Darden Capital Management

UNIVERSITY of VIRGINIA

DARDEN SCHOOL of BUSINESS

Richard A. Mayo
Center for Asset Management

# THE ADVISOR

# Q3 2023

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# A LETTER FROM THE CEO & CIO

December 7, 2023

To our Stakeholders,

With great pleasure, we at Darden Capital Management (DCM) bring you the Q3 2023 edition of *The Advisor*. In the following pages, you will find letters from each of our six Senior Portfolio Managers (SPMs) detailing fund activity and selected investment pitches. Our Class of 28 students brings a diverse set of professional backgrounds and a shared enthusiasm for investing. We are immensely grateful for the opportunity to learn through hands-on experience managing $26 million on behalf of the Darden Foundation.

The interest in DCM remains strong this year. Since September, we have welcomed over 70 new members and now have over 100 paying members as part of DCM's nearly 800-person community. We have expanded our FY Liaison program given the demand from first-year students to become more involved with DCM. We will be sending groups of students to 11 stock pitch competitions hosted by top MBA programs across the country, with an increased focus on credit pitch competitions. About 20 students participated in our Internal Stock Pitch Training Program, and we have already seen positive results. Most notably, first year Darden teams won 2nd place at the NYU Credit Pitch Competition, 3rd place at the Texas McCombs School of Business Annual National Real Estate Challenge, and 4th place at the Cornell Stock Pitch Competition.

We continue to work hard at institutionalizing our operations. As part of this effort, we've streamlined our Investment Committee (IC) structure to enable more efficient and thoughtful decision making. The IC meets with DCM's faculty advisors, Pedro Matos and George Craddock, each week to help ensure the fund is effectively progressing. We've also continued biannual mandatory Book Reports for every stock position and substantially expanded the fund's educational resource pool, including partnerships with Canalyst and Empirical Research. DCM's exploratory relationship with Empirical and use of Canalyst for financial modeling has provided DCM with invaluable quantimental equity-analysis tools to bolster our investment process. DCM receives Empirical's weekly reports on economic research and long / short equity screeners. As investors, Empirical has helped provide us with a variant perspective and more rigorous methodology to stock selection. We are looking forward to building our relationship with Mike Goldstien and the Empirical team.

We are also pleased to report another successful iteration of DCM's flagship event, the Darden at Virginia Investing Challenge (DVIC). The 12th annual edition of DVIC was a success with participation from 45 students across 15 MBA teams, including a group from the U.K. Our theme for the competition was "An Opportunity for Secular Growth," which is in line with this year's University of Virginia Investing Conference focus on "Investing Amid Geopolitical and Economic Volatility, and the Rise of Artificial Intelligence." While many of the DVIC pitches were particularly high-quality, the PayPal pitch won the grand prize (NASDAQ: PYPL), presented by the team from Columbia Business School. We are grateful to our all of our judges, including Robert Mayo ('68), Peter Grant ('86), Bob Smith ('87), Jason Polun, George Craddock ('10), Trey Snow, Chad Morgan, Jeff St. Denis ('04), Neil Kansari ('08), Martin King ('19), Jake DuBois ('08), Peter Wilson ('18), Rachel Gibson ('21), Jim Koehr ('13), and Charles Perkins ('20) alongside our corporate sponsors The London Company, T. Rowe Price, J.P. Morgan Chase & Co, Harris Associates Oakmark Funds, and Brown Advisory.

Since the Class of 2024 took over the fund, we have confronted many of the same challenges that faced the Class of 2023. Macroeconomics are still quite volatile, the geopolitical environment has continued to deteriorate, and Chairman Powell continues to warn the market of the lag of monetary policy transmission and his appetite for further rate hikes if he deems them necessary.

However, there is opportunity in these chaotic times. Immediately since our Class took control of DCM last spring, we began to trim holdings to produce a leaner, better observed, and higher conviction portfolio. We have encouraged managers to take more risks, diverge from sector weights, and double down when Mr. Market misvalues DCM holdings as company fundamentals stay strong. Our managers have also embraced the changing paradigms of the current market. For example, consider the rise of generative AI. Where some have dialed back exposures to technology because of painful memories from 2022, DCM has leveraged its exposure to certain members of the Magnificent Seven (such as Microsoft and Google) to narrow our underperformance against our weighted average benchmark. We will continue developing our variant perspective by putting DCM's perpetual capital base to work over the long term to generate consistent capital appreciation for you, our investor.

Our philosophies have begun to bear fruit. In the performance period of March 31 to September 30, the fund underperformed by 151 bps (net of fees), an improvement of 139 bps relative to the same time period last year. Specifically, our real estate, value, and international funds outperformed their benchmarks, and our long/short, small cap, and ESG funds underperformed. In the coming months, our priorities are to increase net short exposure, finish deploying the real estate fund's capital, and institutionalize hedging procedures.

Our Class is the reflection and continuation of more than three decades of DCM classes — we want to take this opportunity to acknowledge the Class of 2023 for their mentorship. We would not be here if it were not for their leadership and tremendous commitment to the program. We wish them all the best in their careers and look forward to making them proud as we strive to push the bar higher.

We would also like to take the opportunity to recognize the hard work and valuable contributions of our colleagues on the 2024 DCM Leadership Team, including CFO Ana Paola De la Parra, COO Aditya Das, and our Senior Portfolio Managers Dillon Baley, Ian Ceraolo, Jong Sheng Ong, Abanikash Rayaji, Allen Tam, and Alex Hassan. We will continue to work diligently to make the shrewdest investment decisions and warmly welcome feedback and opportunities to engage with alumni on our efforts. Thank you again for your continued support and we look forward to distributing the next iteration of *The Advisor* in the New Year.

Sincerely,

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## CLASS OF 2024 E XECUTIVE TEAM

Cyrus Nassikas, CEO

Joseph Martin, CIO

Ana Paola De la Parra, CFO

Aditya Das, COO

## CLASS OF 2024 DARDEN CAPITAL MANAGEMENT

| | CEO | CIO | CFO | COO |
|---|---|---|---|---|
| Executive | Cyrus Nassikas | Joseph Martin | Ana Paola De la Parra | Aditya Das |
| | SPM | PM | PM | PM |
| Darden (Small Cap) | Dillon Baley | Sam Arayedupin | Beza Bisrat | Kate Grusky |
| Jefferson (Value) | Ian Ceraolo | Naveen Reddy | Olusegun Rowaiye | Malcolm Stewart |
| Cavalier (Long/Short) | Abanikash Rayaji | Keir Gallick | Raffy Howe | Dexter Moyo |
| Monticello (Global) | Jong Sheng Ong | Feyi Ilemore | Mikheil Nakashidze | Devin Waddell |
| Rotunda (ESG) | Alex Hassan | Chao Niu | Samiha Zaker | Jessica Zhang |
| Colonnade (RE) | Allen Tam | Christie Carpenter | Patrick Kearney | Sheldon Gray |

# PORFOLIO UPDATES

## CAVALIER FUND

To Our Friends and Partners,

Greetings from the Cavalier Fund. Over the 6 months managing the fund, the markets have been volatile, with the S&P 500 witnessing a rollercoaster, initially surging by 12%, followed by a 10% dip, and then regaining 10%. This period served as a valuable learning experience for our team, especially in following the earnings cycles and evaluating new and existing companies in the portfolio. During this period, the team presented three sell pitches and three buy pitches, all of which were executed.

As a refresher, the mandate of the Cavalier Fund continues to be to make long and short investments with a primary focus on domestic equities with a net long exposure of around 80%. Most of our pitches center around fundamental research to develop investment ideas, with a large portion of our portfolio consisting of compounding growth companies that enjoy competitive advantages, attractive entry points, and long runways for growth. We also are always on the lookout for special situation opportunities to make trades or investments including binary events, significant changes in business or expectations, or significant mispricing. We had one such special situations pitch which we will discuss below. The fund has S&P 500 as its benchmark.

Upon assuming responsibility in April, our team collaborated with the outgoing batch to rationalize the portfolio. We evaluated all the names in the portfolio and identified companies with lower conviction. We strategically exited these positions, which included Rimini Street (RMNI), DuPont de Nemours (DD), and Charter Communications (CHTR). The fund exited Rimini Street, Inc. due to the ongoing litigation with Oracle, plateauing revenue growth, and lack of confidence in management's unrealistic goals. The stock declined by more than 40% since the fund's exit. The fund closed its position in DuPont de Nemours due to a combination of a slowdown in industrial, construction, and electronic demand, tepid industrial performance in China (21% of sales), and business structure complexities. Charter Communications' exit was due to increased competition, slowing revenue growth, and increased indebtedness.

We presented long pitches for Moonpig Group (MOON), Booking Holdings (BKNG), and Paycom Software (PAYC):

**Moonpig Group (MOON):** Moonpig is the market leader in the online greeting card and gifting market in the U.K. (Moonpig.com) and the Netherlands (Greetz), with 68% and 67% market share, respectively. The firm has over 13 million active users making over 39 million orders annually. This was a special situation pitch. Once a COVID-19 darling, Moonpig suffered a significant correction once the COVID benefits receded, and the expectations were reset. However, we believe that the sell-off was overdone, and the firm has significant competitive advantages, which led us to pitch this company to the fund. Our investment thesis was based on large market opportunity, strong revenue growth drivers, company specific moats (large customer database), and a highly efficient and flexible operating model. Since taking the position in May, the stock has returned 30%+.

**Booking Holdings (BKNG):** Booking Holdings is the world's largest online travel reservation company, accounting for ~25% of online bookings. This is one of the compounder companies that could potentially become a core holding within the consumer discretionary sector of the fund. Our investment thesis was based on the firm's structural competitive advantages vis-à-vis scale and dominance in Europe, improving travel demand, and entry into emerging economies. The fund took a 4% position in the firm, and we are currently exploring initiating a long/short pair trade, with Booking on the long leg.

**Paycom Software (PAYC):** Paycom is the fast-growing cloud-based human capital management (HCM) SaaS company with over 33K clients, managing ~6.5M employees (1 in 11 employees in TAM). It provides a comprehensive set of 32 applications across payroll, talent acquisition, time and labor management, and human resource management. Our investment thesis was based on a large and growing addressable market, strong and expanding sales team, and strong product portfolio leading to higher retention ratio. Our position in Paycom suffered a significant decline as the company drastically reduced its growth expectations for FY2024. Once of the main reasons for this was its product BETI cannibalizing service revenue. Even though this is a short-term headwind, we believe that the long-term prospects of the firm are strong, and we continue to hold conviction in the name.

In addition to the above positions, the fund took a long position in Amazon (AMZN) in May, when doubts about its cloud business growth prospects led to a decline in its stock price. Since taking this position, Amazon has returned more than 30%. Further, the team successfully exited an option position in Cameco Corp. based on the rationale that the initial investment thesis had fully played out, returning over 350%. The fund also exited its position in Nexstar Media Group due to disruption in the media industry driven by digital distribution and the company's reliance on seasonal spending during elections.

From the performance standpoint, the fund returned +3.54% in the six months through September 2023, slightly lagging S&P 500 (+5.22%) by 168 basis points. A large part of this underperformance was driven by long positions in Dollar General and Agilon Health. Some of these losses were offset by overweight to ARC Resources, Google, and Costco. Over this period, the fund was overweight Financials, Consumers, and Communications Services, and had a large underweight to Technology, which also contributed to relative underperformance.

Finally, we would like to thank you for your support of Darden Capital Management and the Cavalier Fund throughout this year. This has been a tremendous learning experience for the entire management team and a once in a lifetime opportunity to have significant hands-on experience managing money. We look forward to the efforts of the next class of managers and eagerly anticipate their management of the fund.




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# COLONNADE FUND

To Our Friends and Partners:

The Colonnade Fund has outperformed the USRT benchmark by 180 bps and returned (2.9%) since March 31, 2023. Most of our performance has been correlated with the decline of our index (FTSE Nareit Equity) along with the decline in some of our positions, partially offset by exemplary performance in two of our newly initiated positions, Digital Realty Trust and Marriott International. We continue to operate in an ambiguous interest rate environment which makes it particularly challenging for the fund given the high association of the business with rates. However, we continue to feel good and have strong conviction in the new positions that we have initiated recently over the last few months.

The Colonnade fund recently began operating as Darden Capital Management's (DCM) newest fund in Q4 of 2022. Since we have taken over from the inaugural class, the fund and our current class have been extremely involved in the portfolio management. The fund successfully completed book reports on all names in the current portfolio as of the September 30, 2023, a first for the team. Further, the Colonnade fund made its first investments in non-REIT names (Brookfield Infrastructure and Marriott International). Finally, the Colonnade Fund has continued to build out many of the structure, organization, and administration necessary for future seamless transitions between the Colonnade Fund's current and future classes to ensure continuity.

A summary of select actions and a highlight of certain positions in our portfolio is below:

1) **Digital Realty Trust Inc. (DLR):** Digital Realty (5% position initiated May 2023) is a full spectrum data center, colocation, interconnection solutions REIT in the U.S. DLR's global data center platform, provides customers with a secure data "meeting place." and gives its customers access to the connected communities that matter to them with a global data center footprint of 300+ facilities in 50+ metros across 28 countries on six continents. Our Fund members like the data center subvertical given the increasing demand of technology and storage solutions, high quality customers and a strong balance sheet and credit rating.

2) **Brookfield Infrastructure Partners (BIP):** Brookfield Infrastructure Partners (7.5% position initiated May 2023) is a pure-play, publicly traded global owner and operator of utilities, transport, midstream, and data assets that generate sustainable and growing distributions over the long-term. Brookfield focuses on essential infrastructure that generated stable cash flows, underpinned by strong regulatory and contractual frameworks. Originally, our Fund members liked the position of the assets in a higher interest rate and inflation environment, significant capital deployment opportunities through a robust pipeline and most of the debt is fixed interest and long dated. However, the stock performance has declined since May. The Colonnade Fund continues to hold conviction in BIP's recovery but will thoughtfully monitor performance.

3) **Marriot International Inc (MAR):** Marriott International, Inc. (7% position initiated May 2023 and upsized to 8.5% in October 2023) is a worldwide operator, franchisor and licensor of hotel, residential, timeshare and other lodging properties under numerous brand names at different price and service points. It encompasses a portfolio of nearly 8,200 properties under 30 leading brands spanning across the U.S., Canada, Asia Pacific, Europe, the Middle East, and Africa. Our Fund members like the company's momentum and strong tailwinds from the pent-up demand for travel, great fundamentals, and continued expansion of various hotels across the price spectrum, and asset-lite model.

The Colonnade fund continues to monitor rate movement actively and is looking for stability in the markets while choosing which high conviction subcategories to invest in. Rates are pivotal to many of the REITs that the Colonnade Fund monitors, and therefore our jobs are becoming increasingly difficult as we try to focus on sub sectors and categories in the real estate space. In Q2, we shifted our focus to seeking companies and real estate where the fund believes will perform well in the next 2-3 years. We found these spaces to be mainly in industrial, hotel and leisure, single family rentals, and specialized office space with long term tenants. Additionally, we continue to believe that multifamily is among one of the most resilient asset subcategories given the leases are shorter (annual vs. 5-10 years) which enables multifamily REITs to adjust for inflation on an annual basis as opposed to mark-to-market rents in five to six years in triple net lease.

In Q2 and post September 30, 2023, the fund had 4 pitches, one from each of the members. We decided to add each of the stocks pitched and have been pleasantly surprised with the recent performance. We are excited about adding to our portfolio as we currently are about ~70% deployed into names (up from ~50% deployed as of September 30, 2023). We anticipate that by next year, we will be fully deployed into 14-18 names.

Additionally, we are proud to work with many great mentors who were involved in evaluating or investing in real estate and/or REITs. Keven Lindemann, Executive-in-residence of the White Ruffin Byron Center for Real Estate, did a spectacular job in organizing the 2023 Cities & Society Real Estate Conference hosted on Darden grounds as well as moderating the REIT panel which was attended by many of the Colonnade Fund members. We have received training from S&P Capital IQ in terms of using the necessary tools and databases we have at our disposal. We believe the additional real estate-specific training has taught us many valuable lessons and allows us to be more prepared and educated in current market trends – especially in the real estate market which enables us to become better, more informed investors.

As always, our team would gladly welcome any additional feedback or advice from our alumni and endowment sponsors. Also, I would like to thank members of the Darden Class of 2025, as our team has appreciated the level of enthusiasm the first-year cohort has brought to our meetings.




Sincerely,

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# DARDEN FUND

To Our Friends and Partners:

As of September 30th, the fund's assets under management reached $3.9 million, down from the previous quarter of $4.4 million. As of the end of September 2023, our Fund generated returns of 0.8% in the last twelve-month period, underperforming the Russell 2000 Small Cap benchmark return of 8.8% over the same period. For the quarter ended September 30, 2023, the Darden fund returned (10.2%) vs. the Russell 2000 benchmark of (5.2%).

The small cap space continues to face challenges as investors respond to macro-economic uncertainty by positioning themselves in larger, well-capitalized companies. This environment has made stock selection difficult as the dispersion of returns in small cap remains wider than their large cap counterparts. While this dispersion of returns can appear as higher risk, it is also an opportunity for active managers to add value. Between small cap's current valuation being at historical lows compared to large cap as well as this wide dispersion of returns, we are optimistic on small cap and excited to put our learnings in the classroom to work.

The underperformance of the fund relative to our small cap benchmark, the Russell 2000, is well understood, giving us confidence in positioning the fund for noticeable improvement in performance going forward. Two holdings in the portfolio contributed 66% of the underperformance between April and September: International Money Express (IMXI) and Spirit Aerosystems (SPR). Despite the drop in share price for these two stocks, we have maintained an overweight and neutral weighting in IMXI and SPR, respectively, as we still hold conviction in the fundamentals of each of these businesses.

Just as important, we recognized that decisions made early in the transition of the fund allowed us to avoid further underperformance. Through swift decision-making, we exited 7 investments in the first two months of management. Five of these exits resulted in the avoidance of $0.2 million (~5% of the portfolio) of incremental losses had we stayed in those positions. The other two early exits proved to be a learning experience; it is better to hold onto fundamentally strong companies at relatively high valuation multiples than questionable fundamentals at average valuation multiples.

Our main goal over the next two quarters is to identify 6-8 companies which we believe will be on the upper end of this small cap dispersion. In pursuit of this goal, we will be leveraging insights from Empirical Research Partners, a leading broker-dealer and investment advisor that provides portfolio strategy and quantitative research, that Darden Capital Management has engaged in recent months. This quantitative vantage point will allow us to filter our investable universe based on a variety of metrics that will likely contribute to future performance, supplementing our historical focus on fundamental analyses.

Select transactions below exemplify the steps we have taken to better position the fund for a rebound in small caps:

- **Exit of SONO, FNKO, RMNI:** Between April 01 and May 16, we executed seven sell orders, with these three being the most notable. Sonos, Inc. (SONO) offers wireless, portable and home theater speakers and accessories. We believed the thesis around home-as-a-sanctuary stemming from the pandemic had run its course. Funko, Inc. (FNKO) designs, sources, and distributes licensed pop culture products. We did not have a strong conviction in the competitive position of the company and found the unpredictability of pop culture memorabilia difficult to underwrite. Lastly, Rimini Street, Inc. (RMNI) offers application management services for Oracle and SAP enterprise software products. Given the legal headwinds associated with the alleged infringement on Oracle's IP, we were not confident in the company's positioning in the market. Each of these exits proved fruitful avoiding stock price performance from the time of sale to September 30 of (35%), (32%), and (45%), respectively.

- **Sized Up in Malibu Boats (MBUU):** Malibu Boats offers performance sport boats, sterndrive, and outboard boats under the Malibu, Axis, Pursuit, Maverick, Cobia, Pathfinder, Hewes and Cobalt brands. As pandemic-related spending slowed and the market began pricing in a potential recession, MBUU saw its market cap nearly cut in half prompting further investment in Q4 2022. In Q3 2023, we decided to further increase our position as we viewed the stock as oversold. We believe the market is underestimating Malibu's ability to weather a softer consumer spending environment which is counter to its performance in past recessionary periods. Malibu's customer demographic is less price-sensitive than competitors, and with a market-leading position and healthy balance sheet, we have strong conviction in Malibu's prospects over the next several years.

- **Bought Clarivate (CLVT):** Clarivate is the leading global information, analytics, and workflow solutions company serving various end markets including academia, government, life sciences and healthcare. As a leader in a growing niche, we held conviction that the company possessed high barriers to entry based on proprietary datasets compiled over decades as well as high switching costs due to the embeddedness in customer workflows. Furthermore, the company was trading at historically low multiples providing a margin of safety. We recently executed a buy, allocating 2% of the portfolio to the position with the plan to increase it to 5% (neutral weight) by the end of Q4.

Looking forward, we are excited about the prospects within the small cap space and encouraged by processes we have implemented to identify the most attractive opportunities. We plan on reallocating away from short-term fixed income and the R2000 ETF into 4 or more high-conviction names over the coming quarters. While we will continue to focus on identifying leaders in their niche markets, we plan to supplement our traditional fundamental analysis with screens for high cash flow margin businesses as this category has historically outperformed and is currently being offered at attractive yields.

As always, our team gladly welcomes any feedback or advice from our alumni and endowment sponsors. Also, we would like to thank members of the Darden Class of 2025. Our team has appreciated the level of enthusiasm the first-year cohort has brought to our meetings.

The opportunity to gain hands-on asset management experience has been a hallmark of our time here at Darden. The environment that we live in today may be challenging for aspiring investors, but nonetheless, it has been an incredible learning experience. We look forward to providing an update in the Spring and are excited about the opportunity we have before us in the world of small cap equities.




Sincerely,

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# JEFFERSON FUND

To Friends and Partners:

To start, it's been a pleasure and a privilege to serve as the senior portfolio manager of the Jefferson Fund and work with such a talented team. We've aimed to develop a culture rooted in curiosity, candidness, and humility, the last of which I believe is especially important in the current environment. I'd like to thank Naveen, Olusegun, and Malcolm for reinforcing these values and contributing to an experience in which we all learn from one another. I'd also like to thank Emily Greene (Jefferson SPM '23) and the rest of last year's team for handing us a portfolio with so many strong companies that have performed especially well. This memo covers performance, strategy and outlook, and notable portfolio adjustments.

**Performance**
As of the end of Q3 2023, the Jefferson Fund returned **3.94%** since the beginning of Q2, **11.7%** year-to-date, and **22.4%** year-over-year**,** outperforming the Russell 1000 Value Index by 3.4 percentage points, 10.2 pp, and 8.1 pp, respectively.

**Strategy**
As a long-term, value-oriented fund, our strategy has been to focus on great companies at good prices and good companies at great prices. Regarding the former, we've attempted to apply the lessons of Prof. Joe Andrasko's Applied Security Analysis course (first academic quarter of second year), specifically his teachings on compounders, i.e., their characteristics and structural competitive advantages. Regarding the latter, we've attempted to apply the lessons of value investing texts such as *Value Investing: From Graham to Buffett and Beyond* by CBS Prof. Bruce Greenwald et al, which we read over the summer. We are also grateful for our conversation with Bob Smith '87, who encouraged us to think in bets, own bargains as well as quality, and invest in ideas that are exciting and educational.

Our outlook since taking over the fund on April 1st has been marked by caution, and as a result so has our portfolio. While we believe in a bottom-up approach as value investors, we cannot and do not ignore the unique macro environment, especially after taking Prof. Frank Warnock's Global Financial Markets course (fourth academic quarter of first year). We are skeptical of current expectations of future rate cuts coming as soon as the middle of next year and are skeptical of the summer and fall market rallies. In our view, the summer rally was narrowly associated with speculation around generative artificial intelligence and narrowly enjoyed by a few associated "magnificent" names, while the fall rally was narrowly associated with some recent data suggesting the economy is cooling off just enough for a "soft landing." Both seem precarious.

**Portfolio Adjustments**
Our priority upon inheriting the fund in the spring was to shed the names we felt were some combination of "Misfit, Too Hard, or Underperformer," both to simplify the fund and augment our cash / short-term fixed income weights. In terms of second quarter sells and their subsequent performance as of this writing on 12/1/23: BlackStone 25.5%, CVS (4.4%), NextEra Energy (23.0%), Bayer (38.9%). In Q4, we exited Carrier, Citigroup and Pfizer. Performance aside, we sleep better at night not owning and tracking these companies. We also augmented positions in Delta, LVMH, Salesforce, and Waste Management. It's perhaps worth noting that as of this writing, 15 of our 20 significant equities are in the Russell 1000 Value Index, including the two recent investments detailed below.

**Warner Bros. Discovery (WBD)** was our first investment, executed 11/8 after listening to the earnings call that morning and seizing on the day's 19% selloff, attributed to near-term fear around the linear ad market and the writers strike (a resolution was announced that night as luck would have it). We established a position worth ~5% of the portfolio at the time, at $9.75 per share – less than 5x September '23 LTM free cash flow.[1] Shares are trading around $11.30 as of this writing. We will continue to monitor WBD management's ability to execute on its plan to transition the newly unified business's focus from traditional television to streaming, while generating free cash flow, deleveraging, and investing in the growth of its Direct-To-Consumer and Studios segments. If successful, we are confident that over the medium term, WBD's

[1] Compare to Fox trading at ~10x, or Disney and Netflix trading at ~30x (FactSet)

differentiated film, television, news, and sports assets, in combination with the global rollout of the Max platform, will be rewarded in the market and result in significant returns for owners.

**Albemarle (ALB)** was our second investment in November, and our plan is to gradually build a position worth ~3% of the portfolio over the next several weeks. ALB is a U.S. based global developer, manufacturer, and marketer of specialty chemicals, most notably lithium. Its Energy Storage segment accounts for most of its sales and profits, and the segment's major end market is electric vehicles. The most important thing is that global lithium demand is projected to grow at a CAGR of 25-30% over the next several years, while supply is projected to grow at a CAGR of 20%. Moreover, as a vertically integrated, low-cost market leader with a strong balance sheet, ALB is positioned to expand operations during down cycles like the current period, unlike its peers. As of this writing, it is trading in the high single digits on NTM earnings, compared to a ~20x average over the past 5 years. While there's been a lot of pessimistic news of late around reduced EV production / sales projections in the near term – mostly due to higher financing costs and alleged mainstream hesitance to switch from ICE vehicles – we view the current circumstances as an opportunity to own a company essential to the inevitable transition from ICE to EV. And at a very attractive price.

Going forward, we aim to hand off a fund in April 2024 with fewer than twenty companies, comprised of both quality and bargain names that are good fits, understandable, and poised to perform. To do so, we will pitch at least four more buy ideas (each of which should be 3-5% positions depending on conviction) over the interim and sell existing names as needed to remain concentrated. The benefits of this level of concentration are two-fold: (1) portfolio managers are better able to learn and track their assigned companies; and (2) buy recommendations are consequential to the fund, forcing PMs to be more selective and diligent.

Thank you for taking the time to read this update.




Sincerely,

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# MONTICELLO FUND

To Our Friends and Partners,

It is a great privilege to take over as portfolio managers of the Monticello Fund this Academic Year. My name is Jong Sheng Ong, and I am the new Senior Portfolio Manager, supported by my team: Feyi Ilemore, Mikheil Nakashidze and Devin Waddell. We look forward to the challenge of navigating a unique period of economic uncertainty as we emerge from a post-pandemic world.

Our aim is to continue the good work done by our predecessors, which was to trim the number of companies in our portfolio to result in more concentrated positions and to increase exposure to more international names (given our global mandate). We inherited a portfolio of twenty-six names and have since gradually trimmed this to twenty-two as of the end November 2023, with a target of twenty names by the end of our tenure. This will yield improvements in the level of attention we can allocate to each investment position, resulting in clearer and more targeted strategic decisions. Around 70% of our current portfolio is made up of positions in United States-domiciled names, while from a geographical revenue exposure perspective, around 40% of revenue is from the United States. Our goal is to continue diversifying and increasing our exposure to international names, which should also reduce potential overlaps with other funds.

*GLOBAL MARKETS OVERVIEW*

In October, the IMF provided a baseline forecast for global growth to slow down from 3.5% in 2022, to 3.0% in 2023 and 2.9% in 2024, well below the historical (2000 – 2019) average of 3.8%. Advanced economies are expected to grow only 1.4% in 2024 as policy tightening starts to bite, while emerging markets and developing economies are expected to fare better with a 4.0% growth in 2024. Despite the disruption caused by war, and the unprecedented tightening of global monetary conditions taken by central banks to combat decades-high inflation, the global economy has slowed, but not stalled, even though there are growing global divergences. Within advanced economies, the United States has shown resilient consumption and investment. Many emerging market economies proved quite resilient and surprised on the upside, with the notable exception of China, facing growing headwinds from its real estate crisis and weakening confidence as investors brace for any potential global spillovers.

*PERFORMANCE OVERVIEW*

As of 30 September 2023, the Monticello Fund's market value stood at $5.7 million and has outperformed its benchmark – since 31 March 2023, we delivered a return of 4.15%, versus the MSCI ACWI's return of 3.02% over the same period. The five largest contributors to fund performance during this period were Alphabet, Microsoft, Berkshire Hathaway, Shell, and Halliburton. The average portfolio weight of these holdings in aggregate was 21.72%. Our technology and oil and gas exposures were able to offset the underperformance of our healthcare and consumer non-durables investments. We are currently in the process of rebalancing our healthcare position as we move away from names that benefited from the pandemic to those with longer-term thesis and increase our positions in companies that have strong competitive moats in their respective industries.

*FUTURE OUTLOOK*

Despite the resilience shown by the global economy to date, there are signs that the rebound is fading. Pandemic-era savings which have so far supported vast majority of consumer spending, are declining in advanced economies as consumers have turned more cautious and have made fewer discretionary purchases. The recovery in travel and tourism are showing signs of maturing, with the boost to growth waning. The ongoing housing crisis in China remains a serious drag on the world's second largest economy. Even as central banks have taken decisive action, inflation remains above target in almost all economies with an inflation target. Medium-term prospects for economic growth remain the lowest in decades, with middle- and lower-income countries facing a slower pace of convergence toward higher living standards.

Regional Snapshot

- **United States** – The U.S. economy exceeded estimates and grew at a 5.2% annualized rate in the third quarter, but momentum appears to have since waned as higher borrowing costs curb hiring and spending by companies. Retail sales fell in October for the first time in seven months, while fourth-quarter spending is expected to remain tame, with warnings from top retailers such as Walmart that households are starting to pull back. Economy activity in both the services and manufacturing sectors have also slowed, while the job market has cooled recently. The Federal Reserve has also indicated that it will move cautiously with borrowing costs at a 22-year high but retain the option to hike further.

- **Eurozone** – Annual inflation in the Eurozone cooled to 2.4% in November, from 2.9% in October, with core inflation also coming in lower than expected. While the cooling headline inflation is proving relief to household and firms, central bank officials are cautiously monitoring for signs of potential pressures from wage increases and energy markets. The outlook for Europe is for a soft landing, though recovery will vary across countries. Growth spillovers from outside of Europe are expected to remain limited, as stronger US growth is offsetting sluggish growth in China. Structural shifts from geopolitical fragmentation continue to compound Europe's persistent growth and convergence problems which predate the pandemic.

- **China** – Defaults by Chinese borrowers have surged to record highs since the pandemic, highlighting the depth of the country's economic downturn as obstacles to a full recovery pile up. Manufacturing activity contracted for the second month in November, indicating weakening momentum despite a better-than-expected gross domestic product growth of 4.9% in the third quarter. While the authorities have issued a wide-ranging basket of policies to stop the downward spiral in the property sector from derailing growth and endangering financial stability, investors are expected to remain cautious as they wait for signs of domestic crisis abating.

*PORTFOLIO ADJUSTMENTS*

**Upsized: Walmart (WMT), September 2023**
We increased our position in WMT given its position as a market leader with steady cashflows and more inflation-resilience business, as we look to build our exposure to defensive stocks.

**Upsized: Alphabet (GOOGL), October 2023**
Despite its recent results reporting a weaker than expected Cloud business, we further increased our position in GOOGL as we believe the fundamentals of the business remain attractive and the company will be a beneficiary of the increased artificial intelligence adoption and potential interest rates cuts.

**Upsized: Halliburton (HAL), October 2023**
We increased our position in HAL as we expected historical underinvestment in the oil and gas segment to pick up substantially, owing to strong crude oil prices. The company reported improved margins and had a track record of returning sizeable amounts of capital back to shareholders.

**Buy: Novo Nordisk (NVO), November 2023**
We initiated a position in NVO given its market leading positions in obesity and diabetes care, and to take advantage of the increased focus in these segments owing to news around Ozempic and Wegovy. We also are in the process of moving away from healthcare names that benefitted from the pandemic to companies that have longer term investment theses.

**Buy: LVMH Moet Hennessy Louis Vuitton (LVMUY), November 2023**
We initiated a position in LVMUY given the recent share price decline and its relative valuation discount provided an attractive entry point to gain exposure to a diversified, luxury goods company. Historically, LVMUY has been defensive to

economic fluctuations.

**Trimmed: Deere & Company (DE), September 2023**
We reduced our holdings in Deere & Co as the substantial share price appreciation to date represented an opportunity to realize gains and to reduce the portfolio's concentration in industrial manufacturing. We also expect a slowdown in farmer payrolls due to economic uncertainty.

**Sold: AstraZeneca (AZN), April 2023**
We sold our position in AZN as the company benefited primarily from the pandemic and substantial revenue uplift would have largely played out, with limited upside expected. The tapered demand for vaccines would likely pose revenue headwinds.

**Sold: Roblox (RBLX), April 2023**
We sold our position in RBLX due to limited upside given the expected revenue slowdown due to pandemic demand waning, declining daily average user spend, and widening losses.

**Sold: Disney (DIS), October 2023**
We sold our position in DIS given headwinds on multiple fronts including slowing subscriber growth, political pressure, growing competition from other streaming platforms and continued underperformance of recent content.

**Sold: Pfizer (PFE), November 2023**
We sold our position in PFE given the decline in its vaccination revenue post pandemic, and uncertainty around the expected synergies from its Seagen acquisition. Its valuation has substantially lagged as global markets transition away from a pandemic environment.

**Sold: TotalEnergies (TTE), November 2023**
We sold our position in TTE as we sought to lower the fund's exposure to oil and gas given an existing holding in Shell (SHEL) and look to diversify our holdings.

**Sold: Philip Morris (PM), November 2023**
We sold our position in PM as we expect slower growth over the long term due to increasingly health-conscious consumers and policy enactments from various governments to reduce consumption of tobacco.

*CLOSING REMARKS*

We look forward to making the most of the learning experience that presents itself to us in the coming months as we manage the Monticello Fund and plan for our successors to take over. We are grateful for this opportunity and encourage our followers to reach out with any questions.

   

Sincerely,
Jong Sheng Ong
SPM Monticello Fund
Darden Capital Management
OngJ24@darden.virginia.edu

# ROTUNDA FUND

To our Friends and Partners,

As of September 30th, 2023, the Rotunda Fund has returned (0.78%) since April 2023. This represents an under-performance of 596 bps relative to our benchmark, the S&P 500, over the same period. Our positions in Alphabet Inc +26.8%, Accenture PLC +8.3%, and Cyberark +10.7% contributed the most to our overall return, with an aggregate weight of 21.7% of the fund. Our largest detractors from overall return have been Ulta Beauty (26.8%), Enphase Energy (42.9%), and Target Corp (31.9%), with an aggregate weight of 9.7% of the fund. Compared to our benchmark, the fund is currently 7.7% and 5.8% overweight in the Consumer Discretionary and Information Technology sectors, respectively.

The fund's underweight to technology and growth stocks in the first half of the year coupled with its overweight to retail names have been the primary drivers of underperformance. Coming out of the summer months, we repositioned the portfolio in anticipation of interest rates reaching their terminal level. We have therefore taken steps to increase our exposure to growth stocks in which we have a high degree of conviction regarding our investment theses. Even with the increased exposure to growth names in the portfolio, we remain vigilant about allocating to positions we believe are trading below their intrinsic value—our portfolio price-to-earnings ratio is at 23x compared to 22x for the S&P 500. With that said, looking forward, we are focusing on consolidating the number of holdings in the portfolio, defining core positions, risk-weighting opportunistic names, and enhancing our monitoring of overlap.

The fund's strategy prioritizes understanding the fundamental aspects of companies in both the short and medium term, while simultaneously striving to identify investments that have the capability to excel beyond their competitors, partly due to their adept management of ESG (Environmental, Social, and Governance) risks and the ability to leverage opportunities related to sustainability. We are of the opinion that the significance of these risks and opportunities in financial terms will become increasingly evident in the medium to long term, enhancing the fund's potential to surpass market performance during this period. In alignment with this approach, the fund adopted formal guidelines in May 2022 for incorporating ESG considerations into its investment decision-making process. We are pleased to offer this document for review upon request.

Below, I provide further details on the trades we have executed since April 2023.

## Portfolio Adjustments

**Buy: Enphase Energy (ENPH), May 2023**

Enphase Energy stands at the forefront of the solar energy technology sector, distinguished as a pure play company. It boasts a diverse customer base and multiple revenue streams across both the U.S. and international markets, capitalizing on the burgeoning growth of the global solar energy industry. Renowned for pioneering microinverter technology, Enphase offers numerous benefits over conventional string inverters. This technological edge has catapulted the company to a dominant position in the U.S. residential solar market, where it commands an impressive 86% market share. The company's robust technology serves as a formidable barrier to competition, coupled with high switching costs for its customers. Additionally, governmental tax incentives further bolster its market standing. These factors collectively contribute to Enphase's exceptional profitability and a Return on Invested Capital (ROIC) that outpaces all its competitors, reinforcing its status as an industry trailblazer.

**Upsized: Alphabet Inc (GOOGL), May 2023**

Expansive dominance in digital advertising, cutting-edge innovation in AI and technology, broad product ecosystem, and growth in cloud services highlight its strong investment appeal.

**Upsized: Microsoft (MSFT), May 2023**

Robust financial performance, diversified product portfolio, leadership in cloud computing through Azure, strong enterprise presence, and ongoing innovation underscore Microsoft's solid investment potential.

**Upsized: Amazon (AMZN), May 2023**

Established presence in E-Commerce sector, paired with expanding opportunities in product search and cloud services, signals a promising outlook.

**Upsized: Ulta Beauty (ULTA), May 2023**

Despite recent fluctuations, Ulta Beauty's strategic market positioning, robust loyalty program, diverse product offerings, and successful omnichannel presence reinforce its potential to sustain its leadership in consumer and retail.

**Upsized: Cyberark (CYBR), May 2023**

Cyberark maintains a strong foothold in the Privilege Access Management (PAM) space and will continue to benefit from the recent transition from a perpetual licensing model to a subscription model.

**Upsized: Salesforce Inc (CRM), May 2023**

Pioneering role in cloud-based CRM solutions, continuous innovation, expanding product suite, and strong customer base bolster confidence in its enduring leadership in the enterprise software industry.

**Upsized: PPG Industries Inc (PPG), September 2023**

Strong evidence for favorable trends in input costs leading to margin recovery; dis-proportionate revenue concentration in recession-resilient end-markets; lower resource dependence and more robust ESG risk management processes than peers; tactical strategy to capture sustainability-related revenues with commensurate capex, SG&A.

**Upsized: JP Morgan Chase & Co (JPM), May 2023**

Instability in the banking sector will benefit JPM as customers pursue the safety of larger banks, volatility due to recession concerns and interest rate uncertainty provided an opportunity to enter at a discount; JPM’s strong balance sheet and competitive position leave it well-positioned to weather a downturn.

**Trimmed: Johnson & Johnson (JNJ), September 2023**

Optimistic about the company's trajectory; aligned with our portfolio refinement approach, we've recalibrated JNJ’s weighting to 4%, ensuring it's not a dominant position.

**Trimmed: Waste Connections Inc (WCN), September 2023**

Positive on WCN's outlook; aligned with our portfolio refinement approach, we've recalibrated WCN's representation to 4%, ensuring it's not a dominant position.

**Sold: PayPal Holdings Inc (PYPL), September 2023**

Executed a strategic exit from the position in response to a myriad of challenges: declining active account numbers, increasing saturation in the payments sector, compressing transaction margins, and significant leadership turnover.

**Sold: VMware Inc (VMW), May 2023**

Overlap in the portfolio coupled with consolidation efforts supported the decision to exit the position.

**Sold: Deere & Co (DE), September 2023**

Exited the position as the post-pandemic surge in pent-up demand has subsided, with farmers reducing expenditure in response to preemptive growth and rising interest rates, thereby diminishing the company's growth prospects.

**Sold: CBRE Group (CBRE), May 2023**

Elevated interest rates and the persisting trend of remote work created headwinds, tempering the growth forecast for the commercial real estate sector.

**Sold: Target Corp (TGT), September 2023**

Exited position due to diminishing operating margins driven by wage inflation and bloated inventories, loss of pandemic market share without a recovery strategy, overvaluation concerns, and broader retail challenges, including store closures and in-store theft impacting earnings.

**Sold: Essential Utilities Inc (WTRG), May 2023**

Divested from Essential Utilities amid concerns over its inability to translate earnings into cash flow, exacerbated by significant capital expenditures and acquisitions, high debt burden, share dilution, and an overall overvalued market position, warranting a strong sell rating.

**Sold: Fortrea Holdings Inc (FTRE), September 2023**

Held name due to spin off from Laboratory Corporation of America; exited the name to align with our portfolio consolidation efforts.

**Sold: Montrose Environmental Group Inc (MEG), May 2023**

Divestment decision supported by its overvaluation and comparative decline in growth trajectory within the industrials sector.

In conclusion, I extend our team's heartfelt gratitude to Darden, DCM, and the Board of Trustees for granting us the privilege to be part of this enriching experience. Your continued trust, support, and dedication are deeply appreciated. We are always open to your questions and suggestions and eagerly anticipate keeping you informed about our ongoing progress.

Sincerely,

Alex Hassan
SPM Rotunda Fund
Darden Capital Management
HassanA24@darden.virginia.edu

# FEATURED INVESTMENTS

## Moonpig Group (LSE: MOON)
## TARGET PRICE: GBP 2.14

**Abanikash Rayaji– Cavalier Fund**

| Company Data | |
|---|---|
| Price (12/5/23) | GBP 1.59 |
| 52 Week High-Low | GBP 1.91-GBP 1.02 |
| Market Cap | GBP 544M |
| Enterprise Value | GBP 711M |
| EV/EBITDA | 8.5x |

**Business Description:**
Moonpig is the market leader in the online greeting card market in the U.K. (Moonpig.com) and the Netherlands (Greetz), with 68% and 67% market share, respectively. The firm has over 13 million active users making over 39 million orders annually. The firm is also a significant player in the card-attached gifting market, with gifting accounting for close to 50% of the total revenue. Additionally, the recent acquisition of Buyagift provides Moonpig entry into the U.K. gift experience market. The firm's business is characterized by high margins, a loyal customer base, and a highly flexible and efficient operating model delivering positive operating leverage. The growing online card market, large card-attached gifting market opportunity, and company-specific moat will support Moonpig's mid-double-digit revenue growth in the medium term.

**Executive Summary:**
Moonpig is an example of a special situation holding that Cavalier fund takes opportunistic position in. Moonpig is an online greeting card and gifting company, which significantly benefitted from the COVID-19 boost. Once the COVID benefits receded, the revenue declined and future prospects of the firm were uncertain, leading to a stock price correction (-78%). However, since its inception in 2000, Moonpig has built competitive advantages that would help re-accelerate its revenue growth. Further, the firm's efficient and flexible operating structure will help manage its profitability. Historically, Moonpig has been successful in executing on these factors, the COVID reset had created an attractive investment opportunity. The fund invested in Moonpig in May of this year, and the company has returned 23% to date. The firm recently reported half-yearly earnings, re-iterating their guidance, and we continue to hold conviction in the name.

**Investment Thesis:**
- **Large Market Opportunity:** Moonpig's strong competitive advantages will help capture an increasing share of a growing U.K. and Netherlands single greeting card market of £2 billion and fragmented £24 billion card-attached gifting market. The secular shift to online shopping will also act as a tailwind.
- **Strong Revenue Growth Drivers:** Moonpig's top-line growth is driven by its strong customer acquisition through a card-first strategy, increasing order frequency through data-driven personalization and event reminders, and increasing average order value through increasing the gift attach rate.
- **Strong Competitive Advantages:** driven by large customer database, enhanced product range, and scalable technology platform
- **Efficient and flexible operating model:** that adapts to changing environments
- **Large medium- to long- term opportunity:** to expand internationally (U.S. and Australia)

**Risks:**
- The retention rate and order frequency of customers acquired during COVID declines more than expected. High inflation and economic downturn might also impact consumer behavior, leading to reduced top-line growth.
- Increased competition may necessitate higher marketing and operations spending, which might lead to a decrease in profit margins
- Cyber-attack leading to a personal data breach can hurt company brand value, which might, in turn, lead to revenue

decline

## Valuation:

| DCF 3-Stage<br>For the Fiscal Period Ending | FY 2022A | FY 2023E | FY 2024E | FY 2025E | FY 2026E | FY 2027E | FY 2028E | FY 2029E | FY 2030E | FY 2031E | FY 2032E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **304.3** | **321.5** | **348.7** | **399.2** | **456.9** | **523.2** | **586.0** | **644.6** | **696.1** | **737.9** | **767.4** |
| *Growth %* | *-17.3%* | *5.7%* | *8.5%* | *14.5%* | *14.5%* | *14.5%* | *12.0%* | *10.0%* | *8.0%* | *6.0%* | *4.0%* |
| **Operating Profit (EBIT)** | **48.9** | **44.2** | **62.4** | **79.8** | **96.8** | **114.3** | | | | | |
| *Growth %* | | *-9.7%* | *41.2%* | *27.9%* | *21.3%* | *18.1%* | | | | | |
| *Operating Margin %* | | *13.7%* | *17.9%* | *20.0%* | *21.2%* | *21.9%* | | | | | |
| **NOPAT** | **40.4** | **33.6** | **46.8** | **59.9** | **72.6** | **85.7** | | | | | |
| (+) D&A | | 25.0 | 23.4 | 22.0 | 19.7 | 19.1 | | | | | |
| (-) CAPEX | | 28.0 | 17.6 | 17.6 | 17.6 | 17.6 | | | | | |
| (-) Change in NWC | | (2.8) | (1.8) | (2.5) | (2.7) | (3.4) | | | | | |
| **FCF** | | **33.4** | **54.5** | **66.7** | **77.4** | **90.6** | **99.6** | **109.6** | **118.3** | **125.4** | **130.5** |
| *FCF Margin %* | | *10.4%* | *15.6%* | *16.7%* | *16.9%* | *17.3%* | *17.0%* | *17.0%* | *17.0%* | *17.0%* | *17.0%* |
| **Disc Factor** | | 1.0 | 0.9 | 0.8 | 0.7 | 0.6 | 0.5 | 0.5 | 0.4 | 0.4 | 0.3 |
| **PV of FCF** | | 33.1 | 47.9 | 52.2 | 53.8 | 56.0 | 54.7 | 53.5 | 51.4 | 48.4 | 44.8 |

| DCF 3-Stage | |
|---|---|
| Terminal Growth Rate | 2.0% |
| WACC | 12.5% |
| Terminal Value | 1,267.3 |
| PV of FCF | 495.8 |
| PV of TV | 434.8 |
| **EV** | **930.6** |
| Debt | 229.8 |
| Cash | 40.1 |
| **Equity Value** | **740.9** |
| Shares Out | 342.1 |
| **Share Price** | **2.17** |
| Current Price | 1.37 |
| Upside | 58.1% |

# DIGITAL REALTY TRUST INC (NYSE: DLR)

**Patrick Kearney – Colonnade Fund**

| Company Data | |
|---|---|
| Price (12/5/32) | $138.68 |
| 52 Week High - Low | $86.33 - $139.35 |
| Market Cap | $42.00B |
| Enterprise Value | $59.67B |
| Price Initiated | $95.54 |

**Business Description**

Digital Realty brings companies and data together by delivering the full spectrum of data center, colocation and interconnection solutions. The company's global data center platform, provides customers with a secure data "meeting place." Digital Realty gives its customers access to the connected communities that matter to them with a global data center footprint of 300+ facilities in 50+ metros across 28 countries on six continents.

**High Level Commentary**

DLR is strategically rebranding to reflect a more cohesive service-based company that speaks to the array of product offerings beyond the physical data center. The company also has an investment grade balance sheet and an attractive international footprint that is unrivaled among other data center REITs. They remain a durable bellwether in the data center space and are being carried by increased need for cloud and AI capacity. We purchased this stock for $95.54 in May 2023.

**Recent Key History of Firm**

- **2019:** Acquired European Data center Interxion for $8.4B
- **2022:** Acquired a 55% stake in Teraco Data Centres, a leader in Africa
- **July 2023:** DLR announces joint venture with Brookfield Infrastructure for development in India
- **September 2023:** DLR expands into Mediterranean with development of new colocation and connectivity hub in Rome
- **September 2023:** DLR signs deal with EU Sovereign Cloud to provide data center services

**Revised Investment Thesis**

1. **Global Footprint:** High barriers of entry for enterprise and hyperscale solutions especially globally. Locations are strategic on major aggregation points with their physical presence being near major telecommunications service providers.
2. **High Quality Customers:** Customers are sticky, diversified, high quality and global. DLR data centers are in high demand areas, with high occupancy and robust customer retention. Global Data Center campuses have created connected data communities.
3. **Increasing Demand:** Covid only accelerated the rate of global digital transformation. New use cases such as (5G, VR, AR, etc.) increase the need for IT outsourcing. Co-location and interconnect demand remain strong and only strengthening with mainstream AI.
4. **Strong Balance Sheet:** DLR is deleveraging its balance sheet to remain competitive for future accretive investment opportunities. Its higher credit rating (BBB) also gives it a lower cost of capital compared to its competitors.

**Risks**

1. Large customers like Amazon insource their data centers and demand drops.
2. Technological changes in the industry require new large capital expenditures to retain customers.
3. Regulatory barriers persist in certain regions due to energy usage and noise concerns.

# CLARIVATE PLC (NYSE: CLVT)
# TARGET PRICE: $12.00

**Kate Grusky – Darden Fund**

| Company Data (as of 11/08/2023) | |
|---|---|
| Price | $6.87 |
| 52 Week High-Low | $6.07 – $11.99 |
| Market Cap | $4.6B |
| Enterprise Value | $10.5B |
| EV/EBITDA | 9.2x |

**Business Description**

Clarivate is the leading global information, analytics, and workflow solutions company serving various end markets including academia, government, life sciences and healthcare. The company operates through three segments: Academia and Government, Life Sciences and Healthcare, and Intellectual Property. Clarivate was formerly the Intellectual Property and Science division of Thomson Reuters. In 2016, Thomson Reuters spun the segment out as an independent company and sold it to private-equity firms Onex Corporation and Baring Private Equity. In 2019, Clarivate merged with Churchill Capital Corp. (SPAC) and began trading on NYSE. Clarivate Plc was founded in 1864 and is headquartered in London, the United Kingdom.

**Executive Summary**

Clarivate is a prime example of the companies we target in the Darden Fund. It is a leader in a niche, but growing market, that is trading at an attractive valuation. Clarivate products are market leaders within the markets they serve. For example, Clarivate's flagship product in the Intellectual Property segment is Derwent. Derwent is used by R&D professionals and lawyers to monitor patent filings, search existing patents, and analyze data to support R&D. The product is powered by a proprietary database, which represents about 92% of all patents published globally. It is the market leader, and we believe global spending on R&D is likely to continue to grow. We believe the areas in which Clarivate operates have a high barrier to entry. Another competitive advantage is customer stickiness, as evidenced by renewal rates north of 90%. Additionally, the company is currently trading at the lowest multiple since its debut in public markets in 2019. We believe the sell-off is a result of missteps in the M&A department as well as the turnover of shareholders that tends to occur for companies merging with SPACs. While there are certainly risks, we believe the longstanding leadership position is proof of strong competitive dynamics and current valuation presents an asymmetric risk profile.

**Investment Thesis**

1. *Market Leader in Niche, Growing Markets*
   a. **Academia & Government:** ~$7B SAM with ~4% long term growth expectations stemming from growing research funding and increasingly multi-disciplinary fields as well as a growing complexity in the academic operating model
   b. **Life Sciences & Healthcare:** ~$5B SAM with ~10% long term growth expectations driven by accelerating HC data proliferation and demand for evidence as well as increasing regulatory and market access requirements
   c. **Intellectual Property:** ~$5B SAM with ~6% long term growth expectations on the heels of increasing patent/trademark filings as well as growing R&D spending to drive innovation

2. *High Barriers to Entry*
   a. Clarivate's platforms combine proprietary data/content, workflow software, data analytics, and human expertise that would be difficult to replicate
   b. Decades of experience and data curation is core to Clarivate's competitive advantage and ability to provide customized solutions to a vast array of customer types
   c. Over 1,800 people clean, analyze, and classify unstructured data, which creates further barriers to entry for potential competitors

3. *High Switching Costs*
    a. Clarivate's tools are essential to customers' work and embedded within customers' workflows with majority of solutions being subscription-based resulting in 80%+ of revenue being recurring in nature
    b. Top 50 customers by revenues have an average lifespan of over 15 years
    c. Clarivate's businesses have shown resilience through economic cycles and shocks including the maintenance of annual renewal rates above 90% for key products during the pandemic

**Risks**

1. **Elevated Debt Levels (5.1x Debt/ LTM EBITDA) –** The leverage exposes the company to increased levels of risk and increased interest payments, particularly in an environment of rising rates. During the ProQuest acquisition, Clarivate assumed $1B of debt. And in the CPA acquisition, Clarivate assumed $1.9B of debt.
    a. *Mitigant:* The company has been paying down debt. For example, when Clarivate disposed of MarkMonitor in 2022, it used the proceeds to pay down floating rate debt outstanding. In the company's 2023 investor presentation it lays out a plan to reduce debt to less than 3x by the end of 2025.
2. **Improved Accessibility to Free Data Sources** – A lot of the data in Clarivate's databases is acquired from third-party sources. If those sources, such as the US government patent office, make their websites/data more accessible and analyzable by the public, customers may cut out Clarivate and go directly to the source.
    a. *Mitigant*: Clarivate not only provides the data to its customers, but it also incorporates analytical tools, citing tools etc. that can be embedded into a customer's workflow. This improves the stickiness of the relationship and makes it harder to disintermediate. Consolidators of data are valuable (e.g. Bloomberg Terminals).
3. **New Management Team/Execution** – While Clarivate has been in operation for decades, the management team and management structure are relatively new. For example, the CEO has been at the company for about a year, and the heads of the Academia & Government LOB and Life Sciences and Healthcare LOB have each been at the company for less than a year. Further the acquisitions require strong execution to properly integrate. It remains to be seen whether this team can execute.
    a. *Mitigant*: While the team has not worked together in these positions for a long period of time, each executive has significant operating experience and industry expertise that they bring to the company.

| Scenario | Price | Upside to Current Price | Description |
|---|---|---|---|
| Bull | $16.20 | 135.8% | 1. Revenue growth reaches industry growth rates<br>2. Margin expansion due to cost savings and acquisition synergies<br>3. Slight multiple expansion (13x EBITDA multiple vs. ~10x EBITDA today) |
| Base | $10.80 | 57.2% | Average of Bull and Bear case assumptions |
| Bear | $6.50 | -5.4% | 1. Revenue growth significantly below industry growth rates (1% A&G, 3% LS&H, 2% IP)<br>2. No margin expansion from cost savings or acquisition synergies<br>3. Multiple compression (8x EBITDA multiple vs. ~10x EBITDA today) |

## ALBEMARLE CORP (NYSE: ALB)
## TARGET PRICE: $193

| Company Data | |
|---|---|
| Price (12/1/23) | $126.16 |
| 52 Week High-Low | $112.00 - $293.01 |
| Market Cap | 14.8B |
| Enterprise Value | 17.4B |
| P/E (NTM) | 8.8 |

**Naveen Reddy – Jefferson Fund**

**Business Description**

Albemarle Corporation is a global developer, manufacturer, and marketer of specialty chemicals. The Company operates through three segments: Energy Storage, Specialties, and Ketjen. It ranks among the top 2 companies in both Energy storage and Specialties industries and is positioned to capitalize on the opportunity in electric vehicles and beyond.

**Executive Summary**

Albemarle -- a top global lithium producer -- appears perfectly positioned to benefit from the long-term, structural step-change in lithium demand as global trends toward electrification and renewable energy accelerate. Its large, low-cost resource base will be leveraged to support aggressive lithium conversion-capacity expansion targets through 2027, helping to meet growing customer demand in its increasingly important Energy Storage business. Current market conditions, including softening lithium prices and demand uncertainties, particularly in China, pose challenges for Albemarle's short-term financial performance. These factors have led to lowered EBITDA and revenue forecasts for 2023 and beyond, leading to the stock falling 64% YTD. Despite short-term headwinds, Albemarle's long-term growth prospects remain intact.

**Investment Thesis**

1. **Energy storage business is Albemarle's long-term growth engine**
   Albemarle's Energy Storage segment -- expected to be about 75% of consolidated sales and nearly 90% of adjusted EBITDA in 2023 -- is levered toward lithium and represents the company's near and long-term growth engine. Current estimates put global lithium demand at 3.3MMT in 2030, growing at 25% CAGR, while supply is expected to grow at 20% CAGR to 2.7MMT.
2. **ALB has high-quality low-cost assets and plans meaningful capacity expansion**
   Albemarle's increased investment in its resource and conversion assets reflects its commitment to drive its capacity 2-3x times higher by 2030. Albemarle’s strategy to remain vertically integrated from resources to advanced materials, including battery-grade lithium carbonate and hydroxide, makes sense given its world-class resource base. Its access to flexible, large, low-cost resources will help support its 2030 500,000-600,000 metric ton LCE conversion-capacity target.
3. **EV market share depends on who has access to lithium**
   There are only a few companies in the market that have the resources, technical expertise and historical track record of producing customer-qualified, battery-grade lithium carbonate and hydroxide. Albemarle is one of Them and will be, we think, a sought-after partner among automotive OEMs.
4. **Ability to weather short-term headwinds**
   Clear strategy with a disciplined operating model, Balance sheet capacity, and Variable heavy contract structure help ALB navigate any short-term headwinds.

**Risks**

1. **Substitution risk**
   Can lithium be substituted? Most grid storage applications have a queue of more or less developed technologies that could do the task: vanadium redox flow, zinc-air, sodium sulphur, sodium nickel, and so on. However, there is currently no substitute for lithium to meet the demands of the mobility sector. The only potential alternative is sodium ion, which, when fully ready for use, will only be able to tackle low-performing applications. Given the foregoing, there is little risk of lithium demand decreasing by 2030.
2. **Exposure to and dependence on China**
   Currently battery supply chain is dominated by China and is by far the biggest destination for global lithium supply for conversion and use in battery cells. This could change in the medium-long term given the initiatives and restrictions of IRA and protectionist environment around the world. The majority of the lithium reserves are outside China and

investments are being made to build conversion capacity outside China.

3. **New technologies enabling new supply**
   While the impact of new technologies like DLE is considered in the demand–supply analysis, significant improvements in the current technology can add new supply to the mix and shift the balance towards excess supply leading to price cuts.

## NOVO NORDISK SPONSORED ADR (NYSE:NVO)
## TARGET PRICE: $115.76

| Company Data | |
|---|---|
| Price (12/4/23) | $100.92 |
| 52-Week High/Low | $105.69 / 62.41 |
| Market Cap | $454.8B |
| Enterprise Value | $453.0B |
| EV/EBITDA | 30.9x |

**Jong Sheng Ong – Monticello Fund**

**Business Description**

Denmark-based global healthcare company, which holds a more than 30% market share in diabetes treatment and more than 40% market share of the global insulin market. Notable treatments under its portfolio include Wegovy (for obesity) and Ozempic (for diabetes).

**Executive Summary**

NVO is the market leader in the growing diabetes and obesity market that remains significantly untapped. With popular treatments Wegovy and Ozempic in high demand globally, the company has been recording strong earnings growth and margin improvement and is well positioned to capitalize on the growing focus towards addressing obesity.

**Investment Highlights**

*1. Growing diabetes and obesity market that remains significantly untapped*
Diabetes is a growing $1 trillion epidemic and is expected to affect approximately 784 million people by 2045 (currently 537 million). Obesity is expected to impact 1.9 billion adults by 2035, with the global economic cost to exceed $3 trillion in 2023 and $18 trillion by 2060. Only close to 15% of people are in good control of their diabetes, and approximately 2% of people are medically treated for obesity, representing a significant untapped market.

*2. Clear market leader with proven products and track record of drug development*
Novo Nordisk is the market leader in GLP-1 treatments with proven treatments such as Ozempic and Victoza. Wegovy is a sister drug to Ozempic that uses the same formulation but in different dosages specifically for obesity. Headline results in a drug trial for obesity was highly successful in August 2023, with a separate drug trial stopped early in October 2023 based a recommendation by an independent committee as the interim results were positive and met the pre-specific criteria. The company is looking to further expand its product portfolio in other chronic diseases, while key products only have patent expiration dates beyond 2029, giving the company substantial runway to develop new treatments.

*3. Strong financial profile with potential for further improvement*
The surge in popularity of Ozempic and Wegovy products has resulted in strong revenue growth as the company works through supply constraints to meet growing demand. The company has been recording strong gross, operating, and net profit growth, in addition to improving margins. They have also communicated areas for potential margin improvement, including automation and competitive sourcing, while maintaining a strong focus on research and development. The company has a track record of positive operating cash flows which allows the company to consistently invest in its facilities while returning capital to shareholders through share buybacks and dividends.

**Risks**

*1. Entry of similar drugs for obesity and diabetes by competitors could erode its pricing power and market share*
Faster than expected rollout by Eli Lilly could lead to downside to Ozempic sales in diabetes and/or Wegovy sales in obesity. Eli Lilly recently obtained approval by the FDA for its drug tirzepatide to be used for weight loss. The active ingredient in the drug, tirzepatide, has already been approved for the treatment of Type 2 diabetes under the name Mounjaro since May 2022. The drug is also priced at a discount to Wegovy.

*2. High product concentration risk given GLP-1 medicines have been a significant component of Novo Nordisk's growth*
Novo Nordisk's revenue is highly concentrated in the diabetes and obesity care segments, and any adverse effects

resulting from the use of its treatments, especially Ozempic, Victoza or Wegovy would be detrimental to the company.

*3. Potential slowdown in economic conditions could adversely impact consumer spending on discretionary items*
As Wegovy is currently not covered by insurance and costs more than $1,000 for a one-month supply, prolonged negative sentiment around global economic condition could potentially result in a pullback in discretionary spending by consumers.

*4. Any unscheduled manufacturing downtime would severely impact Novo Nordisk's production capabilities*
Given existing demand outpaces current production capabilities, any unscheduled manufacturing downtime or slower-than expected ramp up in production would hinder the company's ability to meet the surge in demand for its products.

# CYBERARK SOFTWARE LTD (NASDAQ: CYBR)
## TARGET PRICE: $222.99

**Alex Hassan – Rotunda Fund**

| Company Data | |
|---|---|
| Price (12/4/23) | $204.23 |
| 52 Week High-Low | $113.19-$206.05 |
| Market Cap | $8.38B |
| Enterprise Value | $7.72B |
| Price/Sales (LTM) | 12.1x |

**Business Description:**
CyberArk is a global leader in privileged access management (PAM) solutions, providing organizations with critical security tools to protect against cyber threats. Its solutions aim to secure and manage privileged access to sensitive data, applications, and infrastructure, helping organizations prevent cyber-attacks, data breaches, and insider threats. The company's flagship product, the CyberArk Privileged Access Security Solution, is a comprehensive platform that includes privileged account management, session management, threat analytics, and endpoint privilege management. CyberArk's solutions are designed to address the security risks associated with privileged access, such as unauthorized access, lateral movement, and data theft. CyberArk's PAM solutions are used across a range of industries, including financial services, healthcare, energy, and retail. The company also offers solutions tailored to meet the unique needs of cloud environments, DevOps teams, and industrial control systems. In addition to its core product offerings, CyberArk provides professional services, training, and support to help organizations implement and manage its solutions effectively.

**Executive Summary**
CyberArk, a global leader in Privileged Access Management (PAM) solutions, offers critical security tools to protect against cyber threats, particularly in managing privileged access to sensitive data and infrastructure. Their comprehensive product, the CyberArk Privileged Access Security Solution, along with various services, caters to a diverse range of industries including financial services, healthcare, energy, and retail. The company has recently transitioned from a perpetual licensing model to a subscription model, a move showing promising benefits and growth potential. This transition is expected to reduce revenue seasonality and lead to steadier, more predictable revenue streams, though it may initially hinder top-line growth.

| Scenario | Price | Upside to Current Price | Description |
|---|---|---|---|
| Bull | $267.59 | 31.02% | Rising sales growth per management expectations; falling SG&A due to cost reduction initiatives |
| Base | $222.99 | 9.19% | Moderate sales growth with COGS and SG&A levels maintained |
| Bear | $200.69 | -1.73% | Poor sales growth with COGS and SG&A levels maintained |

Despite the crowded cybersecurity market, CyberArk maintains a competitive edge in PAM, which could justify a higher market valuation compared to its peers. This advantage, coupled with the ongoing focus on cybersecurity across businesses, provides strong tailwinds for the company. However, there are risks, including the potential loss of its leadership position in the competitive landscape, reputational damage from any failure to prevent cyber-attacks, the perception of its products as non-essential during financial strains like those experienced in the pandemic, and a heavy reliance on a few key customers for a significant portion of its revenue. Overall, CyberArk stands as a pivotal player in the PAM sector, poised to benefit from current market trends and its strategic business model shifts.

**Investment Thesis**
CyberArk has established a robust presence in the Privileged Access Management (PAM) sector and is poised to capitalize on its strategic shift from a perpetual licensing framework to a subscription-based model. This transition promises to enhance the company's long-term financial stability and market adaptability, thereby reinforcing its competitive edge in the PAM landscape:

1. *Subscription Model Transition:*

CyberArk's shift to a subscription-based model, though a prolonged process, is starting to yield significant benefits. This model is expected to continue growing over time, providing a more consistent and scalable revenue stream.

2. *Markets Overlooking Competitive Advantage:*

CyberArk's prominent position and technological superiority in the Privileged Access Management (PAM) space are not yet fully reflected in its market valuation. This leadership warrants a higher valuation multiple relative to its peers, presenting an undervalued opportunity in the market.

3. *Secular Trends in Cybersecurity:*

The intensifying focus on cybersecurity across various industries creates strong tailwinds for CyberArk. As businesses increasingly prioritize securing their privileged accounts and data against evolving digital threats, the demand for CyberArk's sophisticated PAM solutions is anticipated to increase significantly, bolstering its market position and future growth prospects.

**Risks**

1. *Crowded landscape presents the risk of losing global leadership in PAM*

Competitive landscape is crowded across the overall cyber security space, meaning CYBR faces the risk of losing its global leadership status in privilege access management (PAM).

2. *Headline risk from cyber attack*

If CyberArk's products fail to prevent a cyber-attack, the company could face serious headline risks that could damage the reputation of the company.

3. *Product begins to be viewed as non-essential*

During the pandemic, earnings began decreasing, mainly due to companies cutting costs. Given this occurrence, one could argue that CyberArk's products may be seen as non-essential.

4. *Dependance on a few key customers*

CyberArk relies on a relatively small number of large customers for a significant portion of its revenue. Any loss of these key customers could have a significant impact on the company's financial results.

# RECAP: DARDEN @ VIRGINIA INVESTING CHALLENGE

On November 2nd, Darden Capital Management held the 12th annual Darden @ Virginia Investing Challenge (DVIC). The stock pitch competition was held in conjunction with the 16th annual University of Virginia Investing Conference (UVIC). The competition brought together participants from fifteen top MBA programs from the US and UK, as well as judges from several esteemed investment management companies. The London Company, T. Rowe Price, JPMorgan Chase & Co, Harris Associates Oakmark Funds, and Brown Advisory sponsored this year's challenge.

Some DVIC updates to highlight from DCM CFO, Ana Paola De la Parra, "This year's event was a remarkable success, featuring new schools, new judges, new sponsors, and a new location using the brand-new Forum Hotel by Kimpton. "The DVIC was an exceptional event for DCM, the Darden Community, and the MBA Community as a whole, showcasing the talents and insights of the participating teams. We learned from each other, students and judges had time to network and connect, and we all shared investment knowledge. We look forward to continuing this tradition and nurturing the next generation of investment professionals."

This year's theme was "2023 Financial Markets Reversal: An Opportunity for Secular Growth." The event focused on the potential for long-term growth that is independent of business cycles. Participants were encouraged to choose an investment idea that could be driven by structural changes in an industry or company, such as EV, cloud, e-commerce, AI, renewable energy, or cybersecurity.

This year's winning pitch was PayPal (NASDAQ: PYPL), presented by Mario Stefanidis, Yuli Ma, and Takuro Fuji from Columbia Business School. The runner-up team was from the Tuck School of Business and pitched Deere & Company (NYSE: DE).

All participating schools and their pitches are seen below:
Cornell Johnson -Wayfair (NYSE: W)
Yale SOM -Liberty Formula One (NASDAQ: FWONA)
Kellogg -NextEra Energy Partners (NYSE: NEP)
Wharton -Coursera, Inc. (NYSE: COUR)
London Business School -Team #1-Credo Technology Group Holding Ltd (NASDAQ: CRDO)
University of Rochester (Simon) -Teladoc Health (NYSE: TDOC)
Georgetown McDonough -Etsy, Inc. (NASDAQ: ETSY)
London Business School – Team #2 -New Fortress Energy (NASDAQ: NFE)
Carnegie Mellon Tepper -Williams-Sonoma, Inc. (NYSE: WSM)
Columbia Business School -PayPal (NASDAQ: PYPL)
Darden School of Business -Palo Alto Networks (NASDAQ PANW)
Chicago Booth -Toast, Inc. (NYSE: TOST)
UNC Kenan Flagler -UpWork (NASDAQ: UPWK)
Tuck -Deere & Company (NYSE: DE)
NYU -Gogo, Inc. (NASDAQ: GOGO)

Participating judges:
Dick Mayo – Game Creek Capital, Chairman and Chief Strategist
Peter M. Grant II – Anchormark Holdings, Founding Partner (Darden '86)
Bob Smith – T. Rowe Price Foundation & Darden Foundation, Board Member (Darden '87)
Jason Polun – T. Rowe Price, Director of Equity Research
Charles F. Perkins, CFA - The London Company, Research Analyst (Darden '20)
Jake DuBois – Blue Hawk Investment Group, Founder and Portfolio Manager (Darden '16)
Chad R. Morgan, CFA – Invesco, Institution & RIA Regional Director (Darden '18)
Rachel Gibson –J.P. Morgan Private Bank, Associate Investment Specialist (Darden '21)
Peter Wilson –J.P. Morgan Private Bank, Vice President Banker (Darden '18)

Jeff St. Denis – Vulcan Value Partners, President & CEO ((Darden '04)
George Craddock, CFA – Ranger Global Holdings, Co-Founder & Partner (Darden '10)
Trey Snow – The London Company, Director of Research and Senior Research Analyst
Martin King, CFA –Brockenbrough Inc., Director Private Wealth Management (Darden '19)
Neil Kansari – Sands Capital, Senior Portfolio Manager & Research Analyst (Darden '08)
Jim Koehr –Sorin Angel Capital, Managing General Partner (Darden '13)
Jeff Henriksen – Thorpe Abbotts Capital, Founder and Managing Partner

The University of Virginia Investing Conference (UVIC) began the day after the Darden @ Virginia Investing Conference (DVIC) on November 3rd and continued throughout the day. UVIC brought together leading minds in the industry to explore investing amid geopolitical and economic volatility and the rise of artificial intelligence. Keynote speaker included Former Secretary of Defense Chuck Hagel.


12th Annual
Darden @ Virginia Investing Challenge
Stock Pitch Competition
Jefferson Level Sponsor
The London Company
Cavalier Level Sponsors
$4,500.00
1st Place


12th Annual
Darden @ Virginia Investing Challenge
Stock Pitch Competition
Jefferson Level Sponsor
The London Company
Cavalier Level Sponsors
Brown Advisory
JPMorgan Chase & Co.
T.RowePrice
Harris Associates
Oakmark Funds
Date: November 2, 2023
$1,500.00
One Thousand and Five Hundred 00/100
Dollars
2nd Place

## CLASS OF 2024 LEADERSHIP TEAM BIOS

**Cyrus Nassikas — Chief Executive Officer**
Prior to Darden, Cyrus was a Senior Financial Analyst within the Research & Development division of Twilio, a leading software company in the Bay Area. In this role, Cyrus managed the P&L for Twilio's flagship communications products and partnered with the engineering teams to forecast financial performance and headcount demands. He also held roles within Twilio's go-to-market finance organization, where he provided margin and revenue analysis on customer transactions. Cyrus graduated from Bowdoin College where he was a student-athlete on the Men's Varsity Squash team. This past summer he interned as an investment banking associate at Aeris Partners in their San Francisco office.

**Joseph Martin — Chief Investment Officer**
Prior to Darden, Joseph was a Senior Analyst at Egon Zehnder, managing research teams for international C-suite and board member transitions for Fortune 500 companies in the semiconductor, consumer technology, and emerging technology spaces. Currently, Joseph is in the final year of UVA's JD-MBA program, specializing in transactional securities and M&A law. He previously served as the Chief Investment Officer of UVA Law's student endowment fund, Rivanna Investments, and sits on their investment committee as an advisory member. Joseph graduated summa cum laude from Southern Methodist University with a degree in Political Science. This past summer, he returned to the Dallas office of Baker Botts LLP as a Summer Associate in the Capital Markets and Startup Advisory groups.

**Ana Paola De la Parra — Chief Financial Officer**
Prior to Darden, Ana worked as an Associate Intern at BBVA, Mexico's largest financial group leading the redesign of the digital branch's client relationship model multimillion-dollar investment amidst the COVID-19 crisis. She started her career as a strategic intelligence analyst at CEMEX, a leading global industrials firm, and has held education and nonprofit management roles at Tec de Monterrey and Asociación Gilberto in Mexico. Ana graduated from Universidad de Monterrey with a Bachelor´s in International Finance (Cum Laude) and holds a Master´s in Business Management from EGADE Business School. This past summer, she interned at J.P. Morgan Private Bank in New York City.

**Aditya Das — Chief Operations Officer and Head of Research**
Prior to Darden, Aditya worked at the Valuations team in PwC India as a Senior Analyst. He has also worked as an Equity Research Analyst in the Institutional Equities Division of Motilal Oswal Financial Services India, one of India's largest financial services companies, where he tracked 20+ companies in the Consumer & Retail Industry. Aditya graduated with a Bachelor of Science in Finance from Narsee Monjee Institute of Management Studies in 2017 and is a CFA charterholder. This past summer, he interned at J.P. Morgan's Investment Banking Division in New York.

**Abanikash Rayaji — Senior Portfolio Manager: Cavalier Fund**
Prior to Darden, Abanikash worked with Fidelity Investments primarily as a Fund Research Analyst, performing due diligence on Liquid Alternatives and U.S. Small- and Mid-cap Growth funds. He has also worked in product development at Fidelity Investments, focusing on Alternative Investments products. He has an undergraduate degree in Mechanical Engineering and is a CFA Charter holder. He interned with the Barclays Credit Research team in New York this past summer.

**Allen Tam — Senior Portfolio Manager: Colonnade Fund**
Prior to Darden, Allen worked at Wells Fargo Securities as an Investment Banking Associate on the Fund Finance team, where he helped advise and provide over $15 billion in financing to private equity style funds and other asset managers. Allen started his career in Wells Fargo’s Middle Market Banking Group as an analyst in the Financial Analyst Program. Allen graduated summa cum laude from the University of Texas at Dallas with honors with degrees in Finance and Business Administration. This past summer, he interned in investment banking at Guggenheim Partners’ Private Equity Advisory group working on sell-side M&A for financial sponsor relationships.

**Dillon Baley — Senior Portfolio Manager: Darden Fund**
Prior to Darden, Dillon served as an Associate at Solomon Partners, a leading financial advisory firm with a legacy as one of the oldest independent investment banks, affiliate of Natixis, a French financial services firm owned by a top 20 global bank, Group BPCE. Dillon joined Solomon Partners within the firm’s Energy Group in Houston before transitioning to the firm’s Mergers & Acquisitions Group in New York City. Prior to Solomon, Dillon worked as a financial analyst at BVA Group, a nationally recognized litigation, valuation, and financial advisory firm with offices in Houston and Dallas. He graduated with Honors from The University of Texas McCombs School of Business with a BBA in Finance. This past summer, Dillon interned with WJ Partners, a lower-middle market private equity firm located in Spartanburg, SC.

**Ian Ceraolo — Senior Portfolio Manager: Jefferson Fund**
Prior to Darden, Ian worked in national electoral politics. In the 2022 and 2020 election cycles, he was a senior staffer at two of the biggest independent expenditure groups focused on the U.S. House and Senate, respectively. Earlier in his career, he managed statewide electoral programs in New Hampshire, and served in the Office of the Governor of Virginia. He has dual Bachelors of Science degrees in Economics and Political Science with minors in Statistics, Business Administration, and International Affairs, from Florida State University. This past summer, he interned with the Tech, Media, and Telecom group at Wells Fargo Securities in New York.

**Jong Sheng Ong — Senior Portfolio Manager: Monticello Fund**
Prior to Darden, Jong Sheng served as a Vice President with the Corporate Development team at DBS Group, Southeast Asia’s largest bank, where he focused on executing strategic investments across Asia. He also worked as an investment banker at Deutsche Bank and Standard Chartered Bank in Singapore, advising clients on a range of M&A and capital market transactions. Jong Sheng began his career as an investment associate with Khazanah Nasional, Malaysia’s sovereign wealth fund, where he focused on aviation investments. He graduated from the University of Melbourne with a Bachelor of

Commerce in Accounting and Finance. This past summer, Jong Sheng interned at J.P. Morgan's Technology Investment Banking Division in San Francisco.

**Alex Hassan — Senior Portfolio Manager: Rotunda Fund**
Prior to Darden, Alex was a Portfolio Manager and Investment Analyst at Edge Capital Group, an investment management firm headquartered in Atlanta, GA. In this role, Alex managed assets for ultra-high-net-worth individuals, families, and institutions. He also held a role within Edge Capital's research team, where he provided initial and ongoing due diligence for investment opportunities across multiple asset classes. Alex also worked at Ferguson Ventures, where he led deal flow activity for the corporate venture capital arm of Ferguson Enterprises. Alex graduated from Hampden-Sydney College with a B.A. in Economics and Business. This past summer, he interned with Barclays' Natural Resources Group in New York City as an Investment Banking Summer Associate.

# THANK YOU

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