SMF Spring 2022 Portfolio Report

University of Connecticut

SCHOOL OF BUSINESS

MAY 2ND, 2022

UNIVERSITY OF CONNECTICUT SCHOOL OF BUSINESS

UNDERGRADUATE STUDENT MANAGED FUND

TEAM WHITE

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Dear Investment Advisory Board Members,

Team White has enjoyed a terrific experience this springthrough the Student Managed Fund. We would also like to thank everyone involved in this program for their contributions to the organization. Over the semester, we have faced numerous unique challenges that have pushed us to be creative and inquisitive. The learning experience through SMF has taught us some valuable lessons and we are honored to be a part of such a prestigious program.

One important lesson that has stuck with our team is the significance of risk management. While it is easy to be bullish on the market or an individual stock, it is more important to consider the risks attached to an investment. Incorporating stop losses has been a critical part of our strategy and will continue to be for the remainder of the year.

Next, there is nothing like real world experience and advice. As students, we are learning from some of the brightest minds in the industry. By managing a significant amount of real money, we get the chance to put these lessons into action. The consequences and rewards push us as we gain real-life experience.

The combination of in-class instruction and virtual conversations has been a great balance that we all cherish. As a team, we have grown tremendously from the start of the semester and have learned a lot about each other. Our debates and comments have become more educated as the semester progresses and we are excited to execute on these lessons post-graduation.

Thank you again for your involvement in the SMF and we hope you enjoy this spring report!

Sincerely,
Team White

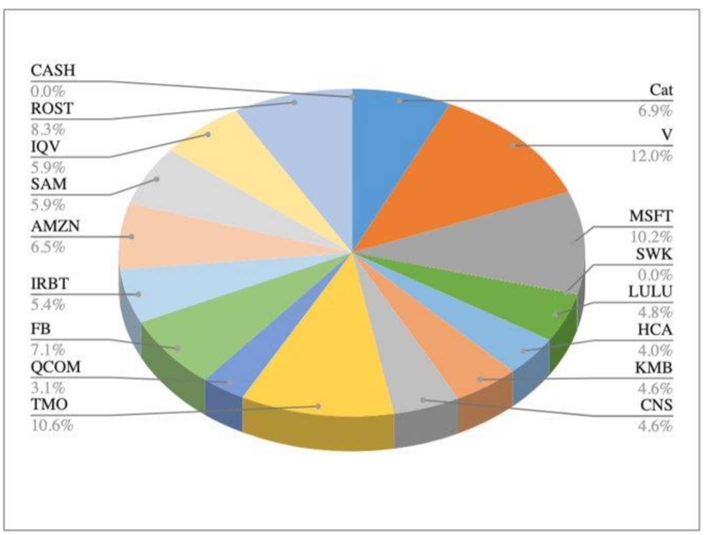
Executive Summary

Portfolio Performance

Total Portfolio vs. S&P 500 Performance	
Portfolio Return	-8.56%
SPY Return	-2.01%
Spread	-6.55%
Equity Spread vs SPY	-6.88%

S&P 500 ETF (SPY)		
Beginning Value	$	446.75
Current Value	$	437.79
Absolute Change	$	(8.96)
% Change		-2.01%

Portfolio Allocation



Portfolio

Ticker	Name	Sector	Dividend Yield	Beta	ate Purchase	Shares	Purchase Price	Price	Cost Basis	Market Value	% of Portfolio	Change	% Change	Stock Day Change %
Cat	Caterpillar Inc.	Materials	2.04%	0.94	3/31/2022	367.00	$ 221.16	$ 227.81	$ 81,166	$ 83,606	6.81%	$ 2,441	3.01%	4.37%
V	Visa Inc.	Financials	0.55%	0.92	9/20/2021	692.27	$ 213.20	$ 212.79	$ 147,589	$ 147,307	12.00%	$ (282)	-0.19%	-0.23%
MSFT	Microsoft Corporation	Technology	0.83%	0.91	9/27/2021	443.52	$ 316.97	$ 279.83	$ 140,584	$ 124,110	10.11%	$ (16,474)	-11.72%	-2.71%
SWK	Stanley Black & Decker, Inc.	Industrials	1.70%	1.37	9/27/2021	3.53	$ 159.48	$ 140.32	$ 564	$ 496	0.04%	$ (68)	-12.01%	-0.80%
TGT	Target Corporation	Consumer Defensive	1.61%	1.15	10/27/2021	2.01	$ 222.87	$ 237.20	$ 449	$ 478	0.04%	$ 29	6.43%	1.45%
LULU	Lululemon Athletica	Retail	0.00%	1.34	1/31/2022	151.00	$ 324.39	$ 390.78	$ 48,983	$ 59,008	4.81%	$ 10,025	20.47%	-1.08%
HCA	HCA Healthcare	Healthcare	0.58%	1.60	10/21/2021	186.34	$ 256.31	$ 260.94	$ 47,762	$ 48,624	3.96%	$ 863	1.81%	0.89%
KMB	Kimberly Clark Corporation	Consumer Staples	3.45%	0.50	11/9/2021	450.53	$ 132.30	$ 126.42	$ 59,604	$ 56,955	4.64%	$ (2,649)	-4.44%	0.02%
CNS	Cohen & Steers Inc.	Financials	1.80%	1.32	11/15/2021	693.71	$ 100.13	$ 82.54	$ 69,461	$ 57,258	4.67%	$ (12,203)	-17.57%	-3.05%
TMO	Thermos Fisher Scientific	Healthcare	0.16%	0.82	11/15/2021	228.05	$ 634.66	$ 568.90	$ 144,734	$ 129,738	10.57%	$ (14,997)	-10.36%	-1.37%
QCOM	Qualcomm	Technology	1.48%	1.20	12/21/2021	272.17	$ 176.21	$ 136.91	$ 47,959	$ 37,263	3.04%	$ (10,696)	-22.30%	-2.56%
FB	Meta Platforms, Inc.	Technology	0.00%	1.39	2/3/2022	415.00	$ 217.57	$ 210.18	$ 90,291	$ 87,225	7.11%	$ (3,066)	-3.40%	-2.24%
IRBT	iRobot Corporation	Technology	0.00%	1.23	2/7/2022	1,258.00	$ 64.34	$ 54.15	$ 80,937	$ 68,121	5.55%	$ (12,816)	-15.84%	-5.18%
AMZN	Amazon.com, Inc.	Consumer Discretionary	0.00%	1.12	2/15/2022	26.00	$ 3,050.00	$ 3,034.13	$ 79,300	$ 78,887	6.43%	$ (413)	-0.52%	-2.47%
SAM	Boston Beer Company	Consumer Staples	0.00%	0.82	2/21/2022	203.00	$ 377.61	$ 365.76	$ 76,655	$ 74,249	6.05%	$ (2,406)	-3.14%	-2.50%
IQV	Iqvia	Healthcare	0.00%	1.15	2/15/2022	308.00	$ 226.03	$ 238.48	$ 69,616	$ 73,452	5.98%	$ 3,836	5.51%	-0.35%
ROST	Ross Stores Inc.	Consumer Staples	1.42%	1.03	3/9/2022	973.00	$ 87.61	$ 103.08	$ 85,249	$ 100,297	8.17%	$ 15,048	17.65%	0.15%
CASH						239.20		$ 1.00	$ 239	$ 239	0.02%			
								Total	$ 1,342,185.55	$ 1,227,313.68	100.00%	$ (114,871.87)	-8.56%	

Investment Philosophy and Style:
On SMF Team White, our philosophy is to find the best businesses for a 10-year investment horizon that have been inefficiently valued by the market. Over these 10 years, our goal is to outperform the S&P 500 Index, which covers a broad range of companies and sectors. The most crucial aspect of our philosophy is capital preservation and risk prevention to beat our benchmark. While growth is key to outpacing the benchmark, we believe that the proper amount of risk has been taken thus far to attempt to beat the S&P.

Investment Strategy:
Our investment strategy follows a value-centric approach. Every week, fund managers found ideas for undervalued securities that would generate market-beating returns over a horizon of 10 years while mitigating risk. As a team, we decided not to assign specific industries and chose to find the best businesses as generalists. We kept a few prevalent themes in the back of our minds when selecting companies.

Performance:
Our fund's performance over the holding period is -8.56% versus SPY's -2.01% return over the same period. During the spring semester, the equities added helped diversify the portfolio. Leading performers such as ROSS and LULU have been crucial to the portfolio's performance. Stronger tech performer such as AMZN were also included due to their uniquely large business model. The performance of the portfolio is reflective of larger symptoms of the market, which is currently being impacted by interest rate hikes, geopolitical risks and high inflation rates/

Investment Managers

Dylan Baker
Alex Bielak
Christian Bray
Shane Cotter
Madhu Kannan
Marco Lima
Samuel Lombino
Alexandra Stamboulis
Joshua Onyirimba
Kulnoor Saini
Matthew Veretto

Fall Officer Positions

Marco Lima - Co-Lead Manager
Samuel Lombino - Co-Lead Manager
Madhu Kannan - Portfolio Manager
Kulnoor Saini - Communications Manager
Joshua Onyirimba - Digital Media Manager

Investment Philosophy

On SMF Team White, our philosophy is to find the best businesses for a 10-year investment horizon that have been inefficiently valued by the market. Over this 10 year period, our goal is to outperform the S&P 500 Index, which covers a broad range of companies and sectors. The most crucial aspect of our philosophy is capital preservation and risk prevention in order to beat our benchmark. While growth is key to outpacing the benchmark, we believe that the proper amount of risk has been taken thus far to attempt to beat the S&P.

Our team's view of the market is simple: diversification is key to keeping risk low and avoiding catastrophic losses. We own companies such as Microsoft, which drive the S&P 500, while also buying companies like Kimberly Clark and Stanley Black & Decker to spread out the risk by sector. Another key aspect of our philosophy is seeking companies that have been well run by a superb management team, and we like to see that they are making efforts in the ESG space. We view the market as a place where real change can occur as companies become more transparent about ESG. Companies are only as valuable as the people who run them and work in them, and so we consider this concept on our team as a way of finding great businesses, both financially and morally. Arguably the most important concept we believe in as a team is the concept of finding value. Not only does the business need to be run well, but we search for those businesses which we believe are undervalued in the market according to our DCF model, and the concept of Margin of Safety.

Style

Our investment strategy is predicated on a pragmatic approach. We are focused on firms with established operations, competing as market leaders in a diverse array of sectors. Furthermore, fund allocation in these select companies necessitates undervalued price metrics. Our performance is assessed in comparison to the Standard & Poor 500 Index, under the SPDR S&P 500 ETF Trust (SPY). Our portfolio is predominantly composed of large-capitalization equities, but we actively search for investments across all capitalization ranges. The fund mandate necessitates an additional element of security analysis through an Environmental Social Governance principles approach. Equities are scrutinized against ESG principles to assure a comprehensive approach to seeking added value in both the financial and macroenvironment.

Investment Strategy

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First, when investing in a security, you are investing in a business. Throughout the semester, we sought businesses that we understood. By demonstrating a strong grasp of a company's business model and growth, we also focused on answering: "how can this company negatively impact us?". This strong comprehension allows us to see if a business is truly undervalued and if its operations will be sustained and flourish throughout our investment horizon. After comprehending a company's operations and streams of revenue, we highlighted the various aspects that make up a good investment such as competitive advantages, operational indicators, management team, and their approach and past success in terms of M&A transactions. Finally, the question and answer session that we hold after every pitch addresses clarifying questions ranging from mitigations of risks that a company may face to projections made within a discounted cash flow. Additional questions arose over current market conditions, specifically implications of supply chain issues, the various Covid-19 variants, and how an investment offers us diversification from current holdings. Diversification certainly played a role in our decision-making process. Every step of our strategy allows us to build a diversified portfolio of strong businesses that allow us to generate market-beating returns.

Risk Management

Risk management is one of the fundamental building blocks of our investment philosophy, as we attempt to outperform the S&P 500 Index while maintaining the least amount of risk possible. Our fiduciary responsibility to the University of Connecticut Foundation, caused our investment philosophy to be structured around capital preservation, in doing this we have an in-depth understanding of the risk profile that we have constructed with our investments during the Fall of 2021. Before making a financial decision regarding our investments, there is extensive discussion, questions, and answers and debate regarding the potential for risks. The following are types of risk that we discuss:

Market Risk: declining in value due to economic developments or other events

Concentration Risk: loss in value due to concentration in a single stock, sector, or industry

Capital Structure Risk: decision by the firm to use either debt or equity to finance their asset, potentially resulting in leverage substantially higher or lower than the industry average

Business Model Risk: A firm that’s product or service can be easily replicated or is unsustainable

Management Risk: a company that financial, ethical, or otherwise associated issue due to underperforming management

At the end of Spring 2022, our portfolio consists of exclusively domestic large-cap US equities, as well as the SPDR S&P 500 ETF. Although this was done unintentionally, we attribute this to a result of our core investment philosophy of capital preservation, which created a rigorous selection process in our investment decision-making. We are currently allocated in 17 different positions with the domestic equities allocation ranging from 3.2% to 12.16%. The portfolio position is a diversification of large, mid, and small equities in a key range of sectors that are strong performances.

Risk management has been used continuously throughout the year, as it is considered when screening new equities to enter the fund, and whether to maintain or adjust current equity holdings. As we continue our roles as portfolio allocations we will continue to place a significant emphasis on risk management. In the next semester, we decided to continue implementing the same strategy.

Procedure

Voting for the first semester followed by the question portion of each pitch. Voting occurred online through an anonymous google form, indicating whether to purchase the stock presented and the percentage allocation. The Co-Lead Managers and Portfolio Manager are the only ones able to see the responses to the form and are unable to see what the managers voted. This process was designed to allow the managers to make their own decisions based solely on the pitch and their interpretation of the company presented, preventing groupthink and bias. To be added to the portfolio, a stock must receive 8 of 11 votes. This voting procedure has been efficient in the semester and allowed for each manager to effectively make an informed decision on whether to select a stock. In terms of allocation of capital, this is also present on the google form. The range of how much of our portfolio to allocate to our selected stock is from 1% to 10%. Moreover, our portfolio managers are responsible for proctoring a stop-loss vote in which we decide what the maximum amount of loss should be applied to each stock before we exit the investment. After stock receives the majority vote and is voted through with the respective allocation, the presenters will complete a one-page report. This will include a summary of the stock and financial information including beta, market capitalization, and P/E ratio as well as the investment thesis. This report along with a buy order from the portfolio manager is sent to Professor Qiu in which she sells the S&P 500 portion of the portfolio and reallocates it with the chosen stock.

The three important steps to Team White's procedure include sector breakdown, voting, and allocation strategy. Managers act as generalists to find companies in a variety of industries that have strong balance sheets and business models with a compelling margin of safety. The portfolio is composed of different industries and sectors to ensure diversification, with no one sector dominating. Analysts can choose a company within a specific sector to pitch based on preference. Managers focus on a 10-year time horizon in terms of outperforming the S&P 500 and pitch companies that are undervalued by the market.

Performance

The portfolio is performing in a unique market. As the world adapts to this new normal and business reopens, we also fear new variants of Covid-19 and uncertainty of the future. These factors have been significant in the portfolio's performance over the past 6 months.
Overall, the portfolio has had a net negative return this semester. While individual stocks such as Microsoft, Kimberly Clark, Stanley Black and Decker, and Thermos Fisher Scientific have had positive growth, the larger portfolio has underperformed the SPY index. Team White is currently invested in 18 equities in the following sectors: consumer staples, financials, industrials, technology, and healthcare. One overall trend in the performance is the significance of earning reports and their impact on the performance of individual stocks. While all of the companies have performed higher than expected, negative future outlooks have caused significant drops in share prices. The portfolio also faced significant loss after the performance of Paypal, Salesforce, and Meta which were stopped out along the span of this semester.

Through our experience this semester, there are a few key areas that we hope to improve thus helping the performance of the portfolio. Currently, there is a heavy emphasis on technology stocks and we aim to diversify into other sectors with more consistent performance.

Economic Outlook

The Student Managed Fund Team White is very aware of how macroeconomic events and trends can impact financial markets. That is why it is important to be conscious of geopolitics and world impacting current events that can cause sudden shifts in sentiments over governments and markets.

US Economy Outlook

Several key features of the US Economy can shape the future of financial markets. The ones that will be mentioned in this report will be, inflation, the Federal Reserve's monetary policy going forward and public health developments, and what that will mean for policy going forward.

In terms of inflation, in November the Consumer Price Index hit a 39 year YoY high at 6.8%. When the most volatile inputs in the CPI are stripped out, which are food and energy, the figure is 4.9%. This increase in YoY change is due to a few reasons. The first is the fact that the most recent recession in 2020 was unlike most. The 2020 economic contraction was spurred by the Covid-19 pandemic which caused consumers to stay home and businesses to lockdown. This halted economic activity and sent shocks through the global economy. The Fed cut interest rates to near-zero, issued trillions of dollars to households, and intervened heavily in financial markets. As a result, household savings are 3-8x higher than they were before the pandemic. This money will eventually be spent and will only cause a temporary lift in prices. However, what is more concerning is what is occurring on the supply side.

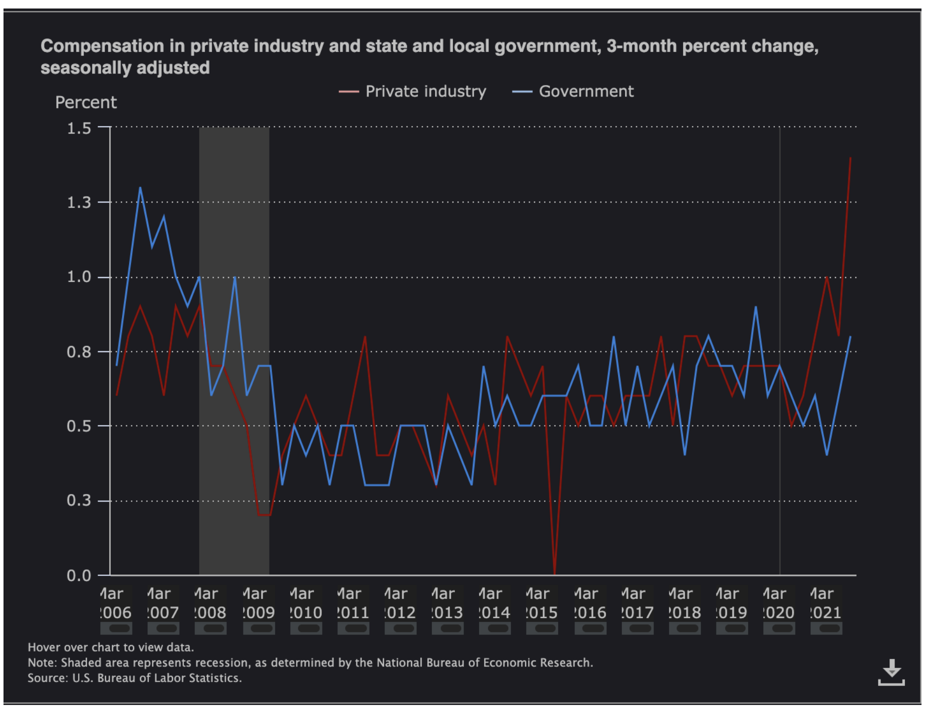
The global supply chain is playing a large part in the price push. Whether in factories, transportation, warehouses, or anywhere else, labor shortages are causing disruptions that are affecting prices. An example of this is what is going on in our ports. 40% of U.S. imports pass through the Los Angeles area. In the Long Beach harbor, it used to take two days for cargo to be unloaded off of a vessel. Now, due to a lack of workers, it takes nine. In response, the US government is making investments to ensure these ports are operating 24/7. However, there are still a record high 80 boats lying idle outside of these ports when they used to be able to pull right on in. This is an example of one break in the supply system that is happening all over the globe.

The job market has been playing a role in prices as well. As one would expect, the initial lock-downs the pandemic ensued caused U-6 unemployment to spike to 22.9% and the U-3 to 14.8%. Now, in October of 2021, there are three job openings for every two unemployed people. This means firms are paying more to compete for workers in this tight job market. Wages and salaries for private and government sector employees are 4.6% and 2.4% higher than they were last year, according to the U.S. Bureau of Labor Statistics. The trend is continuing as private industry compensation is 1.4% higher than it was 3-months ago. This increase in wages has the potential to create a floor. This is because even though people can afford more, costs will be pushed right back to the consumer.

As for the outlook for the U.S. economy, until we are fully out of the pandemic, it will be hard to assume. A new variant could pop up at any moment, being more destructive than the last. However, the administration is keen on not shutting anything down, and a $1.2T infrastructure package passed in November 2021 will help keep the economy active and growing. Corporations are strapped with cheap capital. They are also regaining clarity on future outlook, making things more certain for earnings. 11 newly established credit facilities launched by the Federal Reserve during the on-set of the Covid-19 virus put cash in the hands of banks, which were directed to areas of need such as small businesses, or distressed financial markets.

At this point, between a rebounding job market, a strong economic recovery, and a highly capitalized financial system, the Fed is looking to pivot its monetary policy. The Federal Reserve dot plot and other indicators suggest they are doing just that. Most central bank officials are penciling in at least three quarter-basis-point hikes between now and next year. They are reversing their asset purchasing program and taking away the stimulus and support, which is deemed to be necessary.

Sector Analysis



Financials

The U.S government has loosened its monetary policy in response to the COVID-19 pandemic. This has both boosted borrowers and left institutions with excess cash. The pandemic has also accelerated digital adoption within the industry, pushing both customers and businesses to conduct business through digital channels.

Technology

The technology industry is one of the fastest growing and largest sectors in the S&P. In the past three months, the S&P 500 Index was up 8.2% underperforming the technology sector which is double the benchmark at 16%. Even throughout the pandemic, the tech sector has been crucial to market performance.

Industrials

The Industrials sector is predominantly related to capital goods identified in aerospace, building products, construction, machinery, professional services, and transportation. This sector naturally covers an extensive array of firms that contribute to much of the infrastructure of the global economy. Given its cyclical nature, Industrials have endured a stronger year-to-date performance than last year.

For the current year, 2021 underperformed the S&P 500 Index, yielding 18.09% for the year (GSPI Index) compared to the SP500 return at 24.26% YTD. The sector has experienced a better performance compared to the previous YTD return of 7%. The actual YTD Price to Earnings ratio for the sector is 35.5, compared to a mean PE of 15.96 for the broader market index. Moreover, the industrial sector has a dividend yield of 1.65% compared to the S&P dividend yield of 1.27%.

Consumer Staples

The recovery in the economy and strong gains in cyclical sectors have resulted in underperformance of the sector since the market low in March 2020—as would be expected for a defensive sector whose constituents are typically less affected by changes in the business cycle. However, slowing economic growth could weigh on cyclical sectors, boosting the relative attractiveness of more defensive and large-cap stocks within the Consumer Staples sector. With this said, interest rates may rise as inflationary pressure persists, which could be a headwind based on the sector's historical sensitivity. On balance, the macroeconomic impact on the sector is neutral relative to the other sectors.

Healthcare

The US healthcare industry is enormous, comprising about 17% of US GDP, and although we are at the tail end of the Covid-19 pandemic, its effects on the Healthcare industry are still extremely present and will likely have everlasting consequences. There has been a rapid fundamental shift in the healthcare industry as a result of the strain that the pandemic has caused. These include: consumers' increasing involvement in the decision making, rapid adoption of virtual health and other digital innovations, emphasis on interoperable data and data analytics use, and the collaboration in vaccine and therapeutics development by both public and private firms. In 2020 healthcare spending declined globally by 2.6%, as a result of postponing nonessential surgeries and screenings as well as needing to meet government mandated hospital bed reserves. However the future outlook is much more positive, between 2020-2024 global healthcare spending is expected to increase at a compound annual growth rate of 3.9%, 1.1% faster than what was recorded from 2015-2019. The key drivers for this growth consist of population aging, clinical and technological advancements, expansion of the public healthcare system, increasing demand for care, and countries' gradual economic recovery. The current risk factors that the healthcare industry is facing include, the added pressure and demand of new contagious diseases similar to Covid-19, government reimbursement, and labor inflation. Although the Covid-19 has distributed the industry in the short-term, the operating efficiencies gained during this time will forever change the industry and allow for long-term growth, as well as the benefit of the aging demographics.

Positions

Visa

On September 20, 2021, Team White purchased 370 shares at $218.40. On October 29, 2021, Tem White purchased another 191 shares at $212.60. This was a great opportunity to invest in a sturdy company with a lot of tailwinds going for it. Visa's main tailwind will be an increase in digital payments over the year. This increase will come as a result of a rise in E-Commerce and the decreased use of cash. As the market-leading credit card company, with 50% of Americans holding a Visa, every increased swipe is more profit for the company. Visa is also a company that will benefit from inflation. As CPI increases, the transaction fee Visa gets to take also increases. Since they are a high fixed-cost credit card company, the more people swiping Visa's is just increased net margin.

One of the risks of investing in Visa over the next 10-years is they operate in a highly competitive digital payment space. Digital currency, and companies like Square, PayPal, or an unforeseen competitor such as Facebook could significantly disrupt the credit card business. Another risk is 69% of surveyed small-to-medium size business customers are concerned about fraud, according to the Visa Back to Business Survey. On the bright side, Visa acquired Tink, a European company that offers digital payment security services.

For these reasons and more, I believe Visa was an excellent buy at these prices, and it wouldn't be a bad idea to consider purchasing more, as the price has ducked a little underneath where we bought it the second time.

Microsoft

272 shares of Microsoft were purchased on September 27th at $293.64 per share and is 6.8% of our portfolio. Founded in 1985 by Bill Gates with the release of Microsoft Windows. In the last 35 years, the company has grown dramatically offering a wide range of products including cloud computing, computers, gaming software, and windows office suite. There are three key areas of Microsoft's business model: intelligent cloud, productivity and business, and more personal computing. Productivity and business processes include LinkedIn, Office commercial and consumer, and Microsoft Dynamics. Personal computing includes windows software and technology, surface tablets and laptops, and gaming and entertainment. The intelligent cloud, better known as Azure, is the fastest growing portion of their business at 20% in the past year. These products are difficult to imitate due to the capital intensive resources they require to be

produced. As a result, Microsoft is an industry leader with few direct competitors. When comparing their products, Microsoft's closest competitors include Amazon, Apple, Google, and IBM. These competitors operate in an industry with high barriers to entry and each specializes in inimitable products. While the cloud is the area where most of these companies overlap, it is important to note Microsoft's success in stealing market share from Amazon's AWS, which has been an industry leader in cloud software. Microsoft's key drivers revolve around the company's cloud computing business. This component of their business has been around for over a decade. With the appointment of Satya Nadella, formerly the head of Microsoft's cloud computing decision, the company has utilized this division to compete with other tech giants and retain and grow its client base.

Stanley Black & Decker

On September 27, 2021, Team White purchased 356 shares of SWK at $187.93 per share, for a total cost of $66,901. Founded in 1843 in New Britain, CT, Stanley Black & Decker is the world's largest tools & storage company. Their business is split into three segments: Tools & Storage (71% of revenues) which is the main part of their business and what they are most known for, Industrial (16% of revenues), and Security (13% of revenues). Stanley Black & Decker is highly focused on innovation and M&A to bring the company growth and diversity in product offerings. Their management team has decades' worth of experience and they have a great decision-making process. They will continue to grow into the future for many reasons, including but not limited to their expanding portfolio of brands and aggressive M&A business model.

Stanley Black & Decker is an attractive company for many reasons. From their increasingly dominant market share to their track record of excellent performance, they have proven to be a consistent company in all areas. Their ability to innovate and acquire new companies year after year will allow them to have continued success over the next 10+ years. Stanley Black & Decker will continue to acquire companies with strong name brands and solid financials to gain market share in emerging and high growth markets. Brands such as Dewalt and Craftsman will bring back existing customers as they consistently release new product lines for professional end users and do-it-yourself consumers. They have also increased their E-commerce sales during the pandemic, and this is projected to grow in the future. Our DCF valuation projected a margin of safety of 15.7% at the time of our pitch, with a target price of $213.34.

Increased competition and pricing pressure can become a risk down the line. Stanley Black & Decker has been able to meet many challenges throughout its existence, and as more companies try to replicate their excellent business model, they will have to constantly adjust to keep their costs and prices low. If they are unable to adjust to ever-changing market conditions, they could be beaten out by competitors such as Snap-On. Stanley Black & Decker also has a large amount of debt at roughly $4 Billion. This can cause problems down the line if the Fed raises interest rates. With that said, they haven't had too many problems with debt thus far due to their large cash position and ability to pay this debt down on time. They have a strong credit profile for a reason, and they will continue to deal with this risk in a professional manner. If history is any indication of Stanley Black & Decker's future, the future looks bright and they will be able to adjust to any adversity that comes their way.

In every investment decision, it is very important to consider the company's ESG. Stanley Black and Decker has embraced a 2030 Corporate Social Responsibility Strategy that empowers makers - thriving in a changing world. Their goal is to "Innovate with Purpose" which refers to a focus on strategies that enhance lives and improve environmental impacts. They also focus on the principle to "Create a more Sustainable World," referring to operational environmental protection. More specifically, SWK is focused on climate change to go beyond carbon neutral by 2030. They have also embraced DEI principles and Talent Development: a goal to push towards racial equity via their 10 point plan. They also have a sustainable/local supply chain strategy seeking to create a more conscientious approach to raw material sourcing. Overall, they are making an effort to meet all investor expectations in the future for ESG, proven by the above initiatives and many others they have on their website.

As of the close on December 8, 2021, SWK has given us an unrealized gain of 2.29% on our position.

Target

On Monday, November 15th, we purchased 249 shares of TGT with a price of $268.21 per share for a total cost of $66,784. Target Corporation (Target) is a general merchandise retailer selling products through its stores and digital channels. Its general merchandise stores offer an edited food assortment, including perishables, dry grocery, dairy, and frozen items. Its digital channels include a range of merchandise assortment, including many items found in our stores, along with a complementary assortment. The Company sells an assortment of general merchandise and food. Its format stores offer curated general merchandise and food assortments. Consumer Staples refers to a set of essential products used by consumers. This category includes things like foods and beverages, household goods, and hygiene products as well as alcohol and tobacco. These goods are those products that people are unable—or unwilling—to cut out of their budgets regardless of their financial situation. Target is a market leader within their industries. During the pandemic, Target was named as an essential business. Recently, Target has battled the supply chain issues by ordering inventory months ahead to prepare for the holiday season. They even chartered their own ship in order to get goods quicker. Recommend a BUY for TGT because they are a market leader in their industry. Risks associated with target include management expecting supply chain issues to remain prevalent which will increase costs. However, they started preparing for the holidays months in advance. Over the past few months, they've added billions of dollars worth of inventory. Also, the pricing power in the industry can affect them.

Target is focused on ESG considerations through its commitment to sustainability and ethical business practices. In terms of climate, Target is committed to reducing greenhouse gas footprint and partnering with value chain partners, external stakeholders, and policymakers to transition to a low carbon economy. The company is reducing the impact of plastics by eliminating and finding alternatives in products, packaging, and operations. In addition, the Target foundation invests 5% of profits in communities. Lastly, Target is focusing its efforts on becoming a more diverse and inclusive company through equal representation of women at all levels, increasing spending with diverse buyers, increasing sales of localized products, recruiting and retaining people of color, and creating an inclusive and diverse work environment.

Paypal

On October 5th, we purchased 227 shares of PYPL for $256.07 per share for a total cost of $58,127.89. After the price began to fall, we voted to use the opportunity to lower our average cost basis, so on October 26th, we purchased an additional 151 shares of PYPL for $241.92 for a total cost of $36,529.56. PayPal Holdings Inc. is a leading technology platform and digital payments company that enables digital and mobile payments on behalf of merchants and consumers worldwide. PayPal is committed to democratizing financial services to improve the financial health of individuals and to increase economic opportunity for entrepreneurs and businesses of all sizes around the world.

We found Paypal to be an attractive investment for a multitude of reasons. PayPal has had consistent revenue growth and a strong and growing user base of over 400 Million Active Users. We believe that their scale and network effects are strong sources of the company's competitive advantage over its rivals. 95% of their revenues come from transaction fees and with the growth of the eCommerce and Digital Payments industries poised to grow over the next 10 years, we believe the company is well-positioned for success. Not only are they an industry leader in digital payments but they continue to have high user expectations in the near future. They are continually expanding, by expanding their global operations, building a cryptocurrency infrastructure and embracing a buy-now-pay-later (BNPL) payment option (which grew 400% this Black Friday). Finally, strategic partnerships help them compete and continue to grow in the digital payments industry to increase their already 58% market share. Most recently, Amazon announced that users will be able to make purchases on their marketplace using Venmo, a digital wallet app owned by Paypal.

The stock took a hit after announcing they were in talks to buy social media app, Pinterest. Despite aligning with the company's inorganic growth strategy, we believe that this announcement instilled doubt in the market surrounding its ability to keep up with its organic growth expectations. Paypal released earnings on November 8th, where they announced that they fell short of expectations and the stock continued to slide. It reached a 19-month low shortly after. There has not been a major fundamental change in the business and recent news surrounding the company has kept us optimistic about the future. Despite this, we were stopped out of both positions amidst the uncertainty surrounding the name.

HCA Healthcare

On October 21, 2021, Team White purchased 186 shares of HCA Healthcare for $256.31 amounting to a total of $47,674. HCA Healthcare was founded in 1968, in Nashville, Tennessee where the state is home to its third-largest market. Today, HCA Healthcare is a leading healthcare services company in the U.S. and offers the largest number of acute-care hospitals in the country. The company has locations in 21 states as well as in England and their care sites include surgery centers, free-standing emergency rooms, urgent care and physician clinics. The company operates in a select number of markets with its wide range of facilities acting as a continuum in which it can treat patients for several ailments.

HCA presented a valuable investment opportunity at the time of our pitch, and the reasons that supported our decision are still applicable now. HCA's operating strategy plays a large role in the company's success. The majority of operations are concentrated in three states: Texas (46 Hospitals), Florida (45 Hospitals), and Tennessee (13 hospitals). Within these markets, the population growth, income growth, and unemployment rate all offer significantly better outlooks than the national average. Additionally, their wide range of services concentrated in these markets allows access to all patients in these regions. Another reason we believe in HCA over our investment horizon is because of its large scale and operating experience. The majority of executives have spent more than 15 years at HCA, which we believe gives them a significant advantage over competitors. For example, HCA's average length of stay is about 10% lower than the average hospital. This increases patient and insurance company's satisfaction, resulting in a greater likelihood that these parties use their services in the future. Lastly, HCA's emphasis on balance sheet health and creation of shareholder value played a role in our decision to invest in the company. More than 95% of their outstanding debt has an average maturity of >9.7 years, and their lower levels of debt compared to the industry, allow for potential M&A opportunities in a Covid-19 environment that has expedited consolidation.

Covid-19 and the seemingly never-ending strains that accompany, obviously play a risk in the healthcare industry and HCA's operations. Any healthcare shock, Covid-19 or otherwise, has shown a reduction in the volume of patients the company can admit. This in turn directly impacts revenues and profit margins, specifically due to hospitals' naturally high fixed costs. Throughout the pandemic, HCA leveraged its scale through inventory management that allowed for universal personal protective equipment and optimal ventilation use. Also, the company applied learnings from the pandemic in their first impacted facilities to others, showcasing their impressive data collection and comprehension. Additionally, the Bureau of Labor Statistics projects an annual deficit of about 194,500 registered nurses a year through 2030. This is where HCA's experienced management team plays an important role. In an unorthodox acquisition for the industry, HCA became the majority owner of the Galen College of Nursing, which has eight campuses, most importantly in Texas and Florida showing awareness of future potential problems.

As of close on December 8, 2021, HCA returned an unrealized loss of -6.16%.

Kimberly-Clark Corporation

On November 9th, we purchased 447 shares of Kimberly-Clark. Since then, the position is up 4.81%, which is our second-best performing equity. Shortly after the new year, KMB will pay their dividend, which will amount to about $500 for our portfolio. Given this, along with the performance, we believe it is a great long-term hold. Kimberly, Clark and Co. was founded in 1872 by John A. Kimberly, Havilah Babcock, Charles B. Clark and Franklyn C. Shattuck in Neenah, Wisconsin.

The first reason we believe KMB is a strong company is because of the nature of the business. With them being a consumer staples company, their products are always necessary. Whether we’re in a pandemic or not, consumers will always purchase their products: diapers, toilet paper, tissues, napkins, paper towels, etc. Not to mention, one-fourth of the global population uses KMB products every single day. Also, they are becoming more innovative by shifting towards different fibers. While moving away from trees to plant fibers is better for the environment and the company.

Their Scott 24 Hour Sanitizing Wipes won the 2021 World of Wipes Innovation Award today at the World of Wipes International Conference held in Atlanta. The award recognizes innovation within the entire wipes value chain which uses nonwoven fabrics or technology in a way that expands the role of nonwovens. Scott 24 Hour Sanitizing Wipes are registered with the U.S. Environmental Protection Agency (EPA) for disinfecting against numerous strains of bacteria and viruses – including COVID-19. These pre-saturated wipes quickly disinfect and maintain surface sanitization against bacteria for a full 24 hours, even after multiple touches.

Cohen & Steers, Inc.

On November 15, 2021, Team White purchased 689 shares of CNS at $100.26 per share, for a total cost of $69,082. Cohen and Steers, Inc.(CNS) is an investment management company that specializes in liquid real assets that include real estate securities, infrastructure and natural resource equities, and preferred securities. The company was founded in 1986 by Martin Cohen and Robert Steers who brought their decades of relevant experience. Currently, CNS offers 11 mutual funds, 8 closed-end funds, 1 ETF, unit investment trusts, and SMAs. In terms of changes to the leadership of the company, CNS announced earlier this year that Joseph Harvey, someone with over 30 years of experience within CNS, will be replacing Robert Steers in 2022. This isn’t a significant cause for concern given Harvey’s background at the company and the lack of foreseen changes to the fundamentals of the business. Revenue is generated through open-end funds(49%), institutional accounts(26%), closed-end funds(19%) and distribution and service(6%).

CNS’s attractiveness for our portfolio comes from its position as a leading global real estate investment manager, it’s highly ranked funds that prove the company’s skills and track record, and its ability to invest in assets with historical hedges to inflation. Given the recent uptick in the economy and inflation, the hedge to inflation that CNS is able to provide through their ability to renew leases in the short-term and the embedded escalator factor in their contracts makes the company a very attractive investment option. They also have a proven history of performance with 100% of their AUM in 1-year, 3-year, and 5-year strategies outperforming. In addition, 80% of CNS’s open-end fund AUM is rated at 4 or 5 stars.

The biggest risk for CNS is their public market concentration and exposure to equities. Since Cohen and Steers invests in public equities for their funds and their clients, they have a lot of overall exposure to general macroeconomic changes. They are mitigating this by creating a private real estate segment, so they can eventually offer products like direct real estate to mitigate this risk. Related to this public equity market exposure is the risk of performance. As we have stated, CNS has a great track record when it comes to investing money for clients, and the overall performance of their funds. That being said, if this takes a turn, they will have to make some adjustments in order to keep their clients and shareholders happy. Cohen and Steers have some one-time expenses that they incur every few years that impact their bottom line as well but are not significant enough to pose a large threat to the business. For example, in 2020 they spent about $60 million to open a new fund offering. In the long run, if these projects don't go according to plan, this could affect their stock and underlying business model, but as a team, we collectively have come to the conclusion that they are well prepared to handle any problems that may arise due to their experience and integrity.

Cohen and Steers has a great ESG reputation as an investment manager. The number one thing for them is practicing responsible investing, which includes investing in companies that have strong moral standards and care for the environment. The funds they offer include many energy companies that value ESG. CNS is well above average in the industry on their ESG rankings, since they partake in a number of filtering techniques when choosing public equities to invest in. First, they generate their own ESG scores for each stock and compare that to the overall industry they are in. They consider management ability, shareholder rights, and executive compensation to generate an accurate score and learn more about who is behind the company.

As of the close on December 8, 2021, CNS has fallen to an unrealized loss of -6.8% on our position.

Thermo Fisher Scientific

Team White purchased shares of Thermo Fisher Scientific at a total cost of. Thermo Fisher is a world leader in service science serving over 400,000 customers in pharmaceuticals, biotech, hospitals, clinical labs, universities, and government agencies. They have an industry-leading scale and exceptional commercial reach with a large global footprint. They have a large breadth of capabilities in four different segments including life science solutions, specialty diagnostics, analytical instruments, and laboratory products. More than 50% of their revenue is derived from their increased presence in the Pharmaceutical and Biotechnology industry which is also a leading point in our investment thesis.

Thermo Fisher is an attractive company that we believe should be bought at this time. Between their increasingly dominant market share, strong financial record of accomplishment of excellent performance, and increasing depth of capabilities, they have proven to be a consistent company. Their ability to innovate and acquire new companies especially in the fast-growing pharma and biotech industries year after year will allow them to have continued success over the short and long term. Our DCF valuation projects a margin of safety of 20% looking into the future.

We identified a few competitive advantages that Thermo Fisher Scientific Inc. has over its peers. One is that they are a market leader both in the overall industry and in terms of direct comps. They have a wide Scale and Breadth of Services and were a leading responder in the COVID-19 Response for which they helped provide over 650M+ PCR Tests. Finally, they have been able to capitalize on the Biotech and Pharma exposure and are positioned well to continue to do so into the future.

Salesforce

On November 30th, we purchased 230 shares of CRM for $284.27 per share, totaling $65,381.66. Salesforce is an American Cloud-based software company that specializes in customer relationship management (CRM) software. Founded in 1999 by its current CEO Marc Benioff, Salesforce is a market leader in CRM software and enterprise applications in customer service, marketing automation, analytics, and application development. The company derives its revenues on a subscription basis, which varies based on the clients and scope of solutions being offered.

There are a multitude of factors that kept us optimistic about the company and the stock's performance moving forward. Salesforce is the clear market leader in the rapidly growing customer relationship management industry. They work with over 150,000 businesses of all sizes and their subscription services account for around 95% of total revenues. Sticky customers are an industry characteristic, further driving our optimism on the company as a whole. Salesforce is recognized for having the best product in the industry. They are expanding their solutions offerings through their inorganic growth strategy, highlighted by the acquisitions of Slack, Tableau & Vlocity over the past three years. With over 70% of total revenue coming from the Americas, Salesforce is positioning itself to increase its global presence. The implementation of the global advisory board aims to obtain strategic guidance and support as it grows into new markets, deepening Salesforce's role as a trusted digital advisor to CEOs and leaders around the world. The annual term structure of the subscription services makes seasonality a factor in the performance of the company and further drives our optimism. According to their annual report, the company's fourth quarter has "historically been our strongest quarter for new business and renewals" and their first quarter is their largest collections and operating cash flow quarter"

Despite our optimistic outlook, we were able to highlight five main areas of risk for the company and the performance of the stock. These risk areas for Salesforce lie within third-party issues, security issues, legal risk, and increased competition. While none of these risks have caused any significant issues, it is important to be aware that they do exist. Salesforce takes great precaution to provide security over their clients' data and remains the top CRM provider in the industry. As this software becomes more popular, larger competitors aim to imitate CRM software. However, Salesforce's tenure in this field has allowed them to perfect their technology.

Qualcomm

On December 3, 2021, Team White approved a purchase of Qualcomm at an allocation of 3.6% of our portfolio's value. Qualcomm operates as a multinational semiconductor and telecommunications equipment company, based out of San Diego, California. Qualcomm derives its revenue from the sales of equipment and services and the licensing of its products. Qualcomm operates in three reportable segments: Qualcomm CDMA Technologies, Qualcomm Technology Licensing, and Qualcomm Strategic Initiatives. Qualcomm CDMA Technologies is the semiconductor segment, where they develop and supply integrated circuits and system software. This segment accounts for approximately 70% of total revenue. Qualcomm Technology Licensing grants licenses or otherwise provides rights to use portions of their intellectual property portfolio, and accounts for 20% of total revenue. Qualcomm Strategic Initiatives is the investing arm of Qualcomm that is responsible for the expansion of new opportunities for their technology, as well as supporting the design and introduction of new products and services.

We believe Qualcomm represents a good investment for our portfolio over our investment horizon. This is supported by the company's one technology roadmap that is interconnected. The company's flagship product, the Snapdragon platform, as well as its chips, supports multiple types of wireless standards and can be easily altered to service their targeted end markets. On their investor day, the company proved this claim through their new endeavors and partnerships in the automotive industry. Chief Technology Officer James Thompson demonstrated that their automotive technology roadmap sprouted from their success in the mobile industry. The chips that are utilized in smartphone cameras have already been developed in order to make users look good. Appearance isn't as significant to cars. What is important is that the car can recognize pedestrians and stop lights. Qualcomm uses a modified chip to provide for the needs of automotive manufacturers with small modifications to existing products. This technology and low intensive input should drive earnings growth in the future. Additionally, industry trends support the long term-growth of the company's end markets. The company targets four main end markets: Handsets, IoT(internet of things), radiofrequency front end technology, and automotive. In the handset segment, annual shipments are expected to exceed 1 billion by 2024, with 40% of these shipments being 5G. 5G has an average selling price of 1.5x past generations. The IoT segment is projected to see a 17% CAGR reaching a $67 billion target addressable market by 2024. RF Front is expected to grow at a 12% CAGR through 2024 and the company projects automotive revenues of $3.5 billion by 2026 (compared to $975 million this year).

Vertical integration of Qualcomm's customers could prove to be a threat to the company's business. For instance, Apple purchased Intel's modem business in 2019, and the company is reportedly working to develop its own 5G chips internally. As of now, there is no evidence of an in-sourced modem or a potential new partner for Apple. Despite the lack of evidence, Qualcomm's management de-risked their projections and guidance by removing 80% of their revenues stemming from Apple as soon as 2023. The company has also dealt with a fair amount of licensing disputes and accompanying litigation. Qualcomm's licensing business has been subjected to regulatory scrutiny in China, Taiwan, Korea, Europe, and the U.S. In May 2019, a U.S. judge ruled in favor of the Federal Trade Commission over the company's "no license, no chips" policy. However, in August 2020, the Ninth Circuit threw out the verdict, allowing the company to continue bundling patent licenses and its hardware. It appears as though all litigation is in the rearview, and Qualcomm's recent success in court provides security to this risk.

Qualcomm is in a unique position in terms of ESG issues. The company's operational goals and market are directly in line with solving environmental issues. As the leader of the 5G wireless development, the company projects that 5G technology will allow them as well as many other companies to limit their environmental impact. It is projected that 5G technology will provide the opportunity to better monitor everything from water usage and waste, to greenhouse gas emissions. 5G is projected to reduce GHG emissions by 370 million metric tons in 2025, 410 billion gallons of water annually, and a 20% improvement in fuel efficiency.

Meta Platforms

Team White purchased shares of Meta Platforms on February 2nd, 2022. Meta Platforms (formerly Facebook) is a social technology company founded in 2004 by Mark Zuckerberg. The company started as a social media app (Facebook) which would enable friends and family to connect with one another online. They have developed into a mega-cap tech giant, and a parent company of Facebook, Instagram, WhatsApp, and numerous other subsidiaries. 97.7% of their revenues come from digital advertising, mostly on the apps Facebook and Instagram.The rest of their revenue comes from their payments infrastructure and Oculus VR Headsets. Geographically, 47% of Meta’s revenue is in the US, while 24% come from Europe, 19% in Asia Pacific, and 10% in the rest of the world. This goes to show that the US market is dominant in digital advertising, and there is lots of room for growth overseas.

Meta Platforms is a dominant company in the space of digital advertising. Clearly, they are a mega cap tech giant that has developed into a global brand. Recently, they rebranded to “Meta” to focus more on growth in the virtual space as a whole rather than just social media by itself. Meta is favorably positioned to adapt to new technological innovations and changes to the virtual environment in the future, proven by their persistent investment in R&D to develop new products and improve existing ones. They have zero debt which enables them to put tens of billions into R&D and stock buybacks, improving their business model and shareholder value. Quantitatively, their revenue and earnings growth is quite eye-opening, with their revenue growing by more than 27% on average. Another point to be made in favor of Meta is that their ROE, ROA, and ROIC outperforms their closest competitors (Google, Amazon) significantly.

iRobot Corporation

Team White purchased shares of iRobot Corporation on February 7th, 2022. iRobot is a consumer robot company based in Massachusetts, U.S. that focuses on developing robots that allow people to do more in their homes by helping them find faster and smarter ways to clean. The company was founded by CEO and founder Colin M. Angle who has stayed with the company since. IRBT has expanded their product line to include variations of robotic vacuums and mops, premium air purifiers, and a handheld vacuum. Through a cloud system and their app, iRobot Genius, the company provides consumers with an integrated software to manage their robotic devices. Geographically, 52% of iRobot’s revenue is generated in the Americas, 27% in Europe and the Middle East, 16% in Asia Pacific and 10% in the rest of the world. As a trailblazer in the RVC market, iRobot also has a dominant market share at 62% globally.

iRobot inc is the market leader in the robotic vacuum cleaner segment. With 62% market share and a majority share across the world for over 10 years, IRBT is poised to continue to grow and innovate their operations . Recently, they acquired Aeris to broaden their product mix, expected to boost their topline by 10% per guidance. IRBT is also mitigating its political risk from operating in China as they have invested in expanding their manufacturing operations in Malaysia to improve margins. IRBT is favorably positioned to adapt to recent supply chain disruptions, proven by their development of new products and expanded operations. The company seldom holds debt which enables them to reinvest capital and perform stock buybacks, improving their business model and shareholder value. Statistically, their revenue growth is enjoying double digits, at about a 15% CAGR, and is poised to increase its operating margins past the 9% historical average.

Amazon Incorporated

Team White purchased shares of Amazon Incorporated on February 15th, 2022. Amazon.com is an American multinational technology company. The company focuses on e-commerce, cloud computing, digital streaming, and artificial intelligence. It has been referred to as "one of the most influential economic and cultural forces in the world," and is one of the world's most valuable brands. In 1994, Jeff Bezos founded Amazon in his garage in Bellevue, Washington. It originally focused on creating an online marketplace for buying and selling books. However, it has since morphed into a technological conglomerate that has its arm in just about every facet of technology and innovation. It has entered into spaced such as video and music streaming, as well as acquiring Whole Foods Grocery Store and has its own portfolio of other cutting-edge food markets.

Amazon incorporates a plethora of subsidiaries including, but not limited to, Audible.com, Whole Foods Markets, Ring, Twitch, Souq, Shelfari, and many more. According to Statista, Amazon derives $279.83B of their revenue from North America, and an additional $127.78B from international operations. This figure does not include revenue generated by Amazon Web Services (AWS), which tacks on an additional $62.2B of net revenue. These sales figures are based off the year ended 2021. Amazon is an extremely dominant player in the global economy and faces risks such as anti-trust regulation, and unionization primarily, among other common and unforeseen risks. Despite these potential obstacles, Amazon has grown into one of the world's most valuable companies with a market capitalization of $1.12T.

Boston Beer Company

Team White purchased shares of Boston Beer Company on February 21st, 2022. Boston Beer Company is an American Brewing Company founded in 1984. They include iconic and well-known brands such as, Samuel Adams, Dogfish Head, Truly Hard Seltzer, Twisted Tea, Angry Orchard Cider, and many more. The company is headquartered in Boston, Massachusetts. Six weeks after the beer's introduction to the public, it won recognition as "The Best Beer in America" in The Great American Beer Festival's Consumer Preference Poll. Due to its competitive advantage of thorough and deliberate craft, its Samuel Adams Boston Lager went on to win this award an unprecedented four times.

Boston Beer Company has a strong strategy that focuses on pricing, product innovation, growth of non-beer categories alongside brand development, that allows the company to differentiate itself from others. Boston Beer Company has undergone significant brand growth and the full-year growth expectations for Truly are to be between 20-25% year-over-year. Lastly, Boston Beer Company has a large market position with their leading brands in several different categories of beverages, and where they are not yet number one, their brands are gaining share. They have a 14% CAGR since 2004.

Iqvia

Team White purchased shares of Iqvia on February 15th, 2022. Iqvia is a leading global provider of advanced analytics, healthcare technology and clinical research services for the life sciences industry. IQVIA operates as a contract research company that develops clinical strategies, R&D management and consulting services for the pharmaceutical, biotechnology, and healthcare industries. Their revenues come from three main segments being research & development solutions, technology & analytics solutions, and contract sales & medical solutions. Some of their products include Orchestrated Customer Engagement (OCE), AI & Machine Learning, and IQVIA Connected Intelligence. They operate in the life sciences industry, which is projected to grow at a 3-5% CAGR through 2025. Although this is important for their customers to be growing at a decent rate, this only drives demand for their services. The more important industries we want to focus on are the contract research services and pharmaceutical industries. First, the contract research industry is projected to grow to $90B in revenue by 2027. This gives contract research an 8% CAGR through the next 5 years. Lastly, we focused on the pharmaceutical and biotechnology industry, which is projecting a CAGR of 6-9% in spending over the next few years. These 3 industries drive growth for Iqvia and similar companies, allowing them to obtain new customers at relatively low costs. As these industries grow, Iqvia will be able to capture a portion of the growth and assist them with many analytical and professional research services.

The reason we invested in them is because, Iqvia is a fast-growing company in an industry where their services are needed to survive. There are many great reasons to buy IQV stock at the current price of $242. First, they are a global leader in clinical research, recently being named the number one most admired healthcare company to work for and work with in 2022. Next, their FCF growth is quite impressive, with very strong growth rates over the last few years. We are projecting double digit growth in FCF over the next few years, and eventually lowering it to high single digit organic growth thereafter. Another major point we made as a case to buy IQV is that they are providing innovative and transformative IT and consulting solutions to their clients. Their ability to retarget clients and offer many different services gives them a leg up over their competition, who usually specializes in one area. Lastly, Connected Intelligence is the foundation of their business, with connected systems that gather and protect client data, giving them room for growth and establishing trust with clients. This not only helps their business and relationships grow, but it shows their good morals and integrity as a business, making more companies want to work with them.

Ross Stores Incorporated

Team White purchased shares of Ross Stores Incorporated on March 9th, 2022. Ross Stores, Inc. operates two primary brands, Ross Dress for Less (“Ross”) and dd’s Discounts (dd’s). They offer retail apparel and home fashion products at 20-60% discounts compared to department and specialty stores. Ross operates in 38 states with 1,629 Ross locations and 295 dd’s locations. Their target market is price-conscious women and men age 18 to 54, with 70-75% of consumers being female. Product offerings primarily consist of a wide assortment of name brand apparel, footwear, accessories and home fashion with a variety of styles and fashions to meet consumer needs on a local/regional basis.

In a time of market uncertainty, Ross Stores Inc. provides a sense of stability and normalcy that investors are allured to. Management expects supply chain issues to remain prevalent which will increase costs. However, they started preparing for the holidays months in advance. Over the past few months, they've added billions of dollars worth of inventory. Also, the pricing power in the industry can affect them. However, we believe that Ross provides the off-price value proposition that customers prefer over big box retail. Additionally, many large department stores are closing locations. Therefore, Ross will be able to capture more market share, and add on to its current 15.7% MS in discount retail. With its low cyclicality business model, and strong financial performance, we believe Ross is both undervalued and poised for significant growth as it embarks on a robust store expansion program.

Lessons Learned

This process and the SMF program has allowed us to grow so much throughout just this semester alone. The SMF has allowed us to manage over $1.3 million while learning from industry professionals to develop a key set of both hard and soft skills. Some of the soft skills we have learned include upper-level thinking about what makes a great business, forming arguments and defending them, and collaborating with peers on research projects like these. The valuation process for the companies we've been pitching has also helped us develop hard skills. We have developed our skills in building DCFs and comps to form opinions on companies. The research that we have done on our companies has also taught us how to conduct in-depth industry and company analyses while using tools such as Bloomberg, Valueline, Thomson One, and TIKR. Thank you for this wonderful opportunity and learning experience to everyone involved in the SMF program!