Investor Letter

UNIVERSITY of WASHINGTON
INVESTMENT GROUP

Winter 2025

Prepared by The Investment Committee

Overview of the University of Washington Investment Group

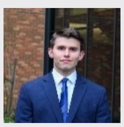
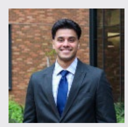
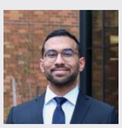
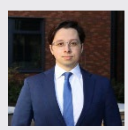
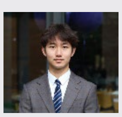
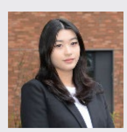
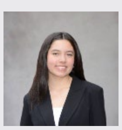
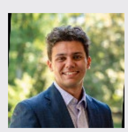
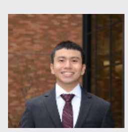
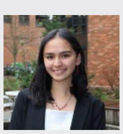
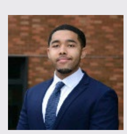
Mission Statement

The University of Washington Investment Group (UWIG) is a student-led registered student organization that manages assets belonging to D.A. Davidson through the D.A. Davidson Student Investment Program and the University of Washington's Student Activities Office through Husky Traders. The primary objective is to provide students with hands-on experience investing in stocks, following a process consistent with that used by professional asset managers, while fostering a comprehensive member experience built on three pillars: Education, Practical Experience, and Job Opportunities.

Through the Education pillar, members gain foundational knowledge via an Analyst Training Program, market reviews, and insights from industry speakers who cover relevant investment topics. The Practical Experience pillar engages members in investment management through tracks for security selection, portfolio management, and performance attribution and risk monitoring, all using real assets. The Job Opportunities pillar connects members to career pathways through a job board, networking with classmates and alumni, and industry speaker recruitment events, as well as participation in case competitions such as those hosted by the CFA Institute and the University of Michigan.

Investment decisions are made in a manner consistent with fiduciary duty, requiring members to act as prudent experts in the sole interest of the ultimate asset owners. Eligible securities include individual stocks within the S&P 500 Index, ETFs replicating portions or the entirety of that index, and cash/cash equivalents. Short positions, leverage, and derivatives are not permitted. See individual portfolio investment guidelines for additional detail.

Winter 2025 Executive Team Chart

University of Washington Winter 2025 Executive Team			
	**Nick Anderson** *President*		**Kunal Mitra** *Vice President*
	**Firas Hassan** *Portfolio Manager*		**Vitalii Lupyr** *Portfolio Manager*
	**Jack Xu** *Director of Operations*		**Alice Wang** *Director of Marketing*
	**Paola García Peña Nava** *Director of Education*		**Drew Fialho** *Director of Advancement*
	**Ben Calhoon** *Sector Lead – Consumer Discretionary*		**Alexis Dimas** *Sector Lead – Consumer Discretionary*
	**Sania Megchiani** *Sector Lead – Technology*		**Jaylen Akina-Boudy** *Sector Lead – Technology*

Statement from the Investment Committee

From the President and Senior PM of the Investment Group: Nick Anderson & Vitalii Lupyr

"The best chance to deploy capital is when things are going down" – Warren Buffet

The start of 2025 has been marked by volatility and uncertainty surrounding the newly inaugurated Trump administration. The S&P 500 has declined nearly 13% year-to-date (YTD) through April 4, 2025. The Dow Jones Industrial Average and Nasdaq Composite followed suit, dropping 9% and 19%, respectively, as markets reacted to this period of volatility, skepticism, and uncertainty. Although January began with optimism fueled by strong corporate earnings and expectations of a deregulated policy environment under Trump's second term, the market soon faced headwinds from inflationary pressures and a more patient Federal Reserve, which has held interest rates steady at 4.25%–4.50% since late January. This, coupled with growing concerns over potential tariffs, tempered the momentum from late 2024 and ushered in a volatile market environment not seen since the 2020 pandemic began.

Through Q1 2025, we have seen a rotation away from the Magnificent Seven technology stocks toward value stocks and more defensive, recession-proof industries. The 10-year Treasury yield climbed from 4.57% to 4.79% in mid-January and gradually declined to 4.01% as of April 4, 2025, while popular growth names such as Nvidia and Tesla are down 29.8% and 40.7% YTD, respectively. Among sectors that showed the strongest resistance to recent volatility were Utilities, Healthcare, and Real Estate, with declines of 1.53%, 1.66%, and 4.2% YTD, respectively.

The past three months have been choppy, to say the least, with the VIX (Volatility Index) reaching a high of 45.31 as of April 4, 2025—the highest level since the COVID-19 pandemic in 2020. Amid the volatility, inflation remains sticky above the Fed's 2% target, with Core PCE (excluding food and fuel) rising 2.8% annually in February 2025.

Looking ahead, there are many warning signals that give us conviction that the market may enter an extremely volatile environment. As we look ahead, important events such as the Q1 2025 GDP readings later in April, Federal Reserve interest rate decisions, and further reflection on the state of the economy at the May 6–7 meeting will be determining factors in how the Federal Reserve responds to new data. The effects of new policies put forward by the current administration—with significant changes in regulations, immigration, trade, and fiscal policy—will take several months to affect the economy and be reflected in the key data utilized by the Fed to assess the economy's condition. The UWIG will closely follow macroeconomic data such as the CPI, Nonfarm Payrolls, GDP growth, and unemployment as we analyze how our holdings may be affected in the current market environment. Lastly, the Q2 corporate earnings season will provide informative guidance on how firms perceive the new policies impacting them.

Outside of market commentary, the UW Investment Group achieved significant organizational and professional growth this winter. Taking further steps to model our organization as a true asset manager or institutional investor, we developed new investment guidelines and began work to restructure our organization internally to deliver more insights on the portfolio management side of the club. We grew our club to 41 members this winter and will onboard an additional 20 analysts this spring who completed our Analyst Training Program. I am incredibly grateful to have stepped into the president role this winter and would like to offer huge thanks to our members and executive team for the hard work they have put in this quarter. The improvements and positive trajectory of the organization would be impossible to achieve without you all. Lastly, we look forward to announcing and discussing the internal changes to the organization in our Spring 2025 Annual Investor Letter.

Programs and Activities

Winter '25 Analyst Training Program Cohort:

This winter, the UWIG conducted its seven-week Winter Analyst Training Program. We received 77 applications and ultimately accepted 21 individuals. The analysts learned the following topics: equity research practices, investment theses, the Efficient Market Hypothesis, the Discounted Cash Flow Model, financial statement analysis, macroeconomics and global trends, valuation model building, catalysts, and investment memo presentation. Each analyst wrote a one-page report on a stock of their choice, which they then pitched to a group of executive members as their capstone project.

We would like to congratulate the following 20 analysts on their completion of the Winter 2025 Analyst Training Program: Aarnav Gogri, Abhiram Boddu, Ashwin Anand, Celina Phan, Elijah Hao, Elizabeth Martyrrossian, Evis Tao, Gianmarco Giannini, Harrison Chesley, Joshua Ponce, Kevin Kim, Lucas Nam, Michael Chang, Nico Cea, Rohan Talwar, Rowan Kalirae, Samyak Kapoor, Shubham Garg, Trey McNair, and Zakhour Azar.

Lastly, special congratulations to our top Analyst Training Program (ATP) analysts: Harrison Chesley (Pitch: VRTX), Celina Phan (Pitch: AMGN), Michael Chang (Pitch: PG), Samyak Kapoor (Pitch: STZ), Zakhour Azar (Pitch: JNJ), and Rohan Talwar (Pitch: AMD).

Corporate Relations and Partnerships:

Over the past quarter, we have welcomed a variety of industry professionals to speak at the University of Washington Investment Group (UWIG) for both informational and recruiting purposes. In early January, we had the opportunity to host Whittier Trust and their recruiting team. It was a privilege to hear from Nick Momyer about the private wealth industry, alongside Danielle Delmar, Will Dodds, and alumnus Jackson Vena. The following day, UWIG facilitated interviews for Whittier Trust's internship program and arranged casual one-on-one conversations between their team and our members.

Later in the quarter, we continued our partnership with Amity Search Partners, the UW Investment Banking Accelerator, and the UW Consulting Association to host our annual Introduction to Buy-Side Recruiting workshop. This event provides our senior members with direct exposure to headhunters and an opportunity to explore exit opportunities available early in their careers.

Additionally, we collaborated with the UW Personal Finance Club to host an Investing 101 workshop, open to all members of the UW community. Joe Jraitiny, Managing Director and Senior Investment Consultant at City National Rochdale, led the session, sharing insights on investing basics, Roth IRAs, 401(k)s, and more. This was a great opportunity for UWIG members to start thinking about personal investing and financial planning if they haven't already.

Looking ahead, we are excited to welcome professionals from the asset management industry and gain insights into two key areas: (1) refining our portfolio management strategy and (2) helping our members remain competitive candidates for internship and full-time roles. We look forward to an engaging Spring Quarter and will continue building meaningful partnerships with local firms and Foster Registered Student Organizations (RSOs).

Marketing Updates:

As our new Director of Marketing, Alice Wang, fully transitioned into the role during Winter Quarter, UWIG saw a series of impactful marketing initiatives. These included a website rebrand, updated executive headshots, and a brand-new club trifold to represent UWIG during club fairs. Additionally, the club's Instagram account gained notable traction, surpassing 1,000 followers and boosting online engagement.

Looking ahead, several initiatives are set to continue into the Spring Quarter. These include the arrival of UWIG-branded merchandise, the design and production of the club's first official banner featuring key information to be displayed at meetings and events, and ongoing content creation for social media platforms like Instagram and LinkedIn to maintain community connection and drive engagement.

Community Building Initiatives:

[02/08/25] Exec Ski Trip

The first team-building event of the quarter brought together all current executive members of UWIG for a ski trip. As old executive members transitioned out of their roles and new members joined the team, we collectively decided that it would be beneficial to hold a bonding event. The trip was a resounding success, allowing the team to bond and establish a strong foundation for working together effectively.

[02/09/25] Girls' Brunch

Following the ski trip, UWIG hosted a girls' brunch that included ATP members, analysts, and executives. This brunch highlighted and celebrated an underrepresented group within the club. Almost all girls in the club were able to attend this brunch, fostering a warm and inclusive environment that encouraged genuine connections outside of club meetings. The executive team plans to make this event a quarterly tradition moving forward.

[02/20/25] Bowling Social

As our major bonding event of the Winter quarter, the UWIG executive team reserved the campus bowling alley for ATP members, analysts, and executives to connect with one another. This event was a great opportunity for both ATP and analysts to interact with exec members and learn more about club initiatives. Strategically scheduled later in the quarter, it served as a well-timed break before the final pitches for both ATP and analyst groups.

WINTER 2025 PITCHES

Texas Instruments, Inc. (NASDAQ: TXN)

Pitch Lead: Luke Alexander | Sector Lead: Jaylen Akina-Boudy

Company Overview:

TXN is a multinational semiconductor company based in Dallas, Texas, producing essential building blocks for electronic systems. Its product portfolio is divided into three segments: automotive, industrial, and personal electronics. In the trailing twelve months, revenues were $15.7 billion, with $4.9 billion in net income—78% derived from analog devices and 16% from embedded processors. Texas Instruments continues to demonstrate dominance in an increasingly competitive market, maintaining an industry-leading gross margin of 58.14% and EBITDA margin of 48.21%.

Investment Thesis:

We recommend a HOLD of TXN for the following reasons:

- **Reduced expenses through vertical integration** – Transitioning operations to be more vertically integrated, from 70% in-house to 95-100% in-house. This would lead to greater control over the supply chain, lower lead times, and better inventory management, resulting in lower costs and expanded margins. This will reduce dependency on third-party relationships and mitigate any leverage risks associated with supply chain relationships. TXN is currently well ahead of its competitors in terms of vertical integration.
- **Advantages in current economic and political climate** – With a strong domestic presence, TXN is favorable for federal funding, such as the CHIPS Funding Act, in the eyes of the Trump administration. Even with the current tariff conditions, TXN will be able to bear the storm better than its competitors, with a large majority of manufacturing occurring within the U.S. In the environment where retaliatory tariffs are imposed, TXN's revenue from domestic markets as a percentage is higher than its competitors. While competitors suffer from substantial portions of revenue coming from foreign sources, TXN's revenue will not be impacted as significantly.
- **Increased efficiencies with 300mm wafer capacity** – With the wafer fabrication facilities set to be up and running in the next couple of years, TXN will have the capacity to manufacture 300mm wafers, which will reduce chip costs during production and increase gross margins from 60% to 68%. 300mm capacity is expected to supersede 200mm as the new fabs in Texas and Utah open for production (RFAB1 & RFAB2 in Texas; LFAB1 & LFAB2 in Utah).

Competitive Outlook:

Texas Instruments operates in a highly competitive and cyclical market and competes against companies such as Intel, Broadcom, and Analog Devices. Many of these companies derive significant portions of their business from outside the United States, with supply chains that rely heavily on countries such as China and Taiwan. The main concern all these companies face is cyclicality. Long production times and a high dependency on consumer spending mean that the semiconductor supply struggles to perfectly match market demand. Texas Instruments has begun to set itself apart from its competitors by vertically integrating its supply chain and reducing its dependency on China so it can produce domestically at a lower cost.

Catalysts:

- **Future Earnings Reports**: As the current macroeconomic landscape becomes more certain, we should be able to see how TXN has experienced the recent changes in trade policy. TXN will announce its Q1 earnings for the current fiscal year on April 23rd, which will hopefully reflect increased profit margins notwithstanding rocky conditions.
- **New Facilities Starting Production:** As TXN's new fabs open, we should see a boost in the production of 300mm wafers, which in turn should have an impact on semiconductor gross and EBITDA margins. Some of these facilities are still under construction, and depending on construction timelines, may take longer or shorter to open than expected.

Risks and Mitigations:

- **Higher Long-Term Debt** – Texas Instruments carries significantly more leverage than competitors, with a 0.76 long-term debt-to-equity ratio. TXN's outstanding notes average 14 years to maturity, highlighting distant obligations, while earning superior credit ratings to competitors (A+/Aa3). Another notable detail is TXN's strong issuer yield curve, which falls under its competitors for nearly all maturities, even at its current amount of leverage.

Decision: WATCHLIST

Maxime Bromberg, Luke Alexander, Meera Nambiar, Kevin Wijaya, Zachary Andriansyah, Ashwin Kaliyaperumal, Aditee Elkunchwar, and Andrew Ho pitched Texas Instruments Inc. (NASDAQ: TXN) as a buy on March 11, 2025. After review, the Investment Committee decided to place Texas Instruments on the watchlist. Our reasons are as follows:

FIRST: Texas Instruments presents an appealing opportunity to invest in the semiconductor industry with more insulation from potential tariffs than its competitors due to its leading position in domestic manufacturing. Beyond Texas Instruments's positioning to be less affected by tariffs, the Investment Committee struggled to see how the proposed thesis points had not already been recognized by the market. The expansion into 300mm manufacturing capabilities reflects potential for higher-than-expected margins; however, it is difficult to have conviction that this competitive advantage would be sustainable. Additionally, with the high probability of delays in the construction process, there is a risk that the facilities will be finished outside our investment horizon. With this in mind, such delays would postpone the realization of improved production efficiency and cost benefits, preventing us from capturing the anticipated margin improvements in earnings reports within our investment timeline.

SECOND: Texas Instruments has been making significant progress in transitioning to 100% vertical integration in its operations. This would allow Texas Instruments to have more control over its supply chain, reducing dependency on third-party relationships. Along with this, Texas Instruments offers a very competitive set of margins, with a gross margin of 58.14% and an EBITDA margin of 48.21%. Despite these efforts toward vertical integration, declining margins over previous years highlight potential challenges in executing this operational shift. Texas Instruments may experience the benefits of vertical integration down the road, but in the short term, the declining margins pose a concern for investment.

CONCLUSION: The decision to place Texas Instruments on a watchlist rather than an immediate investment stems primarily from a timing conflict between the company's strategy and our investment horizon. Texas Instruments presents an appealing opportunity within the semiconductor industry with its domestic manufacturing positioning it against tariffs, vertical integration, and 300mm manufacturing capabilities. However, with the risk of delays in fabrication facility construction, the realization of improved production efficiency and margin benefits could be pushed beyond our investment horizon. Additionally, the company's transition toward 100% vertical integration represents an attractive move to enhance supply chain control. However, the declining margins observed in recent years indicate potential short-term struggles within our investment horizon. Overall, Texas Instruments is making strategic moves that should position it well for long-term success. Still, the timeline for realizing these benefits extends beyond our current investment horizon, making a watchlist position more reasonable.

Expedia Group, Inc. (NASDAQ: EXPE)

Pitch Lead(s): Isha Bhansali, Lucas Daniel | Sector Lead: Alexis Dimas

Company Overview:

Expedia Group is an online travel agency founded in 1996 and headquartered in Seattle, WA. EXPE leverages its technological platform, consumer brands, and provides solutions to its business partners, to enable travelers to efficiently plan, book, and experience travel. Its three core brands include Brand Expedia, Hotels.com, and Vrbo. In FY24, EXPE reported $13.6 billion in revenue and a net income of $1.2 billion. At the time of the pitch, the company traded at a forward P/E ratio of 12.69x with a market capitalization of $20.7 billion.

Investment Thesis:

We recommend a BUY of EXPE for the following reasons:

- **Growth in Expedia's Vrbo Business:** Vrbo has historically targeted groups interested in booking whole-home rentals in popular beach and mountain destinations. At the end of FY24, EXPE transferred over one million urban properties previously listed under Brand Expedia to Vrbo. This move aimed to increase Vrbo's visibility and appeal. According to Google Play Store data, the Vrbo application experienced a 44% increase in downloads during the second half of FY24 and earned over 12% of its total ratings within that period. Additionally, several hosts have recently reported higher bookings on Vrbo compared to Airbnb. With the introduction of urban listings and increased engagement with the Vrbo application, EXPE is well-positioned to see increased growth for Vrbo.
- **Industry-First Shoppable Storefronts:** Nearly 80% of travelers turn to online platforms for inspiration, and EXPE's Travel Shops bridge the gap between social media and booking. Travel Shops allow users to book travel experiences based on curated recommendations from influencers, celebrities, and content creators. By leveraging this initiative, EXPE taps into the growing influencer marketing industry. Currently, only select influencers, celebrities, and content creators have been invited to create personalized storefronts. However, this feature is set to become available to all users in 2025.
- **Expedia's Air Travel Expansion**: EXPE B2B segment has been a key driver of its growth in recent years. By implementing its B2B solutions, airline partners such as Hawaiian Airlines, Turkish Airlines, and Emirates have achieved double-digit increases in market share and ticket sales. EXPE continues to expand its partnerships, with Southwest Airlines being its most recent addition. These partnerships also enhance EXPE's international presence, as many partner airlines operate global routes, allowing EXPE to capitalize on the growing demand for international air travel.

Competitive Outlook:

EXPE's main competitors include online travel agencies such as Airbnb and Booking.com. Although they operate in the same category, EXPE is the most diversified. Airbnb primarily competes with Expedia's Vrbo, while Booking.com rivals Brand Expedia and Hotels.com. The company's One Key loyalty program enables customers to earn and redeem rewards across its three core brands, fostering customer retention within the EXPE ecosystem. With CEO Ariane Gorin leading One Key's international rollout, EXPE is poised to expand its global market share.

Catalysts:

- **International Rollout of One Key Loyalty Program**: One Key was launched in July 2023, but its international rollout was paused in August 2024 due to unintended impacts on Hotels.com. Currently, the program is available only in the United States and the United Kingdom, with CEO Ariane Gorin overseeing strategic decisions related to its implementation. In these markets, One Key has been highly successful in retaining customers within the EXPE ecosystem, with roughly two-thirds of members using their OneKeyCash to book stays on Vrbo. EXPE is likely to expand the loyalty program in the near future, positioning the company to gain international market share.

Risks and Mitigations:

- **Softening Domestic Travel Demand:** In early March 2025, several airlines lowered their full-year guidance due to weaker travel demand within the United States. Despite its significant domestic presence, EXPE has been steadily increasing its international market share, making it less reliant on U.S. demand. Additionally, strong and growing international travel demand is likely to offset EXPE's potential losses in the domestic market.

Decision: PURCHASE

Lucas Daniel, Yihan (Charlie) Yin, Alice Wang, Isha Bhansali, Aakash Pany, John Halley, and Aryaman Tandon pitched Expedia Group Inc. (NASDAQ: EXPE) as a buy on March 11, 2025. After review, the Investment Committee decided to purchase Expedia Group. Our reasons are as follows:

FIRST: Our first reason for purchasing Expedia Group is the strategic role it plays in enhancing portfolio diversification within the CD sector, underpinned by a diversified brand portfolio. Expedia offers diversified exposure to the travel industry through a robust set of brands at an attractive valuation. Trading at a lower P/E ratio than its competitors and most of the broader CD sector, EXPE aligns with our investment beliefs favoring undervalued opportunities rooted with strong fundamental analysis. We believe EXPE's strong brand lineup and attractive valuation will deliver excess returns to our portfolio.

SECOND: The second reason for investing in EXPE is its expanding international market share. While the company has long been a dominant player in the domestic market, it has steadily increased its presence globally in recent years. A driver of this growth is the One Key loyalty program, which consolidates rewards across EXPE’s three core consumer brands. Despite the temporary pause in its international rollout, One Key has demonstrated success in markets where it’s currently available such as the United States and United Kingdom. As challenges related to One Key are addressed, EXPE is expected to gradually expand the program into select international markets. By increasing its international market share, EXPE becomes less dependent on domestic demand and positions itself as a formidable competitor in the global online travel agency industry.

CONCLUSION: EXPE is one of the few companies in the CD sector that focuses on software-based products rather than physical goods, offering a unique layer of diversification to our portfolio. Additionally, EXPE is the most diversified company within the online travel agency industry, with its core consumer brands competing against prominent names like Airbnb and Booking.com. The company has made significant progress in capturing international market share, and the eventual rollout of its One Key loyalty program could further accelerate this progress. Overall, EXPE is a high margin, diversified, and growing business available at an attractive valuation.

Uber Technologies Inc. (NYSE: UBER)

Pitch Lead: Abdullah Almuayyad | Sector Lead: Sania Megchiani

Uber

Company Overview:

Uber Technologies, Inc. (NYSE: UBER) is a global mobility, delivery, and freight platform founded in 2009 and headquartered in San Francisco, California. In Q4 2024, the company reported $44.2B in Gross Bookings (+18% YoY; +21% constant currency) and $12.0B in revenue (+20% YoY; +21% constant currency). Net income reached $6.9B, largely boosted by a $6.4B tax valuation release and $556M in net unrealized gains, while Adjusted EBITDA rose 44% YoY to $1.8B (4.2% margin on Gross Bookings). With a presence in more than 70 countries, Uber continues to invest in autonomous vehicle pilots, EV partnerships, and membership offerings, positioning it for sustained growth across multiple segments.

Investment Theses:

We recommend a BUY of UBER for the following reasons:

- **Multiple Segments Driving Sustained Growth:** Uber's core Mobility business and its Delivery segment (Uber Eats) have both demonstrated double-digit expansion, supported by subscription-based revenue from the growing Uber One membership. Currently, Uber One members order 4.2x more than non-members with a 92% retention rate over 12 months. This diversified model reduces dependence on any single vertical and drives consistent, long-term top-line growth.
- **Positioned for Success in the Autonomous Vehicle Era:** Uber aims to cut driver-related costs by up to 30% per mile with autonomous vehicles through strategic alliances and its pilot programs. Early rollouts—over 1,000 AVs in select U.S. markets—underscore management's commitment to innovating ride-hailing and delivery, pointing to significant margin expansion and leadership in next-generation mobility.
- **Leader in Global Expansion by Capitalizing on Emerging Markets:** Uber deploys localized strategies such as driver incentives, offline booking (for unbanked populations), and electric fleet partnerships (e.g., with BYD) to accelerate adoption in high-growth regions like Latin America, Africa, and Southeast Asia. By tailoring products and forging local alliances, Uber holds over 60% market share in key emerging markets such as India, Nigeria, and Brazil, reinforcing its global brand advantage.

Competitive Outlook:

Uber operates in a diverse and highly competitive market with no single competitor matching its global reach. In freight, incumbents like UPS control about 37% of the market but lack Uber's direct broker access model. In mobility, only Lyft contends in the U.S. with roughly 24% market share, charging $1.80 per mile compared to Uber's $1.15, yet Lyft's focus remains largely regional. In delivery, DoorDash leads locally with a 63% market share but does not rival Uber's international expansion. Safety metrics further differentiate Uber, which reports 0.34% criminal incidents per ride compared to Lyft's 0.8%. This worldwide scale and multi-vertical strategy strengthen Uber's platform advantage over primarily local competitors.

Catalysts:

- **Key Partnerships:** Collaborations with Waymo and Avride accelerate Uber's AV expansion and diversify revenue streams. These alliances help Uber refine its autonomous operations, gather valuable operational data, and shorten time-to-market for new mobility products—ultimately enhancing customer satisfaction and driving top-line growth.

- **Beneficial Litigation:** Legal action against competitors' exclusive agreements can unlock more restaurant partnerships for Uber Eats, enhancing platform scale and bolstering brand perception.

Risks and Mitigations:

- **Driver Classification:** Regulatory pressure to classify drivers as employees could increase costs; 82% of Uber drivers claim they prefer independent contractor employment status.

Decision: PURCHASE

Sultan Althagafi, Diego Wright, Allen Li, Jack Madeoy, Jaysheel Pandya, Ashwin Subramanian, Ryan Peters, and Abdullah Almuayyad pitched Uber Technologies Inc. (NYSE: UBER) as a buy on March 11, 2025. After review, the Investment Committee decided to purchase Uber. Our reasons are as follows:

FIRST: Our first reason for purchasing Uber stems from its competitive positioning, which will allow it to capitalize on the transformative autonomous vehicle (AV) market. Uber's global ride-sharing network, in addition to key partnerships with Waymo, positions it as an essential channel to customers in this high-growth market. With initial AV fleets launching this summer in locations such as Austin, Texas, Uber's first-mover advantage will enable it to capitalize on this trend ahead of competitors. The AV market has immense potential for Uber to achieve excess returns as an aggregator, connecting Tesla and Waymo's innovations to users worldwide. This dominant positioning enables Uber to benefit from the shift toward autonomous transportation, making it a prime investment.

SECOND: The second reason for purchasing Uber is its unrivaled global dominance in ride-sharing, specifically in emerging markets that are transitioning from taxis to app-based services. Uber is better positioned than competitors like Lyft and local players like Ola, with a 60% market share in most regions of the world. This lead is further reinforced by Uber's scale, brand, and operational expertise, resulting in a significant moat. In emerging markets, where regulatory hurdles create significant barriers to entry, Uber holds an established network that will provide an attractive growth profile for the next few years. This global foothold ensures Uber captures the lion's share of ride-sharing's expansion.

CONCLUSION: Uber presents an attractive investment in the transportation sector with a massive market to capture. The company's leadership in AVs and its global ride-sharing dominance make it the best-positioned company in the ride-sharing sector, a position that will be difficult to lose due to its robust network that competitors lack. We see Uber as a market leader with growth accelerating as AV adoption scales and its emerging market presence further matures. Even if Tesla disrupts the market with rentable AVs, Uber's platform will remain the sole aggregator, facilitating these innovations and sustaining its edge.

Home Depot Inc. (NYSE: HD)

Pitch Lead: Vishal Tatini | Sector Lead: Ben Calhoon

Company Overview:

Home Depot is the world's largest home improvement retailer with over 2,300 stores across the United States, Canada, and Mexico. Founded in 1978, the company offers a range of products, tools, and services for DIY homeowners and professional contractors. The company has established itself as a leader in the home improvement market by combining its physical presence with digital innovation and omnichannel capabilities. In FY2024, Home Depot generated $154.60 billion in revenue, and $51.78 billion in profit. Its market cap of $351.78 billion as of 3/18/2025, reflects its dominant position in the industry.

Investment Thesis:

We recommend a HOLD of Home Depot for the following reasons:

- **Regulatory Tailwinds and Crisis-Driven Demand:** Home Depot is currently in a position to benefit from anticipated regulatory easing and an increase in housing starts. Quicker environmental reviews and relaxed zoning laws under the new administration could drive a surge in construction. With Pro customers accounting for 50% of Home Depot's revenue—compared to Lowe's 25-30%—the company is well-positioned to capitalize on high construction activity, with an expected $3-5 billion in incremental revenue attributed to deregulation. Additionally, recurring natural disaster rebuilds contribute $1-2 billion in incremental revenue, reinforcing Home Depot's role as the dominant supplier for pro consumers.
- **Strategic Acquisition of SRS:** Historically, Home Depot's targeted acquisitions have expanded market share and strengthened its position in the Pro segment. The company's acquisition of HD Supply in 2020 expanded its maintenance, and repair capabilities, capturing 10% of that market. Recently, the $18.25 billion acquisition of SRS Distribution expands Home Depot's reach into roofing, and other Pro-centric materials, adding $50 billion to its total addressable market. The synergies brought by the acquisition of SRS greatly benefit pro consumers, since SRS' services can be integrated with existing infrastructure, like Pro Desks, along with Home Depot's distribution network. These acquisitions enhance Home Depot's ability to serve high-volume Pro customers with bulk purchasing and specialized services.
- **Supply Chain Expansion and Strategic Partnerships:** Home Depot has aggressively expanded its supply chain network to optimize delivery for both DIY and Pro customers. The company's $1.2 billion investment, primarily in Flatbed Distribution Centers, enhances the delivery of bulky materials, reducing project delays for contractors. Partnerships with Uber and DoorDash have expanded same-day delivery across 2,000+ stores, offering rapid fulfillment for tools and décor—categories that account for 65% of Home Depot's sales. These logistics improvements boost customer satisfaction, streamline Pro workflows, and reinforce Home Depot's competitive edge.

Competitive Outlook:

Home Depot operates in a competitive market, with players like Lowe's, Amazon, Walmart, and long with regional and specialty stores. While Lowes is a large competitor, they operate primarily in the DIY space, while Home Depot is primarily attempting to drive growth in the higher volume Pro industry. This growth strategy is pushed by the CEO and the company is expected to continue investment into the Pro space. Other players like Amazon and Walmart have the scale to take market share, however, they lack expertise and the specific infrastructure to best take advantage of increasing demand. On the other hand, regional and specialty stores have that expertise, but lack in the scale required to compete effectively with Home Depot.

Catalysts:

- **Pro Xtra:** Continued expansion of Home Depot's Pro services like Pro XTRA, their loyalty program, will gradually increase interest and loyalty in the company from professional customers, allowing Home Depot to capture the cost savings from investments in a more streamlined Supply Chain.
- **SRS:** The acquisition of SRS will enhance Home Depot's inventory management systems and job-site delivery. With FDC's being expected to ramp up in 2025, with more being built, the integration of SRS's existing logistical systems could bring more efficiency and cost savings for Home Depot.

Risks and Mitigations:

Risk: Import Tariffs on Key Materials: Since a portion of Home Depot's inventory is sourced from overseas suppliers, import tariffs on goods such as lumber, steel, and tools could increase procurement costs. To mitigate this, Home Depot has established a diversified supply chain to mitigate reliance on any single country or supplier.

Decision: WATCHLIST

Bhargava Perumalla, Kimberly Soewanto, Gabby O'Donnell, Vishal Tatini, Ali AlSharqi, Hunter McKay, and Pierson LaPlante pitched Home Depot Inc. (NYSE: HD) as a buy on March 11, 2025. After review, the Investment Committee decided to place Home Depot on the watchlist. Our reasons are as follows:

FIRST: While Home Depot remains the leading home-improvement retailer, the Investment Committee struggled to achieve high conviction in analyzing the proposed thesis points. The new Trump administration policies, such as quicker environmental reviews and relaxed zoning laws, highlighted the potential for increased housing starts that would increase Home Depot's Total Addressable Market (TAM). However, we were not confident that this would be a direct incremental benefit for Home Depot or that other external market and economic factors would not diminish this potential increase in housing starts. Moreover, the Investment Committee believes that Home Depot would not be the biggest beneficiary of housing starts since it is largely a home-improvement retailer with more correlation to the used or existing housing market.

SECOND: The second reason for placing Home Depot on the watchlist relates to the integration of successful acquisitions such as SRS; however, questions regarding the realization of these synergies were critical to our decision not to buy. While the acquisition expands Home Depot's Total Addressable Market (TAM) by $50 billion and strengthens its pro segment offerings, it remains unclear whether additional synergies are achievable beyond the integration that has already occurred. In addition to successful acquisitions, Home Depot has been making enhancements in its supply chain, specifically in expanding its Flatbed Distribution Centers (FDC) with a $1.2 billion investment. Outside of FDC, the pitch team also emphasized partnerships with Uber and DoorDash that could reduce delivery delays. These initiatives are promising; however, it was difficult to have strong conviction that they are not already recognized by the market due to Home Depot's high valuation.

CONCLUSION: Home Depot continues to hold a competitive advantage in the home-improvement space, consistently delivering strong profitability and free cash flow. The company's scale, omnichannel capabilities, and strong financial health are undeniable. However, the Investment Committee needs more clarity on the tangible benefits of the proposed investment thesis points before committing to buy. By placing Home Depot on the watchlist, we aim to track these catalysts over the coming quarters, positioning ourselves to act if an opportunistic window presents itself.

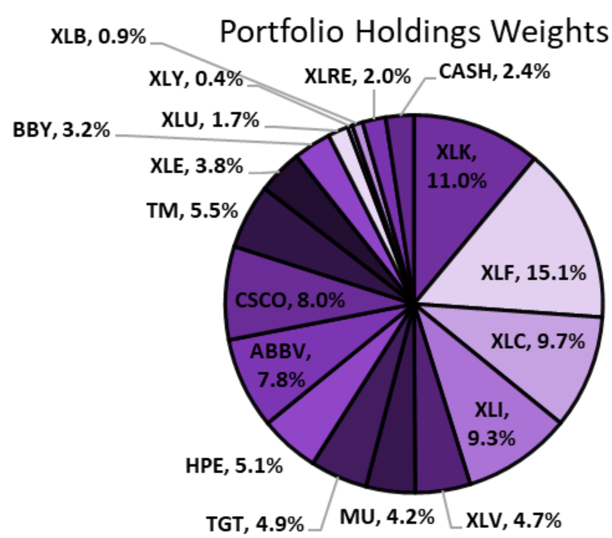
Portfolio Review

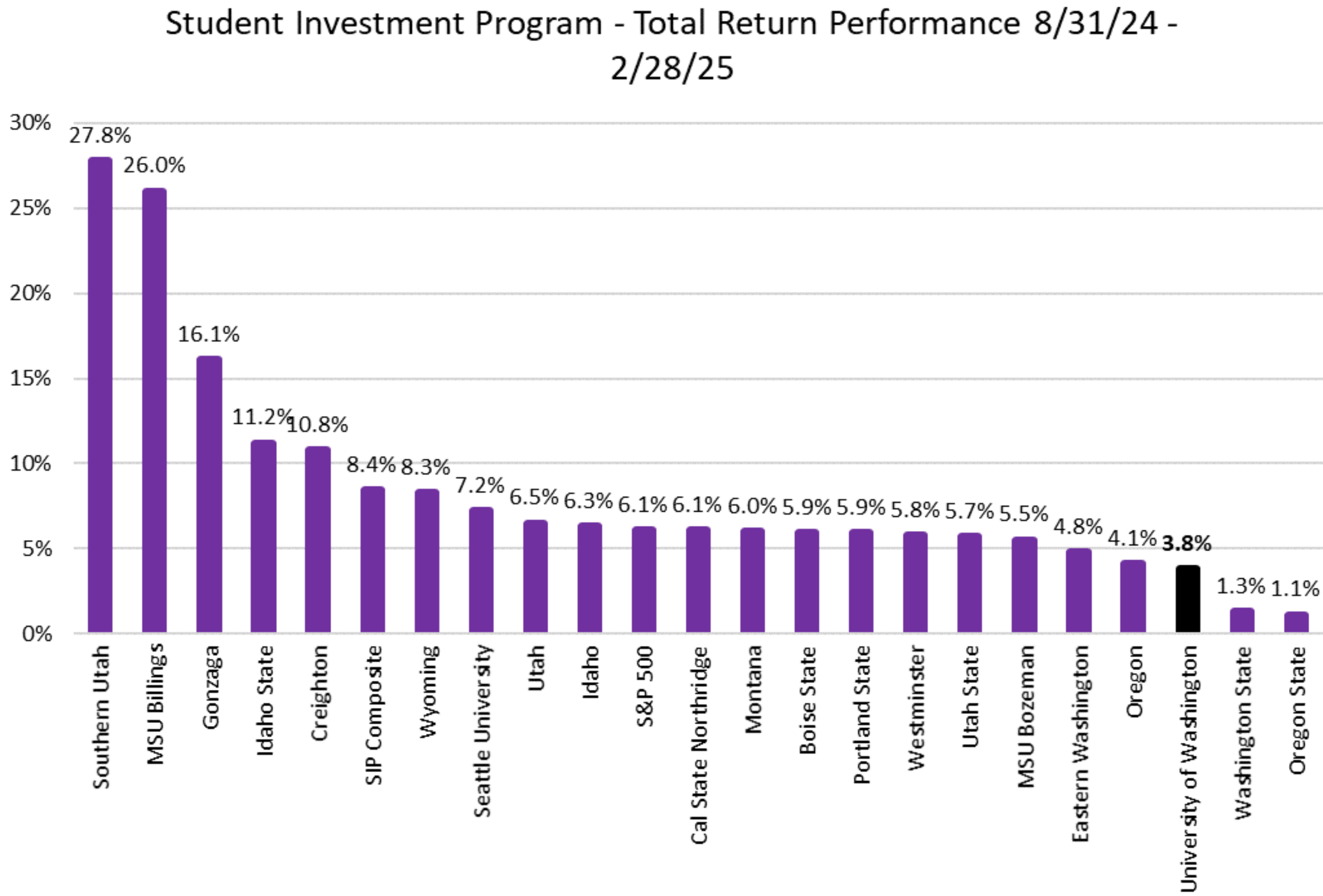
D.A. Davidson '24-'25

The D.A. Davidson portfolio is a $50,000 Student Investment Program in which 21 educational institutions throughout the West and Midwest compete each year. The goal is to make investment decisions under the guidance of a local D.A. Davidson Financial Advisor and the club's Academic Advisor, investing in U.S. equities with the S&P 500 serving as a benchmark for comparing each school's portfolio performance. Top-performing teams receive a check for their college, earning half of any portfolio gains above 5%. D.A. Davidson absorbs any losses.

The most recent reset of the portfolio occurred on August 30, 2024, on an annual basis. As of the up-to-date performance (April 4, 2025, market closure), it has incurred a negative 13.96% return with dividends, while the benchmark, the S&P 500, generated a negative 10.17% return, excluding dividends. This results in an underperformance of 3.79% compared to the benchmark. After conducting portfolio analytics through attribution and risk analysis, the portfolio's total effect is -2.69%. The main contributors to the total effect are asset allocation, stock selection, and interaction. The selection effect, a part of the total effect, is responsible for adding value by overweighting better-performing assets or sectors versus the benchmark or underweighting worse-performing assets or sectors versus the benchmark. The biggest positive selection effect contributors were Communication Services (0.43%) and Health Care (0.38%), with ABBV consistently outperforming XLV from February through today. The biggest negative selection effect contributors were Consumer Discretionary (2.09%) and Consumer Staples (1.13%). Investments in BBY and TM contributed to the significant selection effect decline, with declines of 39.80% and 12.76%, respectively, while XLY declined 2.31%. Due to the lower weight of the Consumer Staples sector in the S&P 500, the Investment Group held only one position in TGT, with no XLP representation in the portfolio. Since the investment date of December 16, 2024, TGT declined 27.73%, while XLP declined 3.86%, clearly demonstrating a negative selection effect. Based on the analysis above, along with observations made both individually and collectively within the Portfolio Management Team and the whole club there are two key takeaways:

1. Selection Effect was compromised due to the lack of enough attention contributed to the Macroeconomy, including potential tariffs to be imposed by the upcoming administration during the research and execution stages. In addition, there were not enough resources allocated to cover Industry in enough depth to get a better understanding on the company's relative positioning as well as company's "resilience" and "defensive mechanisms" against potential tariffs.
2. Active Portfolio Management with efficient trading functions, combined with the cautious and engaged strategic overview was non-existent throughout the long period of time. This caused a significant "miss" on the portfolio returns, ranging from delayed or absent market entrance of the approved trades, as well as inability to indicate major sentiments in the economy, and stock market that served as key influencers on the movement of our holdings in the portfolio.




Student Investment Program - Total Return Performance 8/31/24 - 2/28/25
30%
25%
20%
15%
10%
5%
0%
27.8%
26.0%
16.1%
11.2%
10.8%
8.4%
8.3%
7.2%
6.5%
6.3%
6.1%
6.1%
6.0%
5.9%
5.9%
5.8%
5.7%
5.5%
4.8%
4.1%
3.8%
1.3%
1.1%
Southern Utah
MSU Billings
Gonzaga
Idaho State
Creighton
SIP Composite
Wyoming
Seattle University
Utah
Idaho
S&P 500
Cal State Northridge
Montana
Boise State
Portland State
Westminster
Utah State
MSU Bozeman
Eastern Washington
Oregon
University of Washington
Washington State
Oregon State

Husky Traders '24-'25

The Husky Traders portfolio currently holds a value of approximately $25,000 and follows a longer-term investment strategy compared to the D.A. Davidson portfolio. With a 24- to 30-month investment horizon, the portfolio is built on strong conviction theses that prioritize extended holding periods to capture and realize value. The primary purpose of this portfolio is to grow its value large enough to fund scholarships for university students sustainably over time.

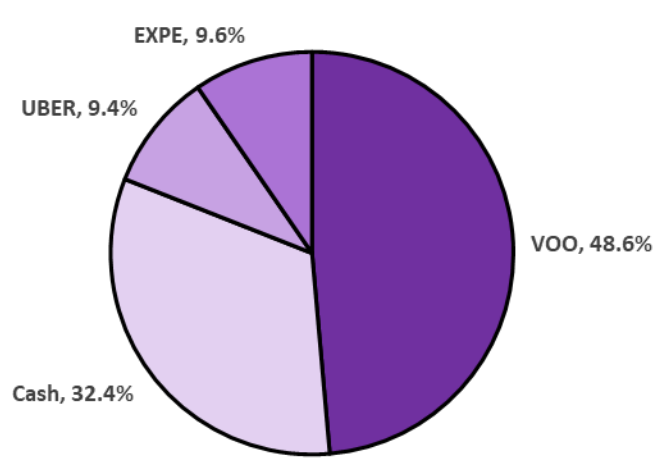
Originally, the portfolio's foundation was created with strategic allocations to the Vanguard S&P 500 ETF (VOO), along with cash reserves in money market instruments. This low-risk approach supported the portfolio's long-term strategy, delivering stable and consistent returns over time. However, the portfolio's composition has now been transformed with the addition of two new holdings: Expedia Group, Inc. (EXPE) and Uber Technologies, Inc. (UBER). With the approval of the Investment Committee, approximately $2,500 was allocated to each position (March 14, 2025), establishing a combined $5,000 stake in individual stocks that represents a ~20% portfolio weighting.

In addition to these new holdings, an allocation of approximately $2,500 was allocated to increasing the portfolio's position in VOO. This was done by transferring portions of the cash holdings and using them to purchase more shares of the ETF. Rather than deploying all cash at one particular time, a dollar-cost averaging strategy will be used to continue building the VOO position over time. By investing fixed amounts of cash at set intervals, this reduces the risk of market timing by spreading our allocations across multiple entry points.

Examining the portfolio metrics for the Husky Traders portfolio (April 4, 2025, market closure), the portfolio is currently composed of four sectors: index, cash, consumer discretionary, and industrials. In the index sector, the position in VOO is valued at $11,731, with 25 shares and a significant 49% portfolio weighting, currently showing a -8.0% return throughout its holding period. As for cash equivalents, the position in money market instruments is valued at $7,828, making up about 32% of the portfolio. Within the consumer discretionary sector, the position in EXPE is valued at $2,269 across 16 shares, establishing a 9% portfolio weighting with a -11.4% return since acquisition. Lastly, UBER represents the industrials sector with a valuation of $2,320 across 36 shares, accounting for 10% of the portfolio while generating a -9.5% return. Overall, the Husky Traders portfolio is valued at $24,148, with a -6.1% total return across all holdings.

Husky Traders	Sector	Value	Weight	Return
VOO	Index	$11,731	49%	-8.0%
CASH	Cash	$7,828	32%	0.0%
EXPE	Consumer Discretionary	$2,269	9%	-11.4%
UBER	Industrials	$2,320	10%	-9.5%
Total		**$24,148**	**100%**	**-6.1%**

Portfolio Holdings Weights



Recognitions

Lead Analysts

Home Depot – Vishal Tatini

Vishal was the lead analyst for the Home Depot stock pitch. As the lead analyst, he had the added responsibility of overseeing and understanding all thesis points while also completing research on one of them. Vishal rose to the occasion by producing exceptional work and actively supporting his teammates by providing additional research and insights on their topics. I look forward to seeing what he will accomplish as part of the Reporting team. – *Ben Calhoon*

Texas Instruments – Luke Alexander

With his insightful one-pager selected by the Technology sector, Luke did not hesitate to step up and demonstrate his exceptional leadership and expertise on Texas Instruments. Despite Winter Quarter '25 being his first as an analyst, Luke displayed the work ethic and determination of a seasoned UWIG member. Leveraging both his contributions to the valuation team and his comprehensive understanding of the company, Luke successfully guided the group in delivering a compelling, high-quality stock pitch. His remarkable performance this quarter distinguished him as a bright and talented individual, and I am confident he will continue to make significant contributions to the organization's success. – *Jaylen Akina-Boudy*

Expedia Group – Isha Bhansali & Lucas Daniel

After a long voting process, Expedia Group was selected as the most compelling investment, with Isha and Lucas serving as lead analysts. There were very few questions I posed that they were unable to answer, demonstrating their exceptional knowledge of the industry, the company, and the investment thesis. Isha took charge of the qualitative aspects of the pitch, while Lucas led the valuation team. Both showcased excellent leadership skills and displayed remarkable dedication to the group's success. I am excited to see Isha further develop her leadership capabilities as an Industry Team Lead and look forward to Lucas' contributions as a Senior Analyst. – *Alexis Dimas*

Uber – Abdullah Almuayyad

Abdullah's in-depth knowledge of Uber served as an excellent foundation for the team to gradually deepen their understanding of the pitch. His curiosity and thoughtful approach sparked meaningful discussions during meetings, helping fellow analysts uncover important insights about the stock and refine the theses. Abdullah's intellectual curiosity and genuine passion for investing made him an invaluable analyst. I am confident he will accomplish much more at UWIG and in every opportunity he pursues. – *Sania Megchiani*

Top Analysts

Home Depot Top Analysts: Pierson LaPlante & Ali Alsharqi

Pierson maintained a positive attitude throughout the entire pitch process, even though we had to rebuild the DCF three separate times. Our team had to work through multiple models to ensure we were collecting and presenting the most accurate data, and Pierson was always up for the challenge. – *Ben Calhoon*

Ali not only produced high-quality work but also challenged his teammates to improve our pitch as a whole by asking thoughtful questions. He helped make our slides more visually appealing (adding the screws as our bullet points). Ali also delivered a strong performance during the presentation and handled the Q&A confidently and clearly. – *Ben Calhoon*

Expedia Group Top Analysts: Aakash Pany & Alice Wang

Aakash demonstrated a "can-do" attitude throughout the entire quarter. From conducting the Monte Carlo simulation to implementing new sections in our presentation, he was willing to take on any task. His insights were instrumental in helping me finalize the stock we would pitch, as well as in our final recommendation of Expedia Group. – *Alexis Dimas*

Alice consistently anticipated tasks and began working on them before I could provide direction, demonstrating her exceptional initiative. Her keen eye for detail and design expertise were instrumental in creating some of the most impressive slides I've seen during my time with the Investment Group. – *Alexis Dimas*

Texas Instruments Top Analysts: Maxime Bromberg & Andrew Ho

Maxime's adaptability and initiative made him an essential part of the sector's success. His ability to efficiently adjust large portions of the pitch when needed, combined with his drive to take on tasks and explore new ideas, elevated the team's performance. Additionally, Maxime's willingness to challenge my ideas with his own insights led to innovative concepts that left a lasting impression. – *Jaylen Akina-Boudy*

Andrew has the invaluable ability to take quantitative information and turn it into a compelling narrative. He dedicated significant time to gaining a deep understanding of the thesis points surrounding the pitch, applying accurate metrics to forecasts and assumptions within the valuation models. Countless late-night calls with the valuation team to understand the ins and outs of various models highlight Andrew's dedication and intellectual curiosity, which contributed significantly to the team's progression. – *Jaylen Akina-Boudy*

Uber Technologies Top Analysts: Allen Li & Jack Madeoy

Allen played a huge role in our valuations for Uber, often staying up until 4 a.m. to perfect our DCF. His dedication to creating a high-quality pitch, commitment to quantifying niche segments of our thesis, and desire to consistently learn new technical skills, made him a team member each analyst could rely on. – *Sania Megchiani*

From handling slide alterations to conducting in-depth research on Uber beyond his assigned tasks, Jack was actively involved in each team meeting. He regularly offered fresh insights and thoughtful suggestions that improved the pitch's clarity and flow, while demonstrating a deep curiosity, strong work ethic, and commitment to continuous learning and team success. – *Sania Megchiani*