

Portfolio Review: GDDY • PGR • REITs (Hold/Sell)

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Overview



Fundamental #1: GoDaddy Inc. (Ticker: GDDY)

Hold



Fundamental #2: The Progressive Corporation (Ticker: PGR)

Hold



Macro #1: REITs

Sell

A large, modern building with a curved facade and many windows. The words "SPENCER FOX ECCLES BUSINESS BUILDING" are written in large, capital letters across the top of the building. In the foreground, there is a large mural of a person wearing headphones and a red "U" logo. Some green trees are in the foreground.

SPENCER FOX ECCLES BUSINESS BUILDING

Fundamental Review

Fundamental #1 – GoDaddy Inc. (GDDY)



United States / Technology / Software

Founded in 1997 and headquartered in Arizona. GoDaddy started as a domain registrar and expanded over the years into a leading provider of web-hosting, website building, and online business service.

GoDaddy provides cloud-based solutions for small businesses and individuals to build and manage their online presence, offering website creation, e-commerce, marketing tools, domain services, hosting, and online security.

Original Investment Thesis (4 Nov 2024):

- Undervalued at \$163.50/share with P/E of 12.9, well below competitors, and a target price of ~\$200 (20% upside). - *Undervalued*.
- 45% YoY net income growth, 29% free cash flow growth, and aggressive share buybacks. - *High growth*.
- 24% global domain market share, 85% customer retention, and AI-driven innovation for future growth. - *Market leader, AI concept*

Position Overview

Shares Held	30
Original PPS	\$166.85
Current PPS	\$127.06
Unrealized Return	-23.8%
Sector Weight	3.86%
Portfolio Weight	0.38%
Beta	0.96



Why did it fail the expectations?

- **Slowing Growth:** Total revenue growth slowed to ~8%. - *A growth stock?*
- **Customer Loss:** Total customers declined for four consecutive quarters, falling from 20.87M to 20.41M - *NOT a growth stock!*
- **Misleading Profit in 2024:** Reported Net Income for the first nine months of 2025 was \$629.9M, down 14.7% year-over-year. This decline was solely due to a \$267.4M one-time tax benefit in 2024. - *An artificially low P/E ratio of ~13 caused an illusion of a bargain.*

Why not to sell the shares?

- **Low Price:** Current price already reflects the bad news (slowing growth, customer loss).
- **Getting More Profitable:** Profit margins up from 28% to 32%. Generated \$1.24B cash in 9 months, expecting \$1.6B for full year.
- **AI Growth Potential:** Launched new AI tools in Q3. 20+ million existing customers = huge audience to sell AI services to.
- **Buying Back Stock:** Spent \$1.4B buying shares this year, \$3B more authorized. Management thinks price is too low.

Fundamental #2 – The Progressive Corporation (PGR)



United States / Financials / Insurance

It's a U.S. insurer offering personal, commercial, and specialty property casualty coverage across autos, residences, and small businesses. It sells through independent agents, online, and by phone.

Original Investment Thesis (03/24/25)



\$307.73
share



50 shares
\$ 13,500 USD



Low Risk
 $B < 0.5$



Consistent
Growth

Position Overview

Shares Held	50
Original PPS	\$273.95
Current PPS	\$226.00
Unrealized Return	-17.5%
Sector Weight	19.07%
Portfolio Weight	1.14%
Beta	0.32

Upside Before
12.8%

Upside Now
36.1%

Pros

Outperformed Competitors

Has outperformed all major insurance competitors over the past decade, ALL, TRV, AIG, MET, and AFL across the 10-year period.

Outperformed SPY (See appendix)

Has consistently outperformed the SPY, with an exceptional 1156.6% (28.8%) vs. 218.2% (12.3%) over the last decade.



Market Share

Between #1 and #2 in market share for commercial & personal auto insurance.



Dividends (DY 0.2%)

Has maintained dividend payments for 16 consecutive years

Cons

WACC

The estimated WACC (5.97%) is far below current market levels, which inflates the stock's valuation.



DCF Methodology

Applied a DCF to a financial/insurance stock, which is generally not recommended..



Comps

The pitch's comps \$255 price per share differs notably from the DCF valuation of \$333.



Upside

The investment thesis showed only a 12.8% upside, which is quite low for a long-term strategy.



Why did it fail the expectations?

01

Why not to sell the shares?

02

03

04

Margin Pressure & Lower EPS Expectations

Rising claims costs and downward revisions to EPS forecasts led the market to anticipate **tighter margins**, driving the stock price down since March. EPS May **4.37** / 4.74 EPS Aug **5.4** / 4.36 EPS Oct **4.45** / 5.05
52 Week Low \$ 199.90

Valuation Correction After a Premium Run Up

PGR entered the year trading at a **premium valuation** versus peers. When results didn't fully meet high expectations, the stock experienced a **natural correction and profit taking**.

Strong Core Profitability

Progressive has strong operational performance and industry-leading underwriting discipline, reinforcing its ability to deliver long-term value. Between #1 and # 2 in market share for commercial & personal auto insurance.

High Recovery Potential

- The recent price drop is driven by expectations, not deteriorating fundamentals leaving room for a strong rebound as margins normalize.
- Revenue 75.3B (2024) vs LTM 85.16B
- EBITDA Margin 15,0% (2024) vs LTM 16,5%



Macro Review

What are REITs?

- **REIT** - A REIT is a special type of company that owns, operates, or finances income-producing real estate, and allow regular investors to invest in large-scale real estate the same way they would buy a stock. Some sectors include:
- **Office REITs**
- **Mall REITs**
- **Hotel REITs**
- **Mortgage REITs (mREITs)**
- **Healthcare REITs**
- **Industrial REITs**
- **Data Center REITs**
- **Self-Storage REITs**
- **Cell Tower REITs**

Pros

High Dividend Income

REITs must legally pay out 90% of taxable income as dividends, so depending on the market they may have great yields

Low barrier to entry

Significantly easier than buying and maintaining a building with all the benefits and very little downsides.

Diversification

Often behaves differently than stocks and bonds. Returns are driven by property income and rental trends and often reduce volatility of a portfolio.

Inflation protection

As rates and property appreciate or rise with inflation so does the value of the REIT's

Cons

Interest Rates

REITs are highly dependent on rates. Since REITs rely heavily on debt, high rates mean higher expenses and lower returns.

Sector Specific

Each REIT sector has its own demand and supply drivers. Some are stable and some are much riskier. Example - office buildings post-covid.

Leverage Risk

REITs are highly leveraged and perform well with high property values and poorly when property values fall.

Management

All it takes is a few bad decisions to bring down the value of the REIT. Overpaying for property, too much debt, or a drop in occupancy for the fund to suffer.

The original thesis states that falling interest rates and easing inflation create a supporting macro environment for REITs by improving financing conditions and strengthening valuations. The strategy aims to capture this macro-driven upside through diversified exposure to resilient REIT sectors positioned for stable income, inflation protection, and long-term growth.

Statistics

Unrealized Return	11.03%
Beta	0.72
Standard Deviation	12.57%
Position Size	\$40,000
Portfolio Weight	4.98%
Purchase Date	12/02/2024
Last Rebalance	None
Rebalance Frequency	Quarterly

Considerations:

Interest Rates: REITs react strongly to rate changes, so expected rate cuts create a more supportive environment for financing and valuations.

Inflation: REITs hedge inflation through rent growth and steady dividends, making inflation trends an important part of the macro-outlook.

Sector Strength: Some REITs stay stable during economic shifts, so focusing on reliable, cash-flow-heavy categories supports the overall strategy.





Criteria

Back-test

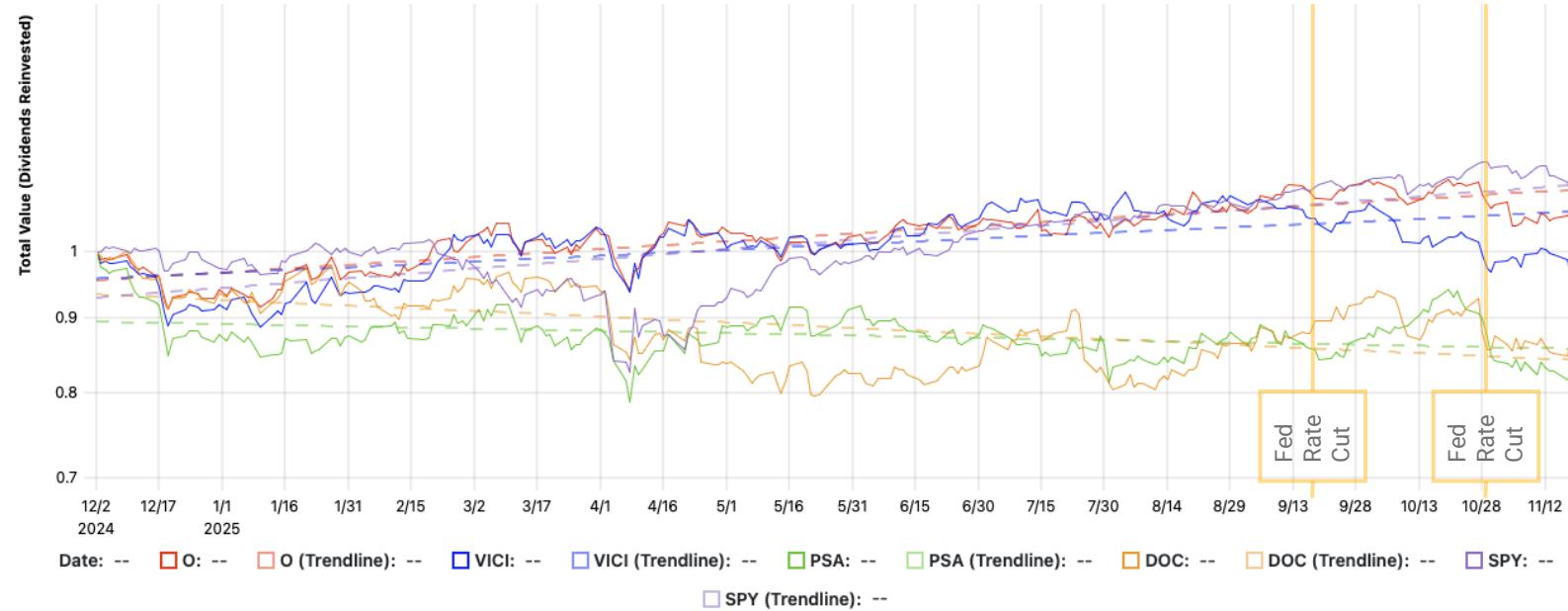
Parameter	Description	Stock Universe
Market Cap	> \$10B	5,000 → remaining
Sector Filter	Healthcare & Tech	1,000
Trade Volume	Avg. monthly volume > 30M	500
P/E Ratio	P/E > 30	120
Revenue Growth	QoQ growth > 50%	50
Analyst Sentiment	2+ analyst upgrades	16 final candidates

Selected Screening Criteria	Matches	
Security Universe	1598113	
1) :: Trading Status: Active	576370	⊗
2) :: Security Attributes: Show Primary Security of company only	83319	⊗
3) :: Exchanges: United States	14883	⊗
4) :: Sectors (BICS): Health Care; Technology	2826	⊗
5) :: Current Market Cap > 10B	188	ⓘ ⊗
6) :: 30 Day Average Volume > 30M	9	ⓘ ⊗
7) :: Current Price Earnings Ratio (P/E) > 30	3	ⓘ ⊗
8) :: Latest Quarterly Revenue Growth Year over Year > 50	1	ⓘ ⊗
9) :: News Sentiment - Realtime > 2	0	ⓘ ⊗

Macro - Current Positions



Ticker	Company	Shares	Original Price	Current Price	Unrealized Return	Strategy Weight	Portfolio Weight	Beta	Industry	Dividend Yield
O	Realty Income Corp	180	56.69	58.26	2.77%	25%	1.06%	0.80	Retail	\$530.55
PSA	Public Storage	30	344.07	294.42	-14.43%	25%	0.89%	1.02	Industrial	\$360
VICI	VICI Properties Inc	315	32.21	30.96	-3.88%	25%	0.98%	0.71	Diversified	\$424.23
DOC	Healthpeak Properties Inc	470	21.65	18.05	-16.63%	25%	0.85%	1.09	Healthcare	\$477.81



12/02/25 to 11/21/25	Dividend Return Rate (%)	Overall Total Return (% Div. Reinvested)
O	5.71	8.48
PSA	4.44	-10
VICI	6.25	2.37
DOC	6.84	-9.79
Average	5.81	-2.23
S&P 500		12.36



Conclusion

Conclusion



Fundamental #1: GoDaddy Inc (GDDY) – **Hold**



Fundamental #2: The Progressive Corporation (PGY) – **Hold**



Macro: REITs – **Sell**



Resources

Appendix - Fundamental #1 – GoDaddy Inc. (GDDY)

Stock Selection – GoDaddy

Output Stock Profile

This is a slide from the original pitch deck.

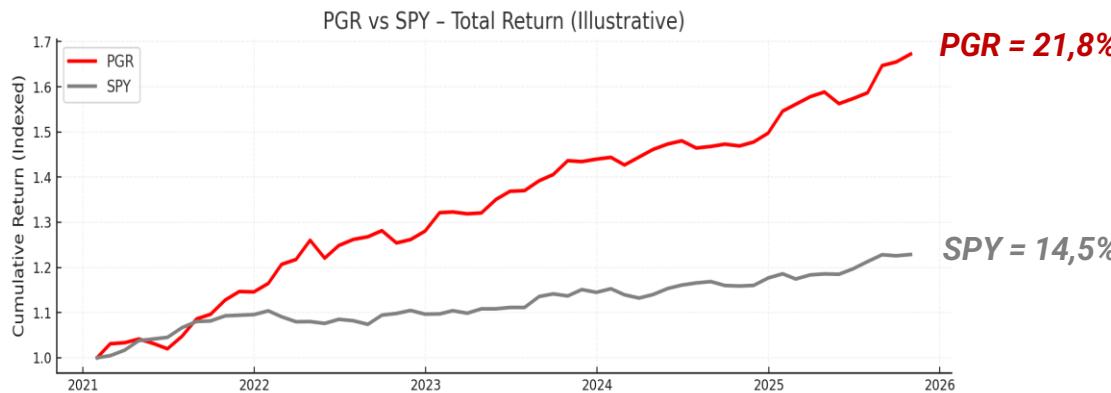
Company	Ticker	Sector	Stock Price (11/01)	Revenue ('23)	Market Cap	P/E Ratio (TTM)	PE Ratio (Forward)
GoDaddy	GDDY	Tech	\$163.50	\$4.3B	\$23.5B	12.92	25.84
Super Micro Co.	SMCI	Tech	\$26.05	\$7.1B	\$15.3B	14.61	9.14
Liberty Broadband Corp	LBRDA	Telecomm	\$89.65	\$981.2M	\$12.8B	14.56	N/A
Tenet Healthcare	THC	Healthcare	\$156.13	\$20.6B	\$14.9B	9.68	13.83

Appendix - Fundamental #2 The Progressive Corporation (PGR)

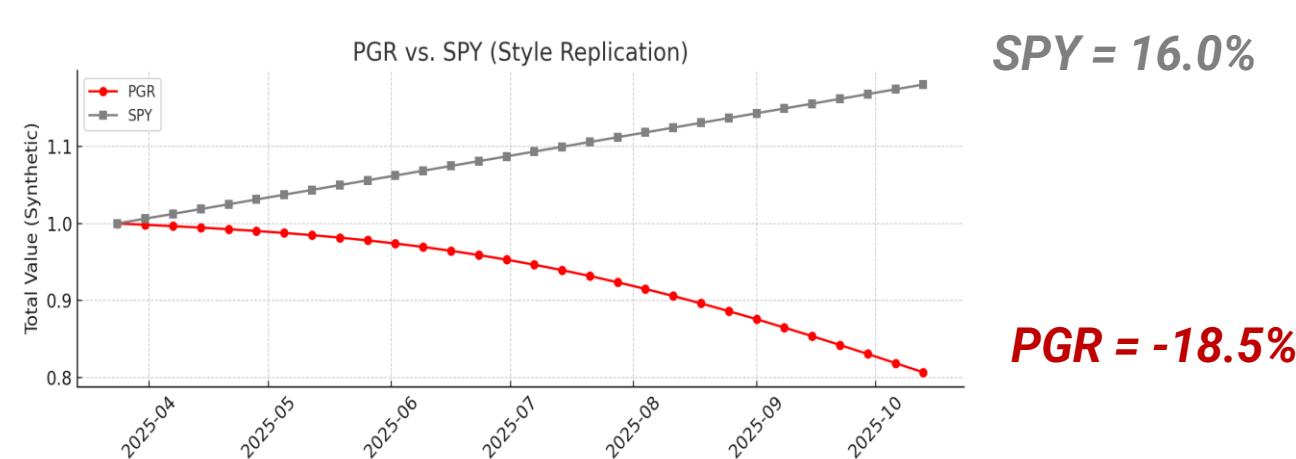
1 Year



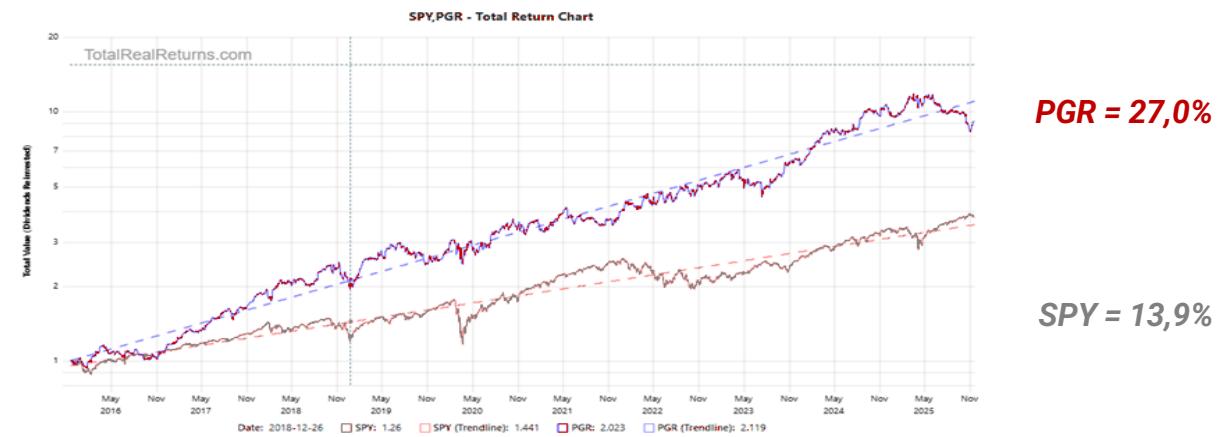
5 Years



Since Purchase



10 Years
Returns



10 Year Treasury Note Comp



Range 07/31/2024 - 09/30/2025 Period Daily No. of Period 426 Day(s) Table

Security	Currency	Price Change	Total Return	Difference	Annual Eq
1) USGG10YR Index	USD	2.99%	2.99%	.54%	2.56%
2) PSA US Equity	USD	-2.39%	2.45%	--	2.10%
3) CPURNSA Index		3.26%	3.26%	.81%	2.79%

Range 07/31/2024 - 09/30/2025 Period Daily No. of Period 426 Day(s) Table

Security	Currency	Price Change	Total Return	Difference	Annual Eq
1) USGG10YR Index	USD	2.99%	2.99%	.54%	2.56%
2) PSA US Equity	USD	-2.39%	2.45%	--	2.10%
3) CPURNSA Index		3.26%	3.26%	.81%	2.79%
4) FDTR Index	USD	-22.73%	-22.73%	-25.18%	-19.82%
5) FDTRFTRL Index	USD	-23.81%	-23.81%	-26.26%	-20.78%
6) SPX Index	USD	21.12%	22.98%	20.53%	19.39%

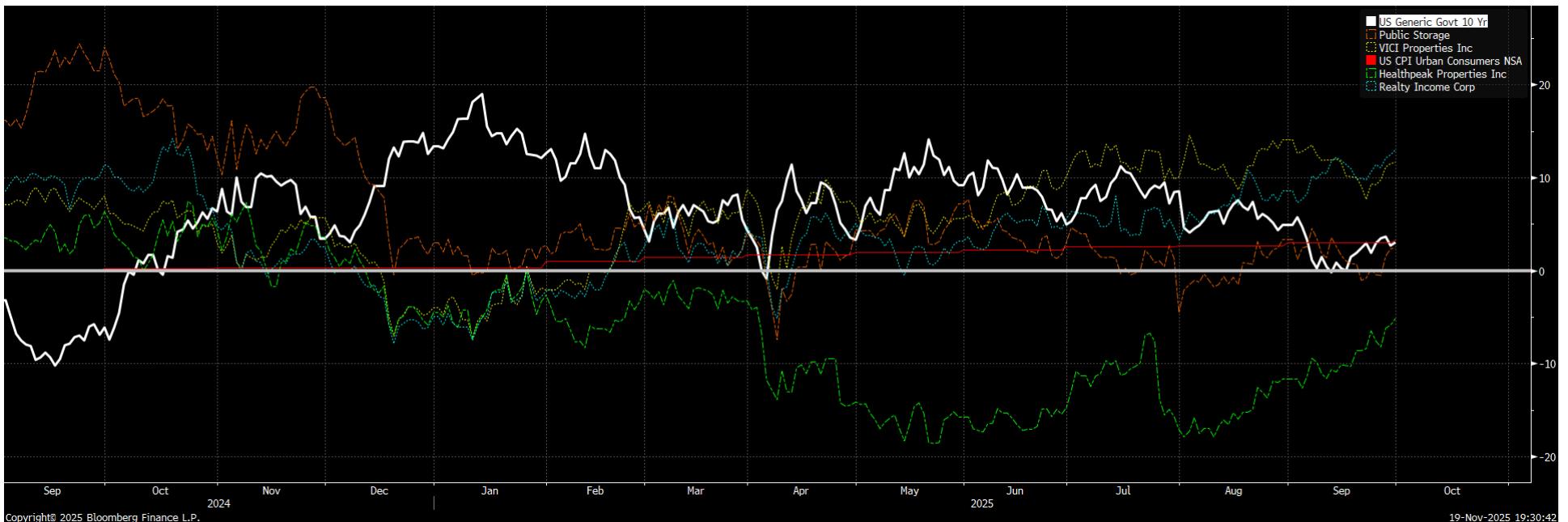
1M 3M 6M YTD 1Y 2Y 3Y 5Y 10Y

Track Annotate Zoom



8) :: Latest Quarterly Revenue Growth Year over year > 50

9) :: News Sentiment - Realtime > 2



Backtesting Parameters

Screening Criteria

Parameter	Description	Stock Universe
[Market Cap*]	e.g., > \$10B	5,000 stocks
[Sector]	e.g., Healthcare & Tech	1,000 stocks
[Trade Volume]	e.g., Avg. monthly > 30M	500 stocks
[P/E Ratio*]	e.g., > 30	120 stocks
[Revenue]	e.g., QoQ growth > 50%	50 stocks
[Sentiment]	e.g., 2+ analyst upgrades	16 stocks



Backtesting Structure

Sub-Criteria

Criterion	Description
[# of Positions]	e.g., Hold Top 10
[Top 10 Factor]	e.g., Revenue growth
[Testing Period]	e.g., 10-year
[Rebalance Freq.*]	e.g., Quarterly
[Weighting Scheme*]	e.g., Equal-weighted

