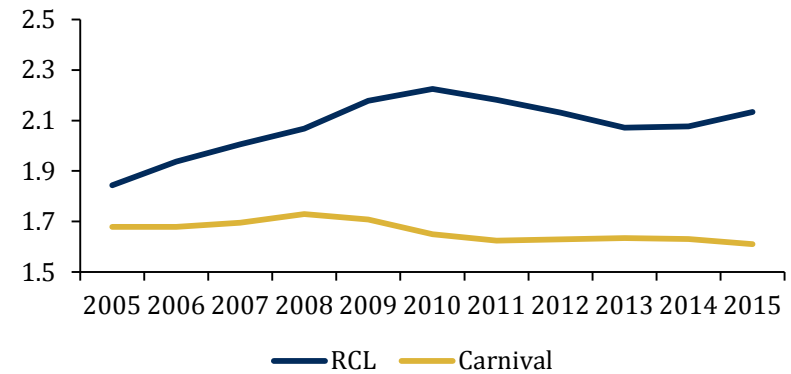
## Fundamental Analysis



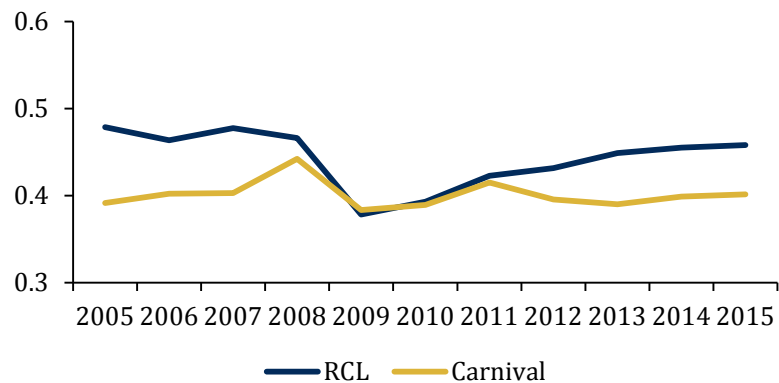
### Net Profit Margin



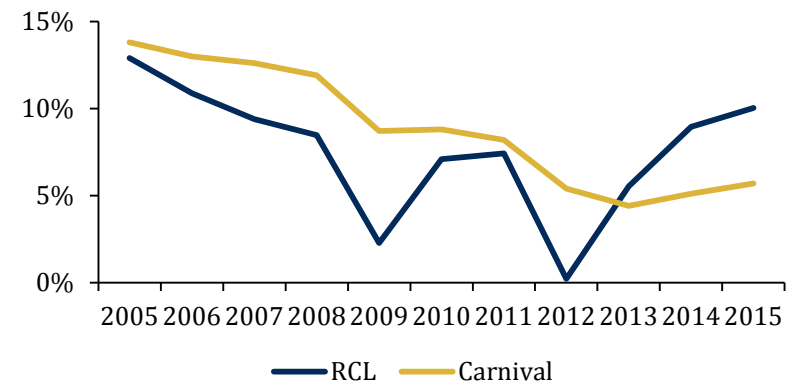
### Leverage Ratio



### Capital Turnover



### Return on Equity



# Royal Caribbean Cruises

## Valuation and Thesis



**Recommendation: SELL**

**Portfolio Decision: SELL**

Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	80%	\$84.18	\$67.35
Implied P/E Multiple	20%	\$80.40	\$16.08
Intrinsic Value			\$83.43
Market Price (11/23/15)			\$94.93
Estimated Upside / (Downside)			(12.1%)

### Investment Thesis

- Increased pricing pressure due to global capacity increases
- Growth concerns in China where Royal Caribbean has targeted expansion
- Compliance with AIM investment policies – labor laws

# Atwood Oceanics

NYSE: ATW



**Price (11/23/15):** \$15.40

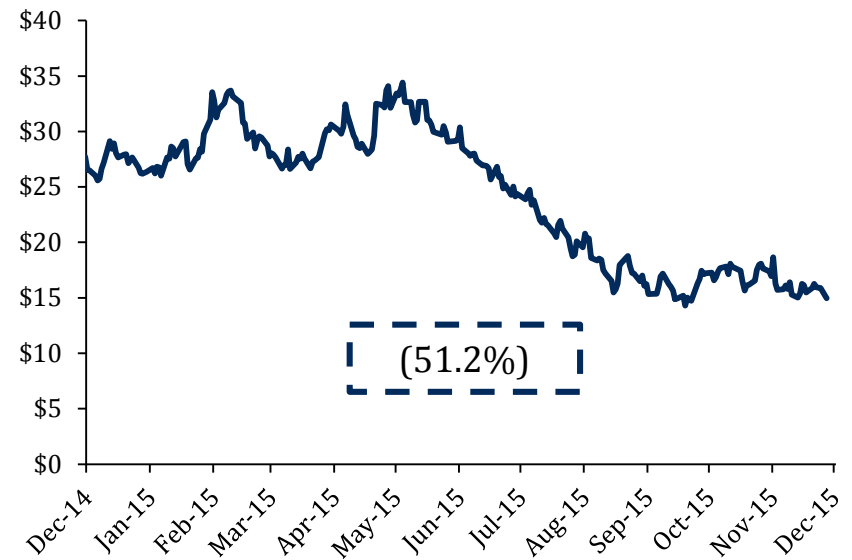
**1-yr Forward P/E:** 2.2x

**Market Cap:** \$1.1B

**Dividend Yield:** 6.3%

**LTM EPS:** \$6.70

## 1-Year Price Chart



**Focus - Multiples Method**

# Atwood Oceanics

## Overview

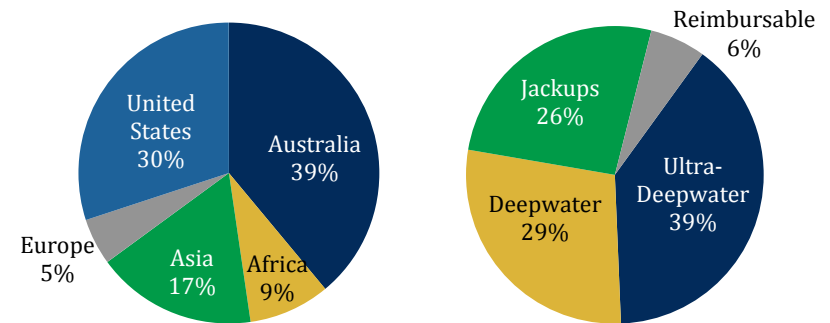


- Awarded contracts drilling based off of:
  - Rig efficiency
  - Competitive pricing
  - Ability to comply with government standards
- Largest customers by revenue share: Apache Energy Ltd. (18%), Shell Offshore, Inc. (15%), Chevron Australia Pty. Ltd. (15%)


## Revenue Breakdown

2015 Revenue Share by Geography


2015 Revenue Share by Rig Type




## Management Overview



**Robert Saltiel: President & CEO**  
 Years on BOD: 6  
 Experience: SVP at Transocean Ltd.

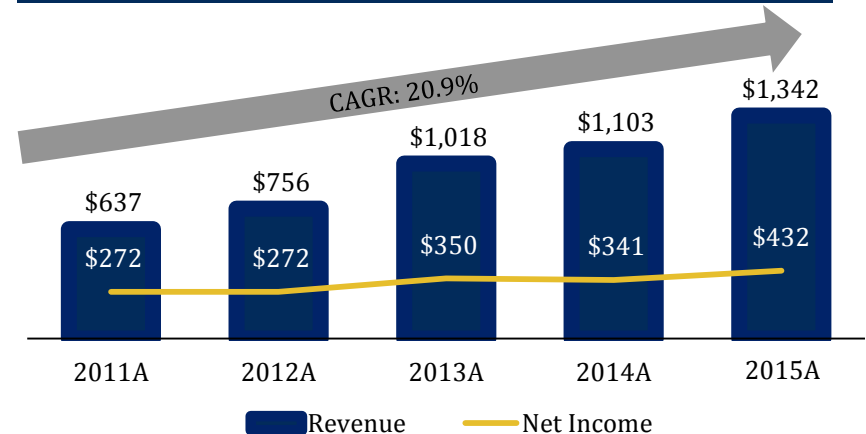


**Mark Mey: EVP**  
 Experience: SVP and CFO of Scorpion Offshore Ltd.



**George Dotson: Chair of the Board**  
 Years on BOD: 27  
 Experience: president of H&P Int. Drilling Co.

## Financial Performance (\$M)



# Atwood Oceanics

## Multiples Valuation



Quarter	Implied P/E	Noble Corp. P/E	% Noble	S&P Forward	% S&P	Price-to-Sales
3Q12	9.66	9.45	102%	15.42	-37%	3.37
4Q12	8.47	12.71	67%	14.88	-43%	3.02
1Q13	8.43	11.58	73%	14.70	-43%	2.89
2Q13	9.63	9.79	98%	14.75	-35%	3.27
3Q13	9.51	9.73	98%	15.60	-39%	3.07
4Q13	11.39	9.75	117%	16.14	-29%	3.50
1Q14	10.95	10.32	106%	16.44	-33%	3.38
2Q14	9.81	9.93	99%	17.33	-43%	2.56
3Q14	8.70	8.23	106%	18.74	-54%	2.47
4Q14	7.93	6.83	116%	20.47	-61%	2.41
1Q15	5.27	8.76	60%			1.65
2Q15	4.23	6.64	64%			1.46
3Q15	4.75	6.96	68%			1.65
4Q15	2.20					1.12
<b>One Year Average</b>	<b>4.11</b>	<b>7.30</b>				<b>1.47</b>
<b>Implied Valuation</b>	<b>\$25.11</b>					<b>\$29.54</b>

- Cheap compared to historic P/E levels
- Market has significantly discounted its assets

# Atwood Oceanics

## Valuation and Thesis



**Recommendation: HOLD**

**Portfolio Decision: SELL**

Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	80%	\$19.25	\$15.40
Implied P/E Multiple	10%	\$25.11	\$2.51
P/BV Multiple	10%	\$29.54	\$2.95
Intrinsic Value			\$20.86
Market Price (11/23/15)			\$15.40
Estimated Upside / (Downside)			35.4%

### Investment Thesis

- Best and youngest in class rigs, which drive contract acquisitions and robust profit margins
- Diversified fleet within the industry and across geographies
- Experienced management team that has successfully grown the company through organic expansion

# American Tower

NYSE: AMT



**AMERICAN TOWER®**

**Price (11/23/15):** \$99.94

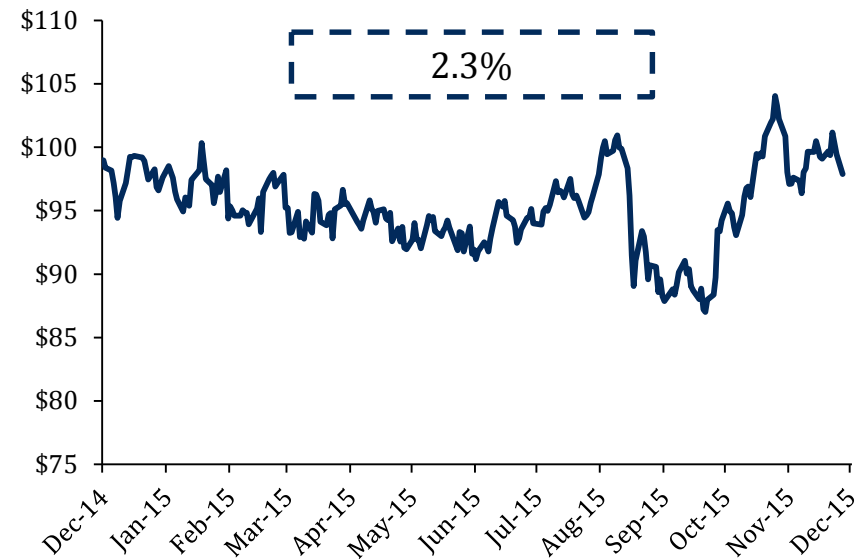
**1-yr Forward P/E:** 44.9x

**Market Cap:** \$42.1B

**Dividend Yield:** 1.9%

**LTM EPS:** \$1.35

## 1-Year Price Chart



**Focus – Growth Dynamics**



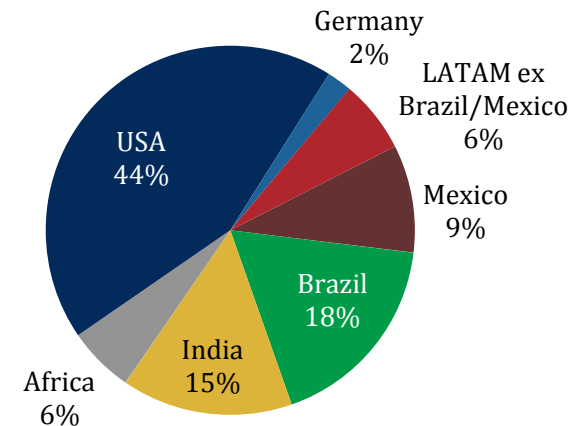
# American Tower

## Overview

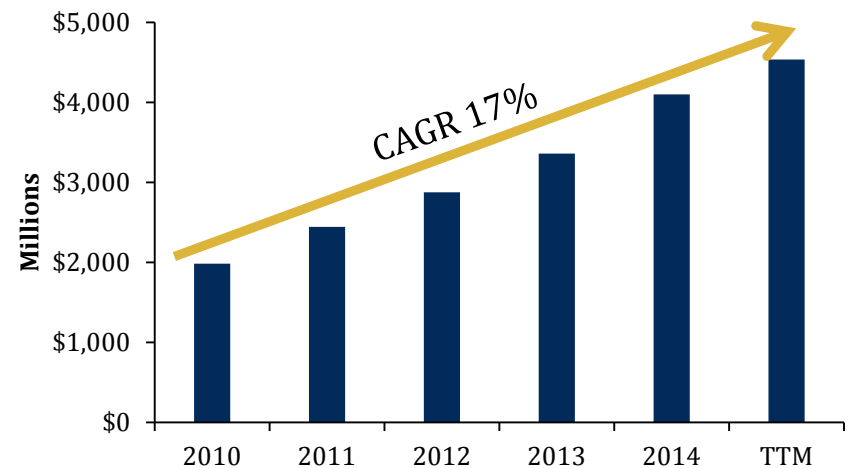


- Operate and lease wireless communications sites around the world
- Large existing portfolio with 92,718 sites worldwide
- Long-term contracts with extremely low churn rate
- Aggressive acquisition strategy with a focus on international sites
- Organized as a REIT

## Site Locations



## Historic Revenue



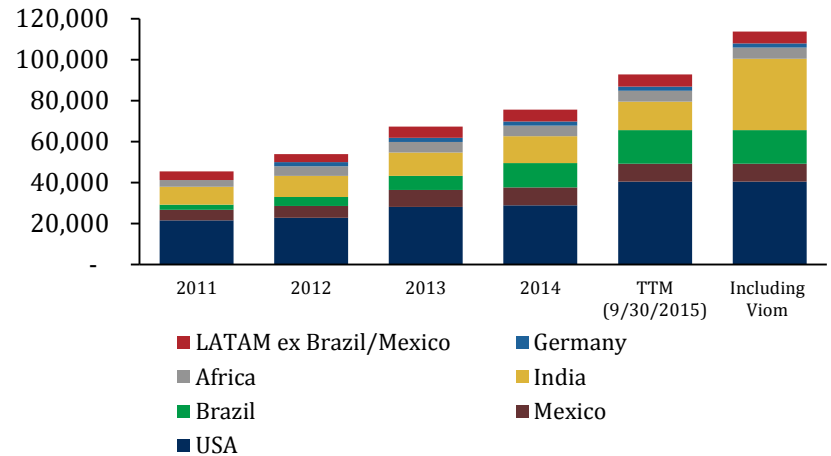
# American Tower

## Growth

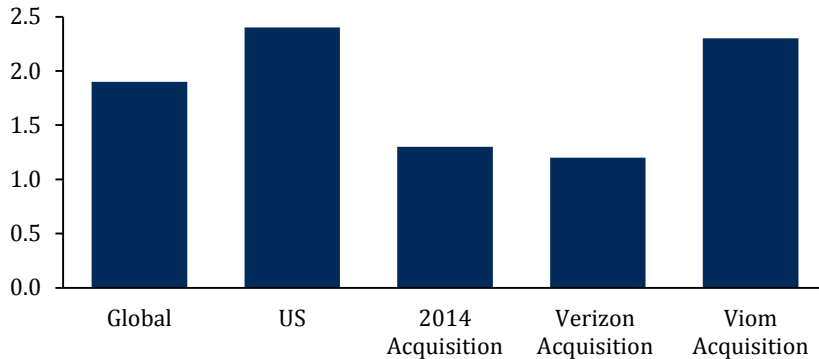


- Organic revenue growth averages over 10%
- Continued Domestic Growth
  - Verizon acquisition
  - Continued network upgrades
- Strong International Growth Potential
  - Well positioned for mobile revolution
  - Viom acquisition

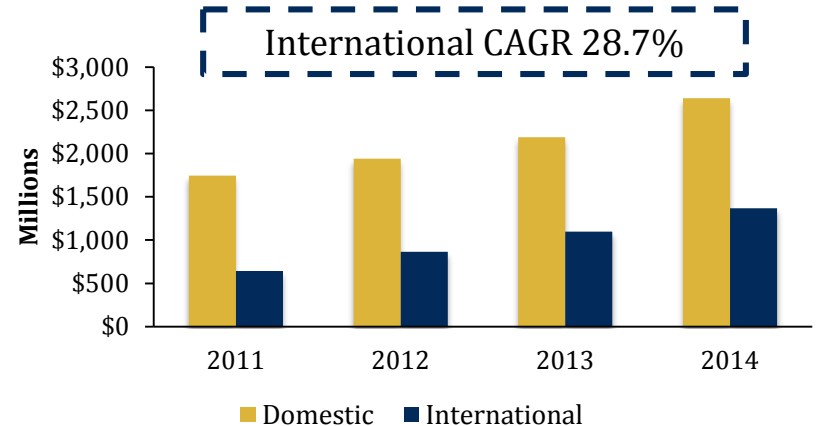
## Site Locations



## Average Tenants per Tower



## Revenue Breakdown



# American Tower

## Valuation and Thesis



Recommendation: BUY		Portfolio Decision: BUY	
Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	80%	\$120.35	\$96.28
P/Sales Multiple	10%	\$107.91	\$10.79
P/BV Multiple	10%	\$128.29	\$12.83
Intrinsic Value			\$119.90
Market Price (11/23/15)			\$99.94
Estimated Upside / (Downside)			20.0%

### Investment Thesis

- Long term contracts and large portfolio of properties ensure stable recurring revenue
- Strong acquisition history and continued room for growth internationally
- Hardware and software agnostic opportunity to capitalize on growing mobile revolution

# Dick's Sporting Goods

NYSE: DKS



**Price (11/23/15):** \$39.31

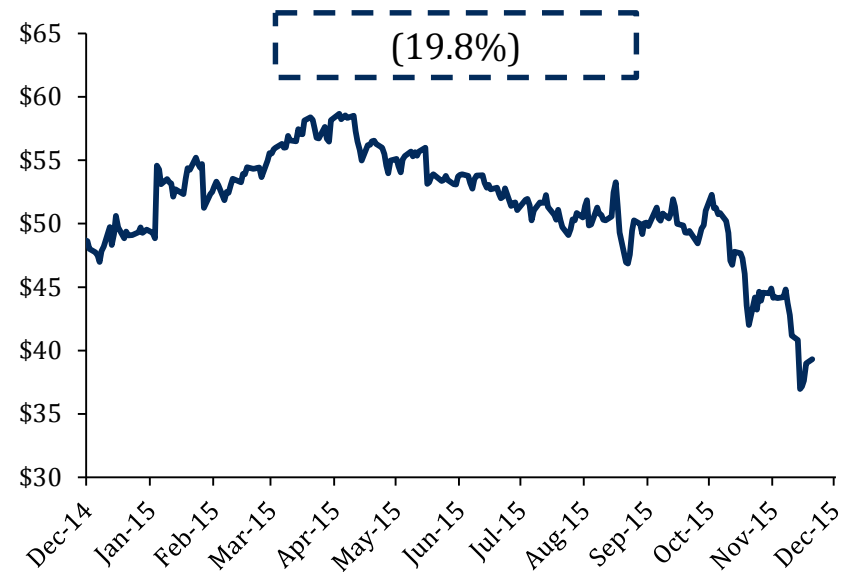
**1-yr Forward P/E:** 11.8x

**Market Cap:** \$4.5B

**Dividend Yield:** 1.4%

**LTM EPS:** \$3.10

## 1-Year Price Chart



**Focus – Discovery**

# Dick's Sporting Goods

Discovery



## Local Sporting Good Retailers



### Types of Competitors

Large Format Stores

Traditional Sporting Goods Stores

Small Specialty Stores

Department Stores

### Takeaways

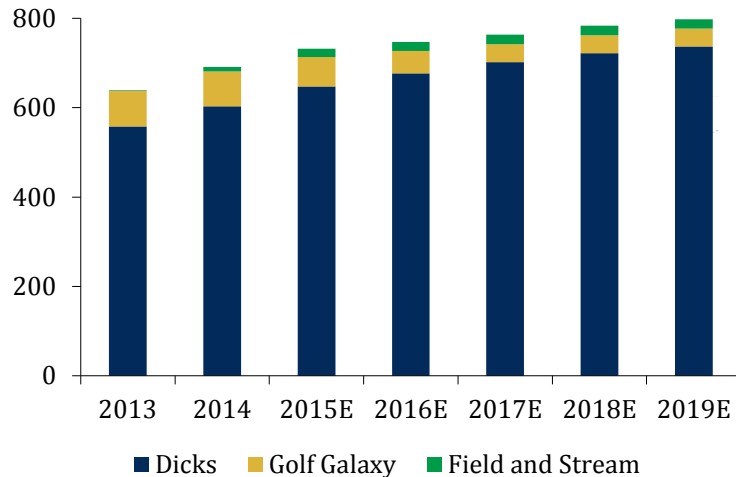
- Competitive advantage comes from product range and strong brands
- Trailing competitors significantly in customer service
- Product offering benefits brick & mortar model

# Dick's Sporting Goods

## Revenue Projections

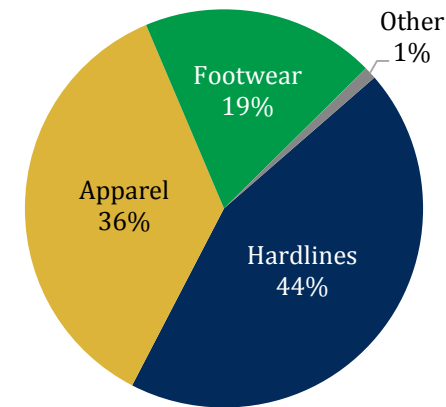


### Total Store Count



- Continuing to open flagship stores
  - Decreasing rate due to shift to online
- Golf Galaxy declining sharply before stabilizing
- Slow growth of Field & Stream
  - Uncertain future of outdoors sector

### Revenue Breakdown By Product



- Shift in focus to apparel will help capitalize on growing fitness apparel trend
- Moving away from hardline products
  - Lower margins
- Will be difficult to compete in footwear due to lack of customer service

# Dick's Sporting Goods

## Valuation and Thesis



Recommendation: BUY		Portfolio Decision: NO BUY	
Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	85%	\$45.61	\$38.77
EV/Revenue Multiple	5%	\$55.53	\$2.78
Implied P/E Multiple	5%	\$53.11	\$2.66
EV/EBITDA Multiple	5%	\$46.61	\$2.33
Intrinsic Value			\$46.53
Market Price (11/23/15)			\$39.31
Estimated Upside / (Downside)			18.0%

### Investment Thesis

- Refocus on fitness apparel will improve profitability
- Strong name without any real direct competitors
- Hardline equipment products promote brick & mortar model

# Envision Healthcare Holdings

NYSE: EVHC



**Price (11/23/15):** \$27.31

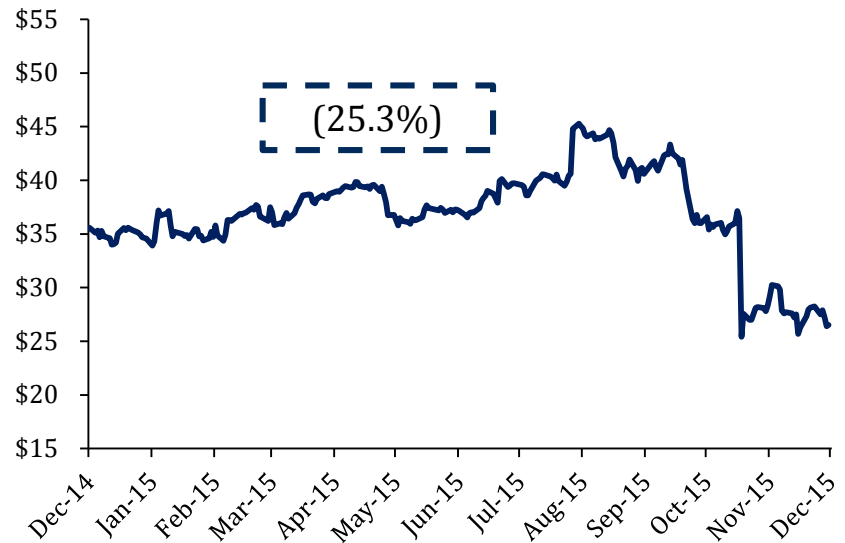
**1-yr Forward P/E:** 33.1x

**Market Cap:** \$5.1B

**Dividend Yield:** N/A

**LTM EPS:** \$0.80

1-Year Price Chart



**Focus – Discovery / Industry Trends**



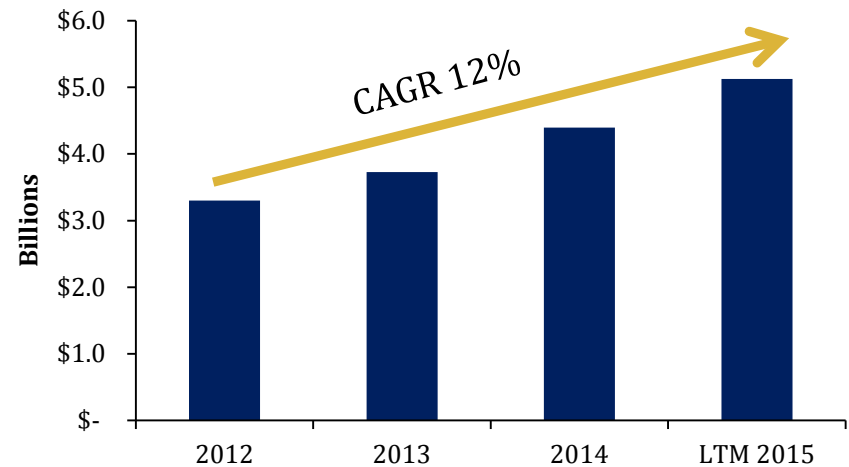
# Envision Healthcare Holdings

## Overview



- Envision is the leading national outsourcer of physician and transportation medical services
- Operates two separate brands; EmCare & American Medical Response (AMR)
- EmCare traditionally accounts for 65% of revenues

### Historical Revenue



### Segment Operating Margins

	2012	2013	2014	LTM 2015
<b>EmCare Operating Margin (%)</b>	10.8	9.7	10.2	7.2
<b>AMR Operating Margin (%)</b>	4.8	4.8	7.4	8.2
<b>Total Operating Margin (%)</b>	8.3	7.9	9.2	7.8

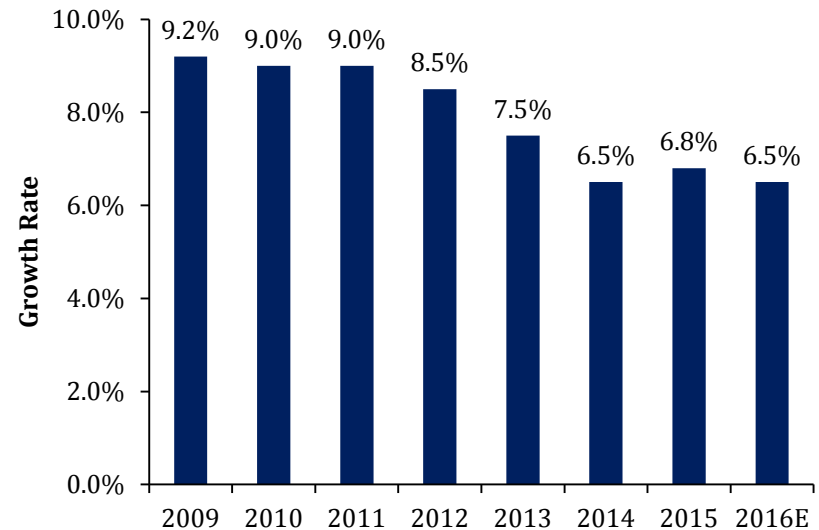
# Envision Healthcare Holdings

## Discovery and Industry Trends



- Contractual Ability to Manage Profitability
  - Contracts staffed on 45-60 day basis
  - AMR still has margin growth potential from public services partnerships
- Industry Trends Supporting Growth
  - Hospital consolidation at all time high since Affordable Care Act
  - Consolidation drives new contract opportunities
  - Medical Spending forecasted at steady 6.5% growth rate for 2016

### Medical Spending Growth Rates



# Envision Healthcare Holdings

## Valuation and Thesis



Recommendation: BUY		Portfolio Decision: BUY	
Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	80%	\$29.15	\$23.32
P/EBITDA Multiple	10%	\$38.20	\$3.82
Implied P/E Multiple	10%	\$40.00	\$4.00
P/Sales Multiple	0%	\$43.45	-
Intrinsic Value			\$31.14
Market Price (11/23/15)			\$27.31
Estimated Upside / (Downside)			14.0%

### Investment Thesis

- AMR growth will support steady margins
- Macro Industry trends support continued growth
- Evolution Health solution positions EVHC for value based environments
- Market is waiting for margins to improve from recent dips

# Facebook

NASDAQ:FB



**facebook**

**Price (11/23/15):** \$106.95

**1-yr Forward P/E:** 59.7x

**Market Cap:** \$303.0B

**Dividend Yield:** N/A

**LTM EPS:** \$1.00

## 1-Year Price Chart



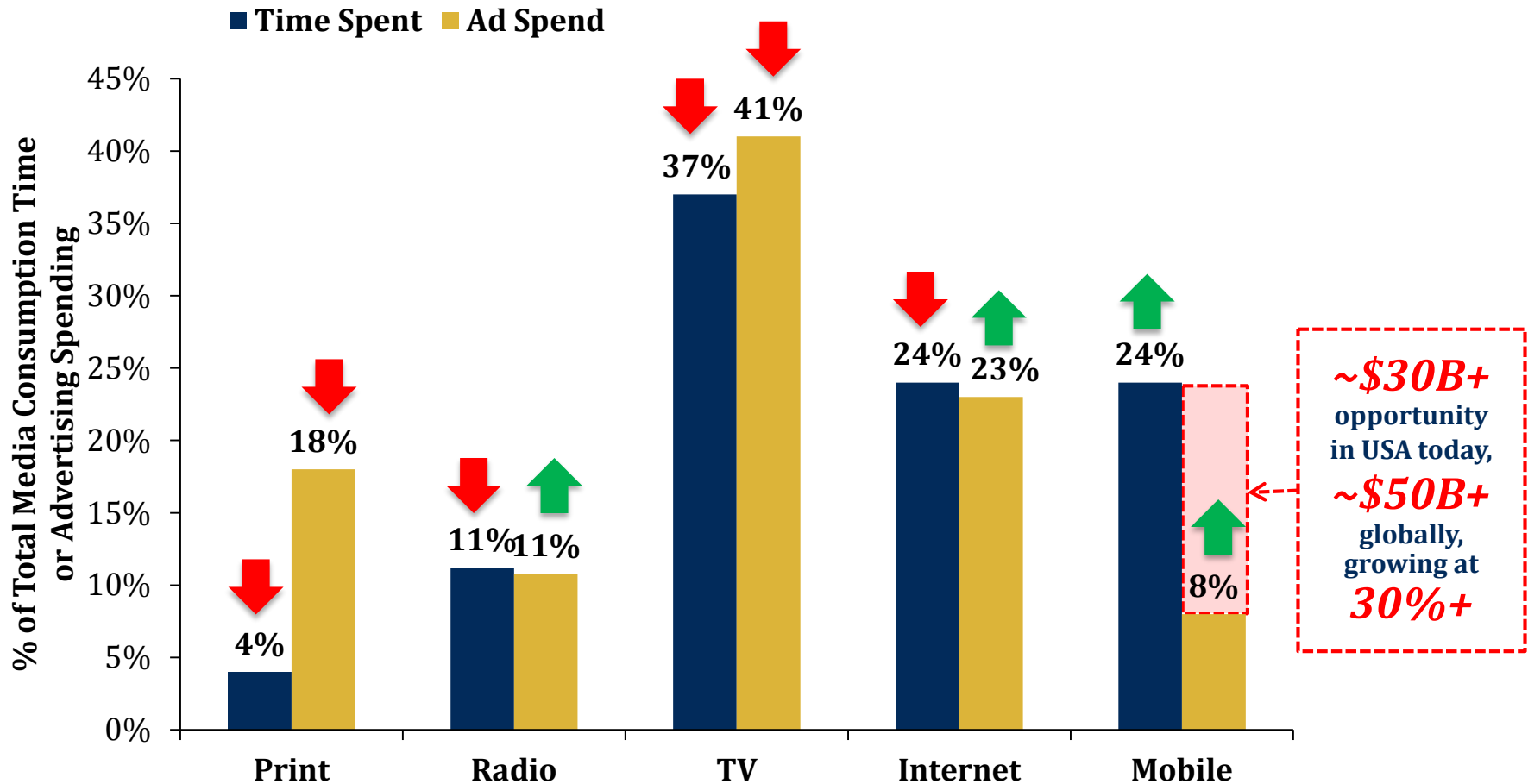
**Focus – Growth Dynamics**

# Mobile Market Opportunity

FB benefits from transfer of ad spend to mobile



## % of Time Spent in Media vs. % of Advertising Spending, USA, 2014



# Facebook

## Valuation and Thesis



Recommendation: BUY		Portfolio Decision: BUY	
Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	80%	\$137.99	\$110.39
EV/Revenue Multiple	10%	\$102.04	\$10.20
Implied P/E Multiple	10%	\$124.86	\$12.49
P/BV Multiple	0%	\$116.47	--
Intrinsic Value			\$133.08
Market Price (11/23/15)			\$106.95
Estimated Upside / (Downside)			24.4%

### Investment Thesis

- Driven by the thesis that market matters most, FB has the right set of products in the right market at the right time, suggesting long-term outperformance

# Monsanto

NYSE: MON



MONSANTO



**Price (11/23/15):** \$95.27

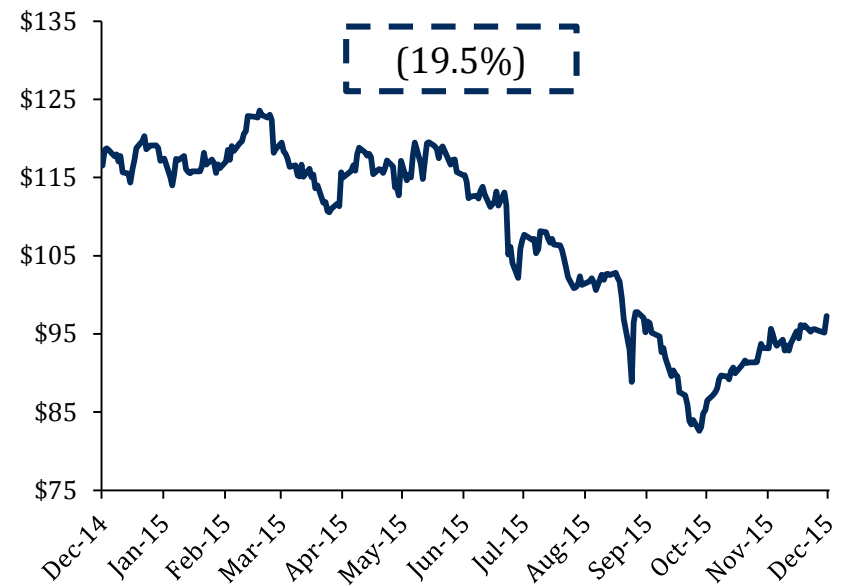
**1-yr Forward P/E:** 15.3x

**Market Cap:** \$42.8B

**Dividend Yield:** 2.1%

**LTM EPS:** \$4.81

## 1-Year Price Chart



**Focus – Discovery**

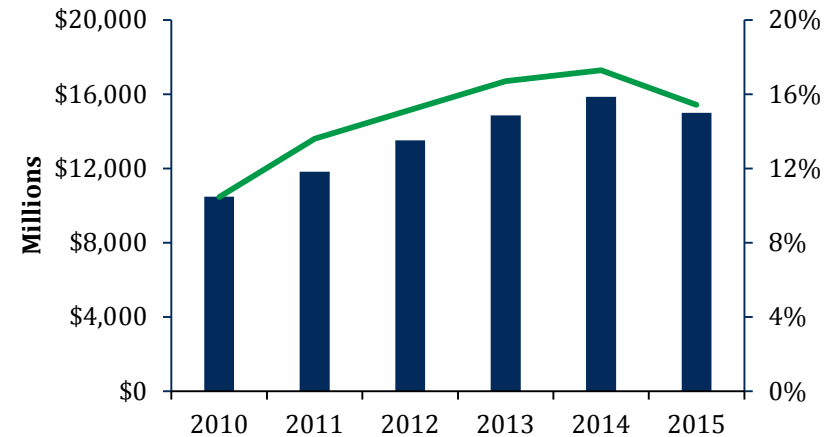
# Monsanto

## Overview

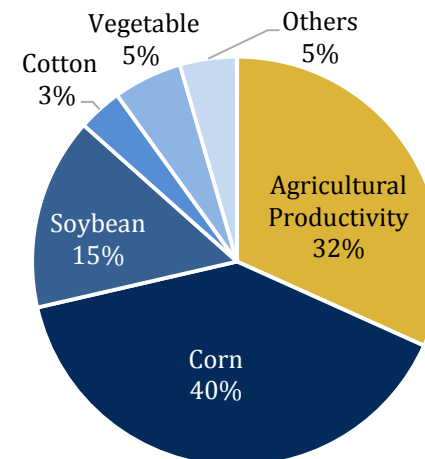


- Leading biotechnology-driven agricultural company that specializes in genetically engineered (GM) seeds and herbicides
- Operates two business segments:
  - Seeds and Genomics
  - Agricultural Productivity
- Dominates 80% of U.S. corn and 93% of U.S. soybeans
- Outside the United States, Monsanto operates principally in Brazil, Argentina, Canada and Mexico
- 2016 EPS forecast: \$4.00-4.66

### Revenue & NPM



### 2015 Revenue by Segment





# Monsanto

## Discovery

### Phone Interview with Aaron Backman (Agricultural Economist & AIM Alum)

- Negative short-term outlook due to falling commodity prices and currency headwinds
- Independent research labelled MON's herbicide a "probable carcinogen"
  - World Health Organization, California EPA
- Negative public perception might hinder expansion plans
  - 19 EU countries have banned GMO planting
- Lawsuits dragging down profits
  - Environmental pollution, patent infringement from seed contamination
- Expansion into data science provides opportunities for growth, but risky



# Monsanto

## Valuation and Thesis



**Recommendation: HOLD**

**Portfolio Decision: SELL**

Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	80%	\$103.78	\$83.02
Dividend Discount Model	20%	\$100.79	\$20.16
Intrinsic Value			\$103.18
Market Price (11/23/15)			\$95.27
Estimated Upside / (Downside)			8.3%

### Investment Thesis

- Recent EU GMO bans and increased public scrutiny of GMOs limit potential markets
- Costs for lawsuits, restructuring and anti-labelling campaigns weigh down profits
- Market leader in seed business, but strategic shift to data science poses uncertainty
- Business practices do not align with University's values

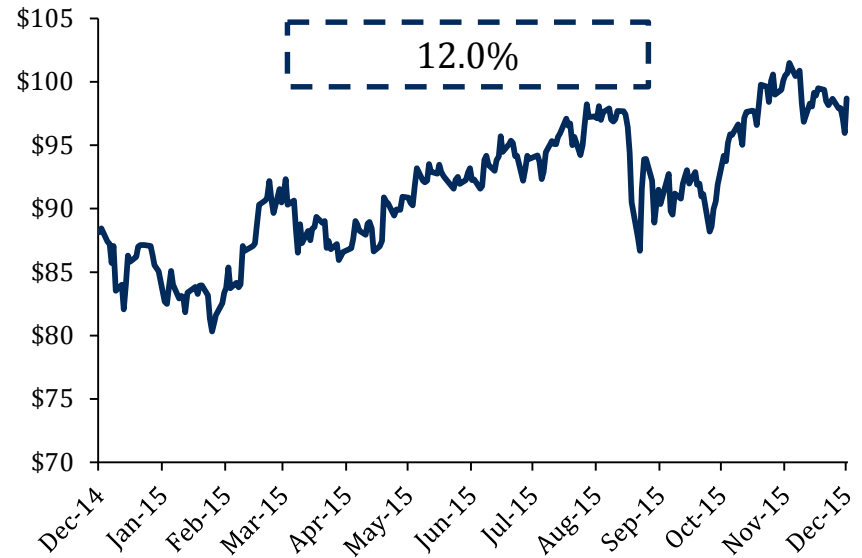
# MasterCard Incorporated

NYSE: MA



**Price (11/23/15):** \$99.37  
**1-yr Forward P/E:** 25.9x  
**Market Cap:** \$110.8B  
**Dividend Yield:** 0.7%  
**LTM EPS:** \$3.27

1-Year Price Chart



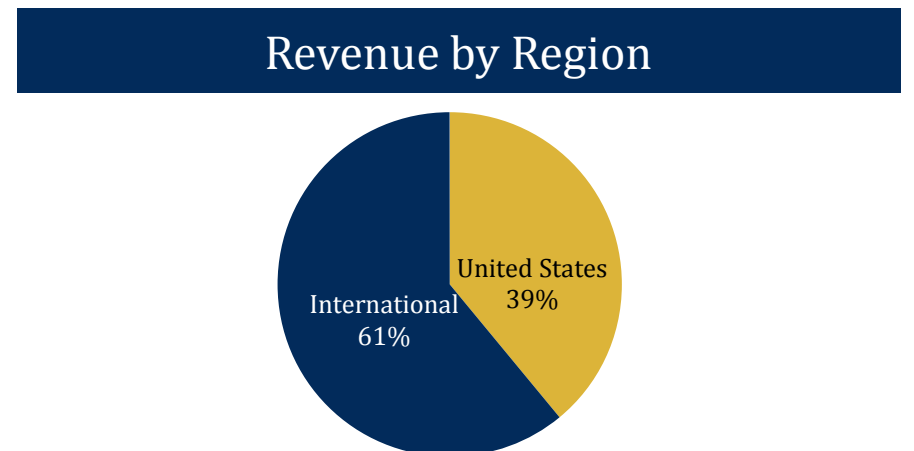
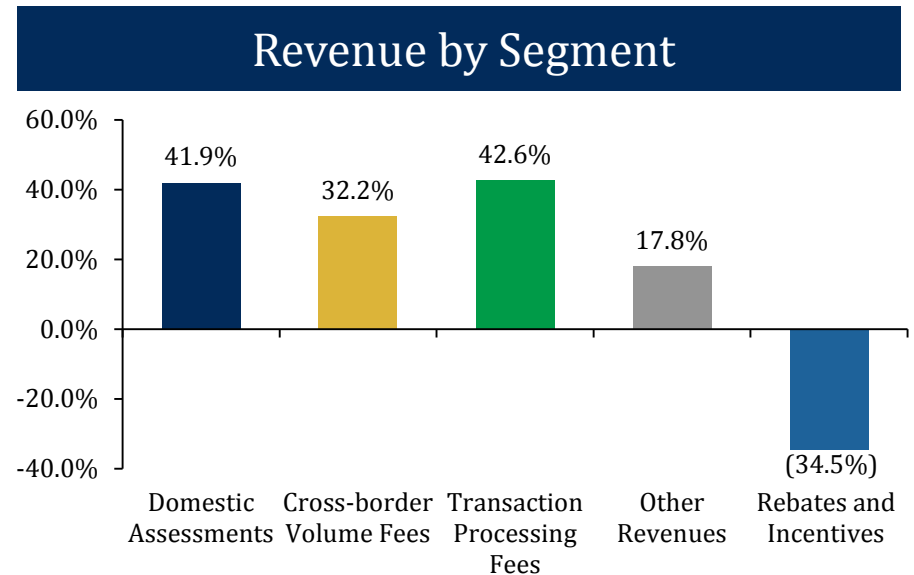
**Focus – Fundamental Analysis**

# MasterCard Incorporated

## Overview



- “Open-loop” vs. “Closed-loop” network
  - “Open-loop”: 4-parties (cardholder, merchant, issuer, acquirer)
  - “Closed-loop”: 3-parties (cardholder, merchant, issuer/acquirer)
- Revenue Breakdown
  - Domestic Assessments
  - Cross-Border Volume Fees
  - Transaction Processing Fees
  - Rebates and Incentives
  - Other Revenue



# MasterCard Incorporated

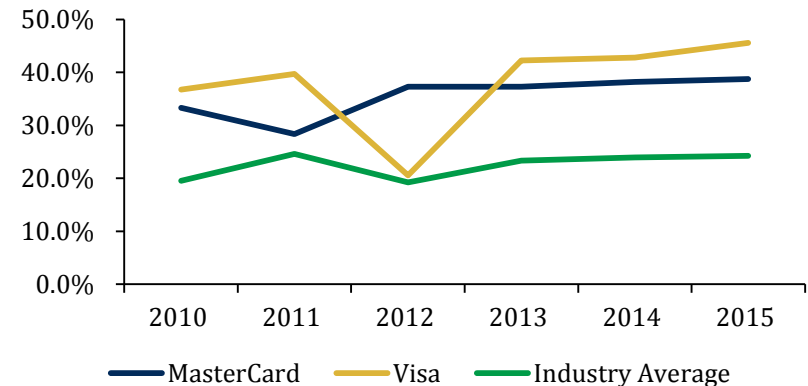
## Fundamental Analysis



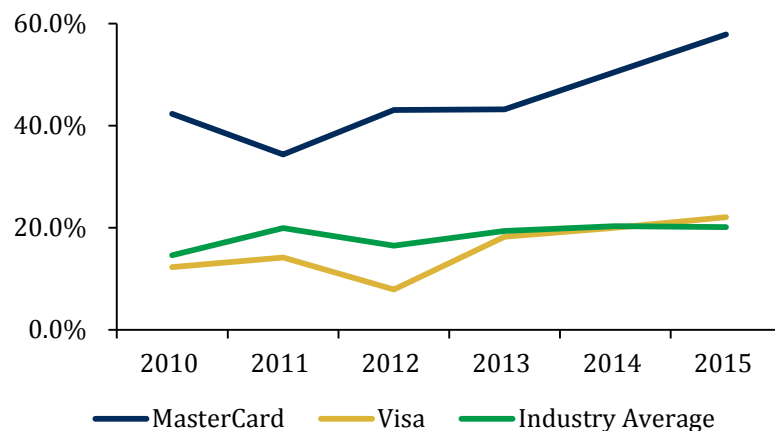
### Takeaways

- “Open-loop” business model increases profit margin and reduces risk
- Maintain high ROE without use of debt for financial leverage
- Large cash balance compared to peers provides opportunity for M&A and growth

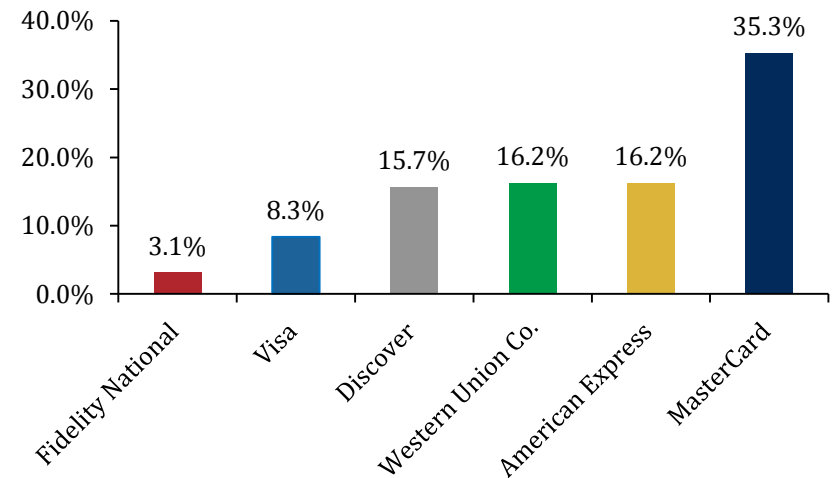
### Net Profit Margin



### Return on Equity



### Cash as % of Assets



# MasterCard Incorporated

## Valuation and Thesis



**Recommendation: HOLD**

**Portfolio Decision: HOLD**

Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	85.0%	\$116.35	\$98.80
Implied P/E Multiple	7.5%	\$99.42	\$7.46
Price/Operating Profit Multiple	7.5%	\$94.47	\$7.09
P/BV Multiple	0.0%	\$5.80	--
Intrinsic Value			\$113.44
Market Price (11/23/15)			\$99.37
Estimated Upside / (Downside)			14.2%

### Investment Thesis

- Good position in expanding industry – international opportunities in China, France
- On forefront of digital payment platform – cybersecurity, MasterPass (digital wallet)
- Large cash balance for M&A and growth opportunities
- Risk in litigation costs and competition from other payment processing companies

# UnitedHealth Group

NYSE: UNH



**Price (11/23/15):** \$112.16

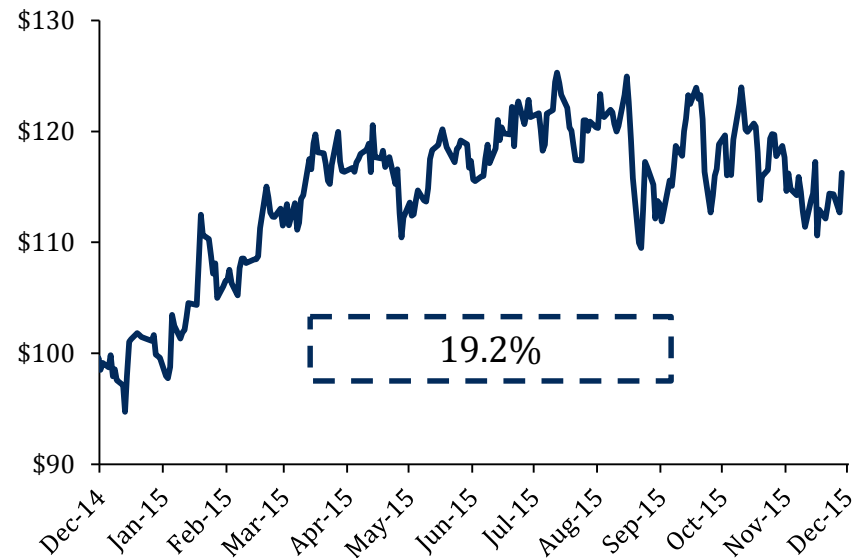
**1-yr Forward P/E:** 16.1x

**Market Cap:** \$110.3B

**Dividend Yield:** 1.8%

**LTM EPS:** \$6.30

## 1-Year Price Chart



**Focus – Industry Analysis**

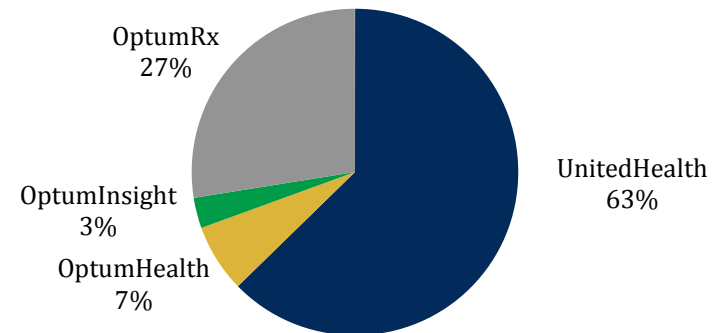
# UnitedHealth Group

## Overview

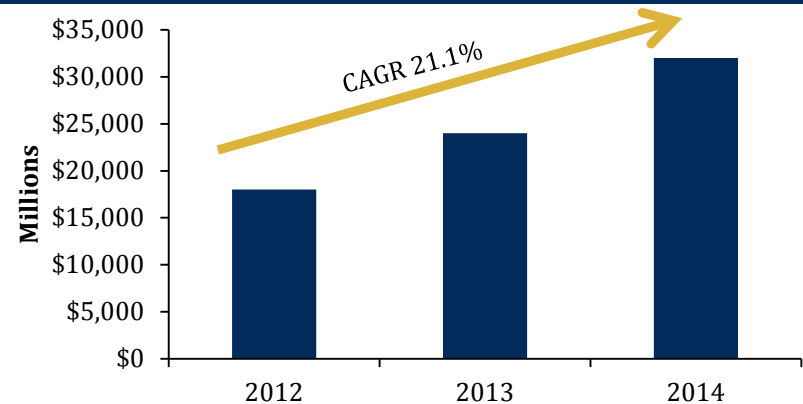


- Two segments:
  - UnitedHealth – Insurance
  - Optum – Auxiliary Healthcare Services
    - OptumHealth
    - OptumInsight
    - OptumRx**
- 100,000,000+ people covered
- \$130B+ 2014 revenue

### 2015 Q3 Revenue by Segment



### OptumRx Revenue





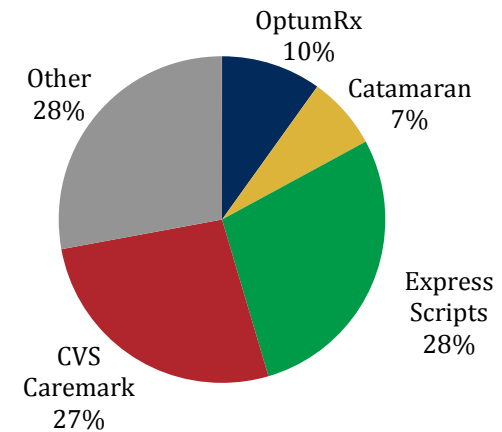
# UnitedHealth Group

## Pharmaceutical Benefit Management Industry



- Process and pay prescription drug claims
- Middleman between patients, insurers, manufacturers, and pharmacies
- Lower margin, higher growth
- Hedge ACA by favoring generics – margin expansion
- \$12B Catamaran acquisition

### Industry Concentration



### Strategic Acquisition



# UnitedHealth Group

## Valuation and Thesis



**Recommendation: HOLD**

**Portfolio Decision: HOLD**

Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	80%	\$148.09	\$118.47
Implied P/E Multiple	20%	\$126.38	\$25.28
P/BV Multiple	0%	\$35.90	--
Intrinsic Value			\$143.75
Market Price (11/23/15)			\$112.16
Estimated Upside / (Downside)			28.2%

### Investment Thesis

- Market leader and strong management with a proven track record
- Diversified-player in a rapidly changing industry
- Explosive growth in Optum segment with spin-off potential

# The Hain Celestial Group

NYSE: HAIN



**Price (11/23/15):** \$41.69

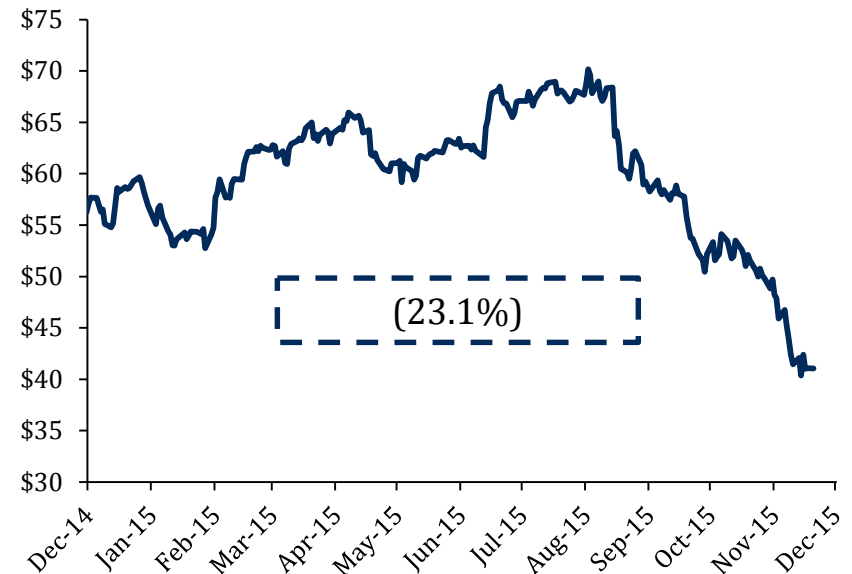
**1-yr Forward P/E:** 27.1x

**Market Cap:** \$4.3B

**Dividend Yield:** N/A

**LTM EPS:** \$1.80

### 1-Year Price Chart



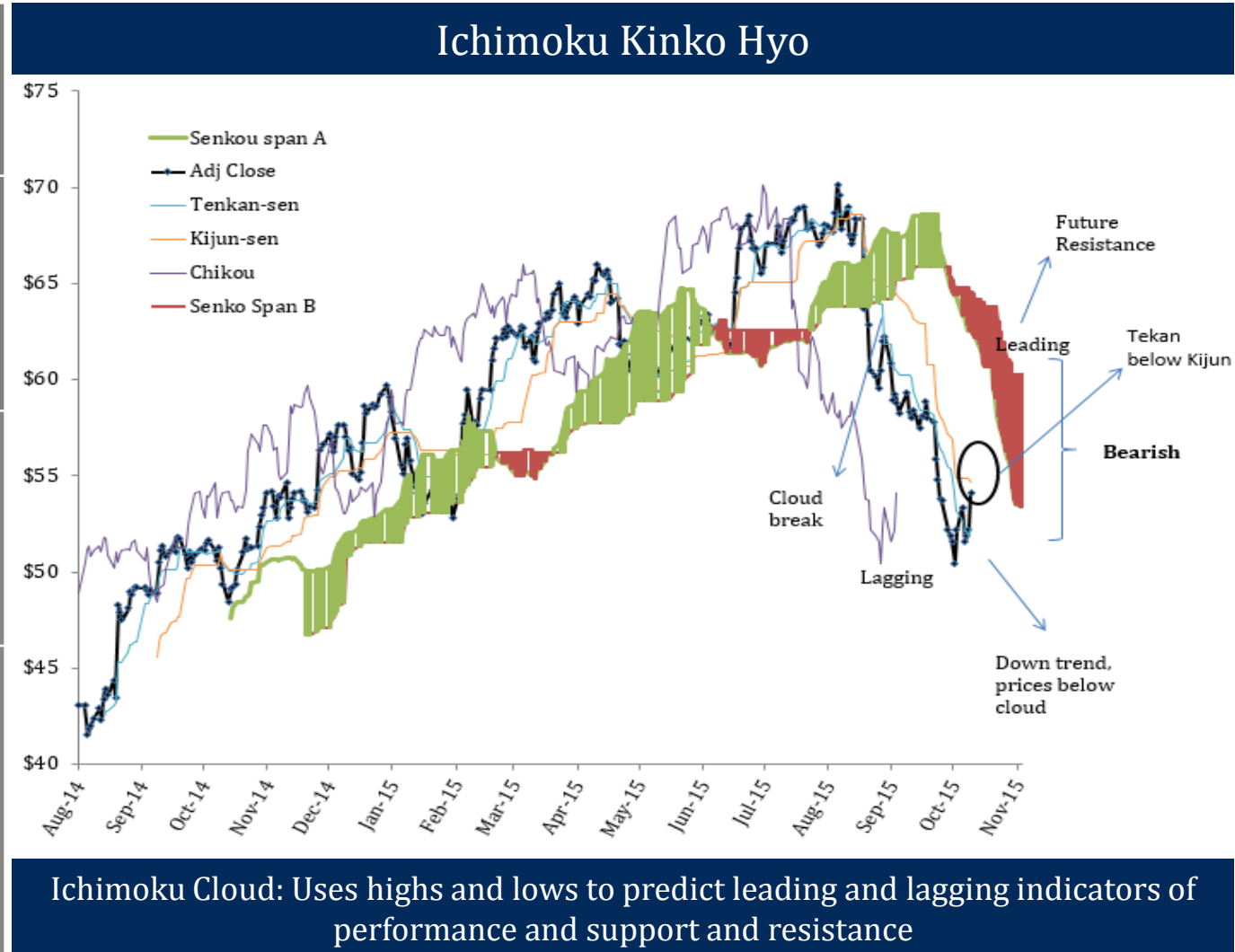
**Focus - Technical Analysis**

# Hain Celestial

## Technical Analysis



<b>Chikou</b>	Close plotted in the past
<b>Tenkan-sen</b>	Short term high and low average
<b>Kijun-sen</b>	Medium term high and low average
<b>Klumo</b>	Difference between long term high low average and average of kijun and tenkan plotted ahead



# Hain Celestial Group

## Overview

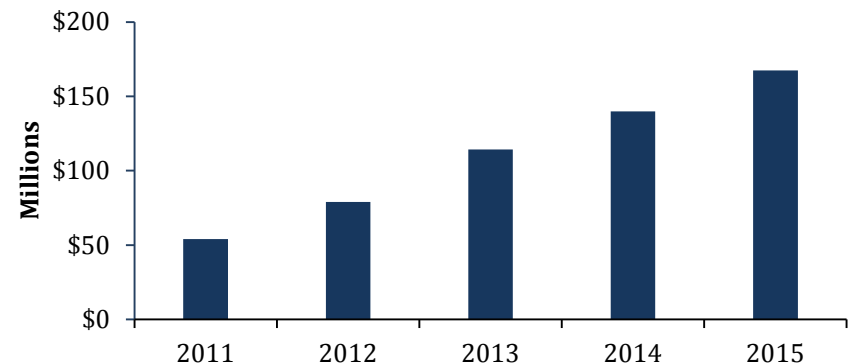


- The Hain Celestial group is a natural foods and personal care product manufacturer with presence in North America, Europe, the Middle East and Asia.
- Grows through international acquisition
- Maintains high margins in the US to offset lowering prices in new markets
- Foreign exchange risk

## Geographical Operations



## Historical Revenue



# Hain Celestial Group

## Valuation and Thesis



Recommendation: HOLD		Portfolio Decision: HOLD	
Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	90%	\$61.87	\$55.68
Implied P/E Multiple	10%	\$58.59	\$5.86
Book Value Per Share	0%	\$16.17	--
Intrinsic Value			\$61.54
Market Price (11/23/15)			\$41.69
Estimated Upside / (Downside)			47.6%

### Investment Thesis

- International presence in Asia will allow Hain to grow as the region matures
- Growth will be slower in the short term but growth will speed up as the company establishes itself in new markets.
- The acquisition based strategy gives the company advantages in new markets

# The Walt Disney Company

NYSE: DIS



**Price (11/23/15):** \$119.42

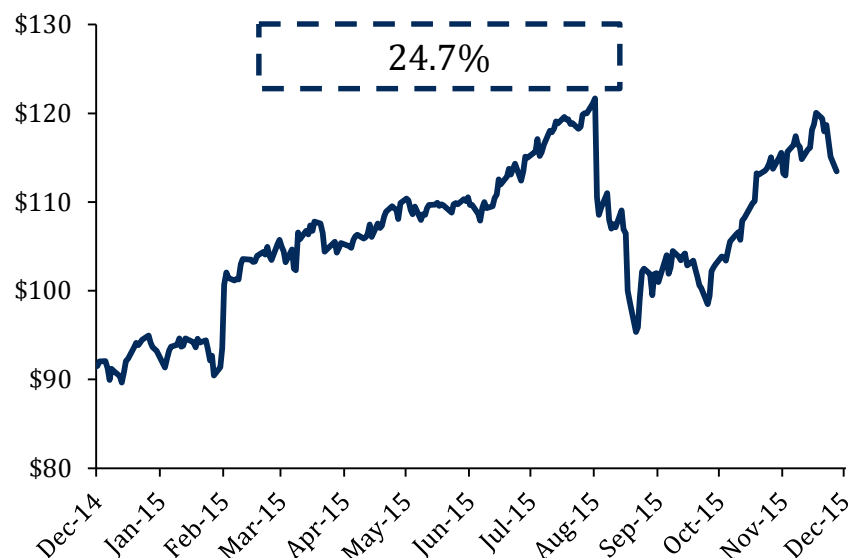
**1-yr Forward P/E:** 19.1x

**Market Cap:** \$190.4B

**Dividend Yield:** 1.2%

**LTM EPS:** \$4.95

## 1-Year Price Chart



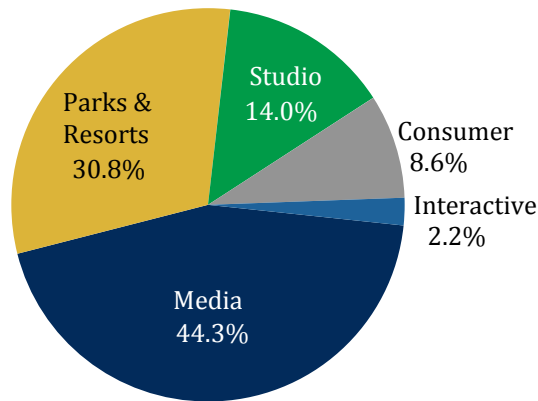
**Focus – Fundamentals and Discovery**

# The Walt Disney Company

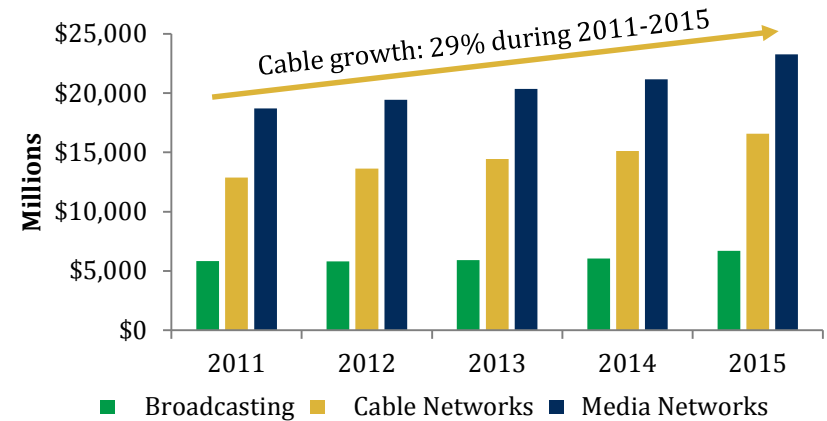
## Fundamentals & Discovery



### FY 2015 Revenue by Segment



### Steady Growth in Media



### Underestimating Consumer Demand

#### Wal-Mart Toys SKU Analysis

	SKUs	Understocked	
		Units	Percentage
Star Wars	231	33	14.3%
Marvel & Frozen	132	14	10.6%

- Supply shortage underscored by lack of big event





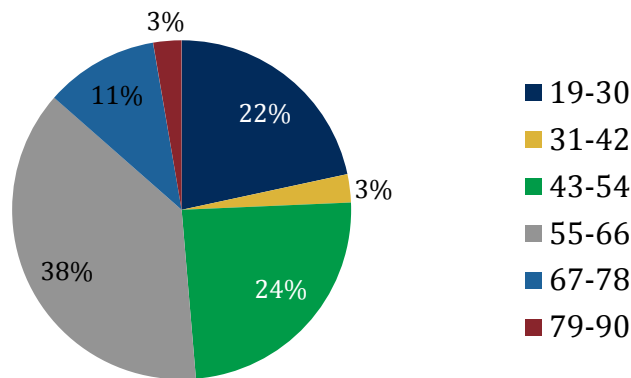
# The Walt Disney Company

## Discovery: Star Wars

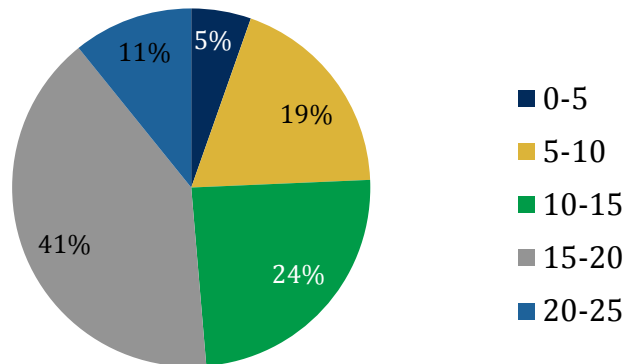


### Wide Range of Viewership

How old are the oldest viewers?

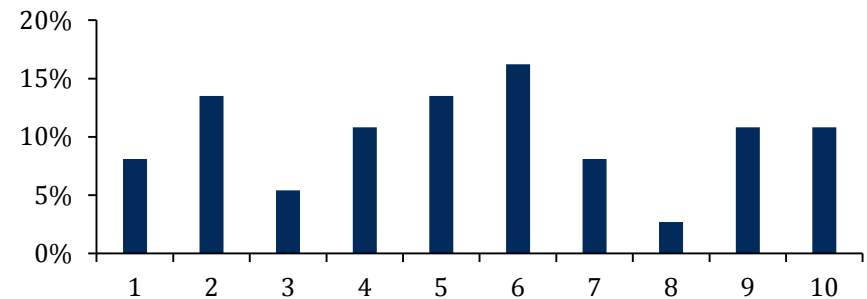


How young are the youngest viewers?

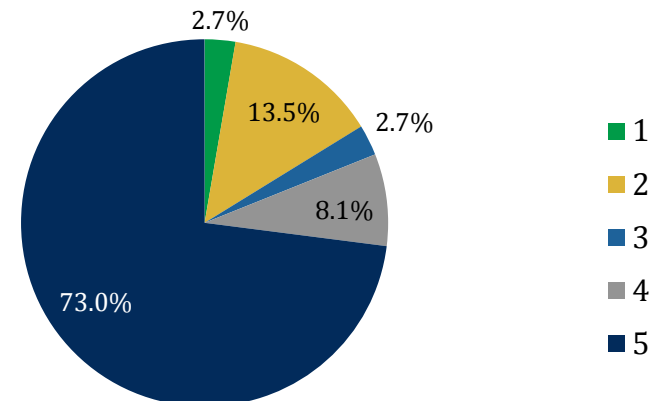


### “Casual” Fan Turnout

On a scale of 1-10, how big of a Star Wars fan are you?



On a scale of 1-5, how likely are you to see the new movie?



# The Walt Disney Company

## Valuation and Thesis



Recommendation: BUY		Portfolio Decision: BUY	
Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	80%	\$133.99	\$107.19
Implied P/E Multiple	10%	\$102.58	\$10.26
Theme Park Adj. P/E Multiple	5%	\$143.69	\$7.18
Dividend Discount Model	5%	\$107.69	\$6.80
Book Value per Share	0%	\$28.72	--
Intrinsic Value			\$131.43
Market Price (11/23/15)			\$119.42
Estimated Upside / (Downside)			10.1%

### Investment Thesis

- Upside potential in studio from Star War's generational & casual fan effects
- Media industry and ESPN concerns mitigated by media's steady growth
- Strongest brand in the category supports higher licensing fees and benefits from studio success via a multiplier effect

# The Priceline Group Inc.

NASDAQ: PCLN



**Price (11/23/15):** \$1,264.32

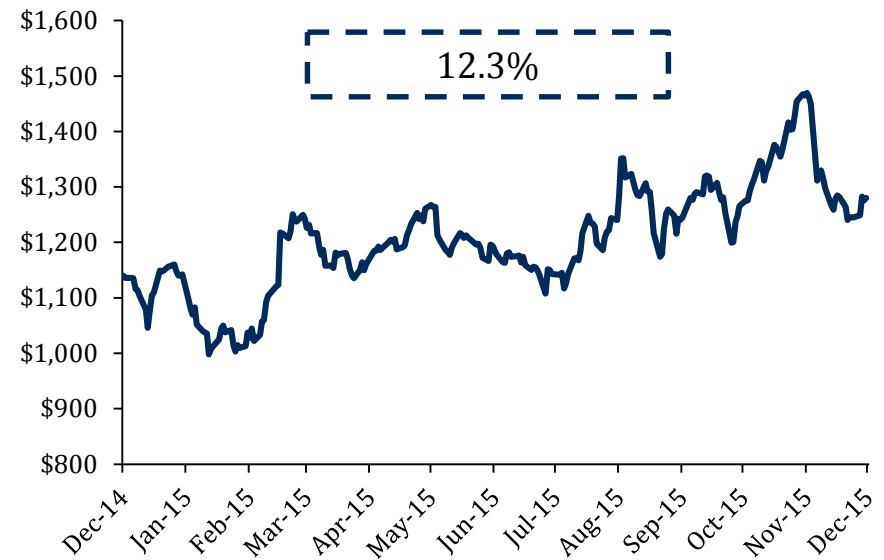
**1-yr Forward P/E:** 21.8x

**Market Cap:** \$63.9B

**Dividend Yield:** N/A

**LTM EPS:** \$47.87

## 1-Year Price Chart



**Focus – Fundamental Analysis**

# The Priceline Group Inc.

## Overview



- Global leader in the Online Travel Agency (OTA) industry
- Biggest in Europe, 2<sup>nd</sup> biggest in the US, expanding in Asia
- Strong brand portfolio

Booking.com

KAYAK

agoda

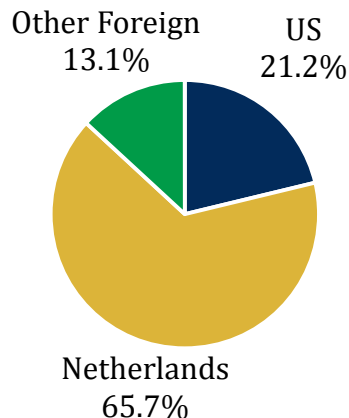
rentalcars.com

priceline.com

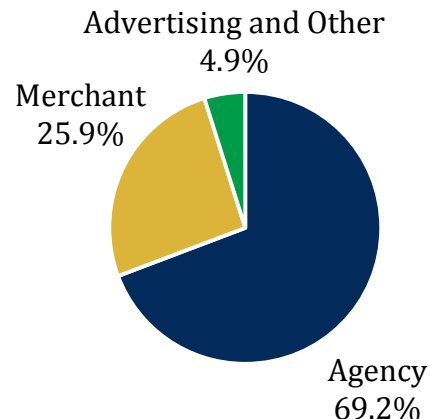
OpenTable

## FY2014 Revenue Breakdown: \$8.4B

### By Geography



### By Product



## Increasing Competition

- Main OTA competitor: *Expedia*
- Meta-search websites: *TripAdvisor*
- Direct suppliers: *Brand.com* of airlines and hotels
- Rising smaller players: *Airbnb, Hotel Tonight*
- Rising big competitor: *Google Hotel Finder, Google Flights*

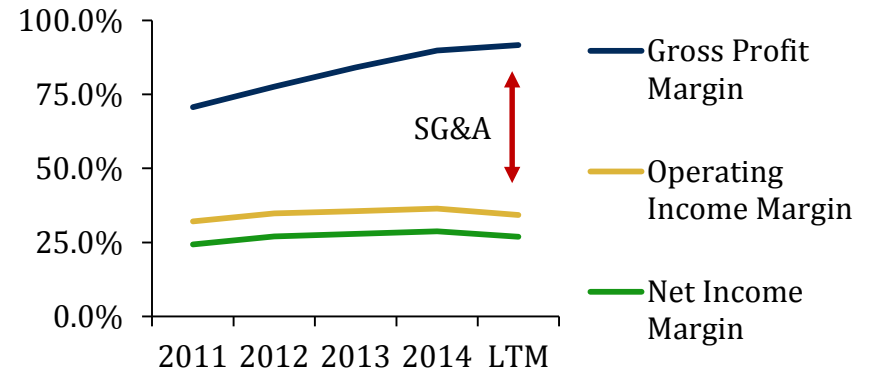
# The Priceline Group Inc.

## Fundamental Analysis

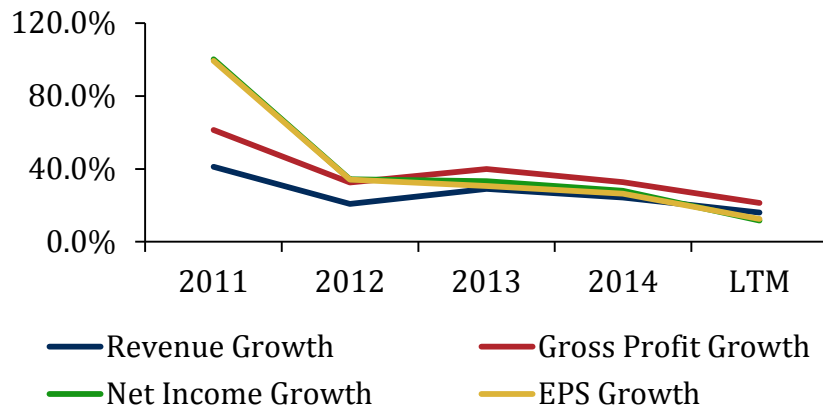


- Slowing growth as competition ramps up
- Improving gross profit margin
- Increasing SG&A needed to support top-line growth
- Online advertising as the most important tool

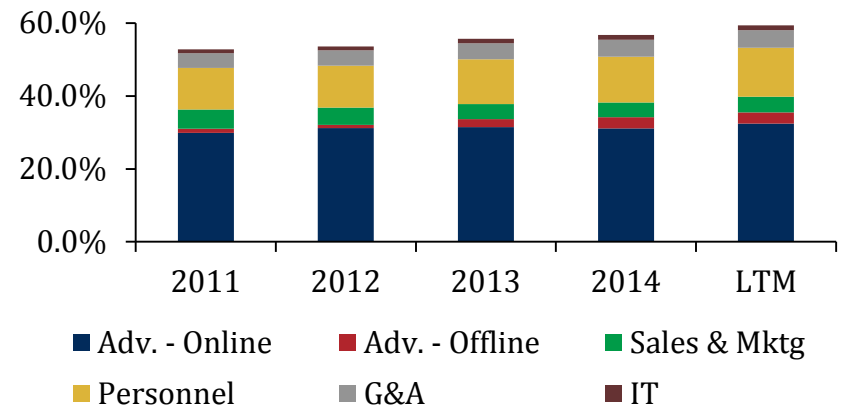
### Margin Analysis



### Growth Analysis



### SG&A as % of Gross Profit



# The Priceline Group Inc.

## Valuation and Thesis



Recommendation: BUY		Portfolio Decision: NO BUY	
Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	80%	\$1,305.85	\$1,044.68
Implied P/E Multiple	10%	\$1,226.47	\$122.65
EV/EBITDA Multiple	10%	\$1,379.57	\$137.96
Intrinsic Value			\$1,305.29
Market Price (11/23/15)			\$1,264.32
Estimated Upside / (Downside)			3.2%

### Investment Thesis

- Global leader in online travel & related services with strong brand portfolio
- Increasing competition coming from other OTAs, Google, Airbnb, etc.
- Limited upside with slowing growth supported by higher SG&A margin

# The TJX Companies, Inc.

NYSE: TJX



**Price (11/23/15):** \$70.59

**1-yr Forward P/E:** 20.0x

**Market Cap:** \$48.1B

**Dividend Yield:** 1.2%

**LTM EPS:** \$3.32

## 1-Year Price Chart



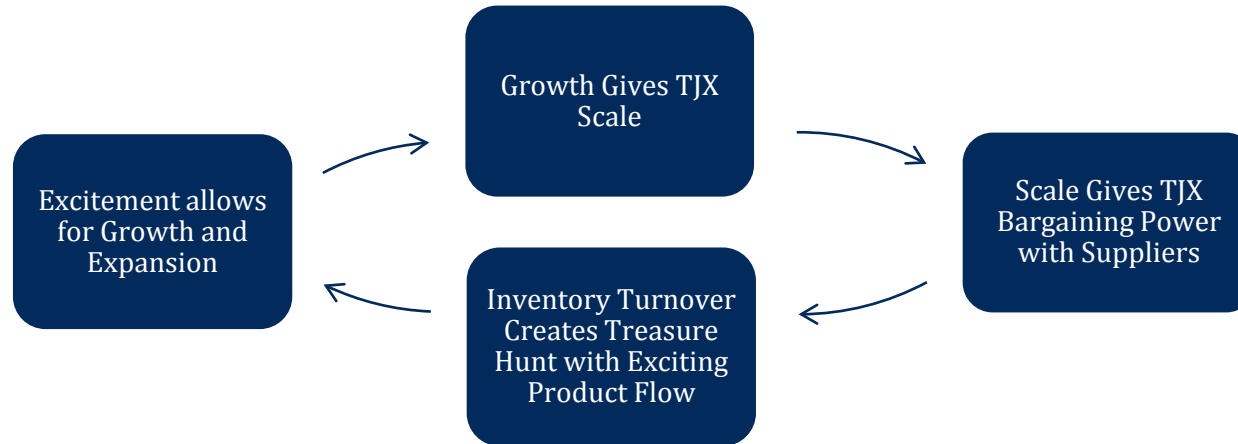
**Focus – Fundamental Analysis**

# The TJX Companies, Inc.

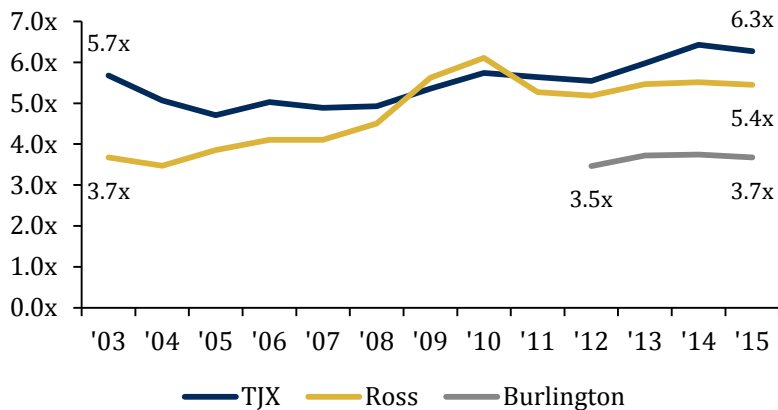
## Business Strategy



### TJX Business Model



### Inventory Turnover (2003 – 2015)



### TJX Current Assets (2007 – 2015)

	'07	'08	'09	'10	'11	'12	'13	'14	'15
Investments	0%	0%	0%	1%	1%	1%	1%	2%	2%
Inventory	23%	22%	23%	19%	19%	19%	19%	17%	17%
A/R	1%	1%	1%	1%	1%	1%	1%	1%	1%
Deferred Taxes	0%	1%	1%	1%	0%	1%	1%	1%	1%
Other	1%	2%	2%	2%	2%	2%	2%	2%	2%
Cash	8%	6%	4%	12%	12%	10%	11%	12%	13%
Total C.A.	33%	33%	32%	37%	35%	34%	35%	34%	36%

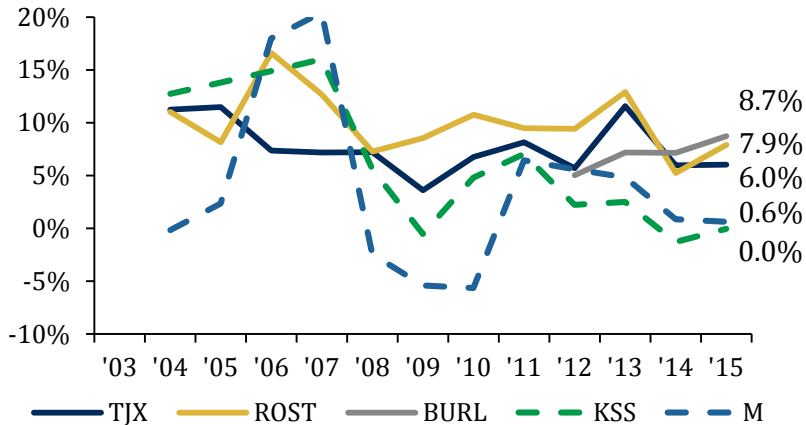


# The TJX Companies, Inc.

## Future Growth



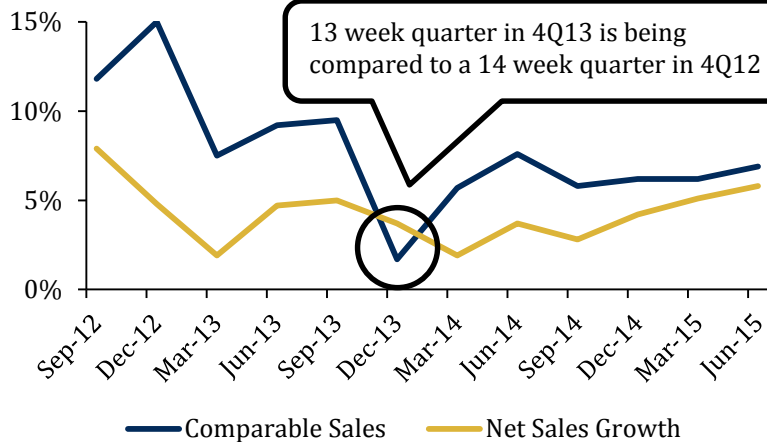
### Revenue Growth (2003 – 2015)



### Store Growth (2007 – 2014)



### SSS Growth



### Remaining White Space

	Existing Locations	Market Size	Potential Growth
North America	2,581	6,581	2.5x
Canada	368	868	2.4x
Europe	440	1,415	3.2x
Australia	0	Acquired Trade Secret	
<b>Total</b>	<b>3,389</b>	<b>8,864</b>	<b>2.6x</b>

# The TJX Companies, Inc.

## Valuation and Thesis



Recommendation: BUY		Portfolio Decision: BUY	
Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	80%	\$81.98	\$65.58
P/Sales Multiple	20%	\$70.28	\$14.06
Implied P/E Multiple	0%	\$70.92	--
P/BV Multiple	0%	\$71.23	--
Intrinsic Value			\$79.64
Market Price (11/23/15)			\$70.59
Estimated Upside / (Downside)			12.8%

### Investment Thesis

- Dominant market position affords the Company significant buying power that drives industry leading inventory turnover
- Consumers will retain frugal spending habits in a recovering consumer environment
- Despite rapid expansion the Company expects to more than double store count

# lululemon athletica, inc.

NASDAQ: LULU



**Price (11/23/15):** \$52.77

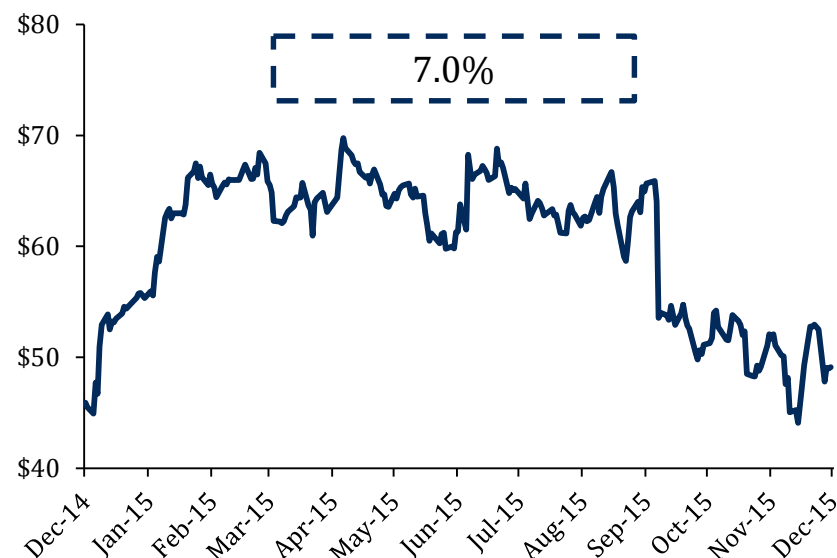
**1-yr Forward P/E:** 26.0x

**Market Cap:** \$6.8B

**Dividend Yield:** N/A

**LTM EPS:** \$1.88

## 1-Year Price Chart



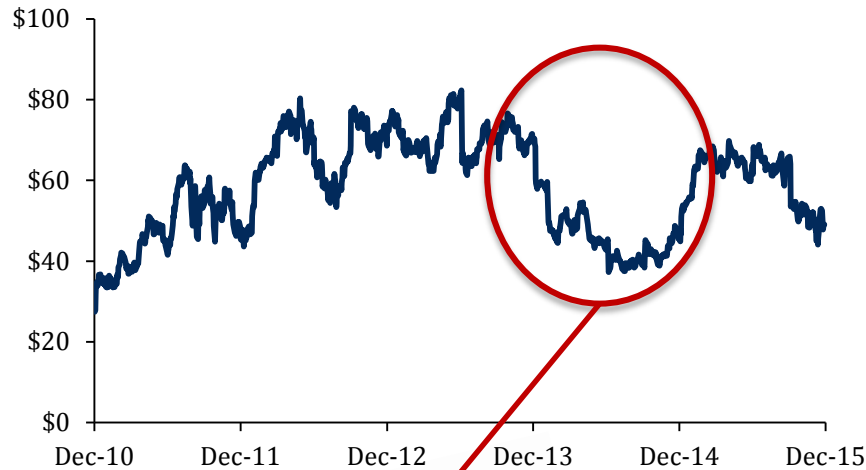
**Focus – Company Background**

# lululemon athletica, inc.

## Transparency Leads to Transformation



### 5-Year Price Chart



### Management Makeover

**Laurent Potdevin**  
Chief Executive Officer



**Stuart Haselden**  
Chief Financial Officer  
J.Crew Group, Saks  
Joined Feb. 2015

**Miguel Almeida**  
Executive VP, Digital  
Walgreens, Apple, Dell, BCG  
Joined Jun. 2015

**Lee Holman**  
Executive VP,  
Creative Director  
Nike, Burberry, A&F  
Joined Oct. 2015

**Duke Stump**  
Executive VP,  
Community & Brand  
Nike, Eaton Sports  
Joined Nov. 2014

**Gina Warren**  
Executive VP, Culture & Talent  
Nike, Levi Strauss, AT&T  
Joining Feb. 2016



# lululemon athletica, inc.

## Looking for Growth Beyond Women's In-Store



### Women's In-Store

- LULU's bread & butter and main source of revenues
- Women's Athletic Wear industry is expected to grow at 9% YoY in the coming years
- Growth driven by "Athleisure" trend and an increased awareness about health & wellness
- While LULU has a strong, loyal customer base, there will be increasing competition in the market

### Men's In-Store



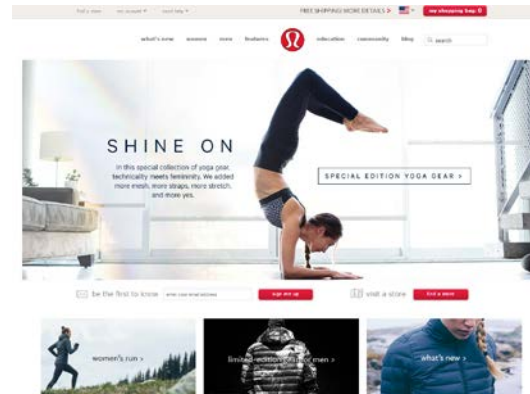
**18%**  
YoY Growth

### International

Country	Stores
United States	200
Canada	46
Australia	26
New Zealand	5
United Kingdom	2
Singapore	1
<b>Total</b>	<b>280</b>



### Online



**27%**  
YoY Growth

# lululemon athletica, inc.

## Valuation and Thesis



Recommendation: NO BUY		Portfolio Decision: NO BUY	
Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	80%	\$50.61	\$40.49
Implied P/E Multiple	10%	\$60.09	\$6.01
P/Sales Multiple	10%	\$58.85	\$5.88
Intrinsic Value			\$52.38
Market Price (11/23/15)			\$52.77
Estimated Upside / (Downside)			(0.7%)

### Investment Thesis

- Complete turnover of the management in the past two years, brought in execs with strong industry and international experience
- LULU will benefit from increasing women's athletic wear, but the real growth opportunity is in men's, international, and online
- While LULU has struggled in the past year, inventory problems are an industry wide problem, not just LULU specific

# Best Buy Co., Inc.

NYSE: BBY



**Price (11/23/15):** \$30.78

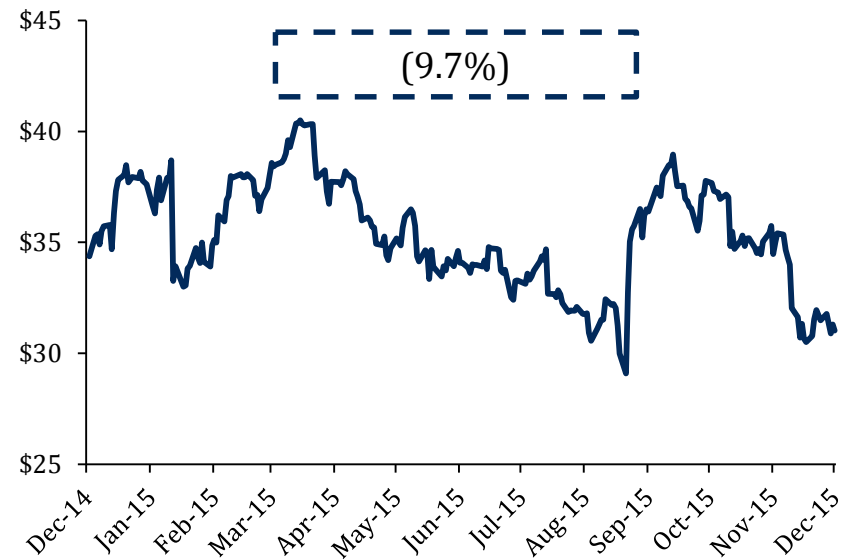
**1-yr Forward P/E:** 10.9x

**Market Cap:** \$10.6B

**Dividend Yield:** 3.0%

**LTM EPS:** \$2.68

## 1-Year Price Chart



**Focus – Discovery**

# Best Buy Co., Inc.

## Overview



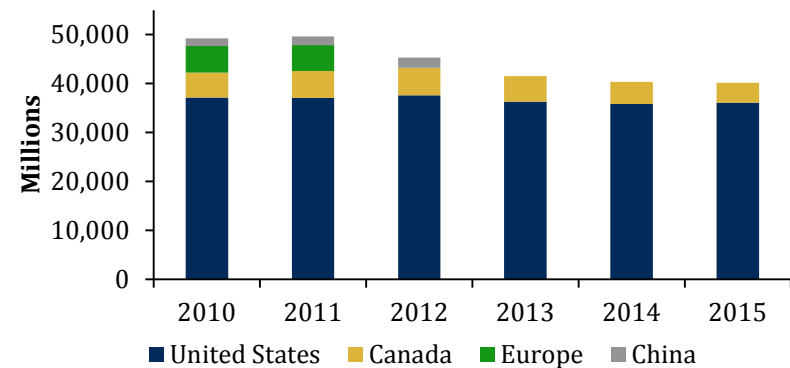
### Management

- Hubert Joly (Chairman and CEO)
  - Career of turning companies around
  - “Ambition” at Carlson
- Sharon McCollam (CFO)

### Renew Blue

- Reinvigorate customer experience
- Work with vendors to drive value
- Increase ROIC for investors

### Historical Revenue



### Implication

- Eliminate poor performing stores
- Initial hit on margins to become competitive
- Same store sales growth for the past five quarters



# Best Buy Co., Inc.

## Discovery



### Strengths

- In-store, online and in-home
- Price competitive

### Weaknesses

- International track record
- Slow growth sector

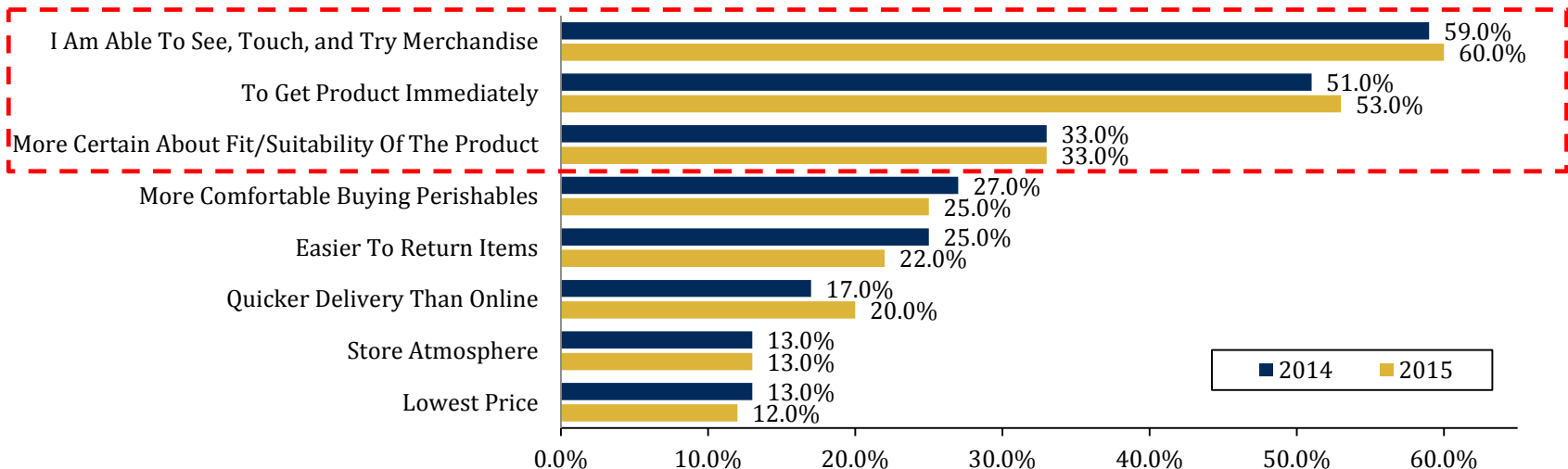
### Opportunities

- Further cost savings
- Shift in product mix (appliance, wearable devices)

### Threats

- Showrooming and online retail
- Economic factors

### Reasons Customers Use Brick and Mortar



# Best Buy Co., Inc.

## Valuation and Thesis



Recommendation: BUY		Portfolio Decision: BUY	
Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	80%	\$45.07	\$36.06
Dividend Discount Model	20%	\$44.78	\$8.96
Book Value Per Share	0%	\$13.12	--
EV/EBITDA Multiple	0%	\$41.80	--
Intrinsic Value			\$45.02
Market Price (11/23/15)			\$30.78
Estimated Upside / (Downside)			46.3%

### Investment Thesis

- Negative market sentiment toward brick and mortar retailers creates opportunity
- Strong domestic sales and quickly improving online/mobile platforms
- Value proposition that cannot be replicated by other brick and mortar retailers and cannot be matched by online-only retailers

# Harman International

NYSE: HAR



**Price (11/23/15):** \$101.88

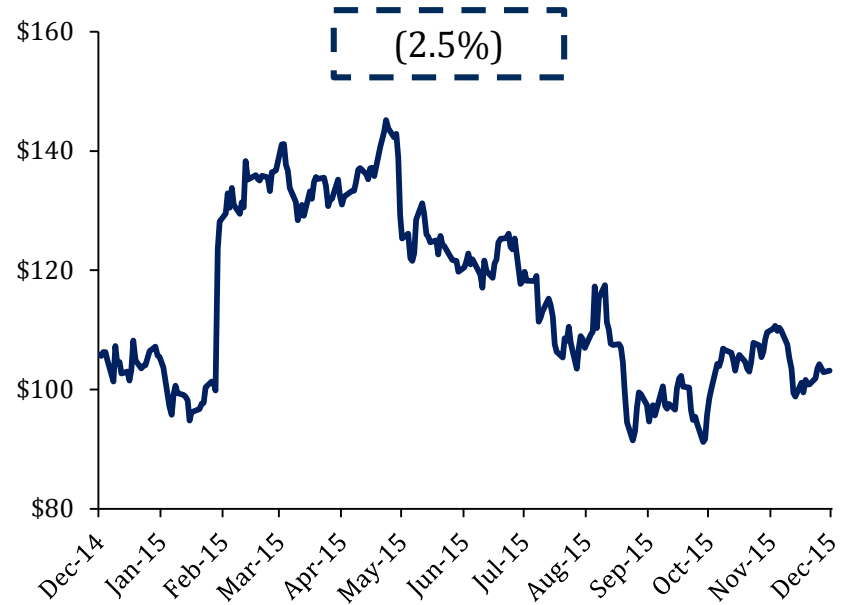
**1-yr Forward P/E:** 15.6x

**Market Cap:** \$7.4B

**Dividend Yield:** 1.4%

**LTM EPS:** \$4.86

## 1-Year Price Chart



## Focus – Valuation

# Harman International

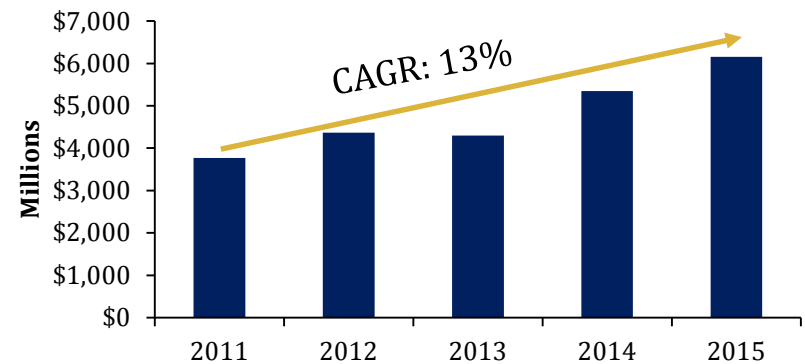
## Overview



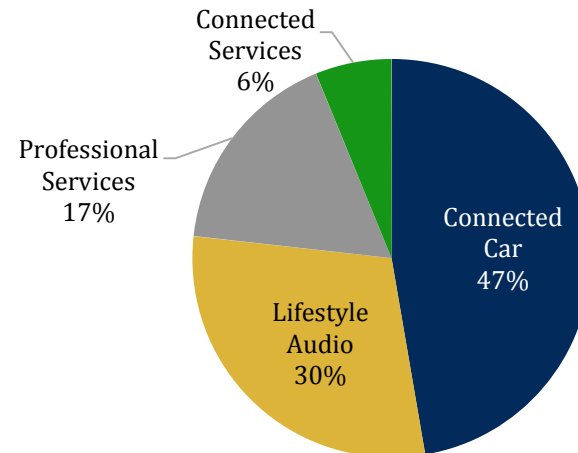
- HAR is a leading engineer, manufacturer, and marketer of audio systems and services for automotive and consumer applications
  - Sells products under renowned brands, such as Harmon/Kardon, JBL, Infinity, and Mark Levinson
- Growing aggressively in connected solutions for automotive and enterprise end markets
- 68% of revenues from automotive OEMs



## Historical Revenue



## 2015 Revenue By Segment



# Harman International

## Valuation

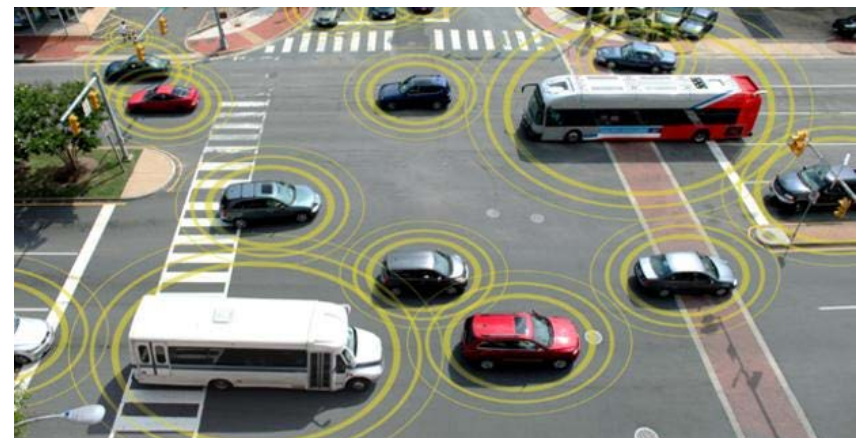


### Market and Expectations

- Connected car market predicted to grow at a compound annual growth rate of 29% through 2020
  - 2.6% global automotive sales growth
- ~35% of total cost in vehicles is electronics and software
- Long term growth coming from connected car and connected services division
- Increasing expected margins as company shifts toward connected services and software solutions

### Key Assumptions

Operational Division	2015 Revenue	5 yr exp. CAGR	% 2020 Revenue
Connected Car	\$2,911	7%	44%
Lifestyle Audio	\$1,813	6%	27%
Professional Services	\$1,049	5%	15%
Connected Services	\$381	28%	14%
<b>Total</b>	<b>\$6,155</b>	<b>8%</b>	<b>100%</b>



# Harman International

## Valuation and Thesis



Recommendation: BUY		Portfolio Decision: NO BUY	
Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	90%	\$129.37	\$116.43
Implied P/E Multiple	10%	\$108.03	\$10.80
Dividend Discount Model	0%	\$46.25	--
Book Value Per Share	0%	\$33.62	--
Intrinsic Value			\$127.24
Market Price (11/23/15)			\$101.88
Estimated Upside / (Downside)			24.9%

### Investment Thesis

- Leader in automotive and consumer audio with strong brand recognition
- Large growth opportunities in connected car and connected services divisions
- Skepticism on threat of other possible market entrants
- Similar assets in portfolio with proven track records in connected markets

# TransDigm Group

NYSE: TDG



**Price (11/23/15):** \$236.16

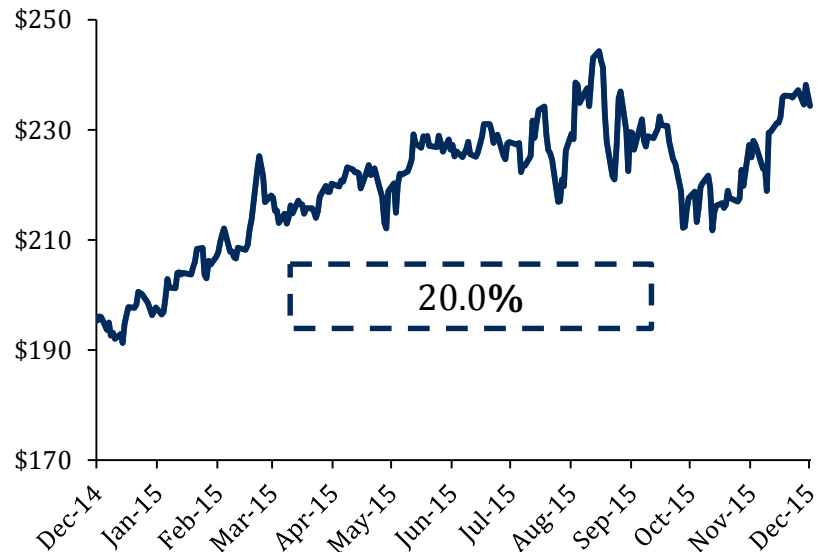
**1-yr Forward P/E:** 23.5x

**Market Cap:** \$12.8B

**Dividend Yield:** N/A

**LTM GAAP EPS:** \$7.84

1-Year Price Chart



**Focus – Industry Analysis**

# TransDigm Group

## Overview



- Leading global designer, producer, and supplier of engineered aircraft components
- Focus on aftermarket products (~55% of sales)
- “Private Equity-like” approach to shareholder returns
- Extremely high barriers to entry

### Growth Drivers

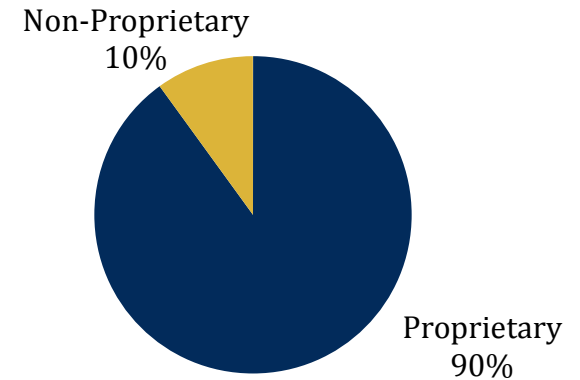
#### Aircraft Utilization



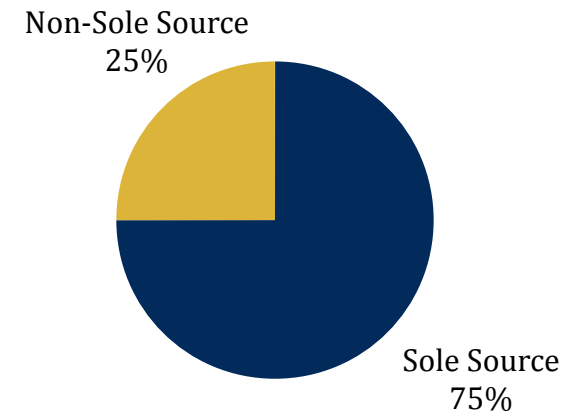
#### Federal Defense Spending



#### FY 2015 Proprietary Revenue



#### FY 2015 Sole Source Revenue



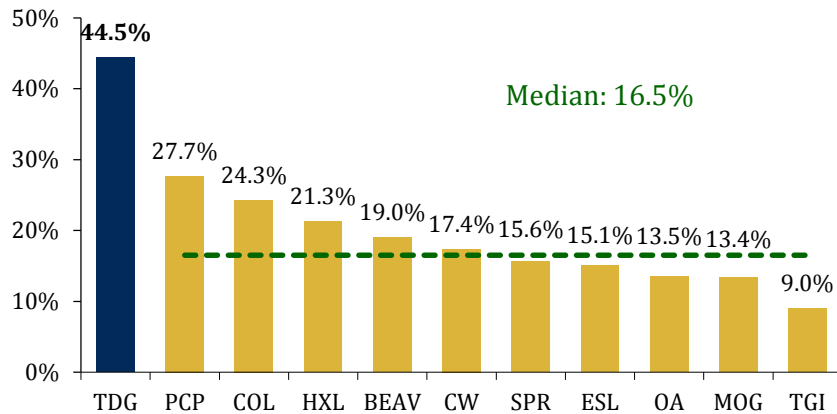


# TransDigm Group

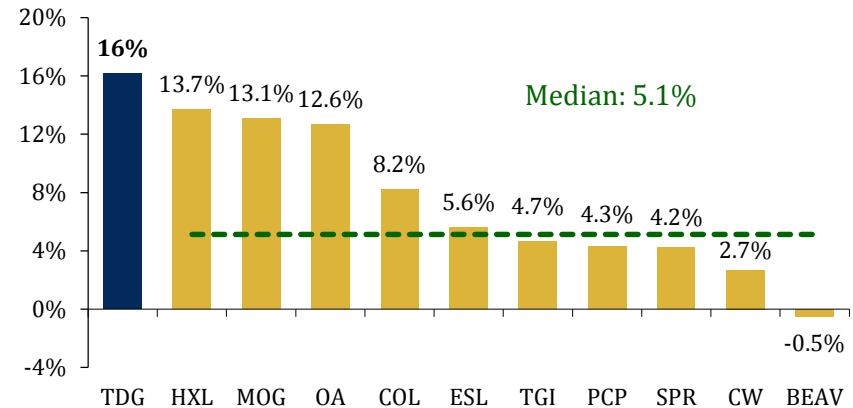
## Operational Superiority



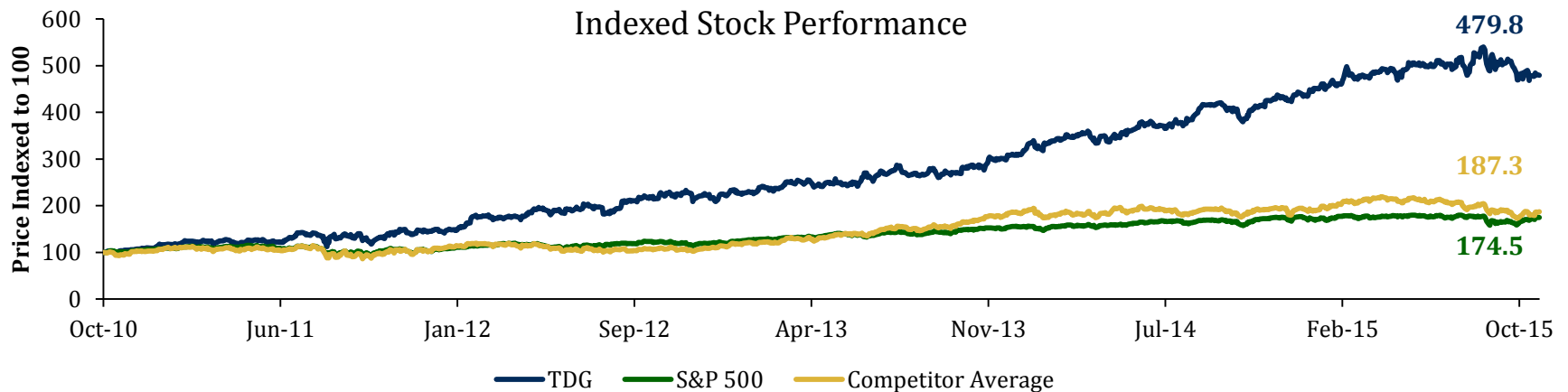
### LTM EBITDA Margin %



### LTM Net Margin %



### Best-In-Class operations have been rewarded by the market



# TransDigm Group

## Valuation and Thesis



Recommendation: NO BUY		Portfolio Decision: NO BUY	
Valuation Method	Weight	Valuation	Contribution
Discounted Free Cash Flow	80%	\$218.12	\$174.49
Implied P/E Multiple	10%	\$242.62	\$24.26
P/Sales Multiple	10%	\$229.65	\$22.96
EV/EBITDA Multiple	0%	\$162.28	--
Intrinsic Value			\$221.72
Market Price (11/23/15)			\$236.16
Estimated Upside / (Downside)			(6.0%)

### Investment Thesis

- Best-in-Class operational performance with extremely high barriers to entry
- Limited comparative downside because of balanced OEM/aftermarket exposure
- “Private Equity-like” approach to shareholder returns
- In spite of these advantages, currently fairly valued



UNIVERSITY OF  
NOTRE DAME

## **Portfolio Performance**

Historical Returns vs. Benchmarks

Attribution Analysis

Risk-Adjusted Performance

Best & Worst Performers

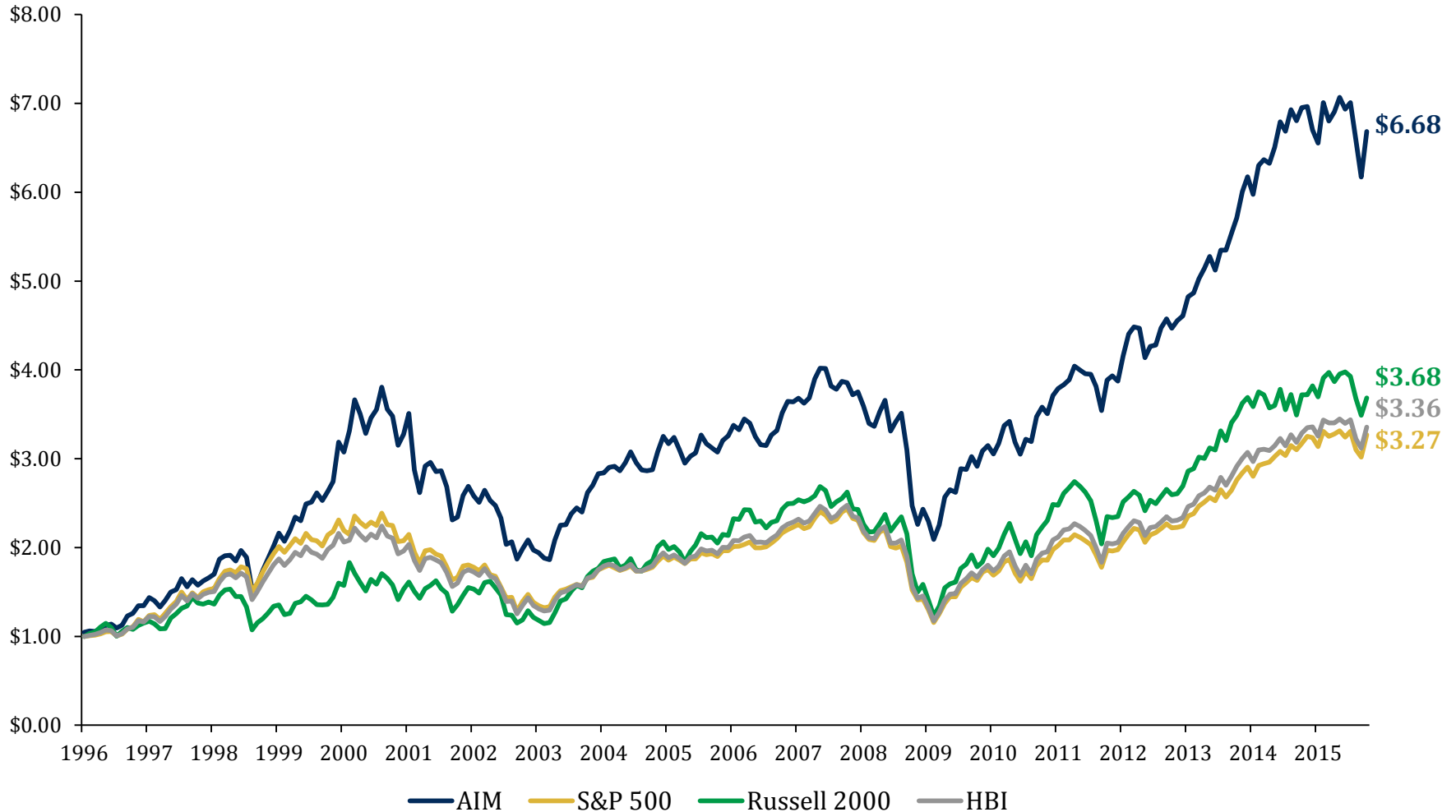
Portfolio Additions & Deletions

# Wealth Ratio Comparison

Cumulative Return of \$1 Invested 1/1/96

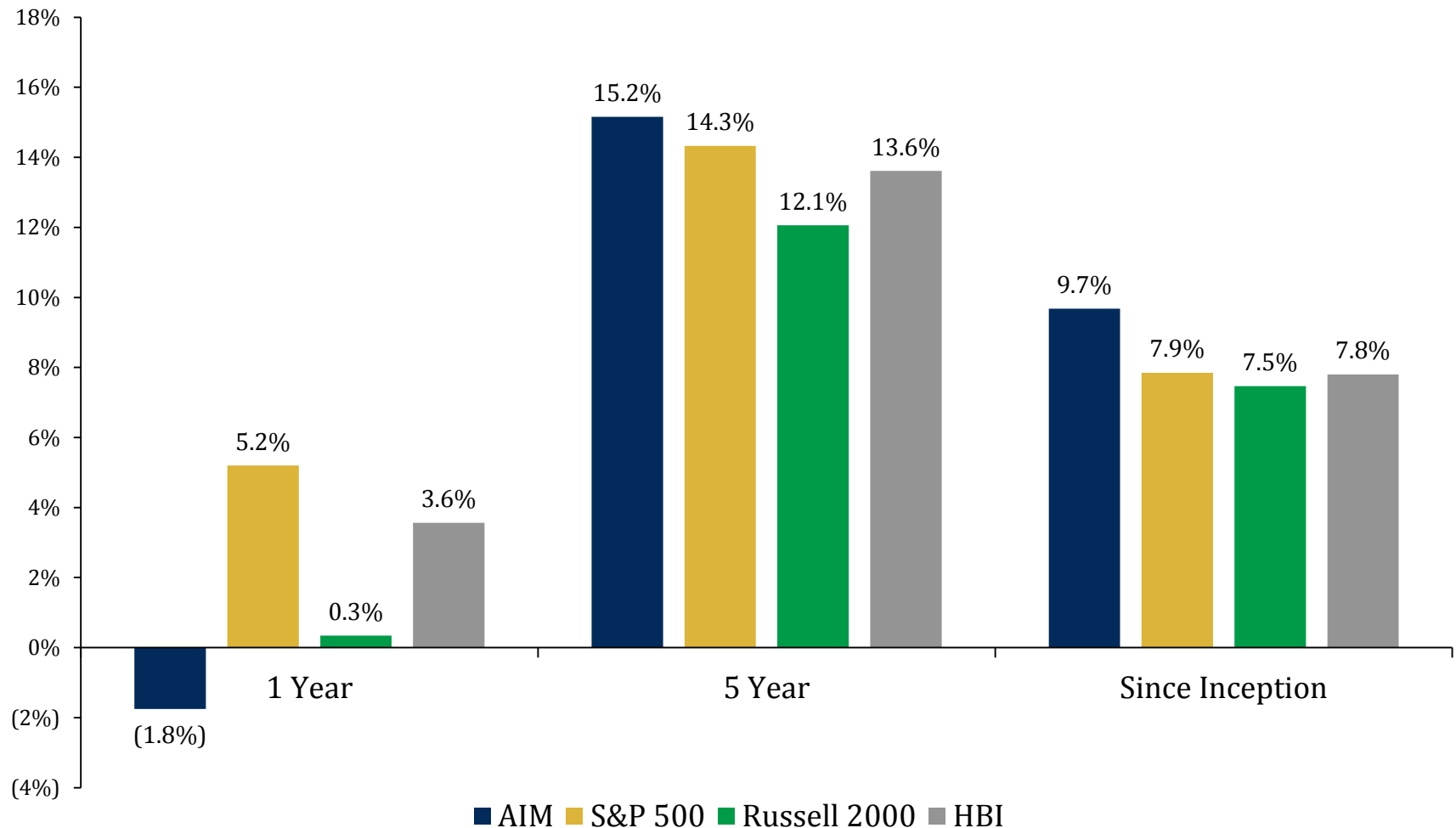


UNIVERSITY OF  
NOTRE DAME



# Historical Performance

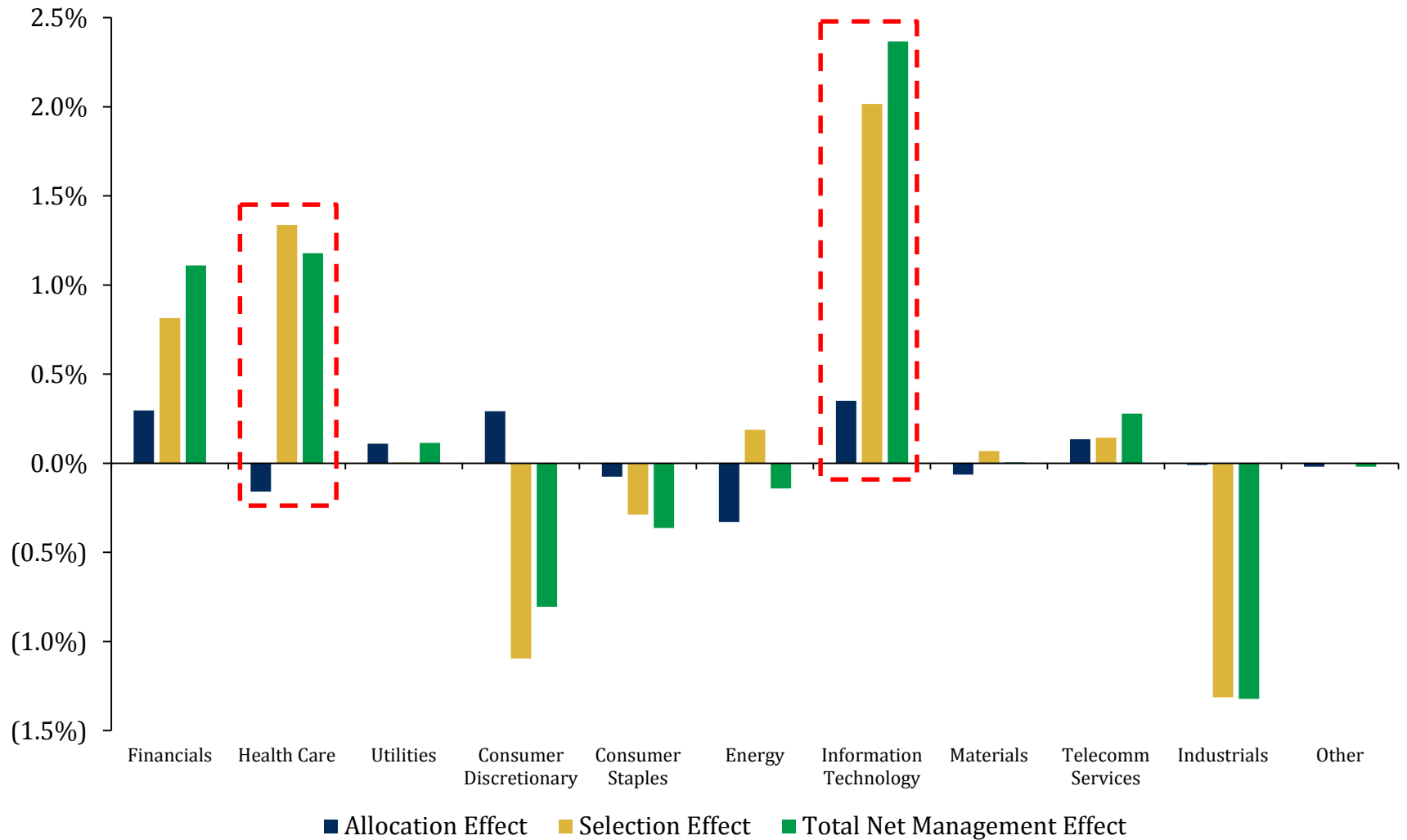
## AIM Portfolio Returns vs. Benchmarks



- Allocation: Ability to effectively allocate assets to various sectors
- Selection: Ability to select securities within a sector relative to a benchmark
- Net Management Effect = Allocation + Selection

# Performance vs S&P 500

5 Year

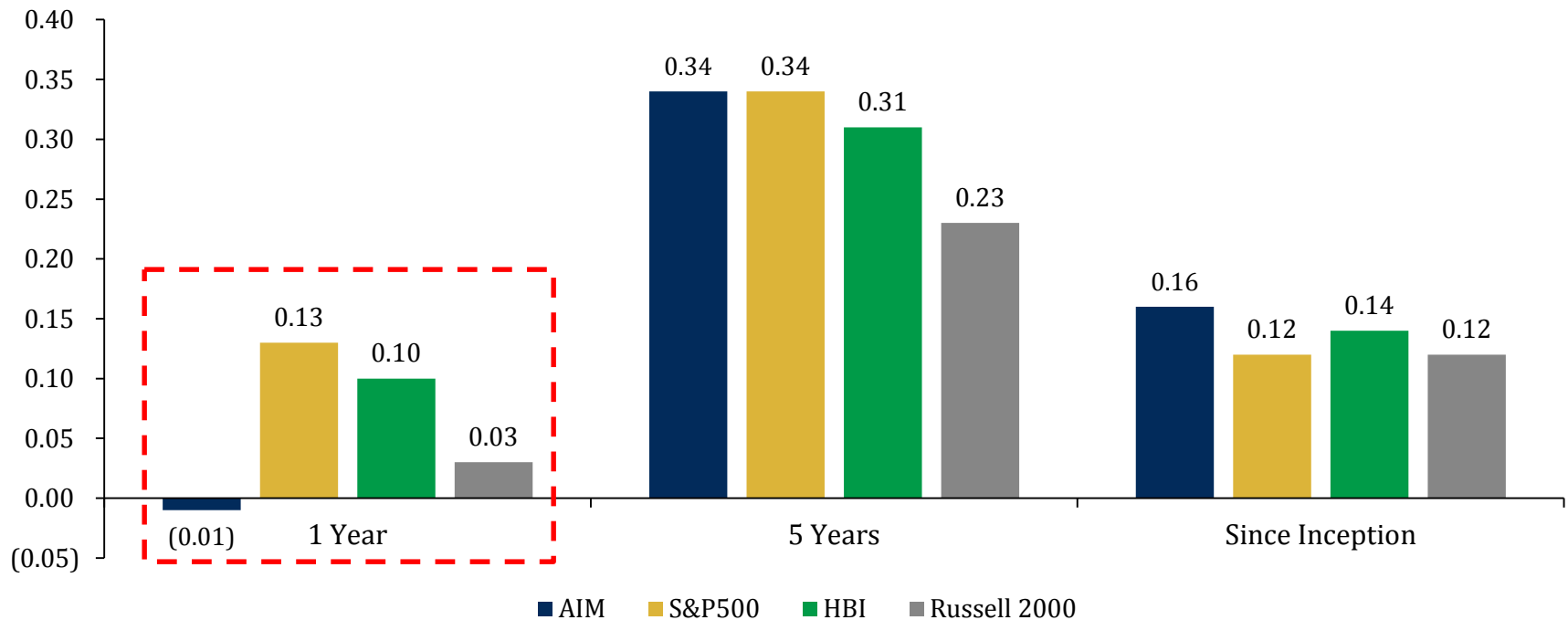


# Risk-Adjusted Performance

Sharpe Ratio: Excess Returns to Total Risk



- Sharpe Ratio:  $(r_p - r_f) / \sigma_p$ 
  - Measures the reward to total risk
  - Shows whether portfolio returns are due to increased risk or smart investment decisions





# Best and Worst Performers

Last 12 Months



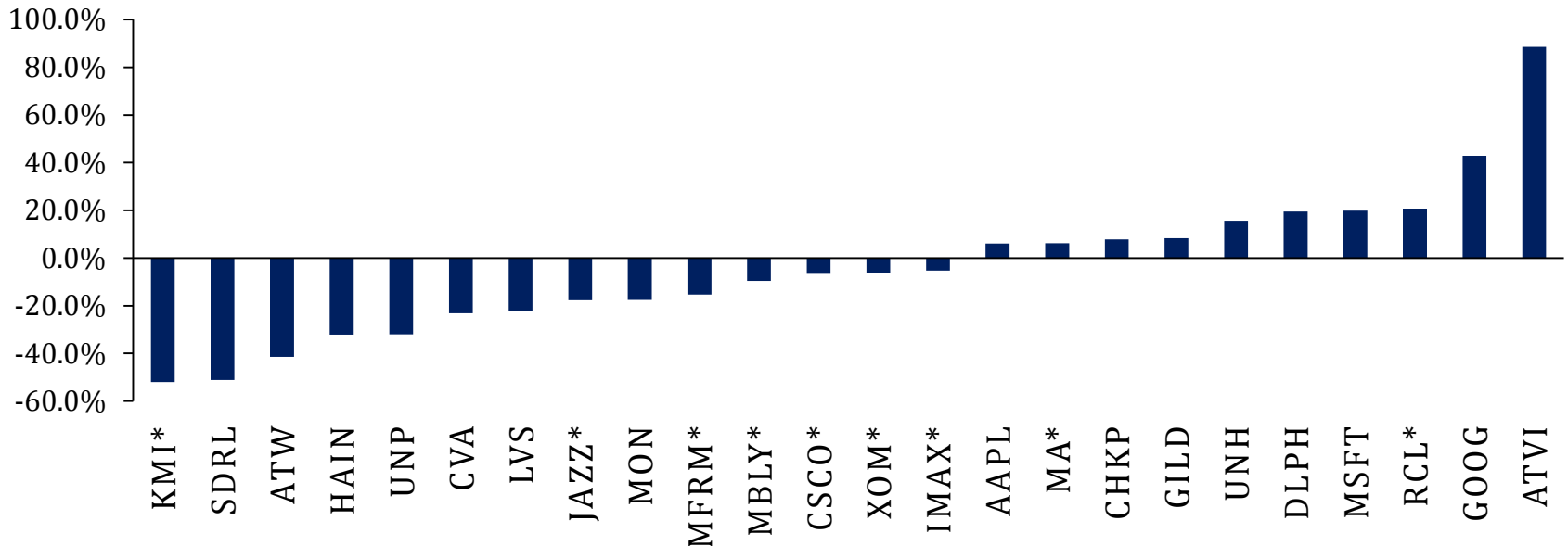
## Top 5 Performers

Activision Blizzard	88.6%
Alphabet	43.0%
Royal Caribbean*	20.9%
Microsoft	19.9%
Delphi	19.5%

## Bottom 5 Performers

Kinder Morgan*	(52.1%)
SeaDrill	(51.1%)
Atwood	(41.5%)
Hain Celestial Group	(32.1%)
Union Pacific	(32.0%)

## LTM Return or Holding Period Return

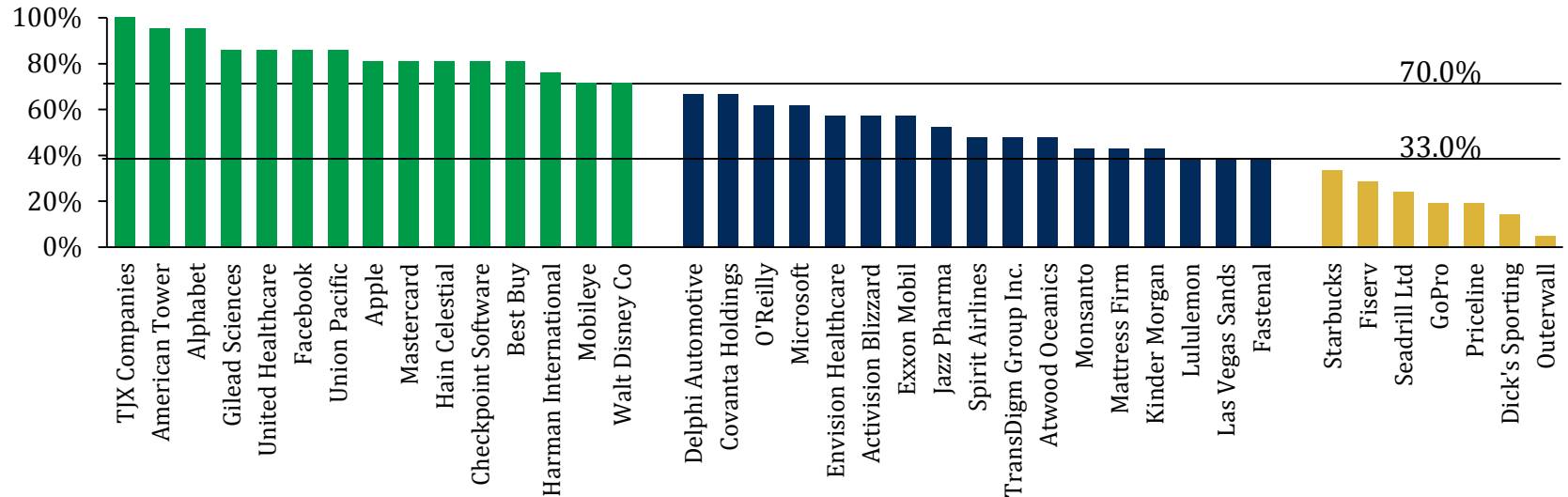


# Portfolio Transactions

## Survey and Bought/Sold



### Survey Results



Bought	Sold
American Tower (AMT)	Apple (AAPL)
Best Buy (BBY)	Atwood Oceanics (ATW)
Disney (DIS)	Cisco Systems (CSCO)
Envision Healthcare (EVHC)	IMAX (IMAX)
Facebook (FB)	Las Vegas Sands (LVS)
Fastenal (FAST)	Mattress Firm (MFRM)
O'Reilly Automotive (ORLY)	Monsanto (MON)
Spirit (SAVE)	Royal Caribbean (RCL)
TJX Companies (TJX)	Seadrill (SDRL)
Vanguard Financials ETF (VFH)	ProShares Ultra Consumer Goods (UGE)
Proshares UltraShort Euro (EUO)	Energy Select Sector SPDR Fund (XLE)

# Portfolio Transactions

## Important Discussions

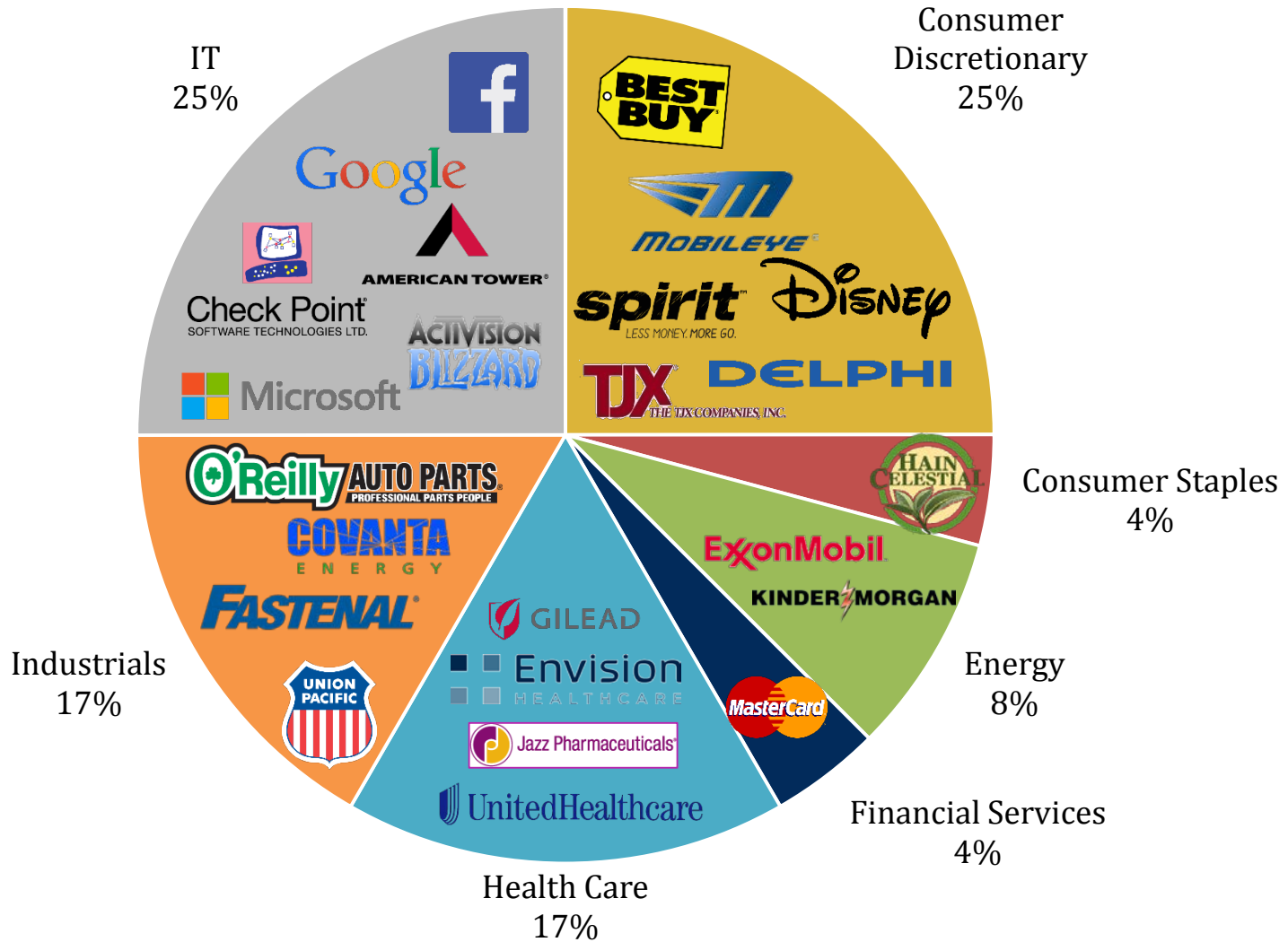
---



- **Apple (Sell)**
  - Analyst recommended sell, market saturation
  
- **Automotive**
  - Delphi, Mobileye, and O'Reilly are in the final portfolio; Harman is not
  - Avoided overweighting this industry
  
- **Oil**
  - Removed both offshore drillers: Atwood and Seadrill
    - High risk of bankruptcy for both firms
  - Kept ExxonMobil and Kinder Morgan because of diversified revenue

# Final Portfolio

Grouped by Industry





UNIVERSITY OF  
NOTRE DAME

## **AIM XLI Highlights**

Guest Speakers

San Francisco Trip

Football – Bowl Bound

Newsletter

Website

# Guest Speakers

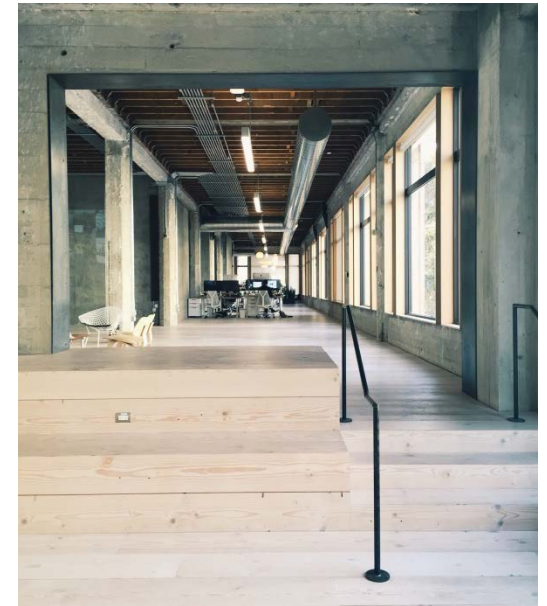
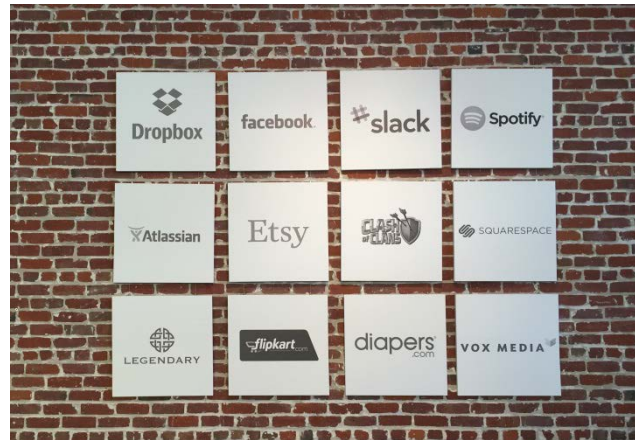
---



- **Adam Reeves** – Principal, ShoreView Industries
- **Jim Hart** – Oliver Estate Family Office
- **Kristen Collett-Schmitt** – Professor, Finance
- **Mark Gallogly** – Managing Principal & Founder, Centerbridge Partners
- **Scott Malpass** – CIO, Notre Dame



# San Francisco Trip



# San Francisco Trip



Ryan Sweeney ('99, AIM VII) -  
General Partner

Accel Partners' Portfolio  
Companies

David George ('06, AIM XXI) -  
Vice President





# San Francisco Trip



**Dave Thomas ('03, AIM XV) -  
Principal**



**Matthew Kinsella ('05, AIM  
XIX) - Managing Director**



**Bill Duhamel - Founder &  
Portfolio Manager**



**ROUTE ONE INVESTMENT  
COMPANY**

# San Francisco Trip



Nick Shalek – Partner

David Wanek – Investment  
Partner

Darian Shirazi - CEO



Ribbit Capital

WTI













RADIUS®

# Notre Dame Football

## Bowl Bound



### 2015 NOTRE DAME FIGHTING IRISH SCHEDULE

DATE	OPPONENT	RESULT/TIME	RECORD/TICKETS
Sat, Sept 5	VS  Texas	<b>W</b> 38-3	1-0
Sat, Sept 12	@  Virginia	<b>W</b> 34-27	2-0
Sat, Sept 19	VS  #14 Georgia Tech	<b>W</b> 30-22	3-0
Sat, Sept 26	VS  UMass	<b>W</b> 62-27	4-0
Sat, Oct 3	@  #12 Clemson	<b>L</b> 24-22	4-1
Sat, Oct 10	VS  Navy	<b>W</b> 41-24	5-1
Sat, Oct 17	VS  USC	<b>W</b> 41-31	6-1
Sat, Oct 31	@  #21 Temple	<b>W</b> 24-20	7-1
Sat, Nov 7	@  Pitt	<b>W</b> 42-30	8-1
Sat, Nov 14	VS  Wake Forest	<b>W</b> 28-7	9-1
Sat, Nov 21	VS  Boston College*	<b>W</b> 19-16	10-1
Sat, Nov 28	@  #9 Stanford	<b>L</b> 38-36	10-2

## Newsletter Contents

- State of the Economy
- Portfolio Performance
- Sector Updates
- Company Developments
- Portfolio Composition
- Alumni Updates
- Trips
- Current Class Profile

AIM XLI Q4 2015

---

## AIM QUARTERLY

---

**Quarter 4, 2015**

State of the Economy, 2

Portfolio Performance, 3

Sector Updates, 5


Key Company Developments, 6

Portfolio Composition, 7

AIM Alumni Update, 8

San Francisco Trip, 9

AIM XLI Class Profile, 10



**Greetings from AIM**

As we approach the final months of 2015, our 25 undergraduate analysts are preparing to finalize this semester's portfolio. After having evaluated the stocks presently in the portfolio and pitched new stocks under the guidance of Professor Jerry Langley and Professor Bill McDonald, the class will be voting to rebalance the portfolio and meeting with the AIM advisory board.

Next quarter, the newly balanced portfolio will be passed onto the AIM XLII MBA class.

---

1

# AIM Website

aim.nd.edu



- Home Page
  - News & Events
  - Current Portfolio
- About AIM
  - Course Overview
  - Instructors
  - Advisory Board
  - Historical Performance
- Current Analysts & Stocks
- Alumni
  - Recruiting from AIM
  - Career Opportunities
  - Social Networking
- Publications

**AIM**  
Applied Investment Management

About AIM

Analysts

Alumni

Publications

LinkedIn  
my Notre Dame

**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**  
**Q4 Newsletter Available**  
[Read Here](#)  
**20 Year Reunion**  
Thank you to the over 300 alumni that celebrated!

**AIM Portfolio**

AIM Portfolio : Homepage

Ticker	# of Shares	Price per Share	Value of Position	Daily % Change
AMT	4,200	\$97.49	\$409,458	-0.40%
ATVI	12,000	\$38.78	\$465,360	3.08%
BBY	13,700	\$31.15	\$428,755	-0.51%
CHKP	5,425	\$87.02	\$472,084	2.74%
CVA	24,000	\$16.15	\$387,600	-0.62%
DIS	3,500	\$113.78	\$398,230	1.69%
DLPH	5,200	\$87.02	\$452,624	2.04%
EVHC	15,400	\$28.81	\$440,794	0.78%
FAST	10,500	\$39.99	\$419,580	1.32%
FB	3,900	\$105.88	\$412,932	1.44%
GILD	4,800	\$103.41	\$496,368	2.02%
GOOG	621	\$768.32	\$475,885	1.83%
HAIN	11,000	\$39.52	\$434,720	-0.10%
JAZZ	2,500	\$143.98	\$359,950	1.26%
KMI	18,015	\$17.75	\$319,768	-7.84%
MA	5,200	\$98.37	\$511,524	2.51%
MBLY	10,000	\$42.89	\$428,900	0.73%
MSFT	9,000	\$55.83	\$502,470	2.63%
ORLY	1,500	\$257.99	\$386,985	1.82%
SAVE	11,400	\$43.14	\$491,768	3.73%
TJX	6,100	\$70.57	\$430,477	1.05%
UNH	4,800	\$117.88	\$564,328	2.33%
UNP	4,400	\$78.25	\$344,300	-1.20%
XOM	5,300	\$78.38	\$415,308	-0.09%

Published by Google Sheets – Report Abuse – Updated automatically every 5 minutes

Copyright ©2008 University of Notre Dame - AIM

UNIVERSITY OF NOTRE DAME

# Closing

---



- AIM XLI would like to thank:
  - The Advisory Board
  - Scott Malpass and the Notre Dame Investment Office
  - Advisors Langley, McDonald, and Reilly
  - Kristen Collett-Schmitt
  - Marlene Wasikowski
  
- Post-Presentation Agenda:
  - Short break
  - Advisory Board panel discussion





## AIM XLI

---



UNIVERSITY OF  
NOTRE DAME