

SPENCER FOX ECCLES BUSINESS BUILDING

# Master's Student Investment Fund

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Annual Presentation 2025 - 2026

# Agenda

Introduction

Operations  
Overview

Roles  
Overview

Fund Overview

Investment  
Teams

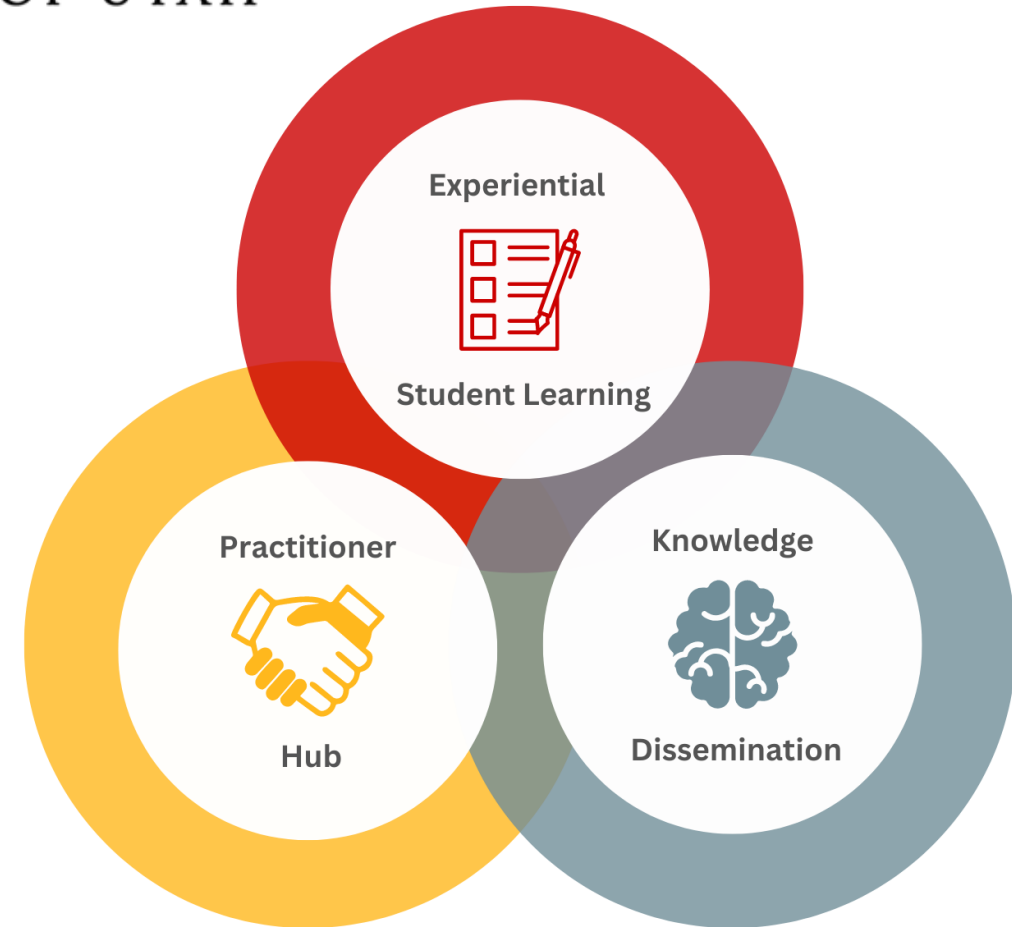
Takeaways



# Our Mission

The Institute of Advanced Investment Management empowers future leaders by providing immersive learning experiences, facilitating the dissemination of investment knowledge, and strengthening connections between industry professionals, students, and faculty.

By advancing a collaborative community of passionate learners and industry experts we drive meaningful change in the financial world.





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# Weekly Operations

## Investment Generation

- Team-based research across strategies
- Data-driven thesis development

## Investment Committee

- Formal pitches & debate
- Majority vote decides action
- *Guest lectures from industry professionals*

## Portfolio Execution

- Trades executed under oversight
- Capital allocated across strategies

## Fund Operations

Full back-office structure:

- Accounting & reporting
- Technology and analytics
- Marketing & investor communication

Students manage the full lifecycle of real-money portfolio



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# Roles

Chief of Staff

Editorial

Marketing

Technology

Treasury



The background is a blurred image of a financial newspaper page. It features various stock market data, including a table of stock prices and a line graph showing share price fluctuations over time. A semi-transparent red rectangle is overlaid on the page, containing white text. The text is centered and reads "Chief of Staff" followed by "Henrique Zappe" on the next line.

*Chief of Staff*  
*Henrique Zappe*

# Achievements



New video for the fund.



New dashboard for the website.



600% increase in number of applicants.



Implemented a decentralized operation approach.



Produced the fund's first workshop (on Agentic AI)



The background of the image is a financial chart, likely a candlestick or line chart, with a red semi-transparent overlay. The chart shows price fluctuations over time, with labels for 'Change on day' and 'Share Price'. The text 'Editorial Team' is centered in white, bold, italicized font. Below it, the names of the team members are listed in the same style.

## *Editorial Team*

*Ben Worsley, Imran Al Sabbagh,  
Nicole Matamoros, Spencer Gleave,  
Torlif Wegener*

# Achievements



Created All New Templates (excluding Macro)



Improved Portfolio Update – Top 5 & Bottom 5



Reviewed all weekly Deliverables

Portfolio/Macro Updates & Investment Pitches



Created the EOY Report & EOY Presentation

With instructions on how to complete where there were none prior



The background features a financial chart with a red overlay. The chart shows a line graph with a shaded area underneath, representing a stock price trend. The y-axis is labeled 'Share Price' and ranges from 200 to 350. The x-axis shows dates from August 13 to September 13, 2013. A callout box indicates a 'Change on day 32.30'. The chart is titled 'ImgnTech' and 'Based on the constituents of the FTSE350 index'.

# Marketing

*John Robinson, Peter Gagne,  
Ryan O'Connor, Selma Andersen,  
Liam Rosten, Zach Zimmerli*

# Achievements



## LinkedIn

Increased connections and engagement



## Events

Poker Night, Friendsgiving, Bowling, EOY dinner



## Recruiting

18 Applicants for round 1, up from previous cohort



## Guest Speakers

Ammon Christensen – Soltis, Jason Morrow & Jason Fredrickson – URS, Jacque Millard – IHC, Karey Barker – Cross Creek

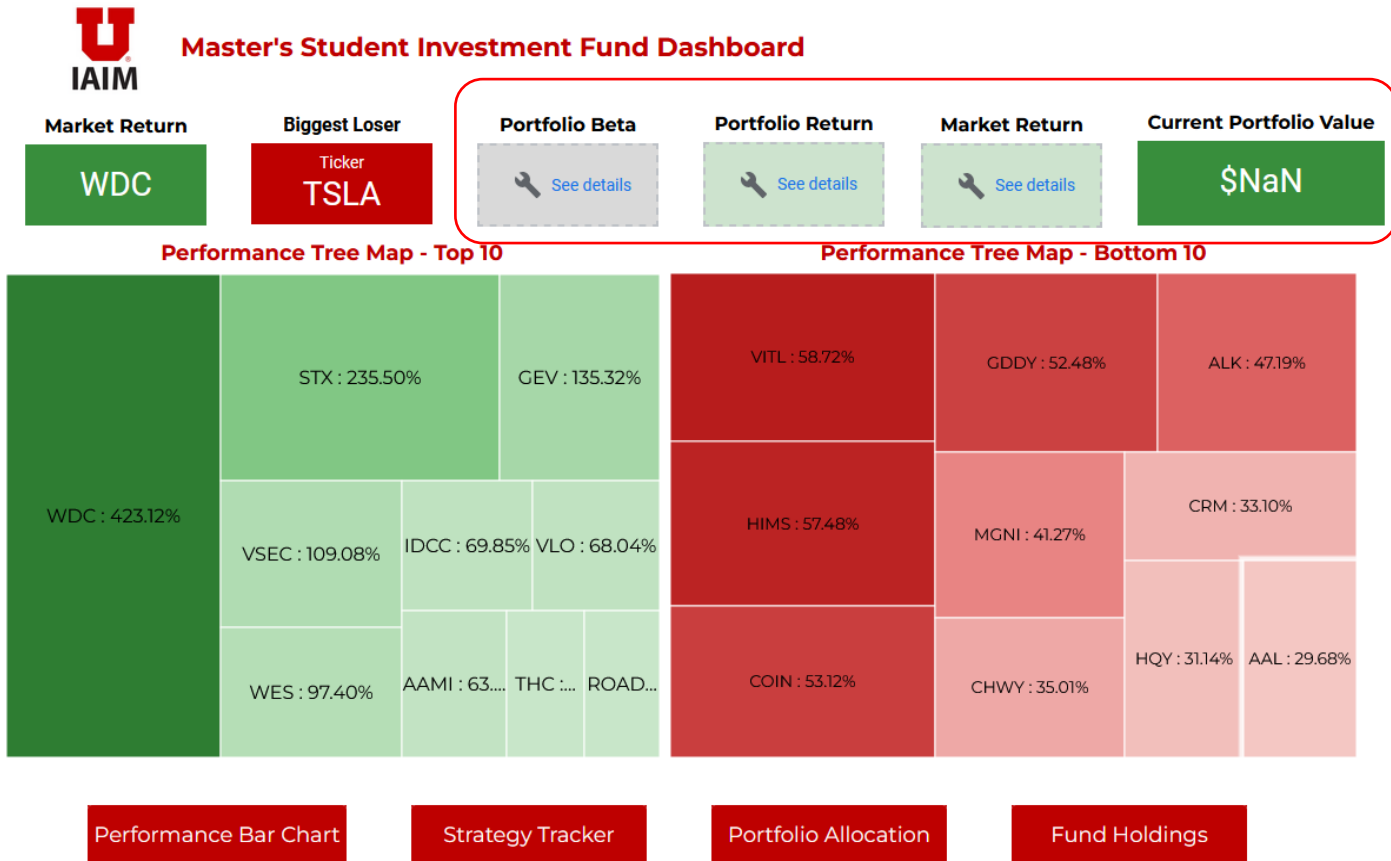


The background of the slide is a financial chart with a red overlay. The chart shows a line graph with a shaded area underneath, representing a stock price over time. The x-axis is labeled with dates: '2013/2013', 'Aug 13', 'Sep 13', and 'Aug 13'. The y-axis has numerical values: '350', '300', '250', and '200'. A callout box points to a peak in the line graph with the text 'Change on day 32.30'. Another callout box points to a lower point with the text 'Change on day 1.95'. The chart is titled 'ImgnTech Share Price' and includes the text 'Based on the constituents of the FTSE350 index'.

# *Technology*

*Ali Salman, Andrew Richardson,  
Daniel Sun, Garrett Pusey,  
Mikhail Berlay*

# Achievements – started from..

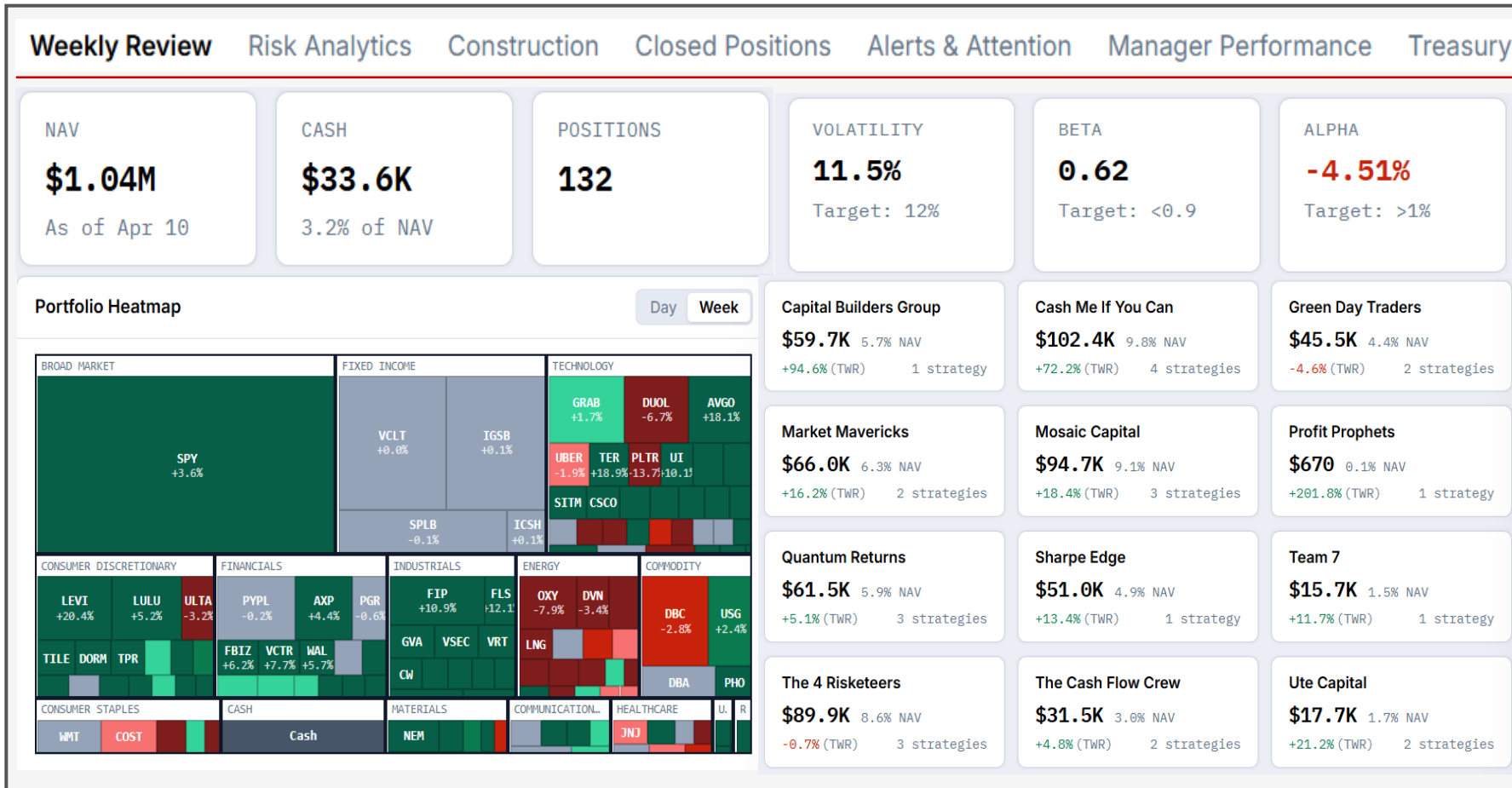


“I’m tired of fixing it”  
– The Web Guy

- Outdated website infrastructure
- Excel + Google Sheets + Google Looker
- Error-prone and fragile
- No risk monitoring, no factor decomp, no multi-team attribution



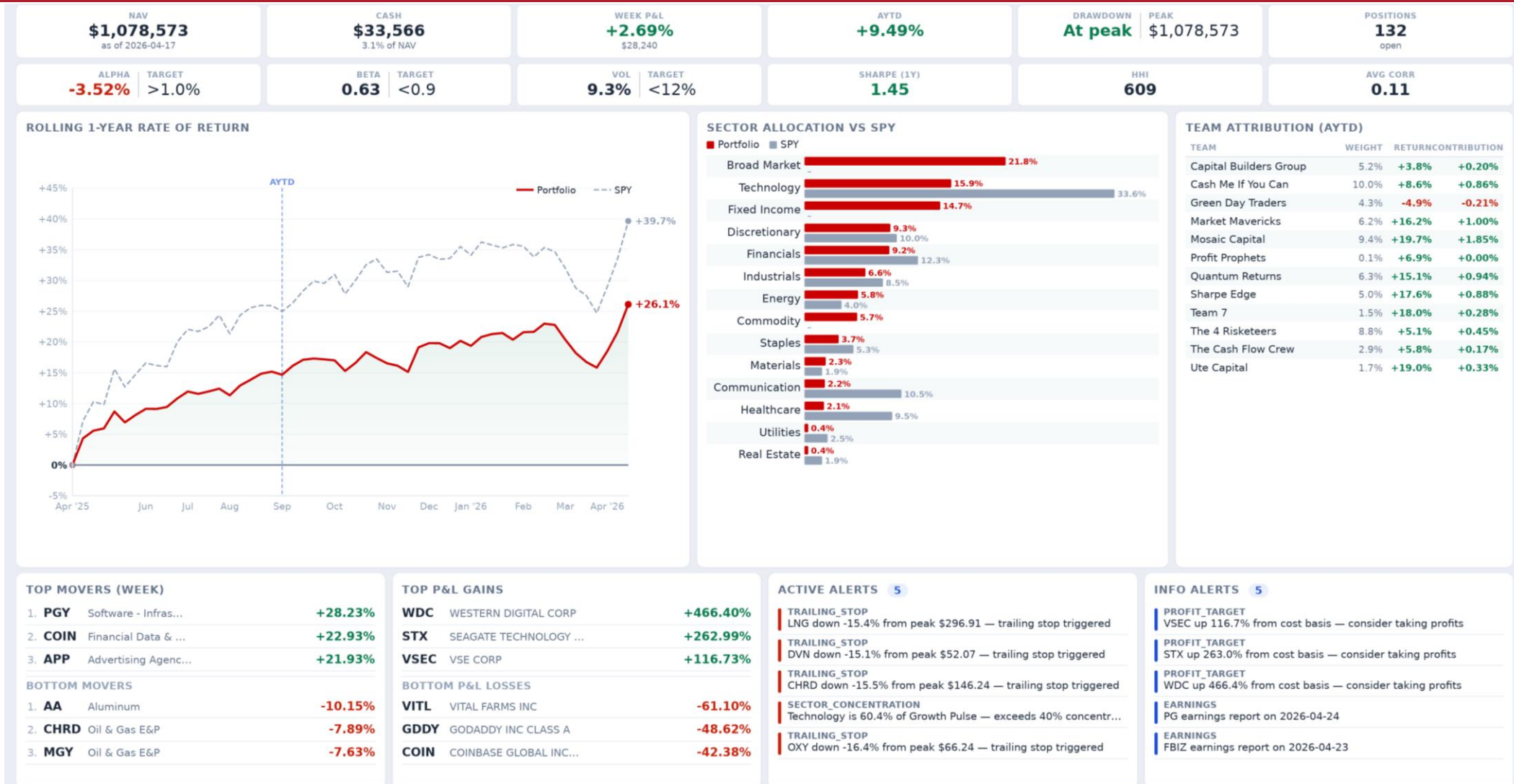
# Achievements – what we ship today



- All-new website infrastructure
- 7-modules to answer specific questions.
- Daily automated updates + transaction processing
- Analytics: VaR, CVaR, Drawdown factor exposures,
- Team attribution & performance



# Achievements – all-new weekly portfolio



# Achievements

## United States Market

- **Fed Officials Push Back Cuts:** Multiple Fed officials this week warned of “second-round inflation risks” and signaled no urgency to ease policy, with markets increasingly pricing in zero rate cuts for 2026.
- **Stagflation Concerns Building:** Elevated oil prices are increasingly seen as a drag on growth while sustaining inflation, raising risks of a stagflationary backdrop.
- **Tech Under Pressure:** Large-cap technology stocks remained under pressure, acting as a key drag on overall

## Global Market & Outlook

- **Iran Escalation Risk:** A U.S. Marine Expeditionary Unit deployment signals rising readiness for rapid response operations, increasing risks of broader conflict.
- **Global Market Turbulence:** Major indices fell for a fifth consecutive week, with the Dow and Nasdaq entering correction territory, driven by surging energy prices amid escalating Iran conflict.

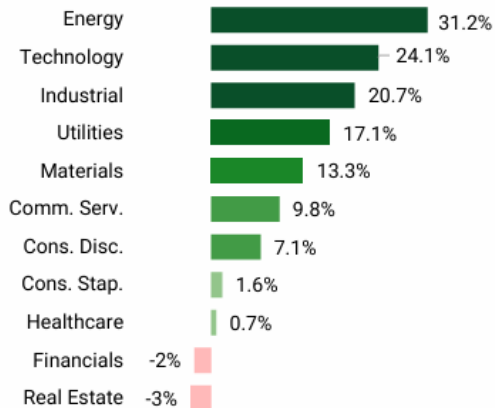
## Commodities

| Type        | 5 Day  | 6 Month |
|-------------|--------|---------|
| Crude Oil   | 1.34%  | 51.61%  |
| Natural Gas | -2.26% | 6.70%   |
| Gold        | -1.01% | 19.84%  |
| Silver      | 0.63%  | 51.00%  |
| Bitcoin     | -5.74% | -41.89% |

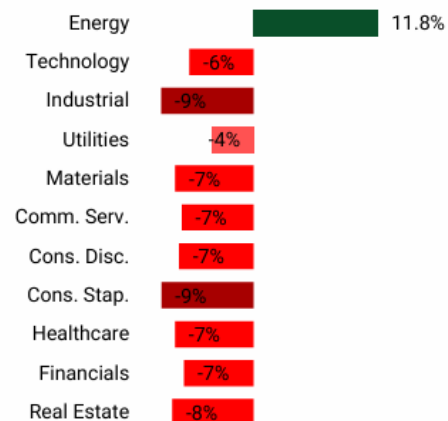
## Key Economic Indicators

| Indicator            | Current | Chg.     |
|----------------------|---------|----------|
| Consumer Price Index | 2.43%   | ➔ 0.00%  |
| Unemployment Rate    | 4.40%   | ➔ 0.00%  |
| Federal Funds Rate   | 3.64%   | ➔ 0.00%  |
| 2-Year T-Bill        | 3.91%   | ⬆ 0.01%  |
| 10-Year T-Bill       | 4.43%   | ⬆ 0.04%  |
| USD to EUR           | \$0.87  | ⬇ \$0.00 |

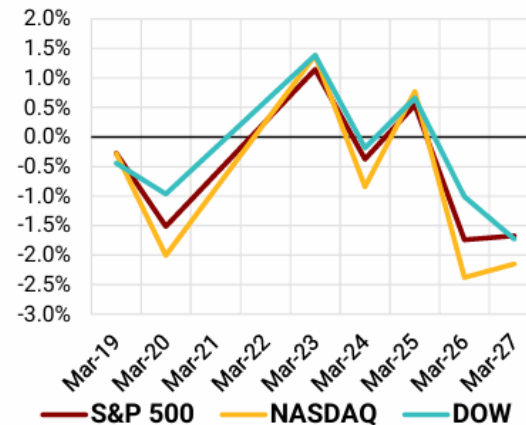
## S&P 500 Sector Performance 1-Year



## S&P 500 Sector Performance 1Month



## Index Closing Prices

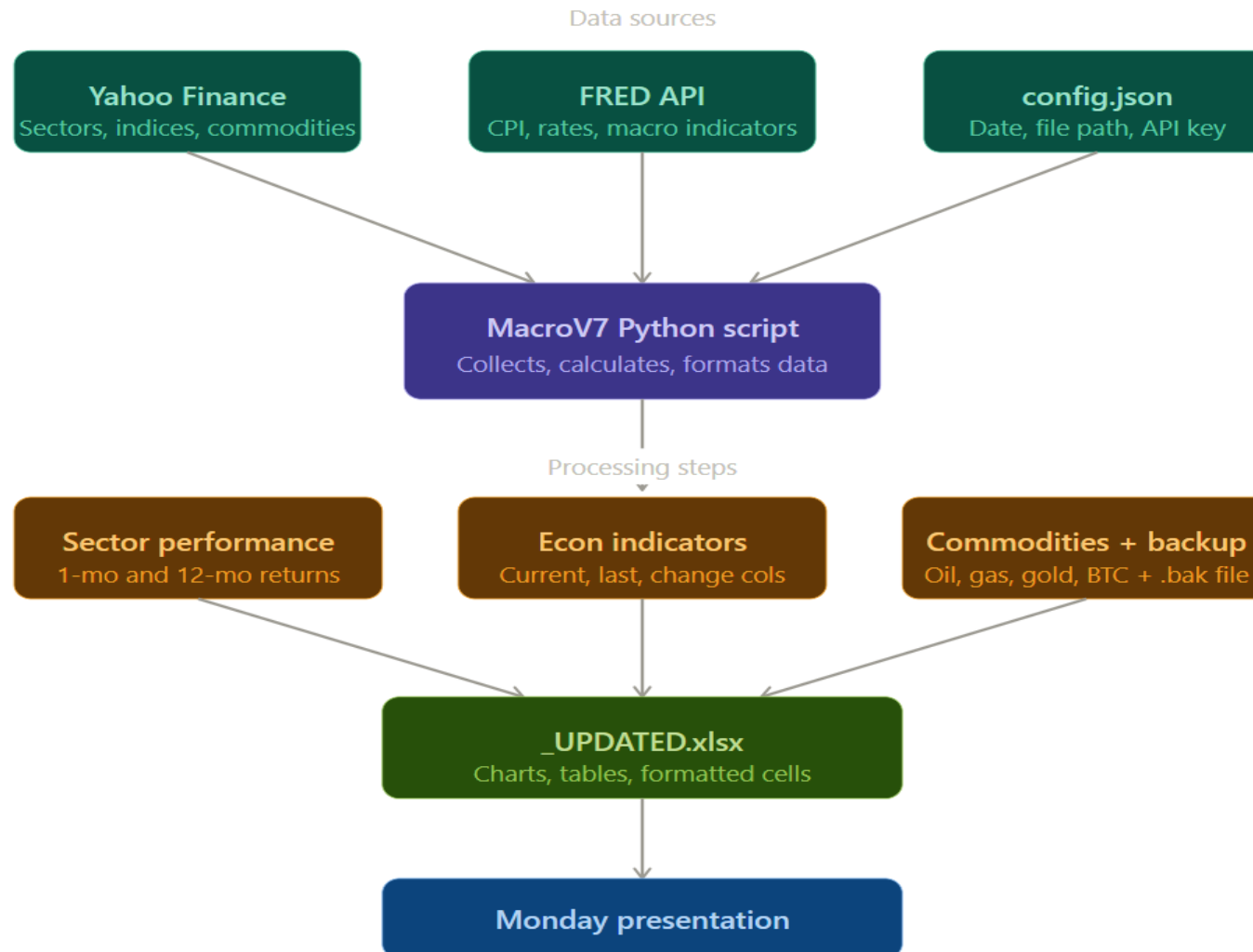


## Weekly Macro update:

- News
- Sectors and commodity
- Economic indicators



# Achievements – macro update automation



The background of the slide is a collage of financial market data. It includes various stock price charts, tables of market indices, and financial news snippets. A prominent red semi-transparent rectangle is overlaid on the center of the image, serving as a background for the text. The text is in a white, serif font. The overall aesthetic is professional and data-driven.

# Treasury

*Dexter Cly, Diego Llanos,  
Elias Taylor, Jaxon Floyd, Loay Hassan*

# Achievements



Built new excel-based portfolio tracker with enhanced analytics



Built a macro/ commodities BQL excel sheet for analytical purposes



Closed and kept academic year accounting



Rebalanced all systematic strategies on time



Shifted Treasury from a purely accounting function to an analytical function



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# Investment Parameters

| Metric   | Target | Current |
|--|--------|---------|
| Sector Maximum Weight: <b>Industrials</b>      | 20.00% | 10.75%  |
| Individual Position Maximum Weight: <b>DBC</b> | 4.00%  | 2.49%   |
| Fund Beta                                      | 0.80   | 0.63    |
| Annualized Standard Deviation                  | 12.00% | 9.98%   |
| Annualized Sharpe Ratio                        | 0.66   | 0.87    |
| Idiosyncratic Risk                             | 20.00% | 4.10%   |



# Fund Overview (10 Largest Positions)

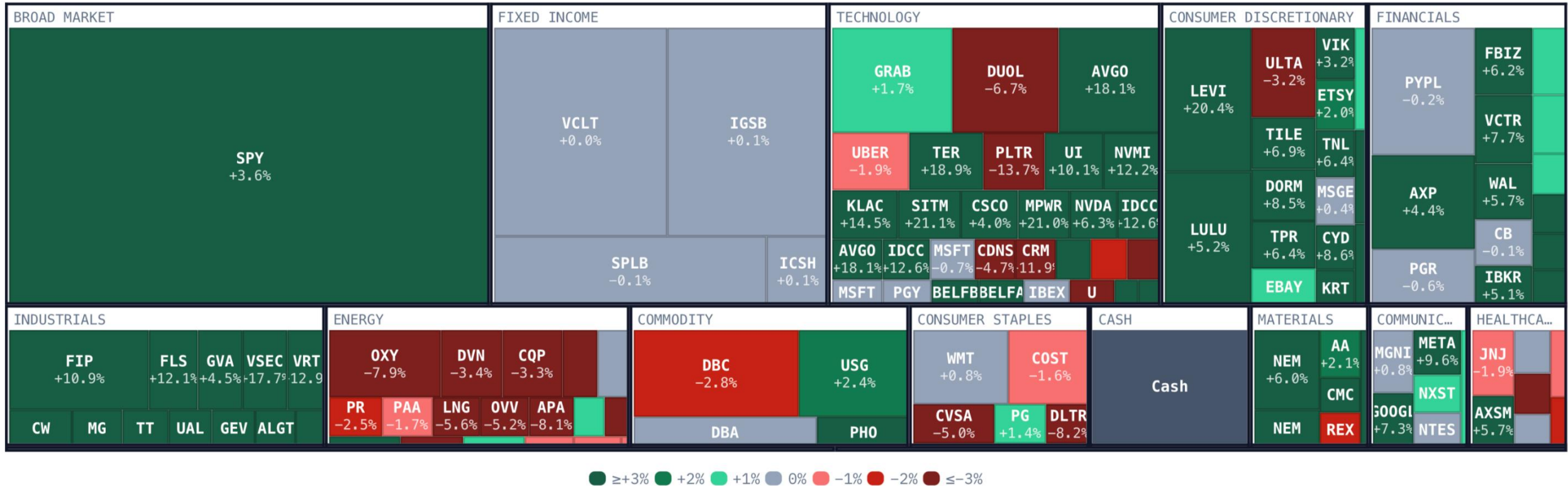
| Type        | Strategy               | Value     | Weight | Return |
|-------------|------------------------|-----------|--------|--------|
| Cash        | Cash & Cash Equiv.     | 370,673   | 36.67% | 10.23% |
| Macro       | 3 Commodities          | 59,137    | 5.71%  | 18.82% |
| Systematic  | Small Cap Syndrome     | 61,470.04 | 5.91%  | 5.16%  |
|             | Growth Pulse           | 60,584.81 | 5.82%  | 27.04% |
|             | High Energy, Low Beta  | 59,443.44 | 5.71%  | 19.52% |
|             | Quality Price Momentum | 50,997    | 5.18%  | 14.97% |
| Fundamental | PYPL                   | 24,083.94 | 2.31%  | 31.63% |
|             | GRAB                   | 23,651.78 | 2.27%  | 15.49% |
|             | FIP                    | 20,880.00 | 2.01%  | 21.47% |
|             | LEVI                   | 20,655.80 | 1.98%  | 5.82%  |



# Fund Overview (Sector Exposure)

## Portfolio Heatmap

Day Week



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# Investment Teams

Quantum  
Returns

The Cash  
Flow Crew

The  
Risketeers

Ute  
Capital

Mosaic  
Capital

Sharpe  
Edge





# *Quantum Returns*

*Lululemon – Defense Equity– PayPal – Grab*

*Andrew Richardson, Daniel Yu Sun,  
Diego Llanos Quiñones, Dexter Cly*

# Summary of Pitches

## Pitch 1: Fundamental

Lululemon  
(Nasdaq: LULU)

Invested: \$19,863  
Approved



## Pitch 2: Systematic

Defense Equity

Do Not Buy  
Approved



## Pitch 3: Fundamental

PayPal  
(Nasdaq: PYPL)

Invested: \$18,296  
Approved



## Pitch 4: Fundamental

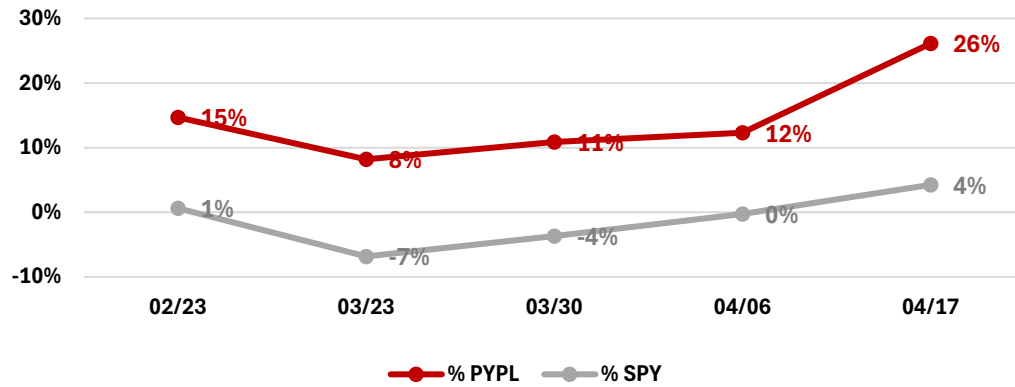
Grab  
(Nasdaq: GRAB)

Invested: \$20,506  
Approved

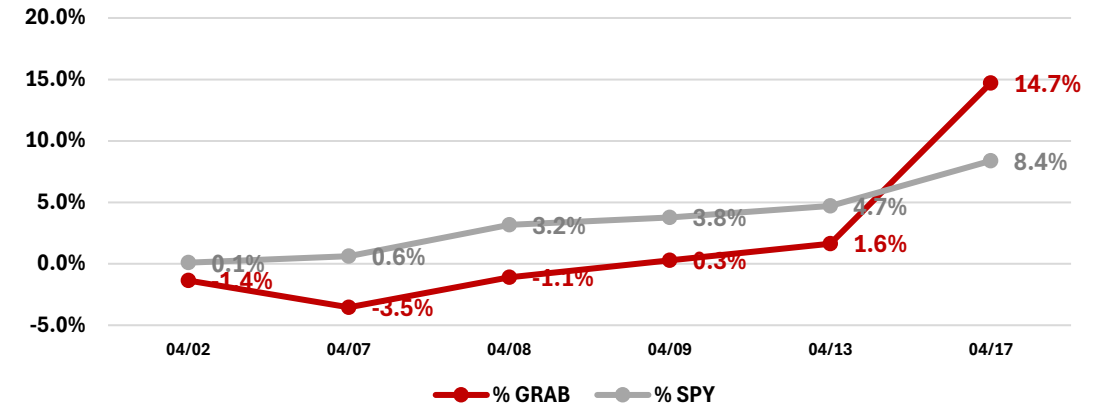


# Performance of Pitches

### PYPL VS SPY

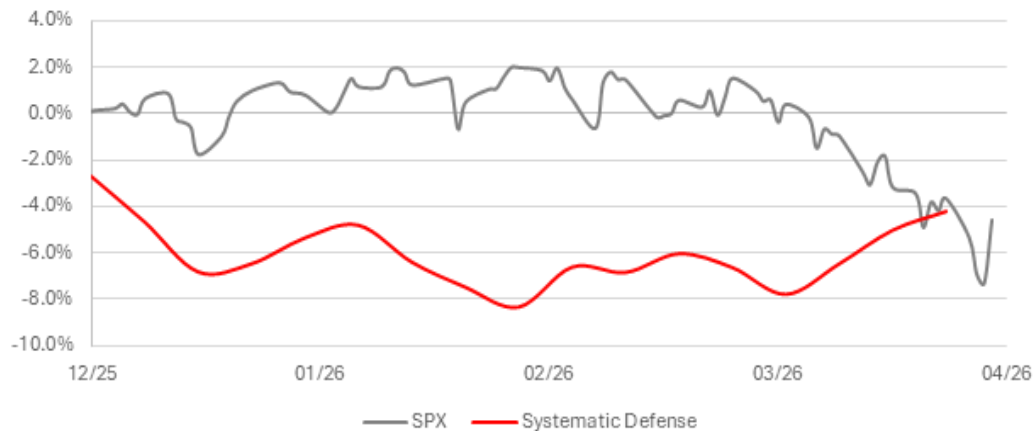


### GRAB VS SPY

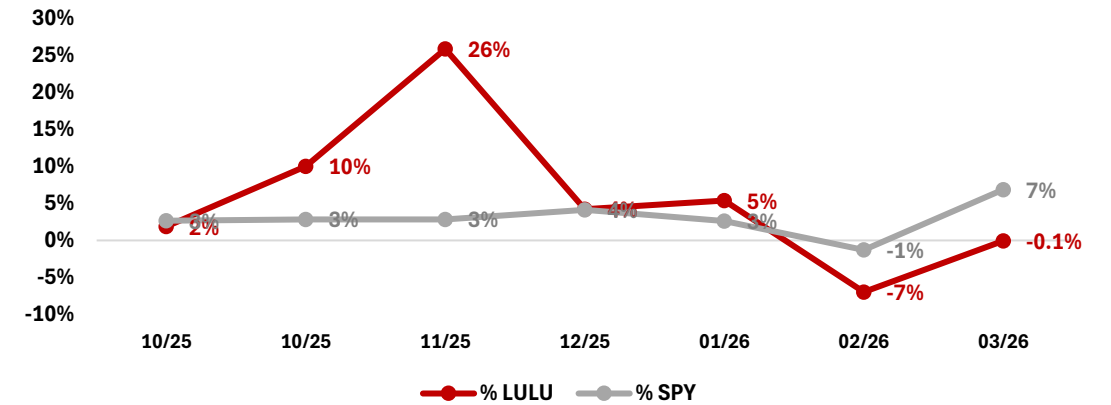


Return  
15.1%

### Systematic Defense vs SPX Return



### LULU VS SPY



# PayPal Pitch Overview

## PayPal Pitch Thesis:

- **as a mispriced, cash-generative payments platform where stabilizing fundamentals and improved monetization can drive a re-rating toward fair value.**

~70% upside to ~\$69/share over 12 months, driven by multiple expansion, steady transaction growth, and strong free cash flow execution.

## What we learned:

- **Cheap for what it is:** PayPal Holdings Inc. is undervalued vs peers despite strong cash flow—so upside comes from the market catching up.
- **Execution drives the story:** It is about **monetization (not user growth)**. If management delivers, there's solid upside; if not, competition and macro are the risks.



# PayPal Assumptions

## BASE KEY DRIVERS:

- Stable transaction volume growth
- Consistent user engagement
- Defensible pricing power
- Predictable cash flows

## BEAR KEY DRIVERS:

- Slower transaction growth
- Increased competitive pressure
- Lower cash-flow visibility
- Higher earnings uncertainty

## BULL KEY DRIVERS:

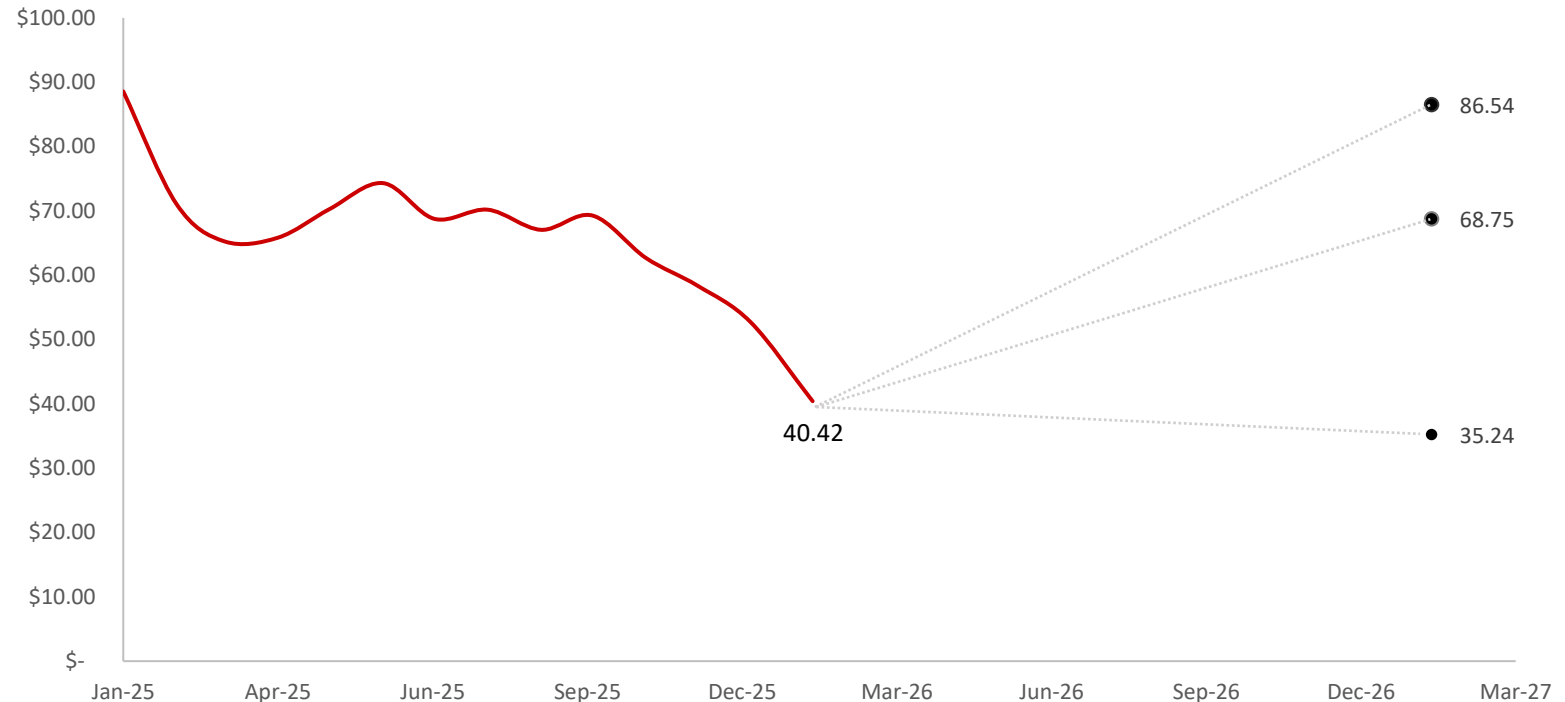
- Higher transaction frequency
- Improved user monetization
- Stronger platform engagement
- Clearer long-term growth outlook

## WACC:

**9.8%** — Base and Bull

**11.3%** — Bear

STOCK PRICE FORECAST



## PERPETUITY GROWTH RATES :

**1%** — Base

**-5%** — Bear

**3%** — Bull



# PayPal Results



- **Revenue miss:** \$8.68B vs. \$8.80B expected (+3% YoY)
- **EPS miss:** \$1.30 vs. \$1.36 expected (+12% YoY)
- **Beyond (Venmo & new products):** ~20% growth, strong diversification driver

## Margins:

Margins remained **stable but slightly pressured**, as cost discipline helped offset pricing pressure—keeping profitability solid but limiting near-term expansion.

## Thesis Validation:

- **Valuation still holds:** PayPal Holdings Inc. remains undervalued vs peers.
- **Monetization improving:** Shift to **revenue per user** is working, just slower than expected.
- **Execution risk remains:** Miss + weak guidance reinforce this is a **prove-it story**.

## Thesis comparison:

The core thesis is **intact but delayed**—the fundamentals are stabilizing as expected, but the market is waiting for clearer execution before rewarding the stock.



The background features a financial chart with a red overlay. The chart shows a line graph with a shaded area underneath, representing a stock price trend. The y-axis is labeled 'Share Price' and has values 18, 19, 20, 21, 22, and 23. The x-axis has dates 'Sep 13' and 'Aug 13'. A callout box points to a peak with the text 'Change on day 32.30'. Another callout box points to a lower peak with the text 'Change on day 1.95'. The chart is overlaid on a background of financial data tables and other charts.

# *The Cash Flow Crew*

*Costco – Buybacks – Levi – JP Morgan*

*John Robinson, Liam Rosten  
Peter Gagne, Spencer Gleave*

# Summary of Pitches

## Pitch 1: Fundamental

Costco  
Wholesale  
Corporation

Invested:  
\$10,646.90  
Approved



## Pitch 2: Systematic

Buybacks

Do Not Buy:  
Approved



## Pitch 3: Fundamental

Levi Strauss &  
Co.

Invested:  
\$20,000  
Approved



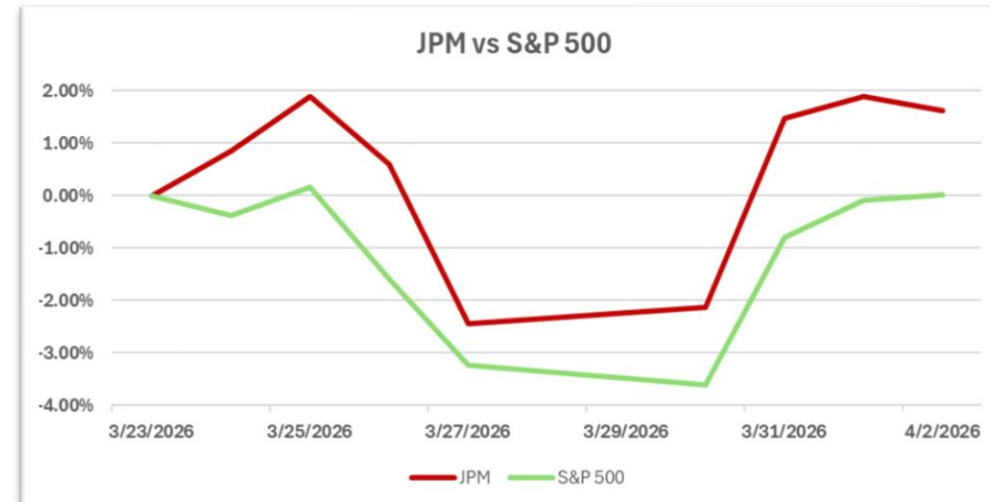
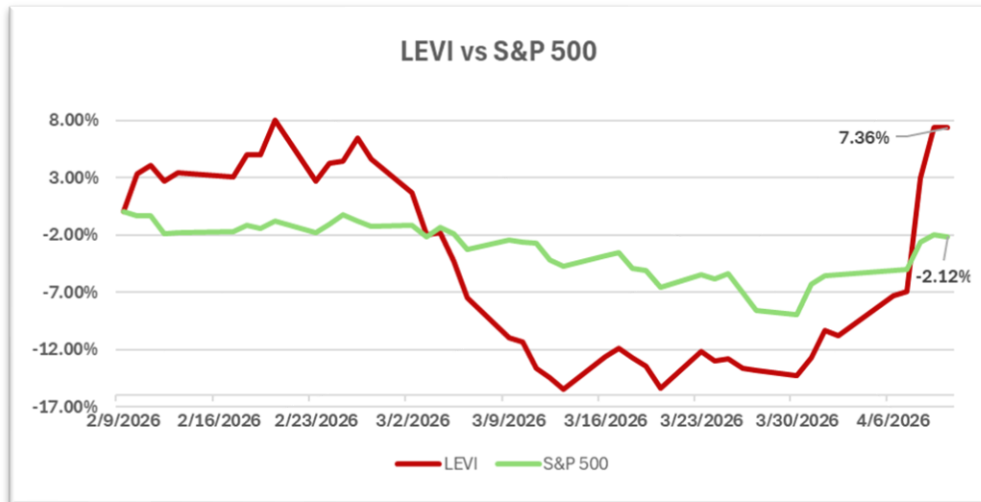
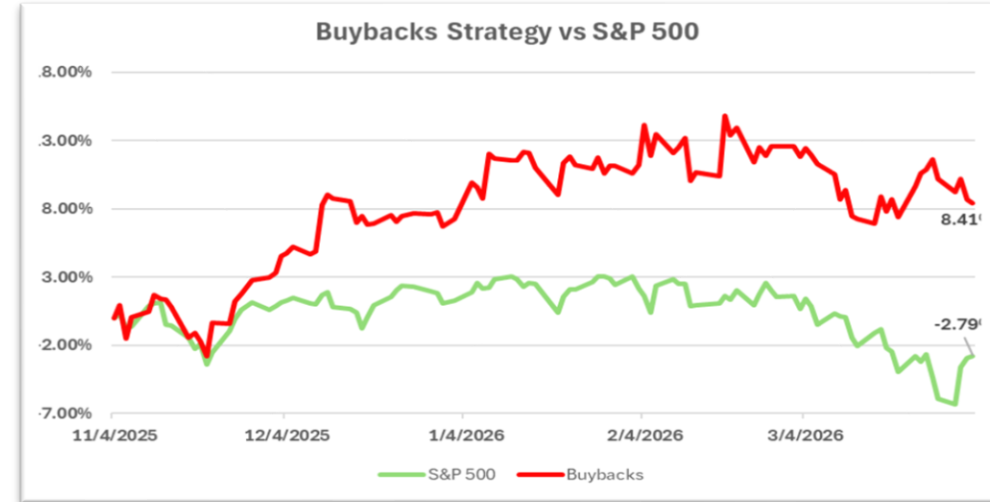
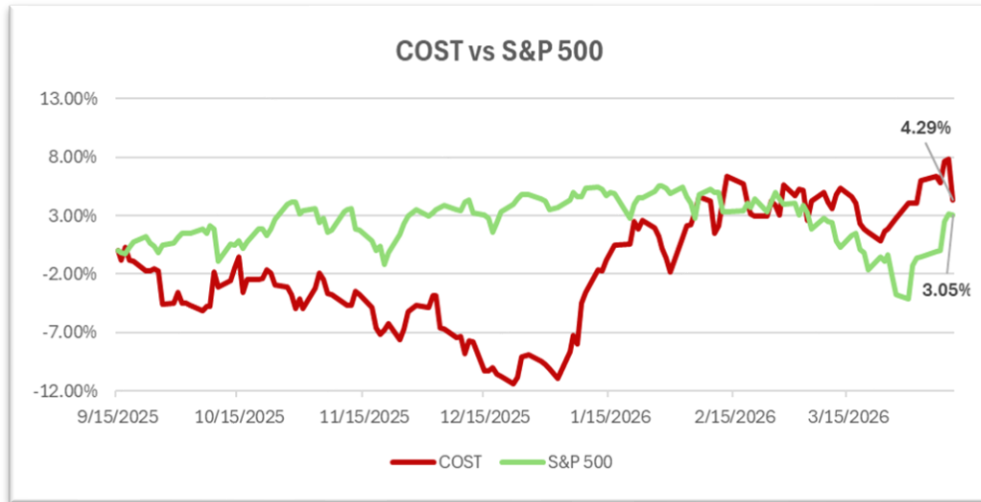
## Pitch 4: Fundamental

JP Morgan Chase  
& Co.

Do Not Buy:  
Approved



# Performance of Pitches



# Levi Strauss & Co. Pitch Overview

## Levi Pitch Thesis:

- **Improve Margins through DTC focus**
- **Divestiture of underperforming brands resulted in incurred losses**
- **Internationally diversified revenue streams**

We expected the market to underestimate future FCF due to recent losses due to restructuring efforts

## What we learned:

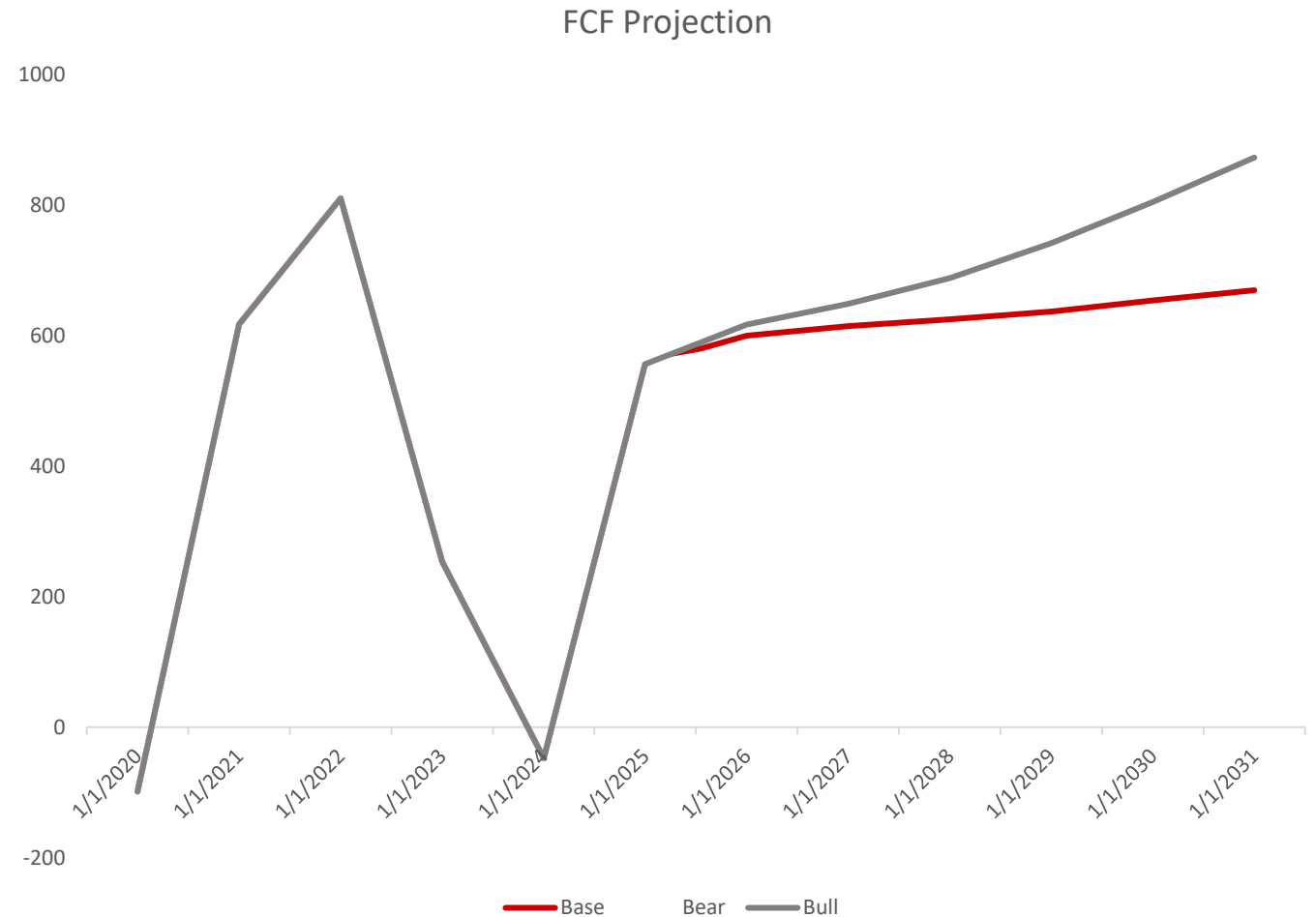
- **Execution timing can materially affect returns**
- **Short term volatility does not trump long-term vision**
- **Investors care about leadership and management vision**



# Assumptions

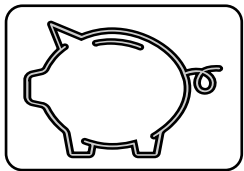
## Key Drivers:

- Gross margins have improved and stabilized after Project Fuel started in 2024.
- Short-term FCF volatility is due to COVID and Implementation of Project Fuel (Impairment Losses and High SGA Costs)
- Strong Push to DTC, willing to take current losses due to restructuring charges with views of long-term success.
- ~3% dividend yield and an increasingly high payout ratio constrain reinvestment capacity(45% of FCF got paid in dividends from 2020-2025)



# Results

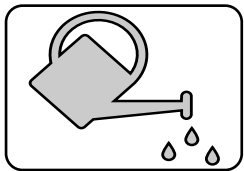
## FY 2026 Q1 Performance



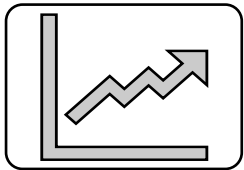
**Revenue beat:** \$1.74B vs. \$1.65B expected  
(+14% YoY)



**EPS beat:** \$0.42 vs. \$0.37 expected  
(+10.5% YoY)

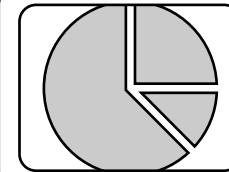


**Beyond Yoga:** +23% growth, strong  
diversification driver

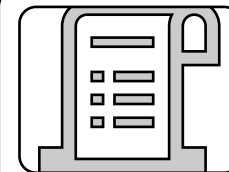


Margins slightly below projections due to  
tariffs, underlying profitability drivers  
stronger than expected.

## Thesis Validation



DTC now 52% of revenue, core of our  
investment strategy



\$200M accelerated share repurchase  
launched



Europe up 24%, international expansion  
on track



Original investment thesis validated:  
Levi's DTC transformation across  
channels, regions, and categories.



The background of the slide is a financial chart with a red overlay. The chart shows a line graph with a shaded area underneath, representing a stock price over time. The y-axis is labeled 'Share Price' and has values 350, 300, and 250. The x-axis has dates 'Sep 13', 'Aug 13', and '2013/2013'. A callout box points to a peak in the line graph with the text 'Change on day 32.30'. In the top left, there is a table titled 'BIGGEST MOVERS' with columns for 'Day's change', 'Price', and 'Volume'. The table lists several stocks: Ultra Beauty, Fenner, BarrttDev, bwin party, Downs, Pennon, Polymtlnt, AngloAmer, and Kenmr. The 'Ultra Beauty' stock is highlighted in the table. The overall theme is financial analysis and investment.

# *The Risketeers*

*Ultra Beauty – Quality Minus Junk – 100 Baggers – Net Payout Yield*

*Jaxon Floyd, Loay Hassan,  
Nicole Matamoros*

# Summary of Pitches

## Pitch 1: Fundamental

Ulta Beauty  
(ULTA)

Invested: \$9,700  
Approved



## Pitch 2: Systematic

Quality Minus  
Junk

Invested: \$50,400  
Approved



## Pitch 3: Systematic

100 Baggers

Invested: \$30,000  
Approved



## Pitch 4: Systematic

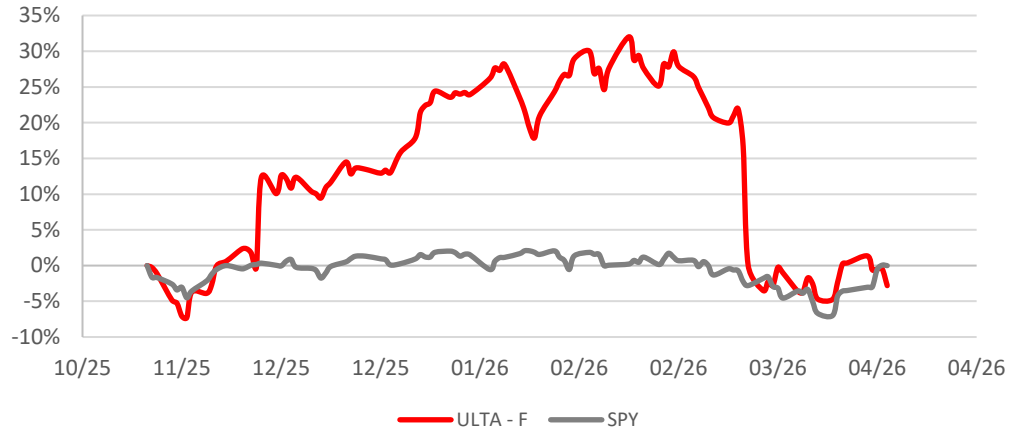
Net Payout Yield

Do Not Buy  
Approved

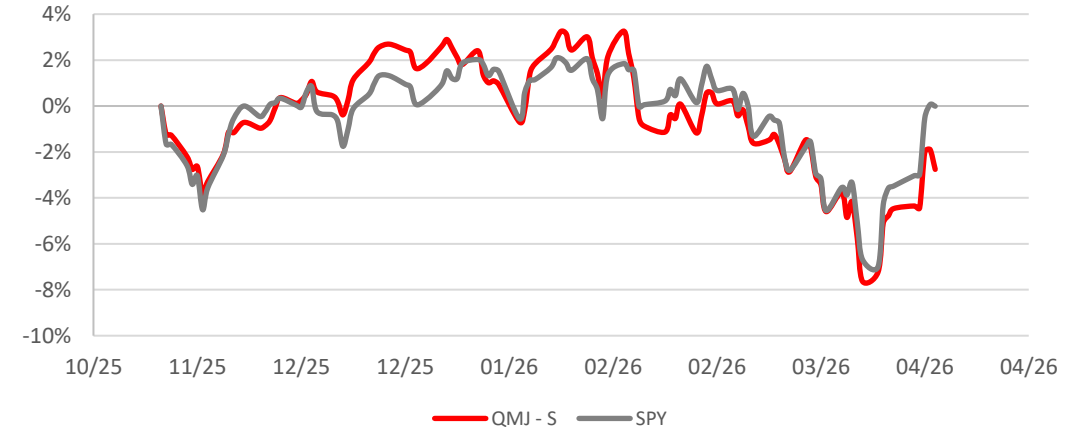


# Performance of Pitches

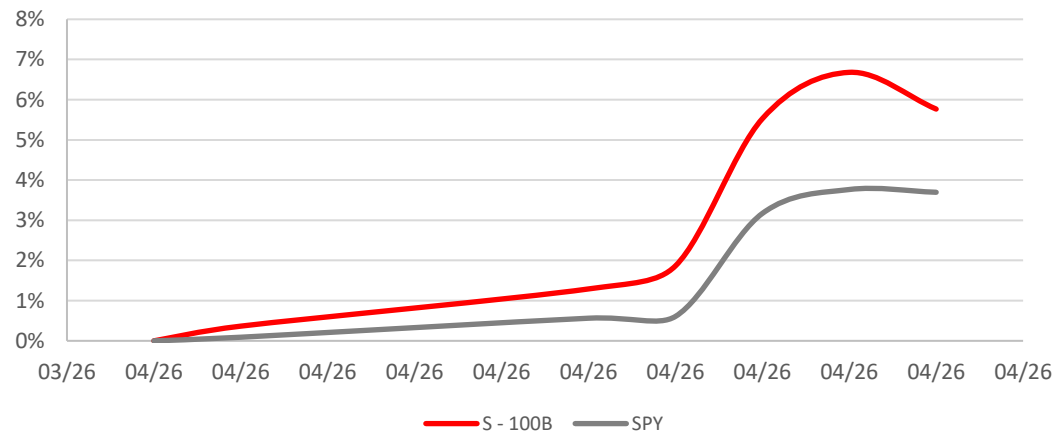
ULTA - F vs SPY Return



QMJ - S vs SPY Return



S - 100B vs SPY Return



# 100 Baggers Overview

## Inspiration:

Inspired by 100 Baggers (Chris Mayer), Grandeur Peak (Amy Sunderland), Fama French.

## Strategy:

Invest in Quality Micro-Cap Stocks while filtering for liquidity.

## Performance:

Ann. Ret. 20.26%, 26.26%, 35.81%, 40.75%, 37.2%, 9.22%.



# Ulta Beauty Inc. Pitch Overview

## Thesis:

Ulta Beauty (ULTA) is positioned for long-term value creation through its leading market position. Investment \$9,571.22

## Growth Strategy:

Drive profitable growth and market share leadership in beauty and wellness through growing comparable sales, expanding omnichannel capabilities, and opening new stores."

## Basis for Thesis

1

### Market Dominance

- Omnichannel Ecosystem
- Mass & Prestige & Salon Services
- Loyalty Moat
- Digital & Service Integration

2

### International Expansion

- Mexico & Middle East



# Valuation Scenarios

## Valuation Range and Implied Share Price



### Share price summary since purchase:

- Period High: \$714.97
- Period Low: \$493.00
- Current Price: \$525.25

## Market and Financial Data In USD Millions, except for ratios

| 5 - 10 Companies preferred, | Enterprise Value | LTM Revenue | LTM EBITDA | LTM EBIT | P / E | EV / Sales | EV / EBITDA | EV / EBIT |
|-----------------------------|------------------|-------------|------------|----------|-------|------------|-------------|-----------|
| ULTA BEAUTY INC             | 26,061.0         | 11,654.6    | 2,239.2    | 1,581.5  | 20.4  | 2.2x       | 11.6x       | 16.5x     |
| SALLY BEAUTY HOLDINGS I     | 2,932.8          | 3,689.4     | 429.6      | 330.1    | 8.4   | 0.8x       | 6.8x        | 8.9x      |
| MACY'S INC                  | 9,318.6          | 22,702.0    | 1,738.0    | 807.0    | 8.7   | 0.4x       | 5.4x        | 11.5x     |
| ESTEE LAUDER COMPANIE!      | 37,258.4         | 14,326.0    | 1,994.0    | (785.0)  | 79.1  | 2.6x       | 18.7x       | -47.5x    |
| INTERPARFUMS INC            | 3,528.4          | 1,458.9     | 315.4      | 276.2    | 19.8  | 2.4x       | 11.2x       | 12.8x     |
| ELF BEAUTY INC              | 7,453.4          | 1,342.8     | 236.8      | 156.0    | 65.0  | 5.6x       | 31.5x       | 47.8x     |
| NU SKIN ENTERPRISES INC     | 632.9            | 1,626.3     | 150.2      | (14.0)   | 16.6  | 0.4x       | 4.2x        | -45.3x    |
| UNILEVER PLC                | 180,823.4        | 65,033.1    | 13,811.5   | 9,549.7  | 22.7  | 2.8x       | 13.1x       | 18.9x     |
| COTY INC-CL A               | 7,855.3          | 5,892.9     | 1,097.0    | 241.1    | 382.1 | 1.3x       | 7.2x        | 32.6x     |
| KAO CORP                    | 20,089.9         | 11,034.7    | 1,630.3    | 1,058.2  | 26.6  | 1.8x       | 12.3x       | 19.0x     |
| LYKO GROUP AB-A SHARES      | 337.9            | 358.5       | 30.8       | 13.8     | 32.5  | 0.9x       | 11.0x       | 24.5x     |

## Upside (Downside)

|                     | Current | Bear     | Base   | Bull   |
|---------------------|---------|----------|--------|--------|
| Stock Price         | 537.29  | 412.90   | 645.57 | 797.42 |
| Upside (Downside)   |         | (124.39) | 108.28 | 260.13 |
| Upside (Downside) % |         | -23.2%   | 20.2%  | 48.4%  |



The background of the slide is a blurred image of a financial market data page. It features various tables and line charts. One prominent chart is a line graph showing stock prices over time, with a red shaded area under the line. Another chart shows a bar graph with a line overlay. Text elements include 'MIDGEST MOVEMENTS', 'ImgnTech Share Price', and 'Change on day 32.30'.

# *Ute Capital*

*Walmart – Betting Against Beta – SiTime – Apple*

*Garrett Pusey, Imran Al Sabbagh,  
Ryan O'Connor, Torlif Wegener*

# Summary of Pitches

## Pitch 1: Fundamental

Walmart  
(WMT)

Invest \$10,000:  
Approved



## Pitch 2: Systematic

Betting Against  
Beta

Do Not Buy:  
Approved



## Pitch 3: Fundamental

SiTime

Invest: \$5,000  
Approved



## Pitch 4: Fundamental

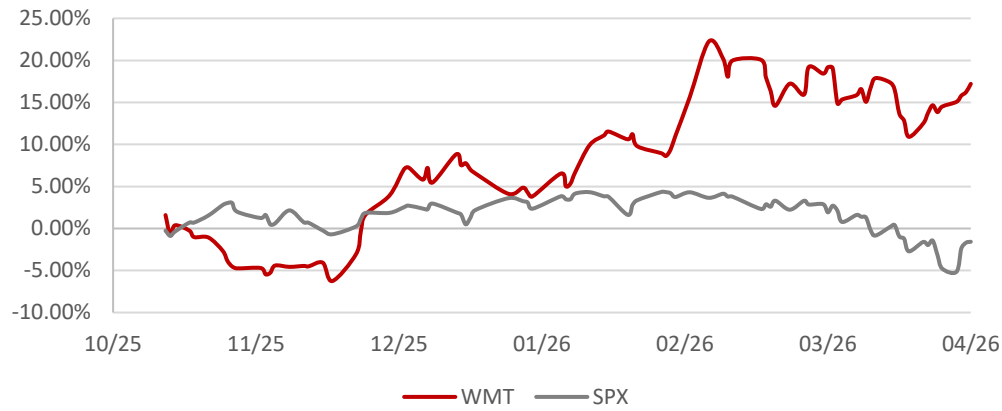
Apple

Invest \$20,000:  
Not Approved

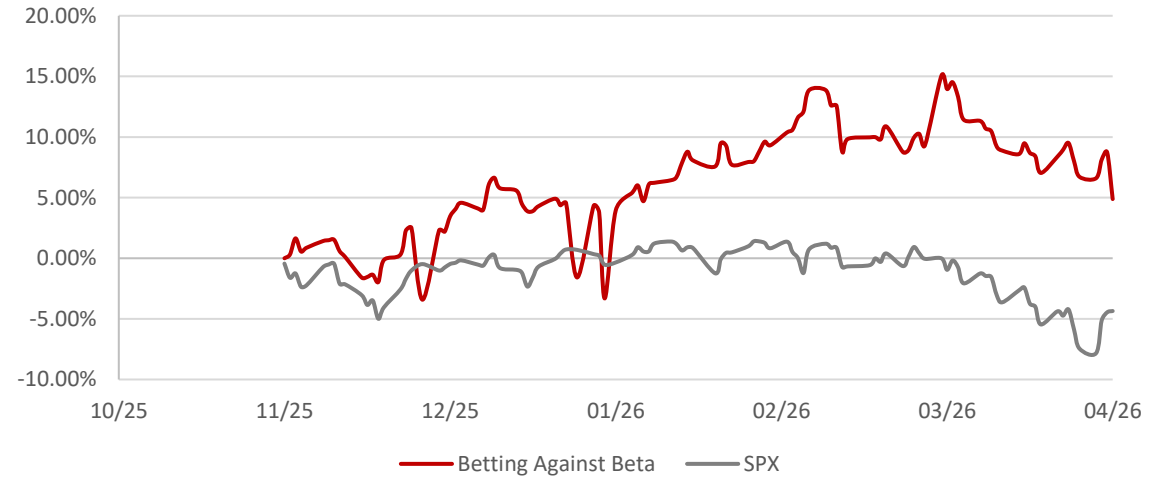


# Performance of Pitches

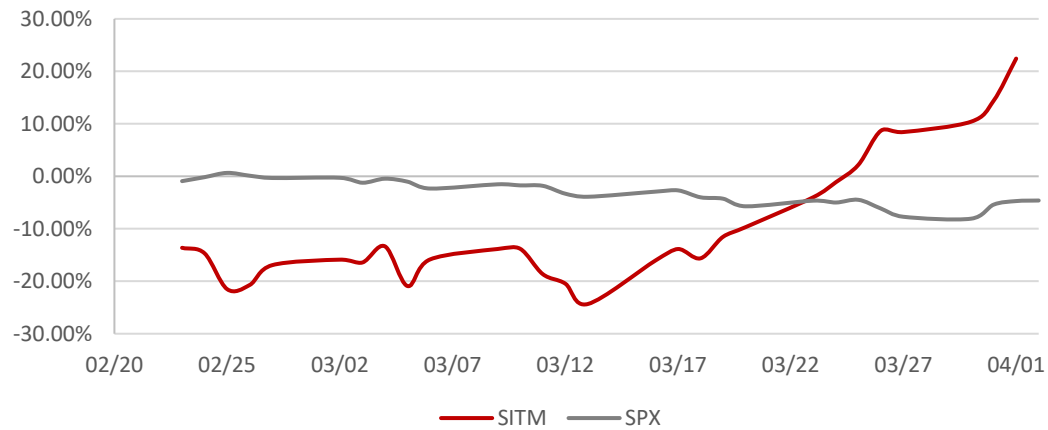
### WMT vs SPX Return



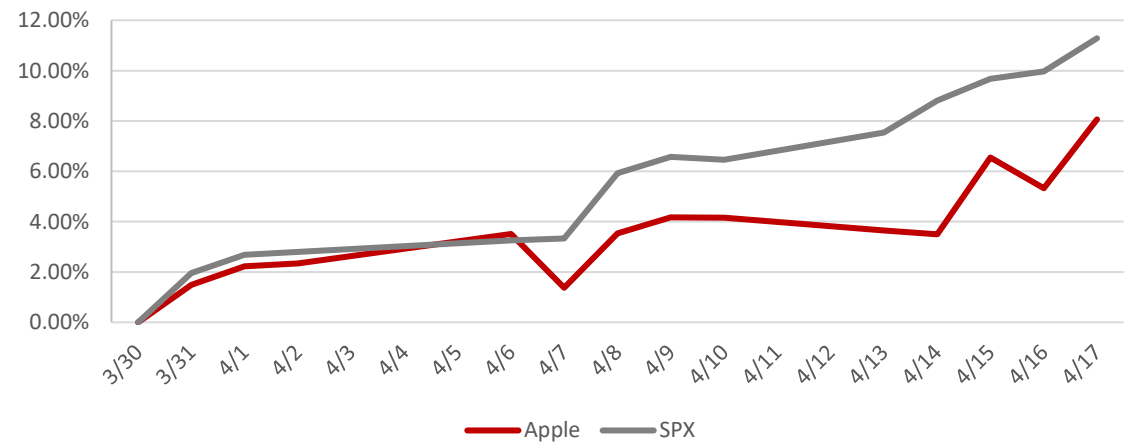
### Betting Against Beta vs SPX Return



### SITM vs SPX Return



### AAPL vs SPX



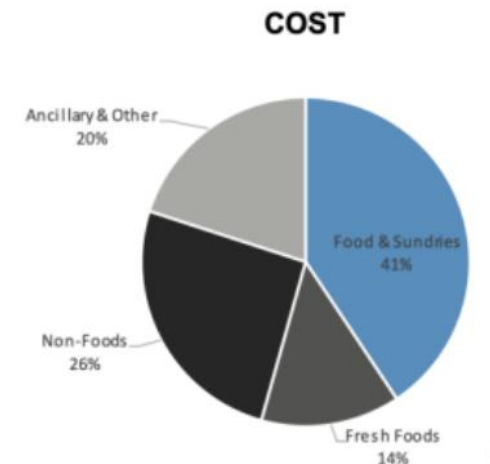
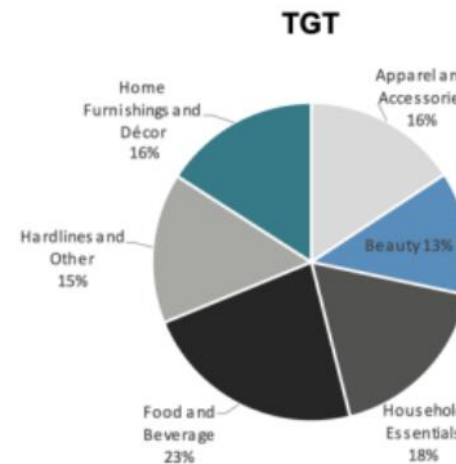
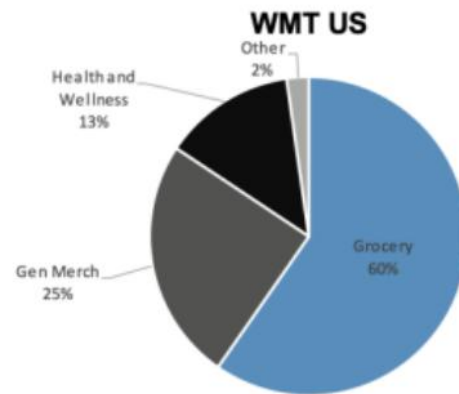
# Walmart Fundamental Pitch

## THESIS:

Walmart's grocery-led traffic and omnichannel options keep customer visits resilient

High margin flywheels are compounding and allow profits to grow faster than revenue

Consumables Dominate WMT US and COST; TGT is More Discretionary / "A Merchant"

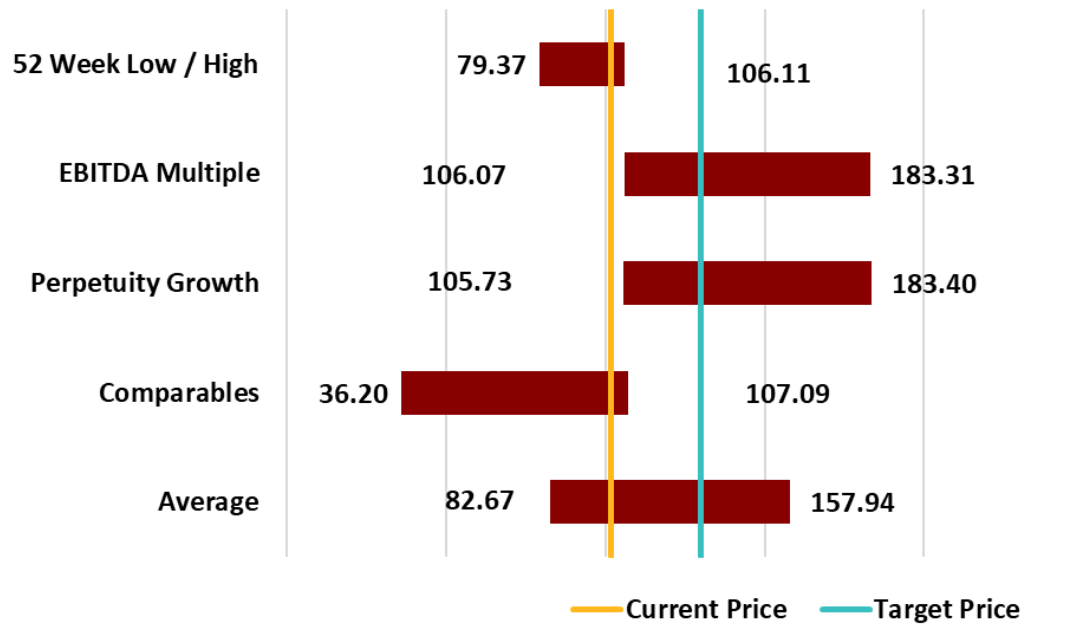


S



# Valuation Scenarios

Valuation Range and Implied Share Price



| Valuation Scenarios |               |              |        |               |                  |
|---------------------|---------------|--------------|--------|---------------|------------------|
| Model               | Base          | Bear         | Spread | Bull          | Valuation Weight |
| Average             | 117.19        | 82.67        | 75.27  | 157.94        | 10.0%            |
| Comparables         | 74.86         | 36.20        | 70.90  | 107.09        | 10.0%            |
| Perpetuity Growth   | 136.94        | 105.73       | 77.67  | 183.40        | 40.0%            |
| EBITDA Multiple     | 139.77        | 106.07       | 77.24  | 183.31        | 40.0%            |
| 52 Week Low / High  | 101.84        | 79.37        | 26.74  | 106.11        |                  |
| <b>Target Price</b> | <b>129.89</b> | <b>96.61</b> |        | <b>173.19</b> | <b>100.0%</b>    |
| Upside (Downside)   |               |              |        |               |                  |
|                     | Current       | Bear         | Base   | Bull          |                  |
| Stock Price         | 101.84        | 96.61        | 129.89 | 173.19        |                  |
| Upside (Downside)   |               | (5.23)       | 28.05  | 71.35         |                  |
| Upside (Downside) % |               | -5.1%        | 27.5%  | 70.1%         |                  |

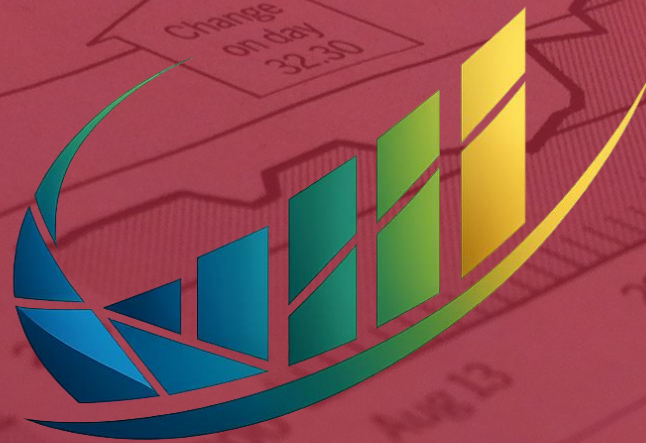


# Assumptions & Sensitivity

|                        |  |   |                        |
|------------------------|--|---|------------------------|
| Comparable Metrics     | EV/EBITDA,<br>P/E                      | N Forecasted Years:                                   | 5                      |
| Revenue Growth Method: | 5 Year CAGR<br>- Inflation<br>+ Adjust | Base Rev. Growth Rate:                                | 2.5%                   |
| Beta                   | 0.5-1.1                                | Base WACC:<br>Base Cost of Equity:                    | 8.35%<br>8.73%         |
| DCF Methods:           | Perpetual Growth,<br>EBITDA Multiple   | Perpetuity Growth Rate:<br>Exit EV / EBITDA Multiple: | 1.8-3.5%<br>6.0x-25.0x |

|                     | 8.35% | 0.5   | 0.6   | 0.7   | Beta  |       |        |        |        | 1.1 |
|---------------------|-------|-------|-------|-------|-------|-------|--------|--------|--------|-----|
|                     |       |       |       |       | 0.78  | 0.8   | 0.9    | 1      |        |     |
| Base WACC           | 3.50% | 6.66% | 6.99% | 7.31% | 7.57% | 7.64% | 7.96%  | 8.29%  | 8.62%  |     |
|                     | 4.00% | 6.89% | 7.27% | 7.64% | 7.94% | 8.01% | 8.38%  | 8.76%  | 9.13%  |     |
|                     | 4.50% | 7.13% | 7.54% | 7.96% | 8.30% | 8.38% | 8.80%  | 9.22%  | 9.64%  |     |
| Equity Risk Premium | 4.57% | 7.16% | 7.58% | 8.01% | 8.35% | 8.43% | 8.86%  | 9.29%  | 9.71%  |     |
|                     | 4.75% | 7.24% | 7.68% | 8.13% | 8.48% | 8.57% | 9.01%  | 9.45%  | 9.90%  |     |
|                     | 5.00% | 7.36% | 7.82% | 8.29% | 8.66% | 8.76% | 9.22%  | 9.69%  | 10.15% |     |
|                     | 5.50% | 7.59% | 8.10% | 8.62% | 9.03% | 9.13% | 9.64%  | 10.15% | 10.66% |     |
|                     | 6.00% | 7.82% | 8.38% | 8.94% | 9.39% | 9.50% | 10.06% | 10.62% | 11.18% |     |





# *Mosaic Capital*

*FTAI Infrastructure – Growth Pulse*

*Duolingo – Growth Profitability*

*Ali Reza Salman, Ben Worsley, Selma Andersen*

# Summary of Pitches



## Pitch 1: Fundamental

FTAI  
Infrastructure  
(FIP)

Invested: \$17,190  
Approved



## Pitch 2: Systematic

Growth Pulse

Invested: \$47,690  
Approved



## Pitch 3: Fundamental

Duolingo

Invested: \$19,998  
Approved



## Pitch 4: Systematic

Gross Profitability

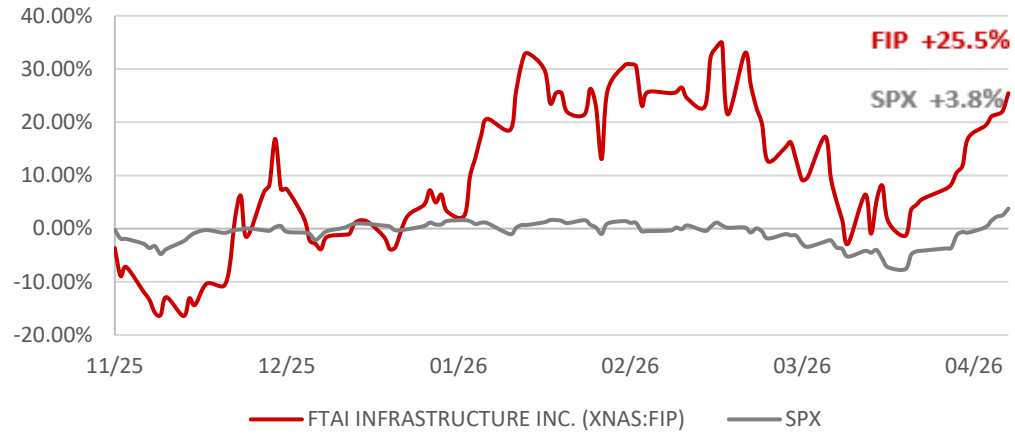
Invested: \$45,000  
Approved



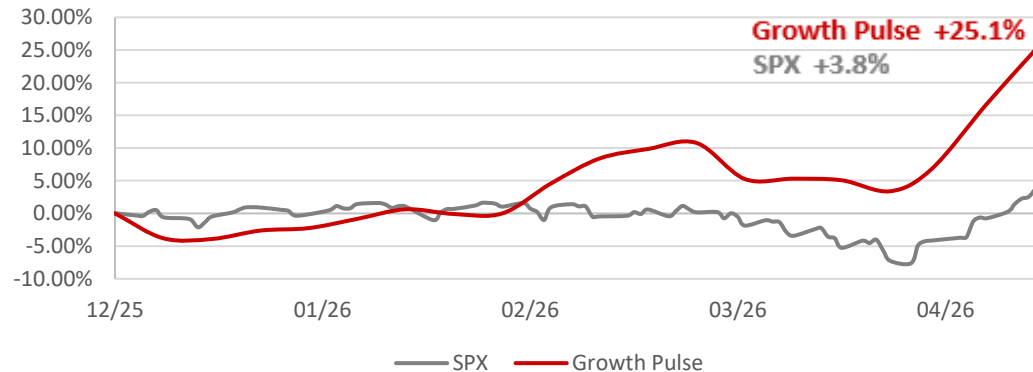
# Performance of Pitches



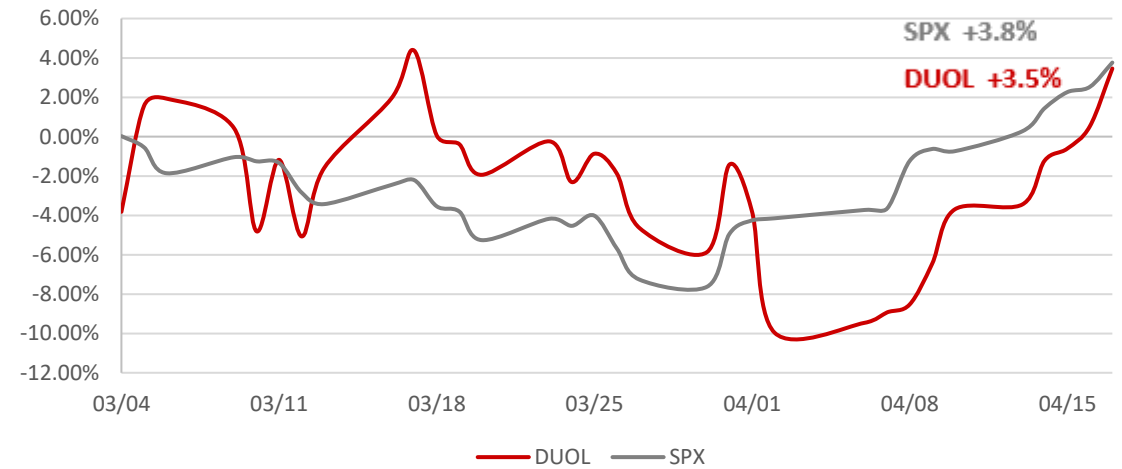
### FIP vs SPX Return



### Growth Pulse vs SPX Return



### DUOL vs SPX Return 2026



# Duolingo, Inc. (DUOL)

Fundamental Analysis and Investment Recommendation

**Team: Mosaic Capital**

March 1, 2026



Ali Salman

1530 



Ben Worsley

1249 



Selma Andersen

 duolingo english test

# Duolingo Fundamental Analysis



| KEY METRICS AT TIME OF PITCH |                         |
|------------------------------|-------------------------|
| Current Price                | \$101.00                |
| 52-Wk High                   | \$544.93                |
| 52-Wk Low                    | \$91.99                 |
| Market Cap                   | \$4.71B                 |
| Enterprise Value             | \$3.67B                 |
| Shares Out.                  | 46.6M                   |
| P/E Ratio (LTM)              | 11.7x                   |
| EV / Sales                   | 3.5x                    |
| EV / EBITDA                  | 12.0x                   |
| Beta                         | 1.46                    |
| Gross Margin                 | 72.2%                   |
| EBITDA Margin                | 29.5%                   |
| Net Cash                     | \$1.04B                 |
| WACC                         | 13.77%                  |
| <b>Bear Target</b>           | <b>\$235.38 (+133%)</b> |
| <b>Base Target</b>           | <b>\$331.88 (+229%)</b> |
| <b>Bull Target</b>           | <b>\$476.95 (+372%)</b> |

**BUY · DUOL · Base Target: \$331.88 (+229%)**

## INVESTMENT THESIS

Duolingo is a dominant mobile language-learning platform with ~15x revenue growth in 6 years (\$70.8M → \$1.04B). At \$101 — 81.5% below its 52-week high — our DCF base case implies \$331.88 (+229% upside). Adj. EBITDA turned positive in FY2023 and reached \$305.9M (29.5% margin) in FY2025. A \$1.04B net cash position provides margin of safety; even the bear case implies +133% upside.

| PROS                                      | CONS  |
|---|---|
| • ~15x revenue growth in 6 years          | • Beta 1.46 — high market sensitivity       |
| • FCF grew from -\$3M to \$360M in FY2025 | • SBC: \$137M (13% of rev) in FY2025        |
| • Net cash \$1.04B — strong balance sheet | • EV/EBITDA 22.2x — premium to peers        |
| • Base DCF: \$331.88 (+229% upside)       | • Revenue concentrated in language learning |
| • 72% gross margins, expanding EBITDA     | • Gamification risk: engagement reliance    |
| • First GAAP profit achieved in FY2023    | • Suboptimal macro could compress multiples |



# Duolingo Analysis



## INVESTMENT THESIS

Duolingo is a BUY at \$101 — trading at 81.5% below its 52-week high with a base-case DCF target of \$332 (+229% upside). With ~15x revenue growth in 6 years, Adj. EBITDA of \$305.9M in FY2025, and \$1.04B net cash on the balance sheet, the risk/reward is compelling even in the bear case (+133%).

## KEY METRICS · FY2025 / AT TIME OF PITCH

**\$1.04B**

FY2025 Revenue

**\$360M**

FY2025 Free Cash Flow

**+229%**

Base-Case Upside

**\$305.9M**

FY2025 Adj. EBITDA

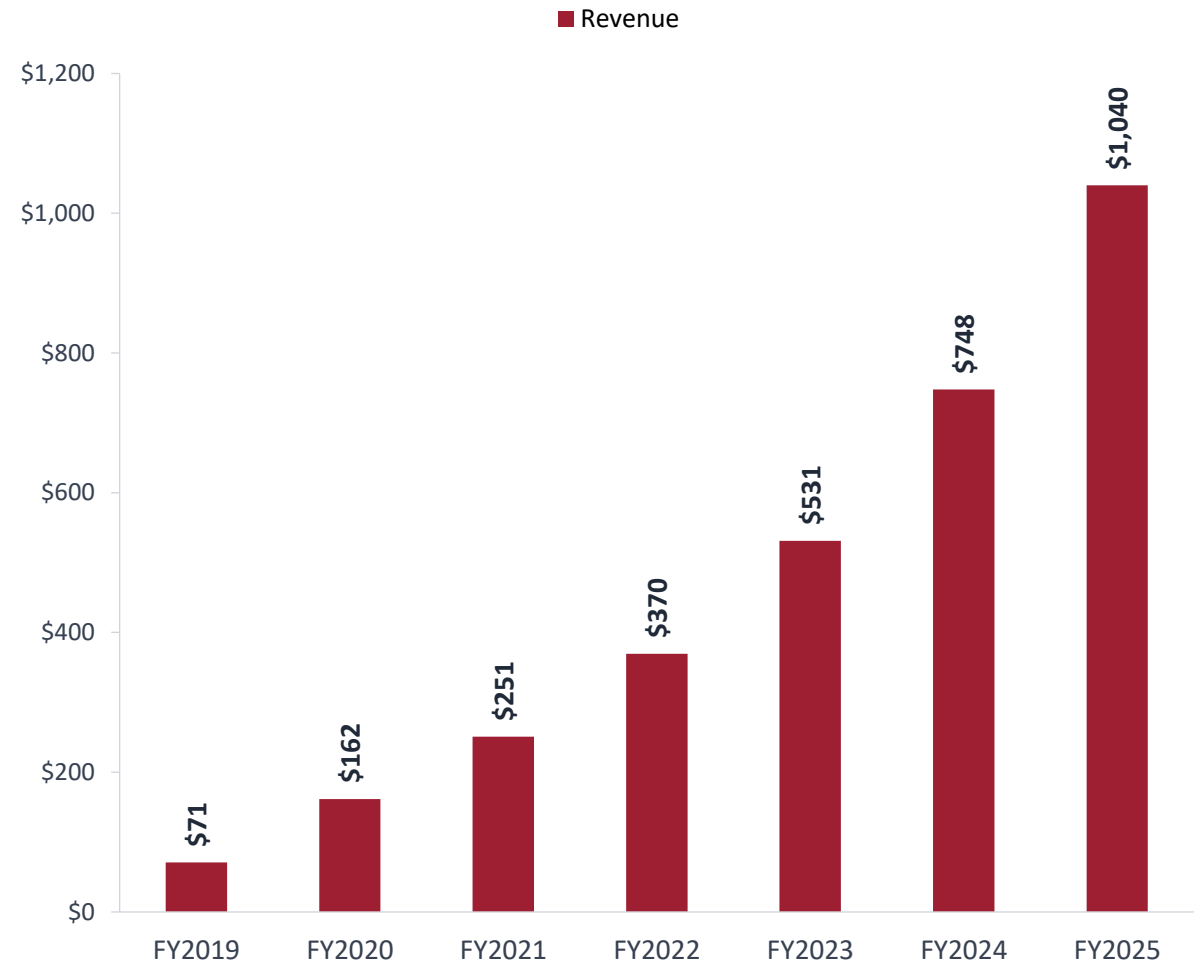
**\$1.04B**

Net Cash (Balance Sheet)

**72.2%**

Gross Margin

## Revenue Growth (\$M) · ~15x in 6 Years

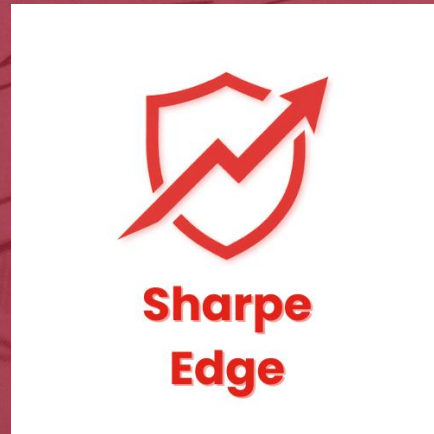


# Duolingo Valuation



## Valuation Range and Implied Share Price





# *Sharpe Edge*

*Ali Baba – Quality, Profitability, Momentum (QPM)  
Full Spectrum – Density Edge*

*Elias Taylor, Henrique Zappe, Mikhail Berlay, Zach Zimmerli*

# Summary of Pitches



## Pitch 1: Fundamental

*NYSE: ALIBABA  
(BABA)*

Recommendation:  
DO NOT BUY



## Pitch 2: Systematic

*Quality,  
Profitability,  
Momentum*

Recommendation:  
\$50,000



## Pitch 3: Systematic

*Full  
Spectrum*

Recommendation:  
\$50,000



## Pitch 4: Systematic

*Density  
Edge*

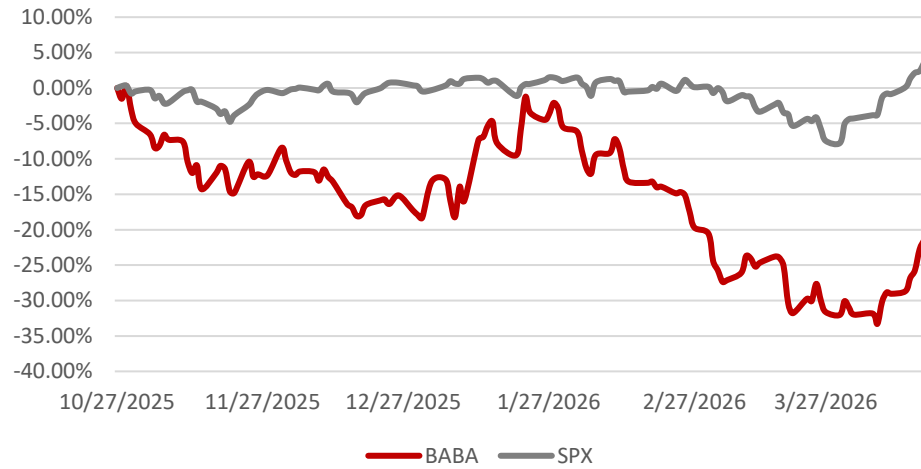
Recommendation:  
\$30,000



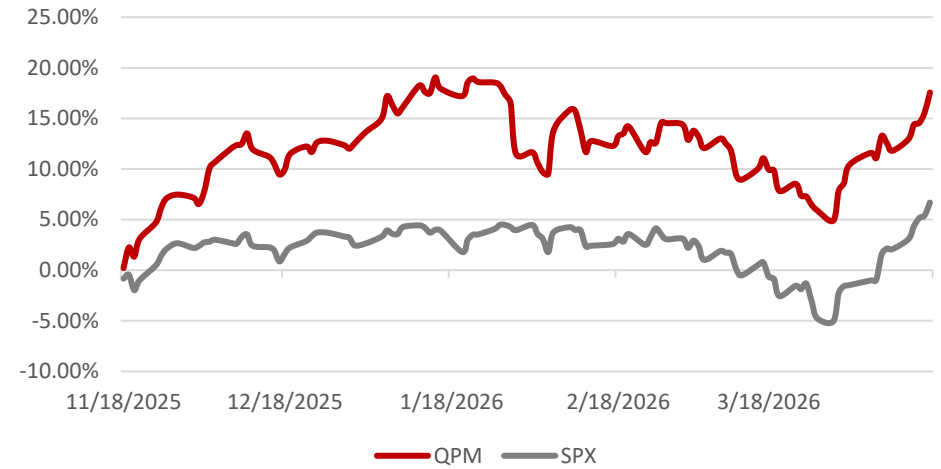
# Performance of Pitches



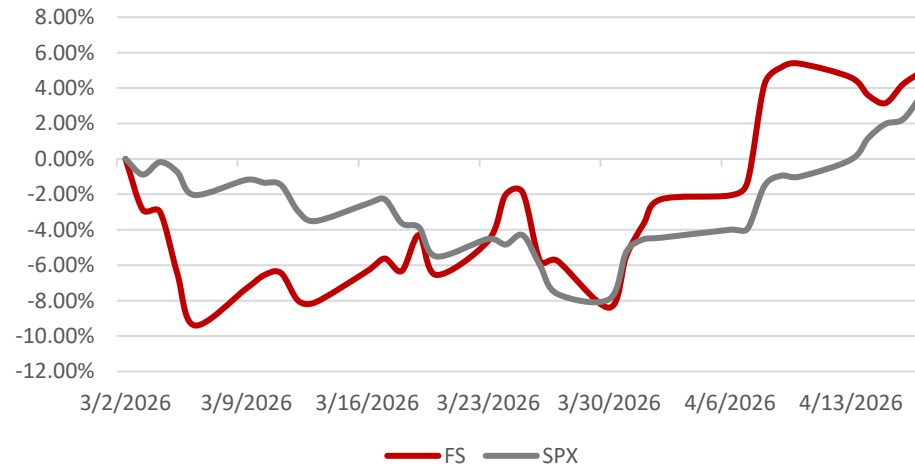
### BABA vs SPX



### QPM vs SPX



### FS vs SPX



# Systematic – QPM (Quality, Profitability, Momentum)



## Strategy Thesis

This strategy ranks companies from the Russell 3000 index on a multi-factor composite score, based on standardized metrics associated with momentum, quality, and profitability to deliver superior risk-adjusted returns over all tested time periods compared to a benchmark of SPX or RAY



| Factor              | Metric                     |
|---------------------|----------------------------|
| Quality Score       | 1-Year Asset Growth        |
|                     | Altman's Z-score           |
| Profitability Score | Gross Margin               |
|                     | Return on Invested Capital |
| Momentum Score      | 200-Day Price Momentum     |
|                     | 5-Year EPS CAGR            |

Backtesting Performance

| Year  | 2016  | 2017   | 2018   | 2019   | 2020   | 2021   | 2022        | 2023  | 2024   | Avg    |
|-------|-------|--------|--------|--------|--------|--------|-------------|-------|--------|--------|
| STRAT | 4.96% | 24.39% | 16.69% | 15.05% | 11.93% | 68.20% | 4.50%       | 4.39% | 29.26% | 17.95% |
| RAY   | 4.24% | 23.98% | 6.59%  | 13.50% | 10.14% | 43.88% | -<br>16.53% | 8.35% | 37.83% | 14.66% |



# Systematic – QPM (Quality, Profitability, Momentum)



| Period       | Return | $\alpha^*$ | $\beta^*$ | $\sigma^*$ | Max DD* | Sharpe* |
|--------------|--------|------------|-----------|------------|---------|---------|
| 1yr (YTD)    | 12.23% | -3.83%     | 1.01      | 23.94%     | -7.16%  | 0.58    |
| 1yr RAY(YTD) | 16.81% |            | 1         | 19.99%     | -5.88%  |         |
| 10yr         | 17.71% | 2.30%      | 0.94      | 19.90%     | -14.14% | 0.84    |
| 10yr RAY     | 15.41% |            | 1         | 18.45%     | -33.05% |         |



# Agenda

Introduction

Operations  
Overview

Roles  
Overview

Fund Overview

Investment  
Teams

Takeaways



# Takeaways

*The best time to plant a tree was 20 years ago. The second-best time is now.*





**Thank you!**

**2026 Cohort**