

AIM QUARTERLY

Welcome to AIM XXXII



The current AIM class is managing the portfolio through tepid domestic economic growth and Middle East geopolitical instability. Professors Jerry Langley, Bill McDonald, and Frank Reilly are overseeing the group of 26 MBA/MSA analysts. Each has guided the class and shared

knowledge to help insure continued success of the portfolio. Analysts just completed their first round stock valuations and are in the process of selecting a second security.

The AIM class looks forward to the Chicago trip in late March 2011.

QUARTER 1, SPRING 2011

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Economic Outlook: An AIM Perspective

Employment

On its surface, January unemployment of 9.0% seems positive when compared to 9.4% in December and 9.8% in November, but nonfarm payrolls were only reported at 36,000 versus 121,00 in December and

103,000 in November. Moreover, private sector jobs were only up 50,000 in January versus 139,000 in December and 113,000 in November. A contradiction seems to exist when a drop to 9.0% unemployment coincides with only 36,000 new jobs created because it

Continued on Page 2

Economic Outlook (continued)

takes nearly 200,000 jobs to keep pace with the workers entering the labor force due to population growth. This is most likely due to the 2.2 million individuals that gave up (i.e. discouraged workers) looking for a job in 2010, and 500,000 in January. Harsh weather patterns are also believed to have impacted January numbers especially in the transportation and construction sectors where new jobs were still negative. Overall, job growth has been slow, wages are remaining strong, incomes are on the rise, but momentum appears to be building. However, above trend economic growth is needed to significantly lower unemployment, and moving forward concern still exists that the U.S. will see a new higher natural rate of unemployment.

Inflation

Food and energy prices are up drastically across the globe, but

in the U.S. the CPI only rose .4% in January and the core inflation rate, which excludes food and energy prices, increased by .2%, the largest increase in over a year. On the heels of quantitative easing 2 there is concern that inflation is a serious long-term concern, but current U.S. inflationary concerns are modest relative to those facing global emerging markets. Rising commodity prices are corresponding to higher global food prices, and there is volatility in oil prices with the instability in the Middle East. As the protests and unrest spreads, there is an increasing focus on maintaining stability in key oil producing areas such as Saudi Arabia. Accusations exist that the U.S. monetary policy is essentially exporting inflation; however, Bernanke has retorted that controlling inflation is the responsibility of central bankers. Over the long term, there is uncertainty surrounding the U.S. inflation debate, but more immediately U.S. consumers do not appear to be too heavily impacted. This could change over the next year, especially as U.S. gas prices continue to rise above \$3.00 a gallon, causing households reduce their spending in other areas.

Continued on Page 6

ALUMNI UPDATES**Prentice Ng**

Prentice (AIM XXIII) is currently a Vice President at BlackRock, and works in the US and Canada Institutional Global Client Group. He is responsible for developing and maintaining relationships with institutional investors, including public and private pension plans, foundations, and endowments.

Nicholas Shirk

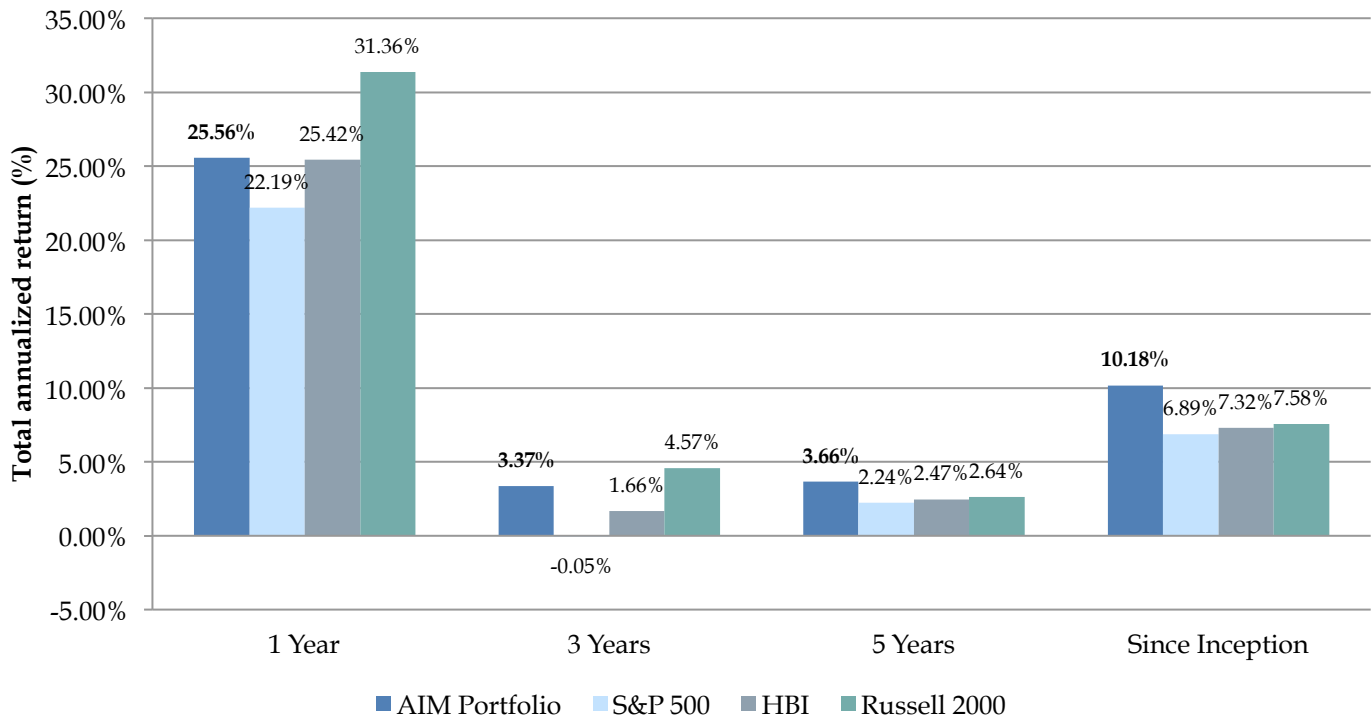
Nick (AIM XXX) has worked for 1st Source Bank in South Bend since graduating last May. Currently, he is operations manager in their technology group. He has been involved with projects to develop technology strategies to further the bank's initiatives. His AIM experience has been beneficial in developing metrics to analyze and improve performance in the technology group.

He and his wife Michelle recently adopted their daughter, Evelyn, born February 15, 2011. They reside in La Porte, IN.

Christopher Gresh

Chris (AIM XXX) currently works in investment banking at Lazard Freres in the Middle-Market M&A division in Minneapolis. As an Associate, he has spent the majority of his time working on Healthcare transactions. His career began last July after graduation from the MBA program.

Portfolio Performance: The AIM Advantage



Benchmark Comparison

Since inception, the AIM portfolio has outperformed the S&P 500, the Russell 2000, and the Hank Blended Index (the HBI is comprised of 65% S&P 500 returns and 35% Russell 2000 returns). However, over a three-year period, the AIM portfolio has failed to outperform the Russell 2000. This has prompted discussions among the current portfolio analysts with regard to analyzing stocks with lower market caps.

Portfolio Attribution Analysis

The AIM portfolio has outperformed the S&P 500 due to a combination of both the allocation effect and the selection effect. Over a five year time period, the portfolio has benefited from its allocations. Over the last three years however, the portfolio has achieved most of its growth through the selection of well performing securities. Refer to the chart on page 5.

Portfolio Positions

The composition of the AIM portfolio is listed on the following page. Notably, Chevron has become our

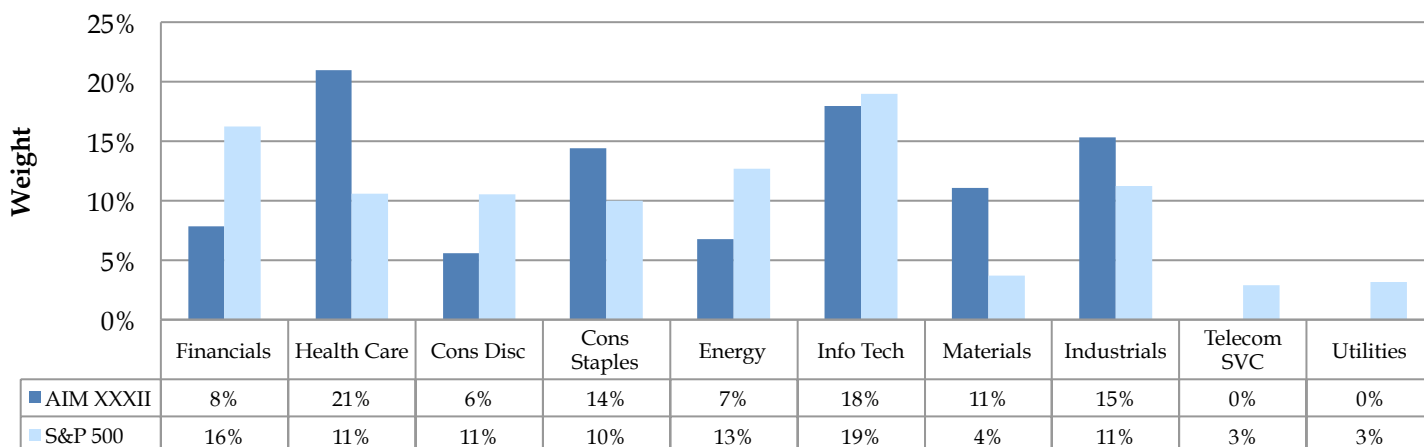
largest holding at 6.96% - primarily due to the spike in oil prices beginning the week of 2/21/11. Apple is our second largest holding at 6.41% and Symmetry Medical is our third largest holding at 5.03%. Potash underwent a 3:1 stock split on 2/25/11, increasing our fund's shares from 1,400 to 4,200. We sold our position in JCrew (1.93% of the portfolio) on 2/28/11 due to the uncertainty of the TPG Capital buyout offer amid shareholder dissent.

Sector Allocation

The sector weightings of the AIM portfolio are benchmarked against the S&P 500. The portfolio tries to stay within +/- 5% of the S&P 500's weightings. As can be seen on the following page, we are under that limit in the financials and energy sectors; over that limit in the health care and materials sectors, and just at our limit in consumer discretionary. As we move into Q4, our goal is to re-evaluate the weightings, and re-distribute accordingly.

[Charts Continued on Pages 4 & 5](#)

Sector Weightings vs. S&P 500 (as of 2/26/2011)

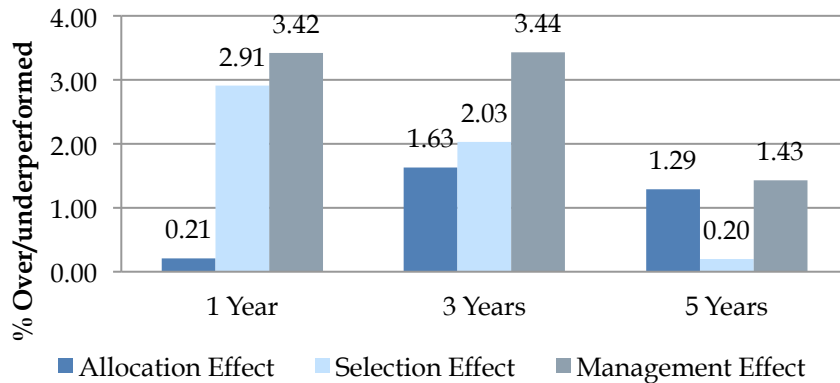


Current Portfolio Positions (as of 2/26/2011)

Stock	Ticker	% of Portfolio	Shares	Price (\$)	Mkt. Value
Apple	AAPL	6.22%	1,000	348.16	\$348,160
Abbott Labs	ABT	3.57%	4,200	47.64	\$200,088
Archer Daniels Midland	ADM	4.41%	6,700	36.88	\$247,096
Alaska Air Group	ALK	2.96%	2,800	59.22	\$165,816
Alliant Tech Systems	ATK	2.71%	2,100	72.18	\$151,578
Activision Blizzard	ATVI	3.53%	17,800	11.11	\$197,758
Cal-Maine Foods	CALM	3.26%	6,400	28.47	\$182,208
Chubb	CB	3.65%	3,400	60.11	\$204,374
Cisco Systems	CSCO	4.50%	13,500	18.64	\$251,640
Chevron	CVX	6.75%	3,700	102.10	\$377,770
EcoLab	ECL	3.45%	4,000	48.23	\$192,920
FedEx	FDX	3.69%	2,300	89.88	\$206,724
General Dynamics	GD	2.17%	1,600	75.94	\$121,504
Gilead Sciences	GILD	3.83%	5,500	39.01	\$214,555
Google	GOOG	3.71%	340	610.04	\$207,414
Global Payments	GPN	4.20%	4,900	47.96	\$235,004
Hansen Natural	HANS	3.16%	3,000	59.00	\$177,000
Intl. Game Tech	IGT	3.63%	12,500	16.26	\$203,250
Insituform	INSU	3.82%	8,500	25.13	\$213,605
J. Crew*	JCG	1.93%	2,500	43.22	\$108,050
Coca-Cola	KO	3.56%	3,100	64.31	\$199,361
Newmont Mining	NEM	3.11%	3,200	54.46	\$174,272
Potash	POT	4.50%	4,200	60.00	\$252,000
Perrigo	PRGO	4.34%	3,200	75.91	\$242,912
Symmetry Medical	SMA	5.03%	30,500	9.24	\$281,820
United Health Group	UNH	4.18%	5,500	42.52	\$233,860
Cash & Hedge		0.12%			\$6,582
TOTAL					\$5,597,321

* JCG was sold on 02/28/2011 in advance of the 03/01/2011 shareholder meeting regarding the TPG Capital buyout offer. The sale will be reflected in next quarter's newsletter.

Total Portfolio Attribution



Economic Outlook (continued)

Housing

The housing market continues to be a reminder of the potential downside risks to the U.S. economy. For the sixth consecutive month the Case-Shiller house price index showed that prices are still deteriorating. The index currently shows that eleven of the twenty cities that comprise the index are at new post-bubble lows. In addition, new home sales in January decreased to 284 thousand from 325 in December. New home sales have averaged 293 thousand per month over the last nine months. Existing home sales in January were strong, up 2.7% from December and 5.3% higher than January 2010. Although sales figures increased, there is still 7.6 months of supply in the market. As such, the outlook for 2011 housing prices is bleak as inventory levels

remain high and the percentage of distressed sales continues to increase.

GDP

The Bureau of Economic Analysis recently released a revised Q4 GDP growth rate. The Bureau revised the estimate down to 2.8 percent from 3.2 percent. The change reflected upward revisions to imports and downward revisions to state and local government spending and personal consumption. The revised numbers offer an explanation for weak job numbers, but create concerns as fiscal and monetary policy resources are strained. With policymakers aggressively shifting focus towards budgetary concerns, the U.S. economy is facing significant headwinds, as output growth and employment remain weak.

ALUMNI UPDATES

Benjamin Freeburg

Ben (AIM XXX) works at Summit Capital Management in Seattle, WA. The firm manages \$650MM+ of assets on behalf of its private clients. He works on a multi-strategy hedge fund that is managed in an "endowment style." Ben focuses on privately traded assets (PE, VC, hedge funds, etc.) through manager due diligence, investment research, data analytics, & portfolio reporting.

Brendan Condon

Brendan (AIM XXX) is an Associate at Graham Allen Partners, an early stage venture capital firm based in Innovation Park at ND. His responsibilities include operational support, capital raising and product development advice for the firms portfolio companies. He is also responsible for generating deal flow for data infrastructure and data analytics companies and for supporting and developing internal incubation projects.

Mark Leveck

Mark (AIM XXX) works for Nomura Securities in Government Rates Sales. He provides execution services to large institutional real money accounts, macro hedge funds and central banks that trade in various global rate products. He covers a wide range of globally traded fixed income products from US Government and Agency debt, Japan, Euro, German, UK debt instruments, swaps, swaptions, TIPS and Linkers.

Things Overheard: Class Insights

Lauren Quirke: We sold JCG because the downside in the event the TPG Capital buyout offer was rejected outweighed the benefit of its approval.

Jered DaCosta: Cisco competitors continue to gain market share through deep discounts to customers for turning in their Cisco network equipment in exchange for new products.

Jeffrey Mohammadi: Store pharmaceutical brands are not just a recession inspired fad. Retailers and

customers like the theme and PRGO is well positioned in the space.

Edison Parzanese: Producers of *the American Life* claimed to have found the secret recipe for Coke in a 1979 copy of the Atlanta Journal Constitution

Brian McEvily vs. Dave Derr: Apple (Google) is going to continue to have explosive growth based on the continued success and proliferation of the iPhone/iPad (Android phones/tablets).

Class Profile: MBA/MSA Roster

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