

1-page summaries of every position currently held in the Titan Core Equity & Titan Alternative strategies; including the positive, negatives, and overall value.

Titan – Equity List

Tear Sheet Review 2H 2023

Titan Investment Team

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Alibaba Group		BABA
Market Cap.	FV Discount	Industry
\$242.8B	68.4%	Consumer Discretionary

Company Description

Alibaba Group Holding (BABA) is a provider of technology infrastructure and marketing reach to help merchants, brands, retailers, and other businesses to leverage the power of new technology to engage with their users and customers and operate in a more efficient way. The company provides fundamental infrastructure for commerce and new technology, so that they can build businesses and create value that can be shared among its ecosystem participants. Its businesses comprise core commerce, China commerce, international commerce, local consumer, Cainiao, digital media and entertainment, cloud computing and other innovation initiatives. BABA provides services through its subsidiaries including Taobao, Tmal, Freshippo, Aliexpress, Lazada, Alibaba.com, 1688.com, ele.me, Youku, DingTalk, Alimama, and Alibaba Cloud. It also offers logistic services through Cainiao Network. BABA was established in 1999 by about 20 people led by Jack Ma, a former English teacher from Hangzhou, China.

The Good

- BABA is splitting into 6 companies. BABA will retain majority ownership in each, with each firm having their own ESOP. All else equal, this incentivizes a higher share price.
- Management has a very similar business model to Amazon, but based in China. Not only does China carry more consumer demand, but BABA operates at a higher margin than Amazon.
- Despite carrying \$23B of debt, management has nearly \$100B of cash. Short term investment vehicles, debt paydown, or buybacks are all positive catalysts the cash could be put towards.

The Bad

- The Chinese Communist Party. At the end of the day, the government could simply come down on BABA as they would not want management to grow in political clout.
- A strengthening USD has been a negative for US based investors. However, as inflation cools for the world, the USD will lose some of its appeal as the safe haven currency.
- The demographics of China are a complete nightmare with men outnumbering women. This indicates considerable headwinds for the Chinese economy over the long run.

The Value

Adjusted Present Value

Equity SnapShot	5YR CAGR				
Growth	5.00%	27.37%			
Discount	10.59%				
Time	1	2	3	4	5
Discount Factor	0.89343947	0.809400528	0.7421791	0.6836907	0.63604045
Free Cash Flow	\$15,511	\$15,842	\$20,817	\$24,298	\$25,226
Discounted FCF	\$13,858	\$12,823	\$15,450	\$16,613	\$16,044
Terminal Value					\$301,118
Enterprise Value	\$375,906	Leases			
Outstanding Debt	\$15,325	\$23,325			
Equity Value	\$360,581	\$352,581			
Shares Outstanding	2,587.5	2,587.5			
Share Price	\$139.35	\$136.26			
Terminal Weight					80.10%
Current Share Price	\$95.35				

	Sensitivity Analysis								
	9.59%	9.84%	10.09%	10.34%	10.59%	10.84%	11.09%	11.34%	11.59%
4.00%	\$138.34	\$133.40	\$128.87	\$124.70	\$120.84	\$117.26	\$113.94	\$110.84	\$107.94
4.25%	\$144.03	\$138.62	\$133.67	\$129.13	\$124.94	\$121.07	\$117.49	\$114.16	\$111.05
4.50%	\$150.28	\$144.32	\$138.90	\$133.94	\$129.38	\$125.19	\$121.31	\$117.71	\$114.37
4.75%	\$157.18	\$150.59	\$144.62	\$139.18	\$134.20	\$129.64	\$125.43	\$121.54	\$117.94
5.00%	\$164.83	\$157.50	\$150.89	\$144.91	\$139.45	\$134.47	\$129.89	\$125.67	\$121.78
5.25%	\$173.36	\$165.17	\$157.82	\$151.20	\$145.20	\$139.73	\$134.73	\$130.14	\$125.92
5.50%	\$182.93	\$173.71	\$165.50	\$158.14	\$151.50	\$145.49	\$140.01	\$135.00	\$130.40
5.75%	\$193.74	\$183.31	\$174.07	\$165.84	\$158.46	\$151.81	\$145.78	\$140.28	\$135.26
6.00%	\$206.07	\$194.15	\$183.68	\$174.43	\$166.18	\$158.78	\$152.11	\$146.07	\$140.56

Upside/Downside Capture	
U/D Capture	(8.8)x
FV Discount	68.42%

Alphabet		GOOGL
Market Cap.	FV Discount	Industry
\$1,619.7B	111.5%	Communications

Company Description

Alphabet is the holding company of Google, the firm behind the world's largest search engine (Google), the world's most used smartphone operating system (Android), and a multitude of other internet-based services, including the world's largest video-sharing site (YouTube). Alphabet's other holdings include Chrome, Gmail, Google Drive, Google Maps, Google Photos, Google Play, Search; and Other Bets include emerging businesses at various stages of development, ranging from those in the research and development phase to those that are in the beginning stages of commercialization, and the company's goal is for them to become thriving, successful businesses in the medium to long term. It generates over 50% of its revenue outside the US.

The Good

- Revenue is accelerating as "experiential" spending is driving more and more advertising dollars. In addition, management is launching AI tools to equip advertisers with more sophisticated ad campaigns.
- Google Cloud is playing third fiddle to AWS and Azure but continues to grow at near 50%. Cloud migration will only help this line of business as it carries incredibly high margins.
- The shift from Search to YouTube Shorts was a headwind for the firm as YouTube is monetized at a lower margin. However, this will be lapped in 2023 and set a much lower bar for management to beat.

The Bad

- Prior to 2022 financial services were one of the larger spenders in terms of ads. However, the cost of a mortgage has largely slowed new home purchases as well as refinances.
- Management recently laid off 12,000 employees. While the cost cutting was met with applause, this is the largest layoff in company history and could indicate more storm clouds ahead.
- Competition in YouTube's sphere will only increase with the likes of TikTok. More and more competition will most likely result in lower and lower monetization to draw advertising dollars.

The Value

Adjusted Present Value

Equity Snapshot	SYR CAGR				
Growth	4.25%	20.60%			
Discount	10.53%				
Time	1	2	3	4	5
Discount Factor	0.893993792	0.809823773	0.743404	0.685782	0.638463
Free Cash Flow	\$67,463	\$76,371	\$86,860	\$92,473	\$99,167
Discounted FCF	\$60,312	\$61,847	\$64,572	\$63,416	\$63,314
Terminal Value					#####
Enterprise Value	\$1,364,593	Leases			Terminal Weight
Outstanding Debt	\$13,000	\$20,050			77.03%
Equity Value	\$1,351,593	\$1,344,543			
Shares Outstanding	11,734.0	11,734.0			
Share Price	\$115.19	\$114.59			

Current Share Price \$128.38

	Sensitivity Analysis								
	9.53%	9.78%	10.03%	10.28%	10.53%	10.78%	11.03%	11.28%	11.53%
3.25%	\$114.32	\$110.92	\$107.78	\$104.85	\$102.13	\$99.59	\$97.21	\$94.99	\$92.89
3.50%	\$118.22	\$114.53	\$111.13	\$107.98	\$105.05	\$102.32	\$99.77	\$97.39	\$95.15
3.75%	\$122.46	\$118.44	\$114.75	\$111.34	\$108.17	\$105.24	\$102.50	\$99.95	\$97.56
4.00%	\$127.08	\$122.69	\$118.67	\$114.96	\$111.54	\$108.37	\$105.43	\$102.69	\$100.13
4.25%	\$132.14	\$127.33	\$122.93	\$118.89	\$115.18	\$111.75	\$108.57	\$105.62	\$102.87
4.50%	\$137.71	\$132.40	\$127.57	\$123.16	\$119.12	\$115.39	\$111.96	\$108.77	\$105.81
4.75%	\$143.85	\$137.97	\$132.65	\$127.81	\$123.39	\$119.34	\$115.61	\$112.16	\$108.97
5.00%	\$150.67	\$144.13	\$138.24	\$132.91	\$128.06	\$123.63	\$119.56	\$115.82	\$112.37
5.25%	\$158.29	\$150.97	\$144.42	\$138.51	\$133.16	\$128.30	\$123.86	\$119.79	\$116.04

Upside/Downside Capture	
U/D Capture	0.8x
FV Discount	111.45%

Amgen		AMGN
Market Cap.	FV Discount	Industry
\$122.6B	83.9%	Healthcare

Company Description

Amgen (AMGN) is among the most significant biotechnology companies committed to unlocking biology's potential for patients suffering from serious illnesses by discovering, developing, manufacturing, and delivering innovative human therapeutics. Its main products with the most significant annual commercial sales are Ebrel, Prolia, Neulasta, Otezla, Xgeva, Aranesp, Kyprolis, and Repatha. AMGN focuses on six commercial areas: inflammation, oncology/hematology, bone health, CV disease, nephrology and neuroscience, and its conducts discovery research primarily in three therapeutic areas: inflammation, oncology/hematology and CV/metabolic diseases. AMGN's products are marketed worldwide, with the US market accounting for about 70% of revenue.

The Good

- Most pharmaceutical firms have a flagship drug that carries a concentrated risk. However, management is highly diversified with Prolia carrying the highest revenue weight, only 17%.
- The recent acquisition of HZNP will introduce a whole new line of inflammation drugs. Chronic obesity has plagued the US and has led to chronic inflammation.
- Management has a \$31B war chest to acquire news firms, optimize supply lines, and/or increase shareholder return.

The Bad

- Generic drugs are always being filed in the hopes of taking share from large pharmaceutical firms. This will create a perpetual innovation cycle marked by CAPEX.
- Management has a mixed history with acquisitions. Onyx was acquired in 2013 and has not led to the promised growth talked up by management.
- Most pharmaceutical firms either target large markets or specialty markets. Management has decided to do both, which has brought diversification, but some argue lacks direction.

The Value

Adjusted Present Value

Equity SnapShot	5YR CAGR				
Growth	2.00%	2.87%			
Discount	8.62%				
Time	1	2	3	4	5
Discount Factor	0.9099843	0.8387165	0.783064	0.7347686	0.695704
Free Cash Flow	-\$13,453	\$12,956	\$14,112	\$14,078	\$15,300
Discounted FCF	-\$12,242	\$10,866	\$11,051	\$10,344	\$10,644
Terminal Value					\$163,942
Enterprise Value	\$194,605				Terminal Weight 84.24%
Outstanding Debt	\$48,425				
Equity Value	\$146,180				
Shares Outstanding	534.3				
Share Price	\$273.59				

Current Share Price **\$229.48**

	Sensitivity Analysis								
	7.62%	7.87%	8.12%	8.37%	8.62%	8.87%	9.12%	9.37%	9.62%
1.00%	\$270.71	\$259.64	\$249.36	\$239.77	\$230.82	\$222.43	\$214.56	\$207.16	\$200.18
1.25%	\$283.42	\$271.46	\$260.37	\$250.06	\$240.45	\$231.47	\$223.06	\$215.17	\$207.75
1.50%	\$297.17	\$284.20	\$272.21	\$261.09	\$250.76	\$241.13	\$232.12	\$223.69	\$215.78
1.75%	\$312.09	\$297.98	\$284.98	\$272.96	\$261.82	\$251.46	\$241.80	\$232.78	\$224.33
2.00%	\$328.33	\$312.93	\$298.79	\$285.76	\$273.71	\$262.54	\$252.16	\$242.48	\$233.43
2.25%	\$346.09	\$329.22	\$313.78	\$299.61	\$286.54	\$274.47	\$263.27	\$252.86	\$243.15
2.50%	\$365.59	\$347.02	\$330.11	\$314.63	\$300.42	\$287.33	\$275.22	\$263.99	\$253.56
2.75%	\$387.09	\$366.56	\$347.95	\$330.99	\$315.48	\$301.23	\$288.11	\$275.97	\$264.72
3.00%	\$410.91	\$388.11	\$367.53	\$348.88	\$331.88	\$316.33	\$302.05	\$288.89	\$276.72

Upside/Downside Capture	
U/D Capture	6.2x
FV Discount	83.88%

Apple		AAPL
Market Cap.	FV Discount	Industry
\$3,034.5B	114.9%	Information Technology

Company Description

Apple (AAPL) designs, manufactures and markets smartphones, personal computers, tablets, wearables and accessories. The company also offers and sells a variety of related services. AAPL products include its famous iPhone, which is the company's line of smartphones based on its iOS operating system. The company recently released its iPhone 14 product line last year. Other AAPL products also include Max computers, iPad tablets, Apple Music, the Apple Watch, and other wearables devices. Its services include AppleCare, Cloud Services, Digital content, and Payment services (ApplePay). AAPL has entered entertainment with the Apple TV+ streaming service. More than 60% of AAPL's revenue comes from outside the Americas.

The Good

- The iPhone is here to stay as it has taken the lion's share of the smartphone market. With more and more services, the substitution and networking effect has made this item a necessity for societies across the globe.
- The iOS is a bastion of information on billions of consumers. This data is not only being monetized for management but is also being sold to the highest bidder.
- The \$166B cash position provides management with the ability to pursue any product, technology, acquisition, innovation, etc. they choose.

The Bad

- Size is the issue. With nearly \$400B in annual sales, it is hard to imagine a new product that would be needed moving anytime soon.
- Management has been fairly quiet on the Cloud and AI front. This might be indicative of little progress and possibly falling behind peers.
- The recent weakness in technology hardware sales will most likely equate to weak iPhone sales in the near term. However, any weakness would eventually be mitigated given the necessity of the iPhone.

The Value

Adjusted Present Value

Equity Snapshot	SYR CAGR				
Growth	4.50%	#VALUE!			
Discount	8.99%				
Time	1	2	3	4	5
Discount Factor	0.90667996	0.8325201	0.7752867	0.725632	0.6851902
Free Cash Flow	\$102,952	\$114,776	\$120,350	\$133,635	\$142,368
Discounted FCF	\$93,344	\$95,553	\$93,305	\$96,970	\$97,549
Terminal Value					\$2,270,627
Enterprise Value	\$2,747,348				Terminal Weight
Outstanding Debt	\$106,775				82.65%
Equity Value	\$2,640,573				
Shares Outstanding	15,728.7				
Share Price	\$167.88				

Current Share Price \$192.92

	Sensitivity Analysis								
	7.99%	8.24%	8.49%	8.74%	8.99%	9.24%	9.49%	9.74%	9.99%
3.50%	\$166.48	\$158.94	\$152.16	\$146.02	\$140.44	\$135.35	\$130.68	\$126.39	\$122.43
3.75%	\$175.28	\$166.83	\$159.27	\$152.47	\$146.32	\$140.73	\$135.62	\$130.94	\$126.64
4.00%	\$185.18	\$175.64	\$167.17	\$159.60	\$152.78	\$146.61	\$141.01	\$135.89	\$131.20
4.25%	\$196.40	\$185.56	\$176.01	\$167.52	\$159.92	\$153.09	\$146.91	\$141.29	\$136.16
4.50%	\$209.22	\$196.81	\$185.95	\$176.38	\$167.86	\$160.25	\$153.40	\$147.20	\$141.57
4.75%	\$224.03	\$209.67	\$197.23	\$186.34	\$176.74	\$168.21	\$160.58	\$153.71	\$147.50
5.00%	\$241.32	\$224.51	\$210.11	\$197.64	\$186.73	\$177.11	\$168.56	\$160.91	\$154.02
5.25%	\$261.75	\$241.83	\$224.99	\$210.56	\$198.05	\$187.12	\$177.47	\$168.90	\$161.23
5.50%	\$286.29	\$262.32	\$242.35	\$225.47	\$211.00	\$198.47	\$187.51	\$177.84	\$169.25

Upside/Downside Capture	
U/D Capture	1.3x
FV Discount	114.91%

AutoZone		AZO
Market Cap.	FV Discount	Industry
\$44.4B	106.7%	Consumer Discretionary

Company Description

AutoZone is the leading distributor of automotive replacement parts and accessories in the Americas. The company operates some 6,170 stores in the US, about 705 in Mexico and more than 70 stores in Brazil. Each store carries an extensive product line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products. AutoZone also has commercial programs in all stores in Mexico and Brazil. The company also sells the ALLDATA brand automotive diagnostic, repair and shop management software. Additionally, AutoZone sells automotive hard parts, maintenance items, and accessories and non-automotive products through its websites to both consumers and commercial clients.

The Good

- The geographic footprint of AZO is unmatched. This provides the foundation to increasingly build out its commercial presence (5% market share).
- While auto parts may be considered discretionary, management has been able to raise prices 8% without a decline in revenue.
- The increasing complexity that comes with a vehicle will force more and more consumers to use local auto and body shops. This will only increase demand for the commercial side and provide an annuity like feature to cashflow.

The Bad

- To service the growing commercial side of the business, management will continue to spend on CAPEX to meet the growing demand of providers.
- There is not a lot of scale in auto parts. More demand comes with more labor, more square footage, and more freight. Thus, margins have little area for improvement.
- If the consumer shows signs of weakness, cutting into car maintenance will most likely move up the priority list as new tires and oil changes will most likely be delayed.

The Value

Adjusted Present Value

Equity Snapshot	5YR CAGR					
Growth	3.25%	8.34%				
Discount	9.62%					
Time	1	2	3	4	5	
Discount Factor	0.9035905	0.8276557	0.768109	0.716479	0.674198	
Free Cash Flow	\$2,642	\$2,547	\$2,853	\$3,280	\$3,387	
Discounted FCF	\$2,387	\$2,108	\$2,191	\$2,350	\$2,284	
Terminal Value					\$37,022	
Enterprise Value	\$48,342	Leases				
Outstanding Debt	\$6,250	\$9,250				
Equity Value	\$42,092	\$39,092				
Shares Outstanding	18.4	18.4				
Share Price	\$2,287.63	\$2,124.59				
Terminal Weight						76.58%
Current Share Price						\$2,446.34

	Sensitivity Analysis								
	8.62%	8.87%	9.12%	9.37%	9.62%	9.87%	10.12%	10.37%	10.62%
2.25%	\$2,267.68	\$2,192.44	\$2,122.69	\$2,057.83	\$1,997.37	\$1,940.88	\$1,887.98	\$1,838.34	\$1,791.66
2.50%	\$2,354.12	\$2,272.55	\$2,197.13	\$2,127.20	\$2,062.19	\$2,001.58	\$1,944.96	\$1,891.93	\$1,842.16
2.75%	\$2,447.93	\$2,359.19	\$2,277.42	\$2,201.82	\$2,131.72	\$2,066.55	\$2,005.79	\$1,949.03	\$1,895.87
3.00%	\$2,550.09	\$2,453.22	\$2,364.26	\$2,282.29	\$2,206.50	\$2,136.24	\$2,070.90	\$2,010.00	\$1,953.10
3.25%	\$2,661.76	\$2,555.61	\$2,458.50	\$2,369.33	\$2,287.16	\$2,211.19	\$2,140.75	\$2,075.26	\$2,014.21
3.50%	\$2,784.33	\$2,667.54	\$2,561.13	\$2,463.79	\$2,374.40	\$2,292.03	\$2,215.88	\$2,145.27	\$2,079.62
3.75%	\$2,919.49	\$2,790.39	\$2,673.31	\$2,566.65	\$2,469.08	\$2,379.47	\$2,296.90	\$2,220.57	\$2,149.79
4.00%	\$3,069.28	\$2,925.86	\$2,796.45	\$2,679.09	\$2,572.17	\$2,474.36	\$2,384.54	\$2,301.77	\$2,225.25
4.25%	\$3,236.20	\$3,075.99	\$2,932.23	\$2,802.51	\$2,684.87	\$2,577.69	\$2,479.65	\$2,389.61	\$2,306.64

Upside/Downside Capture	
U/D Capture	1.2x
FV Discount	106.94%

Brown-Forman		BF.B
Market Cap.	FV Discount	Industry
\$195.5B	115.5%	Consumer Staples

Company Description

Distiller Brown-Forman (BF.B) primarily manufactures, distills, bottles, imports, exports, markets, and sells a wide variety of alcoholic products under recognized brands. The company's portfolio of mid-priced to super-premium alcoholic beverages includes such well-known brands as Jack Daniel's, El Jimador, Finlandia, and Woodford Reserve. Its wine labels include Sonoma-Cutrer and Korbel champagnes. Jack Daniels' is the company's signature brand and the largest-selling American whiskey in the world (by volume). Offering more than 40 brands, the company sells its beverages in more than 170 countries across the globe; sales outside the US account for about half of revenue.

The Good

- Consumers are moving more and more into whiskey and bourbon with Woodford Reserve growing 35% and management announcing a new partnership with Coca-Cola (Jack & Coke).
- In addition to revenue growing double digits, costs are coming down as glass supplies have materially improved and setting the stage for increased margin expansion.
- Alcoholic consumption is directly tied to "experiential" spending. This is especially the case for entertainment venues and travel, which carry higher margins.

The Bad

- Craft and commercial beer will always remain as a lower cost competitor. In the event of a recession some consumers may trade down.
- Alcohol is stable from an innovative standpoint. While this provides a strong financial foundation, it offers little in terms of innovative upside.
- Alcohol and advertising can be fickle. If management misses the mark in terms of its audience and message, it can quickly yield a lower share price.

The Value

Adjusted Present Value

Equity SnapShot	SYR CAGR				
Growth	3.25%	5.16%			
Discount	8.66%				
Time	1	2	3	4	5
Discount Factor	0.9093265	0.845834	0.788968	0.742516	0.689091
Free Cash Flow	\$845	\$915	\$1,009	\$1,137	\$1,337
Discounted FCF	\$769	\$774	\$796	\$844	\$921
Terminal Value					\$17,576
Enterprise Value	\$21,681	Pension			
Outstanding Debt	\$2,700	\$3,000			
Equity Value	\$18,981	\$18,681			
Shares Outstanding	310.0	310.0			
Share Price	\$61.23	\$60.26			
			Terminal Weight		
			81.07%		

Current Share Price \$70.70

	Sensitivity Analysis								
	7.66%	7.91%	8.16%	8.41%	8.66%	8.91%	9.16%	9.41%	9.66%
2.25%	\$60.71	\$58.23	\$55.96	\$53.87	\$51.94	\$50.16	\$48.51	\$46.98	\$45.55
2.50%	\$63.57	\$60.85	\$58.36	\$56.08	\$53.99	\$52.06	\$50.28	\$48.62	\$47.08
2.75%	\$66.73	\$63.72	\$60.98	\$58.49	\$56.21	\$54.11	\$52.18	\$50.39	\$48.73
3.00%	\$70.23	\$66.88	\$63.86	\$61.12	\$58.62	\$56.33	\$54.23	\$52.29	\$50.50
3.25%	\$74.12	\$70.39	\$67.04	\$64.01	\$61.26	\$58.75	\$56.46	\$54.35	\$52.41
3.50%	\$78.48	\$74.29	\$70.55	\$67.19	\$64.15	\$61.40	\$58.88	\$56.58	\$54.47
3.75%	\$83.40	\$78.66	\$74.46	\$70.71	\$67.34	\$64.29	\$61.53	\$59.02	\$56.71
4.00%	\$88.99	\$83.59	\$78.84	\$74.63	\$70.87	\$67.49	\$64.44	\$61.67	\$59.15
4.25%	\$95.40	\$89.19	\$83.78	\$79.02	\$74.80	\$71.03	\$67.64	\$64.58	\$61.81

Upside/Downside Capture	
U/D Capture	1.0x
FV Discount	115.46%

Campbell Soup		CPB
Market Cap.	FV Discount	Industry
\$13.7B	101.2%	Consumer Staples

Company Description

Campbell Soup (CPB) is a manufacturer and marketer of high-quality, branded food and beverage products. The company sells an array of soup, simple meals, cookies, fresh bakery and frozen products, potato chips, and popcorn, among others. CPB operates with two reportable segments, meals and snacks, with meals accounting for the majority of the company's total sales. CPB was founded in 1869.

The Good

- Most tend to think of soup with Campbells. However, management is quickly turning into a snack company with nearly more sales in snacks than soups.
- Management is lapping higher costs from metal, logistics, and labor. Margins have stabilized and now have the ability to move higher.
- Snacks are not only growing at a faster rate for the food sector at large, but management is now exhibiting a margin profile on par with its legacy brands.

The Bad

- The battle for shelf space is an ongoing tug of war. Management will most likely have to pay more and more to be featured and grocery chains.
- Private labels are always in the background. This will limit management and the food industry in general from raising prices at too high a clip.
- Management has done an excellent job reducing leverage from 5.3x to 2.9x. While a positive, it could also indicate management may look to increase in the short term.

The Value

Adjusted Present Value

Equity SnapShot	5YR CAGR				
Growth	1.00%	7.96%			
Discount	7.68%				
Time	1	2	3	4	5
Discount Factor	0.9170736	0.852558	0.804895	0.76253	0.729103
Free Cash Flow	\$959	\$985	\$918	\$1,207	\$1,244
Discounted FCF	\$880	\$840	\$739	\$920	\$907
Terminal Value					\$13,724
Enterprise Value	\$18,009	Leases			
Outstanding Debt	\$4,525	\$5,275			
Equity Value	\$13,484	\$12,734			
Shares Outstanding	298.1	298.1			
Share Price	\$45.23	\$42.72			
			Terminal Weight		
			76.21%		

Current Share Price \$46.07

	Sensitivity Analysis								
	6.68%	6.93%	7.18%	7.43%	7.68%	7.93%	8.18%	8.43%	8.68%
0.00%	\$44.75	\$43.11	\$41.58	\$40.15	\$38.82	\$37.57	\$36.40	\$35.30	\$34.26
0.25%	\$46.64	\$44.87	\$43.22	\$41.69	\$40.26	\$38.92	\$37.67	\$36.49	\$35.39
0.50%	\$48.69	\$46.76	\$44.98	\$43.33	\$41.79	\$40.36	\$39.02	\$37.76	\$36.59
0.75%	\$50.90	\$48.81	\$46.88	\$45.10	\$43.44	\$41.90	\$40.46	\$39.12	\$37.86
1.00%	\$53.31	\$51.03	\$48.93	\$47.00	\$45.21	\$43.55	\$42.00	\$40.56	\$39.22
1.25%	\$55.94	\$53.44	\$51.16	\$49.06	\$47.12	\$45.32	\$43.66	\$42.11	\$40.67
1.50%	\$58.83	\$56.08	\$53.58	\$51.29	\$49.18	\$47.23	\$45.44	\$43.77	\$42.22
1.75%	\$62.01	\$58.97	\$56.22	\$53.71	\$51.41	\$49.30	\$47.35	\$45.55	\$43.88
2.00%	\$65.52	\$62.16	\$59.12	\$56.36	\$53.85	\$51.54	\$49.42	\$47.47	\$45.66

Upside/Downside Capture	
U/D Capture	1.6x
FV Discount	101.85%

CF Industries Holdings		CF
Market Cap.	FV Discount	Industry
\$20.3B	58.6%	Energy

Company Description

Owners of Terra Nitrogen Company, agricultural firm CF Industries (CF) manufactures and distributes nitrogen products, serving cooperatives, independent fertilizer distributors, trades, wholesalers, and industrial users. It serves its customers in North America through its production, storage, transportation, and distribution network. Its core product is anhydrous ammonia, which contains 80% nitrogen and nearly 20% hydrogen. Its nitrogen products that are upgraded from ammonia are granular urea, urea ammonium nitrate solution (UAN) and ammonium nitrate (AN). Other nitrogen products include diesel exhaust fluid (DEF), urea liquor, nitric acid and aqua ammonia. The company also has nitrogen manufacturing complexes in Canada and the UK. Roughly, 75% of the company's revenue comes from the US.

The Good

- The drop in oil and natural gas is proving a tailwind for management. This stems from the amount of energy needed to refine nitrogen into ammonia, urea, etc.
- The amount of nitrogen needed to grow corn is substantial. The ratio of soybean/corn in the US is near a low, indicating corn offers more upside going forward.
- Overseas competitors face much higher breakeven on natural gas. This has provided upside to management even when input costs rise as they do not need to raise prices and can acquire market share.

The Bad

- Next generation forms of ammonia (blue and green) require a lot of upfront CAPEX. If these do not result in adoption it will be money wasted.
- While management has lower break evens from a cost input perspective, they compete against a lot of state-owned firms. These types of firms can operate at a loss without any accountability.
- Certain crops (soybeans) do not require nitrogen. Thus, any increase in adoption of soybeans of similar crop would weigh on demand.

The Value

Adjusted Present Value

Equity SnapShot	5YR CAGR				
Growth	2.00%	22.05%			
Discount	8.78%				
Time	1	2	3	4	5
Discount Factor	0.9077334	0.8359222	0.7801815	0.7327001	0.6924345
Free Cash Flow	\$2,126	\$2,025	\$1,778	\$1,889	\$1,958
Discounted FCF	\$1,930	\$1,693	\$1,387	\$1,384	\$1,356
Terminal Value					\$20,409
Enterprise Value	\$28,159				
Outstanding Debt	\$3,000				
Equity Value	\$25,159				
Shares Outstanding	194.9				
Share Price	\$129.09				
					Terminal Weight
					72.48%

Current Share Price \$80.98

	Sensitivity Analysis								
	7.78%	8.03%	8.28%	8.53%	8.78%	9.03%	9.28%	9.53%	9.78%
1.00%	\$127.99	\$124.31	\$120.88	\$117.67	\$114.68	\$111.86	\$109.22	\$106.74	\$104.39
1.25%	\$132.23	\$128.25	\$124.56	\$121.12	\$117.90	\$114.90	\$112.08	\$109.43	\$106.94
1.50%	\$136.80	\$132.49	\$128.51	\$124.80	\$121.36	\$118.14	\$115.12	\$112.30	\$109.64
1.75%	\$141.75	\$137.08	\$132.76	\$128.76	\$125.05	\$121.59	\$118.37	\$115.35	\$112.51
2.00%	\$147.13	\$142.04	\$137.35	\$133.03	\$129.02	\$125.30	\$121.83	\$118.60	\$115.57
2.25%	\$152.99	\$147.43	\$142.33	\$137.63	\$133.29	\$129.28	\$125.55	\$122.07	\$118.83
2.50%	\$159.41	\$153.31	\$147.73	\$142.61	\$137.91	\$133.56	\$129.53	\$125.79	\$122.31
2.75%	\$166.47	\$159.74	\$153.62	\$148.03	\$142.90	\$138.18	\$133.83	\$129.79	\$126.04
3.00%	\$174.26	\$166.81	\$160.07	\$153.93	\$148.33	\$143.19	\$138.46	\$134.09	\$130.05

Upside/Downside Capture	
U/D Capture	(4.0)x
FV Discount	62.73%

Colgate-Palmolive		CL
Market Cap.	FV Discount	Industry
\$63.6B	108.0%	Consumer Staples

Company Description

Colgate-Palmolive (CL) is a global leader in oral, personal, and home care products. The company also offers pet nutrition through subsidiary Hill's Pet Nutrition, which makes Science Diet and Prescription Diet pet foods. Many of its oral care products fall under the Colgate brand and include toothbrushes and mouthwashes. Its Oral Care segment also includes pharmaceutical products for dentists and other oral health professionals. Personal Care and Home Care items include Ajax brand household cleaner, Palmolive bar soap and dishwashing liquid, Softsoap shower gel, and Sanex deodorant and soap, as well as Speed Stick deodorants. CL sells its products in more than 200 countries and generates most of its sales outside North America.

The Good

- The increase in pet adoption leading up to and through the pandemic is creating an elongated windfall of pet nutrition. Consumers have prioritized pet care over discretionary items.
- The improvement in supply lines is dramatically reducing the cost to ship items around the world. As volumes have increased, this has led to a wider margin.
- Oral care adoption is still limited in developed parts of the world. Thus, toothpaste and other oral products have room to run in Africa and South America.

The Bad

- Using hydrogen and other chemicals to whiten teeth is nothing new in oral care. While it appeals to consumer vanity, there is a cap on price increases given substitutes.
- As more and more growth take place overseas management will be more susceptible to a weaker USD. Typically, a strong dollar accompanies recessions.
- Private labels are always a threat in consumer staples. This will limit price increases on Hill's, skin care, and other CL products.

The Value

Adjusted Present Value

Equity SnapShot	5YR CAGR
Growth	2.50% 3.06%
Discount	8.03%
Time	1 2 3 4 5
Discount Factor	0.9168329 0.852322 0.802553 0.759663 0.71629
Free Cash Flow	\$3,402 \$3,474 \$3,632 \$3,773 \$4,118
Discounted FCF	\$3,119 \$2,961 \$2,915 \$2,866 \$2,950
Terminal Value	\$54,698
Enterprise Value	\$69,508 Pension
Outstanding Debt	\$10,730 \$12,880
Equity Value	\$58,778 \$56,628
Shares Outstanding	826.7 826.7
Share Price	\$71.10 \$68.50
	Terminal Weight
	78.69%

Current Share Price \$76.82

	Sensitivity Analysis								
	7.03%	7.28%	7.53%	7.78%	8.03%	8.28%	8.53%	8.78%	9.03%
1.50%	\$70.42	\$67.59	\$64.99	\$62.60	\$60.39	\$58.35	\$56.45	\$54.68	\$53.03
1.75%	\$73.69	\$70.58	\$67.75	\$65.14	\$62.74	\$60.53	\$58.48	\$56.58	\$54.80
2.00%	\$77.29	\$73.86	\$70.75	\$67.90	\$65.29	\$62.89	\$60.67	\$58.61	\$56.70
2.25%	\$81.26	\$77.47	\$74.03	\$70.91	\$68.05	\$65.44	\$63.03	\$60.80	\$58.74
2.50%	\$85.67	\$81.45	\$77.64	\$74.20	\$71.07	\$68.21	\$65.59	\$63.17	\$60.94
2.75%	\$90.59	\$85.86	\$81.63	\$77.82	\$74.37	\$71.23	\$68.36	\$65.73	\$63.31
3.00%	\$96.13	\$90.80	\$86.06	\$81.82	\$78.00	\$74.54	\$71.39	\$68.52	\$65.88
3.25%	\$102.39	\$96.35	\$91.01	\$86.26	\$82.01	\$78.17	\$74.71	\$71.55	\$68.67
3.50%	\$109.55	\$102.63	\$96.57	\$91.22	\$86.46	\$82.19	\$78.35	\$74.88	\$71.71

Upside/Downside Capture	
U/D Capture	1.4x
FV Discount	108.04%

Coterra Energy Inc.		CTRA
Market Cap.	FV Discount	Industry
\$21.1B	110.8%	Energy

Company Description

Coterra Energy, Inc. is an independent oil and gas company engaged in the development, exploration and production of oil, natural gas, and NGLS. Coterra's assets are concentrated in areas with known hydrocarbon resources, which are conducive to multi-well, repeatable development programs. The company operates in the Marcellus Shale and northeast Pennsylvania, the Permian Basin in West Texas and southwest New Mexico and the Anadarko Basin in the Mid-Continent region in Oklahoma. Coterra is the result of the merger of Cabot Oil & Gas Corporation and Cimarex Energy in 2021.

The Good

- Management's production has been flawless with oil exceeding estimates and natural gas near the high end of estimates. Production is 86/14 natural gas/oil with revenue 66/34 natural gas/oil.
- The bulk of geographic exposure can be found in the Marcellus. The Marcellus has the lowest break evens as well as smallest amount of time between drilling and production.
- The ongoing conflict in Ukraine and China reopening will serve as a positive for the firm. As Europeans move away from Russian gas, US gas will be relied upon to supplement.

The Bad

- Like any commodity producer, a good portion of risk simply comes down to the commodity price. If natural gas and oil were to plummet, so would the growth outlook.
- Management is ramping up CAPEX at a time when the cost to manufacture is elevated. This will limit free cash flow from efficient production.
- Management is reducing drilling going forward. While this comes with upfront savings it also comes with the risk that production may suffer as prices fall.

The Value

Adjusted Present Value

Equity Snapshot	5YR CAGR				
Growth	3.00%	38.69%			
Discount	9.69%				
Time	1	2	3	4	5
Discount Factor	0.9007548	0.8220671	0.7612784	0.7073188	0.6629897
Free Cash Flow	\$1,730	\$1,393	\$1,232	\$1,523	\$1,654
Discounted FCF	\$1,558	\$1,145	\$938	\$1,077	\$1,097
Terminal Value					\$16,890
Enterprise Value	\$22,705	Leases			
Outstanding Debt	\$3,675	\$3,500			
Equity Value	\$19,030	\$19,205			
Shares Outstanding	757.5	757.5			
Share Price	\$25.12	\$25.35			
			Terminal Weight		
			74.39%		

Current Share Price \$27.83

	Sensitivity Analysis									
	8.69%	8.94%	9.19%	9.44%	9.69%	9.94%	10.19%	10.44%	10.69%	
2.00%	\$24.90	\$24.10	\$23.36	\$22.67	\$22.03	\$21.42	\$20.86	\$20.32	\$19.82	
2.25%	\$25.81	\$24.95	\$24.15	\$23.41	\$22.72	\$22.07	\$21.47	\$20.90	\$20.36	
2.50%	\$26.80	\$25.87	\$25.01	\$24.21	\$23.46	\$22.77	\$22.12	\$21.51	\$20.94	
2.75%	\$27.87	\$26.86	\$25.92	\$25.06	\$24.26	\$23.51	\$22.82	\$22.17	\$21.56	
3.00%	\$29.03	\$27.93	\$26.91	\$25.98	\$25.11	\$24.31	\$23.56	\$22.87	\$22.22	
3.25%	\$30.30	\$29.10	\$27.99	\$26.97	\$26.04	\$25.17	\$24.36	\$23.61	\$22.92	
3.50%	\$31.70	\$30.37	\$29.16	\$28.05	\$27.03	\$26.09	\$25.22	\$24.42	\$23.66	
3.75%	\$33.23	\$31.77	\$30.44	\$29.22	\$28.11	\$27.09	\$26.15	\$25.28	\$24.47	
4.00%	\$34.93	\$33.30	\$31.84	\$30.50	\$29.29	\$28.17	\$27.15	\$26.20	\$25.33	

Upside/Downside Capture	
U/D Capture	0.9x
FV Discount	110.76%

Domino's Pizza		DPZ
Market Cap.	FV Discount	Industry
\$14.0B	202.4%	Consumer Discretionary

Company Description

Domino's is a pizza company with about 19,800 locations in over 90 markets and operates two distinct service models within its stores with a significant business in both delivery and carryout. Founded in 1960, its roots are in convenient pizza delivery, while a significant amount of its retail sales also come from carryout customers. Its highly recognized global brand, and it is focus on value while serving neighborhoods locally through its large worldwide network of franchise owners and US company-owned stores. Domino's Pizza is primarily a franchisor, with approximately 99% of Domino's stores currently owned and operated by independent franchisees.

The Good

- Management has announced a partnership with Uber Eats, which is expected to add \$3B in incremental sales (75% increase). This will not only come with new markets, but more delivery drivers for existing locations.
- Management has made it a point to close lagging franchises and lean into master franchises so that successful franchise owners are not capped by location.
- The name of the game is volume, not price. This strategy as well as has been the approach has set aside the QSR as a resilient name even when the economy has turned south.

The Bad

- As lagging franchises are closed, there will be a lag in sales as the master franchise must agree to another location and then build the storefront back up.
- Consumers have displayed a preference for dining in post COVID. This is a net negative for the firm as wider margins are afforded to carryout and delivery.
- With volume comes more and more labor. Despite the labor market loosening up over the past year, wages continue to outpace inflation.

The Value

Adjusted Present Value

Equity SnapShot	5YR CAGR				
Growth	4.00%	10.23%			
Discount	9.19%				
Time	1	2	3	4	5
Discount Factor	0.9073916	0.8335846	0.7779503	0.7275102	0.6868563
Free Cash Flow	\$537	\$575	\$573	\$678	\$690
Discounted FCF	\$488	\$480	\$446	\$493	\$474
Terminal Value					\$9,512
Enterprise Value	\$11,892	Leases			Terminal Weight
Outstanding Debt	\$4,975	\$5,225			79.98%
Equity Value	\$6,917	\$6,667			
Shares Outstanding	35.1	35.1			
Share Price	\$197.08	\$189.95			

Current Share Price **\$398.87**

	Sensitivity Analysis								
	8.19%	8.44%	8.69%	8.94%	9.19%	9.44%	9.69%	9.94%	10.19%
3.00%	\$194.24	\$181.91	\$170.67	\$160.38	\$150.92	\$142.19	\$134.11	\$126.62	\$119.65
3.25%	\$208.49	\$194.89	\$182.54	\$171.27	\$160.95	\$151.46	\$142.71	\$134.62	\$127.11
3.50%	\$224.27	\$209.18	\$195.54	\$183.16	\$171.86	\$161.52	\$152.01	\$143.24	\$135.12
3.75%	\$241.82	\$224.99	\$209.86	\$196.19	\$183.78	\$172.46	\$162.09	\$152.56	\$143.76
4.00%	\$261.46	\$242.58	\$225.71	\$210.54	\$196.84	\$184.40	\$173.05	\$162.66	\$153.10
4.25%	\$283.60	\$262.27	\$243.34	\$226.43	\$211.23	\$197.49	\$185.02	\$173.64	\$163.22
4.50%	\$308.73	\$284.45	\$263.07	\$244.10	\$227.15	\$211.91	\$198.14	\$185.64	\$174.24
4.75%	\$337.52	\$309.65	\$285.31	\$263.88	\$244.86	\$227.87	\$212.59	\$198.79	\$186.26
5.00%	\$370.83	\$338.51	\$310.56	\$286.17	\$264.68	\$245.62	\$228.59	\$213.28	\$199.44

Upside/Downside Capture	
U/D Capture	(0.1)x
FV Discount	202.39%

Fortinet		FTNT
Market Cap.	FV Discount	Industry
\$45.2B	96.0%	Information Technology

Company Description

Fortinet (FTNT) is a global leader in cybersecurity and networking solutions provided to a wide variety of organizations, including enterprises, communication and security service providers, government organizations and small businesses. Its cybersecurity solutions are designed to provide broad visibility and segmentation of the digital attack surface through our integrated cybersecurity platform products and services providing a mesh architecture, which features automated protection, detection and response along with consolidated visibility across both Fortinet-developed solutions and a broad ecosystem of third-party solutions and technologies. The Fortinet operating system has an open architecture designed to integrate Fortinet solutions with third-party solutions in a single ecosystem, enabling automated detection and response across the attack surface. To support its broadly dispersed global channel and end customer base, it has sales professionals in about 090 countries around the world. About 40% of the revenue comes from the US.

The Good

- The groundswell in Cloud, Endpoints, and AI is creating a massive tailwind in terms of networking demand and cyber protection.
- Cybersecurity has been defined by consolidation for clients. Management is one of the few firms that provides this holistic solution.
- Both the consumer's and business's dependence on data is increasing a larger and larger digital vault. This will only incentivize more criminals and thus force more cybersecurity spending to offset.

The Bad

- The MSFT's of the world seem to be increasingly engaging in cybersecurity products. This would interject a competitor that dwarfs the cyber universe.
- Cybersecurity is an incredibly innovative business. Keeping up with cyber criminals is not an inexpensive venture. Thus, acquisitions and CAPEX will remain elevated.
- The advent of AI is creating a new security opportunity. However, it seems fairly easy to walk out a scenario where the AI is better at detecting cybercrime than cybersecurity firewalls.

The Value

Adjusted Present Value

Equity SnapShot	SYR CAGR				
Growth	6.00%	24.20%			
Discount	11.44%				
Time	1	2	3	4	5
Discount Factor	0.8868834	0.7968623	0.7254472	0.6632342	0.6122149
Free Cash Flow	\$1,471	\$1,908	\$2,067	\$2,558	\$3,355
Discounted FCF	\$1,305	\$1,521	\$1,500	\$1,697	\$2,054
Terminal Value					\$40,028
Enterprise Value	\$48,104				Terminal Weight
Outstanding Debt	\$1,000				83.21%
Equity Value	\$47,104				
Shares Outstanding	785.2				
Share Price	\$59.99				

Current Share Price \$57.61

	Sensitivity Analysis								
	10.44%	10.69%	10.94%	11.19%	11.44%	11.69%	11.94%	12.19%	12.44%
5.00%	\$59.49	\$57.28	\$55.24	\$53.38	\$51.65	\$50.06	\$48.58	\$47.21	\$45.92
5.25%	\$62.05	\$59.61	\$57.39	\$55.35	\$53.48	\$51.76	\$50.16	\$48.68	\$47.30
5.50%	\$64.87	\$62.18	\$59.73	\$57.51	\$55.46	\$53.59	\$51.86	\$50.26	\$48.77
5.75%	\$67.98	\$65.00	\$62.30	\$59.85	\$57.62	\$55.57	\$53.69	\$51.96	\$50.35
6.00%	\$71.45	\$68.12	\$65.13	\$62.43	\$59.97	\$57.74	\$55.68	\$53.80	\$52.06
6.25%	\$75.33	\$71.60	\$68.26	\$65.27	\$62.56	\$60.09	\$57.85	\$55.79	\$53.91
6.50%	\$79.71	\$75.49	\$71.75	\$68.40	\$65.40	\$62.68	\$60.21	\$57.97	\$55.90
6.75%	\$84.68	\$79.87	\$75.65	\$71.89	\$68.54	\$65.53	\$62.81	\$60.34	\$58.08
7.00%	\$90.36	\$84.85	\$80.04	\$75.80	\$72.04	\$68.68	\$65.66	\$62.93	\$60.46

Upside/Downside Capture	
U/D Capture	2.8x
FV Discount	96.03%

H&R Block		HRB
Market Cap.	FV Discount	Industry
\$5.2B	75.2%	Consumer Discretionary

Company Description

H&R Block (HRB) is one of the largest providers of tax return preparation solutions and electronic filing services in the US, Canada, and Australia with 23.6 million returns filed by or through HRB via some 10,490 tax offices and its virtual tax preparation services, mobile applications, and online and desktop DIY solution. The company offers customers the options of filing taxes online or in person and doing their own taxes or having them done by an H&R Block professional. Through Block Advisors and Wave, the company helps small businesses owners thrive with innovative products like Wave Money, a small business banking and bookkeeping solution, and the only business bank account to manage bookkeeping automatically.

The Good

- This is not the tax preparer on the street corner you may think of. Management has changed their business from brick-and-mortar tax professionals to online back office and banking.
- 75% of tax preparations are done online and leaving significant room for management to reduce its brick-and-mortar footprint. This will limit CAPEX and overhead going forward.
- Management is increasingly focused on providing software solutions to consumers. This will entail more stability in the long run, given the historic seasonality of the business.

The Bad

- The development of software will require upfront R&D. This will most likely come at a time of CAPEX falling but will limit margin growth in the near term.
- Turbo Tax and other competitors already exist. This will keep a soft lid on any sort of price increase management would look to pass on to consumers.
- Tax refunds have been weak from tax year 2022. This limits the demand for Spruce (online bank) as well as limits the return on advertising spend.

The Value

Adjusted Present Value

Equity SnapShot	5YR CAGR				
Growth	0.75%	2.32%			
Discount	8.53%				
Time	1	2	3	4	5
Discount Factor	0.9101864	0.839585	0.785383	0.738645	0.700267
Free Cash Flow	\$751	\$608	\$573	\$638	\$708
Discounted FCF	\$684	\$510	\$450	\$471	\$496
Terminal Value					\$6,421
Enterprise Value	\$9,032				Terminal Weight
Outstanding Debt	\$2,080				
Equity Value	\$6,952				71.09%
Shares Outstanding	152.3				
Share Price	\$45.64				

	Sensitivity Analysis								
	7.53%	7.78%	8.03%	8.28%	8.53%	8.78%	9.03%	9.28%	9.53%
-0.25%	\$45.22	\$43.92	\$42.70	\$41.55	\$40.46	\$39.44	\$38.47	\$37.55	\$36.68
0.00%	\$46.71	\$45.32	\$44.02	\$42.80	\$41.64	\$40.56	\$39.53	\$38.56	\$37.64
0.25%	\$48.31	\$46.82	\$45.43	\$44.12	\$42.89	\$41.74	\$40.65	\$39.62	\$38.65
0.50%	\$50.02	\$48.42	\$46.93	\$45.53	\$44.22	\$42.99	\$41.83	\$40.74	\$39.71
0.75%	\$51.85	\$50.13	\$48.53	\$47.04	\$45.64	\$44.32	\$43.09	\$41.93	\$40.84
1.00%	\$53.83	\$51.97	\$50.25	\$48.64	\$47.14	\$45.74	\$44.42	\$43.19	\$42.03
1.25%	\$55.96	\$53.95	\$52.09	\$50.36	\$48.75	\$47.25	\$45.85	\$44.53	\$43.29
1.50%	\$58.27	\$56.09	\$54.08	\$52.21	\$50.48	\$48.87	\$47.36	\$45.95	\$44.63
1.75%	\$60.78	\$58.41	\$56.22	\$54.20	\$52.33	\$50.60	\$48.98	\$47.47	\$46.05

Upside/Downside Capture	
U/D Capture	(11.1)x
FV Discount	75.16%

Current Share Price \$34.31

Incyte		INCY
Market Cap.	FV Discount	Industry
\$14.6B	75.8%	Healthcare

Company Description

Incyte is a biopharmaceutical company focused on the discovery, development, and commercialization of proprietary therapeutics. It is focused on developing and selling drugs that inhibit specific enzymes associated with cancer and other diseases. The company's lead program is its JAK (Janus associated kinase) inhibitor program. Its first commercial product JAKAFI, is approved for treatment of polycythemia vera and myelofibrosis (two rare blood cancers) and graft-versus-host-disease (GVHD) in the US; partner Novartis markets the drug internationally. Another inhibitor drug, ICLUSI, is marketed for certain forms of Leukemia in Europe.

The Good

- The increasing use of stem cells for a variety of treatments has and will continue to lead to more demand for Jakafi from GVHD.
- Opzelura is growing north of 300% as the demand for skin lesions and other skin issues is growing in importance. More indications and markets are approving the drug, setting the stage for a prolonged tailwind.
- Opzelura is currently rebated 29% but will increase to 50%. This effectively grants a higher price tag to management and significant scale on margin.

The Bad

- The bulk of sales (~80%) stem from Jakafi. Fortunately, patents have an average run time of 5.5 years, but this presents a timeline of innovation.
- While pharmaceutical firms benefit from the "need based good," they must embrace a perpetual wave of innovation that requires ongoing CAPEX regardless of the economy.
- Outside of Jakafi and Opzelura management has little in terms of late-stage pipeline. This will entail more R&D spend or outright M&A to build up.

The Value

Adjusted Present Value

Equity SnapShot	SYR CAGR				
Growth	3.50%	17.18%			
Discount	8.98%				
Time	1	2	3	4	5
Discount Factor	0.9064032	0.832852	0.77589	0.726217	0.686087
Free Cash Flow	\$836	\$851	\$1,022	\$1,086	\$1,186
Discounted FCF	\$757	\$709	\$793	\$789	\$814
Terminal Value					\$15,376
Enterprise Value	\$19,237				Terminal Weight
Outstanding Debt	\$0				
Equity Value	\$19,237				79.93%
Shares Outstanding	224.1				
Share Price	\$85.84				

	Sensitivity Analysis								
	7.98%	8.23%	8.48%	8.73%	8.98%	9.23%	9.48%	9.73%	9.98%
2.50%	\$85.13	\$82.17	\$79.45	\$76.96	\$74.65	\$72.52	\$70.54	\$68.70	\$66.98
2.75%	\$88.55	\$85.30	\$82.33	\$79.61	\$77.10	\$74.79	\$72.66	\$70.67	\$68.82
3.00%	\$92.31	\$88.72	\$85.46	\$82.49	\$79.76	\$77.25	\$74.93	\$72.79	\$70.80
3.25%	\$96.47	\$92.50	\$88.90	\$85.63	\$82.64	\$79.91	\$77.39	\$75.07	\$72.92
3.50%	\$101.10	\$96.67	\$92.68	\$89.07	\$85.79	\$82.80	\$80.06	\$77.54	\$75.21
3.75%	\$106.27	\$101.30	\$96.86	\$92.86	\$89.25	\$85.96	\$82.96	\$80.21	\$77.69
4.00%	\$112.09	\$106.48	\$101.50	\$97.05	\$93.04	\$89.42	\$86.13	\$83.12	\$80.37
4.25%	\$118.69	\$112.32	\$106.70	\$101.71	\$97.24	\$93.22	\$89.59	\$86.29	\$83.28
4.50%	\$126.24	\$118.94	\$112.55	\$106.91	\$101.91	\$97.43	\$93.41	\$89.77	\$86.46

Upside/Downside Capture	
U/D Capture	(32.7)x
FV Discount	75.84%

Current Share Price \$65.11

JP Morgan Chase		JPM
Market Cap.	FV Discount	Industry
\$450.9B	93.0%	Financials

Company Description

Boasting some \$3.7T in assets, JP Morgan Chase (JPM) is the largest bank holding company in the US and a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transactions processing, and asset management. The company operates through approximately 4,790 branches in about 50 states and Washington DC. Its principal bank subsidiary is JP Morgan Chase Bank, National Association, a national banking association; while its principal non-bank subsidiary JP Morgan Securities LLC, a US broker-dealer. Both of its subsidiaries operate nationally and overseas through branches, representative office, and subsidiary foreign banks. North America accounts for about 75% of the company's total revenue.

The Good

- Management cost of funds is ~0.20%, while the risk-free interest rate is currently 5.25% - 5.50%. Thus, the bank is currently capturing 95% of the return for providing a checking account.
- Chase is too big to fail. While this might incentivize risk taking it also provides a floor in the event of a 2008 like event or similar economic scenario.
- Tier 1 Capital sits at an all time. Not only is management capturing higher and higher interest rates but doing so for less risk while paying little in deposit returns.

The Bad

- Management has a slight overweight to credit cards. If the economy takes a turn for the worse, consumers will most likely default on credit cards before a mortgage or auto loan.
- Investment Banking is incredibly volatile and largely at the mercy of the economic cycle. Banks can offset with underwriting, but it really comes down to the macroeconomy.
- Provision has begun to tick higher. This is an indication that management sees the economy weakening and is preparing for defaults to move higher.

The Value

Adjusted Present Value

Equity SnapShot	5YR CAGR				
Growth	2.00%	5.61%			
Discount	6.85%				
Time	1	2	3	4	5
Discount Factor	0.9229264	0.8717921	0.8254983	0.7890819	0.7437083
Free Cash Flow	\$3,289	\$8,220	\$26,125	\$28,239	\$26,451
Discounted FCF	\$3,036	\$7,166	\$21,566	\$22,283	\$19,672
Terminal Value					\$413,635
Enterprise Value	\$487,359				Terminal Weight
Outstanding Debt	\$0				84.87%
Equity Value	\$487,359				
Shares Outstanding	2,922.3				
Share Price	\$166.77				

Current Share Price \$155.17

	Sensitivity Analysis								
	5.85%	6.10%	6.35%	6.60%	6.85%	7.10%	7.35%	7.60%	7.85%
1.00%	\$165.41	\$158.54	\$152.31	\$146.64	\$141.45	\$136.69	\$132.30	\$128.24	\$124.48
1.25%	\$173.40	\$165.76	\$158.87	\$152.63	\$146.94	\$141.74	\$136.96	\$132.56	\$128.50
1.50%	\$182.30	\$173.76	\$166.11	\$159.20	\$152.94	\$147.24	\$142.03	\$137.24	\$132.83
1.75%	\$192.29	\$182.69	\$174.13	\$166.45	\$159.53	\$153.26	\$147.54	\$142.31	\$137.51
2.00%	\$203.57	\$192.70	\$183.07	\$174.50	\$166.80	\$159.86	\$153.57	\$147.84	\$142.60
2.25%	\$216.43	\$204.01	\$193.11	\$183.46	\$174.86	\$167.15	\$160.19	\$153.88	\$148.14
2.50%	\$231.20	\$216.89	\$204.45	\$193.52	\$183.85	\$175.23	\$167.50	\$160.52	\$154.20
2.75%	\$248.35	\$231.70	\$217.36	\$204.89	\$193.93	\$184.23	\$175.59	\$167.84	\$160.85
3.00%	\$268.51	\$248.89	\$232.20	\$217.83	\$205.32	\$194.34	\$184.62	\$175.96	\$168.19

Upside/Downside Capture	
U/D Capture	3.7x
FV Discount	93.04%

KLA Corp.		KLAC
Market Cap.	FV Discount	Industry
\$67.9B	106.3%	Information Technology

Company Description

KLA Corp. is a supplier of process control equipment and data analytics products for a broad range of industries, including semiconductors, printed circuit boards (PCB) and displays. It provides solutions for manufacturing and testing wafers and reticles, integrated circuits (IC or chip), packaging, light-emitting diodes (LED), power devices, compound semiconductor devices, microelectromechanical systems (MEMS), data storage, PCBs, flat and flexible panel displays, and general materials research, as well as providing contracted and comprehensive installation and maintenance services across its installed base. Customers in international markets account for about 90% of the company's revenue.

The Good

- The demand and reliance on next generation semiconductors is only increasing. Management stands at the forefront of quality assurance on these devices.
- The importance of semiconductors is also leading to more etching (removing material from a substrate). Clients can alter a semiconductors purpose with etching without having to buy a whole new semiconductor.
- Management is flush with cash and has little debt to speak of. This is serving as a catalyst for management's most recent discussion around a stock buyback.

The Bad

- The bulk of assets is overseas. If IT were to become a lever in a cyber war, management may find their assets seized by foreign threats or hurt by foreign currency.
- Semiconductors for displays (smartphones and laptops) have taken a recent step back. This has weighed on volumes, but signs are quickly pointing to a bottom.
- Innovation is incredibly important when it comes to next generation semiconductors as well as etching. This will keep R&D as well as CAPEX elevated.

The Value

Adjusted Present Value

Equity SnapShot	SYR CAGR				
Growth	4.25%	21.06%			
Discount	11.26%				
Time	1	2	3	4	5
Discount Factor	0.8872091	0.800266	0.729723	0.667974	0.617714
Free Cash Flow	\$3,213	\$4,045	\$4,164	\$5,292	\$5,880
Discounted FCF	\$2,851	\$3,237	\$3,039	\$3,535	\$3,632
Terminal Value					\$54,017
Enterprise Value	\$70,311	Leases			Terminal Weight
Outstanding Debt	\$6,175	\$6,355			76.83%
Equity Value	\$64,136	\$63,956			
Shares Outstanding	137.2	137.2			
Share Price	\$467.46	\$466.15			

Current Share Price \$496.87

	Sensitivity Analysis								
	10.26%	10.51%	10.76%	11.01%	11.26%	11.51%	11.76%	12.01%	12.26%
3.25%	\$463.69	\$450.26	\$437.73	\$426.00	\$415.01	\$404.68	\$394.96	\$385.79	\$377.13
3.50%	\$479.09	\$464.63	\$451.17	\$438.61	\$426.85	\$415.83	\$405.48	\$395.73	\$386.54
3.75%	\$495.67	\$480.07	\$465.58	\$452.08	\$439.49	\$427.71	\$416.66	\$406.28	\$396.51
4.00%	\$513.58	\$496.69	\$481.04	\$466.52	\$452.99	\$440.37	\$428.56	\$417.48	\$407.08
4.25%	\$532.97	\$514.63	\$497.70	\$482.02	\$467.46	\$453.91	\$441.25	\$429.41	\$418.31
4.50%	\$554.05	\$534.07	\$515.69	\$498.72	\$483.00	\$468.41	\$454.82	\$442.13	\$430.26
4.75%	\$577.05	\$555.20	\$535.18	\$516.75	\$499.74	\$483.98	\$469.35	\$455.73	\$443.01
5.00%	\$602.23	\$578.25	\$556.35	\$536.28	\$517.81	\$500.75	\$484.96	\$470.30	\$456.64
5.25%	\$629.92	\$603.48	\$579.45	\$557.50	\$537.38	\$518.86	\$501.77	\$485.94	\$471.24

Upside/Downside Capture	
U/D Capture	1.1x
FV Discount	106.29%

Lockheed Martin		LMT
Market Cap.	FV Discount	Industry
\$113.8B	85.9%	Industrials

Company Description

A leading global military contractor, Lockheed Martin supplies just about all kinds of aircraft to government and commercial customers. The US government is Lockheed's biggest customer, accounting for about 75% of revenue (the Department of Defense alone accounts for nearly 65%). It makes combat aircraft, unmanned aircraft, helicopters, satellites, and spacecraft, as well as ship and submarine combat technology and missiles and missile defense systems. Lockheed's flagship F-35 jet fighter accounts for about 30% of sales. In late 2020, Lockheed Martin agreed to acquire Aerojet Rocketdyne for \$4.6B.

The Good

- The renewed push into space has resulted in revenue from space exploration growing north of 10%. This is roughly 20% of revenue but carries the highest margins.
- The US is permitting more and more F-35s to be sold overseas. This has caused the backlog to balloon to \$140B with a book to bill of 1.7x (the highest on record).
- The bulk of work management does is cost plus. Thus, in the event costs exceed the projected budget set by the contractor, the client must reimburse the contractor.

The Bad

- The war in Ukraine is not necessarily a massive tailwind. These contracts and prices have largely been done at a discount, which provides less room for error on the cost side.
- Congress is shaping up to be the biggest risk to aerospace at large. Debt ceilings and Continued Resolutions (CRs) will be an overhang as long as Capitol Hill continues to turn budgetary items into politics.
- The means of warfare is seeing an overhaul from missiles and men to Cyber and Space. While management has led the way in terms of Space, it remains behind in terms of Cyber.

The Value

Adjusted Present Value

Equity Snapshot	SYR CAGR					
Growth	3.00%	5.72%				
Discount	8.70%					
Time	1	2	3	4	5	
Discount Factor	0.9087175	0.837139	0.781568	0.733344	0.695096	
Free Cash Flow	\$6,208	\$7,396	\$10,779	\$10,619	\$9,311	
Discounted FCF	\$5,641	\$6,192	\$8,425	\$7,787	\$6,472	
Terminal Value					\$116,917	
Enterprise Value	\$151,435	Pension				Terminal Weight
Outstanding Debt	\$18,850	\$24,658				77.21%
Equity Value	\$132,585	\$126,777				
Shares Outstanding	251.8	251.8				
Share Price	\$526.55	\$503.48				

Current Share Price \$452.22

	Sensitivity Analysis								
	7.70%	7.95%	8.20%	8.45%	8.70%	8.95%	9.20%	9.45%	9.70%
2.00%	\$522.20	\$502.87	\$485.10	\$468.71	\$453.54	\$439.47	\$426.37	\$414.15	\$402.72
2.25%	\$544.47	\$523.32	\$503.95	\$486.14	\$469.71	\$454.50	\$440.39	\$427.26	\$415.01
2.50%	\$568.90	\$545.65	\$524.45	\$505.03	\$487.17	\$470.70	\$455.46	\$441.32	\$428.15
2.75%	\$595.78	\$570.13	\$546.83	\$525.58	\$506.11	\$488.21	\$471.70	\$456.42	\$442.24
3.00%	\$625.53	\$597.08	\$571.37	\$548.01	\$526.71	\$507.19	\$489.25	\$472.70	\$457.38
3.25%	\$658.62	\$626.90	\$598.38	\$572.60	\$549.19	\$527.83	\$508.27	\$490.28	\$473.69
3.50%	\$695.65	\$660.07	\$628.27	\$599.68	\$573.84	\$550.37	\$528.96	\$509.35	\$491.32
3.75%	\$737.37	\$697.18	\$661.51	\$629.63	\$600.98	\$575.07	\$551.55	\$530.09	\$510.43
4.00%	\$784.72	\$739.00	\$698.71	\$662.95	\$631.00	\$602.27	\$576.31	\$552.73	\$531.21

Upside/Downside Capture	
U/D Capture	6.7x
FV Discount	85.88%

Masco		MAS
Market Cap.	FV Discount	Industry
\$13.5B	111.1%	Industrials

Company Description

Masco Corporation (MAS) is a global leader in the design, manufacturing, and distribution of home improvement and building products. These products are sold primarily for repair and remodeling activity and, to a lesser extent new home construction. It sells its products through home center retailers, online retailers, wholesalers and distributors, mass merchandisers, hardware stores, direct to consumer, professional contractors, and homebuilders. Well-known brands include Delta and Peerless, Behr, Hot Springs, and Kichler. While most of its sales are within North America, Masco has a major presence in the UK, mainland Europe, and China.

The Good

- 80% of sales come from existing homes and are not dependent on new home sales. Thus, the fear of higher interest rates is overblown.
- Consumers that were looking to buy a nicer home at 3.50%, now have a higher incentive to renovate their existing home. This slowdown in home purchasing will coincide with a step up in renovations.
- Inflation has peaked and is quickly coming down. This will be a benefit to management as labor, material, and freight costs decline.

The Bad

- COVID benefited the firm as consumers took an unseasonal approach to spa renovation. This resulted in a one-time bump to margins that cannot be counted on going forward.
- Any sort of weakness that materializes in Europe from Russia and/or supply lines will hurt overall volumes. This lack of volume will carry through to lower margins.
- Management is pushing more and more resources into pools/spas. While this was a massive add during COVID it is one of the least sought after renovations for the home.

The Value

Adjusted Present Value

Equity SnapShot	SYR CAGR				
Growth	2.75%	7.61%			
Discount	9.83%				
Time	1	2	3	4	5
Discount Factor	0.8986615	0.8207092	0.7582833	0.703502	0.660121
Free Cash Flow	\$757	\$991	\$1,127	\$1,106	\$1,164
Discounted FCF	\$681	\$813	\$855	\$778	\$769
Terminal Value					\$11,146
Enterprise Value	\$15,041	Pension			Terminal Weight
Outstanding Debt	\$2,935	\$3,360			
Equity Value	\$12,106	\$11,681			
Shares Outstanding	224.9	224.9			
Share Price	\$53.83	\$51.94			
					74.10%

Current Share Price \$59.81

	Sensitivity Analysis								
	8.83%	9.08%	9.33%	9.58%	9.83%	10.08%	10.33%	10.58%	10.83%
1.75%	\$53.38	\$51.71	\$50.14	\$48.68	\$47.30	\$46.01	\$44.79	\$43.65	\$42.56
2.00%	\$55.30	\$53.50	\$51.82	\$50.25	\$48.79	\$47.41	\$46.11	\$44.89	\$43.74
2.25%	\$57.37	\$55.43	\$53.62	\$51.94	\$50.37	\$48.89	\$47.51	\$46.22	\$44.99
2.50%	\$59.60	\$57.50	\$55.55	\$53.74	\$52.06	\$50.48	\$49.00	\$47.62	\$46.32
2.75%	\$62.02	\$59.74	\$57.63	\$55.68	\$53.86	\$52.17	\$50.59	\$49.11	\$47.73
3.00%	\$64.64	\$62.16	\$59.87	\$57.76	\$55.80	\$53.98	\$52.29	\$50.70	\$49.22
3.25%	\$67.50	\$64.79	\$62.30	\$60.01	\$57.89	\$55.93	\$54.10	\$52.40	\$50.82
3.50%	\$70.63	\$67.65	\$64.94	\$62.44	\$60.14	\$58.02	\$56.05	\$54.23	\$52.52
3.75%	\$74.06	\$70.79	\$67.81	\$65.08	\$62.58	\$60.28	\$58.15	\$56.18	\$54.35

Upside/Downside Capture	
U/D Capture	0.8x
FV Discount	111.11%

MasterCard		MA
Market Cap.	FV Discount	Industry
\$371.5B	105.4%	Information Technology

Company Description

Surpassing Visa in market share, now that would be priceless. Serving about 22,000 member financial institutions around the world, MasterCard is the #2 payment system in the US. The company does not issue credit or its namesake cards; rather, it markets the MasterCard (credit, debit, and prepaid cards) and Maestro (debit and prepaid cards, mainly in Europe) brands, provides a transaction authorization network, establishes guidelines for the US and collects fees from members. The company provides its services in more than 210 countries and territories, and its cards are accepted at more than 35 million locations around the globe. MasterCard also operates the Cirrus ATM network.

The Good

- Switch and cross-border transactions are quickly outpacing domestic transactions on the back of travel and business. This will be a tailwind to margin as cross border carries the highest fees.
- MasterCard accrues a large amount of consumer data in terms of purchasing information. This will continue to be monetized and create a diversified stream of revenue outside of payments.
- Partnerships on the digital front are growing and permitting the transaction of crypto currency. This adds a new vertical outside traditional card spending.

The Bad

- Regulations such as the Durbin Amendment has increased the costs of maintaining electronic payment systems, but merchants have thus far been able to pass on this cost to consumers.
- Transactions have slowed throughout the year as higher gas, Russia, and overall economic weakness is weighing on the global consumer.
- Revenue and expense growth have largely moved together. This is leaving little room for margin accretion and instead will be a function of overseas spending and a weakening USD.

The Value

Adjusted Present Value

Equity Snapshot	SYR CAGR							
Growth	5.50%	12.22%						
Discount	9.74%							
Time	1	2	3	4	5			
Discount Factor	0.900323396	0.8214443	0.7596208	0.7058935	0.6616601			
Free Cash Flow	\$11,947	\$12,883	\$14,708	\$16,687	\$18,750			
Discounted FCF	\$10,756	\$10,583	\$11,172	\$11,779	\$12,406			
Terminal Value						\$308,515		
Enterprise Value	\$365,210	Leases						Terminal Weight
Outstanding Debt	\$15,500	\$16,081						84.48%
Equity Value	\$349,710	\$349,129						
Shares Outstanding	934.8	934.8						
Share Price	\$374.10	\$373.48						

Current Share Price \$394.42

	Sensitivity Analysis								
	8.74%	8.99%	9.24%	9.49%	9.74%	9.99%	10.24%	10.49%	10.74%
4.50%	\$371.15	\$352.94	\$336.65	\$321.99	\$308.73	\$296.68	\$285.68	\$275.59	\$266.32
4.75%	\$392.48	\$371.94	\$353.68	\$337.35	\$322.66	\$309.37	\$297.28	\$286.26	\$276.15
5.00%	\$416.65	\$393.31	\$372.72	\$354.42	\$338.05	\$323.32	\$310.00	\$297.89	\$286.83
5.25%	\$444.29	\$417.54	\$394.14	\$373.50	\$355.16	\$338.75	\$323.99	\$310.63	\$298.49
5.50%	\$476.20	\$445.25	\$418.43	\$394.97	\$374.28	\$355.90	\$339.45	\$324.65	\$311.26
5.75%	\$513.44	\$477.22	\$446.20	\$419.32	\$395.80	\$375.07	\$356.64	\$340.15	\$325.32
6.00%	\$557.48	\$514.55	\$478.25	\$447.15	\$420.20	\$396.64	\$375.85	\$357.37	\$340.85
6.25%	\$610.36	\$558.69	\$515.66	\$479.27	\$448.10	\$421.09	\$397.47	\$376.63	\$358.11
6.50%	\$675.04	\$611.69	\$559.90	\$516.77	\$480.30	\$449.05	\$421.98	\$398.30	\$377.41

Upside/Downside Capture	
U/D Capture	2.2x
FV Discount	105.43%

Microsoft		MSFT
Market Cap.	FV Discount	Industry
\$2,404.3	103.1%	Information Technology

Company Description

Microsoft is one of the world's leading technology companies with products that include the Windows operating system, Office productivity applications, and Azure cloud services. LinkedIn, its business-oriented social network, is used by millions to make connections. Outside the office, Microsoft's Xbox gaming system is second only to Sony's PlayStation. Microsoft's customers range from consumers and small businesses to the world's biggest companies and government agencies. Geographically, Microsoft's revenue is evenly split between the US and the other countries.

The Good

- Azure provides 42% of revenue and is not only the highest margin business for MSFT but is also growing the fastest at 15%.
- Azure and Office are either a necessity or quickly becoming so for both consumers and businesses. This necessity will limit any sort of downside from a recession.
- Fabric and CoPilot have been introduced to usher in the era of AI. While early, it has already led to a 2x increase in Windows 11 adoption.

The Bad

- Management has done a fantastic job of doubling revenue over the past 5 years from \$100B to \$200B. The question now becomes what can continue to drive this growth given a higher base.
- The high inflationary environment and spending from COVID will most likely limit growth from Surface as consumer's seemed to have stockpiled goods over the past 2 years.
- The race for the cloud will require perpetual CAPEX spending to grow Azure as well as keep pace with AWS, Google Cloud, and Oracle.

The Value

Adjusted Present Value

Equity Snapshot	5YR CAGR				
Growth	5.75%	13.94%			
Discount	10.13%				
Time	1	2	3	4	5
Discount Factor	0.89708385	0.815811489	0.7518827	0.6958895	0.650073
Free Cash Flow	\$72,064	\$83,539	\$94,837	\$110,821	\$128,676
Discounted FCF	\$64,648	\$68,152	\$71,306	\$77,119	\$83,649
Terminal Value					\$2,020,325
Enterprise Value	\$2,385,200	Leases	Terminal Weight		
Outstanding Debt	\$52,875	\$77,875	84.70%		
Equity Value	\$2,332,325	\$2,307,325			
Shares Outstanding	7,429.8	7,429.8			
Share Price	\$313.91	\$310.55			

Current Share Price \$323.58

	Sensitivity Analysis								
	9.13%	9.38%	9.63%	9.88%	10.13%	10.38%	10.63%	10.88%	11.13%
4.75%	\$311.25	\$296.71	\$283.66	\$271.88	\$261.20	\$251.47	\$242.56	\$234.38	\$226.84
5.00%	\$328.23	\$311.89	\$297.32	\$284.24	\$272.43	\$261.72	\$251.97	\$243.04	\$234.84
5.25%	\$347.39	\$328.91	\$312.53	\$297.92	\$284.81	\$272.98	\$262.25	\$252.47	\$243.52
5.50%	\$369.20	\$348.12	\$329.59	\$313.17	\$298.53	\$285.39	\$273.53	\$262.77	\$252.97
5.75%	\$394.24	\$369.98	\$348.85	\$330.27	\$313.82	\$299.14	\$285.97	\$274.08	\$263.29
6.00%	\$423.27	\$395.07	\$370.75	\$349.57	\$330.95	\$314.46	\$299.75	\$286.54	\$274.63
6.25%	\$457.35	\$424.17	\$395.90	\$371.53	\$350.30	\$331.63	\$315.10	\$300.36	\$287.12
6.50%	\$497.90	\$458.32	\$425.07	\$396.74	\$372.30	\$351.02	\$332.32	\$315.74	\$300.96
6.75%	\$546.97	\$498.97	\$459.30	\$425.97	\$397.57	\$373.08	\$351.75	\$333.00	\$316.39

Upside/Downside Capture	
U/D Capture	2.3x
FV Discount	103.08%

Occidental Petroleum		OXY
Market Cap.	FV Discount	Industry
\$56.7B	84.4%	Energy

Company Description

Occidental Petroleum (OXY) is an international energy company with assets primarily in the US, the Middle East and North Africa. It is one of the largest oil producers in the US, including a leading producer in the Permian and DJ Basins, and offshore Gulf of Mexico. OXY's midstream and marketing segment supports and enhances its oil and has and chemical businesses. Its chemical subsidiary OxyChem manufactures the building blocks for life-enhancing products. The company has a legacy of carbon management expertise and investing in other low-carbon technologies intended to reduce emissions of their clients. The US generates around 85% of the company's revenue.

The Good

- Despite YoY revenue taking a dip on lower oil prices, production continues to increase and costs continue to fall. Thus, the quality of management has shined.
- The bulk of assets are in the Permian, which carries some of the lowest break evens in the US. This permits management to continue drilling as oil prices came down to keep revenue intact.
- The diversification with chemicals is a nice hedge. In the event oil prices continue to decline the cost to refine into chemicals also declines.

The Bad

- At the end of the day the number one input to oil companies is the price of oil. Thus, no matter how effective a management team, their destiny remains out of their control.
- The energy industry at large is exposed to heavier debt loads and overhead than most industries. Given higher rates, the cost of debt service is set to rise.
- Assets exposed in the Middle East and North Africa can have sudden shutdowns on conflict. This shutdown does not remove the cost and hurts margin.

The Value

Adjusted Present Value

Equity SnapShot	5YR CAGR					
Growth	1.50%	23.98%				
Discount	9.21%					
Time	1	2	3	4	5	
Discount Factor	0.904519	0.8293691	0.7705493	0.7195296	0.6794815	
Free Cash Flow	\$5,396	\$4,328	\$6,484	\$7,083	\$7,020	
Discounted FCF	\$4,881	\$3,589	\$4,997	\$5,096	\$4,770	
Terminal Value					\$62,793	
Enterprise Value	\$86,125	Leases				Terminal Weight
Outstanding Debt	\$17,950	\$21,200				72.91%
Equity Value	\$68,175	\$64,925				
Shares Outstanding	891.7	891.7				
Share Price	\$76.46	\$72.81				

Current Share Price \$64.51

	Sensitivity Analysis								
	8.21%	8.46%	8.71%	8.96%	9.21%	9.46%	9.71%	9.96%	10.21%
0.50%	\$75.76	\$73.57	\$71.52	\$69.58	\$67.76	\$66.04	\$64.41	\$62.86	\$61.40
0.75%	\$78.28	\$75.94	\$73.74	\$71.68	\$69.74	\$67.91	\$66.18	\$64.55	\$63.01
1.00%	\$80.97	\$78.46	\$76.11	\$73.91	\$71.84	\$69.90	\$68.06	\$66.33	\$64.70
1.25%	\$83.85	\$81.15	\$78.64	\$76.28	\$74.08	\$72.01	\$70.06	\$68.22	\$66.48
1.50%	\$86.95	\$84.05	\$81.34	\$78.82	\$76.46	\$74.25	\$72.17	\$70.21	\$68.37
1.75%	\$90.29	\$87.15	\$84.24	\$81.53	\$79.00	\$76.63	\$74.41	\$72.33	\$70.37
2.00%	\$93.90	\$90.50	\$87.35	\$84.43	\$81.71	\$79.18	\$76.80	\$74.58	\$72.49
2.25%	\$97.81	\$94.11	\$90.70	\$87.55	\$84.62	\$81.90	\$79.35	\$76.98	\$74.75
2.50%	\$102.06	\$98.03	\$94.33	\$90.91	\$87.75	\$84.81	\$82.08	\$79.53	\$77.15

Upside/Downside Capture	
U/D Capture	12.1x
FV Discount	84.38%

Palantir Technologies		PLTR
Market Cap.	FV Discount	Industry
\$33.2B	82.4%	Information Technology

Company Description

Palantir Technologies (PLTR) builds software that empowers organizations to effectively integrate their data, decisions, and operations at scale. PLTR has three principal platforms: Gotham, Foundry, and Apollo. Gotham and Foundry enable institutions to transform massive amounts of information into integrated data assets that reflect their operations. Apollo is a cloud agnostic single control layer that coordinates ongoing delivery of new features, security updates, and platform configuration. In other words, Apollo allows customers to run their software in any environment.

The Good

- Outside of AWS and Azure, management is the only IL-6 provider to the DoD. An IL-6 provider is the only 3rd party constituent that can analyze and assist the DoD with top secret information.
- Revenue continues to grow north of 10% with margins increasing, FCF growing, and no debt. Company financials are outstanding for a firm this size.
- AIP (AI Platform that brings together multiple AIs) was recently launched and has accrued over 300 Fortune 1000 firms in a matter of 10 weeks.

The Bad

- The ability to control and manipulate data is quickly pushing up against moral bounds. Where this bound exists is hard to determine, but if drawn could limit opportunity going forward.
- Management went public in 2020 via DPO (direct public offering). This is one of the few offerings that did not use banks and instead relied upon itself.
- Given this sort of technology is very new it is incredibly hard to discern where it is in terms of client priority. If the economy were to enter a recession it may elongate the sales cycle.

The Value

Adjusted Present Value

Equity Snapshot	5YR CAGR				
Growth	6.00%	33.76%			
Discount	11.36%				
Time	1	2	3	4	5
Discount Factor	0.88723272	0.7977636	0.727057	0.6656602	0.6150281
Free Cash Flow	\$695	\$1,197	\$1,539	\$2,062	\$2,687
Discounted FCF	\$617	\$955	\$1,119	\$1,373	\$1,652
Terminal Value					\$32,677
Enterprise Value	\$38,393				Terminal Weight
Outstanding Debt	\$0				85.11%
Equity Value	\$38,393				
Shares Outstanding	2,047.2				
Share Price	\$18.75				

Current Share Price \$15.45

	Sensitivity Analysis								
	10.36%	10.61%	10.86%	11.11%	11.36%	11.61%	11.86%	12.11%	12.36%
5.00%	\$18.60	\$17.90	\$17.25	\$16.66	\$16.12	\$15.61	\$15.15	\$14.71	\$14.31
5.25%	\$19.42	\$18.64	\$17.93	\$17.29	\$16.70	\$16.15	\$15.64	\$15.18	\$14.74
5.50%	\$20.31	\$19.46	\$18.68	\$17.97	\$17.32	\$16.73	\$16.18	\$15.67	\$15.20
5.75%	\$21.31	\$20.35	\$19.50	\$18.72	\$18.01	\$17.36	\$16.76	\$16.21	\$15.70
6.00%	\$22.41	\$21.35	\$20.40	\$19.53	\$18.75	\$18.04	\$17.39	\$16.79	\$16.24
6.25%	\$23.66	\$22.46	\$21.39	\$20.44	\$19.57	\$18.79	\$18.08	\$17.43	\$16.83
6.50%	\$25.06	\$23.71	\$22.51	\$21.44	\$20.48	\$19.61	\$18.83	\$18.11	\$17.46
6.75%	\$26.66	\$25.11	\$23.76	\$22.55	\$21.48	\$20.52	\$19.65	\$18.87	\$18.15
7.00%	\$28.50	\$26.72	\$25.17	\$23.80	\$22.60	\$21.53	\$20.56	\$19.69	\$18.90

Upside/Downside Capture	
U/D Capture	11.4x
FV Discount	82.36%

Palo Alto Networks		PANW
Market Cap.	FV Discount	Industry
\$64.9B	95.0%	Information Technology

Company Description

Palo Alto Networks offers enterprise-wide Internet security (including security measures for mobile devices) to protect companies from breaches in their corporate networks. Its hardware and software security products, which account for most of the company revenue, identify traffic in detail and provide the ability to control access by user. In the past, a company could either allow its employees access to applications like Oracle, Skype, and YouTube or not. But as more work is done online and in the cloud, that's not always practical. Palo Alto Networks designs its products to identify and manage threats rather than simply blocking access. It sells products outright as well as through a growing subscription business. Competitors include Juniper Networks and Cisco Systems.

The Good

- Prisma is the only one stop cybersecurity platform for corporations. Prisma is not only growing north of 50%, but is also providing Cortex, a single solution to secure any firm's IT application.
- Sales across the board are growing at over 24%. Even more impressive is that +\$10M contracts are growing at 139%. Management is clearly grabbing market share with Fortune 500 firms and governments.
- Cybersecurity is being defined by consolidation at the moment. Management is one of the few providers of holistic cyber solutions.

The Bad

- Billings have slowed from over 27% to 26% during the most recent quarter. This is a clear sign that clients regardless of size are extending sales cycles.
- The increasing growth and reliance on technology will only increase the incentive to commit cybercrimes. Thus, management will be forced to elevate R&D to keep up with criminals.
- The advent of AI is an opaque picture for cybersecurity at the moment. While AI will most likely result in increased cyber attacks it will also usher in new competition such as MSFT.

The Value

Adjusted Present Value

Equity Snapshot	5YR CAGR				
Growth	6.00%	25.58%			
Discount	10.14%				
Time	1	2	3	4	5
Discount Factor	0.8972593	0.815609	0.751186	0.695414	0.649744
Free Cash Flow	\$2,498	\$2,614	\$2,523	\$2,820	\$3,692
Discounted FCF	\$2,241	\$2,132	\$1,895	\$1,961	\$2,399
Terminal Value					\$61,423
Enterprise Value	\$72,052	Convert			
Outstanding Debt	\$3,700	\$0			
Equity Value	\$68,352	\$72,052			
Shares Outstanding	305.9	319.0			
Share Price	\$223.45	\$225.85			
Terminal Weight	85.25%				

Current Share Price \$212.31

	Sensitivity Analysis								
	9.14%	9.39%	9.64%	9.89%	10.14%	10.39%	10.64%	10.89%	11.14%
5.00%	\$221.53	\$210.20	\$200.10	\$191.03	\$182.84	\$175.41	\$168.64	\$162.44	\$156.75
5.25%	\$234.81	\$222.00	\$210.65	\$200.52	\$191.43	\$183.22	\$175.77	\$168.98	\$162.77
5.50%	\$249.93	\$235.32	\$222.48	\$211.10	\$200.94	\$191.83	\$183.60	\$176.14	\$169.33
5.75%	\$267.26	\$250.46	\$235.82	\$222.95	\$211.54	\$201.37	\$192.23	\$183.98	\$176.50
6.00%	\$287.36	\$267.84	\$251.00	\$236.33	\$223.42	\$211.99	\$201.79	\$192.63	\$184.36
6.25%	\$310.94	\$287.99	\$268.42	\$251.54	\$236.83	\$223.90	\$212.44	\$202.21	\$193.03
6.50%	\$338.98	\$311.62	\$288.61	\$269.00	\$252.08	\$237.33	\$224.37	\$212.88	\$202.63
6.75%	\$372.89	\$339.73	\$312.30	\$289.24	\$269.58	\$252.62	\$237.84	\$224.84	\$213.33
7.00%	\$414.73	\$373.71	\$340.47	\$312.98	\$289.86	\$270.16	\$253.16	\$238.34	\$225.32

Upside/Downside Capture	
U/D Capture	3.6x
FV Discount	95.01%

Paychex		PYX
Market Cap.	FV Discount	Industry
\$44.7B	137.7%	Industrials

Company Description

Paychex (PAYX) began as a payroll processing firm but has since expanded to offer a variety of human resources-related services. The company provides payroll services through its SurePayroll online application, while its Paychex Flex platform integrates payroll processing with HR management, employee benefits administration, time tracking, and employee performance management. PAYX processes the payrolls of more than 730,000 clients. The company focuses on small and mid-sized businesses and serves clients throughout the US and Europe.

The Good

- Strong employment yields strong payroll demands. Despite 2022 inflation and fears of an economic slowdown, the labor market remains incredibly resilient.
- The inherent automation of payroll creates an incredibly easy model to build scale on. Little in terms of labor personnel is needed and will increasingly move this direction with AI.
- Satellite HR services are increasingly in demand. Management not only has an answer for this demand, but also accrues a much higher margin than from the payroll service.

The Bad

- The payroll universe is dominated by PAYX and ADP. While the industry has monopolistic features it may also fall prey to complacency.
- As management increasingly moves into software it also becomes more commoditized. Overtime a commoditized service tends to result in lower and lower margins.
- The funds held and processed for payroll are often invested in short-term bonds. When the Fed begins to cut overnight interest rates, interest revenue for management will fall.

The Value

Adjusted Present Value

Equity SnapShot	SYR CAGR				
Growth	4.00%	8.19%			
Discount	10.24%				
Time	1	2	3	4	5
Discount Factor	0.8961136	0.813923	0.749412	0.693216	0.647166
Free Cash Flow	\$1,730	\$1,875	\$2,097	\$2,236	\$2,368
Discounted FCF	\$1,551	\$1,526	\$1,571	\$1,550	\$1,532
Terminal Value					\$25,526
Enterprise Value	\$33,257				
Outstanding Debt	\$800				
Equity Value	\$32,457				
Shares Outstanding	360.5				
Share Price	\$90.03				
					Terminal Weight
					76.75%

	Sensitivity Analysis								
	9.24%	9.49%	9.74%	9.99%	10.24%	10.49%	10.74%	10.99%	11.24%
3.00%	\$89.38	\$86.68	\$84.18	\$81.86	\$79.69	\$77.68	\$75.79	\$74.02	\$72.36
3.25%	\$92.49	\$89.56	\$86.85	\$84.34	\$82.01	\$79.84	\$77.82	\$75.93	\$74.15
3.50%	\$95.87	\$92.67	\$89.73	\$87.01	\$84.50	\$82.16	\$79.99	\$77.96	\$76.06
3.75%	\$99.55	\$96.05	\$92.85	\$89.90	\$87.17	\$84.65	\$82.31	\$80.13	\$78.10
4.00%	\$103.59	\$99.74	\$96.24	\$93.02	\$90.07	\$87.34	\$84.81	\$82.47	\$80.28
4.25%	\$108.02	\$103.79	\$99.94	\$96.42	\$93.20	\$90.24	\$87.50	\$84.97	\$82.62
4.50%	\$112.93	\$108.24	\$103.99	\$100.13	\$96.61	\$93.38	\$90.41	\$87.66	\$85.13
4.75%	\$118.39	\$113.16	\$108.45	\$104.19	\$100.32	\$96.79	\$93.55	\$90.58	\$87.83
5.00%	\$124.48	\$118.62	\$113.38	\$108.66	\$104.40	\$100.52	\$96.98	\$93.73	\$90.75

Upside/Downside Capture	
U/D Capture	0.0x
FV Discount	137.68%

Current Share Price \$123.96

Pfizer		PFE
Market Cap.	FV Discount	Industry
\$203.0B	70.7%	Healthcare

Company Description

Pfizer Inc. (PFE) is one of the world's largest research-based pharmaceutical companies, producing medicines for cardiovascular health, metabolism, oncology, inflammation and immunology, and other areas. The company works across developed and emerging markets to advance wellness, prevention, treatments, and cures that challenge the most feared diseases of its time. PFE collaborates with healthcare providers, governments, and local communities to support and expand access to reliable, affordable healthcare around the world. PFE operates internationally and receives only 25% of its revenue from its US market.

The Good

- The name of the game is mRNA and vaccines. Management is the current leader in COVID-19 and is in Phase 3 of an RSV vaccine. This seasonal cashflow will serve as a perpetual annuity.
- Management is using the cash on hand to purchase Seagen (SGEN) an innovator in targeting cancerous cells around the body.
- Despite COVID more than doubling revenue growth, shares only trade at a slight premium (~20%) pre-COVID. Given the stable cashflow that comes with vaccines, management has little downside.

The Bad

- COVID-19 vaccines are not as profitable as proprietary drugs. This vaccine was developed with BioNTech and results in a lower margin per injection, despite volume.
- A host of old guard pharmaceuticals will begin to roll off in 2025. Thus, the future of management is increasingly reliant on mRNA and vaccine treatment.
- Despite the increase in revenue from vaccines, management will be incredibly reliant on its pipeline over the coming years. Little in terms of error will be tolerated.

The Value

Adjusted Present Value

Equity Snapshot	5YR CAGR				
Growth	2.00%	13.81%			
Discount	8.94%				
Time	1	2	3	4	5
Discount Factor	0.9062239	0.832794	0.777736	0.728048	0.687685
Free Cash Flow	\$17,799	\$12,677	\$21,128	\$22,794	\$24,327
Discounted FCF	\$16,130	\$10,557	\$16,432	\$16,595	\$16,729
Terminal Value					\$245,862
Enterprise Value	\$322,305	nsion/Buyout			Terminal Weight
Outstanding Debt	\$35,000	\$70,000			
Equity Value	\$287,305	\$252,305			
Shares Outstanding	5,645.3	5,645.3			
Share Price	\$50.89	\$44.69			
					76.28%

Current Share Price \$35.95

	Sensitivity Analysis								
	7.94%	8.19%	8.44%	8.69%	8.94%	9.19%	9.44%	9.69%	9.94%
1.00%	\$50.47	\$48.97	\$47.57	\$46.26	\$45.04	\$43.89	\$42.80	\$41.78	\$40.82
1.25%	\$52.19	\$50.58	\$49.07	\$47.67	\$46.36	\$45.13	\$43.98	\$42.89	\$41.87
1.50%	\$54.05	\$52.30	\$50.68	\$49.17	\$47.77	\$46.45	\$45.22	\$44.07	\$42.98
1.75%	\$56.05	\$54.16	\$52.41	\$50.79	\$49.28	\$47.87	\$46.55	\$45.32	\$44.16
2.00%	\$58.23	\$56.17	\$54.28	\$52.52	\$50.90	\$49.38	\$47.97	\$46.65	\$45.41
2.25%	\$60.59	\$58.35	\$56.29	\$54.39	\$52.63	\$51.00	\$49.48	\$48.07	\$46.74
2.50%	\$63.18	\$60.72	\$58.48	\$56.41	\$54.51	\$52.74	\$51.11	\$49.59	\$48.17
2.75%	\$66.01	\$63.31	\$60.85	\$58.60	\$56.53	\$54.62	\$52.86	\$51.22	\$49.69
3.00%	\$69.13	\$66.15	\$63.45	\$60.98	\$58.73	\$56.65	\$54.74	\$52.97	\$51.32

Upside/Downside Capture	
U/D Capture	(6.8)x
FV Discount	70.65%

Phillip Morris		PM
Market Cap.	FV Discount	Industry
\$156.6B	82.2%	Consumer Staples

Company Description

Phillip Morris is quitting smoking: The cigarette company is on the long path to a smoke-free product portfolio. In the meantime, however, Phillip Morris International (PMI) is still one of the world's leading cigarette manufacturers. Despite being US-based, its sales presence is entirely non-US. Its biggest brands are Marlboro (the world's #1-selling cigarette), which accounts for over 35% of PMI's total shipment volume, L&M, and Bond Street. Top local brands include Fortune, Sampoerna, and Dji Sam Soe.

The Good

- 25% of revenue is now the IQOS. The HeatSticks that accompany this device not only create a razor blade model that creates scale, but also an annuity like cashflow.
- IQOS faces less regulatory and tax burden than traditional tobacco. In addition, reoccurring revenue is 20% and management will take full rights of IQOS in April 2024.
- Smoking is unfortunately like drinking. When economic or political panics take hold, consumers tend to increase consumption. This fortunately serves as a hedge against periods of duress.

The Bad

- Despite IQOS currently facing less regulation and tax cost this could change. International countries looking to boost tax revenue could easily increase this hurdle.
- IQOS is innovative, but also comes with technology. This is introducing a new supply line, semiconductors of which management has little experience in managing.
- Europe remains sluggish from a consumption standpoint. This was further exacerbated by a weaker Euro. While early signs point to the upside, it has been a disappointing market YTD.

The Value

Adjusted Present Value

Equity SnapShot	SYR CAGR				
Growth	2.00%	2.01%			
Discount	8.24%				
Time	1	2	3	4	5
Discount Factor	0.9126502	0.844149	0.792269	0.746284	0.709333
Free Cash Flow	\$10,791	\$11,869	\$13,606	\$14,968	\$15,124
Discounted FCF	\$9,849	\$10,019	\$10,779	\$11,170	\$10,728
Terminal Value					\$175,459
Enterprise Value	\$228,004	Pension			
Outstanding Debt	\$44,000	\$47,000			
Equity Value	\$184,004	\$181,004			
Shares Outstanding	1,552.2	1,552.2			
Share Price	\$118.54	\$116.61			
					Terminal Weight
					76.95%

Current Share Price \$97.41

	Sensitivity Analysis								
	7.24%	7.49%	7.74%	7.99%	8.24%	8.49%	8.74%	8.99%	9.24%
1.00%	\$117.37	\$113.07	\$109.08	\$105.37	\$101.92	\$98.70	\$95.69	\$92.87	\$90.22
1.25%	\$122.33	\$117.65	\$113.33	\$109.33	\$105.62	\$102.16	\$98.94	\$95.92	\$93.09
1.50%	\$127.72	\$122.62	\$117.93	\$113.60	\$109.59	\$105.87	\$102.40	\$99.17	\$96.14
1.75%	\$133.60	\$128.02	\$122.91	\$118.21	\$113.86	\$109.84	\$106.11	\$102.64	\$99.40
2.00%	\$140.04	\$133.92	\$128.32	\$123.20	\$118.48	\$114.13	\$110.10	\$106.36	\$102.88
2.25%	\$147.13	\$140.37	\$134.23	\$128.62	\$123.49	\$118.76	\$114.40	\$110.36	\$106.61
2.50%	\$154.96	\$147.48	\$140.70	\$134.55	\$128.93	\$123.77	\$119.04	\$114.66	\$110.61
2.75%	\$163.67	\$155.33	\$147.82	\$141.03	\$134.86	\$129.23	\$124.06	\$119.31	\$114.93
3.00%	\$173.40	\$164.05	\$155.69	\$148.17	\$141.36	\$135.18	\$129.53	\$124.35	\$119.59

Upside/Downside Capture	
U/D Capture	10.6x
FV Discount	82.17%

QUALCOMM		QCOM
Market Cap.	FV Discount	Industry
\$130.9B	104.5%	Information Technology

Company Description

QUALCOMM is a leader in the development and commercialization of foundational technologies for the wireless industry. The company has continued to play a leading role in developing system level inventions that serve as foundations for 3G, 4G, and 5G wireless technologies which include CDMA (Code Division Multiple Access) and OFDMA (Orthogonal Frequency Division Multiple Access) families of technologies, LTE (Long Term Evolution), and 5G NR (New Radio) among others. Its biggest customers have been suppliers to mobile phone makers Samsung, Apple, Huawei, and Guangdong OPPO Mobile Telecommunications among others. About 95% of the company's sales comes from international customers.

The Good

- Management is tied to the smartphone market. This is a positive as the basis for a smartphone has turned from a "discretionary purchase" into a "staple purchase."
- The adoption and growth of the 5G market will create new demand for wireless semiconductors in Industrial, Home, IoT, and Automotive. This sets the stage for management to move further away from Apple.
- The Snapdragon has resulted in revenue accelerating through the year as more and more clients are moving towards premium hardware and pushing prices higher and higher.

The Bad

- The cycle of the smartphone market can be lumped in with the release of new models. Thus, growth quarter to quarter can become volatile at times.
- China has been very weak in terms of smartphone demand. This has not only weighed on AAPL and smartphone providers, but QCOM and semiconductor producers as well.
- Production largely takes place in China. Not only does this introduce a risk from the local government, but also introduces currency risk.

The Value

Adjusted Present Value

Equity SnapShot	SYR CAGR				
Growth	3.25%	14.67%			
Discount	10.74%				
Time	1	2	3	4	5
Discount Factor	0.89211	0.806618	0.739621	0.679844	0.633502
Free Cash Flow	\$7,969	\$10,333	\$11,404	\$10,100	\$11,736
Discounted FCF	\$7,110	\$8,335	\$8,435	\$6,866	\$7,435
Terminal Value					\$102,484
Enterprise Value	\$140,665				Terminal Weight 72.86%
Outstanding Debt	\$15,890				
Equity Value	\$124,775				
Shares Outstanding	1,116.0				
Share Price	\$111.81				

	Sensitivity Analysis								
	9.74%	9.99%	10.24%	10.49%	10.74%	10.99%	11.24%	11.49%	11.74%
2.25%	\$110.92	\$107.98	\$105.23	\$102.64	\$100.21	\$97.91	\$95.75	\$93.70	\$91.75
2.50%	\$114.29	\$111.14	\$108.20	\$105.44	\$102.84	\$100.40	\$98.10	\$95.93	\$93.88
2.75%	\$117.90	\$114.52	\$111.37	\$108.41	\$105.65	\$103.05	\$100.60	\$98.29	\$96.12
3.00%	\$121.78	\$118.14	\$114.75	\$111.59	\$108.63	\$105.85	\$103.25	\$100.80	\$98.48
3.25%	\$125.96	\$122.03	\$118.38	\$114.98	\$111.81	\$108.84	\$106.06	\$103.45	\$100.99
3.50%	\$130.47	\$126.22	\$122.28	\$118.62	\$115.21	\$112.03	\$109.06	\$106.27	\$103.65
3.75%	\$135.36	\$130.74	\$126.47	\$122.52	\$118.86	\$115.44	\$112.25	\$109.27	\$106.48
4.00%	\$140.68	\$135.64	\$131.01	\$126.73	\$122.77	\$119.09	\$115.67	\$112.48	\$109.49
4.25%	\$146.48	\$140.97	\$135.92	\$131.27	\$126.99	\$123.02	\$119.33	\$115.90	\$112.70

Upside/Downside Capture	
U/D Capture	1.1x
FV Discount	104.94%

Current Share Price \$117.33

Regeneron Pharmaceuticals		REGN
Market Cap.	FV Discount	Industry
\$79.0B	101.2%	Healthcare

Company Description

Regeneron is fighting some serious enemies. Regeneron Pharmaceuticals develops protein-based drugs used to battle a variety of diseases and conditions, including cancer, high cholesterol, inflammatory ailments, and eye diseases. The biotechnology company has a handful of products on the market, including eye disease treatment EYLEA, cholesterol lowering drug Praluent, rare inflammatory disease treatment ARCALYST, rheumatoid arthritis drug KEVZARA, and cancer treatment ZALTRAP. Regeneron has 15 more candidates in clinical development.

The Good

- Everything is moving in the right direction. Eylea remains the best of breed in terms of AMD care while Dupixent and Libtayo are growing at 34% And 49%.
- The 8mg/16-week treatment compared to 2mg/8 weeks will result in 100% increase in dosage. This alone without any patient increase will result in significant revenue growth.
- iRNA advancements are seeking to target rare diseases with gene editing. Little is expected from this venture, but any sort of traction will have a meaningful impact to the upside.

The Bad

- Roche recently released a competitor drug to Eylea. This new drug has not been tested over long periods of time but has the potential to eat into Eylea's market share.
- While management's pipeline is targeting high patient pools, that also comes with competition. Multiple peers are developing similar drugs that could ultimately dilute future growth.
- A pharmaceutical supplier recently had quality control issues that will delay the 8mg Eylea treatment to August 20th or late 2023. This is an unfortunate reminder that a portion of management's supply is out of their control.

The Value

Adjusted Present Value

Equity SnapShot	5YR CAGR				
Growth	3.00%	15.70%			
Discount	9.29%				
Time	1	2	3	4	5
Discount Factor	0.9040275	0.8281408	0.7692707	0.7179307	0.6759375
Free Cash Flow	\$3,783	\$4,408	\$5,473	\$5,431	\$5,890
Discounted FCF	\$3,420	\$3,651	\$4,211	\$3,899	\$3,981
Terminal Value					\$65,240
Enterprise Value	\$84,402				Terminal Weight 77.30%
Outstanding Debt	\$2,000				
Equity Value	\$82,402				
Shares Outstanding	106.7				
Share Price	\$772.28				

Current Share Price \$787.36

	Sensitivity Analysis								
	8.29%	8.54%	8.79%	9.04%	9.29%	9.54%	9.79%	10.04%	10.29%
2.00%	\$765.89	\$742.76	\$721.33	\$701.43	\$682.89	\$665.58	\$649.38	\$634.19	\$619.92
2.25%	\$792.48	\$767.37	\$744.19	\$722.71	\$702.75	\$684.17	\$666.82	\$650.58	\$635.35
2.50%	\$821.36	\$794.02	\$768.85	\$745.61	\$724.08	\$704.08	\$685.45	\$668.06	\$651.78
2.75%	\$852.85	\$822.97	\$795.56	\$770.34	\$747.04	\$725.45	\$705.40	\$686.73	\$669.29
3.00%	\$887.32	\$854.53	\$824.58	\$797.11	\$771.82	\$748.46	\$726.83	\$706.73	\$688.01
3.25%	\$925.20	\$889.08	\$856.22	\$826.19	\$798.65	\$773.30	\$749.89	\$728.20	\$708.05
3.50%	\$967.04	\$927.05	\$890.84	\$857.90	\$827.80	\$800.20	\$774.79	\$751.32	\$729.58
3.75%	\$1,013.49	\$968.99	\$928.90	\$892.61	\$859.58	\$829.41	\$801.74	\$776.27	\$752.74
4.00%	\$1,065.35	\$1,015.55	\$970.94	\$930.75	\$894.37	\$861.27	\$831.02	\$803.29	\$777.75

Upside/Downside Capture	
U/D Capture	1.7x
FV Discount	101.95%

Charles Schwab		SCHW
Market Cap.	FV Discount	Industry
\$119.2B	84.1%	Financials

Company Description

The Charles Schwab Corporation (SCHW) is a savings and loan holding company. SCHW engages, through its subsidiaries, in wealth management, securities brokerage, banking, asset management, custody, and financial advisory services. SCHW manages about \$7.05T in client assets, \$33.8M active brokerage accounts, 2.4M corporate retirement plan participants, and 1.7M banking accounts. Its subsidiaries include Charles Schwab & Co., TD Ameritrade Inc., Charles Schwab Bank, and Charles Schwab Investment Management - The investor advisor for Schwab's proprietary mutual funds and Schwab's exchange-traded funds.

The Good

- The recent turmoil that plagued the banking industry has settled. Management noted that deposits are no longer leaving the firm and will serve as a base of liquidity going forward.
- The merger with TD Ameritrade will result in over \$1B in cost savings. This will largely come from layoffs as brokers are becoming incredibly redundant with technology.
- SCHW and Fidelity effectively operate a duopoly when it comes to brokerage services. Regardless of the economic turmoil there is little in terms of alternative.

The Bad

- Deposits have meaningfully flowed to money markets and CDs. This will come with a higher interest cost and limited margin growth in the near term.
- The scare that hit the banking sector at the beginning of the year could result in more regulation going forward. This would limit any upside opportunities for the brokerages of the world.
- Banking is a game of sentiment. It is paramount that a depositor's perception is strong of an institution. If this were to falter even well-run banks can see a run on their deposits.

The Value

Adjusted Present Value

Equity SnapShot	5YR CAGR				
Growth	2.75%	19.23%			
Discount	10.04%				
Time	1	2	3	4	5
Discount Factor	0.8977467	0.8169127	0.7535733	0.6983763	0.6532208
Free Cash Flow	\$1,625	\$7,354	\$7,511	\$9,807	\$11,948
Discounted FCF	\$1,458	\$6,007	\$5,660	\$6,849	\$7,805
Terminal Value					\$110,002
Enterprise Value	\$137,781				
Outstanding Debt	\$0				
Equity Value	\$137,781				
Shares Outstanding	1,769.1				
Share Price	\$77.88				
				Terminal Weight	
				79.84%	

Current Share Price \$65.48

	Sensitivity Analysis								
	9.04%	9.29%	9.54%	9.79%	10.04%	10.29%	10.54%	10.79%	11.04%
1.75%	\$77.28	\$75.24	\$73.32	\$71.53	\$69.85	\$68.26	\$66.77	\$65.36	\$64.02
2.00%	\$79.62	\$77.43	\$75.38	\$73.47	\$71.67	\$69.98	\$68.39	\$66.89	\$65.48
2.25%	\$82.14	\$79.78	\$77.58	\$75.53	\$73.61	\$71.81	\$70.12	\$68.52	\$67.02
2.50%	\$84.84	\$82.30	\$79.93	\$77.73	\$75.67	\$73.75	\$71.94	\$70.25	\$68.65
2.75%	\$87.77	\$85.01	\$82.46	\$80.09	\$77.88	\$75.82	\$73.89	\$72.08	\$70.38
3.00%	\$90.93	\$87.94	\$85.18	\$82.62	\$80.25	\$78.03	\$75.97	\$74.03	\$72.22
3.25%	\$94.37	\$91.12	\$88.12	\$85.35	\$82.79	\$80.40	\$78.18	\$76.11	\$74.17
3.50%	\$98.12	\$94.56	\$91.30	\$88.29	\$85.52	\$82.95	\$80.56	\$78.34	\$76.26
3.75%	\$102.22	\$98.32	\$94.75	\$91.48	\$88.47	\$85.69	\$83.11	\$80.72	\$78.49

Upside/Downside Capture	
U/D Capture	25.2x
FV Discount	84.08%

Southwest Airlines		LUV
Market Cap.	FV Discount	Industry
\$20.0B	68.5%	Industrials

Company Description

Southwest Airlines (LUV) operates a major passenger airline that provides scheduled air transportation in the United States and near-international markets. The airline employs a single aircraft type the Boeing 737. Sticking with what has worked, the company has a total of nearly 730 Boeing 737 aircraft in its fleet and around 120 destinations in more than 40 states, the DC, the Commonwealth of Puerto Rico, and ten near-international countries: Mexico, Jamaica, The Bahamas, Aruba, Dominican Republic, Costa Rica, Belize, Cuba, the Cayman Islands, and Turks and Caicos. The airline was incorporated in 1967.

The Good

- Airline traffic continues to move higher and higher as consumers seek “experiences.” This is a tailwind at large for the airline industry.
- The potential for a labor strike has dwindled given the deal reached by UAL. In addition, a lot more steps must be taken before any sort of strike materializes.
- 50% of oil exposure is hedged. This will mitigate the inherent volatile oil prices and allow management to focus on growth and/or cost reductions.

The Bad

- Despite airline travel increasing, the bulk of the increase has been international. Having exposure to the Caribbean is a positive, but no exposure to Europe has weighed on results in comparison to peers.
- Management is calling for \$500M in annual savings. This would be a welcome move but has thus far only called for it and not laid out any specifics.
- 15% capacity is being added over the next year. All else equal this will result in more growth, but any sort of economic step back that reduces travel will have a magnified effect.

The Value

Adjusted Present Value

Equity SnapShot	5YR CAGR				
Growth	2.50%	2.40%			
Discount	9.56%				
Time	1	2	3	4	5
Discount Factor	0.902787	0.825054	0.763378	0.708952	0.66376
Free Cash Flow	-\$54	\$657	\$2,005	\$2,523	\$3,239
Discounted FCF	-\$49	\$542	\$1,531	\$1,789	\$2,150
Terminal Value					\$31,213
Enterprise Value	\$37,175	L/Con/Per			Terminal Weight
Outstanding Debt	\$8,000	\$7,925			83.96%
Equity Value	\$29,175	\$29,250			
Shares Outstanding	595.6	637.7			
Share Price	\$48.98	\$45.87			

Current Share Price \$33.57

	Sensitivity Analysis									
	8.56%	8.81%	9.06%	9.31%	9.56%	9.81%	10.06%	10.31%	10.56%	
1.50%	\$48.47	\$46.70	\$45.04	\$43.49	\$42.04	\$40.67	\$39.38	\$38.17	\$37.02	
1.75%	\$50.51	\$48.60	\$46.82	\$45.16	\$43.61	\$42.15	\$40.78	\$39.49	\$38.27	
2.00%	\$52.70	\$50.64	\$48.73	\$46.95	\$45.28	\$43.72	\$42.26	\$40.88	\$39.59	
2.25%	\$55.07	\$52.84	\$50.78	\$48.86	\$47.07	\$45.40	\$43.84	\$42.37	\$40.99	
2.50%	\$57.63	\$55.21	\$52.98	\$50.91	\$48.99	\$47.19	\$45.52	\$43.95	\$42.48	
2.75%	\$60.42	\$57.78	\$55.36	\$53.12	\$51.04	\$49.11	\$47.32	\$45.64	\$44.07	
3.00%	\$63.45	\$60.57	\$57.93	\$55.50	\$53.25	\$51.17	\$49.24	\$47.44	\$45.76	
3.25%	\$66.77	\$63.61	\$60.73	\$58.08	\$55.64	\$53.39	\$51.31	\$49.37	\$47.56	
3.50%	\$70.41	\$66.94	\$63.77	\$60.88	\$58.23	\$55.79	\$53.53	\$51.44	\$49.50	

Upside/Downside Capture	
U/D Capture	(10.7)x
FV Discount	68.52%

Target		TGT
Market Cap.	FV Discount	Industry
\$60.3B	78.4%	Consumer Staples

Company Description

Target (TGT) sells a wide assortment of general merchandise and food, including perishables, dry grocery, dairy, and frozen items. The fashion-forward discounter operates about 1,950 Target stores across the US, as well as online business at Target.com. It sells a broad range of household goods, food and pet supplies, apparel and accessories, electronics décor, and other items under national brands as well as owned and exclusive brands. Target also sells merchandise through periodic exclusive design and creative partnerships and generate revenue from in-store amenities such as Target Café and leased and licensed departments such as Target Optical, Starbucks, and other food service offerings. The company also offers pharmacy and clinic services in its stores through an operating agreement with CVS Pharmacy.

The Good

- Target generates 20% of revenue from food. This is reoccurring and provides the ongoing tailwind for spontaneous and discretionary purchases that carry much wider margins.
- The shift towards e-commerce and pickup orders has resulted in more and more sales. Originally it was feared that AMZN's of the world would take market share, but the opposite has taken place.
- Shoppers are increasingly showing a desire to consume holistically. In other words, more and more consumers would rather buy their food and clothes at the same location rather than different locations.

The Bad

- Management stubbed its toe like many in 2022 by overloading on "goods" despite consumers moving more towards experiences. This caused an inventory correction that will keep promotions in place.
- The idea to offer satanic merchandise to everyone and LGBTQ merchandise to children was a misstep. Shares plummeted 25% and forced management to remove these items.
- Management is reliant on discretionary purchases to boost margins. In the event an economic recession were to take place, this could lead to margins contracting.

The Value

Adjusted Present Value

Equity Snapshot	SYR CAGR				
Growth	3.00%	8.46%			
Discount	10.09%				
Time	1	2	3	4	5
Discount Factor	0.8971812	0.817245	0.753083	0.696586	0.650197
Free Cash Flow	\$2,270	\$3,680	\$5,541	\$5,258	\$7,754
Discounted FCF	\$2,037	\$3,007	\$4,173	\$3,663	\$5,042
Terminal Value					\$73,258
Enterprise Value	\$91,180	Pension			
Outstanding Debt	\$14,255	\$19,755			
Equity Value	\$76,925	\$71,425			
Shares Outstanding	461.6	461.6			
Share Price	\$166.65	\$154.73			
			Terminal Weight	80.35%	

Current Share Price \$130.57

	Sensitivity Analysis								
	9.09%	9.34%	9.59%	9.84%	10.09%	10.34%	10.59%	10.84%	11.09%
2.00%	\$165.08	\$159.72	\$154.72	\$150.04	\$145.65	\$141.52	\$137.64	\$133.97	\$130.50
2.25%	\$171.22	\$165.46	\$160.10	\$155.08	\$150.39	\$145.99	\$141.85	\$137.95	\$134.28
2.50%	\$177.83	\$171.62	\$165.85	\$160.47	\$155.44	\$150.74	\$146.33	\$142.18	\$138.27
2.75%	\$184.96	\$178.24	\$172.02	\$166.23	\$160.84	\$155.80	\$151.09	\$146.67	\$142.51
3.00%	\$192.67	\$185.39	\$178.66	\$172.42	\$166.62	\$161.21	\$156.16	\$151.44	\$147.00
3.25%	\$201.05	\$193.12	\$185.82	\$179.07	\$172.81	\$167.00	\$161.58	\$156.52	\$151.79
3.50%	\$210.17	\$201.51	\$193.57	\$186.25	\$179.48	\$173.21	\$167.39	\$161.96	\$156.88
3.75%	\$220.15	\$210.66	\$201.98	\$194.02	\$186.68	\$179.90	\$173.61	\$167.77	\$162.33
4.00%	\$231.11	\$220.66	\$211.15	\$202.45	\$194.46	\$187.11	\$180.31	\$174.01	\$168.16

Upside/Downside Capture	
U/D Capture	1,498.0x
FV Discount	78.35%

Texas Instruments		TXN
Market Cap.	FV Discount	Industry
\$152.8B	125.6%	Information Technology

Company Description

Texas Instruments sticks to the basics – producing analog and embedded processors, the workhorses of the industry. The company designs and makes semiconductors that it sells to electronics designers and manufacturers all over the world. Its analog chips provide the power to run devices and the critical interfaces with human beings, the real world, and other electronic devices. TI's customers, which number about 100,000, use the company's chips for applications that include autos, industrial machinery, consumer electronics, communication devices, and calculators. The company also sticks to basics in production, operating its own manufacturing facilities in North America, Asia, Japan, and Europe. International customers generate about 90% of revenue.

The Good

- Automotive and Industrial make up nearly 67% of revenue. These two industries have been very resilient in the face of a semiconductor slump and show little signs of letting up.
- More and more production are coming in house. This alleviates supply risk from 3rd parties. In addition, as the US seeks to bring semiconductors state side, management brings the know-how.
- The bulk of semiconductor weakness has taken place in PCs and smartphones. Fortunately, PC demand began to tick up during the latter half of Q2 and paint a strong outlook going forward.

The Bad

- The drive to bring production in house will result in elevated CAPEX over the next few years regardless of the business cycle.
- The innovation that inherently comes with semiconductors will force management to spend on R&D as well as CAPEX to keep their innovation lead.
- Management has nearly 33% of revenue in non-critical semiconductors. In other words, the semiconductors that operate your day-to-day calculator.

The Value

Adjusted Present Value

Equity SnapShot	5YR CAGR					
Growth	4.25%	6.01%				
Discount	10.24%					
Time	1	2	3	4	5	
Discount Factor	0.8960586	0.8139207	0.7495452	0.6932118	0.6469627	
Free Cash Flow	\$2,448	\$4,755	\$5,373	\$7,363	\$9,896	
Discounted FCF	\$2,193	\$3,870	\$4,027	\$5,104	\$6,403	
Terminal Value					\$111,346	
Enterprise Value	\$132,943	Pension				Terminal Weight
Outstanding Debt	\$11,300	\$11,375				83.75%
Equity Value	\$121,643	\$121,568				
Shares Outstanding	908.0	908.0				
Share Price	\$133.97	\$133.89				

Current Share Price \$168.26

	Sensitivity Analysis								
	9.24%	9.49%	9.74%	9.99%	10.24%	10.49%	10.74%	10.99%	11.24%
3.25%	\$132.88	\$128.01	\$123.52	\$119.36	\$115.49	\$111.90	\$108.54	\$105.40	\$102.46
3.50%	\$138.48	\$133.18	\$128.30	\$123.79	\$119.62	\$115.75	\$112.14	\$108.78	\$105.63
3.75%	\$144.59	\$138.79	\$133.47	\$128.58	\$124.06	\$119.88	\$116.00	\$112.39	\$109.01
4.00%	\$151.29	\$144.92	\$139.10	\$133.77	\$128.86	\$124.33	\$120.14	\$116.25	\$112.63
4.25%	\$158.65	\$151.62	\$145.24	\$139.40	\$134.06	\$129.14	\$124.61	\$120.40	\$116.50
4.50%	\$166.79	\$159.01	\$151.96	\$145.56	\$139.71	\$134.35	\$129.43	\$124.88	\$120.67
4.75%	\$175.84	\$167.17	\$159.36	\$152.30	\$145.88	\$140.02	\$134.65	\$129.71	\$125.15
5.00%	\$185.96	\$176.24	\$167.54	\$159.71	\$152.63	\$146.20	\$140.33	\$134.94	\$129.99
5.25%	\$197.34	\$186.37	\$176.63	\$167.91	\$160.07	\$152.97	\$146.52	\$140.63	\$135.24

Upside/Downside Capture	
U/D Capture	0.4x
FV Discount	125.60%

US Bancorp		USB
Market Cap.	FV Discount	Industry
\$61.5B	67.8%	Financials

Company Description

US Bancorp (USB) is a financial service holding company that provides a full range of financial services, including lending and depository services, cash management, capital markets, and trust and investment management services. It also engages in credit card services as well as merchant and ATM processing, mortgage banking, trust and investment management, brokerage, insurance, and corporate payments. The bank provides banking and investment services through a network of approximately 2,230 banking offices and nearly 4,600 ATMs primarily in the Midwest and West regions of the US. In late 2021. The bank agreed to acquire MUFG Union Bank's core regional banking franchise from Mitsubishi UFJ Financial Group for an expected purchase price of approximately \$8.0B, including \$5.5B in cash and approximately 44B shares of stock.

The Good

- Management cost of funds is ~0.40%, while the risk-free interest rate is currently 5.25% - 5.50%. Thus, the bank is currently capturing 90% of the return for providing a checking account.
- US Bancorp is too big to fail. While this might incentivize risk taking it also provides a floor in the event of a 2008 like event or similar economic scenario.
- Only 4% of loans are exposed to Office and Retail. The bulk of loans remain tied to 1st Mortgages and alleviates any commercial concerns.

The Bad

- The resulting panic of SIVB and FRC is going to result in higher capital levels overtime. This will limit management's ability to take on loans and/or underwrite higher yielding products.
- More and more deposits are flowing into CDs and MMKTs. This will increase the cost of funds and will need to be offset with investments and/or new loans.
- Provision for all banks is beginning to tick higher. It seems incredibly likely management will follow suit. However, the consumer remains in good shape and will default on other line items (credit cards) before a mortgage.

The Value

Adjusted Present Value

Equity SnapShot	5YR CAGR				
Growth	0.50%	2.19%			
Discount	7.25%				
Time	1	2	3	4	5
Discount Factor	0.9208018	0.8597093	0.8139907	0.7743814	0.7437083
Free Cash Flow	\$4,532	\$3,898	\$5,722	\$5,651	\$6,165
Discounted FCF	\$4,173	\$3,351	\$4,658	\$4,376	\$4,585
Terminal Value					\$68,257
Enterprise Value	\$89,400				Terminal Weight
Outstanding Debt	\$0				76.35%
Equity Value	\$89,400				
Shares Outstanding	1,532.9				
Share Price	\$58.32				

Current Share Price \$39.51

	Sensitivity Analysis								
	6.25%	6.50%	6.75%	7.00%	7.25%	7.50%	7.75%	8.00%	8.25%
-0.50%	\$57.88	\$56.31	\$54.84	\$53.48	\$52.19	\$50.99	\$49.87	\$48.81	\$47.81
-0.25%	\$59.70	\$57.99	\$56.42	\$54.95	\$53.57	\$52.29	\$51.09	\$49.96	\$48.89
0.00%	\$61.65	\$59.81	\$58.11	\$56.52	\$55.05	\$53.67	\$52.39	\$51.18	\$50.05
0.25%	\$63.77	\$61.77	\$59.93	\$58.22	\$56.63	\$55.15	\$53.77	\$52.48	\$51.28
0.50%	\$66.07	\$63.89	\$61.89	\$60.04	\$58.33	\$56.74	\$55.26	\$53.87	\$52.58
0.75%	\$68.58	\$66.20	\$64.02	\$62.01	\$60.16	\$58.44	\$56.84	\$55.36	\$53.97
1.00%	\$71.34	\$68.72	\$66.33	\$64.14	\$62.13	\$60.27	\$58.55	\$56.95	\$55.46
1.25%	\$74.36	\$71.48	\$68.86	\$66.46	\$64.27	\$62.25	\$60.39	\$58.66	\$57.06
1.50%	\$77.71	\$74.51	\$71.62	\$68.99	\$66.59	\$64.39	\$62.37	\$60.50	\$58.77

Upside/Downside Capture	
U/D Capture	(4.6)x
FV Discount	67.75%

Vertex Pharmaceuticals		VRTX
Market Cap.	FV Discount	Industry
\$90.1B	100.6%	Healthcare

Company Description

Vertex Pharmaceuticals (VRTX) is focused on developing treatments for cystic fibrosis (CF) and other life-threatening diseases. The biotechnology company has four commercial drugs; TRIKAFTA, SYMDEKO, ORKAMBI, and KALYDECO used to treat CF. Vertex has other drugs in development including additional CF treatments and medications addressing sickle cell disease, beta thalassemia, alpha-1 antitrypsin deficiency, and pain, among others. While the US generates some 65% of the company's revenue, Vertex's medicines are sold in North America, Europe, and Australia.

The Good

- The life-threatening and genetic nature of CF demands treatment regardless of the economy. This necessity will create a foundation of demand for years to come.
- Exa-cel (SCD AND TDT) will be approved by the end of the year. This will open new revenue channels management has never participated in.
- The TRIKAFTA combo treatment's yield less royalty to partners. As these new CF treatments are rolled out, management will garner and higher and higher margin per drug sold.

The Bad

- VX-548 (pain) is entering Phase 3. While positive, drugs that have historically gotten this far tended to fall short as the marker to evaluate pain is incredibly subjective.
- The bulk of revenue is tied to CF. In the event mRNA or genetic technology were to enter this market, a whole new level of competition would come with it.
- CF is a genetic disorder and comes with a fixed patient pool. Thus, no matter how effective the treatment may be there is a ceiling to demand.

The Value

Adjusted Present Value

Equity Snapshot	5YR CAGR				
Growth	3.50%	29.12%			
Discount	9.49%				
Time	1	2	3	4	5
Discount Factor	0.9045492	0.829425	0.771073	0.720185	0.678938
Free Cash Flow	\$4,159	\$4,414	\$5,043	\$5,561	\$5,981
Discounted FCF	\$3,762	\$3,661	\$3,889	\$4,005	\$4,061
Terminal Value					\$70,166
Enterprise Value	\$89,544	Leases			Terminal Weight
Outstanding Debt	\$0	\$900			78.36%
Equity Value	\$89,544	\$88,644			
Shares Outstanding	258.1	258.1			
Share Price	\$346.94	\$343.45			

	Sensitivity Analysis								
	8.49%	8.74%	8.99%	9.24%	9.49%	9.74%	9.99%	10.24%	10.49%
2.50%	\$344.30	\$333.51	\$323.56	\$314.34	\$305.78	\$297.82	\$290.38	\$283.43	\$276.91
2.75%	\$356.71	\$344.96	\$334.14	\$324.16	\$314.93	\$306.35	\$298.36	\$290.91	\$283.94
3.00%	\$370.25	\$357.40	\$345.61	\$334.77	\$324.77	\$315.51	\$306.91	\$298.91	\$291.43
3.25%	\$385.09	\$370.97	\$358.08	\$346.27	\$335.41	\$325.38	\$316.09	\$307.47	\$299.45
3.50%	\$401.41	\$385.84	\$371.69	\$358.77	\$346.93	\$336.04	\$325.98	\$316.68	\$308.04
3.75%	\$419.45	\$402.19	\$386.59	\$372.40	\$359.45	\$347.58	\$336.67	\$326.59	\$317.26
4.00%	\$439.50	\$420.28	\$402.98	\$387.34	\$373.12	\$360.14	\$348.24	\$337.30	\$327.20
4.25%	\$461.91	\$440.37	\$421.11	\$403.77	\$388.09	\$373.83	\$360.82	\$348.90	\$337.93
4.50%	\$487.13	\$462.84	\$441.25	\$421.94	\$404.56	\$388.84	\$374.55	\$361.51	\$349.55

Upside/Downside Capture	
U/D Capture	1.9x
FV Discount	100.62%

Current Share Price \$349.10

Waters		WAT
Market Cap.	FV Discount	Industry
\$17.1B	160.8%	Healthcare

Company Description

Waters Corporation makes high-performance liquid chromatography instruments used to identify and analyze the constituents' components of a variety of chemical and other materials. Waters also makes mass spectrometers that help identify chemical compounds. In addition, the company designs, manufactures, sells and services thermal analysis, rheometry and calorimetry instruments through its TA Instruments product line. Its products are used in pharmaceutical, clinical, biochemical, industrial, nutritional safety, environmental, academic and governmental customers working in research and development, quality assurance, and other laboratory applications. Operating directly in more than 35 countries, Waters generates most of its revenue outside of the US. IN 2023, Waters agreed to acquire Wyatt Technology, a leader in light scattering instruments and software for \$1.4B in cash.

The Good

- The move towards all things being environmentally conscience is creating more and more demand for mass spectrometers to determine if any pollutants exist.
- Growth is ultimately tied to drug manufacturers, which is tied to prescriptions. Prescriptions around the world continue to escalate and show little reason to slow.
- While small now, management has developed a niche in testing EV components for issues. Given the growth in EV this could materialize into a material tailwind over time.

The Bad

- Geographically, over 40% comes from Asia. The weakness in the Chinese economy has created a near term headwind with volumes falling 20% from the Far East.
- The bulk of revenue comes from products. These products are largely commoditized and face significant competition. Thus, the ability to raise price is limited.
- Management underperformed its peers over the past decade. This ushered in new management in 2020 who may pursue a growth at all costs approach.

The Value

Adjusted Present Value

Equity Snapshot	SYR CAGR					
Growth	4.00%	5.18%				
Discount	10.05%					
Time	1	2	3	4	5	
Discount Factor	0.9002217	0.821065	0.759095	0.705239	0.660498	
Free Cash Flow	\$571	\$735	\$783	\$925	\$905	
Discounted FCF	\$514	\$604	\$595	\$653	\$598	
Terminal Value					\$10,285	
Enterprise Value	\$13,248	Leases				Terminal Weight
Outstanding Debt	\$2,625	\$2,779				77.63%
Equity Value	\$10,623	\$10,469				
Shares Outstanding	59.1	59.1				
Share Price	\$179.75	\$177.14				

Current Share Price \$289.10

	Sensitivity Analysis								
	9.05%	9.30%	9.55%	9.80%	10.05%	10.30%	10.55%	10.80%	11.05%
3.00%	\$178.00	\$171.16	\$164.85	\$159.00	\$153.56	\$148.50	\$143.77	\$139.35	\$135.20
3.25%	\$185.86	\$178.42	\$171.57	\$165.24	\$159.37	\$153.92	\$148.85	\$144.11	\$139.67
3.50%	\$194.43	\$186.30	\$178.84	\$171.97	\$165.62	\$159.74	\$154.28	\$149.19	\$144.44
3.75%	\$203.81	\$194.89	\$186.74	\$179.26	\$172.37	\$166.01	\$160.12	\$154.64	\$149.54
4.00%	\$214.12	\$204.29	\$195.34	\$187.17	\$179.67	\$172.77	\$166.39	\$160.49	\$155.00
4.25%	\$225.50	\$214.62	\$204.77	\$195.80	\$187.61	\$180.09	\$173.17	\$166.78	\$160.86
4.50%	\$238.13	\$226.03	\$215.12	\$205.24	\$196.26	\$188.04	\$180.51	\$173.57	\$167.17
4.75%	\$252.23	\$238.69	\$226.55	\$215.62	\$205.72	\$196.71	\$188.48	\$180.93	\$173.98
5.00%	\$268.07	\$252.82	\$239.24	\$227.08	\$216.12	\$206.20	\$197.17	\$188.92	\$181.35

Upside/Downside Capture	
U/D Capture	(0.1)x
FV Discount	160.83%

iShares China ETF		CNYA
Market Cap.	FV Discount	Industry
\$11.4T	67.7%	China

Company Description

The Chinese economy has strongly rebounded from the deep dive following the COVID-19 outbreak and has returned to its gradually slowing path of GDP growth. The rebalancing from investment to consumption, from manufacturing to services, and from rural to urban migration have all been set back by the pandemic. The investment-driven recovery kept investment efficiency low, indicating continued capital misallocation. All the while, corporate debt climbed to pre-pandemic highs. Nonetheless, China can still reap the “reformed” dividend that comes with economic modernization. These reforms need to deregulate business, incentivize innovation, and put the capital in control of the consumers.

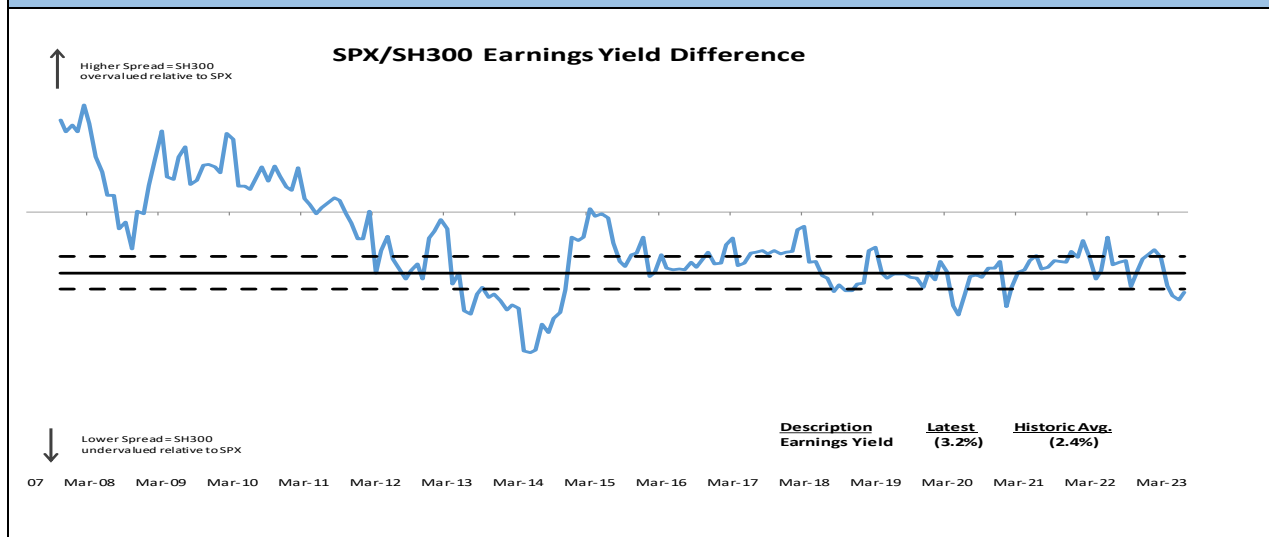
The Good

- The greatest gift China currently has is its people. The Chinese population makes up ~20% of the global population and will serve as a bedrock of economic demand.
- Chinese technology has grown by leaps and bounds. Huawei, Lenovo, and Xiaomi were pebbles in the sand at the turn of the century but have since morphed into technological behemoths.
- The Chinese government has dismantled their draconian COVID policies, eased their stance on property and technology, and is forecasting growth of 5% for 2023.

The Bad

- China’s greatest gift is also its biggest headwind over the next decade. The one child policy crushed the female population as males now outnumber females by at least 20%.
- Secretary Xi has created a quasi-dictatorship by packing the government with loyalists. These “yes men” most likely lack in merit and set a stage where the best and brightest of China remain suppressed.
- The perpetual back and forth between the US and China will most likely result in bouts of economic weakness. Unless these two superpowers come together, true global efficiency will remain elusive.

The Value



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