



AIM Quarterly



AIM XXII

aim.nd.edu

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WELCOME TO AIM XXII

By: Olga Touloumi

Even before the end of the fall 2005 semester AIM XXII began and it began with an air of excitement surrounding the upcoming challenge, demands, and expectations of excellence from Professors McDonald, Langley, Reilly, and Malpass. This AIM class is the first to be affected by the new MBA curriculum and, therefore, it is proving to be an especially information packed class as there are a fewer number of meeting times available. As we head into the interterm week and spring break, we have begun to consider the second stock to analyze in light of our personal desires and the needs of the portfolio.

PROFILE OF AIM XXI I

By: Brent Kopp

This semester's AIM class represents an impressive 10 states and 7 countries. Furthermore, this AIM section is composed of 25 MBAs and 1 Undergraduate, Ali Mooers. Two students are currently following stocks not in the portfolio: General Motors and OptionsXpress. Current contact information and other news are available on the AIM website (aim.nd.edu).

Name	From	Current Stock	Name	From	Current Stock
Iskandar Arifin	Jakarta, Indonesia	Multi Fineline Electronix International	Juan Marquez	Mexico City, Mexico	AMCOL International
Michelle Ayotte	Manchester, Maine	International Speedway	Ali Mooers	Portland, Oregon	Anheuser-Busch
James Barnes	Mendham, New Jersey	Dell, Inc.	Prentice Ng	Huntington Beach, California	Headwaters
Thomas Considine	Palatine, Illinois	PetsMart	Will Ngo	Westminster, California	Exxon Mobil
Adam Dohler	Deerfield Beach, Florida	Sysco	Philip Oh	Pine Brook, New Jersey	Edwards Lifesciences Corp.
Luke Drucker	Portage, Michigan	Citi Trends	Joseph Paddock	Anaconda, Montana	Ixia
Kevin Fay	Portland, Oregon	Univision Communications	Nicholas Pateros	Lake Forest, Illinois	United Health Group
Gary Graebner	Roswell, Georgia	International Game Technology	Sebastian Rubano	Caracas, Venezuela	BJ Services
Noreen Kazi	Cincinnati, Ohio	Morgan Stanley	Pavel Sterba	Zdar Nad Salavou, Czech Republic	Spartan Motors

Name	From	Current Stock	Name	From	Current Stock
Jon Keehn	Goodrich, Michigan	General Motors*	Dave Sturgess	Flemington, New Jersey	Electronic Arts
Jill Klima	Darien, Illinois	McDonald's	Olga Touloumi	Thessaloniki, Greece	Moody's Corporation
Brent Kopp	Rockford, Illinois	Waters Corporation	Jeffrey Weniger	Boca Raton, Florida	Cheesecake Factory
Humberto Kravetz	Santiago, Chile	Marriott	Patrick Williams	Columbus, Ohio	optionsXpress*

* Currently not in Portfolio

ALUMNI UPDATES

By: Iskandar Arifin

Jonathon Schrader:

An AIM XII and a 2001 MBA graduate, Jonathon is a senior analyst at Morningstar, a leading provider of independent investment research. He is currently leading a team of analysts devoted to the media sector. He has been at Morningstar since he graduated with his MBA from Notre Dame.

Matthew Hooker:

Matthew is a proud graduate of both Notre Dame (2001) and AIM XI. After graduation he worked at Goldman Sachs in New York for 3½ years as an equity trader. After receiving his CFA designation, he moved to Citadel Investment Group in Chicago, trading for the Global Equities fund, with a focus on the on tech sector. He has been in Chicago for the past year and a half working on new trading strategies. He states that the most challenging part of his job has been trying to focus after the USC loss and having to bear the daily pain of sitting next to a Boston College graduate. Otherwise, he is enjoying his career. He further observes that hedge funds are a very demanding place to work but he recommends it to anyone that is dedicated and passionate about the market.

William Fitzpatrick

Bill graduated from Notre Dame in 2002 with his MBA and was a part of AIM XVI. For the past 1½ years, he has been focusing on the energy and financial industries for Johnson Asset Management in Racine, Wisconsin. He grew up in Chicago and obtained his undergraduate degree from Villanova. He is also a very avid Villanova's men's basketball team fan (# 4 in both the USA Today/Espn Coaches Poll and the AP Poll).

Mike MacRitchie

Mike graduated with his undergraduate degree in finance from Notre Dame in 2004 and was a member of AIM XVII. Presently he is a second-year Investment Banking Analyst at William Blair & Company in Chicago. Mike is focusing on the healthcare industry and has been involved on a variety of transactions, including buy/sell-side M&A and private/public equity raises. In September, he will join Cardinal Growth, a Chicago Private Equity Fund. As an AIM analyst, Mike covered Heartland Express and UTStarcom.

UPCOMING BOSTON TRIP

By: Adam Dohler



Each semester the AIM class travels to meet with alumni and other practicing professionals. This semester AIM XXII has the opportunity to travel to Boston from March 29 through April 2. While in Boston we will meet with groups of money managers in a variety of asset classes including traditional public equities, private equity, and hedge funds. While in Boston we will also have an opportunity to meet and network with AIM Alumni at a reception and dinner at The Langham Hotel on Saturday, April 1.

CURRENT PORTFOLIO OVERVIEW

By: Prentice Ng

In terms of performance the AIM Portfolio has a year to date return of 3.67% which is better than the 2.64% return by its benchmark S&P 500. Over the past twelve months the AIM portfolio has had positive returns of 7.49% but has underperformed compared to the S&P 500, which has returned 10.38% over the same period. This stretch of underperformance is partially due to the continued over-weighting of consumer discretionary stocks in the AIM portfolio, which have performed poorly recently and being underweight in financials, healthcare, and energies which have performed well for the trailing twelve months. Going forward the class will give some consideration to the weightings of different sectors, however the emphasis of the class is on individual security selection and therefore the portfolio will be primarily constructed from the best stocks that have been analyzed. Over the past year the top five performing stocks were: Cititrends (+247.5%), MultiFineLine (+119.21%), BJ Services (+46.02%), Moody's (+45.54%), and United Health (+31.82%). Over the past year the bottom five performing stocks were: Sanderson Farms (-42.32%), Ixia (-24.34%), Dell (-20.40%), PetSmart (-20.08%), and Electronic Arts (-17.21%)

QUICK U.S. ECONOMIC SNAPSHOT

By: Sebastian Rubano

Over the last two years, real gross domestic product has been growing an average of 3.7%. This is somewhat faster than potential GDP. The economy's recent fast growth was needed in order to eliminate the slack labor and capital that had built up during the recession in 2001 and the early stage of the recovery. Since inflationary pressures were not a concern during the recession and early recovery period, the FOMC adopted a highly accommodative monetary policy in order to support GDP growth. Since the recession and early recovery the unemployment rate has fallen to 4.9%, or roughly full employment. Meanwhile core inflation has been kept in check in recent months. As economic growth has strengthened, the FOMC has tightened monetary policy by raising the target federal funds rate 3.5% points since June 2004. The key remaining economic question is "What is the appropriate stance for monetary policy from now onward?" We need to keep a close look at the core inflation due to the reduction of slack in the economy and high employment levels. Those factors

coupled with solid GDP growth may create inflationary pressures thus triggering more tightening of monetary policy.

We believe that energy prices will continue their general upward trend which will give a boost to energy stocks such as Exxon Mobil (XOM) and BJ Services (BJS), but will also be a drag on transportation dependent stocks such as General Motors (GM). If inflation increases, the stocks that are most dependent on discretionary spending will be most affected. These stocks include the Cheesecake Factory (CAKE), International Game Technology (IGT), and Electronic Arts (ERTS). If the economy continues its growth we expect to see continuing strength in the financial sector, helping both Moody's (MCO), OptionsXpress (OXPS), and Morgan Stanley (MS).

CURRENT AIM PORTFOLIO

By: Gary Graebner II

AIM Portfolio Stock Holdings as of 2/27/06

Stock	Ticker	# Shares	Current Price	Total Value	Weight	Analyst
AMCOL International	ACO	6,400	\$27.85	\$178,240.00	5.10%	Juan Marquez
Anheuser-Busch	BUD	3,000	\$42.15	\$126,450.00	3.62%	Ali Mooers
BJ Services	BJS	4,800	\$33.18	\$159,264.00	4.55%	Sebatian Rubano
Cheesecake Factory	CAKE	3,700	\$36.25	\$134,125.00	3.83%	Jeff Weniger
Citi Trends	CTRN	3,400	\$43.79	\$148,886.00	4.26%	Luke Drucker
Dell	DELL	3,300	\$29.44	\$97,152.00	2.78%	James Barnes
Edwards Lifesciences Corp.	EW	3,200	\$42.00	\$134,400.00	3.84%	Philip Oh
Electronic Arts	ERTS	2,500	\$53.02	\$132,550.00	3.79%	Dave Sturgess
Exxon Mobil	XOM	2,600	\$59.92	\$155,792.00	4.45%	Will Ngo
Headwaters	HW	4,500	\$37.28	\$167,760.00	4.80%	Prentice Ng
International Game Technology	IGT	3,400	\$36.61	\$124,474.00	3.56%	Gary Graebner II
International Speedway	ISCA	2,250	\$47.57	\$107,032.50	3.06%	Michelle Ayotte
Ixia	XXIA	10,400	\$12.62	\$131,248.00	3.75%	Joe Paddock
Marriott	MAR	2,000	\$69.25	\$138,500.00	3.96%	Humberto Kravetz
McDonald's	MCD	3,400	\$35.25	\$119,850.00	3.43%	Jill Klima
Moody's Corp.	MCO	3,000	\$68.33	\$204,990.00	5.86%	Olga Touloumi
Morgan Stanley	MS	2,300	\$60.74	\$139,702.00	3.99%	Noreen Kazi
Multi-Fineline Electronix	MFLX	3,800	\$56.10	\$213,180.00	6.09%	Iskandar Arifin
PetsMart	PETM	5,500	\$26.26	\$144,430.00	4.13%	Tom Considine
Sanderson Farms	SAFM	3,400	\$24.30	\$82,620.00	2.36%	Patrick Williams*
Spartan Motors	SPAR	7,600	\$10.68	\$81,168.00	2.32%	Pavel Sterba
Sysco	SYU	4,100	\$30.39	\$124,599.00	3.56%	Adam Dohler
United Health Group	UNH	3,000	\$58.94	\$176,820.00	5.06%	Nick Pateros
Univision Communications	UVN	4,500	\$33.83	\$152,235.00	4.35%	Kevin Fay
Waters Corporation	WAT	2,800	\$43.64	\$122,192.00	3.49%	Brent Kopp
TOTAL VALUE				\$3,497,659.50		

* Will cover as second stock.

"Hedge" Portfolio As of January 31, 2006

Positions	Purchase Price	Current Value	Gain/Loss
Short: Telecommunications Sector	(\$2,369.75)	(\$2,493.75)	(\$124.00)
Long: Energy Sector	\$2,511.45	\$3,459.60	\$948.15
TOTAL			\$824.15