MARQUETTE UNIVERSITY

Applied Investment Management (AIM) Program

AIM Fund Investment Advisory Board Meeting

September 21, 2006

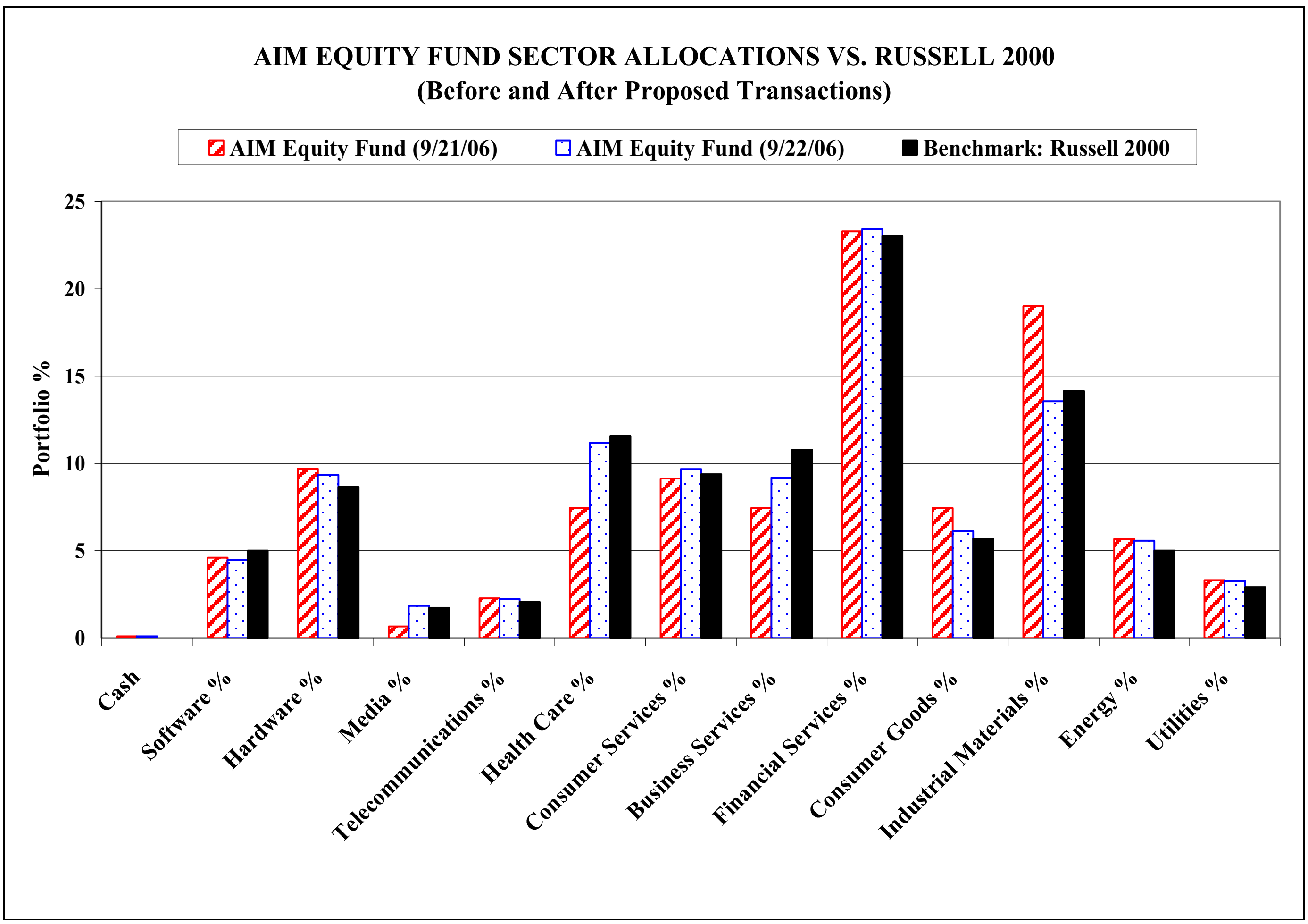
AIM Fund Portfolio Recommendations

Student Presenter	Company Name	Ticker	Recommended Portfolio Weighting	Recommended Investment	Share Price 9_15_06	# of Shares to be Purchased
Jeff Ehman	Air Methods Corporation	AIRM	2.0%	$11,250	$22.50	500
Uri Soroka	Alvarion Ltd	ALVR (ADR)	2.0%	$11,425	$6.42	1,780
Amie Brouillard	Jackson Hewitt Tax Service	JTX	2.0%	$11,370	$33.44	340
Christina Mirarchi	AmSurg Corporation	AMSG	2.0%	$11,445	$24.35	470
Michael D'Agostino	Ennis Inc.	EBF	2.0%	$11,480	$20.50	560
Sarah Tobolski	Alliance Atlantis Communications Inc.	AACB	1.2%	$6,820	$31.00	220
Kristina Cerjak	Asta Funding, Inc.	ASFI	2.0%	$11,260	$36.31	310

PROPOSED AIM EQUITY FUND TRANSACTIONS

Date	Transaction	Reason for Sale	No. of Shares	Amount
September 22, 2006	Sell - **NLS**	Better Opportunity	530	$7,300
September 22, 2006	Sell - **BXG**	Better Opportunity	660	$7,900
September 22, 2006	Sell - **MFB**	Adjust Sector Holdings	400	$7,300
September 22, 2006	Sell - **OS**	Beyond Market Cap Max.	280	$13,800
September 22, 2006	Sell - **NICE**	Better Opportunity	470	$12,450
September 22, 2006	Sell - **DLP**	Tender Offer	380	$15,355
September 22, 2006	Sell - **IWM**	Balance transactions	150	$10,900
Sub-Total				**$75,005**

Date	Transaction	Reason for Purchase	No. of Shares	Amount
September 22, 2006	Buy - **AAC.B**	Buy recommendation Class of 2007	220	$6,820
September 22, 2006	Buy - **AIRM**	Buy recommendation Class of 2007	500	$11,250
September 22, 2006	Buy - **ALVR**	Buy recommendation Class of 2007	1780	$11,428
September 22, 2006	Buy - **AMSG**	Buy recommendation Class of 2007	470	$11,445
September 22, 2006	Buy - **ASFI**	Buy recommendation Class of 2007	310	$11,256
September 22, 2006	Buy - **EBF**	Buy recommendation Class of 2007	560	$11,480
September 22, 2006	Buy - **JTX**	Buy recommendation Class of 2007	340	$11,370
Sub-Total				**$75,048**



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Air Methods Corporation
AIRM
Price: $22.56 ($10.67 - $31.40)
Fiscal Year Ends: December 31, 2006

September 15, 2006 — Jeff Ehman
Russell 2000 Index: 729.35 (614.76 – 784.62) — Health Care Sector

Air Methods Corp. leads the market for air-based emergency medical transport services and systems in the United States. The Company operates under three divisions; the Community-Based Model (CBM), Hospital-Based Model (HBM), and Products Division. The CBM and HBM both provide air transportation to intensive care patients using helicopters and two company-owned propeller planes. The CBM division operates in 17 states, while the HBM division has services in 26 states and Puerto Rico. The Products Division designs, manufactures, and installs aircraft medical interiors and other aerospace or medical transport products for transfer service providers.

Recommendation

Air Methods is the only publicly traded company in the emergency air transport services industry. Currently, the stock is undervalued because the market has failed to fully incorporate the growth prospects into the price. AIRM has already expanded its CBM division through acquisition and it's Products Division through internal expansion. Future stock appreciation should be further realized through management's ability to execute acquisitions and gain market share in the Products Division. Since the Company's air transport competition comes from small regional carriers, solid acquisition targets are prevalent. Note that while AIRM may have trouble at times with collection on sales during periods of price increases, these issues can be considered short term cycles rather than long-term trends. The stock price should appreciate to $32.00 over the holding period.

Key Statistics	Sep 15 2006
Market Cap	$261.93M
Shares Outstanding	11.762M
Average Volume	218,334
Beta v. Russell 2000	.66
EPS (TTM)	$1.28
2006 Estimated EPS	$1.26
P/E (TTM)	17.45
WACC	10.07%
Free Cash Flow/Share	$1.24
Debt/Assets	36.24%
ROE	14.86%
Gross Margin	41.04%
Operating Margin	8.46%
Price/FCF	17.98
Estimated PEG (5 Year)	1.18
Target Price	$32.00

Investment Thesis

- **Inherent need.** The use of helicopter transportation for emergency purposes will not be replaced in the near future. This inelastic demand allows Air Methods to increase prices to maintain sales growth and profitability without losing customers.

- **Barriers to entry.** Air Methods profitably operates a fleet of 200 aircrafts. The high fixed cost of purchasing and insuring this fleet would be too great for smaller competitors to bear, preventing any new entries into the industry.

- **Consistent growth in operating profits.** Air Methods has generated a profit every year since 1996 and has managed to grow operating profits from $1.38M to $28.5M in that time. This growth should continue into the near future.

- **Defensive nature.** Since January 1, 1998, Air Methods' beta compared to the S&P 500 has been 0.58, and the Company managed to grow operating profits and revenues through the recession of 2002.

Valuation

Based on our discounted cash flow model, Air Methods should be valued at $32.00. The average analyst price target for AIRM is $27.00, with both providing buy ratings. We believe that a target valuation of $32.00 is reasonable for the stock.

Risks

- **Ability to collect sales on account.** A transition in its payer mix from insured to uninsured and Medicare/Medicaid has negatively impacted AIRM's profits due to a larger bad debt expense. While the CEO, Aaron Todd, feels this is a short-term occurrence instead of a long-term trend, this remains a concern.

- **Ability to execute quality acquisitions.** Many acquisition targets exist in Air Methods' desired size range. While shareholders may push for the company to continue to aggressively grow its revenues by acquiring some of these firms, management must stay disciplined in the search for merger possibilities so as not to overpay.

- **Competitive pressures from low-cost providers.** Air Methods provides the high quality products and services, ultimately causing a higher price for the end user. Many regional competitors utilize aircrafts with lower ownership and operating costs. Also, all Air Methods' pilots are required to be IFR certified by the company, which is more expensive than the VFR certifications used by many other providers.

- **Aircraft maintenance.** Both the CBM and HBM operations are directly affected by changes in aircraft maintenance costs. Increases in spare part prices from OEMs tend to be higher for aircraft no longer in production, which constitutes approximately 37% of Air Methods' fleet.

Management

Four of the five executive officers have been with the company for over nine years, with the Chief Executive Officer, Senior Vice President, and Chief Accounting Officer holding these positions for at least 13 years. The company has been shareholder friendly with the use of debt funding for acquisitions and a return on equity of 14.86%. Insiders and 5% owners hold 16% of the shares outstanding.

Ownership

% of Shares Held by All Insider and 5% Owners:	16%
% of Shares Held by Institutional & Mutual Fund Owners:	55%

*Source: Yahoo! Finance

Top 5 Shareholders

Holder	Shares Held	Percent of Shares Outstanding
Ralph Bernstein	1,213,000	10.316%
Bear Sterns Asset Management	525,008	4.464%
Barclays Global Investments	491,824	4.182%
Acquisitor Holdings	480,890	4.089%
Carnegie Asset	472,916	4.021%

*Source: Bloomberg

Alvarion Ltd
ALVR (ADR)
Price: $6.77 ($4.92 - $10.96)
Fiscal Year Ends: December 31, 2006

September 13, 2006 — Zachary Bloom, Uri Soroka
Russell 2000 Index: 730.70 (614.76 – 784.62) — Hardware Sector

Alvarion Ltd. is a supplier of Broadband Wireless Access (BWA) and compact cellular network solutions to carriers, ISP's, and private network providers. They operate in two segments: BWA, which includes Worldwide Interoperability for Microwave Access (WiMax) products (~90% of revenues); and a Cellular Mobile Unit (CMU) (~10% of revenue), which offers compact cellular network solutions for rural and remote areas, defense and other specialized purposes. Most of the company's revenue is generated internationally (~86% in 2Q06). ALVR is based in Israel with headquarters and R&D facilities in Tel Aviv. The company maintains sales offices around the world. Distribution channels include direct (~50%), indirect, and OEM.

Recommendation

ALVR has a 30% world market share in BWA solutions and 81% market share in Customer Premise Equipment (CPE) and base stations, mostly in developing countries that lack a wired infrastructure. Despite the company's relatively small size, it has established a strong brand identity as well as stable relationships with OEM's. While the CMU did not perform as expected, managements' restructuring efforts should make the unit profitable in the next 4 quarters. ALVR's active participation in the WiMax Forum and active interoperability trials will give the firm an advantage as new standards are adopted in 2007-2008. Based on these factors as well as stock valuation we recommend the stock as a strong buy and believe it can achieve target price of $9.00 within our holding period.

Key Statistics	Sep 13 2006
Market Cap	$359.010M
Shares Outstanding	60.81M
Average Volume	569,898
Beta v. Russell 2000	1.59
EPS (TTM)	$ (0.70)
2006 Estimated EPS	$0.17
P/E (TTM)	N/A
WACC	12.1%
FY'06 EBITDA/Share	0.16
Debt/Assets	26.2%
FY' 07 ROE	7.5%
Gross Margin	50%
FY' 07 Oper. Margin	7.7%
EPS Growth Est (5 Yr)	37%
Target Price	$9.00

Investment Thesis

- **ALVR's technological advantages and experience makes it the wireless broadband leader.** ALVR is a pioneer in wireless broadband technology and an active participant in the WiMax Forum which influences the emerging standards. This leadership position gives the company an edge over its competition.
- **Significant growth is expected in the emerging markets.** Developing countries, lacking the copper wire infrastructure available in the US and Europe, turn to cost-effective BWA and compact cellular solutions. With a long list of candidates, ranging from India to New Zealand, ALVR has a huge market expansion potential in the short to mid term.

- **Emerging Mobile WiMax standards will expand the market in the developed countries.** Mobile WiMax devices are being tested and will bring BWA to a level similar to the WiFi in the next several years, providing ALVR with favorable growth potential in the developed world.

- **Increased need among enterprises to expand their own networks.** As enterprises in developed countries continue to grow, they will choose more cost effective ways to expand their networks, especially during an economic downturn. ALVR will benefit significantly from this as WiMax is the most cost effective alternative to a copper network.
- **Spectrum licenses issuance drives ALVR customers to faster implementation.** Many governments in both developed (i.e. France, Japan) and emerging (i.e. New Zealand, India) markets are either issued or working on issuance of licenses to local operators for the 2.3, 2.5, 3.5, and 3.6 GHZ frequencies. We believe this trend will continue and will increase the demand for the WiMax solution.
- **Increase in demand for municipal wireless networks.** A growing number of cities in the US and abroad are considering or presently investing in municipal wireless networks providing cheap or free access to the internet. This continuing trend will inevitably increase the demand for ALVR products.

Valuation

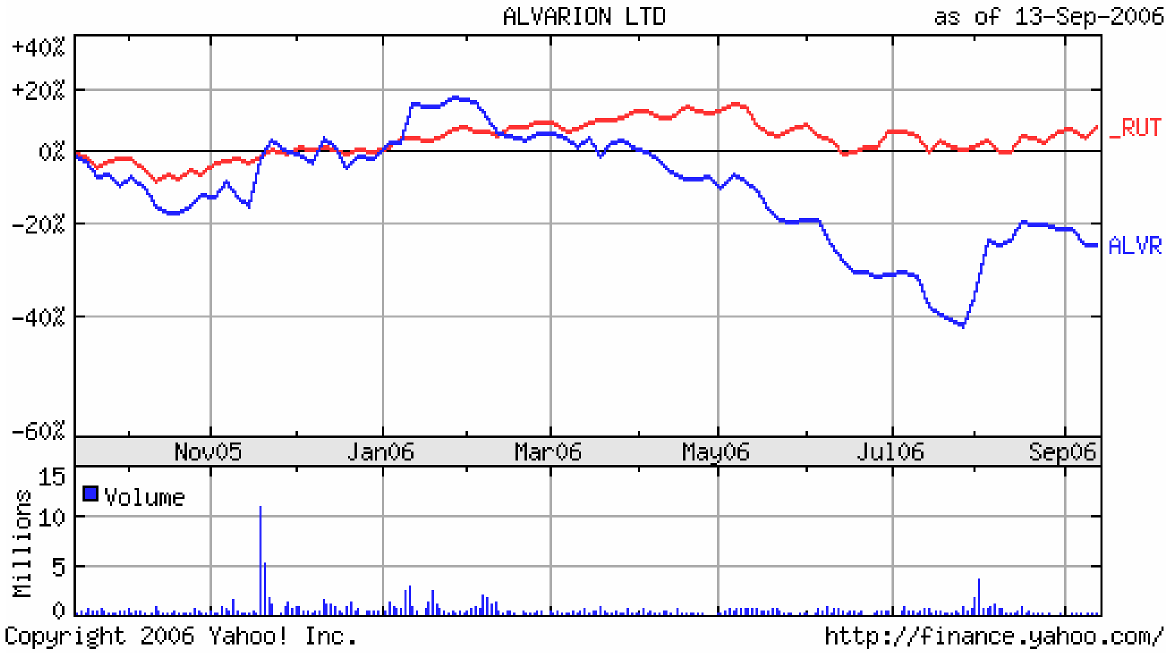
Based on a discounted FCF model, ALVR should be valued at $8.46, while a discounted EBITDA model values the stock at $10.17, and a relative PE values the stock at $11.05. Moderate coverage on the street values ALVR at $9.67. We have a target valuation of $9.00 based on a weighted average of our valuation models.

Risks

- **Slow decisions on capital spending.** Service providers and other ALVR customers are often slow in making the decision to move from trials to full implementations.
- **Customers turning competitors.** Some large current OEM customers, such as Siemens, are working on hardware solutions that will compete with ALVR products.
- **Delays in frequency licensing by governments.** Governments have a tendency to delay decisions regarding licensing WiMax frequencies. Since these licenses are an essential requirement for many large network operators to implement commercial broadband wireless, this may cause delays of orders and decreases demand for ALVR products.
- **Interoperability issues.** With the introduction of WiMax standards (IEEE 802.16d & e) ALVR has to work to ensure interoperability of its equipment according to the standards.
- **Geo-political tensions in Israel and currency risks**. Geopolitical tensions in Israel as well as currency fluctuations may affect ALVR stock price in the short term.

Management

The management team of ALVR is a relatively young, but very experienced team. Most officers are educated in the US and have extensive experience in the industry. Executive compensation is in check and bonuses are attached to specific targets. The board of directors has both internal and external members and the Chairman's role is separate from that of the CEO. The executives and directors hold approximately 4 million options at an average price of $7.80.



Ownership

% of Shares Held by All Insider and 5% Owners:	2%
% of Shares Held by Institutional & Mutual Fund Owners:	25%

*Source: Yahoo! Finance

Top 5 Shareholders

Holder	Shares Held	Percent of Shares Outstanding	Latest Change
Fidelity Investments	4,268,000	7.186%	-
Intrepid Capital	1,876,000	3.157%	-244,000
Timessquare Capital	1,773,000	2.985%	-49,600
JDS Capital Management	1,700,000	2.862%	500,000
Ergates Capital management	1,550,000	2.609%	283,087

*Source: Bloomberg

Jackson Hewitt Tax Service
JTX
Price: $33.19 ($22.11 – 36.70)
Fiscal Year Ends: April 30, 2006

September 14, 2006 | Amie Brouillard
Russell 2000 Index: 724.48 (614.76 – 784.62) | Consumer Services Sector

Jackson Hewitt Tax Service prepares federal, state, and local individual tax returns in the United States through a variety of franchised and company-owned offices. Their customer base consists of mostly low income consumers. Currently, JTX has 6,022 offices with 5,379 operated by franchises. Franchises completed 89% of the total tax returns in 2006. Jackson Hewitt Tax Service also provides financial products such as Refund Anticipation Loans (RALs), Money Now Loans, Accelerated Check Refunds (ACRs) and Gold Guarantee.

Recommendation

Jackson Hewitt Tax Services is following an aggressive growth plan. They are in the process of increasing the number of franchise stores in order to expand their business and reach untapped areas. This growth strategy should increase JTX's revenues in an extremely competitive industry. Historically, JTX's vast number of financial products has generated operating margins of 34%. We think JTX will maintain these high margins and as a result, the stock price will appreciate to our price target of $39.36.

Key Statistics	Sept 14 2006
Market Cap	$1.15B
Shares Outstanding	34.28M
Average Volume	386,688
Beta v. Russell 2000	0.54
EPS (TTM)	$1.63
2007 Estimated EPS	$1.94
P/E (TTM)	20.63
WACC	7.58%
Cash Flow/Share	$2.10
Debt/Assets	8.5%
ROE	16.67%
Gross Margin	71.58%
Operating Margin	38.64%
EPS Growth Est (3 Year)	21.11%
Target Price	$39.36

Investment Thesis

- **Retail partner locations.** JTX tailors their services to low income customers through the strategic location of their stores. In 2006, 1,200 stores were located in Wal-Mart, along with an additional 400 stores dispersed among Kmart, Simon Property Group, and General Growth Property locations. The remaining properties are located in stand alone stores. Approximately 13% of the tax returns from fiscal year 2006 were prepared by retail-partner locations.

- **Comprehensive line of financial products.** Given JTX's lower income customer base, the majority of customers rely on these products to receive their refund money almost immediately after filing the tax return. Financial products give customers the ability to have the costs and fees from the tax preparation and the financial product withheld from their tax refund. In 2006, over 90% of JTX's customers used a financial product with their tax return. Financial products amounted to 26% of revenues in 2006 due to the high interest rates associated with these products.

- **The ability to franchise.** The majority of JTX's offices are franchised which allows the company to grow without significant fixed costs, creating high profit margins. Franchises must pay JTX 15% of their revenues for royalty fees and 6% of revenues for marketing and advertising fees. These fees amounted to 40% of JTX's total revenues. Additionally, JTX generates revenues from the sale of their franchises to new and existing franchisees. In 2006, 205 franchises were sold.

- **Ambitious growth strategy.** JTX is aware of the intense competition in their market. Therefore, they are expanding their office network to increase customer traffic. In fiscal year 2006, JTX added 508 new offices and doubled the number of offices per territory from one to two.

Valuation

Based on our discounted cash flow model, Jackson Hewitt should be valued at $39.36, and a relative valuation based on the current PE of JTX's competitors values the stock around $39.33. Of the analysts who follow JTX, there are 3 buys, 3 holds and 1 sell. S&P has an intrinsic stock price of $40.00.

Risks

- **Intense competition.** JTX competes with thousands of large and small tax preparers. Their competitors include H&R Block, Liberty Tax Service, smaller independent tax preparers, and CPA firms.

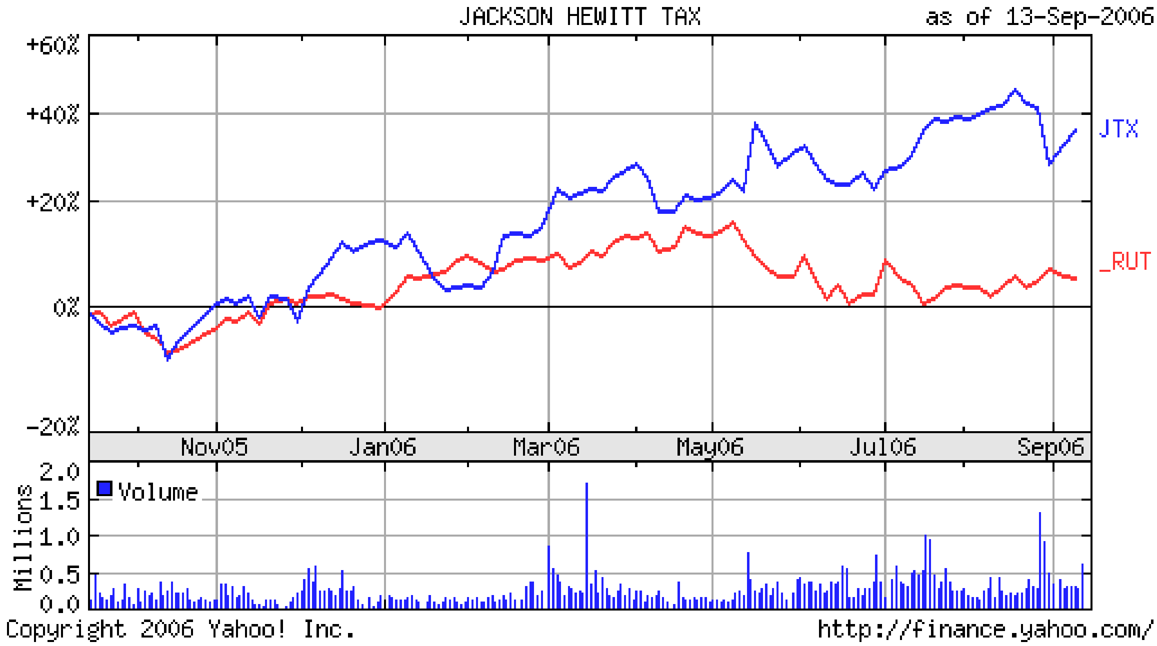
- **Proposed RAL legislation.** State and federal legislation has been enacted to increase the level of discloser required for Refund Anticipation Loans (RALs). Additionally, consumer advocacy groups are lobbying states to reduce the interest rate banks charge for RALs. We believe that the likelihood that such lobbying will be successful is remote.

- **Regulatory and legal cost.** The tax preparation and financial product business is subject to extensive regulation and oversight by the IRS, FTC, and law enforcement agencies. Legal costs include lawsuits regarding the facilitation of RALs.

- **Seasonal nature of their business.** Roughly 93% of JTX's revenues are generated during January 1st to April 30th. This could create potential problems with cash and resource management, staffing, and accurate forecasting of revenues and expenses.

Management

Chairman and CEO, Mike Lister, has vast experience in the tax business, having served in various positions within H&R Block from 1976 to 1999. Executives currently hold approximately 0.37% of the shares outstanding. Overall JTX seems shareholder friendly.



Ownership

% of Shares Held by All Insider and 5% Owners:	10%
% of Shares Held by Institutional & Mutual Fund Owners:	85%

*Source: Yahoo! Finance

Top 5 Shareholders

Holder	Shares Held	Percent of Shares Outstanding	Latest Change
Ziff Asset Management	3,472,000	10.183%	-100,000
Fidelity Management	2,600,000	7.625%	63,300
Eagle Asset Management	1,160,000	4.722%	356,720
Vanguard Group	1,563,000	4.585%	186,611
Burgundy Asset Management	1,333,000	3.908%	-62,770

*Source: Bloomberg

AmSurg Corporation
AMSG
Price: $24.43 ($19.68 - $28.39)
Fiscal Year Ends: December 31, 2006

September 21, 2006 — Christina Mirarchi
Russell 2000 Index: 726.49 (614.76-784.62) — Health Care Sector

AmSurg Corporation acquires, develops, and operates ambulatory surgery centers (ASCs) for low-cost, but high volume procedures. These centers are operated as a partnership between the company and the physicians. The company currently operates 149 ASCs in the U.S. that perform specialty procedures including: gastrointestinal endoscopy, ophthalmology, orthopedic, and otolaryngology (ear, nose, and throat) procedures. The company strategically places the ASCs near to the physician's office to add convenience for both the patient and doctor. AmSurg continues to acquire twelve to fifteen centers a year while growing and expanding its existing operating centers.

Recommendation

AmSurg Corporation continues to increase the number of ASCs it owns through acquisitions, while still enhancing the quality of care given at their existing ASCs. While AmSurg is diverse in the scope of procedures that it offers, the company focuses primarily on the highest growth sector, gastrointestinal. AMSG also is the leading provider of colonoscopy procedures in the United States. As AmSurg continues to meet the increasing demand for colonoscopies and its other services, the company's earnings are projected to grow by approximately 16% annually over the next three years and we believe that its stock price will appreciate to over $29 in the long term.

Key Statistics	Sept 21, 2006
Market Cap	$727.35M
Shares Outstanding	29.869M
Average Volume	264,828
Beta v. Russell 2000	0.6
EPS (TTM)	$1.18
2006 Estimated EPS	$1.25
P/E (TTM)	20.08
WACC	9.78%
Cash Flow/Share	$2.08
Debt/Assets	20.5%
ROE	12.23%
Gross Margin	39.2%
Operating Margin	35.34%
EPS Growth Est (3 Year)	16.09%
Target Price	$29.00

Investment Thesis

- **Benefit from demographic trends.** As the baby boomer generation continues to age, the demand for surgical procedures (i.e. colonoscopies, cataract and knee surgery, etc.) that AmSurg provides will increase.

- **Introduction of new marketing methods.** AmSurg began to market the importance of colonoscopy procedures to both doctors and patients. After observing a positive response, the company will continue to market extensively to gain additional market share.

- **Providing patients with the option of having procedures performed on Saturday.** AmSurg recently began allowing doctors to provide their services on Saturdays for patients that meet certain requirements. While this concept is still new, it has already led to increased revenues.

- **Ambulatory surgery centers are a growing trend in the healthcare industry.** As the healthcare industry as a whole looks to decrease waiting times and lower costs in hospitals, the demand for single-specialty ambulatory surgery centers will continue to increase.

Valuation

Based on a discounted cash flow model, we calculated that AmSurg should be valued at $29.17. After performing a relative valuation model based on the forward P/E of AmSurg's competitors, we found that AMSG should be valued at $28.89. Therefore, we believe that a target share value of $29.00 is reasonable.

Risks

- **Reimbursement rates will be lowered this year.** In 2006, President Bush signed the Deficit Reduction Act of 2006, lowering the amount of reimbursement given to ASCs for specific procedures. Despite the industry's efforts to less the rate of decrease, this change could negatively affect AMSG's EPS in 2007.

- **The ability to gain new doctors and patients.** AmSurg competes with hospitals to gain doctors and staff for their ASCs. There is already a limited supply of hospital personnel available for the specific services that AmSurg offers; therefore the labor shortage may continue to worsen and negatively impact AMSG's operating margin.

- **The ability to acquire ASCs.** There may be increased competition in acquiring surgery centers. If the company is not successful in acquiring ASCs, the long term growth projections might be adversely affected.

- **Regulatory and legal costs.** AmSurg faces many regulatory issues at the federal, state, and local levels, including licensing and the certification/accreditation of ASCs. If regulation procedures are not followed, substantial financial penalties may have to be paid.

Management

Four of the five members of AmSurg Corporation's management team have been with the firm since 1994, while three of the five had an extensive background in the healthcare industry before joining AmSurg. The executives of the company currently hold less than 2% of the shares outstanding. Overall, the corporate governance policies and actions of the company seems shareholder friendly.

Ownership

% of Shares Held by All Insider and 5% Owners:	2%

*Source: Yahoo! Finance

Top 5 Shareholders

Holder	Shares Held	Percent of Shares Outstanding	Latest Change
Fidelity Management	3,872,000,000	12.97%	06/06 bought
Neuberger Berman LLC	3,660,000,000	12.26%	06/06 sold
Wasatch Advisors	3,458,000,000	11.88%	06/06 bought
Waddell and Reed Financial Inc.	2,329,000,000	7.80%	06/06
Wellington Management	2,140,000,000	7.17%	06/06

*Source: Bloomberg

Ennis Inc.
EBF
Price: $20.48 ($16.13-$20.95)

September 21, 2006 — Michael D'Agostino
Russell 2000 Index: 727.60 (614-784.62) — Business Services

Ennis Inc. is a private wholesale manufacturer of printed business products as well as producing an extensive apparel line. The printed products include simple and complex forms, negotiable documents, commercial printing, promotional products, office supplies, tags, labels, presentational products, and point-of-purchase display advertising. The apparel segment sells a variety of different active wear, from athletic shorts and t-shirts, to hats and sweatshirts. The Company has 42 production facilities and 17 distribution facilities located throughout the US, Canada, and Mexico. They are currently in the process of expanding their boundaries to include parts of Europe and Asia.

Recommendation

In the past year, Ennis Inc. has rapidly expanded its horizons through a number of acquisitions that substantially improved their bottom line. EBF's most recent acquisition was Block Graphics, which took place in August of 2006; a purchase that has already had a substantial impact on the company's stock. Ennis is a well established company which has been in existence since the beginning of the 20th century. EBF is currently positioned comfortably in its industry, but certainly has room for a considerable amount of growth. We believe that Ennis Inc.'s recent moves support our hypothesis that EBF is on track to appreciate to $24.50 per share within our holding period.

Key Statistics	Sept. 15 2006
Market Cap	$526.1M
Shares Outstanding	25.54M
Average Volume	124,728
Beta v. Russell 2000	0.63
EPS (TTM)	$1.58
2006 Estimated EPS	$1.66
P/E (TTM)	12.88
WACC	8.73%
Cash Flow/Share	$1.86
Debt/Assets	21.48%
ROE	14.25%
Gross Margin	25.40%
Operating Margin	12.88%
EPS Growth Est (3 Year)	25.00%
Target Price	$24.50

Investment Thesis

- **The most secure pick with the least amount of risk.** The Business Services sector is a rather cyclical area and includes industries such as employment, construction, and transportation, which have all been forecasted for a downturn during the next year. Ennis Inc. has predominately had less risk than the rest of the Business Services sector and thus is a relatively safer investment in the volatile Business Services industry.

- **High dividend yielding stock.** Ennis Inc. has paid a $0.62 dividend the past several years – and has maintained approximately a 3% dividend yield over the ten year period. The dividends have stayed constant, even with substantial yearly earnings increases for the same period. This strong dividend yield has brought a consistent return to its shareholders. Presently, the 3% yield is much higher than the average of the other firms in the sector.

- **Well positioned business segments.** Ennis is separated into two distinct segments; the print segment and the apparel segment. Both segments have shown significant growth over the past several years. The apparel segment is a relatively new endeavor for EBF, and is the segment we believe will provide Ennis with the strongest growth in the coming years. With the acquisition of Alstyle apparel at the end of 2004, Ennis struggled to prosper with a new and distinctive segment on their hands. We now believe that they have a far better understanding of the market and will continue to mature and prosper. The print segment contains a number of companies that have maintained steady sales growth and should continue to prosper financially.

Valuation

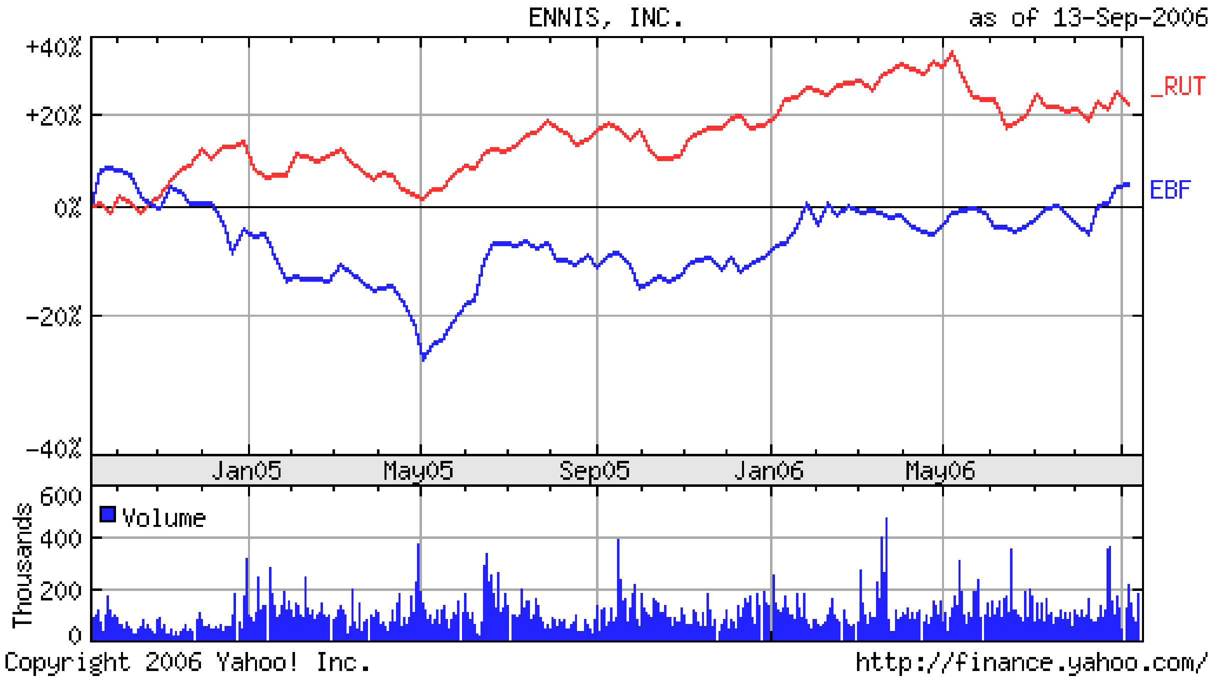
Based on our discounted cash flow model, Ennis should be valued at $23.97. Using a dividend discount model we found a value of $25 per share. Also based on its relative measures (i.e. P/E, P/Rev) compared to other firms in the same industry, we found EBF to be under priced. We believe a reasonable valuation for this stock is at $24.50.

Risks

- **The stock is trading near its 52 week high.** Ennis is presently trading just shy of its highs for the past year. This should not pose a problem because we believe it has underperformed the Russell 2000 for a long time and is now breaking into a period of strong and continued growth.
- **Difficult to continue equivalent outstanding sales growth in the coming years.** Currently, Ennis is experiencing above average sales expansion and it will be challenging for the company to prolong this strong growth rate. However, just because EBF might not grow its revenues at the current levels does not mean they will not be profitable and add considerable shareholder wealth.
- **Ennis Inc. is a small company.** EBF operates in an environment where similar companies are much larger and control a greater relative market share in the printing industry. Although Ennis is a relatively small corporation, they still must be able to compete effectively with large firms such as Office Depot and Office Max. EBF controls a niche in the printing industry and management feels quite secure that they will be able to continue to flourish within the industry.

Management

All the top four executives of Ennis have purchased the stock within the last year. These same four managers have maintained their executive status at Ennis for at least 8 years, and have done an excellent job in the leading the company. Ennis was founded in 1909 employs over 6000 people in 42 facilities and should continue to prosper in the years ahead.



Ownership

% of Shares Held by All Insider and 5% Owners:	21%
% of Shares Held by Institutional & Mutual Fund Owners:	68%

Top 5 Institutional Investors

Holder	Shares	% Out	Value*	Reported
ROYCE & ASSOCIATES, INC.	1,771,700	6.94	$34,867,056	30-Jun-06
CANNELL CAPITAL, LLC	1,634,700	6.40	$32,170,896	30-Jun-06
DIMENSIONAL FUND ADVISORS INC	1,471,682	5.76	$28,962,701	30-Jun-06
Barclays Global Investors UK Holdings Ltd	1,148,665	4.50	$22,605,727	30-Jun-06
WELLS FARGO & COMPANY	783,299	3.07	$15,415,324	30-Jun-06

Alliance Atlantis Communications Inc.
AACB
Price: $31.00 (24.50 – 33.50)
Fiscal Year Ends: December 31, 2006

September 21, 2006 — Sarah Tobolski
Russell 2000 Index: 727.60 (614.76 – 784.62) — Media Sector

Alliance Atlantis Communications Inc. is Canada's largest movie distribution company, with operations in television, film, broadcasting, and the Internet. Most notably it is the co-producer of the hit TV franchise, CSI: Crime Scene Investigator. The Toronto based company also owns all or part of nearly twenty specialty cable channels including thirteen digital channels. The company was created in 1998 by a merger of Canada's two largest film and TV production companies: Atlantis Communications and Alliance Communications. Alliance Atlantis also owns 51% of Motion Picture Distribution, which is a leading distributor of motion pictures in Canada and has a growing presence in European film distribution through its subsidiaries in the United Kingdom and Spain.

Recommendation

Key Statistics	Sept 21, 2006
Market Cap	$1,284M
Shares Outstanding	40,119M
Average Volume	4,115.38
Beta v. Russell 2000	0.68
EPS (TTM)	$1.70
2006 Estimated EPS	$2.30
P/E (TTM)	22.30
WACC	9.65%
Cash Flow/Share	$2.97
Debt/Assets	110.8%
ROE	13.3%
Gross Margin	33.85%
Operating Margin	17.28%
EPS Growth Est. (3 Year)	32.60%
Target Price	$38.80

In a move to maximize shareholder wealth and streamline their entire business line, Alliance Atlantis recently created a restructuring plan focused on reducing the volume of high cost production and reducing staffing levels. By selling off the Company's capital-intensive post-production businesses, AACB has been able to achieve greater synergies within their remaining business segments – resulting in improved profit margins. In addition, the Company's recent capital structure improvements have drastically improved the strength of their cash flows and have facilitated Alliance Atlantis's deleveraging initiative. They also have a well-established portfolio of strong, clearly branded channels, which will help them differentiate themselves in the highly competitive marketplace. In turn, I believe AACB has good growth prospects within the media industry, and the stock price is worth $38.80.

Investment Thesis

- **License and re-license library of program rights worldwide.** Alliance Atlantis licenses its library of approximately 1,000 titles to broadcasters, distributors and other users in various territories throughout the world. It has aggressively licensed its CSI franchise rights in many European countries and Australia. AACB recently that their new license fees generated from these international "second window" rights total approximately $250 million (US).
- **Divestiture of low margin business segment.** The high-risk and low margin Production segment of Alliance Atlantis never produced consistent cash flows. Divestment of the vast majority of their production lines has allowed AACB to redirect their focus on the core broadcasting segment

- **Robust cash flows.** In the past few years, strong free cash flow generation has led to debt reduction. In 2005, Alliance Atlantis reduced net indebtedness to $331.9 million from $428.6 million in 2004. In the future they plan to continue paying down their long-term debt and target each quarter for a 1.5 to 2.5 net debt to EBITDA ratio.
- **Acquisition and retention of exclusive distribution agreement**s. At the beginning of 2006, Motion Picture Distribution and The Weinstein Company entered into an exclusive distribution rights throughout Canada for their next 80 films. Previous agreements with other large movie producers were also extended through 2008.

Valuation

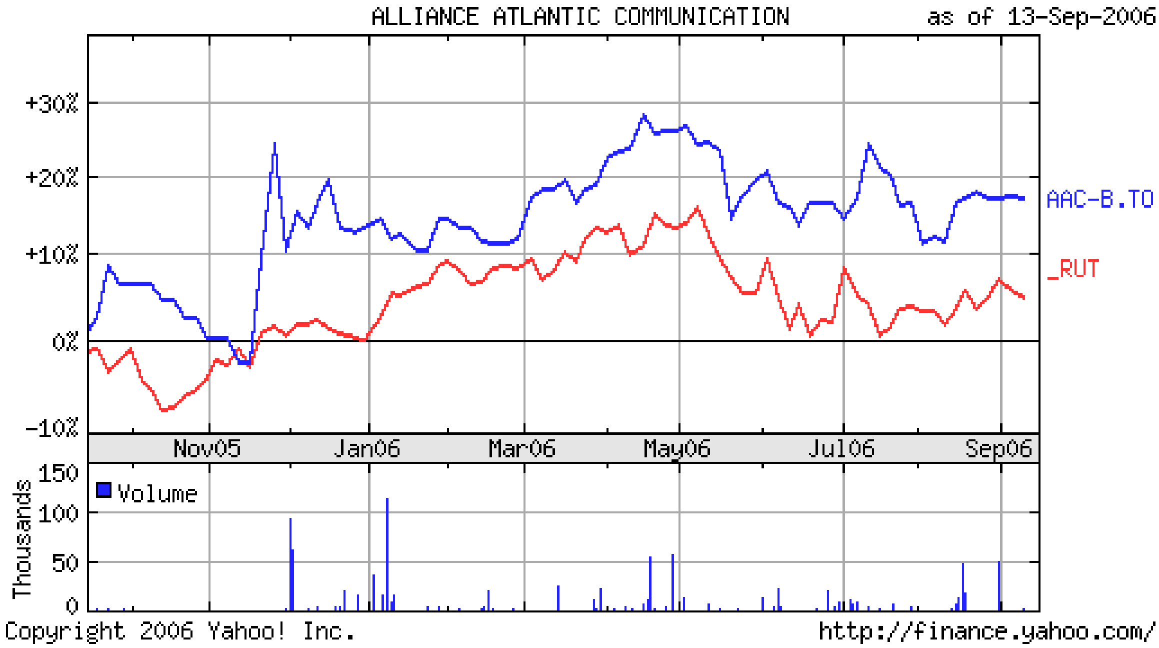
Based on my discounted cash flow model, Alliance Atlantis should be valued at $38.46, and a relative valuation based on the forward PE of their competitors, values the stock around $39.72. The average analyst price target for AACB is $38.22, with 3 providing buy ratings and 4 hold. I believe that a price target of $38.80 is reasonable for the stock versus it's current market price of $31.

Risks

- **Highly leveraged.** Many firms within the media industry carry a large amount of debt on their balance sheets. Alliance Atlantis has $343.6 million in long-term debt and a debt to equity ratio of almost 3:1. However, over the past year, with an increased amount of cash reserves, the company has been able to prepay their senior subordinated notes and begin to reduce their overall debt.
- **Competition from larger competitors.** Alliance Atlantis's business of distributing television programs and distributing motion pictures is highly competitive and international broadcasters, producers and distributors, many of which are substantially larger and have greater financial resources than the company. If there are any emerging technologies within the industry, those companies will be able to finance these necessary upgrades without having to take on additional debt.
- **Motion Picture Distribution Chairman's resignation.** Victor Loewy's resignation in July 2006 jeopardized a key contract with New Line Cinemas. A "key man" clause connected to Mr. Loewy was built into the contract allows New Line to cancel the film supply agreement with Movie Distribution if Mr. Loewy is no longer with the firm. The contract could lose Distribution LP up to 15% in revenues.

Management

The management team at AACB has recently seen some high-level restructuring. In June 2005, Michael MacMillan, the former Chairman and CEO, became Executive Chairman, and Phyllis Yaffe, the former Chief Operating Officer, became Chief Executive Officer. This reorganization will allow MacMillan to focus on overseeing the long-term growth and direction of AABC while Yaffe assumes responsibility for achieving the company's financial and operating goals.



Ownership

% of Shares Held by All Insider and 5% Owners:	33.9%
% Of Shares Held by Institutional & Mutual Fund Owners:	48.7%

*Source: Bloomberg & Thomson ONE Banker

Top 5 Shareholders

Holder	Shares Held	Percent of Shares Outstanding	Latest Change
McLean Budden Ltd	6,637,000	16.204%	-
Bissett & Associates	2,394,000	5.844%	49,000
Connor Clark & Co	2,102,000	5.132%	405,600
Caisse Depot PLC	2,069,000	5.051%	-
Bissett & Associates	1,564,000	3.819%	17,000

*Source: Bloomberg

Asta Funding, Inc.
ASFI
Price: $35.18 ($23.25-$43.29)
Fiscal Year Ends: September 30, 2006

September 15, 2006 Kristina Cerjak
Russell 2000 Index: 727.60 (614.76 – 784.62) Financial Services
Sector

Asta Funding, Inc., together with its subsidiaries, was founded in 1994 and is headquartered in Englewood Cliffs, New Jersey. Asta engages in the purchase and liquidation of performing and nonperforming consumer loan portfolios. It acquires, manages and collects consumer receivables, such as charged-off receivables, semi-performing receivables, and performing receivables. These receivables consist of MasterCard, Visa, private label credit card accounts, telecom wireless receivables, and other types of receivables. ASFI directly contacts banks, finance companies, and credit providers to solicit consumer receivables for sale.

Recommendation

ASFI's year-over-year revenue growth of 42.2% is considerably higher than the Financial Services Industry average of 16.2% and above its five-year average of 32.37%. In addition, ASFI's business model generates strong ROE, operating margin, and free cash flows, making it an attractive small-cap investment. Valuation currently shows that ASFI is undervalued and we expect the price to appreciate to $44 within the next 12 months. We are recommending that ASFI be added to the AIM portfolio with a weight of 2%.

Key Statistics	Sept 14 2006
Market Cap	$481.75M
Shares Outstanding	13.69M
Average Volume	138,912
Beta vs. Russell 2000	0.94
EPS (TTM)	$2.82
2006 Estimated EPS	$2.975
P/E (TTM)	12.48
WACC	10.65%
Cash Flow/Share (TTM)	$2.93
Debt/Assets	26.56%
ROE	26.34%
Gross Margin (TTM)	46.91%
Operating Margin (TTM)	79.83%
EPS Growth Est (5 Year)	14.33%
Target Price (12 Months)	$44

Investment Thesis

- **Increasing Levels of Consumer Debt.** An 88.3% increase in consumer credit from 1997 to 2005 increased ASFI's revenue growth at a compound annual rate of 42.5% over the last eight years. According to the Nilson Report, a credit card industry newsletter, the consumer credit market should approach $2.8 trillion by 2010.

- **Growth Strategy.** In March 2005, the company increased its presence in the distressed consumer receivable marketplace by acquiring Option Card, a Denver-based consumer debt buyer and debt management company, for $13.5 million. Also, in February 2006, the company acquired VATIV Recovery Solutions LLC, which provides nationwide bankruptcy management and deceased account processing.

- **Strategic Alliances with Third-Party Collection Agencies.** Asta Funding maintains relationships with brokers, third-party collection agencies, attorneys, and sellers of portfolios to locate portfolios for purchase.

- **Lack of Dominant Presence in the Industry.** Because there is no industry leader, ASFI can utilize its expertise in identifying, evaluating, pricing and acquiring consumer receivable portfolios and managing collections to increase revenues.

Valuation

Based on a discounted cash flow model, relative P/E ratio versus the Russell 2000 Financial Services Index, and dividend discount model, Asta Funding should be valued at $44.99, $36.48, and $37.42 respectively. The average analyst price target for unspecified period is $53—three provide buy ratings and one provides a sell rating. We believe that a one-year target valuation of $44 is reasonable for the stock.

Risks

- **Inability to Identify and Acquire Additional Consumer Receivable Portfolios.** The company may not be able to purchase consumer receivable portfolios at favorable prices. Moreover, an increase in prices of such portfolios will reduce the profits generated by the company.

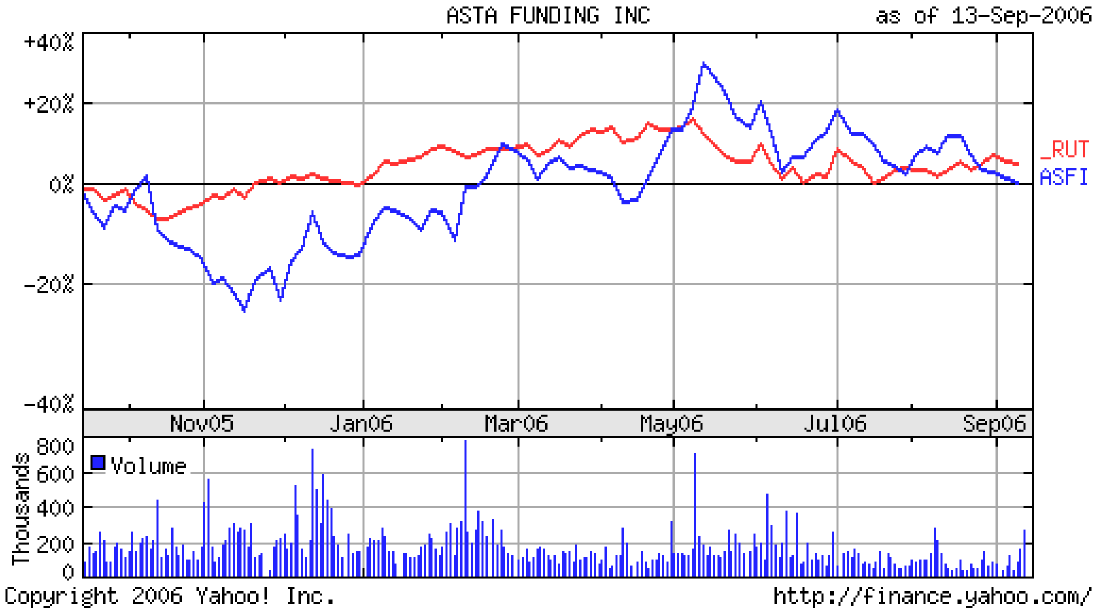
- **Failure to Effectively Integrate Recent Acquisitions.** The company's ability to achieve EPS targets will be partially dependent on its ability to achieve synergies and revenue growth from the Option Card, and VATIV Recovery Solutions acquisitions.

- **Changes in Laws and Regulations Governing Consumer Lending.** Stricter consumer lending regulations would adversely affect the profits of the company by tightening credit standards and minimizing loan defaults.

- **Intense Competition for the Purchase of Consumer Receivable Portfolios.** ASFI competes with other purchasers on the basis of industry experience, reputation and performance. Also, there is possible entry of new competitors, including companies that have focused on the acquisition of different asset types.

Management

Gary Stern has been President and CEO of Asta Funding since the company's inception in July of 1994. He has served as Vice President, Secretary, Treasurer, and a director of the Asta Group since 1980. Stern's annual compensation in 2005 was $606,848 and he currently owns 1.17% of ASFI's outstanding shares.



Ownership

% of Shares Held by All Insider and 5% Owners:	8.21%
% of Shares Held by Institutional & Mutual Fund Owners:	84.10%

*Source: Yahoo! Finance

Top 5 Shareholders

Holder	Shares Held	Percent of Shares Outstanding	Latest Change
Wellington Management Co.	698,430	5.1%	37,500
Thompson, Siegel & Walmsley	582,060	4.25%	-5,695
Barclays Global Investors LTD	560,397	4.09%	164,477
Friess Associates Inc.	544,400	3.98%	544,400
Lotsoff Capital Management	504,907	3.69%	-2,349

*Source: Bloomberg