To Our Friends and Partners,

We would like to thank the Darden School Foundation Board of Trustees and Mayo Center Faculty for this terrific learning opportunity in asset management. DEF is a team of Executive MBA students who seek to enhance the finance experience of the EMBA program and the broader Darden community as we supplement the outstanding work of our residential classmates in Darden Capital Management. Since taking over management of the Sabre Fund from the EMBA class of ‘21 on May 1, 2021, we have completed various stock pitches and hosted distinguished guest speakers from industry, including Andrew Brandon, Managing Director and Portfolio Manager at JP Morgan Asset Management, and Teresa Barger, Co-founder and CEO of Cartica Management.

Our investment approach intends to capture above-market returns over a two-to-three-year time horizon by using sound fundamental analyses to identify companies that offer growth at reasonable value. We focus on long-only, large- and mid-cap investments and have a benchmark weighting of S&P 500 (60%) and S&P 400 MidCap (40%) indices. The current team from the EMBA class of ‘22 includes Korosh Yazdanpanah, Chief Investment Officer; Sean McMillin, Head of Trading; Derek Allen, Portfolio Manager and Head of Outreach; James Searles, Portfolio Manager; and Michael Stablein, Portfolio Manager. We are in the process of recruiting and onboarding the class of ‘23 as we continue to build the bedrock of our relatively young fund.

Performance Overview

The Sabre Fund performed well in 2021, despite the persisting challenges of COVID-19, inflation, supply chain disruption, and various geopolitical headwinds. The Fund was up 22.7% for the year but fell short of the benchmark by 310 basis points. Since transitioning management from the EMBA Class of ‘21 on May 1, the fund was up 8% compared to 11.1% for the benchmark. Roughly one-third of the portfolio remains in the S&P 500 MidCap 400 ETF (MDY), a legacy holding since fund-launch. The MidCap index returned 23.2% in the year on top of strong performance by Energy and Financials, however we continue to trim this holding as we select stocks with attractive valuations and within our mandate. Our initiation of BlackStone (BX) in June yielded an outstanding share price return of 24.2% (59% annualized), and substantially offset our stocks that underperformed in the second half of 2021. The fund has also benefited from significant full year share price gains in Accenture (ACN) (+58.7%), Lennar (LEN) (+52.4%) and Progyny (PGNY) (+18.8%). Shares of Chevron (CVX) were up 23.9% since adding the stock in January of 2021, but the holding generated total returns of 33.7%, including dividends (not reinvested).
Portfolio Decisions

**Sold Credicorp Ltd (BAP), June 2021.** *Realized Loss of 22%. Down 4% Since Exit at 125.93.*
The industry headwinds and increased risk of Peru’s political backdrop led us to liquidate the position despite the company’s strong management team and market leading position in Peru’s financial services sector.

**Bought BlackStone (BX), June 2021.** *Up 38% Since Initiation at $93.70.*
The “best-in-class” alternative asset manager with a diverse set of fee-related earnings and highly-levered to an economic recovery.

**Held Avalara (AVLR), August 2021.** *Down 24% Since Holding at $169.63*
Shares had depreciated by more than 20% after buying the stock. We decided to hold given the strength of AVLR’s partnerships and its growth the e-commerce market. The stock peaked at $191.67 before depreciating with other e-commerce dependent companies amid concerns of slowing growth and rising rates.

**Sold Square, Inc. (SQ), August 2021.** *Realized Gain of 18%. Down 42% Since Exit at $280.00.*
The valuation was lofty and there was increased execution risk with recent management actions, including the Tidal acquisition and the launch of Square Financial Services.

**Bought MasTec, Inc. (MTZ), September 2021.** *Up 3% Since Initiation at $89.58.*
The price had declined to an attractive range and the company has opportunity across its diversified engineering and construction portfolio due to an inflection in infrastructure spending. After MTZ’s addition, the Bipartisan Infrastructure Bill was signed into law, authorizing $1.2 billion of infrastructure spending over the next 10 years.

Sincerely,

The DEF Team