Investment Advisory Board

Student Managed Fund

Team Blue
Agenda

- Team
- Investment Process
- Fall 2019 Fund Performance Review
- Fall 2019 Portfolio Update
- Q & A
Introduction

✓ Team

☐ Investment Process

☐ Fall 2019 Fund Performance Review

☐ Fall 2019 Portfolio Update

☐ Q & A
Meet the Team

Sean Brown  Francis Stino  Santiago Persano  Alex Greenberg  Morgan Van Liew  Andrew Willard

John Brindisi  Justin Wagner  William Mudlaff  Julia Wilson  Evan Cybart

Leadership

Co-Lead Managers: Sean Brown and Francis Stino
Portfolio Managers: Alex Greenberg and Santiago Persano
Communications Manager: Morgan Van Liew
Web Manager: Andrew Willard
Instructors: Patrick Terrion, Jeff Annello, Paul Gilson, and Christopher Wilkos
Fund Director: Chinmoy Ghosh

University of Connecticut - Student Managed Fund - Team Blue
Investment Process

✓ Team

✓ Investment Process

☐ Fall 2019 Fund Performance Review

☐ Fall 2019 Portfolio Update

☐ Q & A
**Investment Process**

**Philosophy**
- We apply a value mindset
- We seek undervalued, well managed, and wonderful businesses
- We study the investment successes and failures of the greats such as Warren Buffett, Benjamin Graham, and Patrick Terrion

**Objective**
- Our undertaking is to serve as a capital allocator for the UConn Foundation, focusing in domestic equities
- We are tasked to apply value investing principles to generate the best returns
- Team Blue’s goal is to outperform the S&P 500 over a 10-year period

**Application**
- Top-Down Analysis and Sector Breakdown
- Prudent research, critical thinking, and metric screening
- Discounted Cash Flows
- Equity Cash Flows
- Economic Value Added
- Exit Multiples
- Comparative Analysis
As the Semester Has Progressed so Has Our Internal Diligence Process

We Started with Good Questions but Had Room For Improvement

- What is the competitive advantage / moat of the business?
- Why has the company taken on so much debt in the past?
- How much of the business is owned by the management team?
- Who are the customers and are the heavily concentrated in any way?
- Why do you think the market is mispricing the business?

Added Holistic Evaluation Around Macro Trends and the Specific of The Business

- What is the return on equity and return on invested capital?
- Mix of organic vs. inorganic growth over the past five-years?
- Are they acquiring businesses to appear to grow?
- What is the Impact of stock-based compensation on the business and valuation?
- Are they reaching the peak of the current industry/business cycle?
Environmental, Social, and Governance (ESG)

Importance

- **Overview:** ESG is one of the most important factors Team Blue looks at when looking at a stock selection. A company’s impact and relationship with all its stakeholders are of high importance to our investment process.
- **Environmental:** Waste, pollution, and energy management
- **Social:** Business relationships, pro bono work, and donating
- **Governance:** Transparency and integrity

Statistics

- Companies with more women on the board have fewer governance related controversies.
- In the United States, women were 40% of new directors
- ESG investing has $20 trillion AUM
- ESG themed assets have grown by 50% from 2016 – 2018

Initiatives and Partnerships

- The UK Plastics Pact
- Google Sustainability
- Walgreens Boots Alliance
- Caterpillar Foundation
- Trash Free Seas Alliance
- Texas Instruments Citizenship & Community
- Ocean Conservancy
Economic Overview

Economic and Market Data

- GDP was 2% the past two quarters
- Revised jobs data in October
- All time S&P 500 highs, average P/E ratio is 22

Protectionist Trade Policy

- Recent developments with US-China and US-Eurozone trade policy are uncertain to materialize in a deal.
- We believe that the trade war is a temporary risk and will not adversely impact our picks on our ten-year horizon.

Inverted Yield Curve

- Inverted Yield Curve
- Un-inversion of the Yield Curve
- Overall: We believe domestic equities with outperform other investment vehicles over the ten-year period
Fund Performance Review

 ✔ Team
 ✔ Investment Process
 ✔ Fall 2019 Fund Performance Review
 ❏ Fall 2019 Portfolio Update
 ❏ Q & A
Investment Timeline

- Walgreens | 8.6%
- HCA Healthcare | 20.3%
- Moody's | 14.4%
- CATERPILLAR | 39.1%
- Alphabet | 26.6%
- Texas Instruments | 31.8%
- NORWEGIAN | 46.1%
- OSHKOSH | 51.1%
- WASTE MANAGEMENT | 56.1%

56% of the Total Portfolio has been Invested

44% of the Total Portfolio Left to Allocate
Individual Stock Performance

<table>
<thead>
<tr>
<th>Top 10 Stocks</th>
<th>Return %</th>
</tr>
</thead>
<tbody>
<tr>
<td>WBA</td>
<td>13.68%</td>
</tr>
<tr>
<td>HCA</td>
<td>13.21%</td>
</tr>
<tr>
<td>MCO</td>
<td>10.41%</td>
</tr>
<tr>
<td>SPY</td>
<td>6.67%</td>
</tr>
<tr>
<td>NCLH</td>
<td>4.60%</td>
</tr>
<tr>
<td>CAT</td>
<td>4.35%</td>
</tr>
<tr>
<td>GOOGL</td>
<td>2.54%</td>
</tr>
<tr>
<td>WM</td>
<td>0.31%</td>
</tr>
<tr>
<td>OSK</td>
<td>-0.18%</td>
</tr>
<tr>
<td>TXN</td>
<td>-1.78%</td>
</tr>
</tbody>
</table>
## Portfolio Performance – Unrealized Gains

<table>
<thead>
<tr>
<th>Ticker</th>
<th>Name</th>
<th>Sector</th>
<th>Dividend Yield</th>
<th>Shares</th>
<th>Average Cost</th>
<th>Current Price</th>
<th>Market Value</th>
<th>% of Portfolio</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>WBA</td>
<td>Walgreens Boots Alliance</td>
<td>Healthcare</td>
<td>2.94%</td>
<td>1,731</td>
<td>$54.17</td>
<td>$61.58</td>
<td>$106,595</td>
<td>8.42%</td>
<td>$12,827</td>
<td>13.68%</td>
</tr>
<tr>
<td>MCO</td>
<td>Moody's Corporation</td>
<td>Financials</td>
<td>0.91%</td>
<td>337</td>
<td>$202.85</td>
<td>$223.97</td>
<td>$75,478</td>
<td>5.96%</td>
<td>$7,117</td>
<td>10.41%</td>
</tr>
<tr>
<td>HCA</td>
<td>HCA Healthcare</td>
<td>Healthcare</td>
<td>1.16%</td>
<td>544</td>
<td>$121.51</td>
<td>$137.56</td>
<td>$74,833</td>
<td>5.91%</td>
<td>$8,731</td>
<td>13.21%</td>
</tr>
<tr>
<td>GOOGL</td>
<td>Alphabet Inc.</td>
<td>Technology</td>
<td>0.00%</td>
<td>61</td>
<td>$1,284.51</td>
<td>$1,317.12</td>
<td>$80,344</td>
<td>6.35%</td>
<td>$1,989</td>
<td>2.54%</td>
</tr>
<tr>
<td>NCLH</td>
<td>Norwegian Cruise Line Holdings</td>
<td>Consumer Discretionary</td>
<td>0.00%</td>
<td>1,704</td>
<td>$51.71</td>
<td>$54.09</td>
<td>$92,169</td>
<td>7.28%</td>
<td>$4,052</td>
<td>4.60%</td>
</tr>
<tr>
<td>CAT</td>
<td>Caterpillar Inc.</td>
<td>Industrials</td>
<td>2.84%</td>
<td>619</td>
<td>$137.34</td>
<td>$143.32</td>
<td>$88,715</td>
<td>7.01%</td>
<td>$3,700</td>
<td>4.35%</td>
</tr>
<tr>
<td>TXN</td>
<td>Texas Instruments</td>
<td>Technology</td>
<td>3.05%</td>
<td>556</td>
<td>$120.06</td>
<td>$117.93</td>
<td>$65,569</td>
<td>5.18%</td>
<td>-1,185</td>
<td>-1.78%</td>
</tr>
<tr>
<td>WM</td>
<td>Waste Management Inc.</td>
<td>Industrials</td>
<td>1.83%</td>
<td>562</td>
<td>$111.94</td>
<td>$112.29</td>
<td>$63,107</td>
<td>4.98%</td>
<td>$197</td>
<td>0.31%</td>
</tr>
<tr>
<td>OSK</td>
<td>Oshkosh Corporation</td>
<td>Industrials</td>
<td>1.32%</td>
<td>692</td>
<td>$91.33</td>
<td>$91.17</td>
<td>$63,090</td>
<td>4.98%</td>
<td>-111</td>
<td>-0.18%</td>
</tr>
<tr>
<td>SPY</td>
<td>S&amp;P SPDR ETF</td>
<td>Index Fund</td>
<td>1.79%</td>
<td>1,783</td>
<td>$292.45</td>
<td>$311.95</td>
<td>$556,129</td>
<td>43.92%</td>
<td>$34,764</td>
<td>6.67%</td>
</tr>
<tr>
<td>CASH</td>
<td></td>
<td></td>
<td></td>
<td>64</td>
<td></td>
<td>$1.00</td>
<td>$64</td>
<td>0.005%</td>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Starting Value</th>
<th>Market Value</th>
<th>% of Portfolio</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,156,199</td>
<td>$1,265,093</td>
<td>100.00%</td>
<td>$99,894</td>
<td>8.57%</td>
</tr>
</tbody>
</table>
### Portfolio Performance - Sector Allocation

<table>
<thead>
<tr>
<th>Sector</th>
<th>Target</th>
<th>% of Total Portfolio</th>
<th>% of Invested Portfolio</th>
<th>S&amp;P 500 Sector Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Materials</td>
<td>5.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>2.31%</td>
</tr>
<tr>
<td>Communication Services</td>
<td>5.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>10.42%</td>
</tr>
<tr>
<td>Consumer Discretionary</td>
<td>12.00%</td>
<td>7.14%</td>
<td>12.47%</td>
<td>9.85%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>10.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>7.78%</td>
</tr>
<tr>
<td>Energy</td>
<td>5.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>4.33%</td>
</tr>
<tr>
<td>Financials</td>
<td>15.00%</td>
<td>5.86%</td>
<td>10.48%</td>
<td>15.73%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>10.00%</td>
<td>14.30%</td>
<td>25.79%</td>
<td>14.21%</td>
</tr>
<tr>
<td>Industrials</td>
<td>10.00%</td>
<td>17.06%</td>
<td>30.50%</td>
<td>9.98%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>5.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>3.07%</td>
</tr>
<tr>
<td>Technology</td>
<td>15.00%</td>
<td>11.61%</td>
<td>20.75%</td>
<td>18.84%</td>
</tr>
<tr>
<td>Utilities</td>
<td>8.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>3.48%</td>
</tr>
<tr>
<td>Total</td>
<td>100.00%</td>
<td>55.97%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
## Portfolio Performance – Comparison to Benchmark

### S&P 500 Return (SPY)
- **6.67%**

### Total Portfolio Return
- **8.57%**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Beta</th>
<th>DIV Yield</th>
<th>P/E</th>
<th>P/B</th>
<th>Debt/EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication Services</td>
<td>1.08</td>
<td>0.00%</td>
<td>30.02</td>
<td>4.68</td>
<td>0.33</td>
</tr>
<tr>
<td>Consumer Discretionary</td>
<td>1.06</td>
<td>0.00%</td>
<td>11.96</td>
<td>1.81</td>
<td>3.53</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>1.03</td>
<td>2.90%</td>
<td>12.54</td>
<td>2.36</td>
<td>2.42</td>
</tr>
<tr>
<td>Financials</td>
<td>1.12</td>
<td>0.88%</td>
<td>29.50</td>
<td>88.42</td>
<td>2.45</td>
</tr>
<tr>
<td>Healthcare</td>
<td>1.09</td>
<td>1.13%</td>
<td>14.05</td>
<td></td>
<td>3.64</td>
</tr>
<tr>
<td>Industrials</td>
<td>1.16</td>
<td>1.97%</td>
<td>14.17</td>
<td>4.12</td>
<td>2.51</td>
</tr>
<tr>
<td>Technology</td>
<td>1.06</td>
<td>2.72%</td>
<td>21.92</td>
<td>12.27</td>
<td>0.87</td>
</tr>
<tr>
<td><strong>Portfolio</strong></td>
<td>1.10</td>
<td>1.50%</td>
<td>15.80</td>
<td>4.28</td>
<td>2.70</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sector</th>
<th>Beta</th>
<th>DIV Yield</th>
<th>P/E</th>
<th>P/B</th>
<th>Debt/EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication Services</td>
<td>1.03</td>
<td>1.29%</td>
<td>21.79</td>
<td>3.44</td>
<td>2.59</td>
</tr>
<tr>
<td>Consumer Discretionary</td>
<td>1.01</td>
<td>1.30%</td>
<td>24.08</td>
<td>7.99</td>
<td>3.49</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>0.78</td>
<td>2.74%</td>
<td>21.21</td>
<td>6.12</td>
<td>3.22</td>
</tr>
<tr>
<td>Financials</td>
<td>1.07</td>
<td>1.99%</td>
<td>13.93</td>
<td>1.47</td>
<td>7.27</td>
</tr>
<tr>
<td>Healthcare</td>
<td>1.02</td>
<td>1.66%</td>
<td>20.83</td>
<td>4.37</td>
<td>2.95</td>
</tr>
<tr>
<td>Industrials</td>
<td>1.05</td>
<td>1.89%</td>
<td>19.32</td>
<td>5.01</td>
<td>3.19</td>
</tr>
<tr>
<td>Technology</td>
<td>1.08</td>
<td>1.32%</td>
<td>24.74</td>
<td>7.43</td>
<td>1.84</td>
</tr>
<tr>
<td><strong>SPY</strong></td>
<td>1.00</td>
<td>1.86%</td>
<td>20.65</td>
<td>3.49</td>
<td>3.42</td>
</tr>
</tbody>
</table>
Fall 2019 Portfolio Update

- Team
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- Fall 2019 Portfolio Update

Q & A
Case Study: Walgreens Boots Alliance

Business Overview

18,500 stores and 390 distribution centers

Three Main Segments: Retail Pharmacy USA, Retail Pharmacy International, Pharmaceutical Wholesale

Comparative Retail Drug Store Revenues:
- WBA: $100b
- CVS: $80b
- Wal-Mart Pharmacy: $35b

Ownership Summary

Stefano Pessina
CEO and owner of 15%
Stefano has overseen the mergers of all Alliance with Boots, and later Alliance Boots and Walgreens in 2015. He currently serves as the company’s CEO.

Student Managed Fund
Allocating 8.6% of Portfolio

Average Cost: $54.17 / share
Current Price: $62.25 / share
Appreciation: 15%

Recent Developments

Private equity firm KKR has announced a proposed deal to take WBA private

If a deal is agreed upon it will be the largest leveraged buyout in history

With a current market capitalization of $55b, the deal, if were to happen would most likely make each share worth ~$80. Our original investment was $54.

Analysts: Justin Wagner and Julia Wilson
Case Study: HCA Healthcare

Business Overview

Largest hospital operator, surgery center, emergency care, urgent care, walk-in clinic business

Has significant or dominant market presence in 7 of top 10 retiree markets

Operates 175 general and 3 psychiatric hospitals with 46,687 and 412 licensed beds, respectively

Revenue Sources: Managed Care: 52.4%, Medicare: 21.1% Managed Medicare: 11.8%

Developments and Trends

In 2006, KKR made a $33.6b acquisition, the largest of its time

In 2010, HCA went public, stock has compounded >300% since

Industry shift to low-cost healthcare options

Aging population migrates to concentrated regions:
- Florida: 69k
- Arizona: 31k
- South Carolina: 12k
- Texas: 8k

Information

Position

25% of market share in the markets it operates in. Texas: 32% Florida: 43.7%

Continuum of Care

Strong network of outpatient facilities

Growth

Well positioned in key, growing markets: Nashville, Houston, and Dallas

Investment Thesis

Average Cost: $121.51 / share
Current Price: $134.37 / share
Appreciation: 11%

Allocating 5.8% of Portfolio

Analysts: Julia Wilson and William Mudlaff
**We’ve Learned Just as Much From The Companies We Decided Against**

<table>
<thead>
<tr>
<th>Rejections</th>
<th>Pitfalls and Mitigants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodyear</td>
<td>▪ Business was overly leveraged relative to current and projected earnings</td>
</tr>
<tr>
<td>GNC</td>
<td>▪ Understand destructive impact of interest expense and identifying operating leverage</td>
</tr>
<tr>
<td>Atlas Air</td>
<td>▪ Business was significantly overvalued relative to price determined by DCF</td>
</tr>
<tr>
<td>Adobe</td>
<td>▪ Re-evaluate model while committing to realistic assumptions, be okay with cutting our losses</td>
</tr>
<tr>
<td>Prologis</td>
<td>▪ Large amounts of stock-based compensation (SBC) or M&amp;A distorting earnings and free cash flow</td>
</tr>
<tr>
<td></td>
<td>▪ Use organic growth to grow earnings, treat SBC like Capex by subtracting it from Free Cash Flow</td>
</tr>
</tbody>
</table>
Q&A

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Appendix: Moody’s

About the Company

- Independent provider of credit ratings, economic opinions, and related financial information.
- Moody’s Investors Services (MIS) provides traditional credit ratings and market reporting.
- Moody’s Analytics (MA) MIS provides traditional credit ratings and market reporting covering over $74+ trillion of global debts.

Investment Thesis and Risks

- The successful proliferation of Moody’s Analytics division has diversified the company and provided strong stable growth.
- Increasing M&A activity targeting financial information sources will provide Moody’s with unbeatable reach and distribution power.
- Lower volume of M&A and CAPEX spending despite increasing deal sizes.
- Potential anti-trust and stricter regulation of industry oligopoly.

Valuation

Ticker: MCO
Price Paid: $196.81
Closing Price 11/15/19: $221.38
Target Price: $221.21
Projected Margin of Safety: 12.39%
Portfolio Weight: 5.90%
Analysts: Alexander Greenberg and Santiago Persano

1 Year Performance vs. S&P 500
Appendix: HCA Healthcare

About the Company

- Leading Healthcare provider in the United States with 184 general, acute care hospitals, 125 ambulatory service centers (ASCs), 137 urgent care centers, 3 psychiatric hospitals, and 1 rehabilitation hospital
- HCA’s commitment to providing excellent services across the continuum of care translates into a leading position (1 or 2) in market share in 28 of its 37 markets

Investment Thesis and Risks

- Strong positions in growing markets, robust presence across the continuum of care, and has plans for measured expansion into new markets
- Recent acquisitions in North Carolina and Georgia position HCA well in the rapidly developing urban south
- US healthcare reform: 40.9% of HCA’s revenue is derived from Medicare and Medicaid programs
- Aging population put significant pressures on margins

1 Year Performance vs. S&P 500

Valuation

- Ticker: HCA
- Price Paid: $121.51
- Closing Price 11/15/19: $136.78
- Target Price: $130.88
- Projected Margin of Safety: 8.7%
- Portfolio Weight: 5.89%
- Analysts: William Mudlaff and Julia Wilson
Appendix: Norwegian Cruise Line

About the Company

- The smallest of the three leading international cruise lines with 26 ships, 54,400 berths and 450+ destinations
- **Composed of three separate brands**” Norwegian, Oceania, and Regent Seven Seas, each of which serve a different demographic of the cruise market
- Drives best in class yield through enhanced product offerings and efficient fleet usage

Investment Thesis and Risks

- Chinese and Asian-Pacific market is rapidly growing and Norwegian is positioned to benefit via strategic initiatives
- Underpenetrated international cruise market provides excellent growth opportunities for the brand
- IMO Fuel Regulations: Beginning Jan 1 2020, a new global limit on sulfur content of fuel of 0.5% is being put in place
- Rise of nationalism and protectionism may negatively impact international travel

1 Year Performance vs. S&P 500

Valuation

<table>
<thead>
<tr>
<th>Ticker:</th>
<th>NCLH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price Paid:</td>
<td>$51.71</td>
</tr>
<tr>
<td>Closing Price 11/15/19:</td>
<td>$53.49</td>
</tr>
<tr>
<td>Target Price:</td>
<td>$71.54</td>
</tr>
<tr>
<td>Projected Margin of Safety:</td>
<td>39.76%</td>
</tr>
<tr>
<td>Portfolio Weight:</td>
<td>7.21%</td>
</tr>
<tr>
<td>Analysts: William Mudlaff and Morgan Van Liew</td>
<td></td>
</tr>
</tbody>
</table>
Appendix: Alphabet – Class A

About the Company

- Holding company most known for its primary business, Google
- **Operates in two main segments:** Google (99% of revenue) and Other Bets (<1% of revenues)
- Google earns a majority of its revenue through *advertising and search functions*. Other Bets is made up of experimental companies like financing solutions and self-driving cars

Investment Thesis and Risks

- Google has established itself as a leader in innovating and technology
- Integrated into everyday life and pushing into new technologies such as *cloud computing, AI, and quantum computing*
- Google has **50% market share** of the online advertising market
- **Undiversified revenue stream:** 86% of Google’s revenue comes from online advertising
- Antitrust regulations could disrupt Google’s monopoly

1 Year Performance vs. S&P 500

Valuation

- Ticker: GOOGL
- Price Paid: $1,284.51
- Closing Price 11/15/19: $1,319.84
- Target Price: $1,327.00
- Projected Margin of Safety: 7%
- Portfolio Weight: 6.37%
- Analysts: Morgan Van Liew and Andrew Willard
Appendix: Texas Instruments

About the Company

- Designer and manufacturer of high-quality processors.
- Through have two main segments of which they own 18% market share in: analog and embedded processors.
- TXN manufactures 40% of inputs in house, 40% from subcontractors, and 20% from external foundries.
- All products are made open source, which allows its customers to invest their own R&D.

Investment Thesis and Risks

- Emerging technologies which will lower cost of sales or increase demand for analog and embedded processors.
- TXN benefits from adoption of 300mm silicon wafers, wide bandgap semiconductors, automated driving, IoT, and 5g.
- **Substantial competition from large and small corporations domestic and abroad.**
- **Moore’s Law will flatten, and processor capabilities will decelerate.**

1 Year Performance vs. S&P 500

Valuation

<table>
<thead>
<tr>
<th>Ticker:</th>
<th>TXN</th>
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<tbody>
<tr>
<td>Price Paid:</td>
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<tr>
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<tr>
<td>Analysts:</td>
<td>Francis Stino</td>
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</table>

*Texas Instruments*
Appendix: Caterpillar

About the Company

- Leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial turbines and diesel-electric locomotives
- Business segments include: Construction & Industries, Energy & Transportation, Resource Industries, and Financial Products
- Construction Industries and Energy & Transportation account for 76% of sales

Investment Thesis and Risks

- During a recession, CAT will be able to generate significant sales from government-led infrastructure improvement programs
- CAT’s innovative technology and advanced data analytics tools will help grow sales both domestically and internationally
- Environmental protection laws may require significant compliance costs
- Business correlated with government and business investment in infrastructure

Valuation

| Ticker:   | CAT          |
| Price Paid: | $137.34     |
| Closing Price 11/15/19: | $143.59     |
| Target Price: | $148.48     |
| Projected Margin of Safety: | 6.01%       |
| Portfolio Weight: | 7.03%       |
| Analysts: | Alexander Greenberg and Santiago Persano |
Appendix: Oshkosh

About the Company

- Designer, manufacturer, and marketer of **specialty vehicles and vehicle bodies**
- **Operates through four segments**: Access Equipment, Defense, Fire & Emergency, and Commercial
- **Customer base** includes governments, equipment rental companies, construction contractors, manufacturing companies and home improvement center

Investment Thesis and Risks

- **Government Contracts** - Oshkosh has secured highly valued and coveted contracts with the government to provide light, medium, and heavy vehicles.
- **Innovative Product Line and Components**
- **Future Avenues for Growth**
- **Heavily outsourced manufacturing and production process**
- **Subject to cyclicality in construction and warfare markets**

1 Year Performance vs. S&P 500

- **Ticker:** OSK
- **Price Paid:** $91.33
- **Closing Price 11/15/19:** $90.28
- **Target Price:** $95.54
- **Projected Margin of Safety:** 10%
- **Portfolio Weight:** 4.94%
- **Analysts:** Fred Stino & Sean Brown

Valuation

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<td>Analysts</td>
<td>Fred Stino &amp; Sean Brown</td>
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University of Connecticut - Student Managed Fund - Team Blue
Appendix: Waste Management

About the Company

- Provides waste management services including collection, transfer, recycling, resource recovery, and disposal services, and operates waste-to-energy facilities
- Services municipal, commercial, industrial, and residential customers throughout North America
- 250 owned or operated landfills (the industry’s largest network), more than 300 transfer stations, and around 100 material recovery facilities

Investment Thesis and Risks

- Defensiveness through business cycles, strong financials, and leadership within the industry
- Diverse revenue mix with a largely uncorrelated revenue stream
- Net income increased 25.25% in 2018 and generated an ROIC of 14.6%
- China has imposed new tariffs on the import of recyclable commodities, including wastepaper, plastics and metals
- Collection services account for more than 50% of sales

1 Year Performance vs. S&P 500

Valuation

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Appendix: HLI Houlihan Lokey, Inc.

About the Company

- Established in 1972 and headquartered in Los Angeles, CA, HLI is a growing multinational investment bank with over 1,000 financial professionals spread through 22 locations worldwide
- HLI operates three business segments in Corporate Finance, Financial Restructuring, and Financial Advisory Services which represent 56%, 29.3%, and 14.7% of their revenues respectively

Investment Thesis and Risks

- Nine strategic acquisitions over the last ten years have enabled HLI to grow its business in new markets and industries
- HLI has been recognized as the No. 1 M&A Advisor for all U.S. Transactions over the last four years and No. 1 Global Restructuring Advisor for five of the past ten years
- HLI is positioned to succeed in both strong and weak economic conditions, providing a hedge against substantial fluctuations in revenue

Valuation

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