

Mosaic, Inc (MOS)

Presented by: *The Big Shorties (Vivek Anandh, Briana Bradley, Maddy Hadwick, Kenny Mark)*

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Investment decision: *Invested \$10,000 in the ESG Fund*

Introduction:

We selected the **Agricultural Chemicals & Fertilizer Industry** to further diversify the ESG portfolio. Though this industry is highly cyclical, we believe that their niche will allow them to grow and continue to produce consistent dividend yields. Within this sector, **Mosaic, Inc (MOS)** stood out due to its efforts to improve a wide variety of ESG factors, as well as the industry experience the leadership holds. The low beta of this equity provides a more stable diversification option than other equity investments.

Company and Valuation Details:

Mosaic, Inc (NYSE: MOS) operates as a producer and marketer of crop nutrients (phosphates & potash) in North America and internationally. MOS services agricultural wholesalers, retail dealers, as well as national accounts. It also provides localized production and distribution through Mosaic Fertilizantes, which delivers customized crop nutrient solutions to farmers and agricultural enterprises based in South America.

- **Current Price:** \$26.92
- **Target Price:** \$44.36
- **Upside Potential:** ~31%
- **Valuation Methods:** DCF (60%), Comparable Companies (25%), and Precedent Transactions (15%)
- **DCF Implied Value:** \$39.33
- **Comps Implied Value:** \$43.92
- **Precedents Implied Value:** \$65.23

MOS's specified product line gives it a durable competitive edge against others in the market. Risks against the company include regulatory changes surrounding handling of chemicals, collapse of mines, and environmental pollution. The company has had 3 major leakage incidents since 2016, but we believe their willingness and ability to work with regulatory authorities on issues such as this sets them apart and mitigates the impact on the company.

Historical Performance:

*Over the past 5 years, MOS has not held a close fit to the performance of the **S&P 500 (SPY)** but has been able to return significant dividends to shareholders (\$0.88 Annually, ~3.2% Yield).*

- **5-Year Price CAGR:** ~-3.5% vs. SPY's ~10%
- **Beta:** 0.96 – indicating lower historical volatility
- **Max Drawdown:** ~65% vs. SPY's ~25% during market corrections

MOS's specified line of business and consistent dividend payments make it an attractive long-term investment in the ESG fund despite recent historical performance. The dedication and experience of leadership in improving ESG efforts only add to the long-term strength of the company.