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# ADVISORY BOARD PRESENTATION DISCUSSION MATERIALS

April 25<sup>th</sup>, 2022

AIM LIV



# AIM Advisory Board and Notre Dame Attendees

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Mike Carroll  
Kevin Casey  
Steve DuFour  
Jess Mattes  
Brian Hogan  
Jenni Lanktree

Rich Murphy  
John Rudolf  
Thomas Schreier, Jr  
Ken Meyer  
William Smith

*Notre Dame Attendees*  
Scott Malpass  
Patty Brady  
Shane Corwin  
Erin Bellissimo  
Mark Dumich





# AIM LIV Analysts

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**Tyler Adams**

*CACI International, Etsy*

**Nicole Gardini**

*Alphabet, Match Group*

**Palm Luckom**

*Oportun, Paycom*

**Eduardo Caldera**

*America's Car-Mart, Ingersoll Rand*

**Oliver Garrett**

*HanesBrands, Exact Sciences*

**Irene McNelis**

*PoolCorp, Vail Resorts*

**Christopher Clinton**

*Cirrus Logic, Griffon Corp.*

**Benjamin Gorashchenko**

*Intuit, Raytheon Technologies Corp.*

**Luke Novak**

*Quanta Services, SunOpta*

**Patrick Dolan**

*EPD, BioLife Solutions*

**Matthew Greenwood**

*Mastercard, Weyerhaeuser*

**Diego Rodriguez**

*Weber, Microsoft Corp.*

**Brian Doyle**

*XPO Logistics, Boston Beer Co*

**Adrian Guy**

*Malibu Boats, Liquidity Services*

**Matthew Savino**

*Verisk Analytics, Salesforce*

**Simon Elkins**

*Essex Property Trust, Zoetis*

**Colin Hall**

*Medpace Holdings, AMN Services*

**Ryan Schmidt**

*Willis Towers Watson, 1-800-Flowers*

**Daniel Feldmeier**

*Meta Platforms, Signet Jewelers*

**Joseph Kennedy**

*Nutrien, Ltd., CrowdStrike Holdings*

**Michael Wade**

*Micron, Amazon*



# AIM Advisory Board Presentation Agenda

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## *Presentation Schedule*

- I. Structured Class Presentation (2:00-2:40)
  - Welcome, Introduction, and Semester Overview (Nicole Gardini)
  - AIM Portfolio Performance Summary (Oliver Garrett and Joseph Kennedy)
  - Economic Overview (Christopher Clinton and Irene McNelis)
  - Portfolio Decision Summary (Diego Rodriguez and Michael Wade)
- II. Breakout Rooms with Individual Company Discussion (2:40-3:55)  
(Breakout room details provided separately)
- III. Summary of Trips/Speakers and Closing Remarks (Daniel Feldmeier) (3:55-4:05)
- IV. Q&A with Board Members (4:05-4:30)

- 
- I. SEMESTER OVERVIEW
  - II. PORTFOLIO PERFORMANCE SUMMARY
  - III. ECONOMIC OVERVIEW
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  - V. BREAKOUT ROOMS
  - VI. CLOSING COMMENTS AND Q&A



# Course Fundamentals

## Course Objectives

Blend traditional academic objectives with practical experience of hands-on investment management

Provide thorough grounding in the practice of portfolio management

Emphasize rigorous individual security evaluation and selection

## Investment Philosophy

- Bottom-up, deep fundamental analysis approach with top-down consideration
- Create a portfolio with well-researched trade decisions that contribute to the growth of the portfolio's value for the use of future classes
- Outperform the benchmark over the long-term
  - The primary benchmark is the Russell 3000 & the secondary benchmark is the S&P 500

## Methodology

- AIM LIV inherited a ~\$28mm portfolio from the previous class
- For round one, each student analyzes an existing stock and ultimately pitched a buy or sell recommendation
- For round two, analysts pitch a new stock of their choice to be considered for addition to the portfolio
- Finally, the class votes on the composition of the new portfolio based on each analyst's final recommendations

## Investment Guidelines and Constraints

Common equities traded on major U.S. exchanges

35% Small & Mid-Cap, 65% Large-Cap – With a +/- 10% limit

Industry composition should roughly match the Russell 3000

One stock should not exceed over 10% of the portfolio

Company ethics in line with those of the University

Three-to-five-year outlook

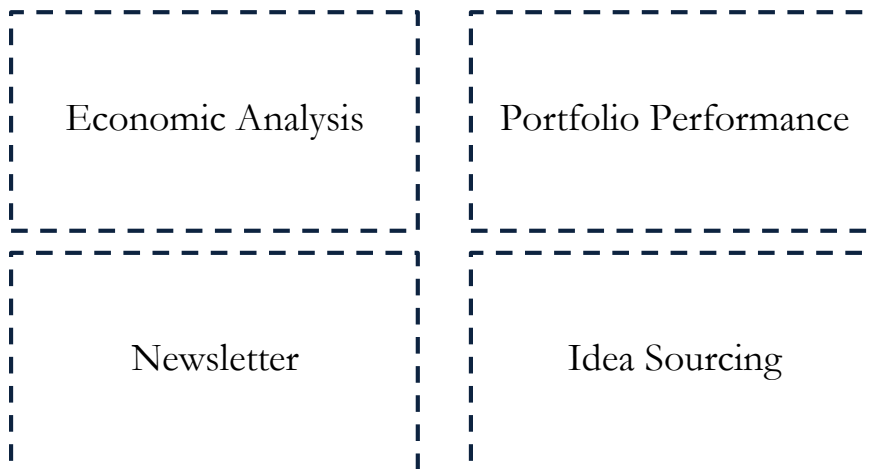


# Analyst Responsibilities

## Individual Responsibilities

- A student is assigned as “CIO” for each class
  - Responsibilities include a market update and organization of the class period
- Completion of analyst reports and group projects
- Staying informed on the markets / stocks in the portfolio
- In-depth research and coverage of two stocks and effective communication of findings to peers
- Peer Reviews

## Group Projects



## Analyst Reports

- 1 Company Strategy, Competitive Position and Fundamental Analysis
- 2 Pro Forma Forecasts and WACC Calculation
- 3 Valuation, Primary Discovery and Final Recommendation

## In-Class Responsibilities

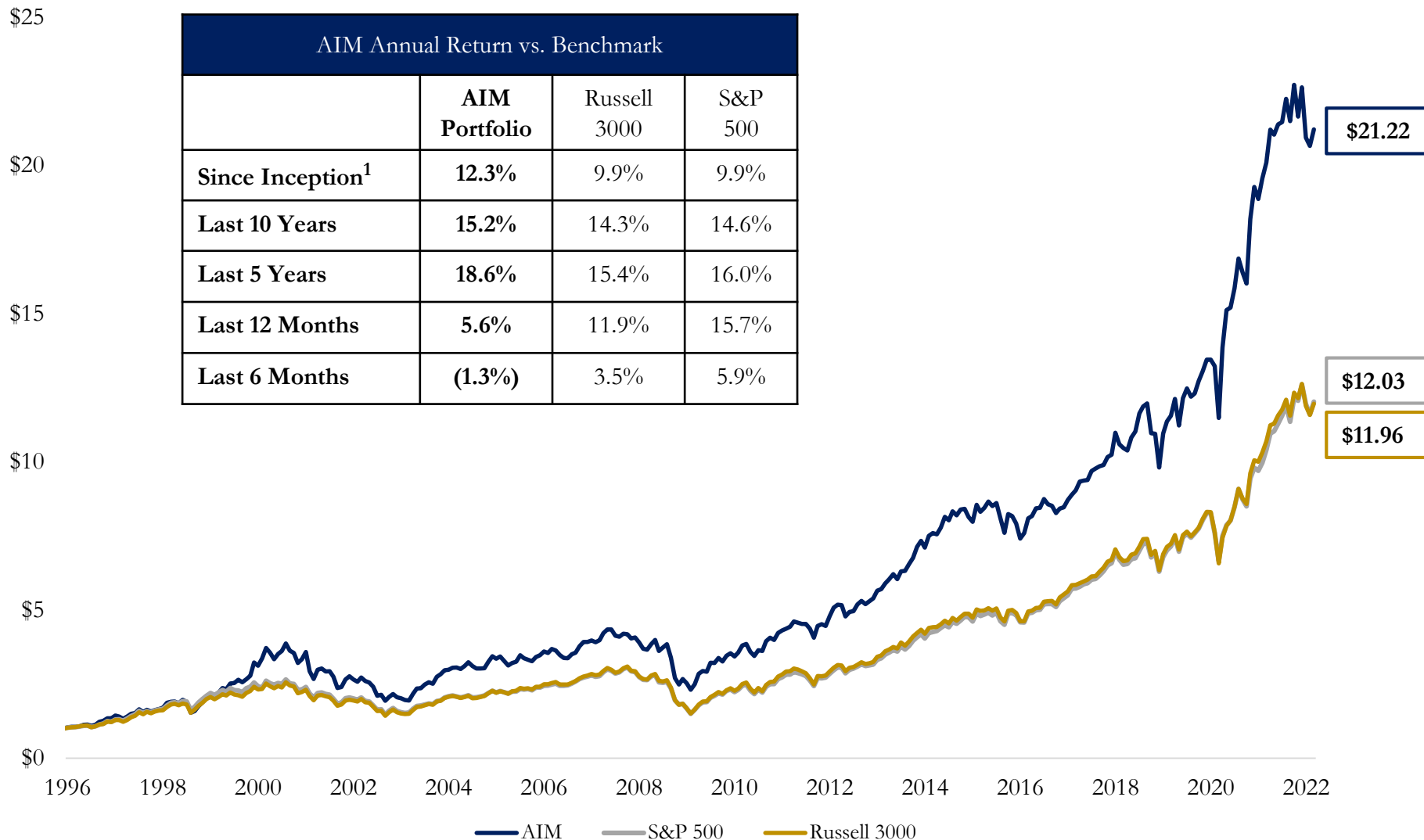
- Provide thoughtful feedback during class presentations
- Actively participate in discussions
- Create an intellectually honest environment where dissenting opinions are encouraged

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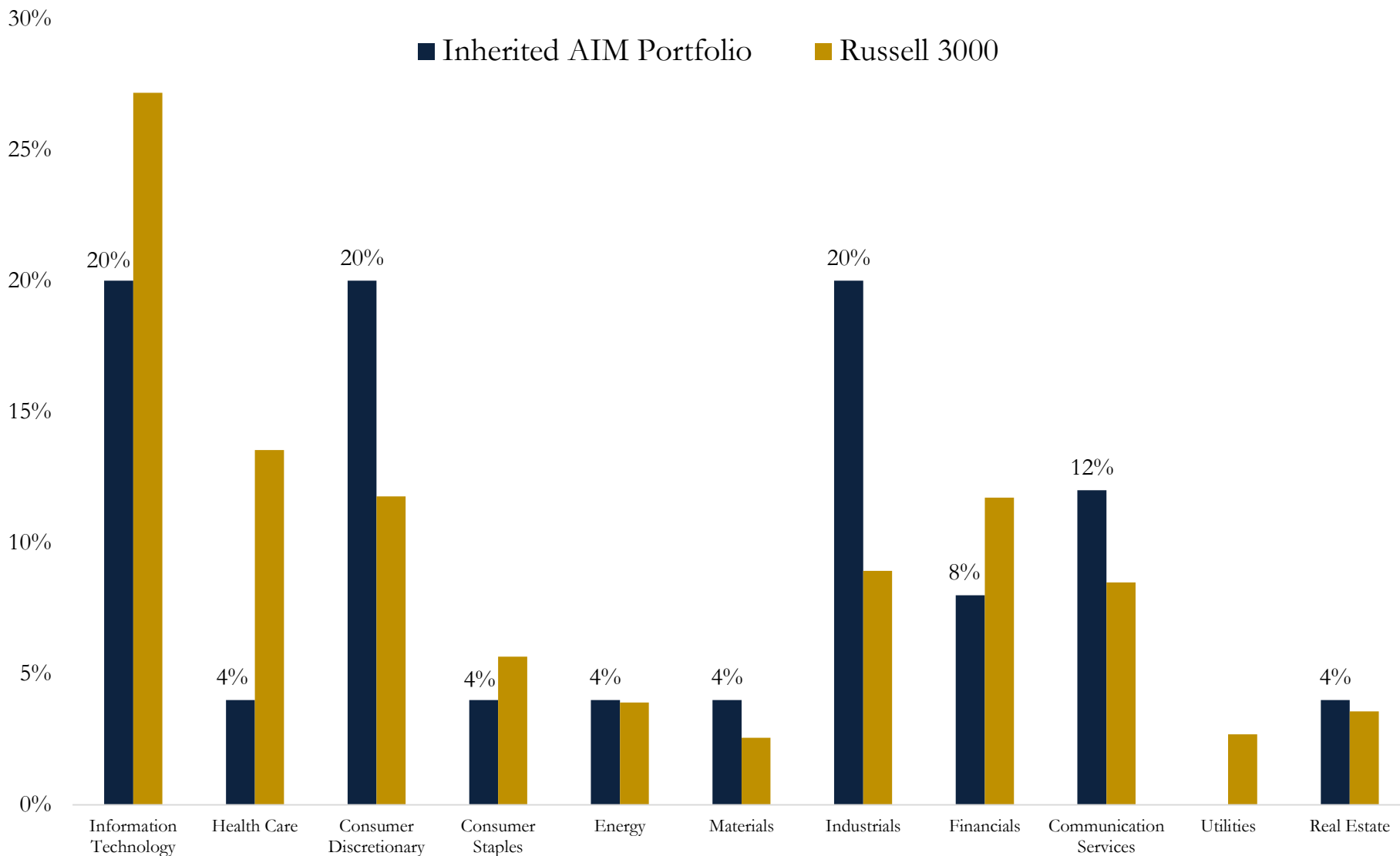


# AIM Portfolio Cumulative Performance





# Inherited Sector Weight Vs. Benchmark





# Three Month Returns

## Top 5 Performers



Zim Int. Shipping  
NYSE: ZIM  
Return: 67.3%



Nutrien  
NYSE: NTR  
Return: 59.0%



Enterprise Products  
Partners  
NYSE: EPD  
Return: 23.0%



CACI Intl.  
NYSE: CACI  
Return: 16.1%



Quanta Services  
NYSE: PWR  
Return: 15.8%

## Bottom 5 Performers



Oportun Financial  
NASDAQ: OPRT  
Return: (33.1%)



Meta Platforms  
NASDAQ: FB  
Return: (31.5%)



Weber  
NYSE: WEBR  
Return: (27.5%)



Intuit  
NASDAQ: INTU  
Return: (26.2%)

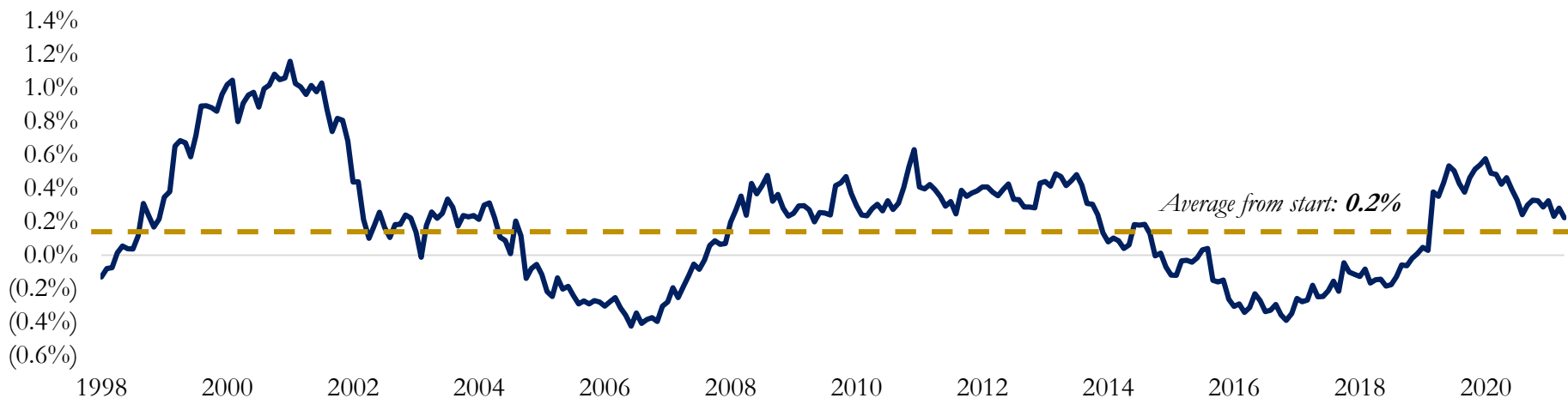


Pool Corp.  
NYSE: POOL  
Return: (23.6%)

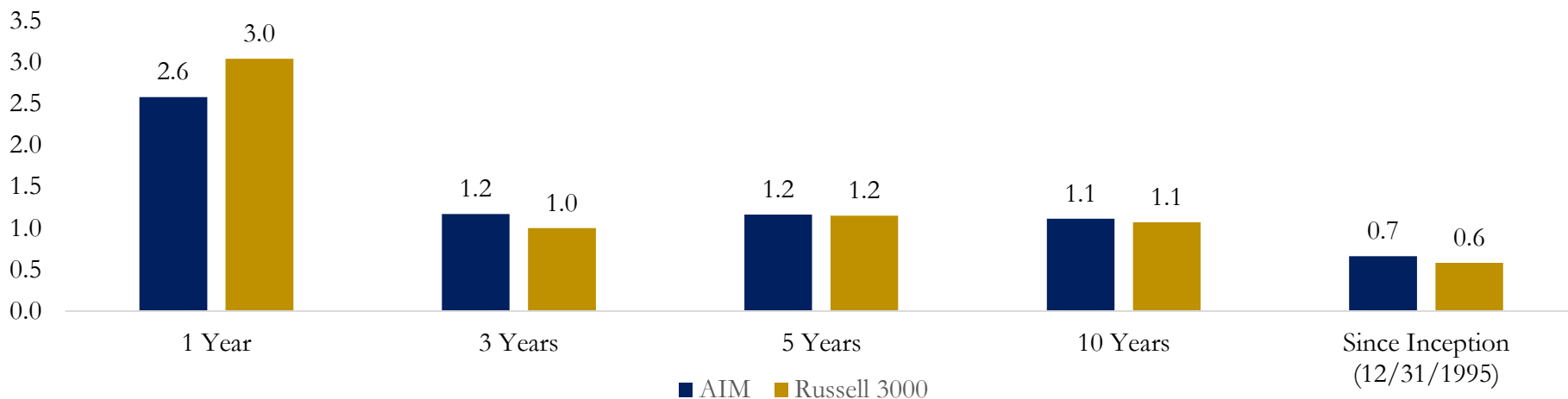


# Alpha and Sharpe

## Rolling 3 Year Average Monthly Alpha



## Sharpe Ratio



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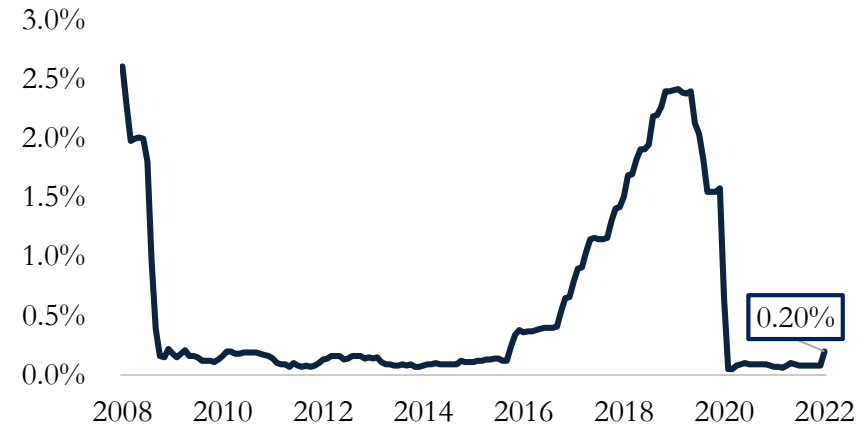


# Changing Macro Forces and Policy Outlook

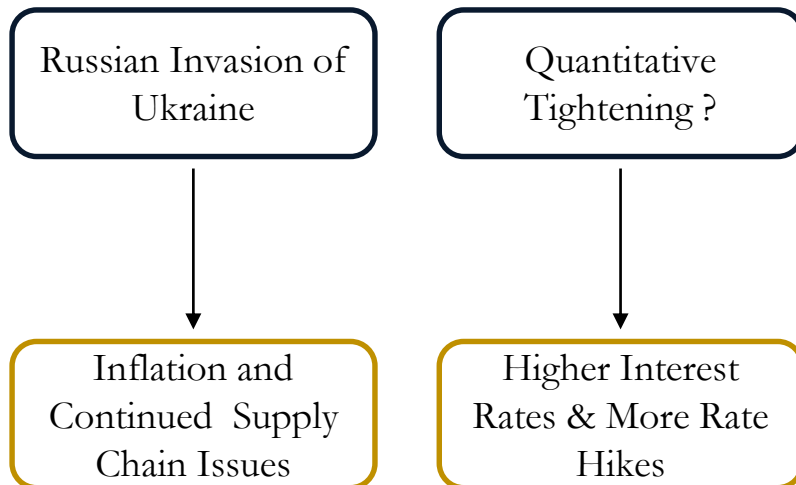
## Economic Developments

- 2021 Core PCE rose 5.2%, the largest gain since 1983
- Fed raising interest rates, and signaling 50 bp rate hike in May and June meetings
- Strong employment numbers, with headline inflation accelerating in part from the energy crisis in Ukraine
- Talk of stagflation in face of slower growth and persistent inflationary pressures

## Higher Fed Funds (Effective)



## Current Economic Forces



## Recessionary Crosscurrents

***“Our analysis of historical G10 episodes suggests that although strong economic momentum limits the risk in the near-term, the policy tightening we expect raises the odds of recession. As a result, we now see the odds of a recession as roughly 15% in the next 12 months and 35% within the next 24 months”***

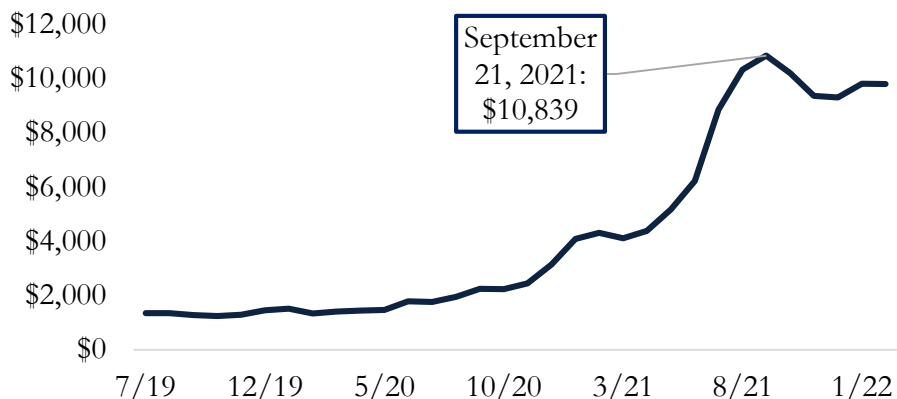
*- Jan Hatzius, Chief Economist at Goldman Sachs*



# Portfolio Implications

## Supply Chain Factors

Global Freight Container Index (in \$)



## Consumer Price Index



## Impact on Portfolio Decisions

### Demographic Trends



### Diverging Durable/Non-Durable PCEs



### Supply Chain Concerns



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# Final Portfolio Decisions

Held 12  
Positions  
from the  
Inherited  
Portfolio

AIM LIV Inherited Portfolio		
Ticker	Name	Price Change YTD (%)
<b>CRUS</b>	Cirrus Logic, Inc.	(15.4%)
<b>EPD</b>	Enterprise Products Partners L.P.	23.1%
<b>FB</b>	Meta Platforms, Inc.	(44.4%)
<b>GOOGL</b>	Alphabet Inc.	(15.6%)
<b>INTU</b>	Intuit Inc.	(28.9%)
<b>MA</b>	Mastercard Incorporated	(0.7%)
<b>MEDP</b>	Medpace Holdings, Inc.	(31.1%)
<b>MSFT</b>	Microsoft Corporation	(16.8%)
<b>MTCH</b>	Match Group, Inc.	(39.9%)
<b>MU</b>	Micron Technology, Inc.	(24.9%)
<b>VRSK</b>	Verisk Analytics, Inc.	(6.7%)
<b>WTW</b>	Willis Towers Watson Public Limited Company	0.2%

Sold 13  
Positions  
from the  
Inherited  
Portfolio

<b>CACI</b>	CACI International Inc	8.3%
<b>CRMT</b>	America's Car-Mart, Inc.	(17.5%)
<b>ESS</b>	Essex Property Trust, Inc.	0.9%
<b>HBI</b>	Hanesbrands Inc.	(15.2%)
<b>MBUU</b>	Malibu Boats, Inc.	(25.6%)
<b>NTR</b>	Nutrien Ltd.	41.6%
<b>OPRT</b>	Oportun Financial Corporation	(38.5%)
<b>POOL</b>	Pool Corporation	(25.0%)
<b>PWR</b>	Quanta Services, Inc.	6.3%
<b>SAM</b>	The Boston Beer Company, Inc.	(28.7%)
<b>WEBR</b>	Weber Inc.	(26.5%)
<b>XPO</b>	XPO Logistics, Inc.	(26.1%)
<b>ZIM</b>	ZIM Integrated Shipping Services Ltd.	(4.9%)

## AIM LIV Evaluated Stocks

Ticker	Name	Price Change YTD (%)
<b>AMN</b>	AMN Healthcare Services, Inc.	(14.4%)
<b>AMZN</b>	Amazon.com, Inc.	(11.3%)
<b>BLFS</b>	BioLife Solutions, Inc.	(64.7%)
<b>CRM</b>	Salesforce, Inc.	(31.3%)
<b>CRWD</b>	CrowdStrike Holdings, Inc.	2.0%
<b>EXAS</b>	Exact Sciences Corporation	(22.2%)
<b>GFF</b>	Griffon Corporation	(33.8%)
<b>IR</b>	Ingersoll Rand Inc.	(24.2%)
<b>RTX</b>	Raytheon Technologies Corporation	18.2%
<b>SIG</b>	Signet Jewelers Limited	(8.3%)
<b>STKL</b>	SunOpta Inc.	(18.7%)
<b>WY</b>	Weyerhaeuser Company	4.9%
<b>ZTS</b>	Zoetis Inc.	(25.2%)
<b>ETSY</b>	Etsy Inc	(54.2%)
<b>FLWS</b>	1-800-Flowers.Com Inc.	(42.6%)
<b>LQDT</b>	Liquidity Services	(23.0%)
<b>MTN</b>	Vail Resorts, Inc.	(22.3%)
<b>PAYC</b>	Paycom Software, Inc.	(26.9%)

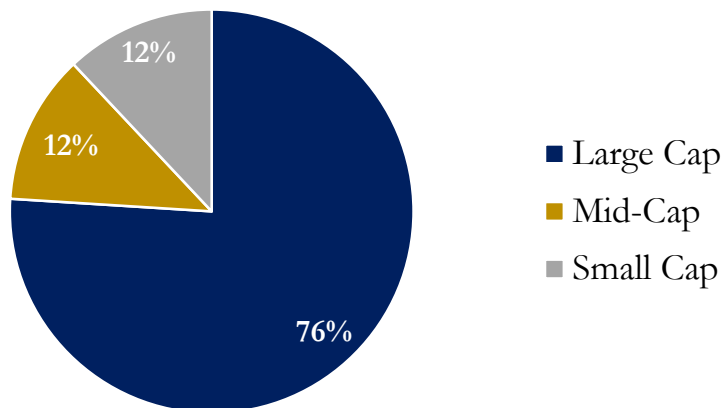
13 Stocks  
Added to  
the  
Portfolio  
by AIM  
LIV

5 Other  
Evaluated  
Stocks

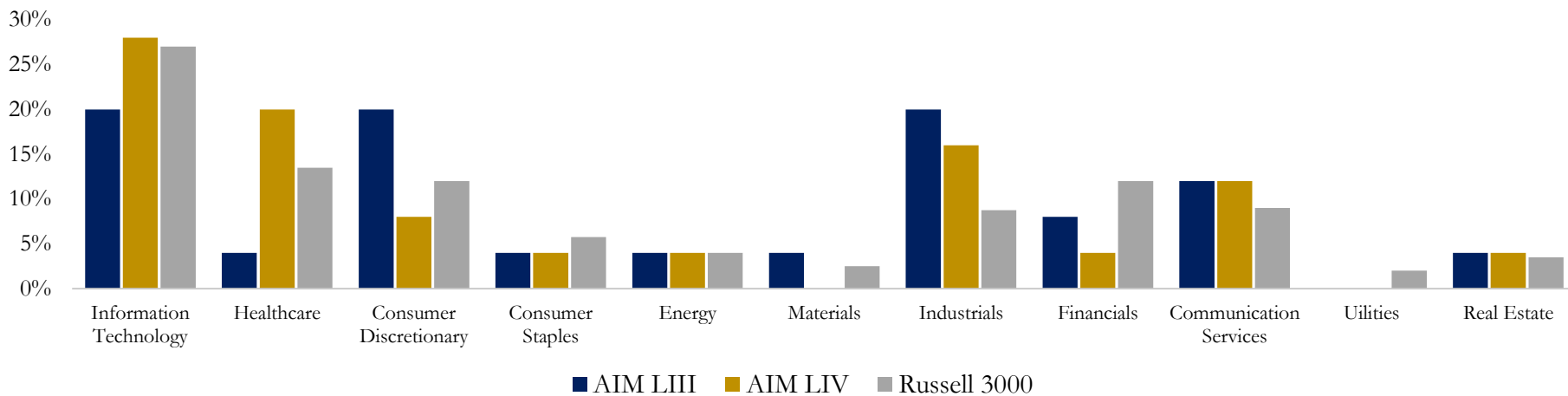


# Portfolio Breakdown

## AIM LIV Portfolio Market Cap Distribution



## AIM LIV Portfolio Sector Distribution



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# Breakout Rooms

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## Breakout Room 1: Mendoza 162

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- Mike Carroll (Zoom)
- Kevin Casey
- Jenni Lanktree
- William Smith (Zoom)
- Robert Battalio

## Breakout Room 2: Mendoza 133

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- Erin Bellissimo
- Steve DuFour (Zoom)
- Jess Mattes
- John Rudolf
- Tom Schreier (Zoom)
- Jason Reed

## Breakout Room 3: Mendoza 158

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- Patty Brady
- Mark Dumich
- Brian Hogan
- Ken Meyer
- Shane Corwin



# Breakout Room 1

## Analysts



**Joseph Kennedy**  
*Nutrien, Ltd., CrowdStrike Holdings*



**Irene McNelis**  
*PoolCorp, Vail Resorts*



**Matthew Savino**  
*Verisk Analytics, Salesforce*



**Ryan Schmidt**  
*Willis Towers Watson, 1-800-Flowers*



**Daniel Feldmeier**  
*Meta Platforms, Signet Jewelers*



**Brian Doyle**  
*XPO Logistics, Boston Beer Co*



**Diego Rodriguez**  
*Weber, Microsoft Corp.*

## Board Members & Faculty

**Mike Carroll (Zoom)**

**Kevin Casey**

**Jenni Lanktree**

**William Smith (Zoom)**

**Robert Battalio**



## Thesis: **BUY** | AIM Decision: **BUY**

1. Poised for impressive near term growth due to cyber security sector expansion
2. Risky growth play, but this is not typical growth tech—cyber security is a top of mind budget item

Target Price: \$285.90 (26.0% Upside)

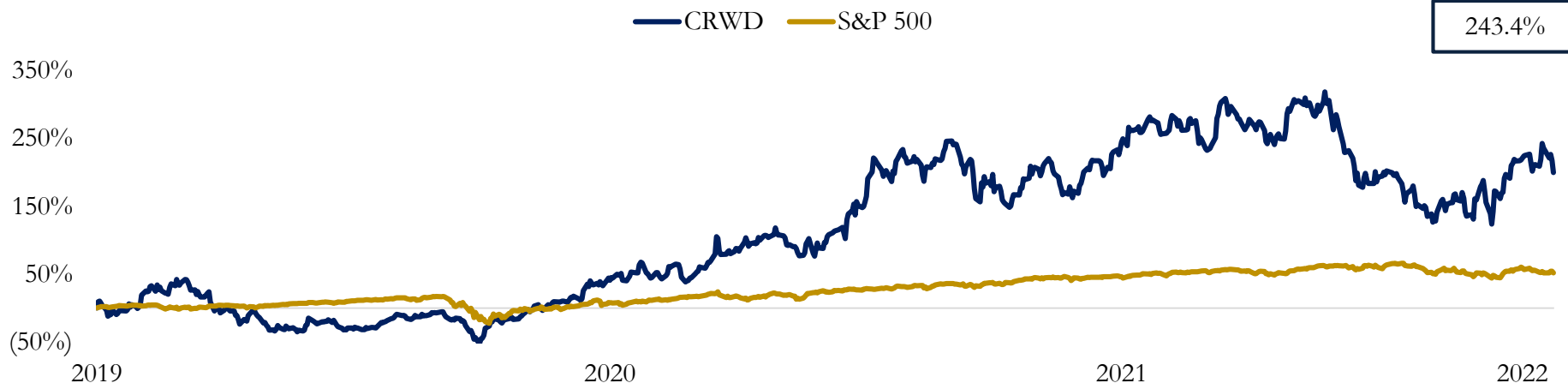
## Company Description

- Cloud native, SaaS cyber security provider
- They offer 14 security modules that allow customers to create custom packages
- Seen as an industry leader in both sophistication and scale, only growing

2021 Revenue: \$1,451mm

2021 EBITDA: (\$80mm)

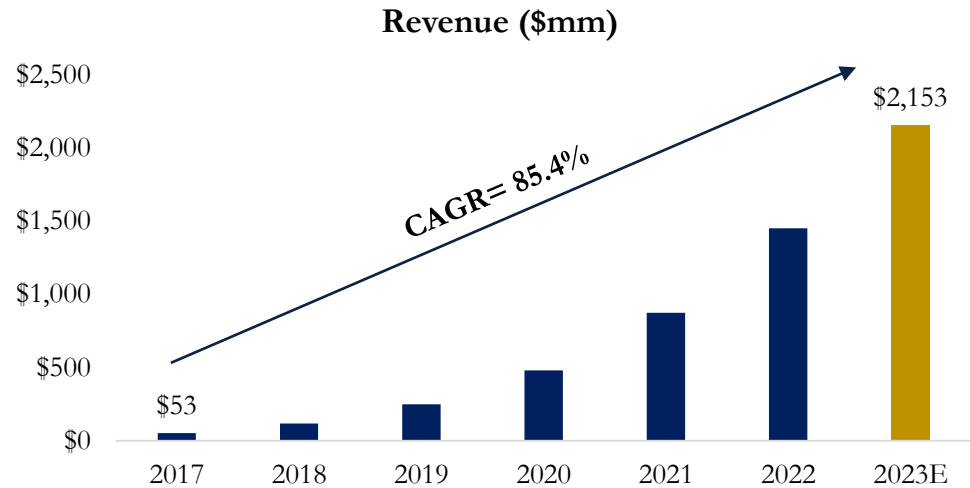
## Since IPO Trading History (Indexed)





## Cyber Security Growth

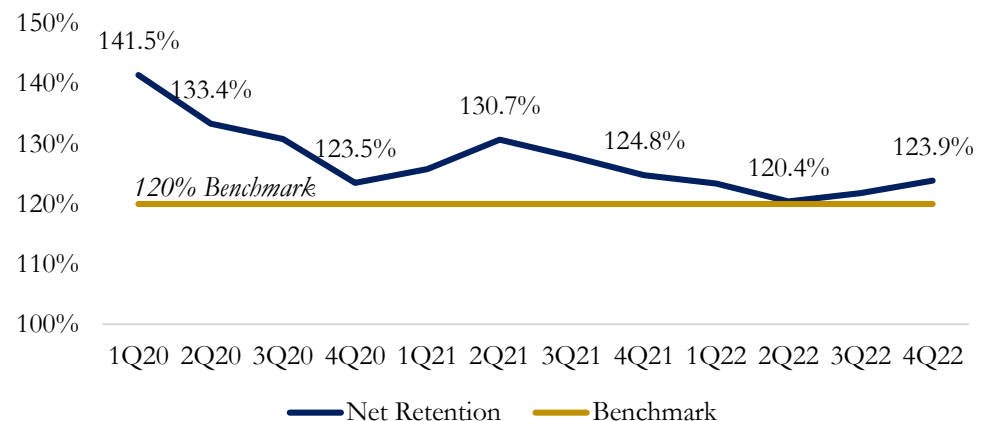
- YoY revenue growth of 66%, 81% and 92% past three years
- ~9% market share, growing
- Primary discovery: ~\$500k average contract value with \$200k price tag for additional modules



## Modular and Mission Critical

- 14 different product offerings (modules) create custom solutions
- Key differentiator
- Spend continues to increase (125% rev retention, low churn)

### Dollar-Based Retention Rates for Subscription ARR





**Thesis: BUY | AIM Decision: SELL**

1. Vail is trading at 2018 levels due to missing its earnings targets, which was caused by a combination of extreme weather, Omicron, and understaffing
2. Management has identified key issues that caused understaffing and taken strong measures to address the issues

Target Price: \$300.40 (22.3% Upside)

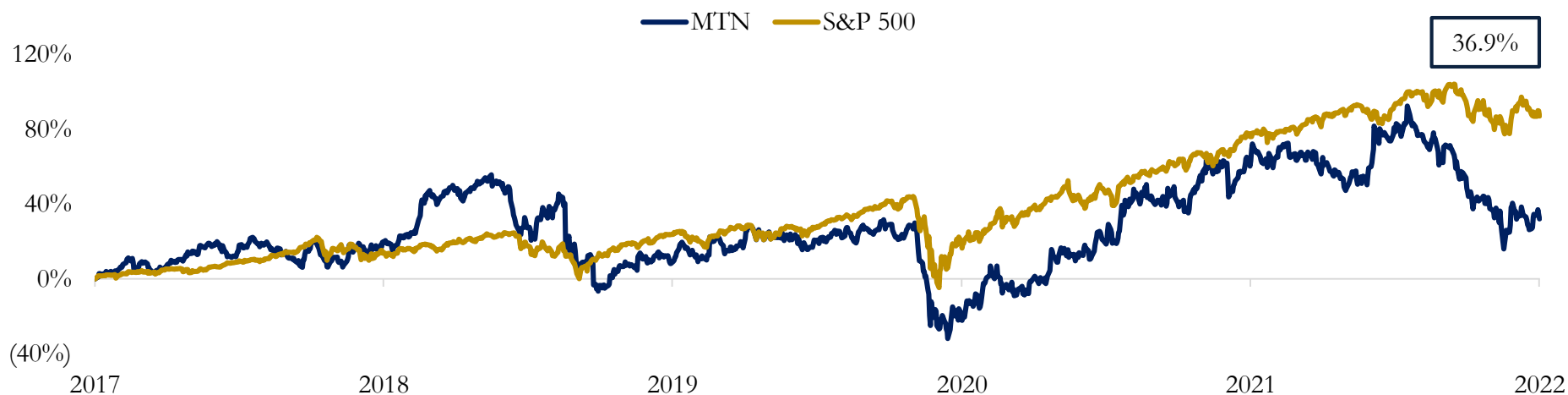
## Company Description

- Vail resorts operates under three segments: Mountain, Lodging, and Real Estate.
- The Epic Pass, Vail's acquisitions, and Vail's vertical integration differentiate Vail from competition

2021 Revenue: \$1,910mm

2021 EBITDA: \$668mm

## 5-Yr Trading History (Indexed)



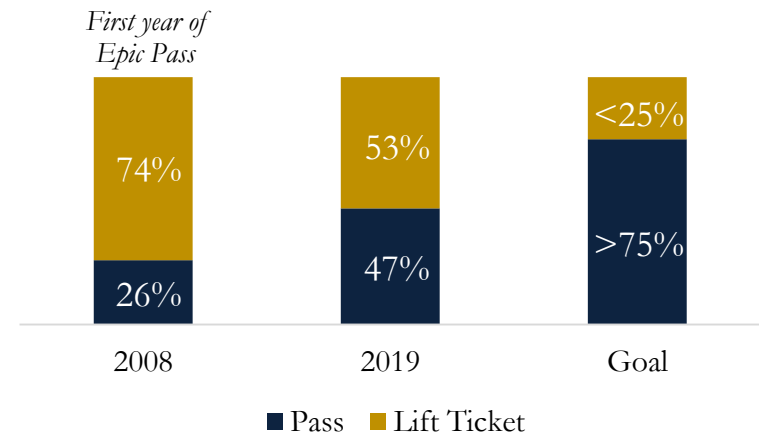




## Epic Pass Benefits

- 76% YoY increase in Epic Pass sales last year
- Upfront steady cash flows, encourages longer and more consistent ski trips
- Benefits from vertical integration – captures revenue from every part of ski trip, from ski tickets, lodging, restaurants, ski school

Ticket Sale Composition



## Management Steps to Tackle Understaffing and Other Concerns

**Housing is Not Affordable**

Investing in employee housing

**High Turnover**

Investment into internal development and career progression

**Negative Press**

Publicly investing into employees

**Vulnerable to Weather**

Strategic acquisitions with the goal to invest in more efficient snowmaking technology



# Salesforce, Inc. (CRM)



**Thesis: BUY | AIM Decision: BUY**

1. Leader in the CRM market, driven by strong acquisitions and effective sales & marketing
2. Revenues are extremely sticky given the necessity of CRM software
3. Consistently strong revenue growth is underappreciated in the market today

Target Price: \$257.19 (28.5% Upside)

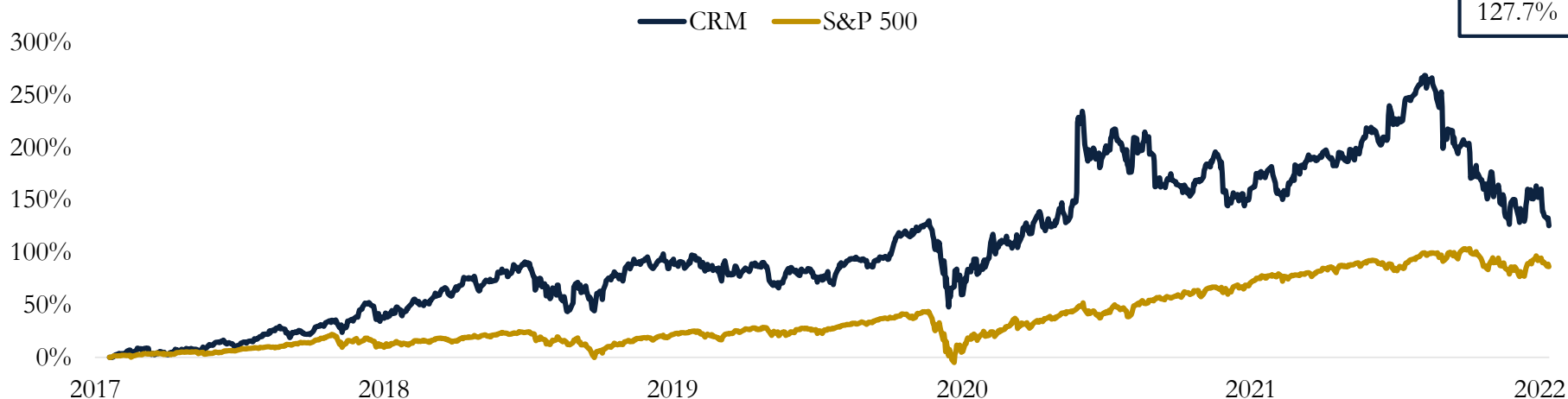
## Company Description

- Salesforce is the leading customer relationship management (CRM) technology provider
- They use software as a service (SaaS) to compile a business's customer data to give them a complete view of their customer, connecting all departments of a business to help improve operational efficiency

2021 Revenue: \$21,252mm

2021 EBITDA: \$3,301mm

## 5-Yr Trading History (Indexed)





# Salesforce, Inc. (CRM)



## Salesforce's Strong Growth Outlook is Underappreciated

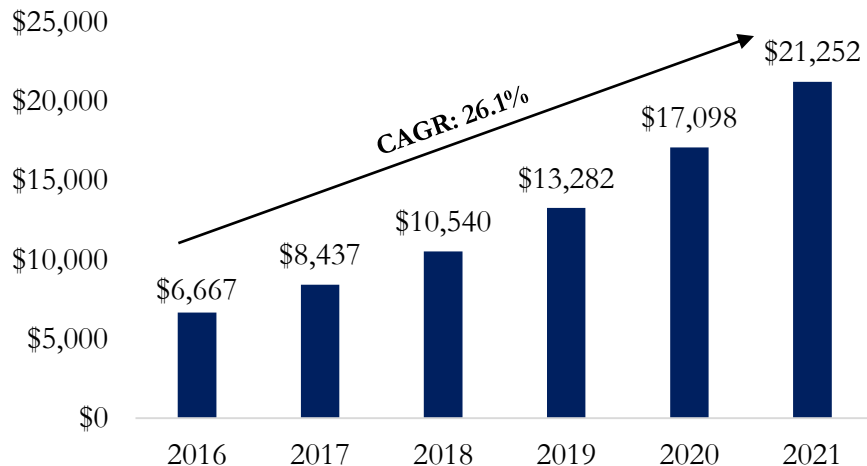


Revenue at Purchase	
\$284mm (23x)	\$227mm (12x)
Revenue Today	
\$1.5bn (4x)	\$880mm (3x)

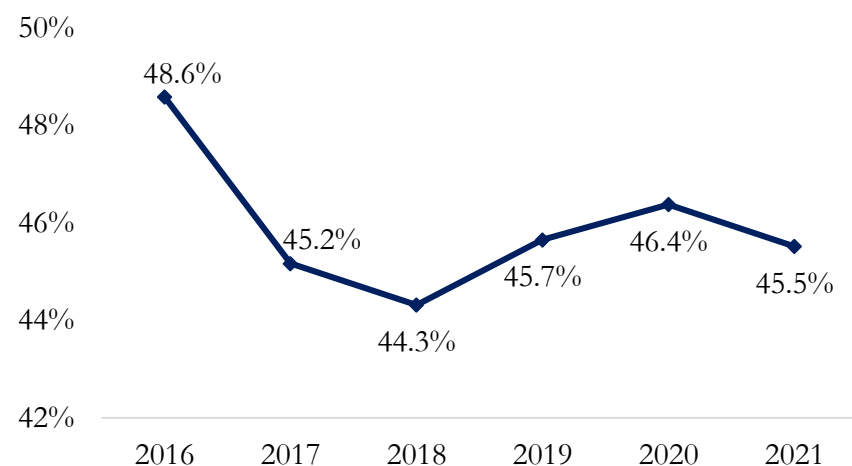


Growing TAM 13% CAGR	Market Leader 37.5% U.S. 20% Globally
Attrition Rate ~7.5%	CRM Software is a Necessity

### Historical Revenue (\$mm)



### Sales & Marketing as % of Revenue





## Thesis: **BUY** | AIM Decision: **SELL**

1. Current share price is lower than pre-COVID despite expanding its portfolio
2. Building out an eCommerce platform for all products (Vital Choice)
3. Positive Macroeconomic trends such as a shift to eCommerce and online flower shops

Target Price: \$16.71 (23.0% Upside)

## Company Description

- FLWS is a leading provider of gifts, selling floral arrangements, fruits, candy, wines, cookies, and gift basket
- 83% of revenue comes from its eCommerce platform which has allowed FLWS to gain 41% market share in the online flower store industry

2021 Revenue: \$2,122mm

2021 EBITDA: \$192mm

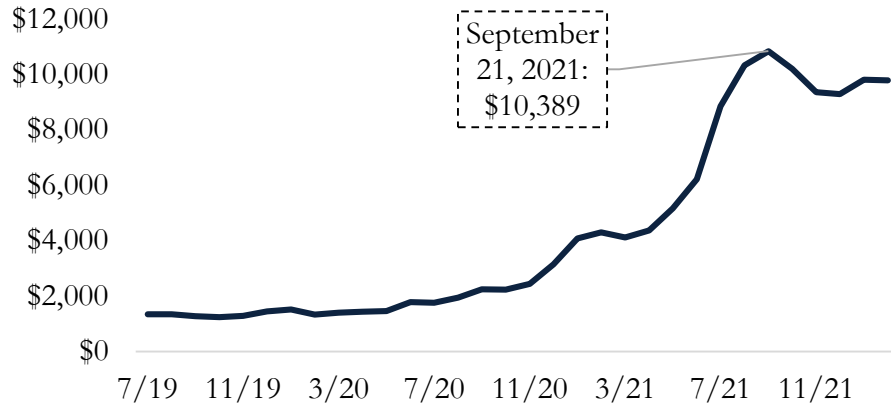
## 5-Yr Trading History (Indexed)





## Transitory Headwinds

Global Freight Container Index (\$)



Labor shortage



Rise in hourly wages at the company to \$18

## Diverse Portfolio

Consumer Floral + Gifts (48%)



PERSONALIZATION MALL



Gourmet Foods + Gift Baskets (45%)



BloomNet (7%)



1-800 Flowers is not just a flower company; it is an eCommerce marketplace with immense product offerings for all



## Thesis: **BUY** | AIM Decision: **BUY**

1. Signet completed a turnaround plan to cut store count and implement an omnichannel sales model
2. Their margins improved as they gained market share despite a 25% reduction in store count
3. The multiple has not adjusted to their improved margins, prompting aggressive buybacks

Target Price: \$118.08 (51.3% Upside)

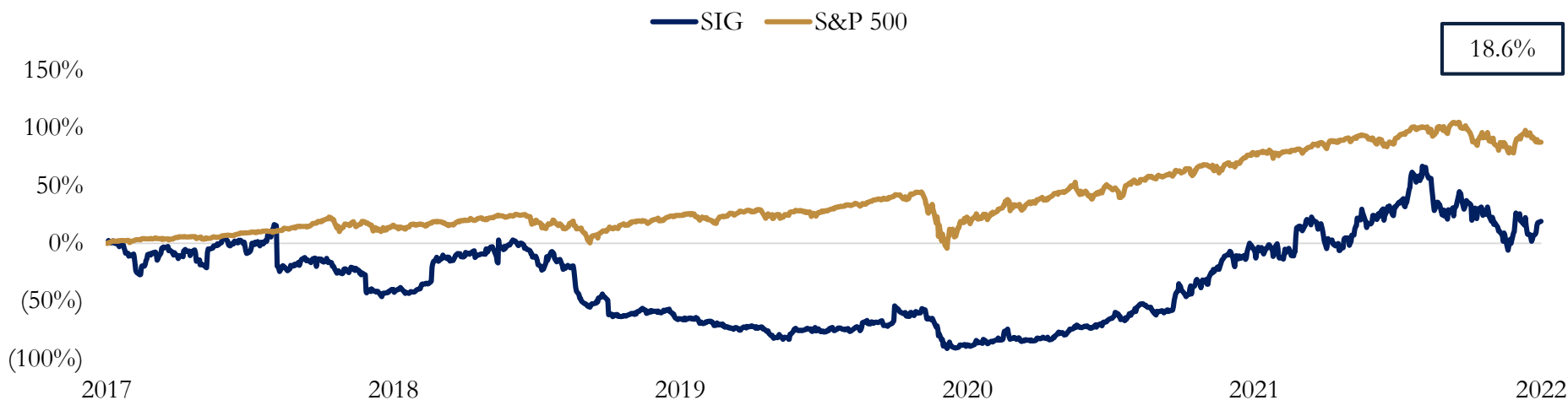
## Company Description

- Signet Jewelers owns Kay, Zales and Jared and is the lone national player in the highly fragmented jewelry industry
- Their bridal and fashion segments have an even split on 93% of total revenue
- Their market share rose from 6.6% to 10.3% in 2021 as a result of offering free jewelry consultations on their websites

2021 Revenue: \$7,620mm

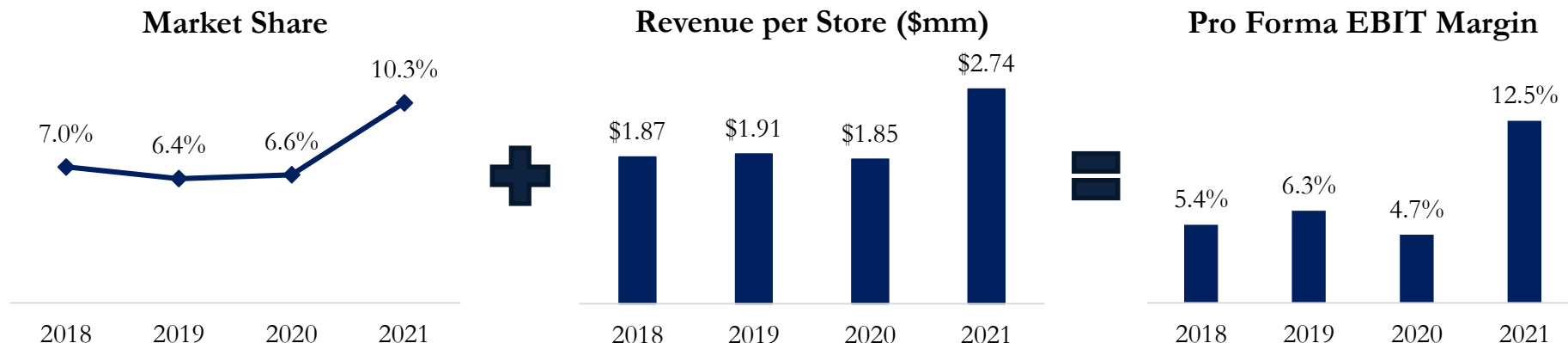
2021 EBITDA: \$1,069mm

## 5-Yr Trading History (Indexed)





## Market Share Gains Despite Decreasing Store Count Greatly Improves Margins



### Interview with an 11-year Jared Store Manager

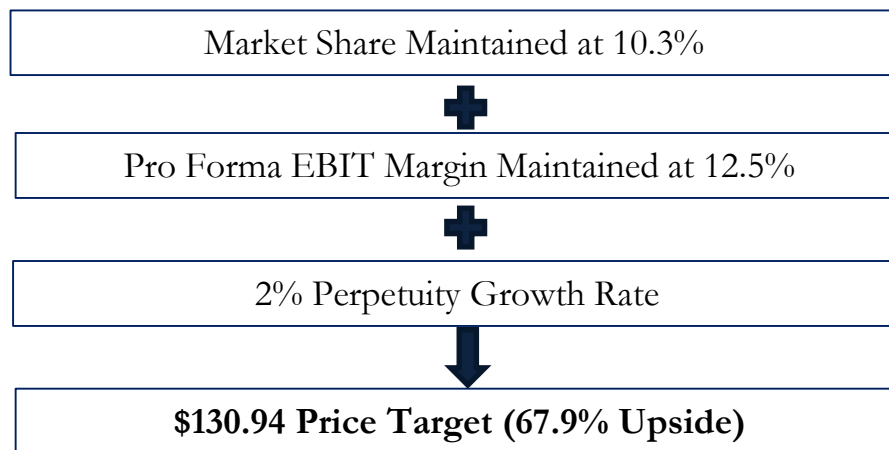
#### On the effects of the new management team:

“I would say the biggest change is the online appointments. It’s like being gifted three high conversion sales leads a day”

#### On the effects of the omnichannel strategy:

“Last year we did we did incredible numbers, the best in my 11-year career. Yet I felt as if I was carrying a lighter load than ever before”

### Base Case Assumptions





# The Boston Beer Company (SAM)

BOSTON BEER co.  
ESTD. 1984

**Thesis: SELL | AIM Decision: SELL**

1. The Company will not be able to overcome intense industry competition
2. Alcohol consumption is declining as younger consumers pursue healthier lifestyles
3. Consumer trends are rapidly changing and profit opportunities in new categories are fleeting

Target Price: \$377.78 (4.3% Upside)

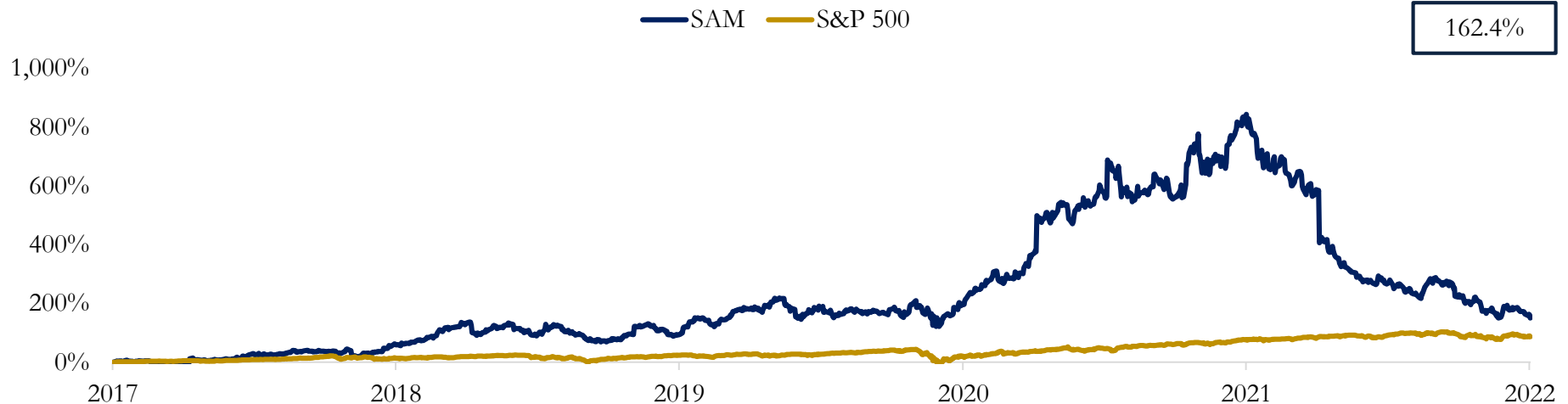
## Company Description

- SAM is a U.S. based brewery competing in the High End and Beyond Beer categories
- Its core portfolio includes Samuel Adams, Dogfish Head, Twisted Tea, Angry Orchard, and Truly Hard Seltzer

2021 Revenue: \$2,058mm

2021 EBITDA: \$129mm

## 5-Yr Trading History (Indexed)







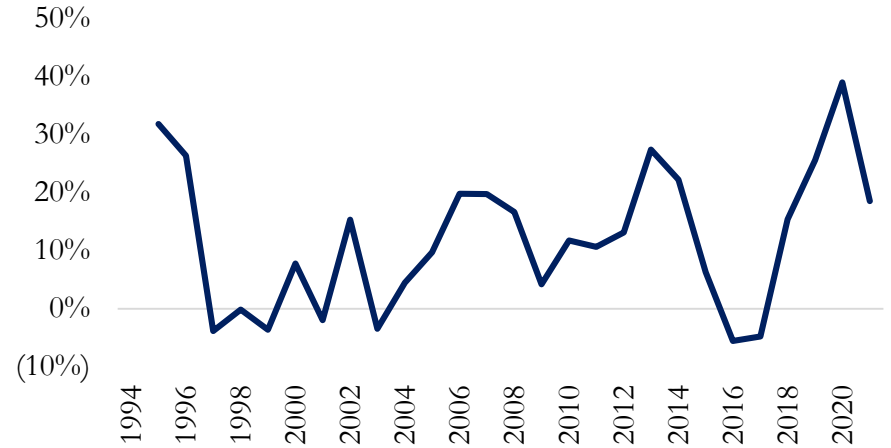
# The Boston Beer Company (SAM)



## Narrow Industry Trends

Beverage Segment	2021 Category Growth	Percentage of US Beer Consumption
High End Beer	-6%	6%
Beyond Beer	14%	~14%
Hard Seltzer	13%	8%
FMB	3%	5%
Hard Cider	-8%	<1%
Spirit RTD	118%	5% of Beyond Beer

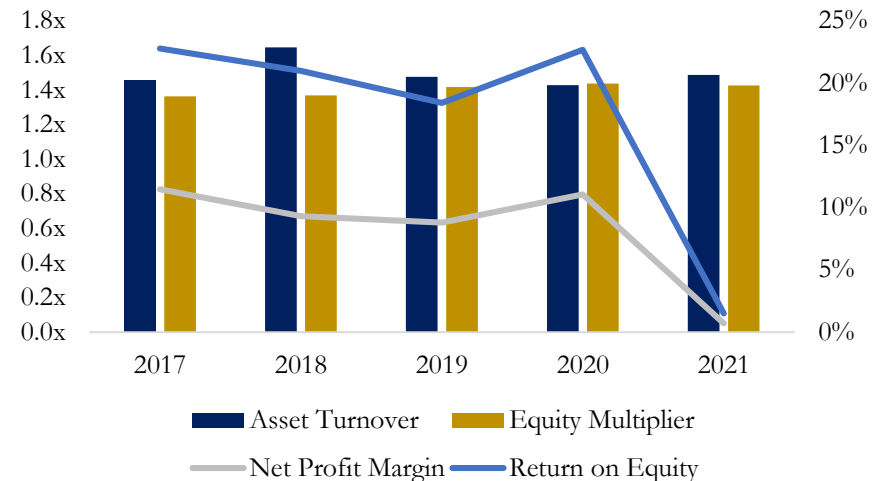
## SAM Revenue Growth Rates



## Broader Industry Trends

Industry Stats	5-Year Growth	
	Businesses	Historic Projected
US Craft Beer	9,472	2.5% 2.4%
Breweries in the US	8,518	-2.4% 1.7%
Global Beer Manufacturing	15,164	-0.4% 3.4%
Spirit RTD	479	5.8% 1.9%
US Cider	1,385	-0.5% 2.2%

## SAM Dupont Analysis





## Thesis: **BUY** | AIM Decision: **BUY**

1. Cloud market share will expand given the early transitioning stage to the public and hybrid cloud
2. Leader in the digital workspace transformation
3. The Activision acquisition provides a sizeable opportunity to disrupt the gaming industry and metaverse ambitions

Target Price: \$391.73 (35.5% Upside)

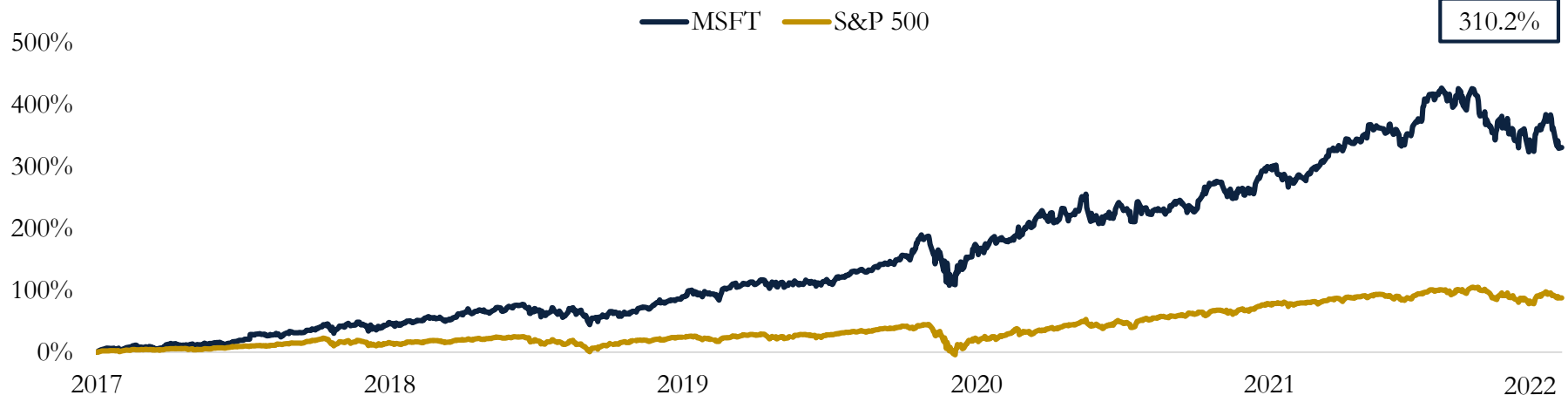
## Company Description

- Microsoft Corporation develops, manufactures, licenses, sells, and supports software products
- Products include windows operating systems, productivity applications, and cloud services
- Microsoft customers range from consumers and small businesses to global corporations

2021 Revenue: \$168,088mm

2021 EBITDA: \$80,816mm

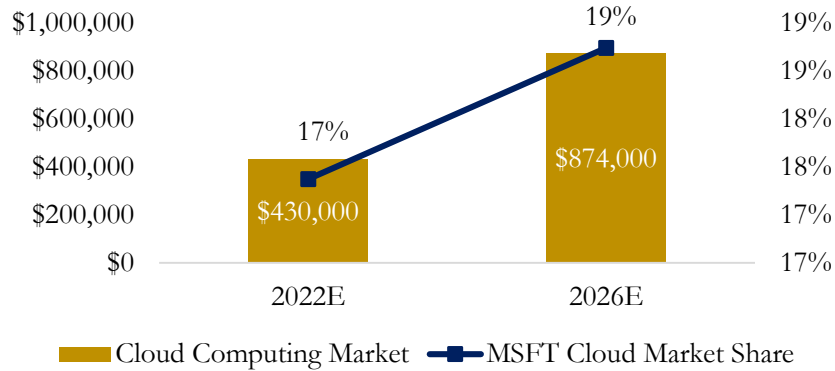
## 5-Yr Trading History (Indexed)



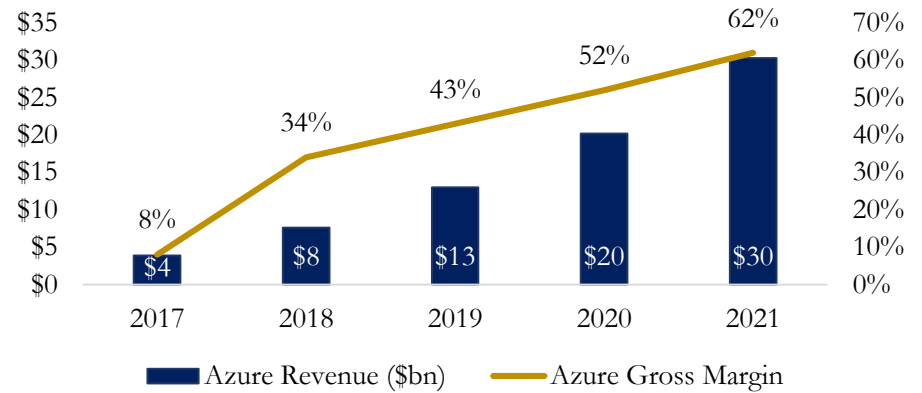


## Microsoft Sits at the Intersection of Cloud Adoption and Digital Transformation

### Cloud Market and Microsoft's Market Share



### Azure Revenue and Gross Margin



## Building a Digital Ecosystem Powered by Azure





# BREAKOUT ROOM 1 APPENDIX



**Thesis: BUY | AIM Decision: SELL**

1. Canadian based operations provide a **stable fertilizer provider** when compared their largest competitors based in Russia, Belarus and China (Ukrainian-Russia hold).
2. Operate a dynamic **mining-retail business model** that provides scale and moat within farm vertical.

Target Price: \$84.15 (10.5% Upside)

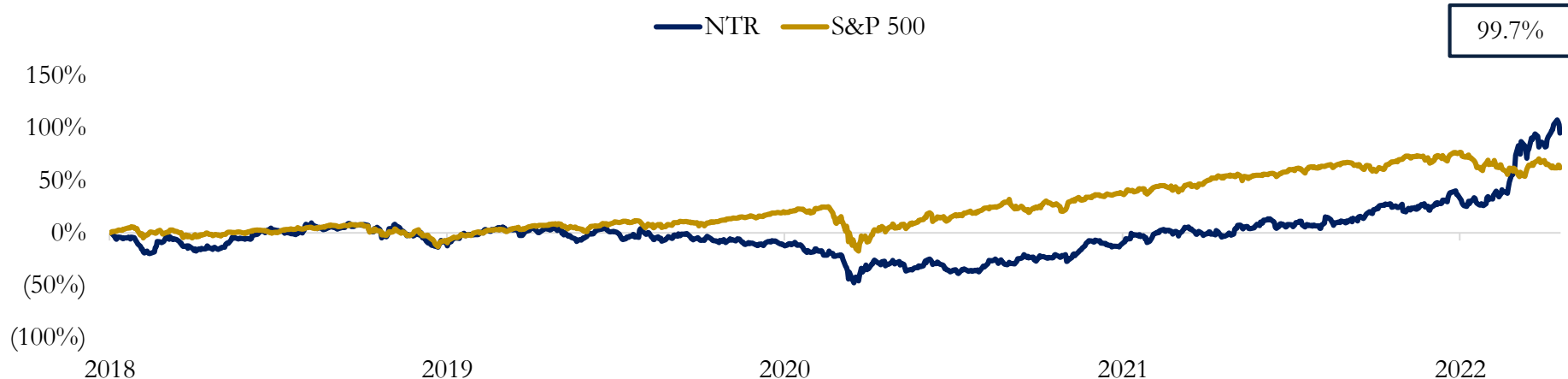
## Company Description

- One of the largest fertilizer miners in the world.
- Nutrien also operates largest farm retail store network in the world, 2000+ stores internationally.
- Canada currently the largest exporter of commercial grade fertilizers due to China and Russia export embargoes.

2021 Revenue: \$2,861mm

2021 EBITDA: \$6,490mm

## Trading History Since IPO (Indexed)

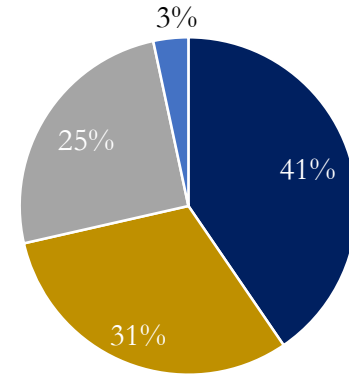




## Russian Volatility = Revenue Growth

- Largest Canadian producer of fertilizer and Canada is the **third largest exporter behind China, Russia.**
- Both Russia and China have currently **halted exports**—Russia due to conflict and China due to shortages—until an expected mid-2022.
- This is driving new mine explorations and **aggressive 2022-2023 revenue projections** for Nutrien.

Global Fertilizer Producer Market Share

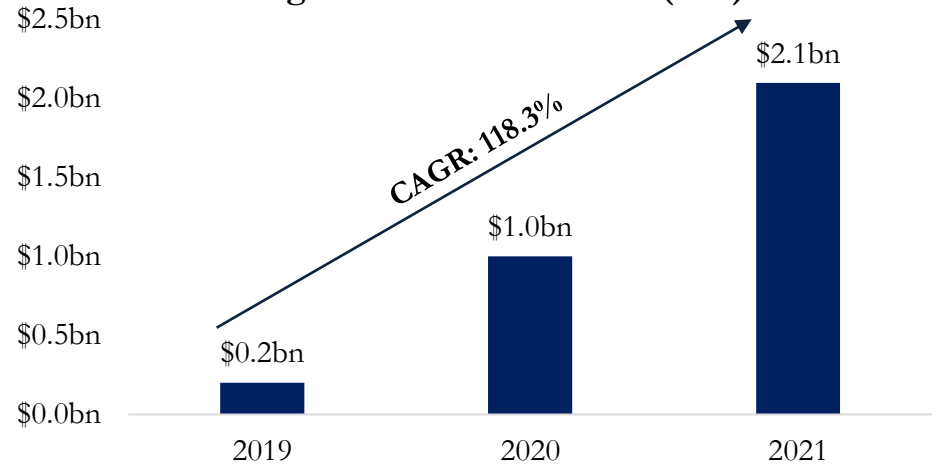


■ China ■ Russia ■ Canada ■ Other

## Solid Business Operator

- Unique mining-retail business model (2018 merger with Potash Corp & Agrium)
- Agronomist advantage over John Deere, Archer-Daniels-Midland and other pure play miners
- Digital platform explosive growth, future moat

Digital Platform Revenue (\$bn)





## Thesis: **BUY** | AIM Decision: **SELL**

1. Strong moat with dominant market position within a healthy and growing industry
2. Strong business model with recurring revenues from maintenance products
3. Management's focus on strategic acquisitions and lowering operational costs maintains moat

Target Price: \$414.39 ((0.2%) Downside)

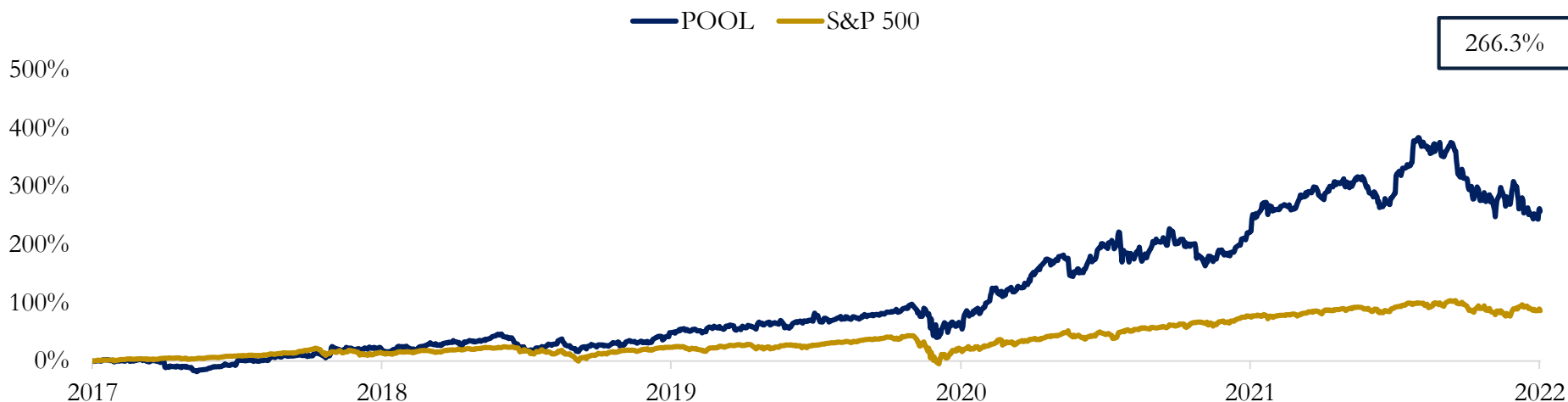
## Company Description

- World's largest wholesale distributor of swimming pool supplies, equipment and related leisure products and one of the leading distributors of irrigation and landscape products in the US
- Dominates competition with unrivaled product mix, strong geographic presence, and strong customer/supplier relations

2021 Revenue: \$5,295mm

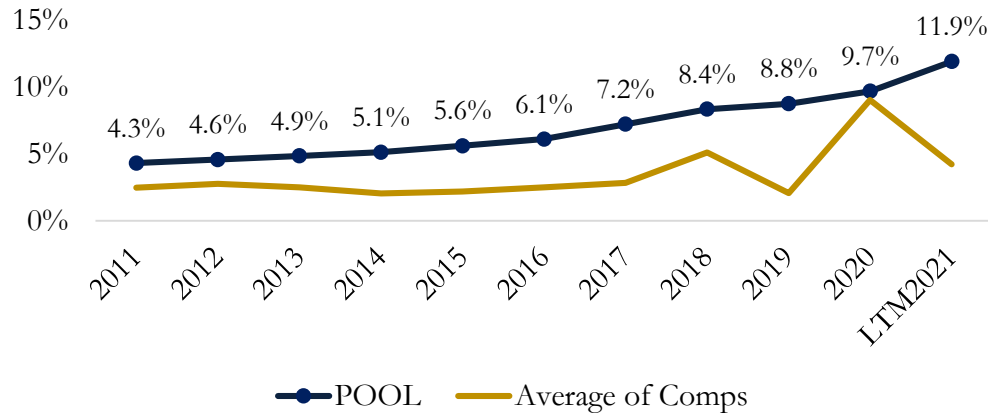
2021 EBITDA: \$860mm

## 5-Yr Trading History (Indexed)





## After-Tax Operating Margin



- Management has been successful in their goal of increasing operational efficiency, which has allowed them to acquire companies efficiently
- Management has identified this goal, along with others (such as teaching children how to swim), that sets the company up for long-term success

## Industry Trends

**Population Migration to Southern United States**

Better weather and housing prices are steadily driving Americans toward the Southern US

**Increased homeowner spending on outdoor spaces**

Pools add more value to the home post-COVID compared to pre-COVID

**Bundling of new swimming pools with other Pool Corporation products**

Pool Corporation sells pool supplies and landscaping and irrigation products, encouraging consumers to bundle products

**Stay-at-home and remote work trends**

COVID has driven a long-term increase in home spending, including outdoor spaces





## Thesis: **BUY** | AIM Decision: **BUY**

1. Verisk's role as a third party player in the insurance industry has allowed them to amass more data than any of its competitors creating a strong competitive advantage
2. The insurance segment is its cash cow and they are now investing all of their time to further spur revenue growth and expand its margins

Target Price: \$240.25 (13.8% Upside)

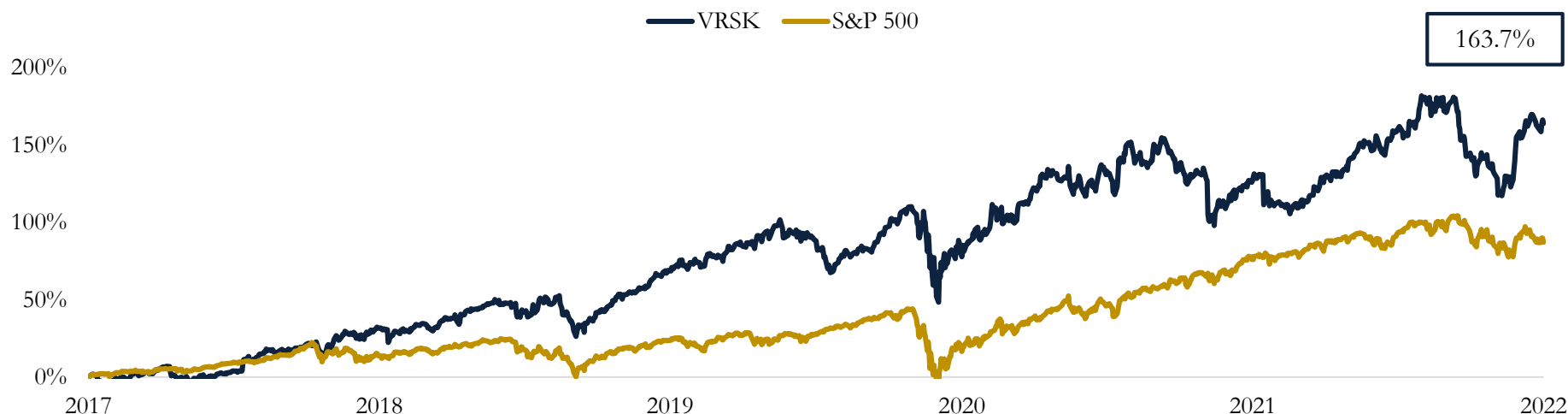
## Company Description

- Verisk is a leading data analytics provider serving customers in insurance and energy & specialized markets
- They use advance technologies to collect and analyze billions of insurance records and data points to produce unique solutions for its customers

2021 Revenue: \$2,999mm

2021 EBITDA: \$1,470mm

## 5-Yr Trading History (Indexed)

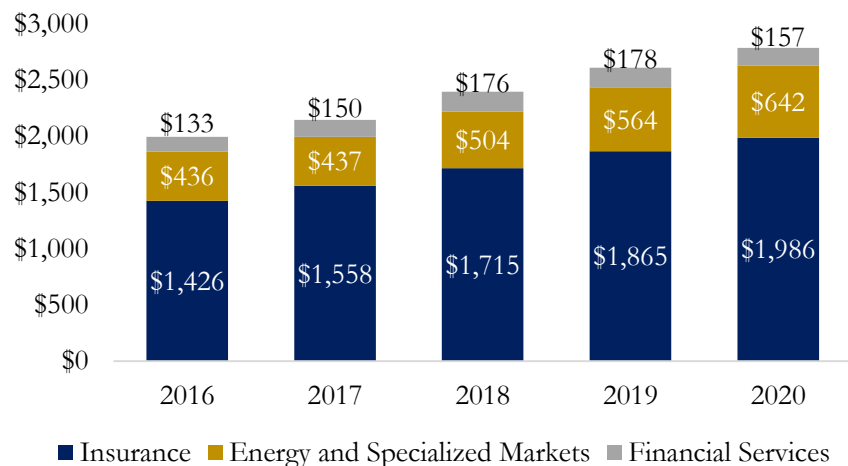




## Verisk Holds a Near Monopoly in a Growing Insurance Data Analytics Segment

- Verisk holds a massive moat in a growing insurance industry that relies on their solutions for optimal performance. The company has shown strong growth both organically as digitalization in the insurance industry booms and inorganically through acquisitions
- Investors are misunderstanding the role acquisitions play for Verisk. The acquisitions are used to build upon data, not solutions. Even if acquisitions are to slow down in the near term the company has far enough data to continue to produce new highly specified solutions for its customers, driving continued revenue growth for years to come.

## Revenue by Segment



## A Focus on Insurance

- Activist investors have pushed Verisk to sell of their Financial Services segment and hope that the Energy & Specialized Markets segment will follow
- This will allow the company to focus solely on insurance and drive EBITDA margins above an already impressive 50.1%



## Thesis: **BUY** | AIM Decision: **BUY**

1. Trading at a significant discount to peers despite similar business models
2. Inorganic opportunities to fill gaps in portfolio and smart reinvestments to find market segmentation
3. Presence of activist investors to help guide company and betting on new management

Target Price: \$264.20 (10.8% Upside)

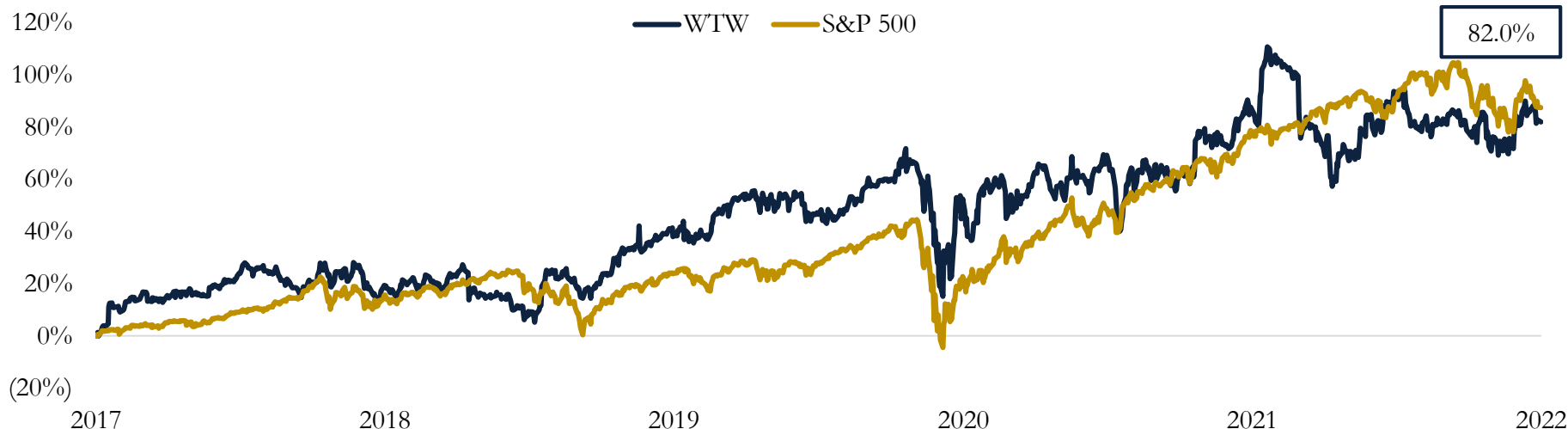
## Company Description

- Willis Towers Watson is the 3<sup>rd</sup> largest insurance brokerage and advisory business in the world, serving over 91% of the Fortune 1000
- Four main areas: human capital and benefit (HCB); corporate risk and broking (CRB); investment risk, and reinsurance (IRR); and benefits delivery and administration (BDA)
- Formed in 2016 when UK based insurance broker Willis merged with US consulting firm Towers Watson

2021 Revenue: \$8,998mm

2021 EBITDA: \$2,314mm

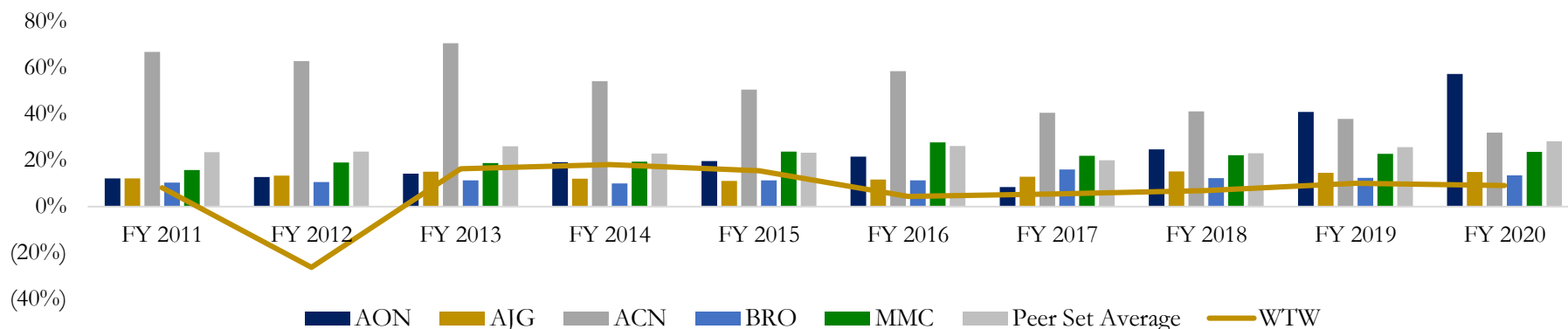
## 5-Yr Trading History (Indexed)





## Lagging Fundamentals

### ROE



## Opportunity for Immense Gains

	Willis Towers Watson	AON
<b>Total Revenue (FY 2020)</b>	\$9.4B	\$11.1B
<b>Total Employees</b>	46,000	50,000
<b># of Geographies</b>	140 countries	120 countries
<b>Key Product Lines</b>	Health benefits, retirement, risk management, insurance consulting	Commercial risk, reinsurance, retirement
<b>Adjusted EBITDA Margin</b>	26.4%	29.9%
<b>ROIC</b>	<10%	>20%



# Meta Platforms (FB)

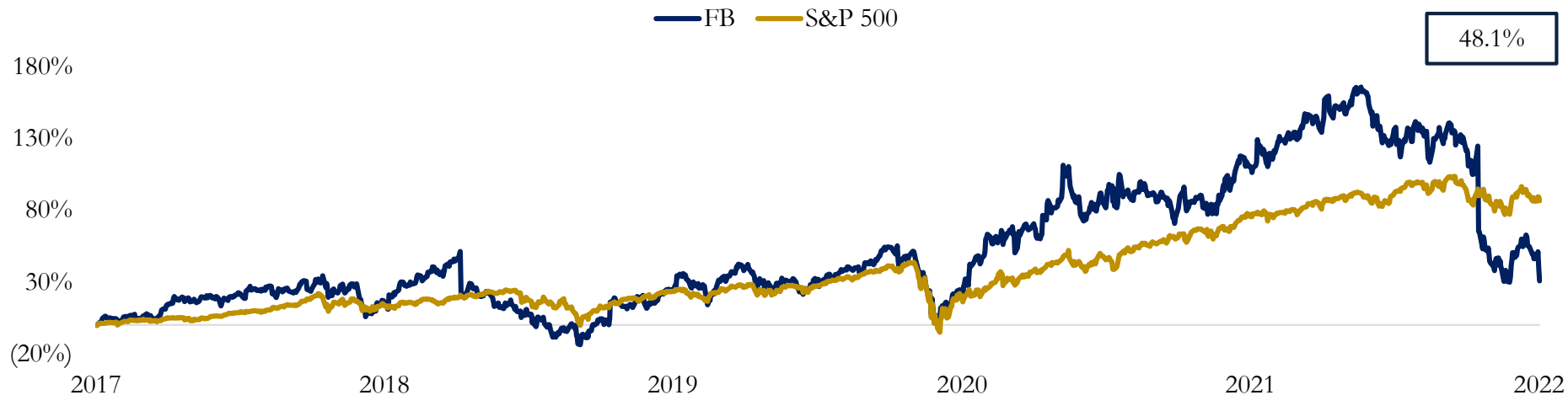


**Thesis: BUY | AIM Decision: BUY**

1. Meta Platforms serves a unique role in advertising through first-party data collected on users' interests
2. The effects of iOS 14 update should be short-term due to small business' limited investment options
3. Current value implies perpetual decline in ad revenue and zero return on Metaverse Capex

Target Price: \$280.40 (33.5% Upside)

## 5-Yr Trading History (Indexed)



## Company Description

- Meta Platforms is a social media conglomerate, boasting Facebook, Instagram, WhatsApp and Facebook Reality Labs
- 99% of revenue come from targeted advertising across their platforms with an emphasis on *interest-based* advertising
- With an aggressive Capex plan, Meta seeks to be the dominant player in the Metaverse

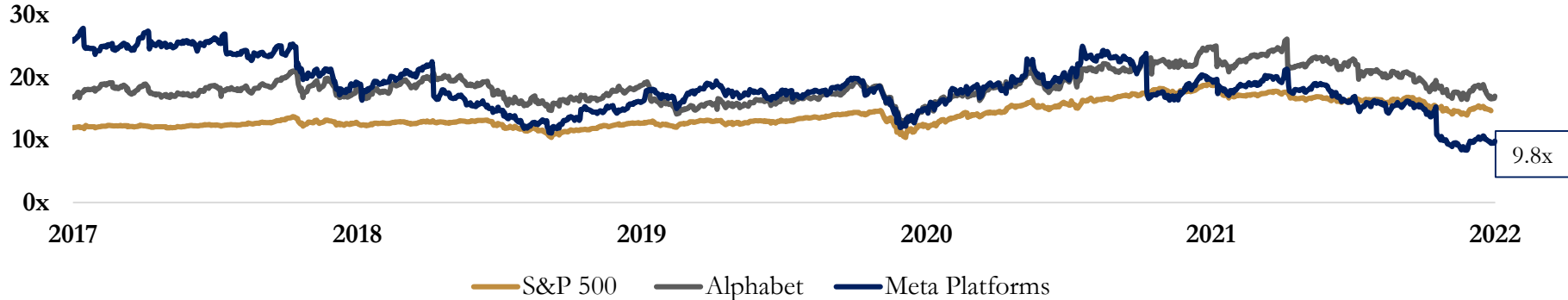
2021 Revenue: \$117,929mm

2021 EBITDA: \$54,720mm



## Highly Compressed Multiple Prices Meta Platforms at Ultimate Pessimism

### EV/EBITDA Multiples



## Fashion Start-up Reveals Dependence on FB

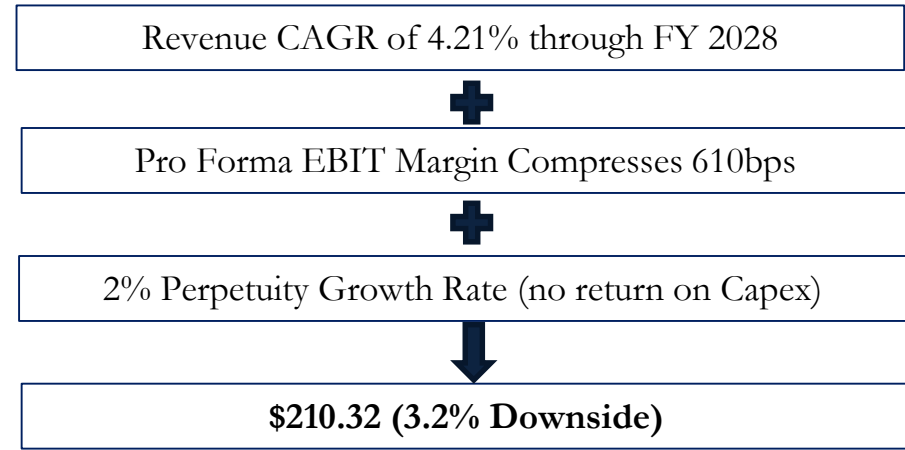
**January 14<sup>th</sup>, 2022:**

“We no longer do paid ads on Instagram due to rising CAC from the iOS update. As a result we are trying to shift into retailers”

**February 26<sup>th</sup>, 2022:**

The company returned to digital advertising on Instagram. This is inline with my thesis that the small companies that left digital advertising will come back due to limited investment opportunities

## Reverse Engineering to a \$210 Share Price





**Thesis: BUY | AIM Decision: SELL**

1. Significant investment in technology, providing a sustainable competitive advantage
2. Industry leading position to capitalize on tailwinds as we emerge from the Covid-19 pandemic
3. Strong management team headlined by serial entrepreneur, Brad Jacobs

Target Price: \$84.66 (50.5% Upside)

## Company Description

- XPO Logistics is a U.S. based trucking company that provides Less-Than-Truckload transportation services
- XPO leverages self-learning technology to optimize routing, load-building, and labor productivity
- Top three provider in North America with 291 terminals

2021: Revenue: \$12,806mm

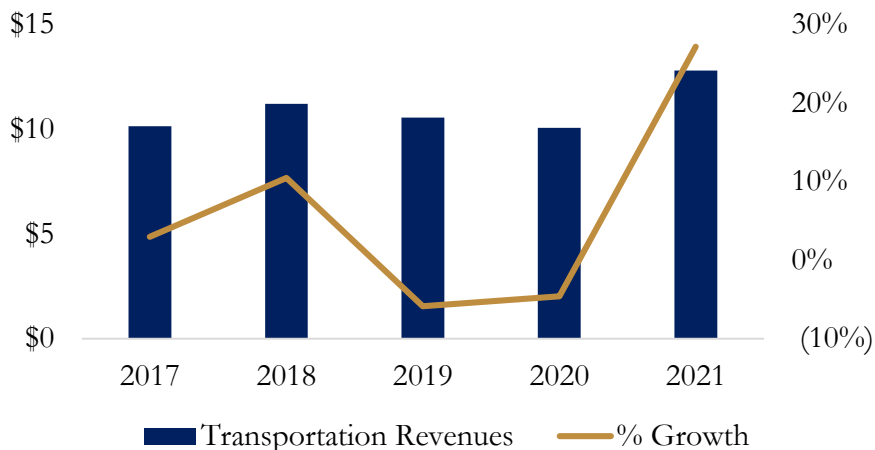
2021: EBITDA: \$1,240mm

## 5-Yr Trading History (Indexed)

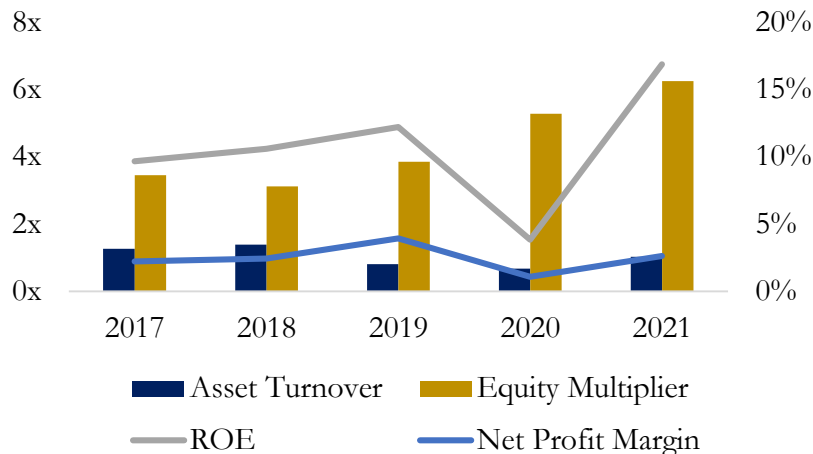




## Transportation Revenues (\$bn)



## Dupont Analysis



## Industry Performance

Ticker	Current Price	52-Week High	52-Week Low	% Down From High
KNX	47.31	62.29	44.22	24%
JBHT	173.88	218.18	155.11	20%
CHRW	103.39	112.15	84.67	8%
FDX	208.81	319.00	199.03	35%
ODFL	273.82	373.58	245.09	27%
<b>XPO</b>	<b>56.35</b>	<b>90.78</b>	<b>54.76</b>	<b>38%</b>

XPO and all industry competitors are down significantly from 52-week highs.

## Spin-off Timeline

### August 3<sup>rd</sup>, 2021: Completed GXO Spin-Off

- Spun off Logistics Division into separate company
- GXO Logistics manages outsourced supply chains and warehousing

### March 8<sup>th</sup>, 2022: Announced Brokerage Spin-Off

- Truck brokerage and LTL to become separate entities
- Announced divestiture of European business





## Thesis: **BUY** | AIM Decision: **SELL**

1. Unmatched global market leadership driven by strong brand loyalty
2. Leading global brand and pricing power in the outdoor cooking market with a renewed focus on product innovation
3. Superior market positioning given vertically integrated supply chain

Target Price: \$12.77 (28.7% Upside)

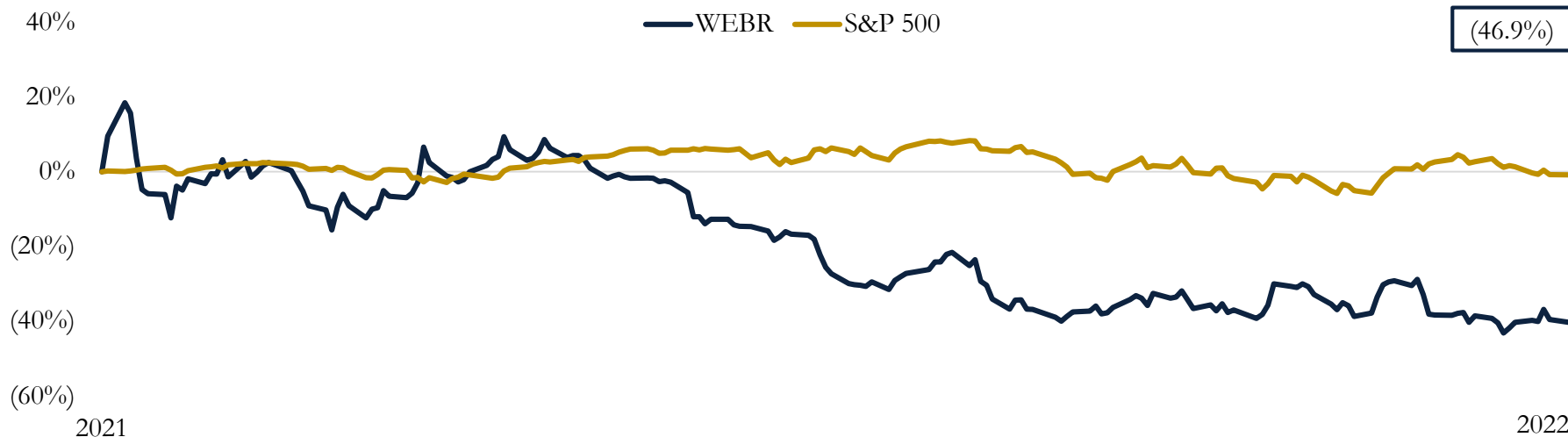
## Company Description

- Weber's core product offering includes traditional charcoal grills, gas grills, smokers, pellet and electric grills, and the leading-edge Weber connect technology-enabled grills
- In 2021, Weber generated 56% of sales from the Americas, 37% from EMEA, and 8% from APAC

2021 Revenue: \$1,982mm

2021 EBITDA: \$116mm

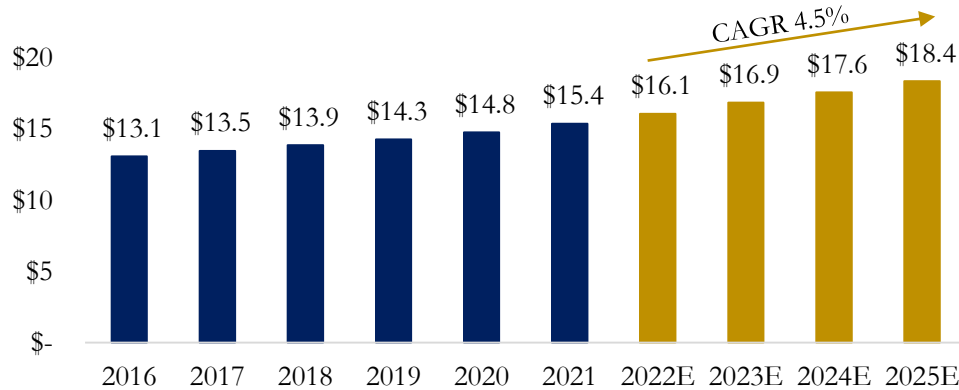
## Trading History Since IPO (Indexed)





## Market Leader With Unrivaled Global Brand Loyalty

### Global Outdoor Cooking Market



#1 Brand Position by Market Share

- US (23%)
- Germany (44%)
- Australia (30%)
- France (26%)
- Canada (24%)

## Management is Focused on Jumpstarting Innovation



**2020:** Weber launches Weber Connect, the first smart-grill in the industry



**2018:** Weber hired CEO Chris Scherzinger and CFO Bill Horton

**2021:** Weber acquires June, a smart cooking startup

**2022-2025:** Management plans to launch 20+ new products



# Breakout Room 2

## Analysts



**Matthew Greenwood**  
*Mastercard, Weyerhaeuser*



**Nicole Gardini**  
*Alphabet, Match Group*



**Michael Wade**  
*Micron, Amazon*



**Ben Gorashchenko**  
*Intuit, Raytheon Technologies Corp.*



**Simon Elkins**  
*Essex Property Trust, Zoetis*



**Colin Hall**  
*Medpace Holdings, AMN Services*



**Oliver Garrett**  
*HanesBrands, Exact Sciences*

## Board Members & Faculty

**Erin Bellissimo**

**Steve DuFour (Zoom)**

**Jess Mattes**

**John Rudolf**

**Tom Schreier (Zoom)**

**Jason Reed**



## Thesis: **BUY** | AIM Decision: **BUY**

1. Industry leader, vertically integrated, scale producer
2. High floor due to timberlands income and significant real estate assets
3. Strong US housing market. Domestic supply lags demand despite rising rates and demographic changes

Target Price: \$45.06 (15.5% Upside)

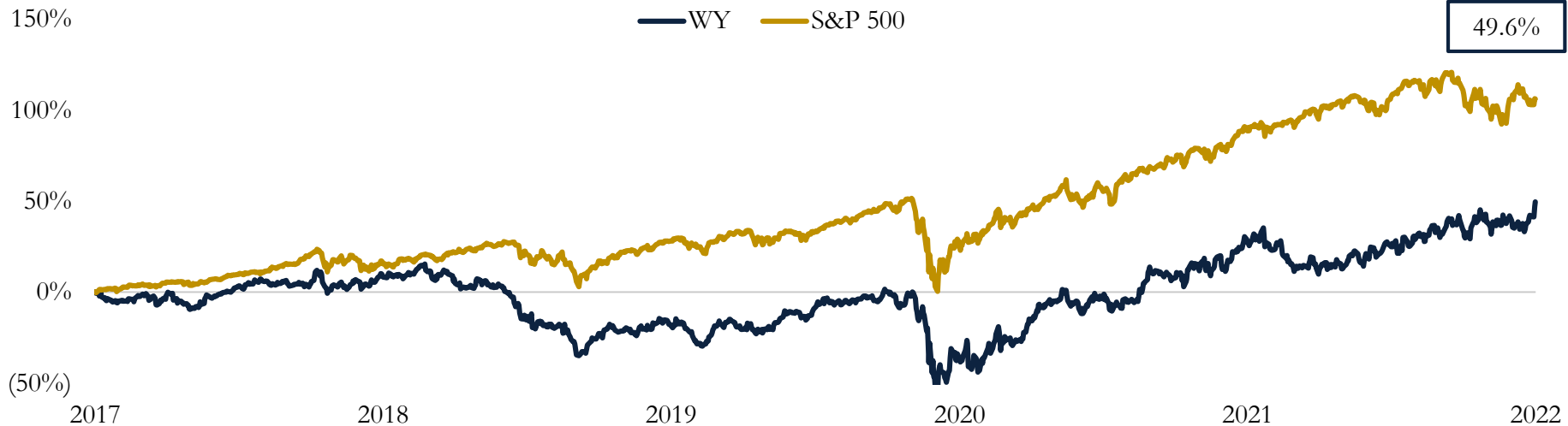
## Company Description

- Weyerhaeuser is a diversified timber products company that is incorporated as a REIT and is the largest private landowner in the US
- The company operates under three business segments: Timberlands, Wood Products and Real Estate, Energy and Natural Resources

2021 Revenue: \$10,201mm

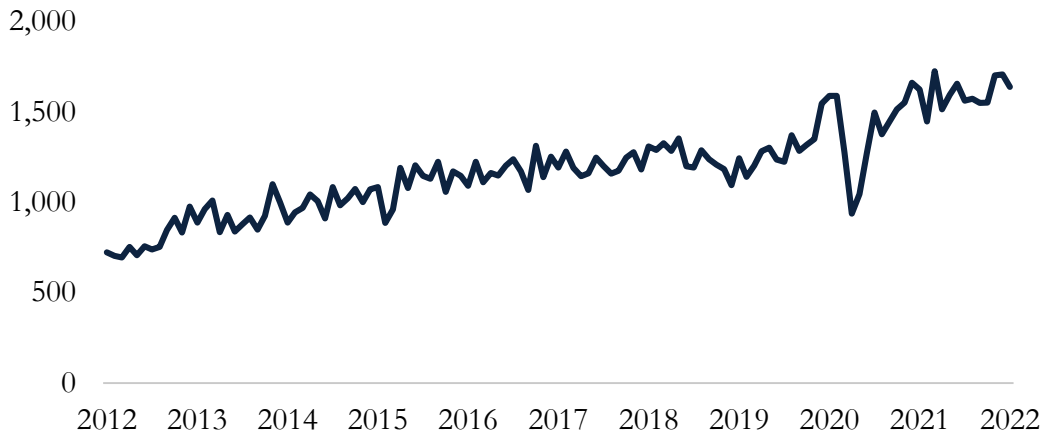
2021 EBITDA: \$4,018mm

## 5-Yr Trading History (Indexed)



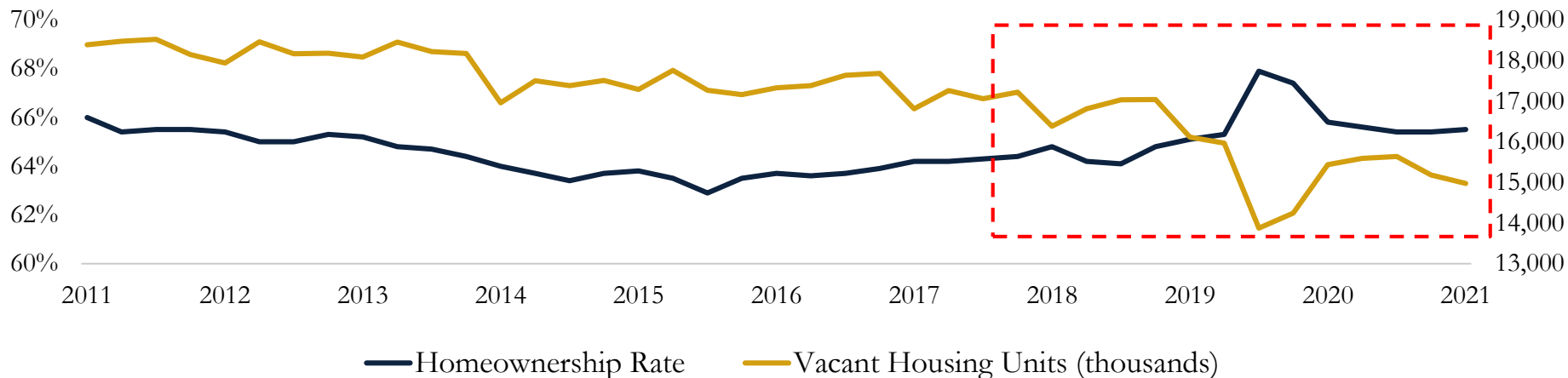


## Growing US Housing Starts (mm)



- Housing supply hasn't kept with demand, despite increasing homeownership rates
- More millennials are desiring a pathway to owning their own home
- Despite record lumber prices, housing starts increasing YoY with a 5.1% CAGR
- Demand and timber supply constraints resulting in elevated lumber prices

## Homeownership Outpacing Supply





## Thesis: **BUY** | AIM Decision: **BUY**

1. First mover advantage launching Match.com in 1995 and first app dating platform, Tinder in 2012
2. Monopoly with portfolio structure; diversified offerings, R&D and cost of revenue synergies
3. Growth through Emerging brands into international markets and Hinge and revamping to broader social interactions

Target Price: \$137.47 (34.5% Upside)

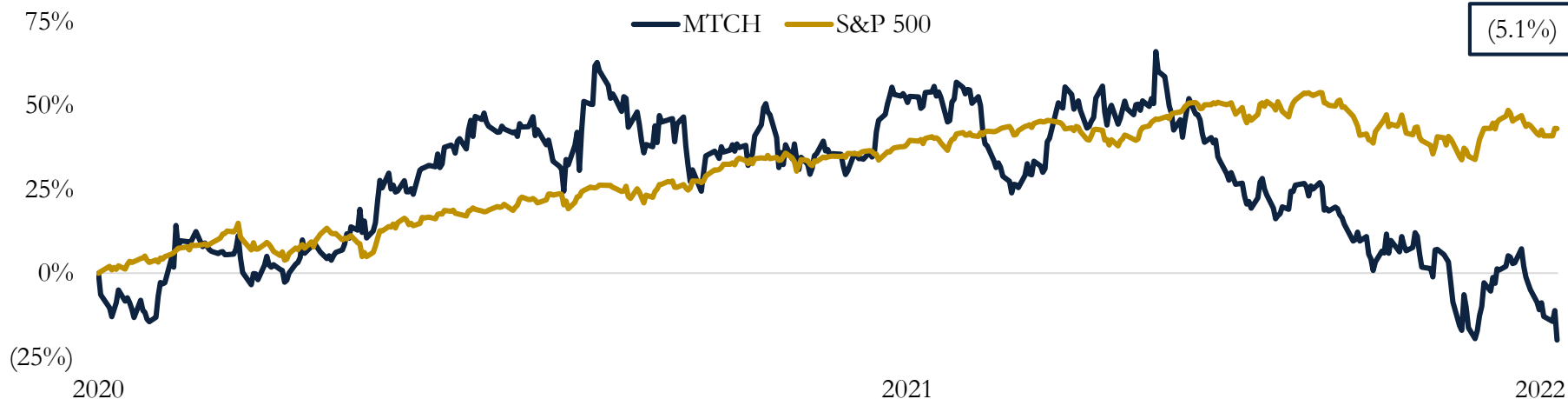
## Company Description

- Portfolio of online dating platforms, namely Tinder, Match and Hinge
- Generate revenues from recurring user subscriptions and a la carte in-app purchases
- Operate company between three main segments of Tinder, Established Brands and Emerging Brands

2021 Revenue: \$2,938mm

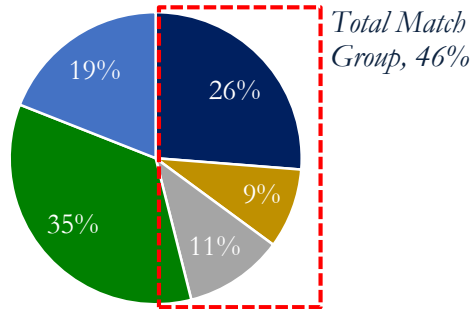
2021 EBITDA: \$921mm

## Since Company Separation Trading History (Indexed)



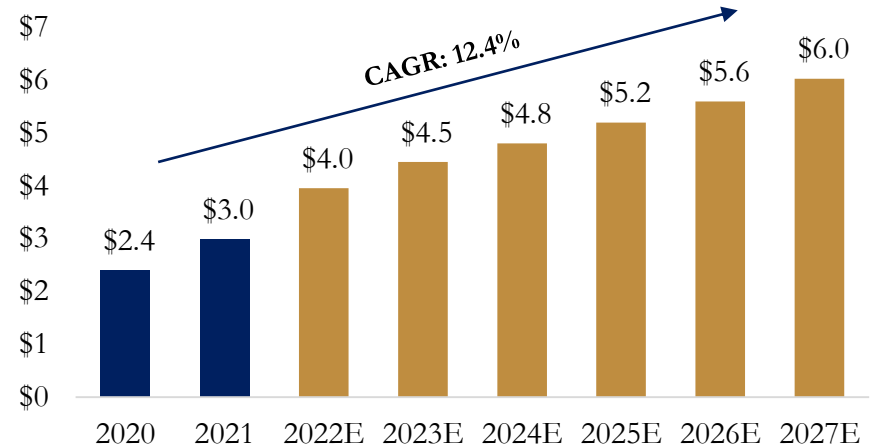


## Market Share



■ Tinder ■ Hinge ■ Established Match ■ Bumble (Badoo) ■ Other

## Revenue Projection (\$bn)



## Promising Growth Outlook

### Revamp & Expand

### Untapped Markets

### More Than Dating Tech

### Long-Term Innovation



## Thesis: **BUY** | AIM Decision: **BUY**

1. Amazon is a leader in many high growth markets
2. Amazon's most profitable markets are its highest growth areas
3. The company's investment in automation and logistics will pay off in improved margins

Target Price: \$3,884.05 (28.5% Upside)

## Company Description

- Founded in 1994 in Seattle, Washington
- Leading e-commerce and cloud services provider
- Driven by innovation and customer focus
- Amazon drives down prices to gain market share and drive out competitors

2021 Revenue: \$469,822mm

2021 EBITDA: \$59,175mm

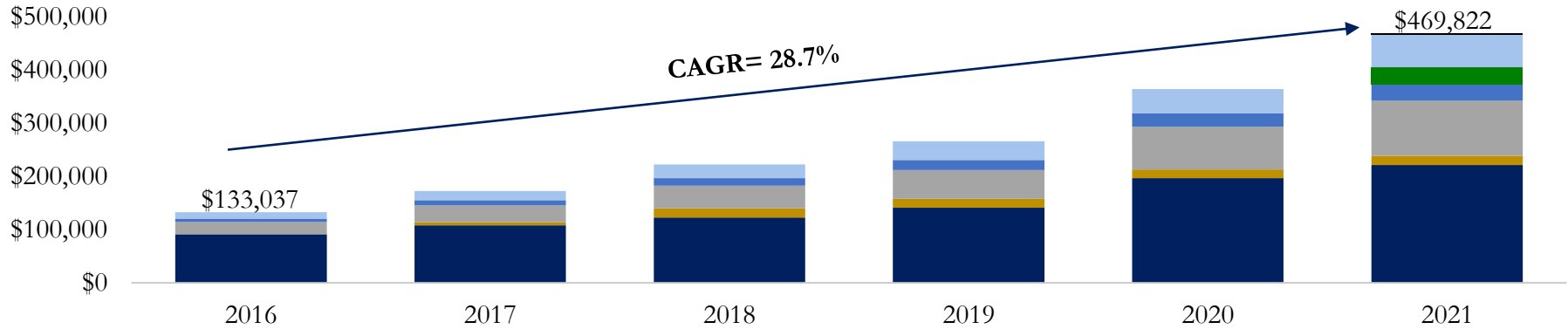
## 5-Yr Trading History (Indexed)





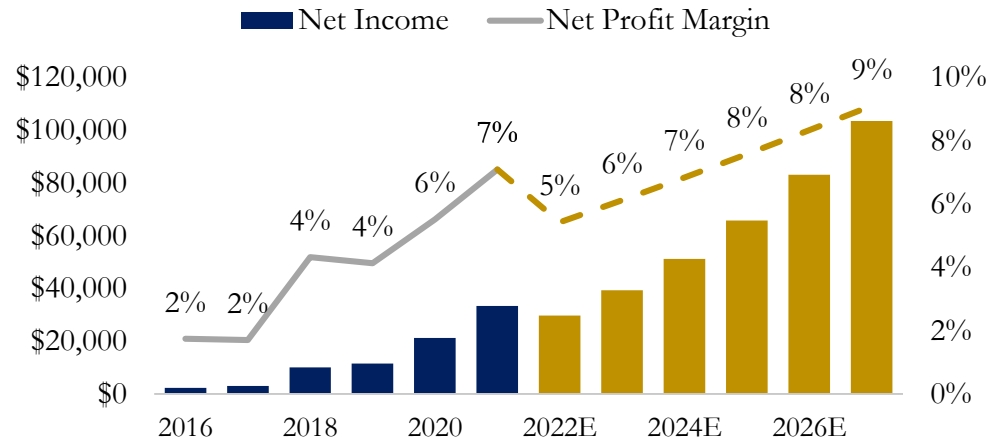
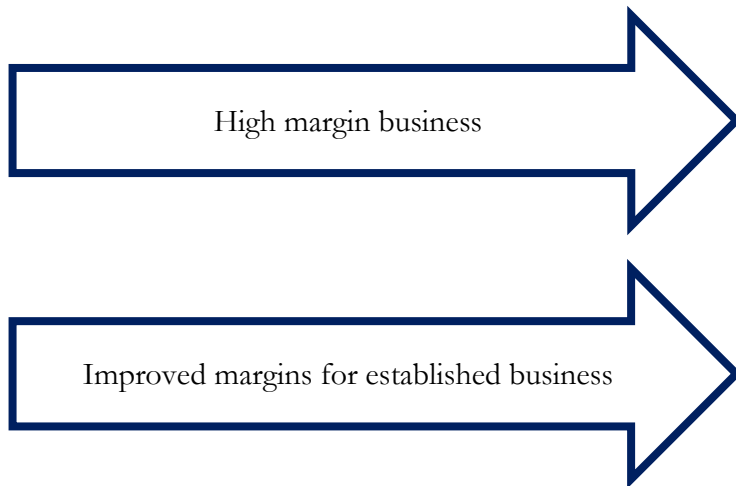


## Amazon Revenue (\$mm)



■ Online Stores 
 ■ Physical Stores 
 ■ Retail Third-Party Services 
 ■ Retail Subscription Services 
 ■ Advertising Services 
 ■ AWS 
 ■ Other

## Improving Profit Margins





# Raytheon Technologies (RTX)



**Thesis: BUY | AIM Decision: BUY**

1. RTX's competitive advantages: Strong supplier position to its competitors, being top two in all addressable markets, and key flagship products with engrained roles
2. Management historically has beaten all types of projections, and has a clear, concise five-year plan
3. RTX's strength lies already in margins, as seen by the different peer multiples

Target Price: \$129.00 (26.4% Upside)

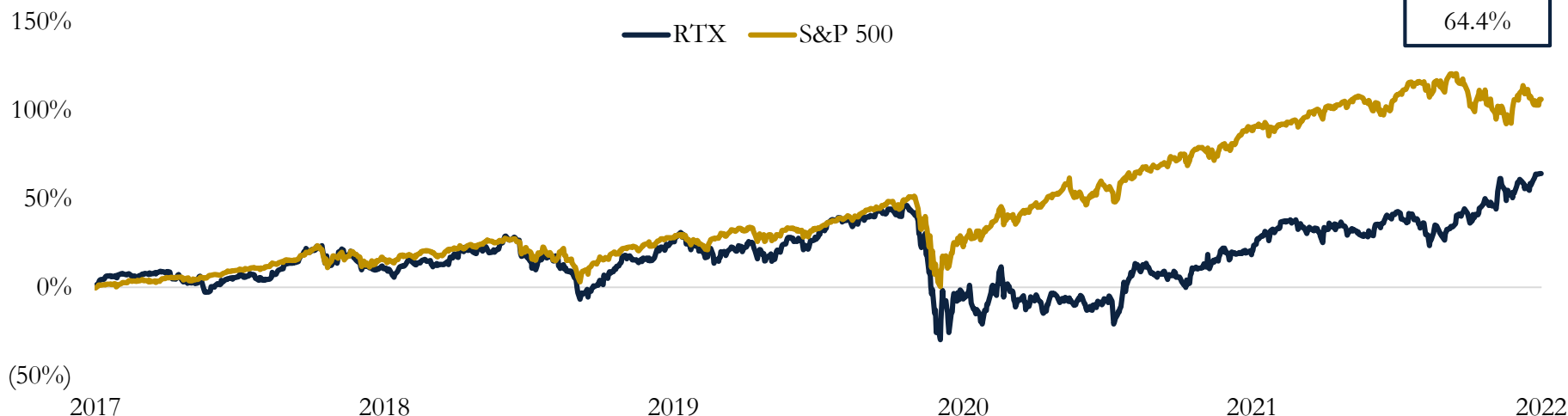
## Company Description

- Raytheon Technologies, born from a 2020 merger between Raytheon and United Technologies, provides commercial aerospace and national defense solutions
- The product portfolio is shielded against risk, taking advantage of commercial travel vs defense countercyclicality; serving both original equipment and aftermarket

2021 Revenue: \$64,390mm

2021 EBITDA: \$9,515mm

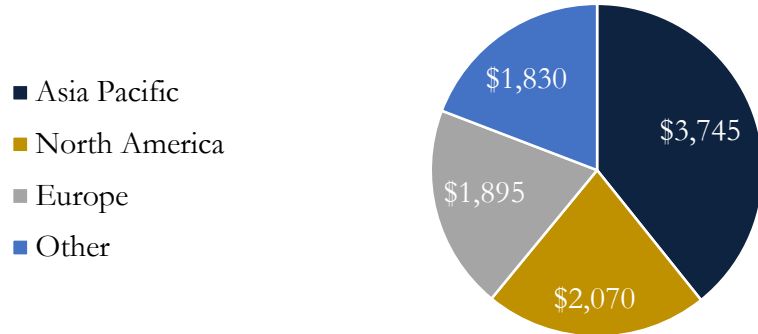
## 5-Yr Trading History (Indexed)



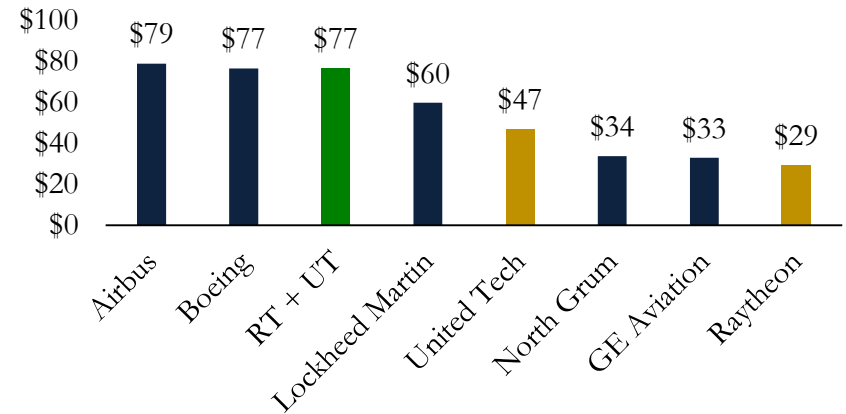


## Elements of Future Positioning

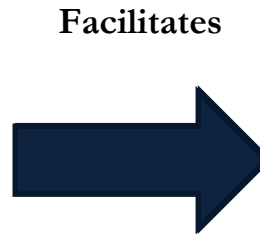
2020-2040 Global Aero Services Spending (\$bn)



2019 Leading Aircraft Manufacturers/Suppliers (\$mm)



## Suppliers to Their Own Competitors; Absorb a Layer of Product Risk





## Thesis: **BUY** | AIM Decision: **BUY**

1. Zoetis is positioned to take advantage on higher margin companion animal products
2. R&D and innovation advantage in Animal Health
3. Cash-pay buyers, a fragmented customer base, and minimal generic competition

Target Price: \$240.28 (24.8% Upside)

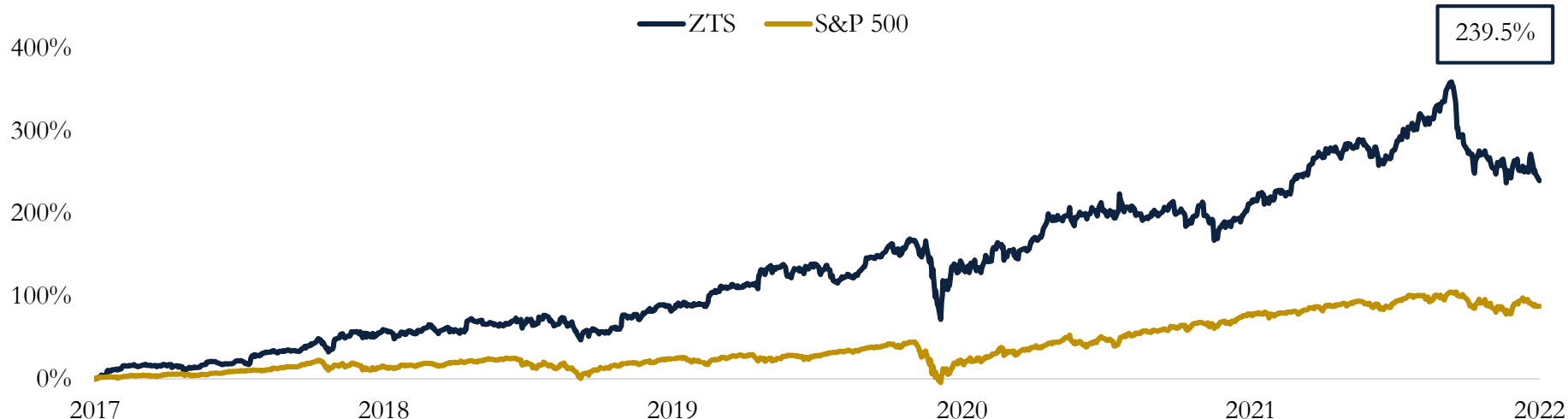
## Company Description

- Animal health focused pharmaceutical company for medicines, vaccines, diagnostic products, biodevices, genetic tests and precision livestock farming
- Two species segments; Livestock & Companion Animals

2021 Revenue: \$7,776mm

2021 EBITDA: \$3,207mm

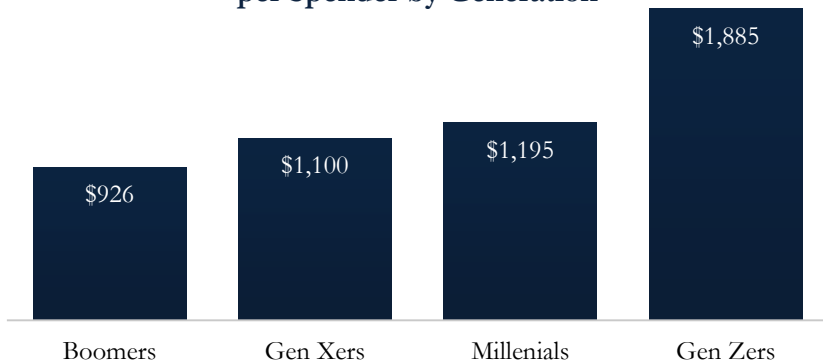
## 5-Yr Trading History (Indexed)



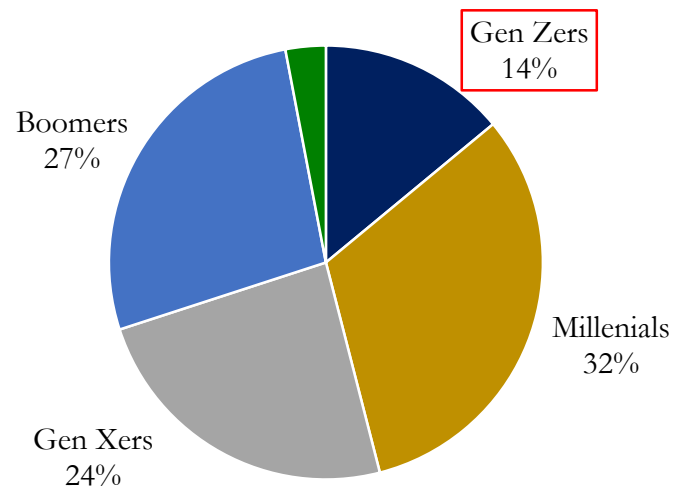


## Increased Pet Spending

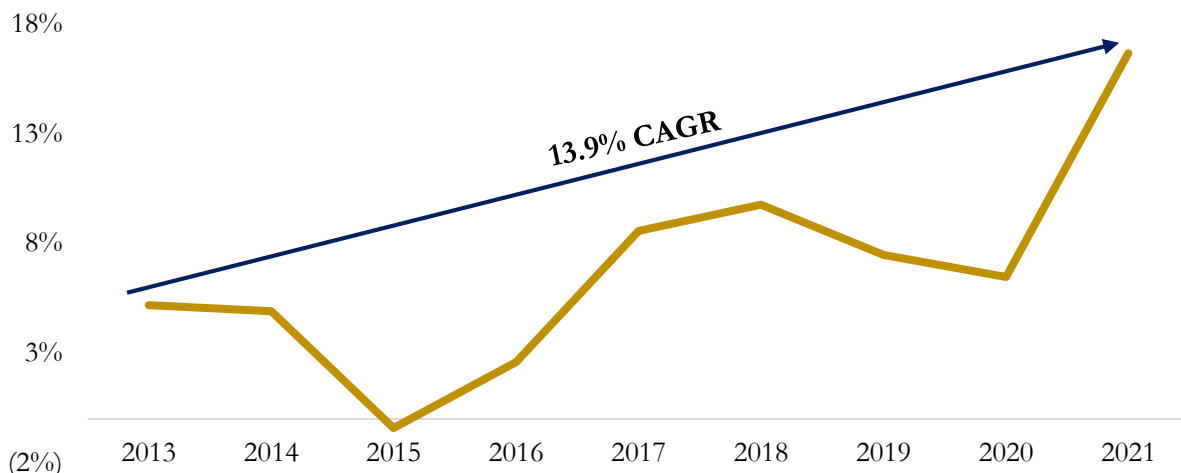
Average US Annual Pet Expenditures per Spender by Generation



## Growing Share of US Pet Ownership



## Limited Competition & Scale Leads to Revenue Growth



- 1 No large Human Health players
- 2 Generics only price ~20% below
- 3 One-stop shop for veterinarians
- 4 R&D: Half the time, tenth the cost



## Thesis: **BUY** | AIM Decision: **BUY**

1. Extremely strong industry tailwind will drive growth for the next 6-10 years
2. Defensible moats in its leading supply of clinical workers and workforce technology offerings
3. The market is undervaluing the EBITDA margin expansion AMN can achieve by scaling its core business and growing high-margin segments

Target Price: \$137.25 (35.2% Upside)

## Company Description

- AMN provides staffing, talent optimization strategies, and technology solutions to healthcare systems across the US
- It is the global leader in healthcare staffing and has a leading position in the Nurse, Allied, and Locums Tenens (Physician) staffing markets

2021 Revenue: \$3,984mm

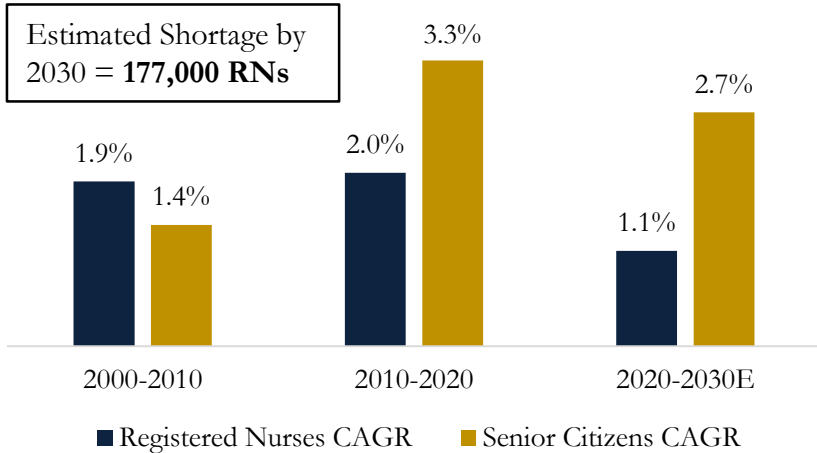
2021 EBITDA: \$635mm

## 5-Yr Trading History (Indexed)

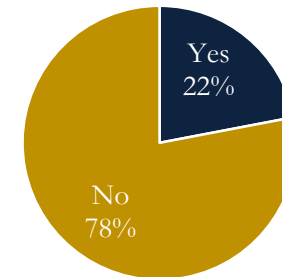




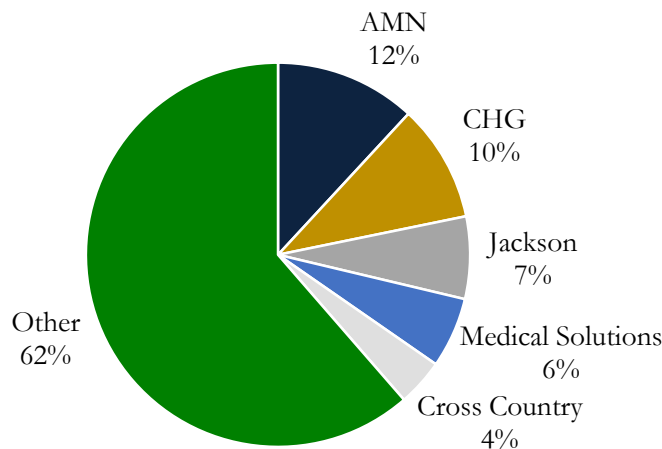
## A Chronic and Worsening Nursing Shortage Driving Industry Demand



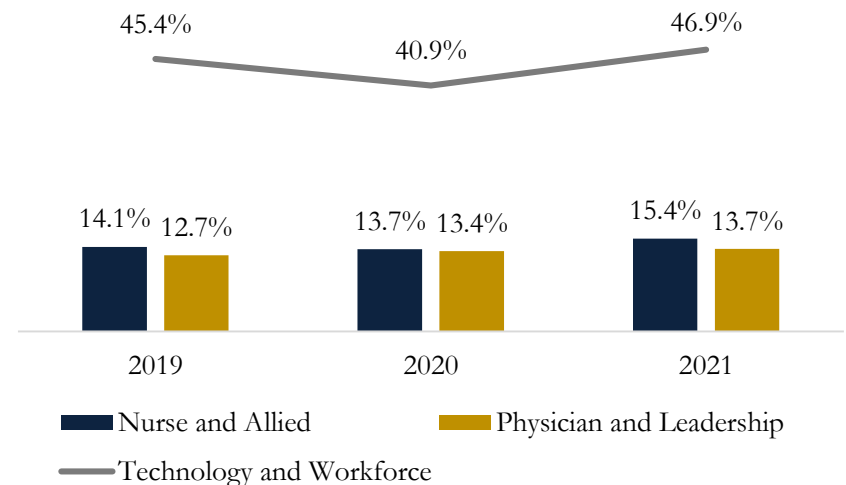
"Do you plan to retire in the next 5 years?"  
(2020 National Survey of RNs)



## Dominant Player in a Fragmented Industry



## EBITDA Margin Growth Through Tech





## Thesis: **BUY** | AIM Decision: **BUY**

1. EXAS is both a market leader and disruptor in an industry with high barriers to entry
2. Uniquely positioned to scale and cross-sell its current diagnostic tests and pipeline products
3. Recent market pullback offers attractive entry point

Target Price: \$111.47 (59.5% Upside)

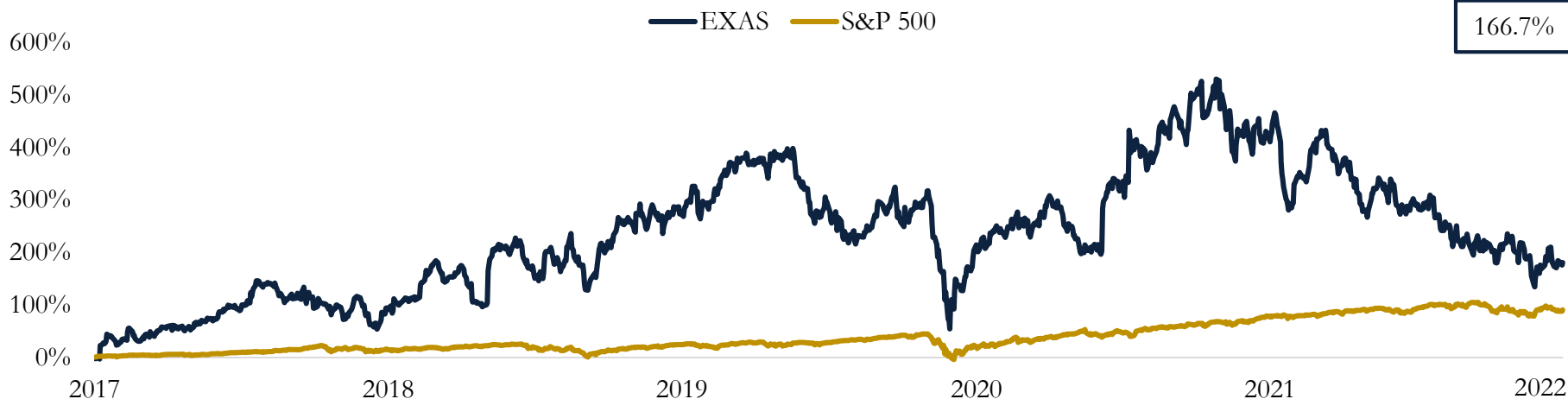
## Company Description

- Develops and sells a variety of diagnostic cancer tests with applications at every stage of a patient's journey with cancer
- Flagship product, Cologuard, overcomes main reasons for disproportionately low colorectal cancer screening rates in the U.S.

2021 Revenue: \$1,767mm

2021 EBITDA: (\$301mm)

## 5-Yr Trading History (Indexed)

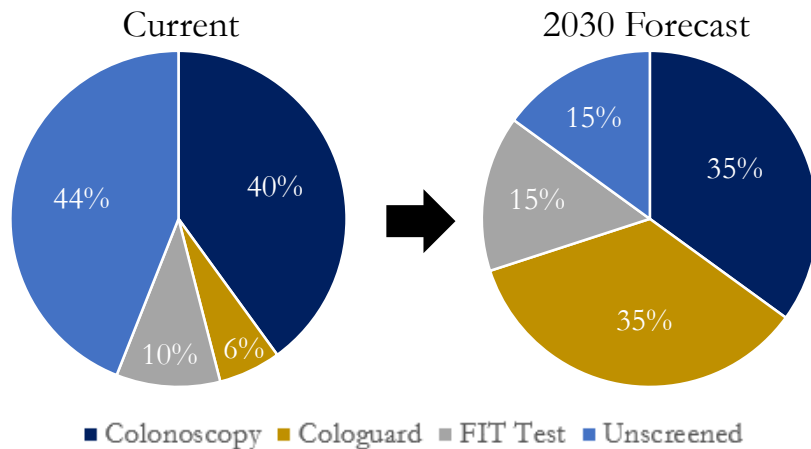




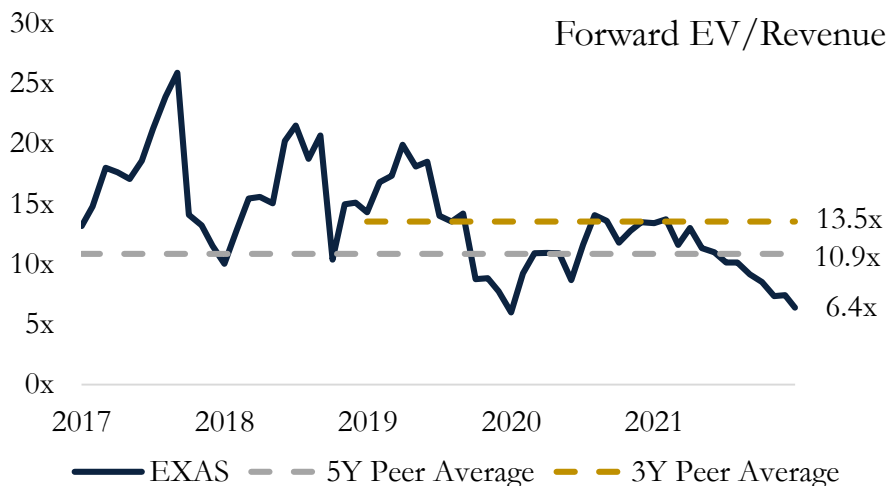


## Colonoscopies are Overdue for Disruption

- Nearly half of eligible Americans are unscreened for colorectal cancer (#1 cancer death for non-smokers)
- Cologuard is an at-home, non-invasive, stool-based DNA test with a 92% cancer sensitivity
- Cologuard takes roughly 10 minutes and requires no fasting, laxatives, or medication changes



## Attractive Valuation



## Cross-Selling Potential

- EXAS' current precision oncology tests are considered a standard of care with 98% of oncologists in the U.S. having used one before
- Large pipeline investments in emerging cancer testing sub-industries
- Doubled sales team in 2021
- Standing relationship with U.S. oncologists make EXAS a one-stop-shop for cancer tests



# BREAKOUT ROOM 2 APPENDIX



## Thesis: **BUY** | AIM Decision: **BUY**

1. Critical component of the global economy as the 2<sup>nd</sup> largest global payment processor, positive macro tailwinds due to increased consumer spend
2. Superior growth option due to its strategic focus on future payment trends like open banking, crypto and sustainability, and growing its value-added service offerings

Target Price: \$419.11 (16.2% Upside)

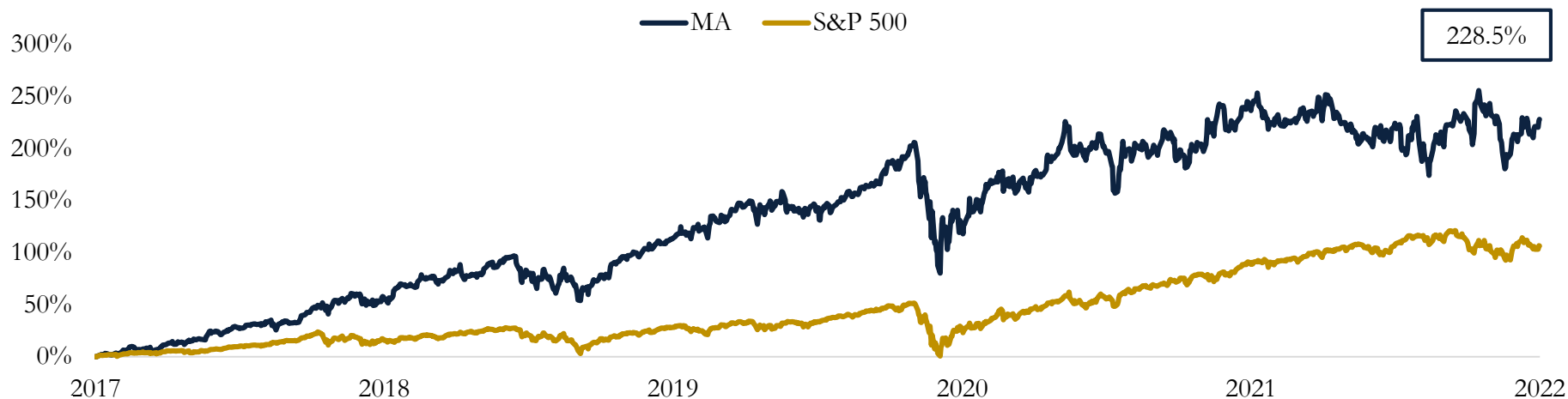
## Company Description

- Mastercard, Inc. is a global payments processing technology company that authorizes, clears and settles transactions for consumer purchases, and B2B and P2P payments
- Mastercard also offers value added services like cyber security, analytics, loyalty rewards and open banking

2021 Revenue: \$18,884mm

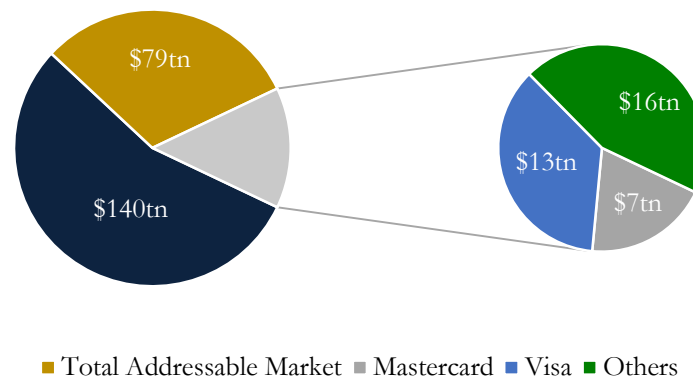
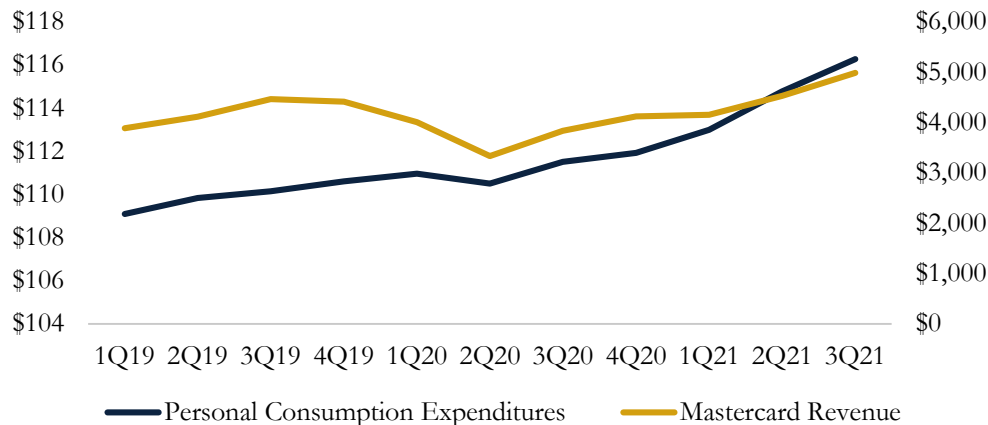
2021 EBITDA: \$10,994mm

## 5-Yr Trading History





## Consumer Spending is Growing and 70% of the Global TAM is Unaddressed



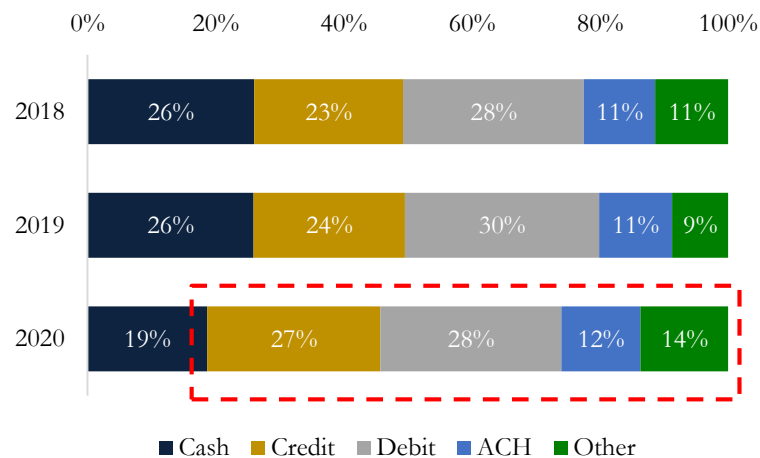
## Mastercard's Focus on Future Trends and Innovation



**Chad Arroyo: Head N.A. Mastercard LaaS**

- “LaaS is a strategic enabler within the firm. Our partners don’t want carbon copied solutions”
- “Visa doesn’t seem to have a similar offering based on client discussions. Capability isn’t as mature”
- “open banking, crypto loyalty, buy-now-pay-later and sustainable finance are the defining trends in payments over the next 3-5 years”

## Cash's Decline





# Alphabet, Inc. (GOOG)



**Thesis: BUY | AIM Decision: BUY**

1. First mover advantage positions firm to retain top market share position in online ad space, driving profitability
2. Growth spurred by scaling Google Cloud Platform (GCP) and YouTube ecosystem
3. Heavy R&D reinvestment and cloud infrastructure investment suppresses FCFF near-term

Target Price: \$3,355.89 (29.3% Upside)

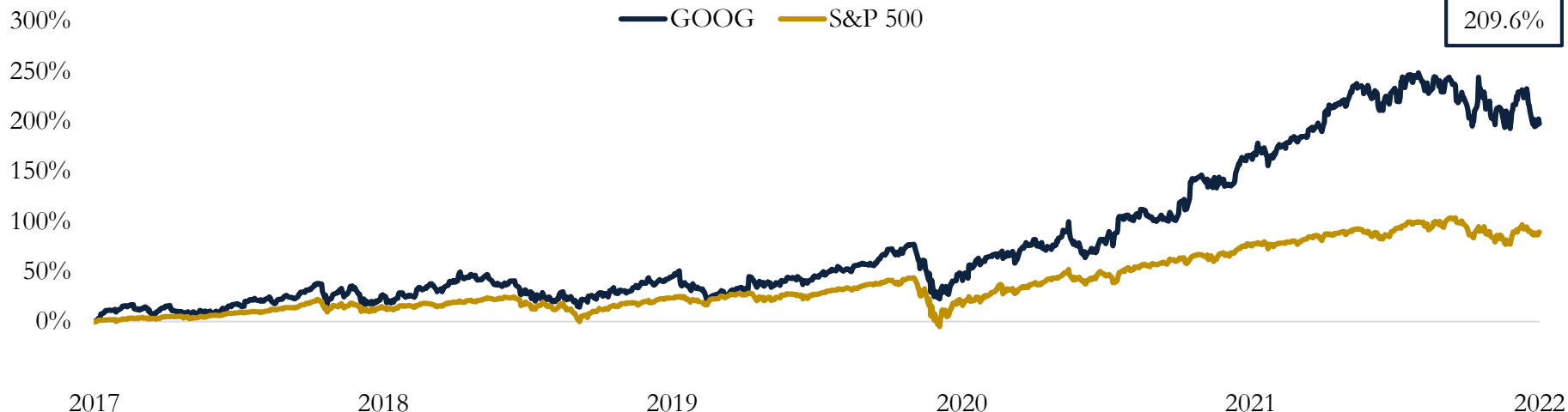
## Company Description

- Collection of businesses most known for Google Search, Ads and Cloud with \$1.85T market cap
- Owns and operates other market leading technology brands like Chrome, Android and YouTube
- Google Services currently generates 93% of current revenues and is the only profitable segment

2021 Revenue: \$257,637mm

2021 EBITDA: \$88,474mm

## 5-Yr Trading History (Indexed)





## Growth Drivers Diversified Among Business Segments

### Conservative online advertising market

- Maintain ~30% share of a \$585B market through 2023 (\$181B revenue)

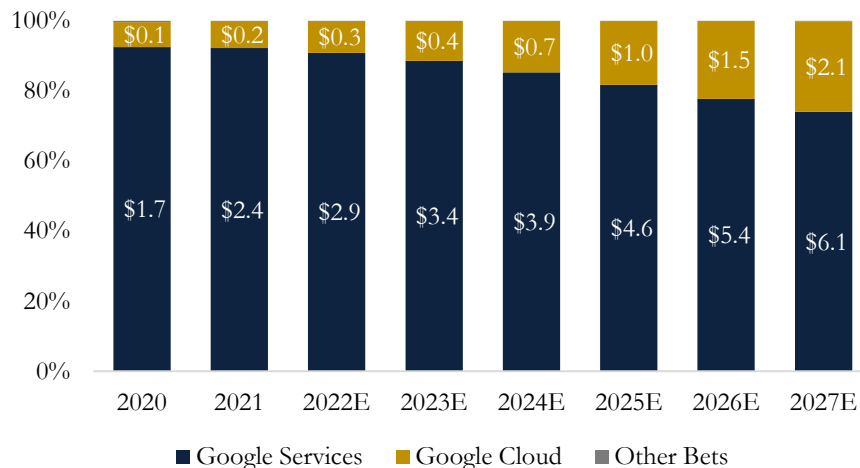
### YouTube Ads revenue up 43% YoY

- YouTube TV, e-commerce and subscriptions contributing ~\$28B top line

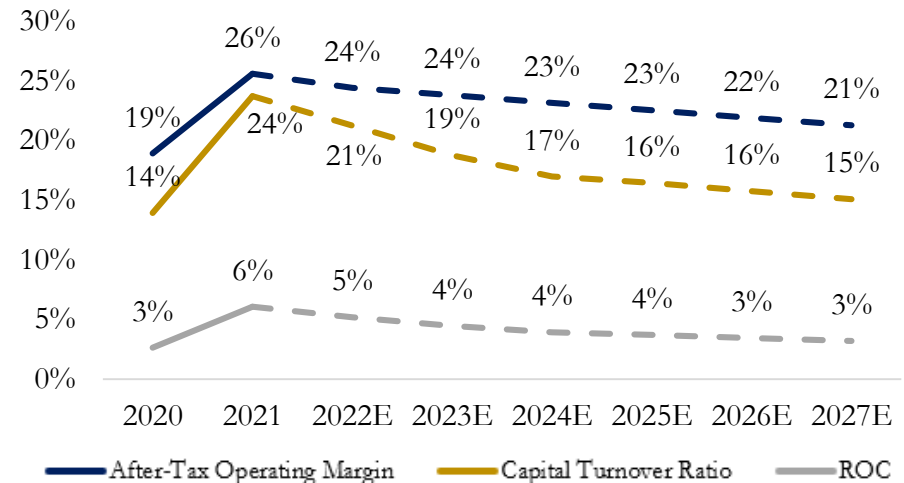
### Google Cloud expanding rapidly

- Rev increases average 48% YoY for past four years, expect to continue
- Cloud infrastructure market is projected to reach \$947B in 2026, current 8% (\$75.8B)

## Revenue Composition Shifts (\$bn)



## Reinvestment Sustains Future Returns





## Thesis: **BUY** | AIM Decision: **BUY**

1. Micron is in a fast growing market and will continue to see strong revenue growth
2. Micron's investment in technology and automation will drive its variable costs down
3. The company is valued cheaply compared to many of its competitors

Target Price: \$115.55 (59.3% Upside)

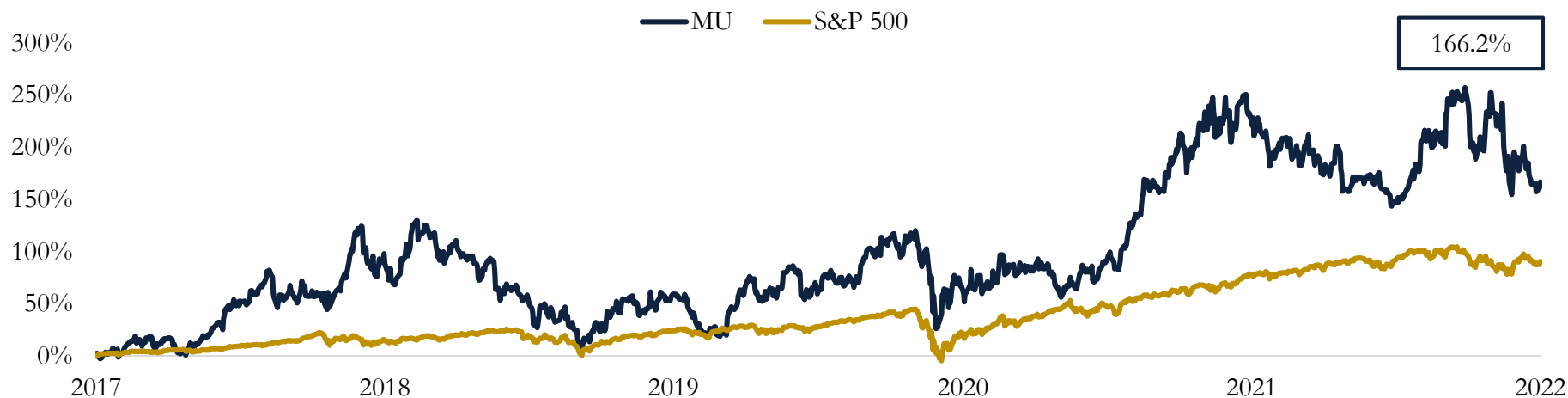
## Company Description

- Founded in 1978 in Boise, Idaho
- Global manufacturer of semiconductors
- In-house manufacturing of DRAM and NAND

2020 Revenue: \$31,169mm

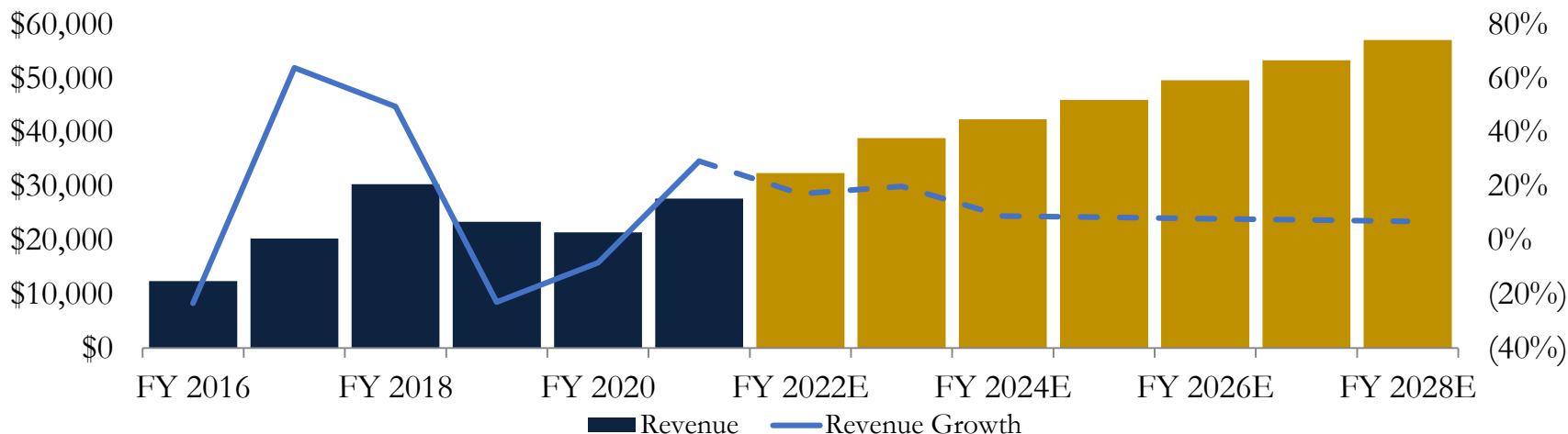
2020 EBITDA: \$17,065mm

## 5-Yr Trading History (Indexed)





## Revenue Growth (\$mm)



## Micron is Cheap Relative to Peers

	TEV / EBITDA	TEV / EBIT	P / E
Micron Technology, Inc.	3.40x	6.28x	6.23x
Texas Instruments Incorporated	14.80x	16.43x	19.46x
QUALCOMM Incorporated	8.92x	10.10x	11.74x
Intel Corporation	6.90x	12.20x	13.91x
SK hynix Inc.	2.90x	4.92x	6.10x
Western Digital Corporation	4.76x	6.63x	6.16x
Microchip Technology Incorporated	12.86x	15.58x	13.40x
<b>Average</b>	<b>8.52x</b>	<b>10.98x</b>	<b>11.79x</b>
<b>Minimum</b>	<b>2.90x</b>	<b>4.92x</b>	<b>6.10x</b>





## Thesis: **BUY** | AIM Decision: **BUY**

1. Strong competitive advantage (spearheaded by an unmatched mix of services, frontier-level data capabilities, and an effective leadership team)
2. Will continue to scale via growing TAM, market share, ARPC, dataset size, and
3. High premium paid on Mailchimp acquisition is management signaling their confidence

Target Price: \$529.05 (11.8% Upside)

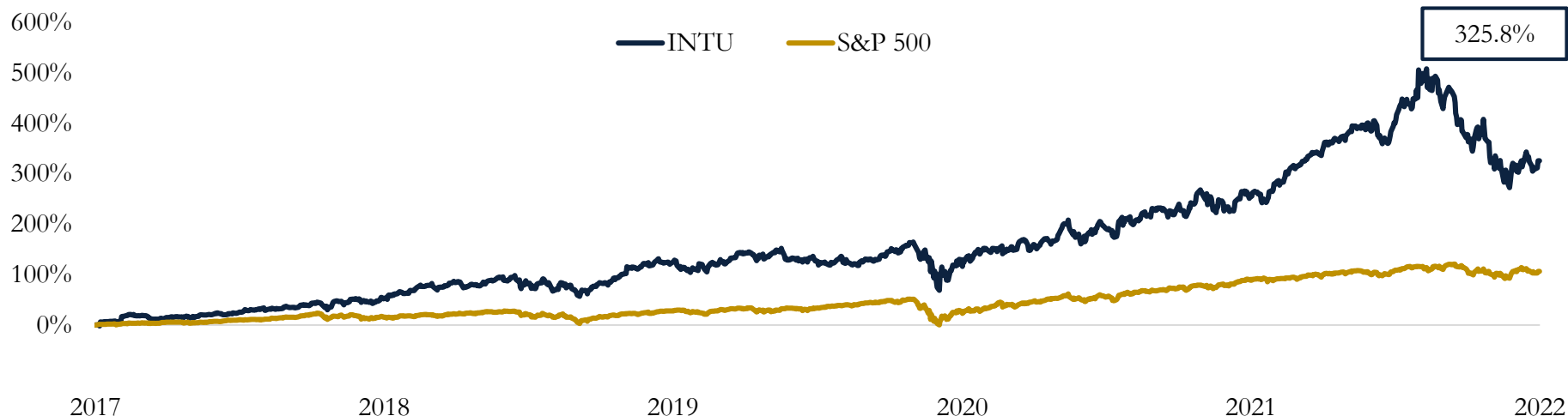
## Company Description

- Intuit provides financial management & compliance mechanisms through four segments; Small Business & Self-Employed, Credit Karma, Consumer, & ProConnect.
- Current business model follows key tenets including expansion of big data capability, empowerment of the customer, and emphasis on the small-middle sized business segment

2021 Revenue: \$9,633mm

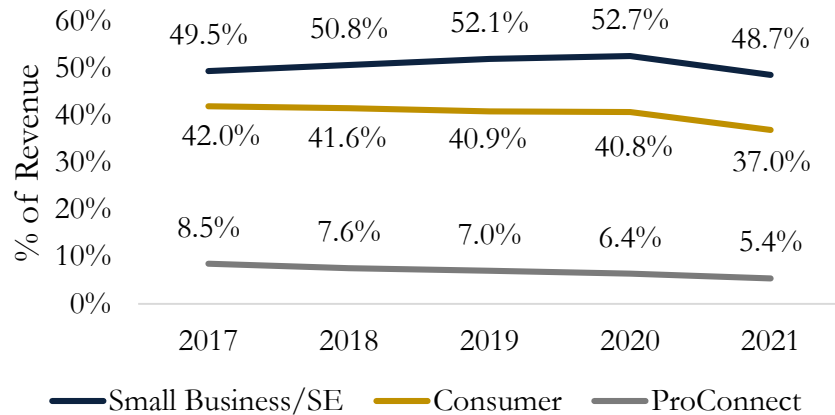
2021 EBITDA: \$2,863mm

## 5-Yr Trading History (Indexed)





## Diverse Offerings Portfolio Recently Bolstered by Transformational Acquisitions



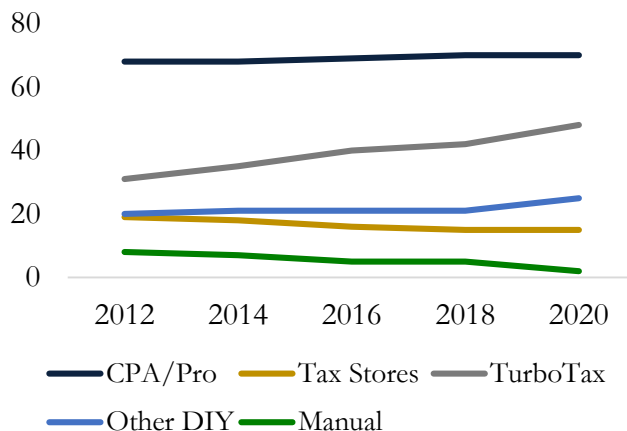
- Customer engagement and marketing platform for growing small & midmarket businesses
- Accelerates two of Intuit's 'Big Bets' to become center of small business growth and disrupt the small business mid-market



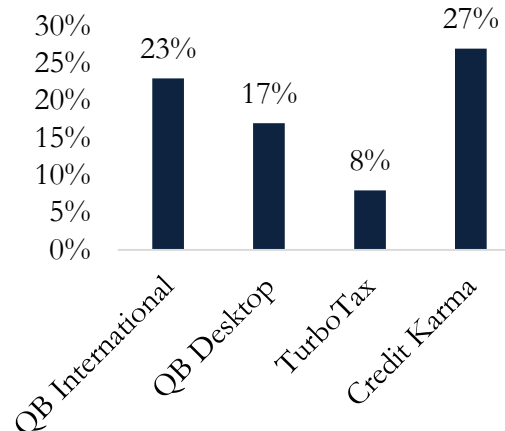
- 110 million members (Intuit 57 million at this time); higher permeability
- Leaned towards personal finance needs, which have been exacerbated during pandemic

## Three-Headed Engine of Growth

Tax Returns by Method (mm)



ARPC 2020-21 YoY Growth



# of Small Businesses (mm)





## Thesis: **SELL** | AIM Decision: **SELL**

1. Alternative work arrangements have weakened demand & will continue into future years
2. Rent concessions and delinquencies has depressed revenue. This will take time to normalize
3. Management appears to see current conditions as temporary and continuing existing plans

Target Price: \$352.89 (2.4% Upside)

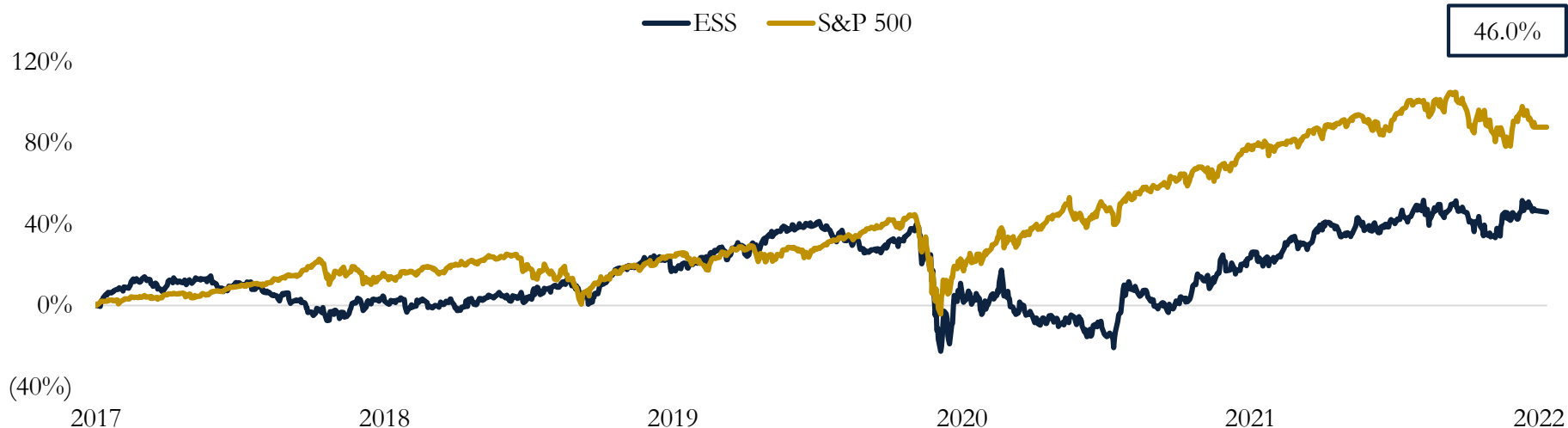
## Company Description

- Leading publicly traded REIT on the West Coast, focused on owning large, high-quality properties in the urban and suburban submarkets of Southern California, Northern California, & Seattle
- Over 90% of revenue from rental income of the core property portfolio

2021 Revenue: \$1,431mm

2021 EBITDA: \$1,019mm

## 5-Yr Trading History (Indexed)





## Return to Office and Normal?

- Workers which moved away from San Francisco country were mainly locating to surrounding counties rather and further afield
- Studies on remote working prior to the pandemic show commute distances increased, despite less days in the office.
- High resistance to RTO and tech workers have labor power to impact outcomes

## Technology GRP headwinds

Rank	Metro Area	Tech GRP	Total GRP	Tech %
1	San Jose	\$196.2	\$327.6	59.9%
2	Seattle	113.2	389.6	29.1%
3	San Francisco	158.2	557.6	28.4%
4	Huntsville	7.2	27.2	26.5%
5	Austin	37.9	149.5	25.4%
6	Raleigh	18.1	82.7	21.9%
7	Boston	91.6	443.8	20.6%
8	San Diego	38.3	229.2	16.7%

## Where people moved

Most popular destinations among those from San Francisco who filed a change of address in a new county:





## Thesis: **BUY** | AIM Decision: **BUY**

1. Differentiated exposure to small biotechnology clients enables industry-leading organic growth
2. Strong moats through global scale and reputation among clients
3. Medpace's full-service operating model uniquely appeals to small biotechnology clients and will facilitate continued market share capture

Target Price: \$190.30 (22.6% Upside)

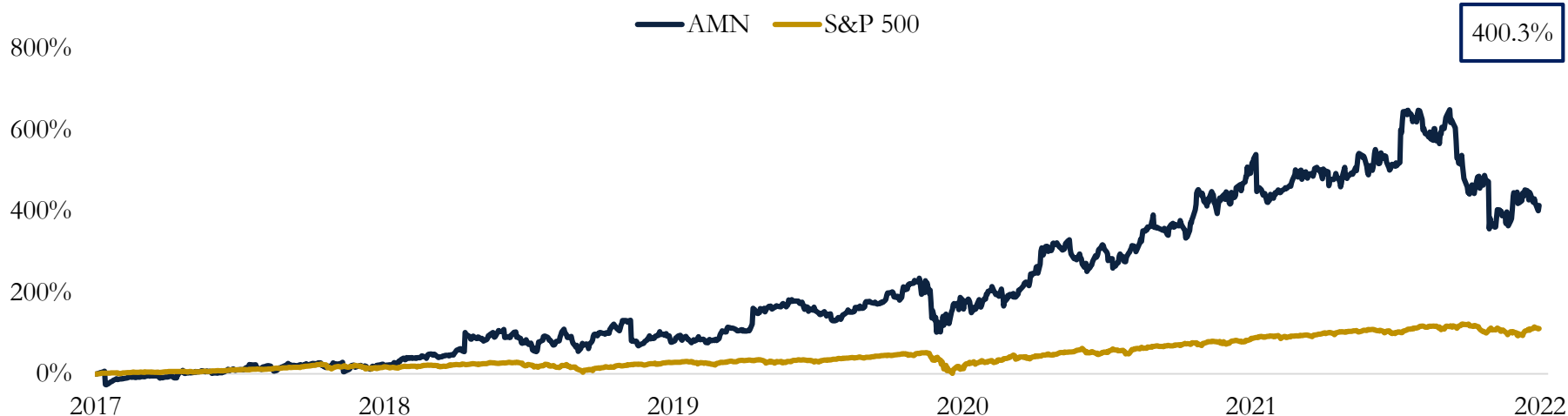
## Company Description

- Medpace Holdings is a global CRO (“Contract Research Organization”) – a company that manages clinical trials for biopharmaceutical companies
- It provides Phase I-IV clinical trial services and employs 4500 people across 41 countries
- It specializes in the fastest-growing areas of therapeutics and primarily serves small biopharmaceutical companies (77% of Revenues)

2021 Revenue: \$1,142mm

2021 EBITDA: \$223mm

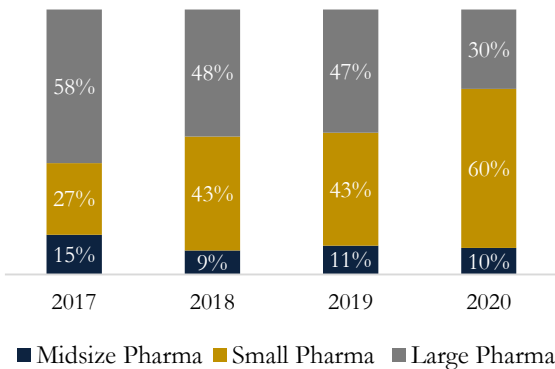
## 5-Yr Trading History (Indexed)



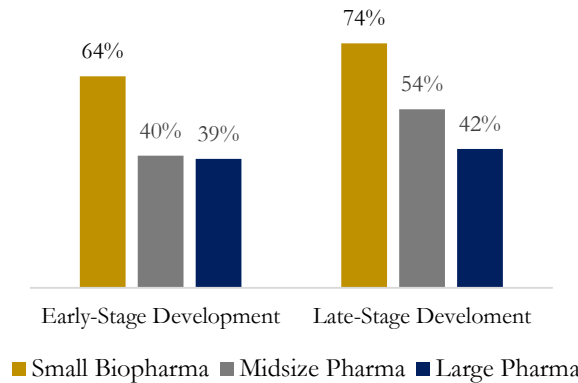


## Attractive Client Base and End Markets

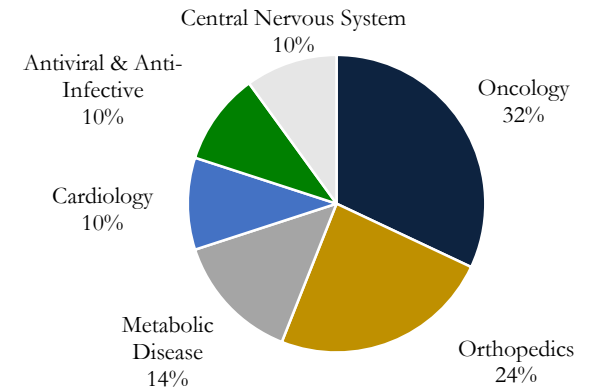
FDA Approvals by Client Size



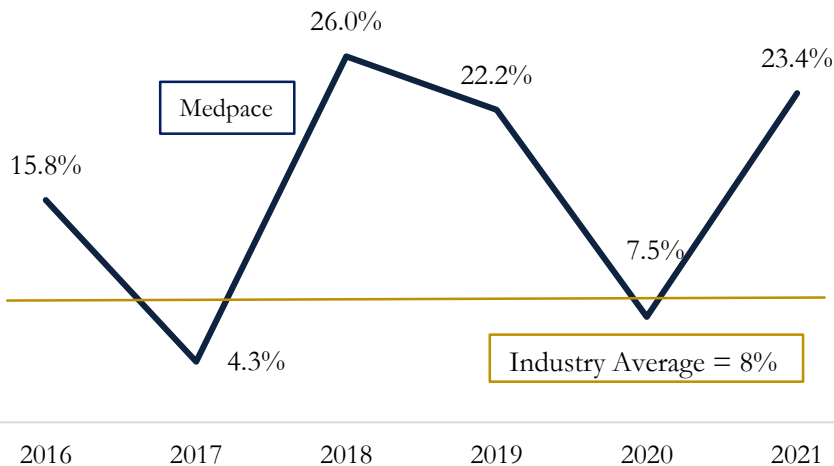
Outsourcing Rate by Client Size



End Markets By Revenue



## Industry-Leading Organic Revenue Growth



## Attractive Partner to Small Biotechs

- Full-Service operating model
- Smaller-size for a global CRO
- Strong reputation built over 25 years of service
- Physician-led project teams

With a **\$16 Billion core addressable market** and **5% market share**, Medpace's exposure to small biotechnology innovators will allow it to capture market share



## Thesis: **SELL** | AIM Decision: **SELL**

1. Champion's growth was a result of temporary fashion trends and is not sustainable
2. Innerwear sales will suffer as pressure from private-label brands continues to increase
3. Opportunity cost of not investing in a more attractive company or industry outweighs HBI's small upside

Target Price: \$16.73 (18.5% Upside)

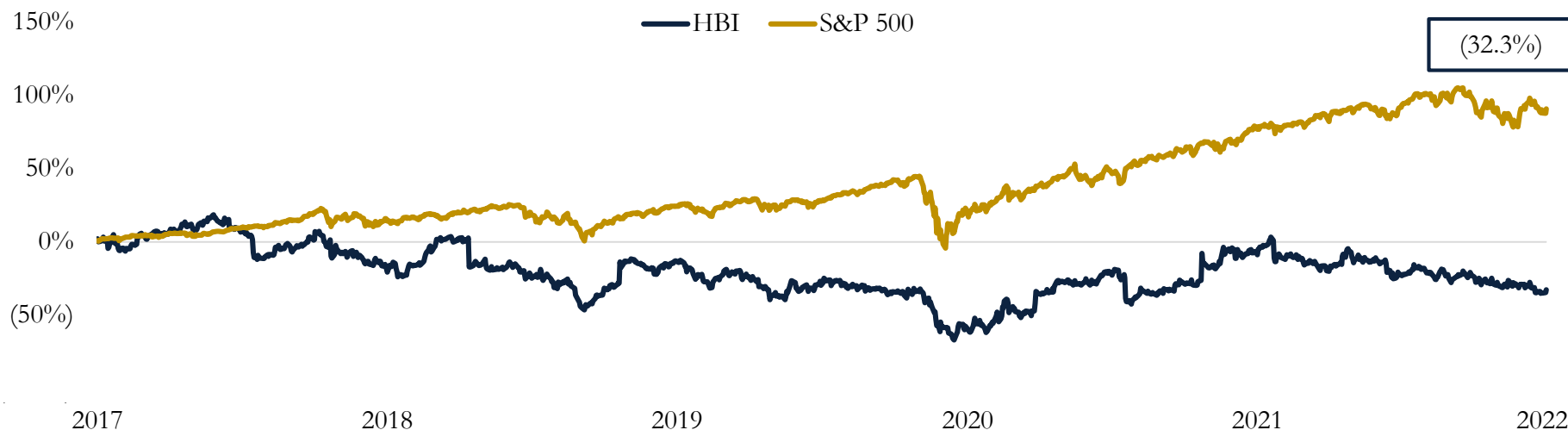
## Company Description

- Hanesbrands manufactures and sells basic innerwear and activewear apparel
- Iconic brands include Hanes and Champion
- Recent management change hopes to refocus on core brands and drive international expansion

2021 Revenue: \$6,801mm

2021 EBITDA: \$1,545mm

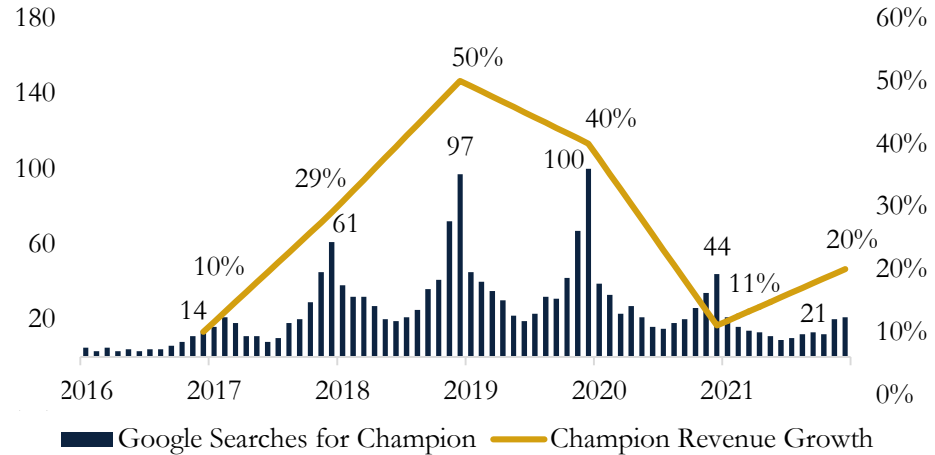
## 5-Yr Trading History (Indexed)





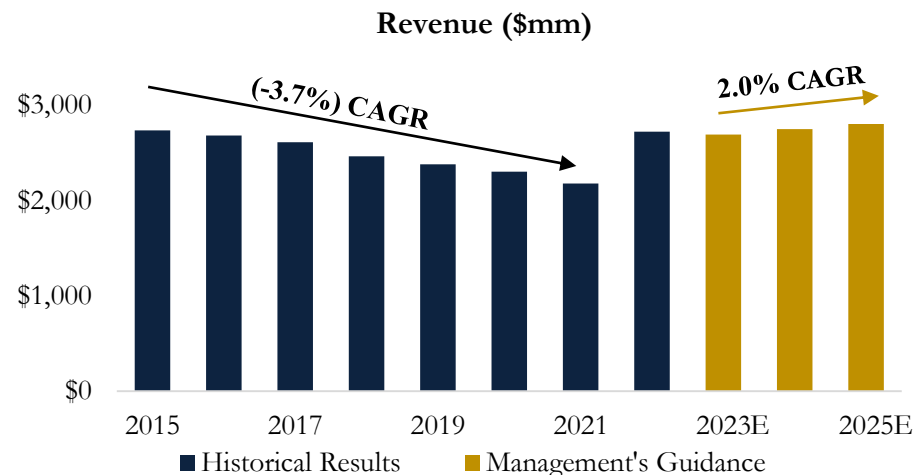
## Champion: Just a Fad

- The rise of athleisure apparel combined with recent streetwear trends spurred Champion's resurgence
- Athleisure market has stabilized and internet buzz surrounding Champion has fallen off
- Larger companies (Nike, Adidas, Lululemon) dominate the industry and have the resources and reach to set trends, not merely react to them



## Innerwear's Slow Decline

- Innerwear, Hanesbrands' largest and most iconic segment, has had long-standing sales decreases
- Low innovation and differentiation opportunities limit growth prospects
- Competing on price, private label brands represent a major threat
- Low confidence in management's plan to reverse this trend with revamped advertising and increased shelf space in main retailers







# Breakout Room 3

## Analysts



**Patrick Dolan**  
*EPD, BioLife Solutions*



**Palm Luckom**  
*Oportun, Paycom*



**Luke Novak**  
*Quanta Services, SunOpta*



**Tyler Adams**  
*CACI International, Etsy*



**Adrian Guy**  
*Malibu Boats, Liquidity Services*



**Eduardo Caldera**  
*America's Car-Mart, Ingersoll Rand*



**Christopher Clinton**  
*Cirrus Logic, Griffon Corp.*

## Board Members & Faculty

**Patty Brady**

**Mark Dumich**

**Brian Hogan**

**Ken Meyer**

**Shane Corwin**



## Thesis: **BUY** | AIM Decision: **BUY**

1. Cell and gene therapy (CGT) end markets sit at explosive growth inflection point
2. BLFS trades at 27% of its 52-week high due to, in the class's opinion, a broader growth market pullback and largely transitory profitability fears
3. Universe of potential buyers offers valuation floor

Target Price: \$37.63 (101.9% Upside)

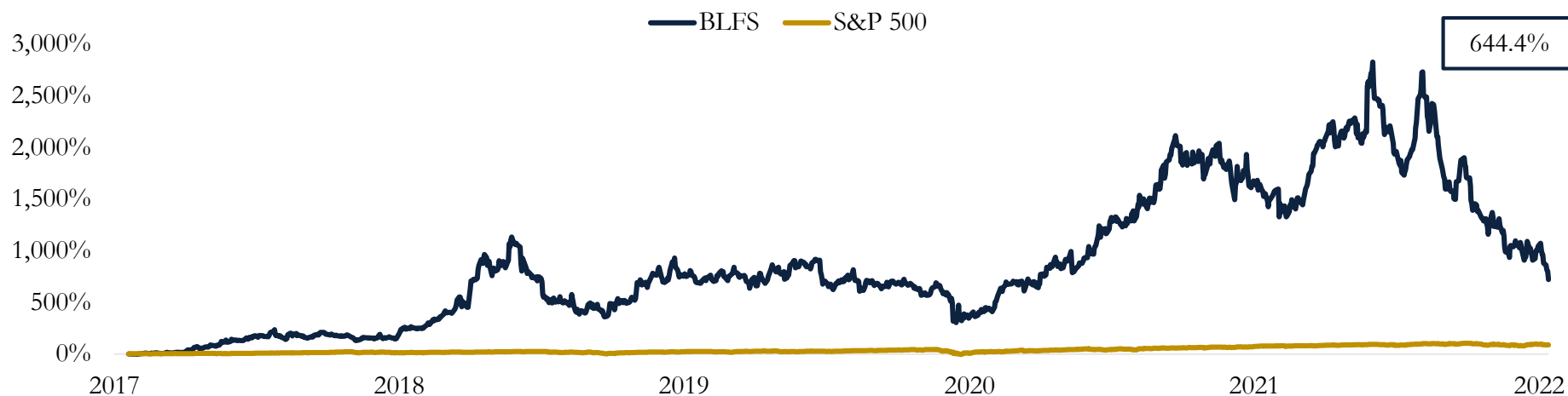
## Company Description

- BLFS is a leading developer, manufacturer, and marketer of bioproduction tools and services to the CGT industry
- Products have use cases in basic & applied research and commercial manufacturing of biologic-based therapies

2021 Revenue: \$119mm

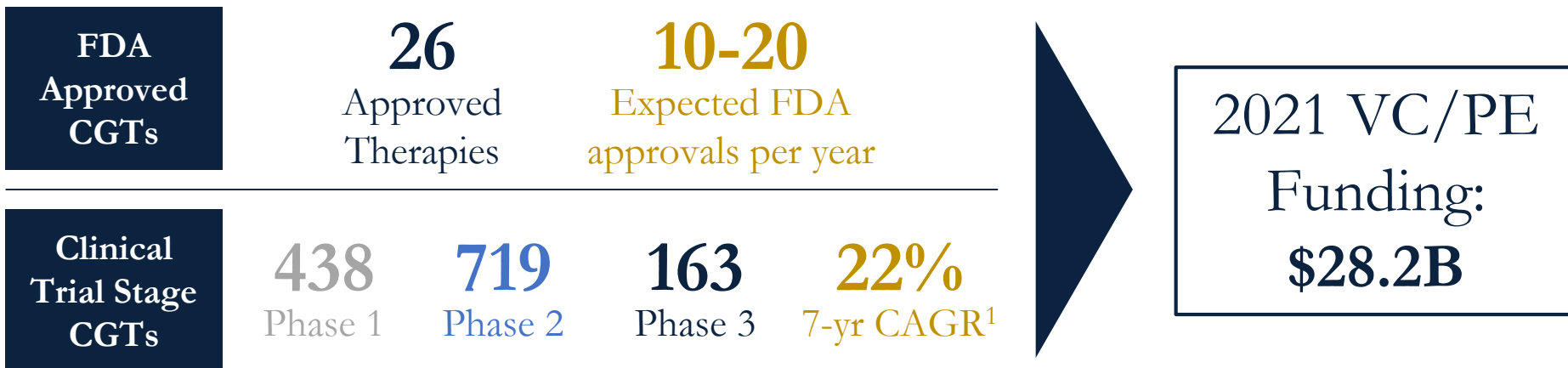
2021 EBITDA: (\$16mm)

## 5-Yr Trading History (Indexed)





## FDA Approved and Clinical Trial Cell and Gene Therapy Growth



### 3 Factors in Recent Share Price Decline

- 1 Broader market pullback for FCF negative equities
- 2 Acquisition integration-related short-term EPS hits
- 3 Concerns around management team given delayed 10-K filing and retiring CFO

These factors have led to a premature, downward adjustment to expected maturity margins

### Robust Universe of Potential Acquirers

Purchase Premium = Downside Protection





## Thesis: **BUY** | AIM Decision: **SELL**

- The hybrid working environment fastening the adoption of HCM cloud-based software
- One of the most efficient and high growth HCM players in the industry
- Target small to mid-sized companies create opportunity to increase penetration

Target Price: \$427.00 (31.4% Upside)

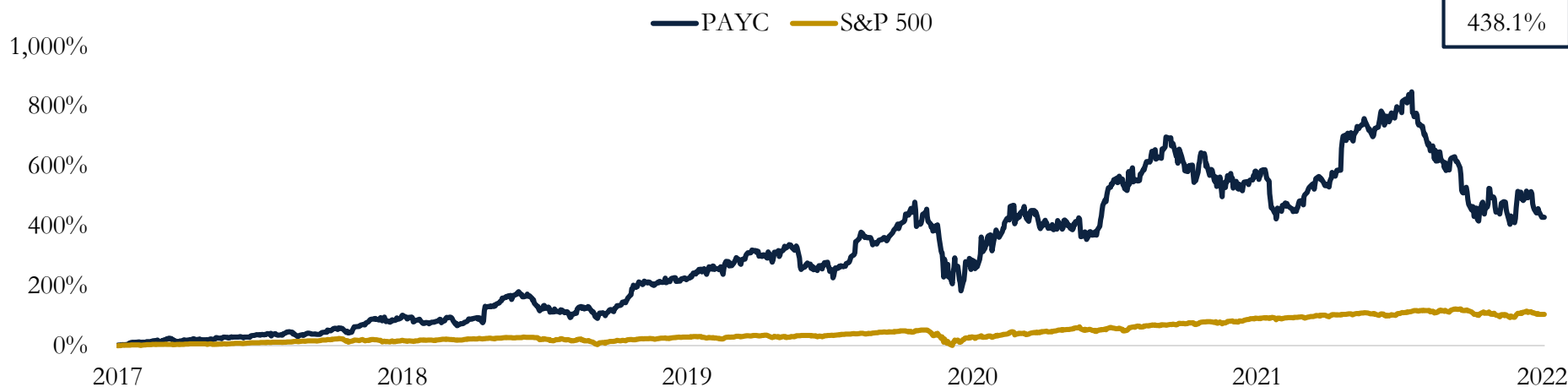
## Company Description

- Paycom is a cloud-based Human Capital Management (HCM) software solution provider
- Paycom’s target customers are small to mid-sized companies with 10 -1,000 employees
- It offers functionality and data analytics that businesses need to manage the employment life cycle from recruitment to retirement

2021 Revenue: \$1,056mm

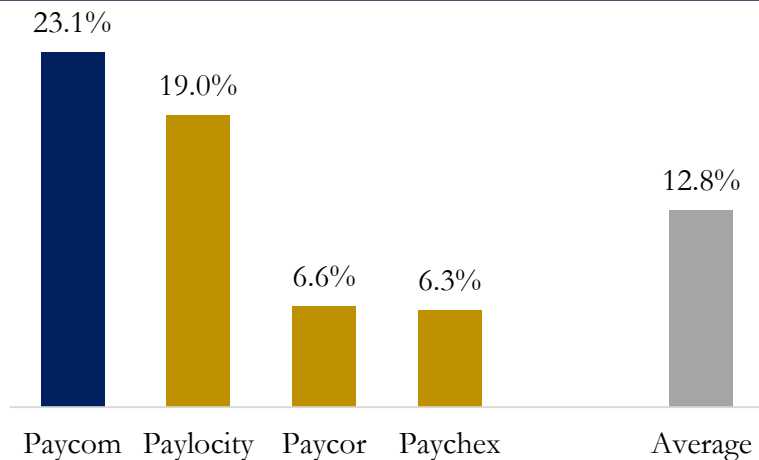
2021 EBITDA: \$284mm

## 5-Yr Trading History (Indexed)





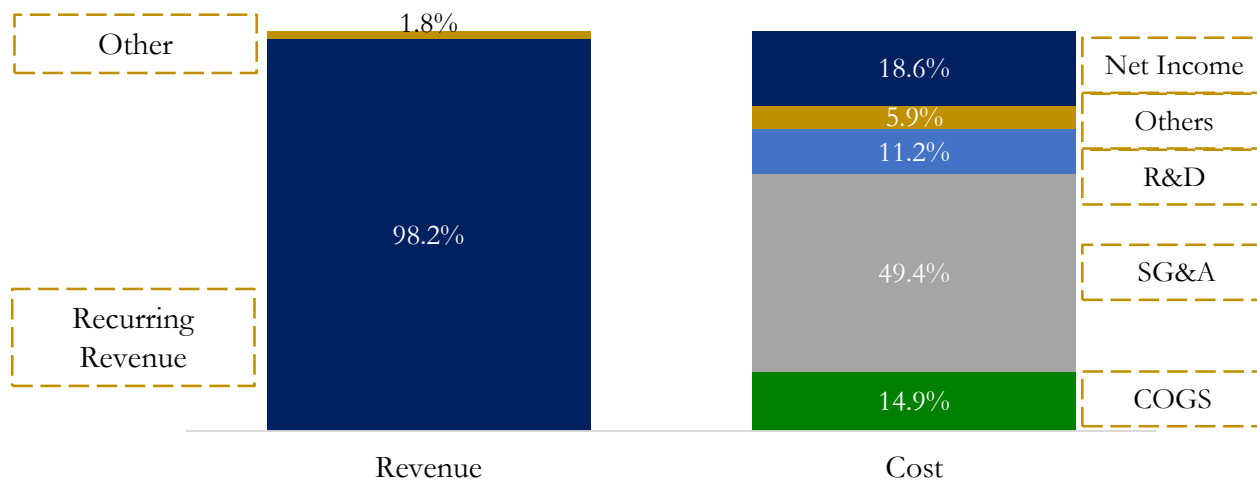
## Revenue Growth (3Y-CAGR)



## Sweet Spots in the Industry



## Revenue and Cost Structure



**94%**  
Retention Rate  
(FY 2021)



## Thesis: **BUY** | AIM Decision: **BUY**

1. Attractive industry where organic food growth in the United States is growing 12.4% YoY
2. 30%+ of SunOpta's shares outstanding owned by activist investors - most notable Oaktree Capital and Engaged Capital
3. New manufacturing facility expected to double Plant-Based segment production in 2022

Target Price: \$6.47 (10.1% Upside)

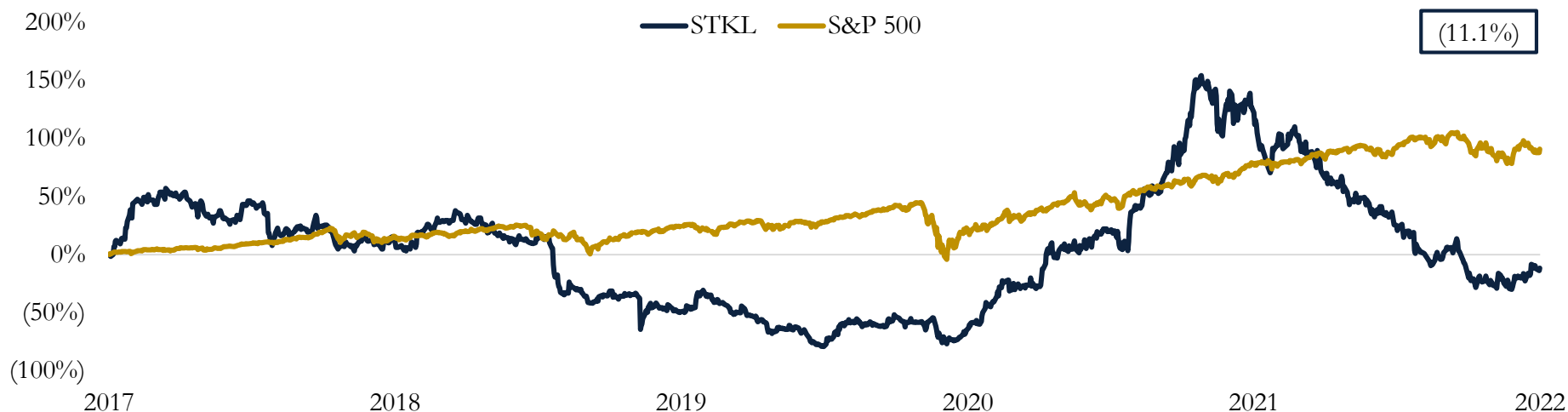
## Company Description

- SunOpta manufactures and sells plant and fruit-based food and beverages to retail customers, foodservice distributors, branded food companies, and food manufacturers worldwide
- Divested its original business segments in 2018 and now focuses on two segments Plant-Based Food and Beverages as well as Fruit-Based Food and Beverages

2021 Revenue: \$812mm

2021 EBITDA: \$52mm

## 5-Yr Trading History (Indexed)





## New Manufacturing Facility

### “Mega” Plant

Located in Midlothian, TX new production facility will be 285,000 square feet with the option to expand to 400,000 square feet

### Attractive Positioning

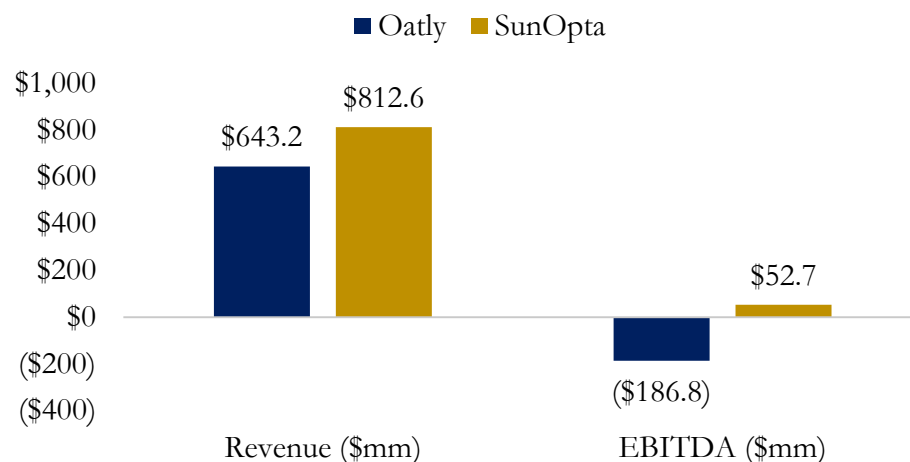
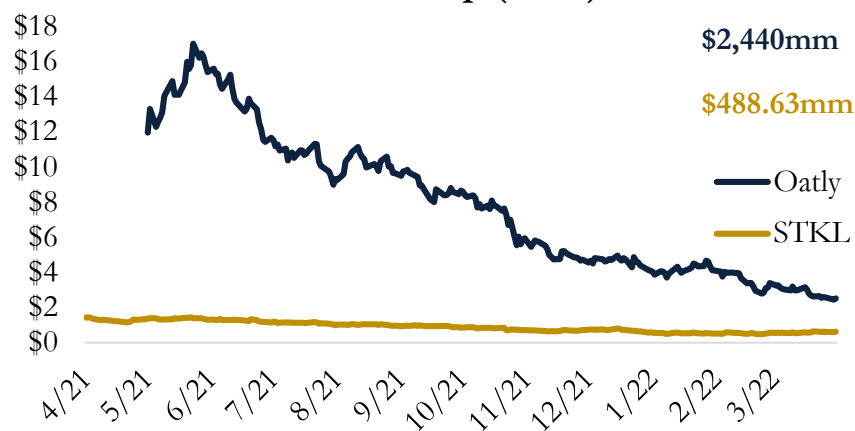
The new production facility is expected to double the Plant-Based Food and Beverage segment in the next five years while lowering material costs

### Plant Vs. Fruit

SunOpta’s main business segment is its Plant-Based Food and Beverages which has significantly higher margins than its Fruit-Based segment

## Market Mispricing

### Market Cap (\$mm)





**Thesis: BUY | AIM Decision: SELL**

- 1. Strong Industry Tailwinds:** U.S. government prioritization of digitization and modernization
- 2. Widening Competitive Moat:** Early pivot to technology and becoming more vertically integrated
- 3. Leading Technology Portfolio:** Industry leader in agile-at-scale software for the U.S. government

Target Price: \$300.00 (0.7% Upside)

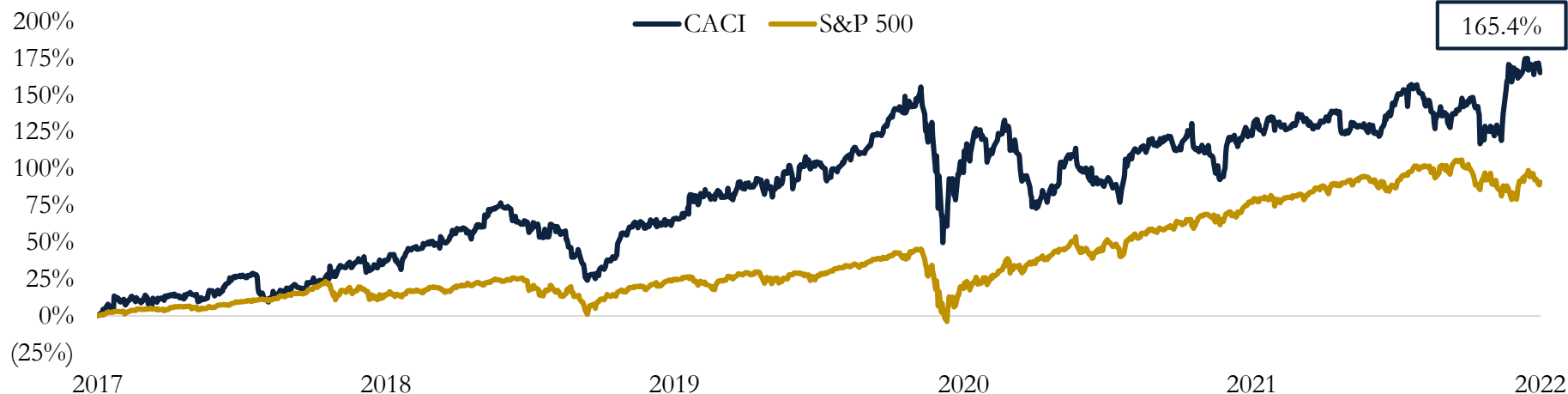
## Company Description

- Defense contractor focused on providing Expertise & Technology to the U.S. government
- Products and services support national security missions and government modernization
- One of few leaders across both segments

2021 Revenue: \$6,044mm

2021 EBITDA: \$665mm

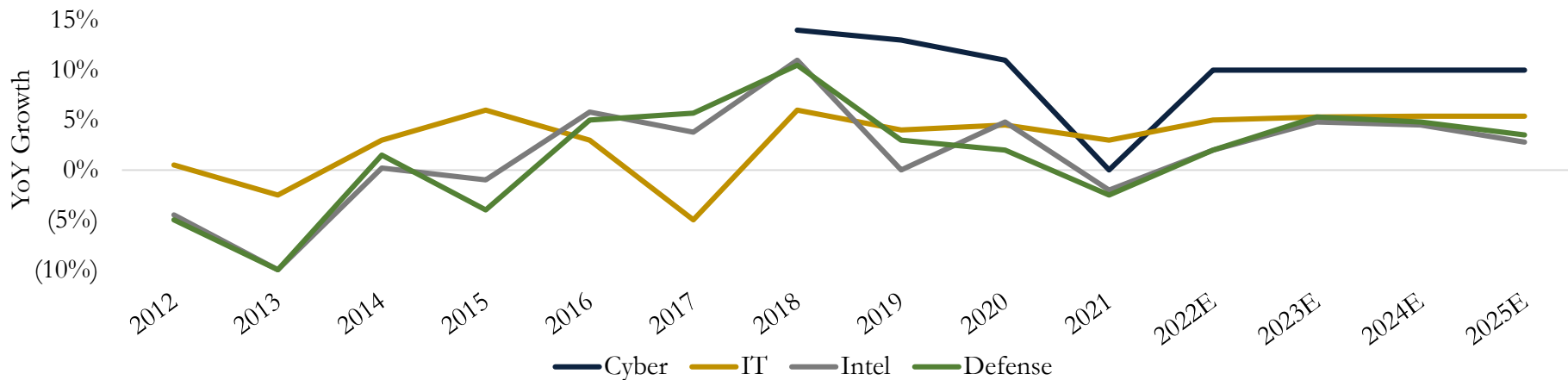
## 5-Yr Trading History (Indexed)







## Immense Tailwinds Driven by Nation State Attacks, Strategic Priorities, and International Pressure



## Opening Competitive Landscape

Enterprise		Mission	
Expertise	Technology	Expertise	Technology



## Thesis: **BUY** | AIM Decision: **SELL**

1. Complexity and cost of returns is high; Value-add service for e-commerce to extract value from 'written-off' inventory and assets
2. Mispricing by the market (only one equity analyst)
3. Growth should trend with e-commerce

Target Price: \$27.69 (55.0% Upside)

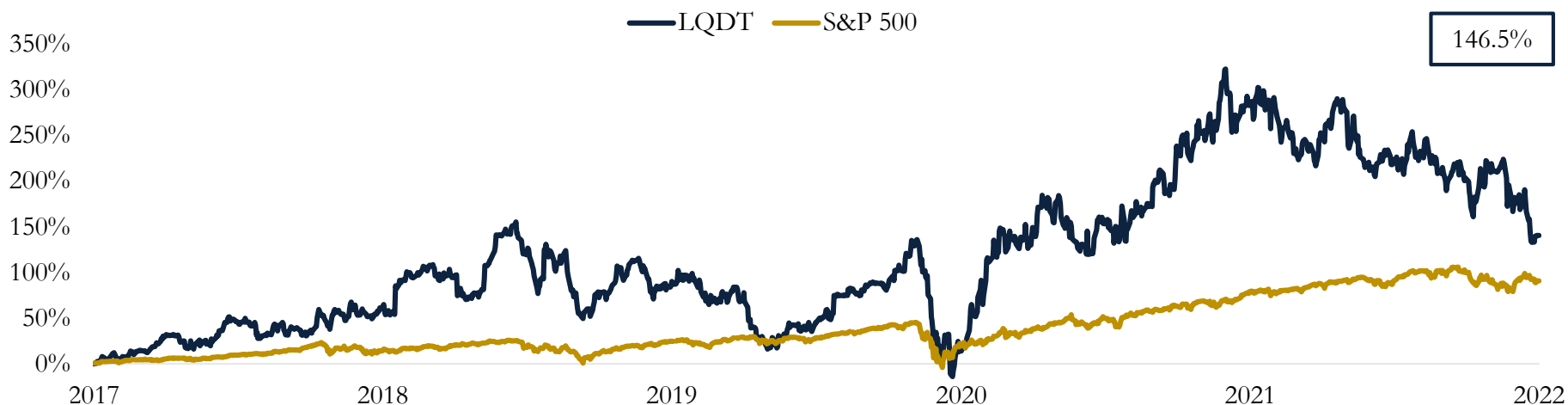
## Company Description

- Liquidity Services offers a service and platforms to sellers and buyers to recover value from retail returns and surplus inventory and assets
- Its inventory is sourced from retailers, e-commerce, municipal entities, universities, financial institutions, and capital-intensive companies

2021 Revenue: \$248mm

2021 EBITDA: \$37mm

## 5-Yr Trading History (Indexed)

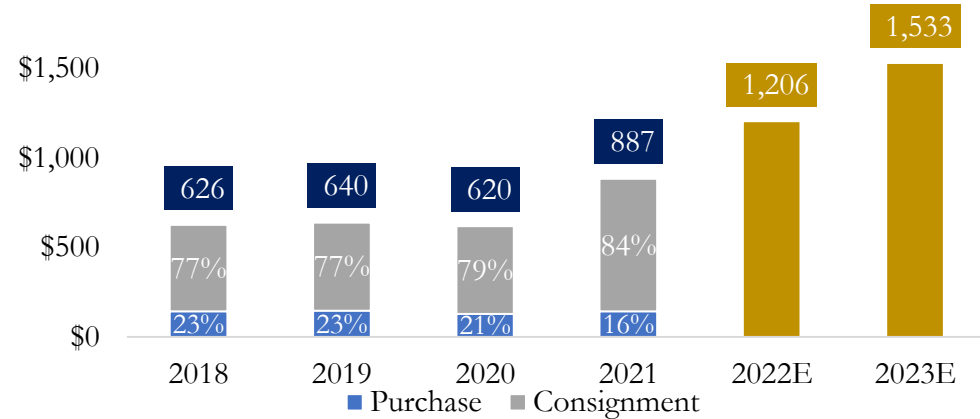




## TAM & Business Shift

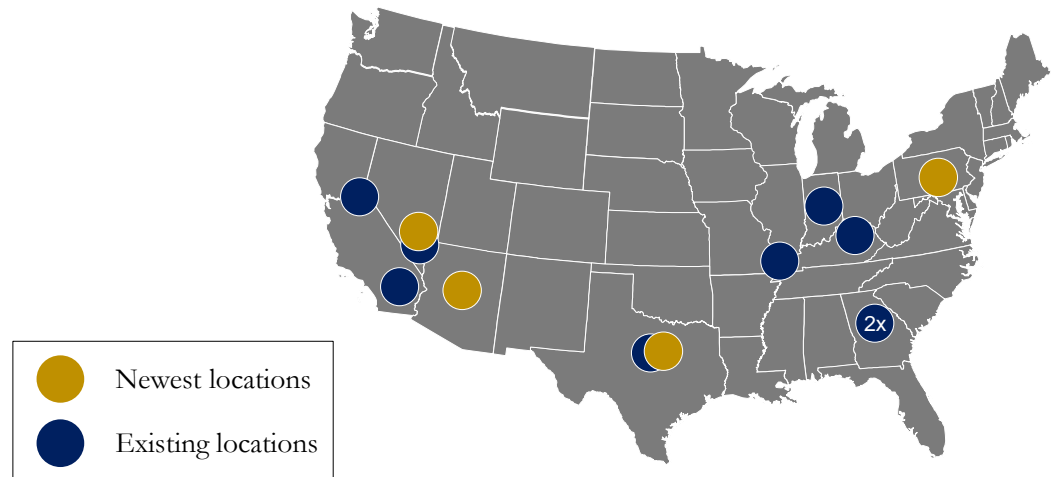
- 2021 retail returns TAM \$761bn, and e-commerce estimated ~15% 5-year forward CAGR
- Business model shifted from purchasing inventory to consigned goods, lowering inventory investment
- Consignment and self-directed consignment reached 84% of 2021 GMV from 77% in 2018

### Gross Merchandise Value (\$mm)



## Footprint & Near-term Growth

- National footprint in fragmented market
- Covered by one equity analyst
- Its anonymity increases the likelihood of mispricing with the introduction of new operational locations



Note: Existing warehouse in Ontario, Canada not presented



## Thesis: **BUY** | AIM Decision: **BUY**

1. Leading market position and proven track record of realizing synergies through M&A
2. Provides premium, mission-critical products that give it great pricing power
3. Valued in line with peers despite its superior key metrics and sustainability profile

Target Price: \$54.38 (17.1% Upside)

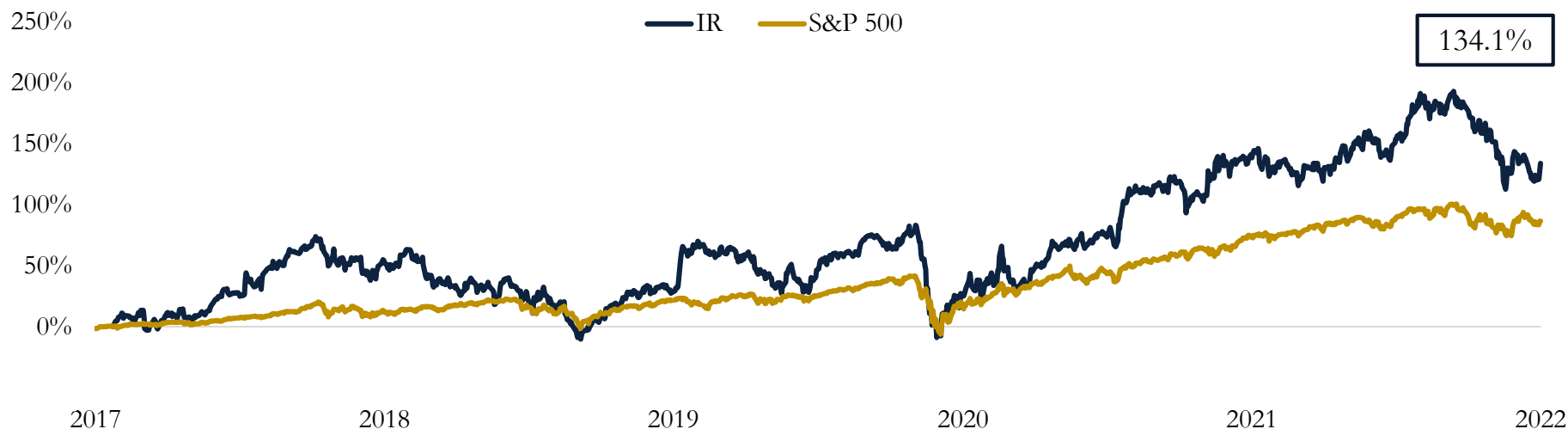
## Company Description

- Ingersoll Rand is a leading manufacturer of air compressors and other industrial solutions
- Ingersoll was formed from the Gardner Denver-Ingersoll Rand merger, and it recently divested two of its underperforming business segments

2021 Revenue: \$5,152mm

2021 EBITDA: \$1,045mm

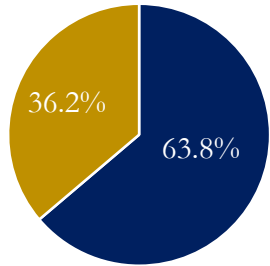
## 5-Yr Trading History (Indexed)





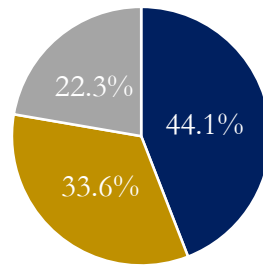
## Revenue Breakdown

Product Category



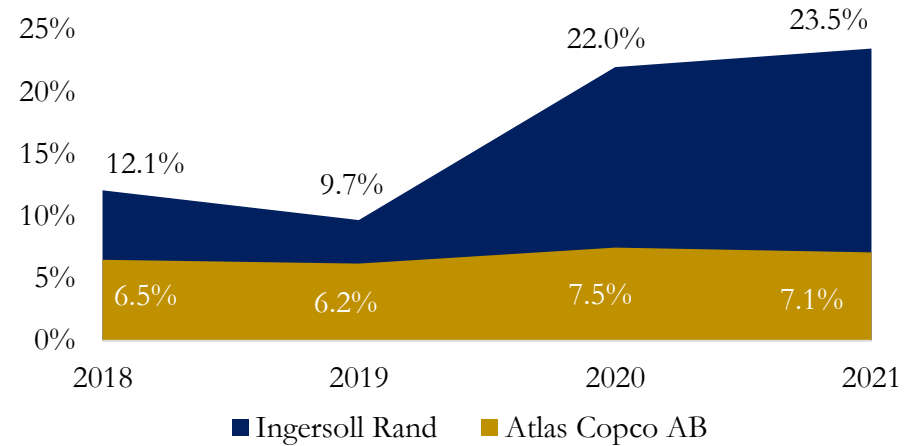
■ Original Equipment  
■ Aftermarket

Geography



■ Americas ■ EMEA  
■ Asia Pacific

## Dominant U.S. Market Share



## Multiple Levers To Drive Outsized Growth

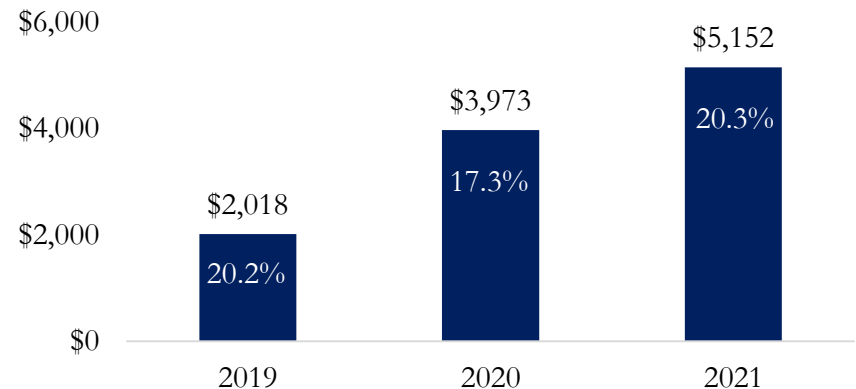
High-Growth End Markets

M&A Synergies

Aftermarket Capture

Product Innovation

## Revenue(\$mm) & EBITDA Margin





## Thesis: **BUY** | AIM Decision: **BUY**

1. New business segmentation is extremely attractive
2. Clear competitive advantage in conglomerate structure and in Clopay's business model
3. Recent accretive acquisitions combined with activist investor prescience present near term upside drivers

Target Price: \$26.44 (42.2% Upside)

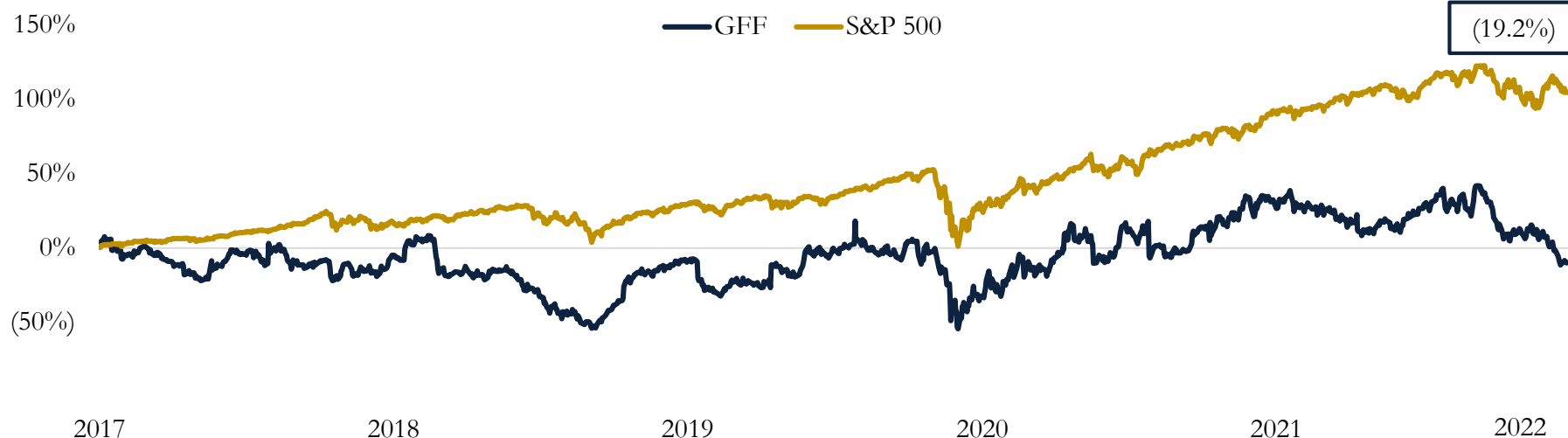
## Company Description

- Griffon is a diversified conglomerate that operates similarly to a private equity firm
- Company has two business segments: Consumer Professional Products (CPP) & Home Building Products (HBP)
- Company has consistently been acquiring companies in existing verticals and divesting slower-growing businesses

2021 Revenue: \$2,271mm

2021 EBITDA: \$203mm

## 5-Yr Trading History (Indexed)

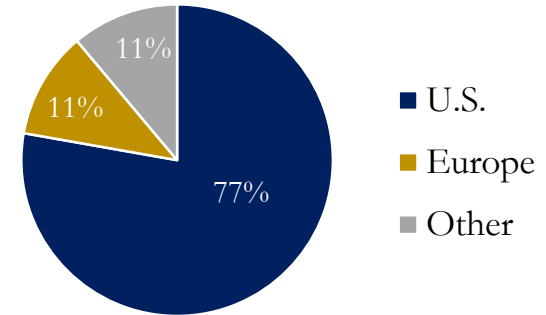




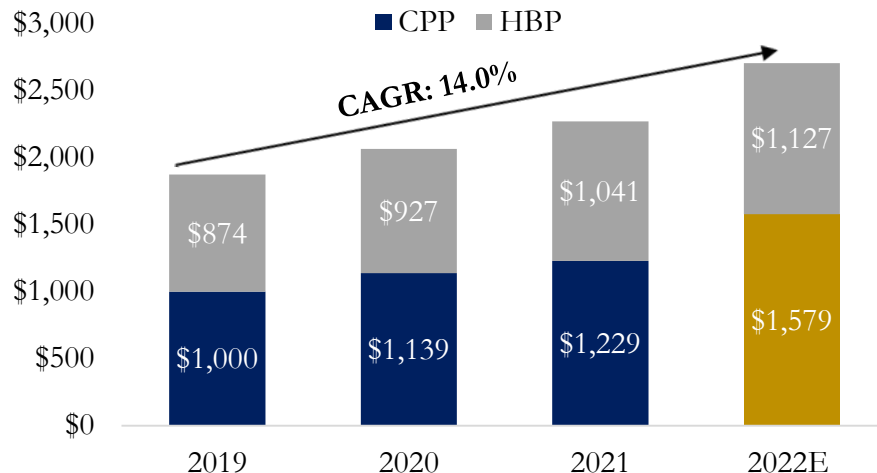
## Upside Drivers & Great Business Segments

- Given the recent acquisition of Hunter Fan (CPP business) the company has attractive growth prospects in the vertical on top of organic growth in the international market
- The companies conglomerate structure allows it to operate its business in an advantaged way leveraging relationships and ending similar end markets
- Voss Capital, an activist investor, has voiced complaints about the current management team – focused on realizing the conglomerate discount in a breakup

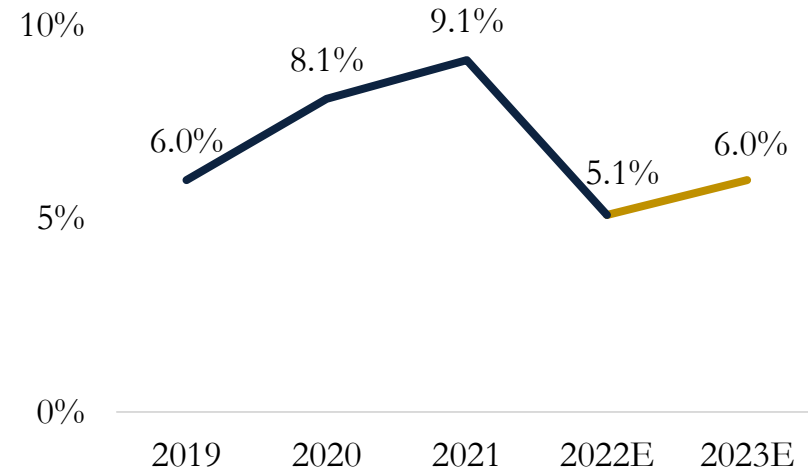
## 2021 Revenue Breakdown



## Revenue Growth Story (\$mm)



## Operating Margin





# BREAKOUT ROOM 3 APPENDIX





## Thesis: **BUY** | AIM Decision: **BUY**

1. Incredibly stable dividend and cash flow per unit growth with ~7% dividend yield
2. Diversified asset network of scale allows for greater ability to weather downturns in U.S. hydrocarbon production. Uniquely large export presence
3. Bullish on U.S. hydrocarbon exports post-Russia

Target Price: \$27.84 (4.2% Upside)

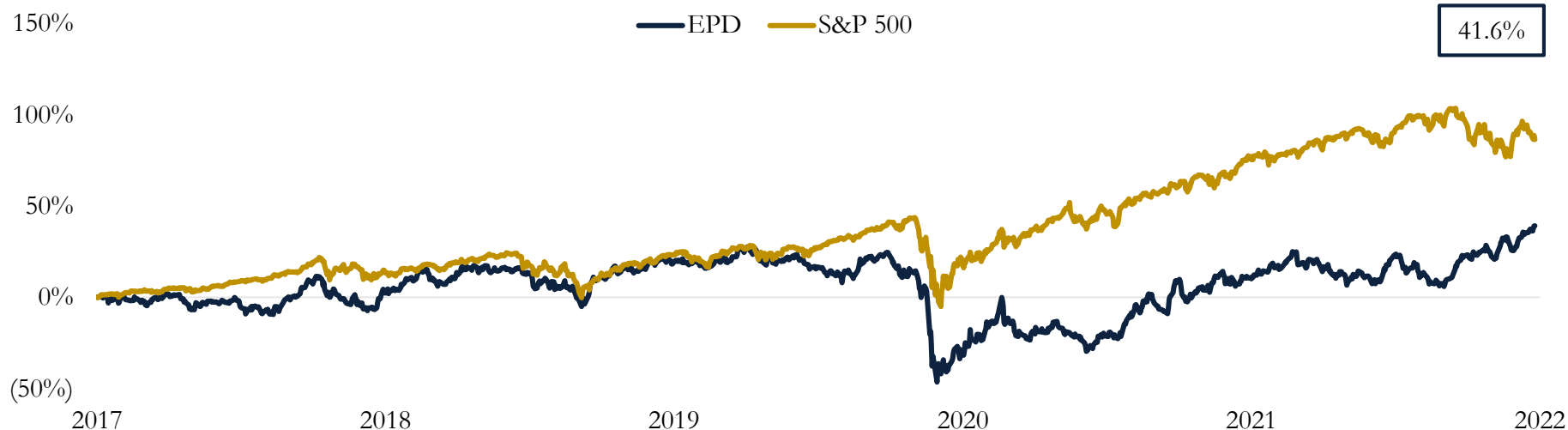
## Company Description

- EPD is a leading U.S. O&G midstream service provider that holds a unique position within the midstream sector
- They operate arguably the best integrated asset network in all of O&G, given its scale, product/geographic diversity, and exposure to all parts of the midstream value chain

2021 Revenue: \$40,807mm

2021 EBITDA: \$7,878mm

## 5-Yr Trading History (Indexed)

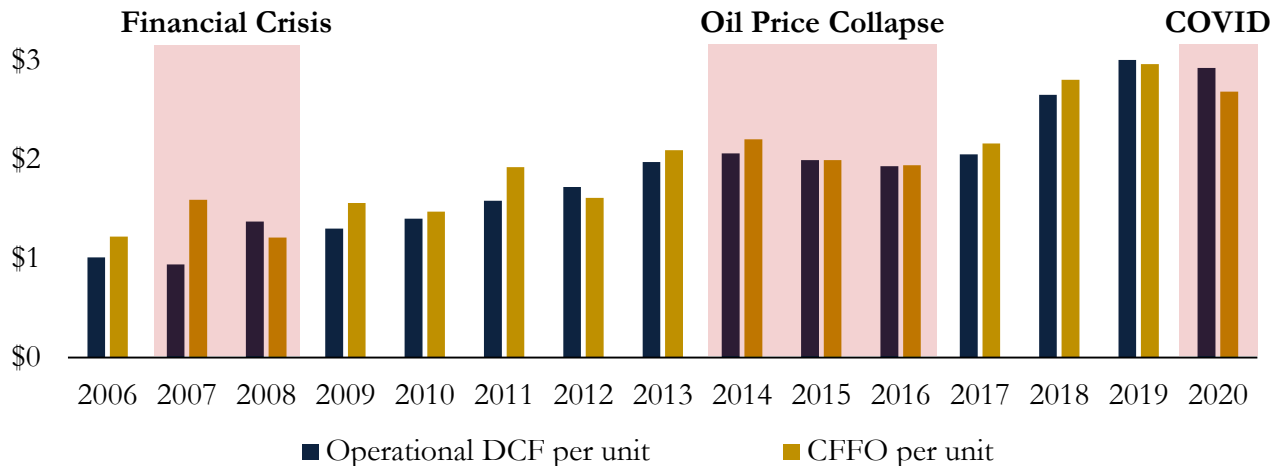




## Diverse Asset Network With Export Exposure Allows EPD to Take Advantage of Macro Tailwinds

- Due to calculated, anticipatory capital investment by EPD’s extremely well-respected management team, **EPD’s integrated asset network has diversity in product geography, and position in the midstream value chain** (gathering, processing, fractionating, storage, transport, refining, and export). EPD’s divisions “counter-balance” each other in periods of product-specific underperformance.
- **Diversity and scale allow EPD more access to CAPEX projects that offer attractive returns**, as they can quickly take advantage of trends across products, geographies, and positions in the value chain. **Scale adds acquisitions as another lever for dividend growth** during downturns in U.S. hydrocarbon production.
- Export capacity is a huge advantage given European talks about stabilizing O&G supply (in reference to the Russia/Ukraine). **EPD is best positioned to capitalize on increased demand for U.S. hydrocarbons.**

## Extremely Consistent History of Cash Flow per Unit Growth



EPD’s diverse asset network and fixed fee contracts provide insulation from commodity prices and enable consistent FCF and dividend growth.

COVID-19 was the ultimate stress test



**Thesis: BUY | AIM Decision: SELL**

- Oportun’s market expansion into new territory drive loan growth
- Improving credit qualities through advancing A.I. Algorithm
- Strong value proposition to low/middle income consumers from cheaper lending costs

Target Price: \$25.00 (44.0% Upside)

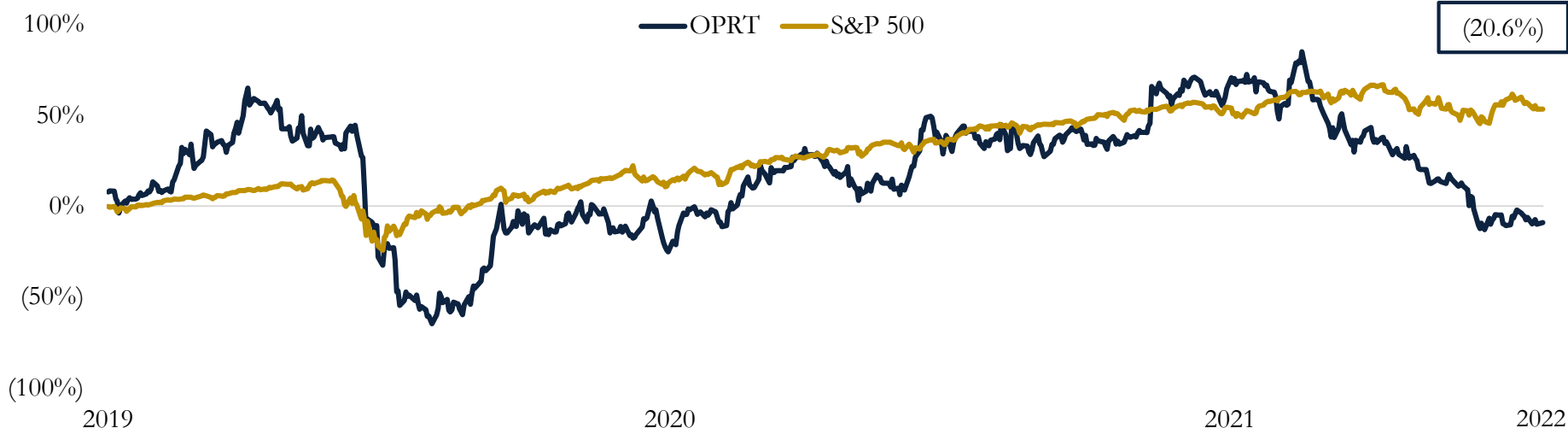
## Company Description

- Oportun is a fintech lender, focusing on leading customers without credit scoring
- The company primarily offers its flagship unsecured personal loan but has expanded into secured auto loans, credit cards, and neobanking service

2021 Revenue: \$525mm

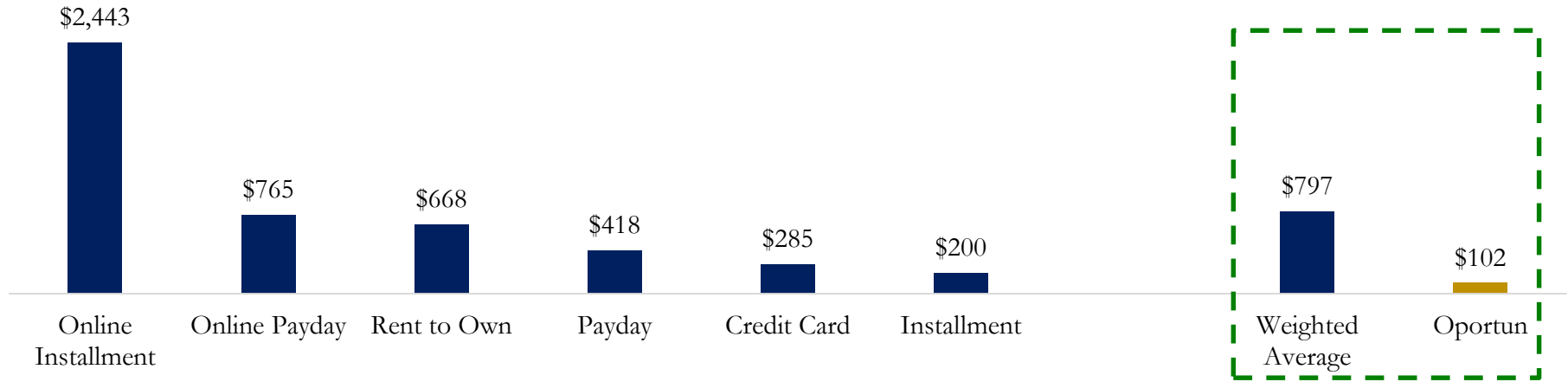
2021 EBITDA: \$47mm

## Since IPO Trading History (Indexed)

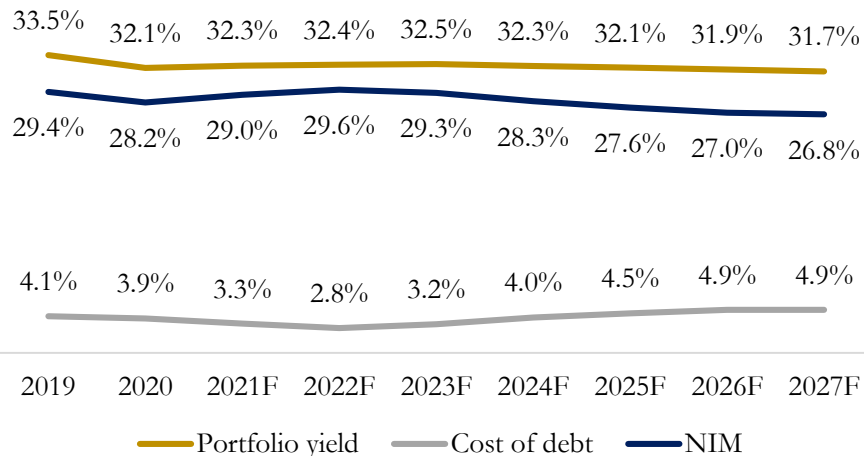




## Cost of Borrowing \$500



## Net Interest Margin



## Projected Loan Growth Drivers

- **Geographic Expansion:** Oportun currently has substantial revenue concentration in four states but approval to operate in 33 states (and growing)
- **Acquisition of Digit (Neobanking platform):** Customer base will grow active customers from ~770,000 to over 1.4 million
- **New Products:** The company's auto-backed loans and credit card products will continue to grow



**Thesis: SELL | AIM Decision: SELL**

1. Market has priced in the Blattner acquisition
2. Industry leader with end-to-end solutions across electric power and renewable energy
3. Massive public and private investment in modernizing the power grid

Target Price: \$114.86 ((14.8%) Downside)

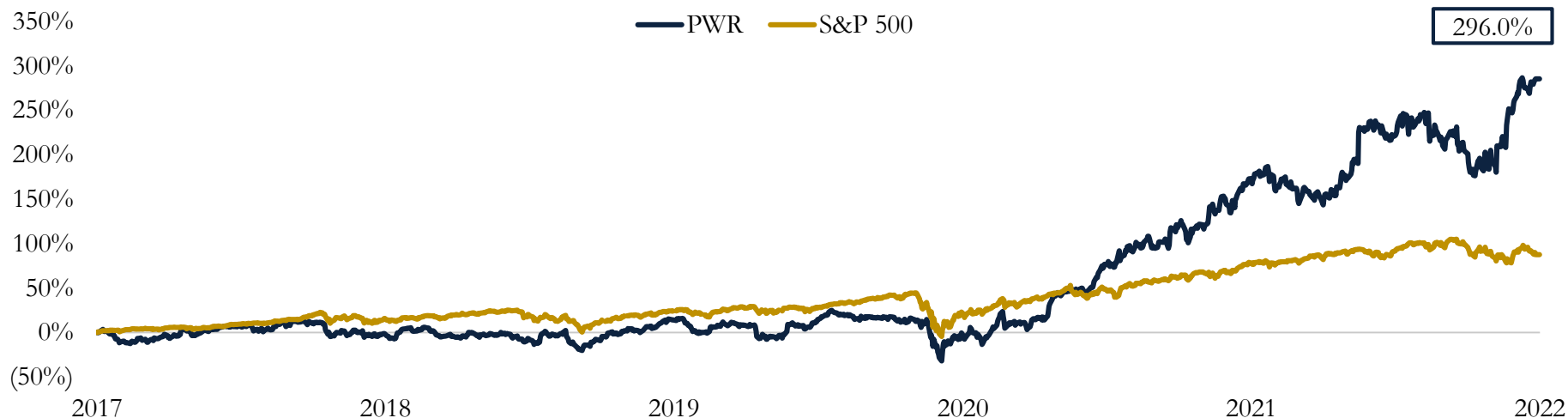
## Company Description

- Quanta Services is the world’s largest specialty contractor for the utility, communication and energy industries
- The company focuses on repeatable, smaller-scale projects that improves margins and utilizes their skilled labor

2021 Revenue: \$12,980mm

2021 EBITDA: \$1,053mm

## 5-Yr Trading History





## Attractive Industry Tailwinds

### Blattner Acquisition

Blattner is the leader in renewable energy engineering, procurement and construction coupled with Quanta's infrastructure solutions adds credence to a high stock price

### Societal Push for EV's

Environmental concerns is leading the charge for EV adoption where Quanta is at the forefront to buildout charging stations across the country

### Highly Diversified Portfolio

Quanta has a proven track-record of acquiring and integrating over 200 companies since its inception

## Market Realization



- Quanta's focus on furthering the ESG space is showcased by its high MSCI rating and core values from 10 of the UN 17 Sustainable Development Goals
- Quanta's strategic acquisitions and capable management team are reflected in its stock price as it trades at \$138.09 just shy of its \$139.31 52-week high



**Thesis: BUY | AIM Decision: SELL**

- Industry Tailwinds:** E-Commerce is still a growing industry despite exploding during COVID
- Growth Opportunities:** Depop and Elo7 allows Etsy to capitalize the growth of the secondhand market and expand into promising new geographies
- Victim of Broader Sell-off:** Etsy grew into its valuation and is now undervalued in the market

Target Price: \$180.50 (53.7% Upside)

## Company Description

- Etsy, Inc. is an online marketplace that works as an intermediary between buyers and sellers
- Offering over 120 million handmade and vintage items in various retail categories
- Recently acquired Reverb, Elo7 and Depop to incorporate into their house of brands

2021 Revenue: \$2,329mm

2021 EBITDA: \$717mm

## 5-Yr Trading History (Indexed)





## House of Brands

**Etsy**

GMS: \$12.2B  
Active buyers: 90mm

**depop**

GMS: \$294mm  
Active buyers: 3.7mm

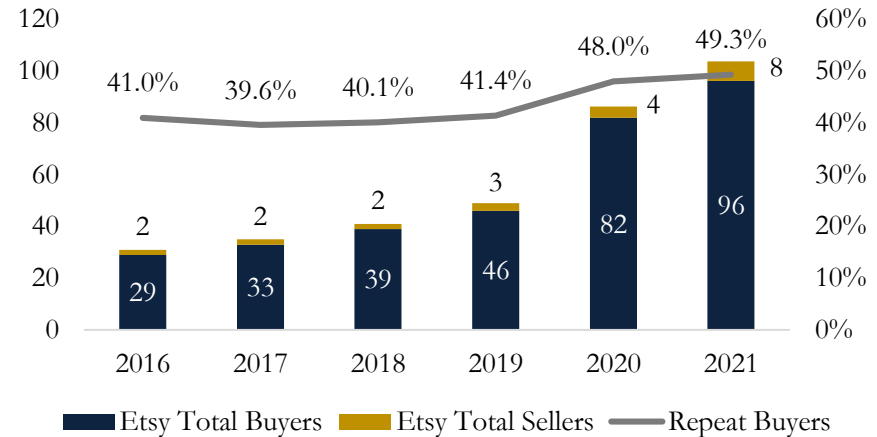
**Reverb**

GMS: \$948mm  
Active buyers: 847k

**elo7**

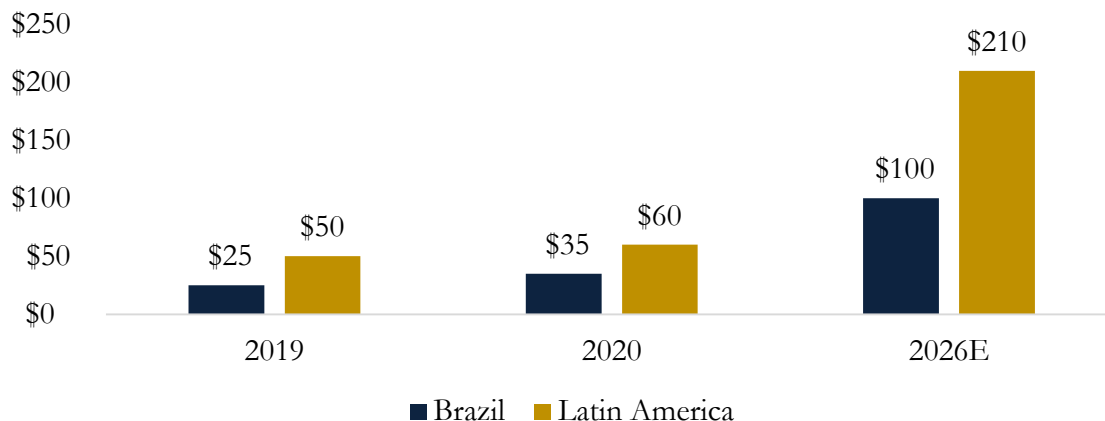
GMS: \$32mm  
Active buyers: 1.8mm

## Buyer and Seller Growth through 2021 (mm)



## Growth Opportunities in Latin America and the Secondhand Apparel Market

### Revenue Projections (\$mm)



- Managements efforts to expand into Brazil and Latin America through the acquisition of Elo7 are encouraging signs of future growth potential
- Etsy's strategic acquisition of Depop allows them to capitalize on the growing and fragmented secondhand retail/clothing market





**Thesis: SELL | AIM Decision: SELL**

1. Best-in-class operating profile with an exceptionally strong management team
2. Despite strong operational performance, macro headwinds (inflation and interest rate hikes) will lower demand for boats

Target Price: \$83.75 (60.0% Upside)

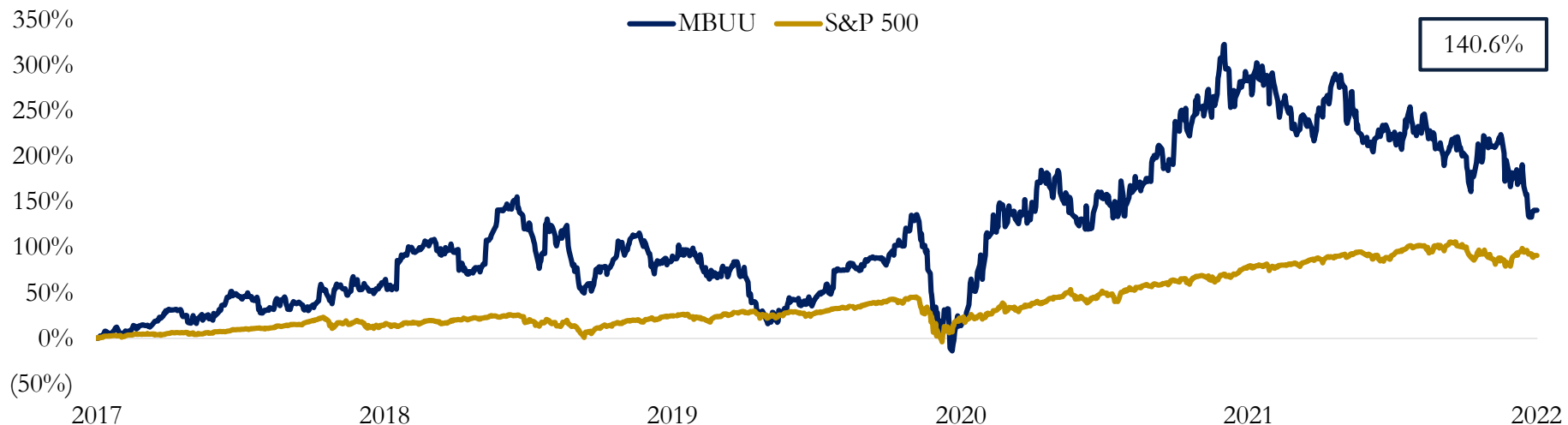
## Company Description

- Malibu Boats is a manufacturer, marketer, and distributor of wake and powerboats for the recreation and fishing industries
- The company is a market leader with management acquiring other companies in the space

2021 Revenue: \$962mm

2021 EBITDA: \$184mm

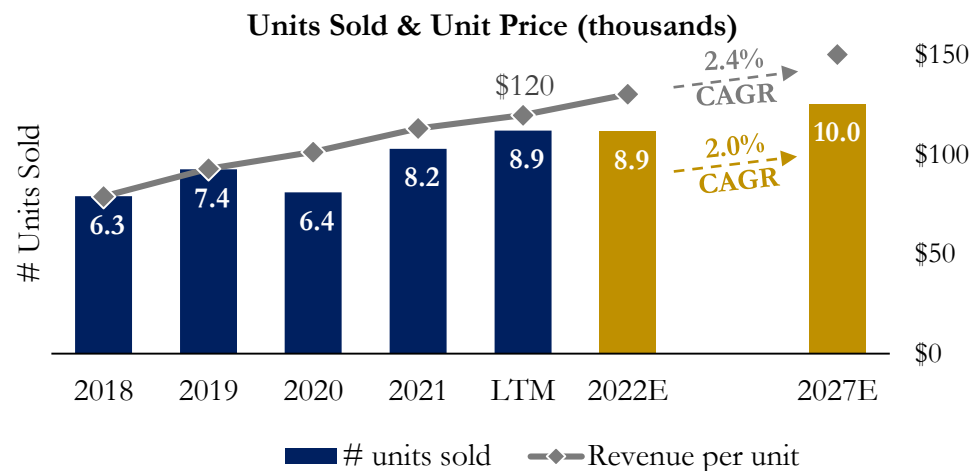
## 5-Yr Trading History (Indexed)





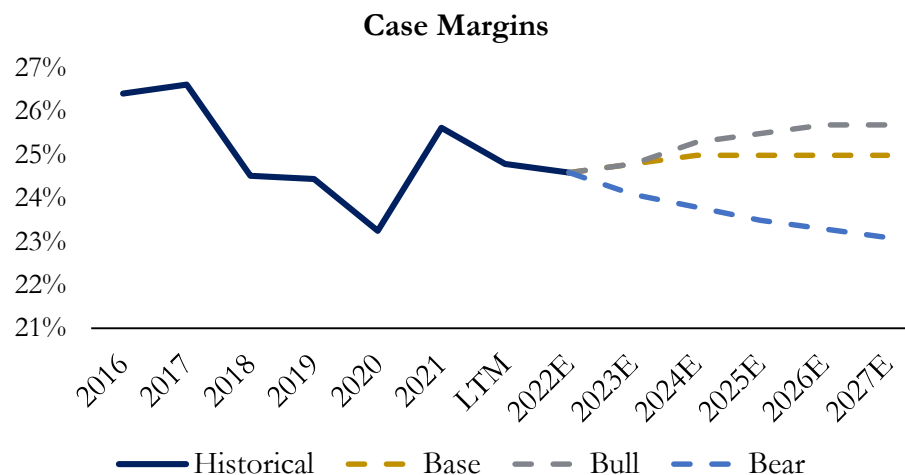
## Primary Base Case Assumptions

- Base case assumes continued price increases at ~2.0% CAGR<sup>(1)</sup>, reaching \$150k, +\$31k from LTM
- Units sold annually is expected to grow 2.0% CAGR<sup>(1)</sup>, reaching ~10k units, +1.1k from LTM
- Post-Coverage Period: Consumer discretionary spending likely to decrease in near-term / mid-term from inflationary concerns and rate hikes



## Gross Margin

- Base case scenario of gross margin of ~25%
- Asymmetrical gross margin in the cash due to likelihood gross margin will be negatively affected by both inflation & supply chain headwinds
- Further downside not included: interest expenses reimbursed to dealers during offseason to maintain order flow





# America's Car-Mart (CRMT)



**Thesis: BUY | AIM Decision: SELL**

1. Insulated from larger national players due its geographic and customer concentration
2. Product offering provides large value to its customers, leading to high rates of repeat business
3. Trading at pre-COVID levels despite achieving record sales and improving its infrastructure

Target Price: \$133.57 (57.0% Upside)

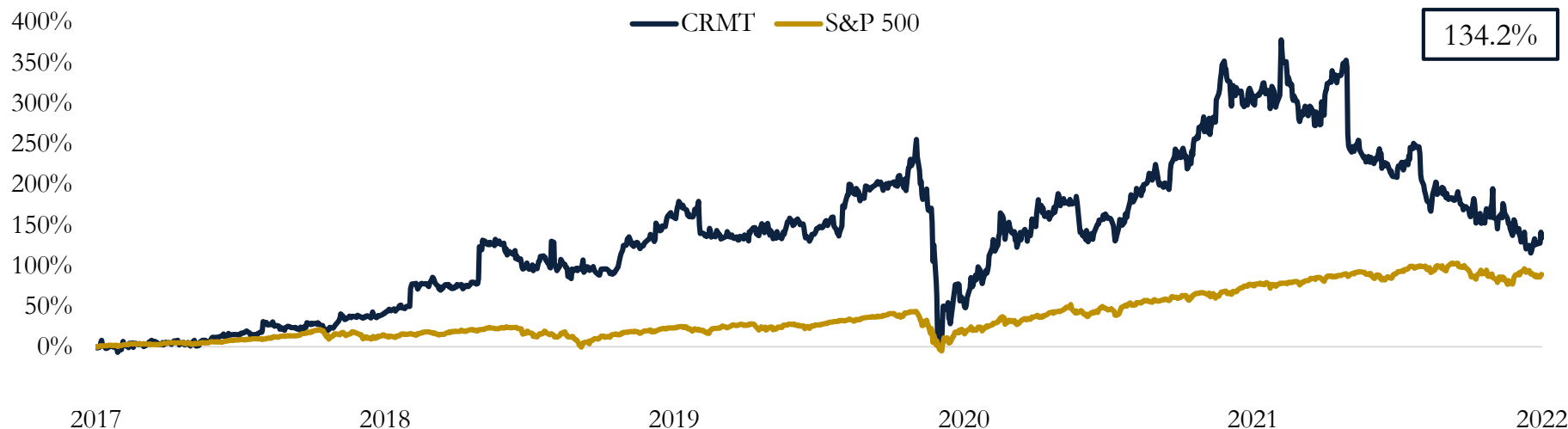
## Company Description

- America's Car-Mart sells used cars and provides in-housing financing for most of its customers
- Targets subprime customers and operates in small towns in the South-Central U.S.
- 40-year history of success

2021 Revenue: \$1,137mm

2021 EBITDA: \$155mm

## 5-Yr Trading History (Indexed)





# America's Car-Mart (CRMT)



## Being a "Local Character Lender" for its Customers is a Huge Value Proposition

America's Car-Mart provides arguably the most affordable financing options in the used car dealers industry, which is extremely important for its targeted subprime customer base



Locations



Service



Car Prices

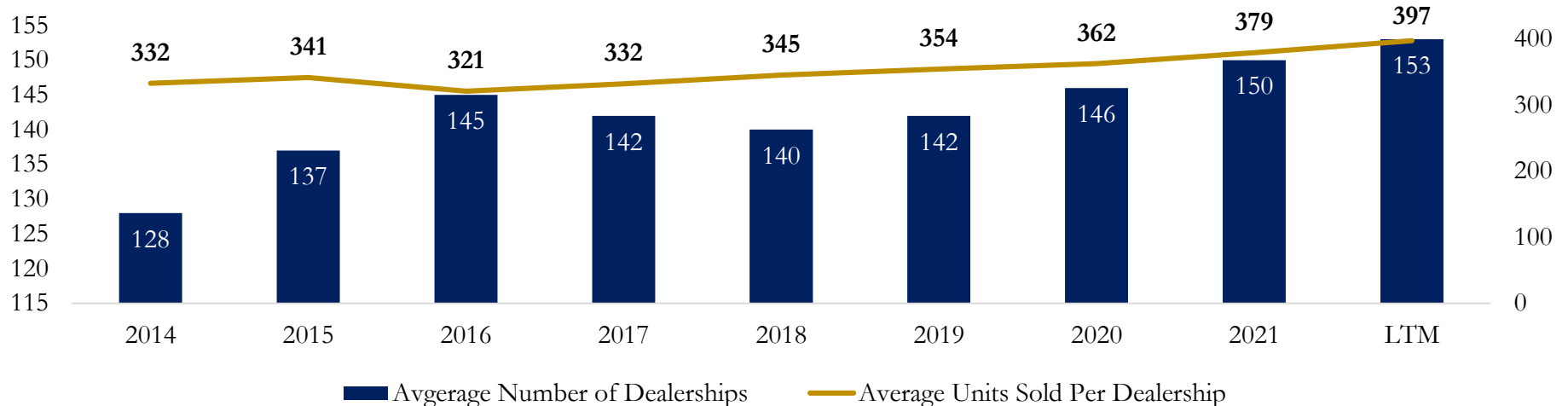


Terms



Rates

## Track Record of Operational Success





## Thesis: **BUY** | AIM Decision: **BUY**

1. Company seeing massive solid sales growth from high performance mixed-signal products
2. Clear competitive advantage in fabless business model and position in Apple ecosystem
3. Lion semiconductor acquisition is a possible upside driver

Target Price: \$102.66 (31.2% Upside)

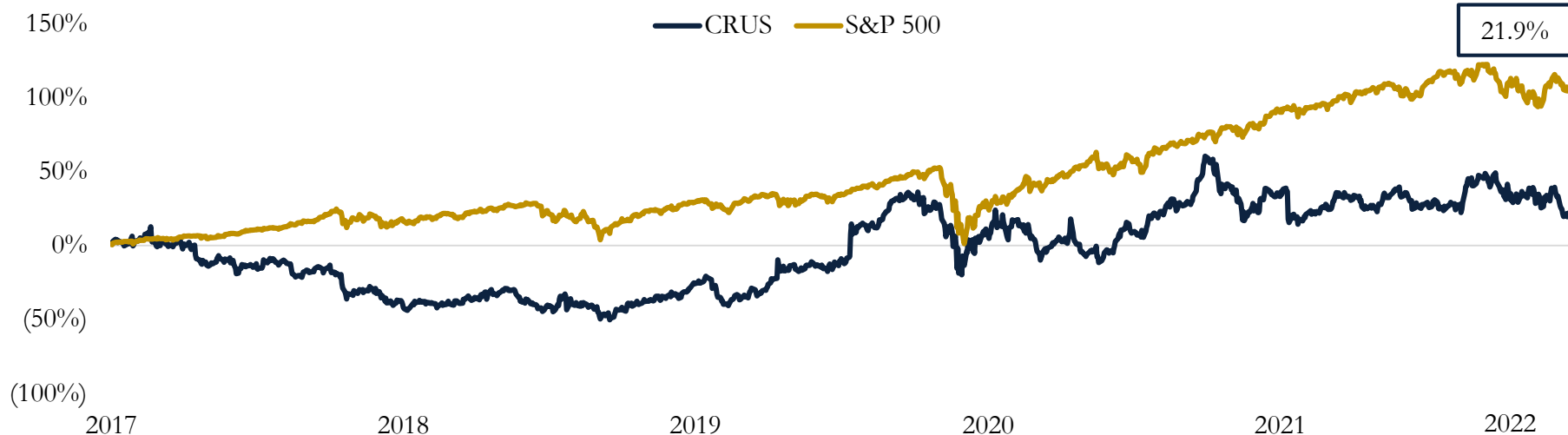
## Company Description

- Cirrus Logic is a fabless semiconductor that has two main product categories: Audio Products & Mixed Signal Products
- The company derives 80% of its revenue from Apple Inc.
- The fabless business model allows them to further entrench their economic moat

2021 Revenue: \$1,369mm

2021 EBITDA: \$347mm

## 5-Yr Trading History (Indexed)

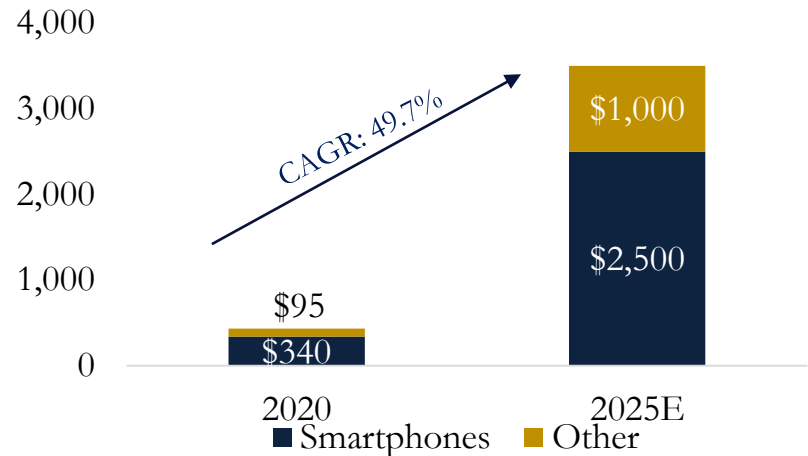




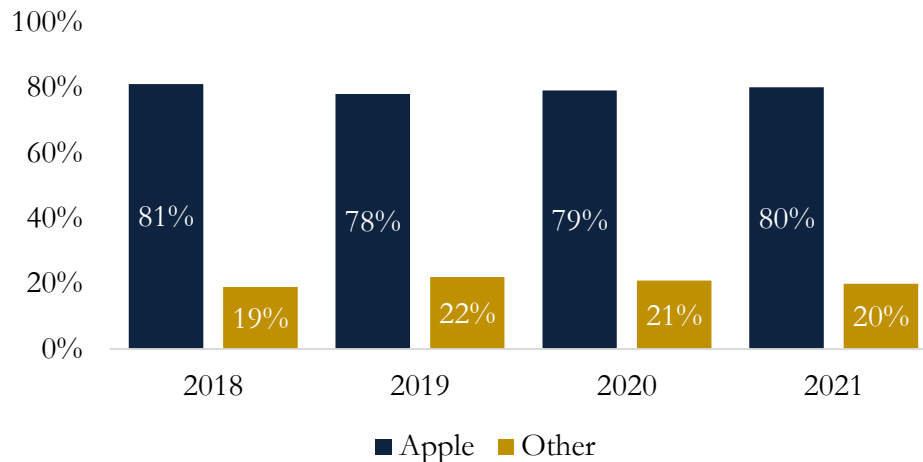
## Sound Economic Story

- The company's niche market position in the high-performance mixed-signal (HPMS) vertical positions Cirrus extremely attractively in the semiconductor industry
- The trajectory of the Apple relationship is a strength for serious and affords them a competitive advantage within the ecosystem
- Lion Semiconductor has added new fast-charging products and intellectual property to Cirrus Logic's product offerings with possible synergies to be realized

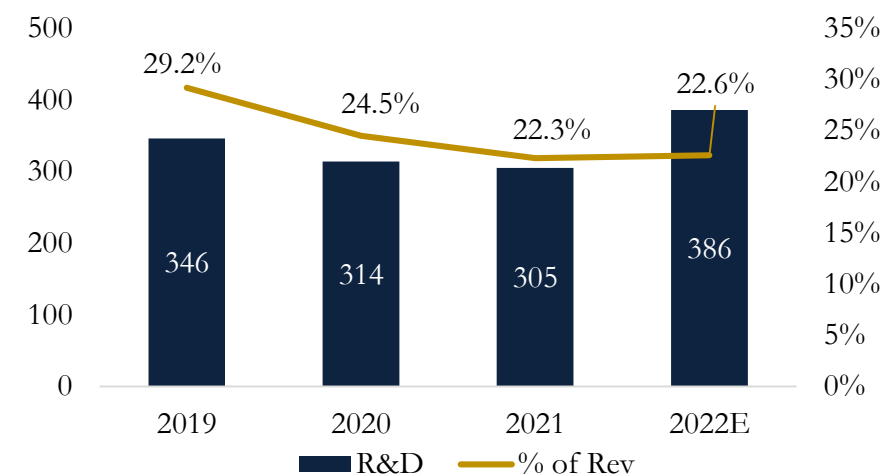
## Mixed Signal Market Growth (\$mm)



## Revenue Concentration



## R&D Expense (\$mm)



- 
- I. SEMESTER OVERVIEW
  - II. PORTFOLIO PERFORMANCE SUMMARY
  - III. ECONOMIC OVERVIEW
  - IV. AIM LIV DECISION SUMMARY
  - V. BREAKOUT ROOMS
  - VI. CLOSING COMMENTS AND Q&A



# Featured Speakers and Takeaways

## **Terry Mullen**

*Co-Founder and Co-Chief Investment Officer  
Arsenal Capital Partners*

Terry founded Arsenal Capital Partners in 2000 and has been a leader in healthcare and industrials private equity

- Investments can be the catalyst for positive change in the world as every impactful idea needs financing
- Where there are operational inefficiencies, there are investment opportunities
- Build a team with contagious energy, drive and creativity

## **Scott Malpass**

*Former Chief Investment Officer  
University of Notre Dame*

Serving as the incredible steward of the University's endowment for 32 years, Scott grew the fund from \$425mm in 1989 to \$12.5bn in 2019. He was one of America's 12 leading endowment CIO's

- Utilize the strong Notre Dame network
- Invest with a purpose
- Identify investors with strong character and integrity
- Investing is constantly changing

## **Michael Melby**

*Founder and Portfolio Manager  
Gate City Capital*

Michael manages a concentrated portfolio of deep-value U.S. microcap companies with a 12–24-month time horizon

- Create supportive relationships with management teams to deeply understand the company
- Consider floor-values of companies to understand risk
- Have a competitive advantage in your investment process
- Stay intellectually curious





# Favorite Memories



Chick Fil-A for a long class



Final report celebration at the Backer



Fireworks after portfolio decisions



# The MBA/Undergraduate Experience

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**11 Undergraduates**

Average age: 21

**10 MBAs**

Average age: 28

**Benefits for the MBAs:**

“Being able to imitate the analyst and MBA associate experience before entering their new careers”

**Benefits for the Undergraduates:**

“Recognizing the traits successful professionals have and hearing how real world experience brings a different view to investing”



# Acknowledgements

Thank you for all of your guidance and support

## AIM Advisory Board

Robert Battalio

Scott Malpass

Justin Braun

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Jackie Fletcher

Dan Bannon

## NDIGI

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