

AIM Quarterly

AIM XXX

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Spring 2010

Conclusion of AIM XXX

As the second semester comes to a close here at Mendoza, AIM XXX has finalized the state of the portfolio to pass along to next year's analysts. It has been an eventful past couple of weeks highlighted with a wonderful trip to Chicago at the end of March. On April 14, 2010 AIM XXX settled in to discuss the future composition of the portfolio. When the spirited discussion and debating came to a close, we had decided to sell 15 of our current holdings and replace them with a wide variety of stocks to pass along to AIM XXXI. This is a culmination of an amazing experience of entering the AIM family and all of the analysts will surely remember their time as they move forward to the next steps in their professional lives. Most importantly, AIM XXX would like to extend a huge thank you to professors Jerry Langley, Bill McDonald and Ed Trubac, as well as Scott Malpass and the entire Notre Dame Investment Office team. Without their guidance and feedback, the Notre Dame AIM experience would not have been the same.

Alumnae Update

Carolyn Rottinghaus, AIM VII, Class of 1999

Carolyn hails from the great state of Iowa. After graduation from ND, Carolyn joined Bank of America's Corporate and Investment Banking Group, where she worked in the Healthcare industry vertical. Carolyn has worked in a variety of roles in her ten-year banking career, including investment banking, corporate finance, and treasury management. Carolyn received her MBA in Finance from Loyola University – Chicago in 2007. Reflecting upon her experience in AIM during an interview on St. Patrick's Day, Carolyn said "the AIM framework helped me to think critically about my clients and their competitive landscapes, and ultimately it helped me understand my clients' business needs." Carolyn has fond memories of the two stocks she covered as a part of the AIM team – JLG Industries and Ann Taylor. Carolyn is currently a Vice President at US Bank in Chicago in their corporate banking group.

AIM XXX Guest Speaker

Bob Garvey, INTECH Investment Management

Bob Garvey from INTECH Investment Management spoke to AIM on Friday, April 16th. INTECH uses an investment process based on a mathematical theorem that attempts to capitalize on the random nature of stock price movements. The goal of the investment process is to achieve long-term returns that outperform the benchmark index, while managing relative risk and trading costs. INTECH manages approximately \$48 billion of assets (as of 12/31/09) and is an indirect subsidiary of Janus Capital Group.

Mr. Garvy joined INTECH in January of 1991. Prior to INTECH, he was Senior Vice President and Principal at Wilshire Associates, a well-known and respected investment consulting organization. Mr. Garvy's broad exposure to plan design, asset allocation, manager selection, and performance analysis provided a diverse background and unique perspective leading to the direction and development of INTECH. Since 1991, he has helped build INTECH from a single product company into a multi-product global venture.

Mr. Garvy is Chairman of the Town of Palm Beach General Retirement Board. He is past Board Chair of Rosarian Academy and currently serves as Chairman Emeritus. Mr. Garvy is also a member of the Society of the Four Arts in Palm Beach and has recently been elected to the board of directors of The Institute for the Study of Quantitative Finance (Q Group).

Mr. Garvy earned an MBA in Finance from Georgia State University with special emphasis on investment theory. He is a well-known speaker at investment conferences and seminars and has been invited to present INTECH research work at universities and consultant gatherings across the country.

AIM XXX

Name		E-Mail	First Stock	Second Stock
Peter	Austin	paustin@nd.edu	Morningstar	Neustar Inc.
Clayton	Bill	cbill@nd.edu	First Solar	Insituform Technologies Inc.
Adam	Black	ablack1@nd.edu	True Religion Brand Jean	Salesforce.com
Garrett	Busch	gbusch@nd.edu	Amazon	MGM Mirage
Thomas	Callahan	tcallah1@nd.edu	Archer Daniels Midland	Domino's Pizza
Brian	Cannella	bcannell@nd.edu	Sysco	Equinix
Caitlin	Carey	ccarey4@nd.edu	The Boston Beer Co.	Sturm, Ruger
Matt	Chase	mchase@nd.edu	Nabors Industries	Newmont Mining
Brendan	Condon	bcondon@nd.edu	Comscore	Alliant Techsystems
Benjamin	Freeburg	bfreebu1@nd.edu	Hansen's Natural	Paccar
Christopher	Gresh	cgresh@nd.edu	Thoratec	General Dynamics
Gregory	Hochsprung	ghochspr@nd.edu	Tempur Pedic	Google
Robert	Humbert	rhumbert@nd.edu	Potash Corp.	Norfolk Southern
Mark	Leveck	mleveck@nd.edu	Apple	URS Corp
Peng	Li	pli4@nd.edu	Walgreens	Abbott Laboratories
Aaron	Lin	wlin1@nd.edu	Progress Energy	Perrigo
Daniel	Maloney	dmalone5@nd.edu	United Health Group	Inverness Medical Innovations
Brannon	Morisoli	bmorisol@nd.edu	Coca Cola	Cree Inc
Patrick	Mulvehill	pmulvehi@nd.edu	Ecolab	Corrections Corp
Christopher	Neligon	cneligon@nd.edu	Xilinx	Paychex
David	Perez	dperez4@nd.edu	Chubb	Diamond Foods, Inc.
Wendell	Sammons	wsammons@nd.edu	Franklin	Under Armour, Inc.
Nicholas	Shirk	nshirk@nd.edu	Colgate Polmolive	VeriFone Holdings, Inc.
Quang	Tran	qtran2@nd.edu	Republic Services	Gilead Sciences, Inc.
Jared	Wein	jwein@nd.edu	Davita	International Game Tech
Casson	Wilson	cwilso12@nd.edu	Colombus McKinnon	Brandywine Realty Trust
Jay	You	jyou@nd.edu	Kirby Co.	Activision-Blizzard

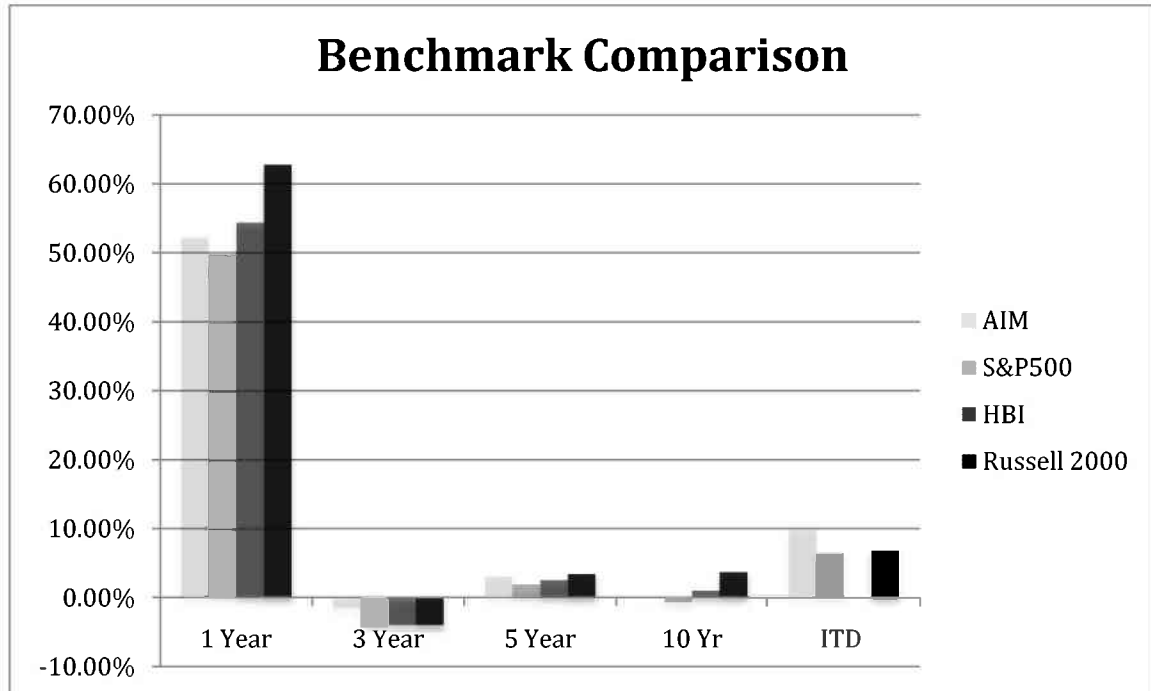
Chicago Trip

The AIM class XXX enjoyed another successful trip to Chicago on March 25 - 26. The trip featured meetings with four financial institutions including, BPG, Citadel, Morningstar, and Alliance Capital. The class had the pleasure of having dinner with over 30 past AIM alumni on the evening of the 25th. The event provided current class members the opportunity to network, share stories of past stock selections, and of course discuss our predictions on how successful Brian Kelly will be as the new head coach, with former AIM students. The alumni offered valuable advice regarding pursuing a career in finance. The dinner was an encouraging display of the strength of the AIM network and gave each AIM XXX student a number of contacts and potential mentors.

The meetings with the different companies were extremely productive. After a brief introduction and presentation, the floor was immediately opened to questions and a general discussion developed about the current trends in investment management, issues regarding different valuation tools, particular industries that may outperform going forward, etc. The presenters were as excited to hear about some of our ideas and current portfolio holdings, as we were to ask them questions. Each company had a completely different investment outlook, whether it is short-term derivative trading, long-term value, analyzing future unemployment as a prediction of the commercial real estate market, or Morningstar's process of rating the different companies that it covers. Overall, the trip was extremely productive for the students, and we are very thankful for Scott Malpass and the rest of the University of Notre Dame Investment Office for scheduling the meetings and our accommodations. We also look forward to participating in the event as alums in the coming years.

Portfolio Performance

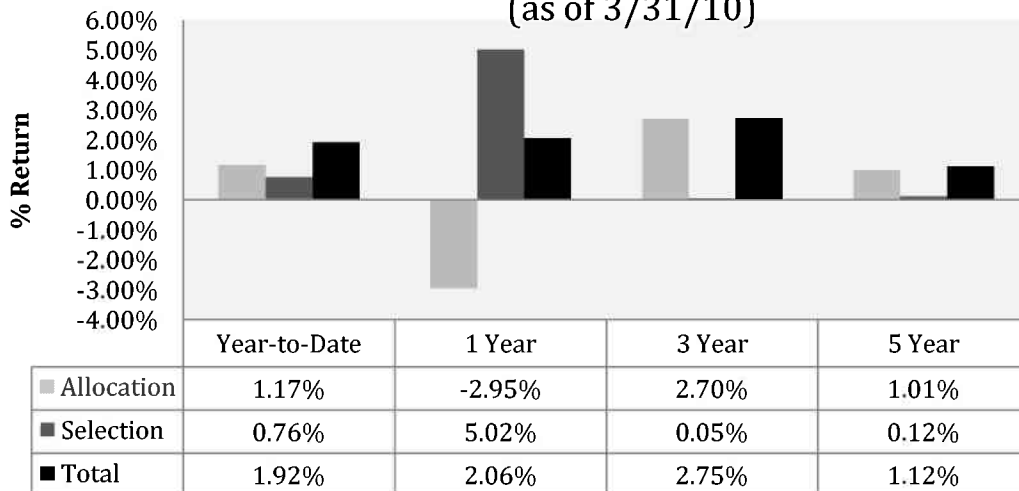
Below you will find a benchmark comparison of the AIM portfolio as well as a performance attribution analysis.



Note: HBI is a blended index comprised of 65% S&P 500 and 35% Russell 2000

Total Portfolio Performance Attribution

(as of 3/31/10)



MARKET VALUE AND PORTFOLIO COMPOSITION

As of April 20, 2010, the market capitalization of the AIM portfolio was roughly \$4.81 million, \$52.5K of which was in cash. The portfolio has increased 50.78% from its March 31, 2009 market value of \$3.19 million.

Company Name	# of Shares	Price as of 4/16/2010	Value of Position	% of Total
Apple	800	\$245.69	\$196,552	3.91%
Perrigo	3,100	\$60.99	\$189,069	3.80%
General Dynamics	2,500	\$76.71	\$191,775	3.80%
NeuStar	7,200	\$26.73	\$192,456	3.80%
Chubb	3,400	\$52.70	\$179,180	3.60%
Brandywine Realty Trust	14,500	\$13.08	\$189,660	3.80%
Paychex	6,100	\$31.39	\$191,479	3.80%
Davita	2,900	\$65.21	\$189,109	3.80%
Ecolab	4,000	\$45.31	\$181,240	3.60%
Google	320	\$589.00	\$188,480	3.80%
Hansen	5,200	\$42.32	\$220,064	4.47%
Insituform	7,200	\$26.74	\$192,528	3.80%
Coca-Cola	3,500	\$54.95	\$192,325	3.80%
Abbott Labs	3,600	\$52.31	\$188,316	3.80%
Diamond Foods	4,300	\$44.05	\$189,415	3.80%
Potash	1,670	\$109.64	\$183,098	3.70%
Republic Services	6,600	\$30.12	\$198,792	4.00%
Alliant Technologies	2,300	\$80.60	\$185,380	3.70%
Morningstar	4,000	\$47.79	\$191,160	3.80%
Comcore	11,000	\$16.18	\$177,980	3.60%
Activision-Blizzard	15,800	\$11.90	\$188,020	3.80%
Newmont Mining	3,600	\$53.55	\$192,780	3.80%
Gilead Sciences, Inc	4,200	\$46.06	\$193,452	3.90%
International Game Technology	10,100	\$19.50	\$196,950	3.90%
United Healthcare	6,200	\$31.05	\$192,510	3.80%
Walgreens	5,000	\$36.78	\$185,900	3.75%
Financials UltraSector	280	\$8.75	\$2,500	0.05%
Telecom Ultrashort	190	\$12.96	\$2,500	0.05%
Cash			\$52,583	1.09%
Total AIM Portfolio				\$4,818,500

The table below shows the industry composition of the current AIM portfolio. There is a greater concentration in Consumer Staples and significantly less in Utilities, Energy and Consumer Discretionary as compared to AIM XXIX.

Sector	4/16/10	11/24/09	Difference
	AIM Weighting	Previous AIM Weighting	
Financials	7.19%	6.44%	0.75%
Health Care	18.71%	18.82%	-0.11%
Utilities	-	6.78%	-6.78%
Consumer Discretionary	7.57%	20.09%	-12.52%
Consumer Staples	18.63%	12.16%	6.47%
Energy	-	6.30%	-6.30%
Information Technology	13.92%	7.06%	6.86%
Materials	10.47%	3.52%	6.95%
Telecom	3.47%	3.19%	0.28%
Industrials	15.27%	10.25%	5.02%
Other	-	4.66%	-4.66%
CASH	4.77%	0.73%	4.04%

Economic Update

GDP - Stronger-than-expected inflation data made economists adjust estimated real GDP growth rate for Q1 2010 to 2.5%, which is 3.1% lower than that of last quarter. Much of last quarter's growth was due to a rise in inventories. Our forecast is for slow to medium GDP growth in the following four quarters, with quarterly increases of 4.0%, 4.0%, 3.5%, and 2.5% respectively.

Credit- First-quarter corporate default rates are coming in low (0.2% annual pace for bonds and 3.2% for loans). With tighter spreads at the beginning of the year, lower returns are expected for both High Grade (2%) and High Yield (10%). High-yield spreads remain wide due to recovery levels. The Credit Default Swap index for the S&P 100, covering nonfinancial companies, slipped to 45 bps on March 25 and is down from 125 bps a year ago. On the other hand, there are concerns over ongoing debt problems afflicting some European countries such as Greece and Portugal.

Unemployment - Employers added 162,000 jobs in March according to the nonfarm payrolls release on April 2. It's the most robust gain in three years and could represent a turning point in the nation's sluggish labor market. The Bureau of Labor Statistics said nonfarm payrolls turned positive for only the third time since December 2007, while the nation's unemployment rate landed in-line with expectations and held steady at 9.7%. Census hiring helped boost the March report,

adding 48,000 to the total, but that sum was lighter than many analysts had anticipated.

The March upswing also stands in stark contrast to a year ago when nonfarm payrolls plunged over 700,000 in a single month. February nonfarm payrolls, which originally showed a loss of 36,000 jobs, now reflect a loss of 14,000. While the positive print in March is a welcome change after months of job losses, and economists hope it represents the beginning of a trend, the report also makes some of the labor market's frailties clearer. The volume of long-term unemployed, or those who have been out of work for 27 weeks or more, increased to 6.5 million last month, meaning nearly half of all unemployed have been stuck without a job for that long. Average hourly earnings also edged lower by 0.1%. After including job-seekers too discouraged to continue looking and part-timers looking for full-time positions, the nation's "unofficial" unemployment rate rose to 16.9% in the month. Since the beginning of the recession, the Labor Department estimates that more than 8 million jobs have been lost.

Housing – Demand for housing continues to look weak, even with low mortgage rates and the federal tax credit. Sales of existing and new homes both declined in February. But there are a few signs that housing may turn around by the end of 2010. A mostly overlooked sign of stability is that home prices have finally stopped falling according to economists at IHS Global Insight. In 2005, 137 metro areas had home prices that were overvalued by at least 14%. Today, they found that the total U.S. housing market was undervalued by 8.9% at the end of 2009. Broad economic forces remain in play however, and many believe high unemployment, tight credit, and unprecedented mortgage delinquencies will hold back price gains over the next several years as evidenced by the rising inventory of both new and existing unsold homes. Sales of existing homes fell 0.6% in February from a month earlier to a seasonally adjusted annual rate of 5.02 million, according to the National Association of Realtors.

Mortgage rates have climbed only modestly in the first week without the Federal Reserve buying mortgage-backed securities. The \$1.25 trillion in debt purchases by the Fed have kept mortgage rates at or below 5% for much of the past year.

Average 30-year rates have continued to hover just above 5% but rates have been creeping higher in recent weeks, not on profound weakness in the mortgage markets but on signs of an improving economy. Mortgages are tied closely to the 10-yr Treasury, which nearly touched 4% on April 5th. Still, the rise in rates was enough to chill any refinance activity, and applications fell by 17%, according to the Mortgage Bankers Association. Their survey found that rates on 30-year fixed rate mortgages had increased to 5.31% last week from 5.04% one week earlier. Analysts say that even if rates don't rise significantly in the coming weeks, mortgage rates will likely become much more volatile without the Fed as the main buyer of mortgages.