

November 2022

 UVA DARDEN

**DARDEN
EXECUTIVE
FUND
REPORT**

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Executive Team



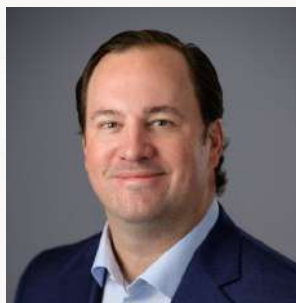
Bahara Stapelberg, Chief Executive Officer

Bahara is currently the Executive Director for SurfAid, an international NGO based in Australia. Prior to this role she was in-house counsel for a resort in Tahiti. After taking several years off to raise her three children, she worked in corporate law in Orange County, California. However, her passion has always been in serving her community whether as a Board member of her children's school (Our Lady of Malibu, St. Margaret's Episcopal School, and Choate Rosemary Hall), as a CASA (Court Appointed Special Advocate) or her role as a member of UCI's Well-Being Circle Board. More recently, while at Darden, in addition to serving as CEO of DEF (Darden Executive Fund), she is also the VP of FNL and sits on Darden's ESA Board. She is a graduate of UCLA and holds a B.A. in English Literature and her J.D. from Chapman University Law School.



Alex Arinsmier, CFP®, Chief Investment Officer

Alex is the Vice President, Branch Leader of the Fidelity Investments office in Arlington, VA. Throughout his 16 years with the firm, he has focused on building comprehensive financial plans for individual retail clients with an emphasis on asset allocation, retirement analysis, and tax-sensitive investment strategies. Alex is a CERTIFIED FINANCIAL PLANNER™ and holds multiple FINRA securities licenses and state Insurance licenses. He is a graduate of Davidson College and holds a B.A. in Political Science and minor in Economics.



Jonathan Dengel, Director of Research and Events

Jon currently serves as the Chief Operation and Information Officer for Physicians Health Plan (PHP) of Michigan. Prior to PHP and the insurance industry Jon worked in management consulting for KPMG and Accenture. In his role within DEF, he curates speakers and learning opportunities to the Executive MBA program. Jon graduated from Michigan State University with a B.A. in Economics.



Cathy Huynh, Portfolio Manager

Cathy is a people and business manager in the Customer Success Unit of Microsoft Federal and a DC-, MD-, and VA-licensed REALTOR® with Coldwell Banker. Prior to that, she was a manager in the technology practice of Deloitte Consulting LLP, leading large teams to support a wide range of government and commercial clients. And, prior to that, she was a published clinical researcher studying hip and knee prosthetics at the Anderson Orthopedic Research Institute, a non-profit organization. Cathy graduated from George Mason University with dual degrees; a B.S. in Chemistry with a concentration in Biochemistry and a B.S. in Biology Honors with minor in Information Technology.



John Forbes, Portfolio Manager

Engineer turned analyst with a lifelong passion for learning and continuous improvement. John received his undergraduate degree from the Georgia Institute of Technology in Aerospace Engineering before working for Pratt & Whitney in East Hartford, Connecticut where he designed jet engines for military programs. Upon leaving PW, John joined Evoqua Water Technologies as a process engineer on ion exchange water purification. Now John works for Capital One as a business analyst pursuing banking for good and expanding his analytical toolkit. Learning is a lifelong passion and Darden has allowed me to develop new skills and opportunities to pursue my interest in investing.

Executive Team



Ashish Jain, Portfolio Manager

Seasoned executive with over 13 years of experience in times of growth and crisis. Strategic thinker who relies on a data-driven approach and business judgment to look beyond competition, foster innovation, and execute new ideas that drive business growth—comfortable working up and across the organization, influencing stakeholders and executive leadership to drive execution.



Kevin Smith, Portfolio Manager

Kevin is an associate portfolio manager at Brown Advisory. He works with the portfolio management team to manage balanced accounts for Endowment and Foundation clients. He earned his M.S. in Real Estate from Johns Hopkins University, and his BBA in Finance and Economics from Loyola University Maryland with a minor in Philosophy.



Natalie Szmyd, Portfolio Manager

Natalie Szmyd is passionate about improving lives in the Western Hemisphere by advancing democracy, security, and economic prosperity. She is currently a Senior Analyst at the Inter-American Development Bank and previously served as a Director at the U.S. International Development Finance Corporation (DFC). Natalie has public policy experience in the executive and legislative branches of the United States Government. Prior to the DFC, Natalie worked at the White House, during which she served on the Domestic Policy Council and the National Security Council's Western Hemisphere Affairs Directorate. She holds a Bachelor of Arts in International Studies and Spanish from the University of Miami.



L to R: Alex Arinsmier, Ashish Jain, Cathy Huynh, Jonathan Dengel, Bahara Stapelberg, John Forbes, Natalie Szmyd, Kevin Smith



A Letter from the CEO

Dear Stakeholders,

It is with great pleasure that I bring you the DEF Class of 2023's Q3 Report. We had a busy start with the expansion of our team from five to eight members, with an eye towards diversifying and improving our performance. We had three main goals for our first half of the year; one, to improve the onboarding and training **process** during the transition; two, to create more awareness and **promote** DEF with the broader program; and three, to elevate our **performance** through robust and diligent research and ensure we maintain the high integrity of the program, to provide a robust experiential learning platform for future DEF members. Because at the end of the day — legacy matters.

Process.

We are so grateful for all the hard work our predecessors have put in. It's no small task and as DEF enters its 4th year, the Class of 2023 is committed to continuing its efforts to leave the program better and more unified when we hand off to the Class of 2024.

One of the first issues that became apparent was the need for a longer runway to get the necessary exposure and training we needed to succeed. Our solution? We are pleased to announce we have formed the first ever DEF Club this fall. With a robust membership of about 30 members, we couldn't be more thrilled for the next chapter of DEF. The club, open to both EMBA's and the Part-Time cohort, not only allows us to expose members to the essence of the program such as stock pitches, training in FactSet and CapIQ but also the opportunity to collaborate with us.

For the first time, the club will provide the current leadership with a robust pool of future candidates. This promotes healthy competition and will attract the best and brightest. Our goal collectively is that one day, DEF will be a highlight of the EMBA program and the reason why prospective students choose Darden. When admissions ask prospective students "Why Darden?", we want the answer to be "DEF."

Promote.

Those of us lucky enough to have discovered DEF recognized it as an incredible opportunity. However, keeping DEF the best-kept secret of Darden is not our intent. To that end, we've worked closely with the Admissions team and attended Coffee Chats, Prospective Student sessions, Admitted Student meet ups and the Club Fair.

We've also worked closely with UVA and the Mayo Center staff to update the DEF website. Finally, we've revised and updated the DEF Policy Statement to more accurately reflect where we are today.

Performance.

After a challenging first half of 2022, we have become familiar with volatility, with heightened concerns about inflation and Federal Reserve policy, the energy crisis in Europe, China's zero-tolerance COVID protocols and softening of the real estate market. The decline in our portfolio reflects the broader trend. However, we firmly believe this is where our individual growth as investors and students will stem from. It's time to get back to the basics and look at the fundamentals of a company, seek value, tap into one's intuition and back it up with numbers. It's harder, but the current market is forcing us to trust the process and we couldn't be more grateful for this opportunity. It is only with humility, perseverance, and a growth-mindset as our companion, can we unearth the hidden gems in the market.

While we read about "stagflation" and "inflation" in our GEM classes, those concepts were only something we read and discussed in class. For many of us, we were either too young or not yet born to experience either. What an incredible time to be at Darden and have the opportunity to engage with our classmates and professors as the economic crisis unfolds right before our eyes.

With performance in mind, and recognizing "business as usual" is no longer viable, we are redefining our strategy, questioning prior assumptions and rethinking our response. Below we present our investment ideas and strategies.

Defensive.

As we systematically review our entire holding, we are thinking defensively. Despite the volatility in the past six months, two notable outperformers have been healthcare and consumer staples. These two sectors tend to be defensive and earnings momentum, particularly for consumer staples, has picked up.

Value.

We believe this environment of elevated uncertainty and rising interest rates, will favor value stocks—versus the more highly valued growth stocks. Periods of elevated inflation have traditionally been associated with outperformance by value stocks, characterized by low valuations, relative to growth stocks.

Environmental Security.

Urbanization, population growth and an expanding middle class continue to generate compelling opportunities. An expanding middle class are leading to higher energy consumption. Energy efficiency solutions provide innovative technologies and services to address the growing need for clean energy. Furthermore, the energy shortages in Europe have reignited fears and renewed investment into fossil fuels to replace Russian gas.

The conventional linear lifecycle of the economy involves taking resources, making things, using them and then dispose. But with a greater awareness of the importance of sustainability, a thriving circular economy is emerging, focused on the concepts of recycle, reduce, and reuse.

Investment in renewables will continue as alternative energy becomes more competitive. The silver lining to high energy prices is that clean energy and related solutions are briskly becoming more competitive. Coupled with the Infrastructure Investment and Jobs Act (2021) and the CHIPS Act (2022), average annual spending on climate and clean energy by the US federal government has accelerated. Most notable, the

scope of the Inflation Reduction Act ("climate bill" of 2022) is clearly not due to a sudden ideological shift, but we believe driven by the economics.

Food Security.

Food remains more expensive today than a year ago, with no end in sight as La Niña is causing concern to supply, and soybean inventories remain exceedingly limited. There could be an upside for the agriculture index, which should favor stocks linked to improving agricultural returns.

Cybersecurity.

Cybersecurity continues to capture our attention as part of personal, corporate, and national security, and we are reviewing investments in cyber defenses. We believe cybersecurity as part of the broader IT sector is positioned well given it's a staple rather than a discretionary service.

Energy Security.

The global transition to sustainable clean energy and net-zero carbon emissions has been gaining momentum in the past few years, but Russia's invasion of Ukraine has only reinforced the need to invest in energy security. The Inflation Reduction Act is the largest climate package in US history, and we believe will likely stimulate increased in private investment.

Furthermore, higher commodity prices will stem from the combination of the war and the energy transition, which will necessitate a balance of traditional energy exposure with renewable energy to achieve net-zero goals. There is tension between tight supply and disruptions, against fears of a looming global recession and potential of renewed supply.

Looking Ahead.

As we reflect on the last few months, we can't help but feel gratitude for the experiential learning opportunities afforded us. I also want to thank my team for the hard work invested thus far and how appreciative I am of their commitment to the Darden Executive Fund.

Please take your time to review this report and don't hesitate to contact us with any questions you may have. We welcome your feedback and any opportunities to collaborate with our alumni and supporters of the program.

Finally, a big thank you to the Darden Board of Trustees, the Darden Foundation, and the Mayo Center for your vision and your continued support of the Darden Executive Fund.

Best,

Bahara Stapelberg

Bahara Stapelberg, JD, Chief Executive Officer
Darden Executive Fund
Stapelbergb23@darden.virginia.edu



A Letter from the CIO

To our friends and partners,

The Darden Executive Fund team has the honor, privilege, and responsibility of managing the Sabre Fund for the Darden School Foundation. The Sabre Fund invests in large-cap and mid-cap stocks, focusing on long-term investing with at least a 2 – 3 year investment time horizon per holding. The fund intends to capture value created using sound fundamental analysis to identify companies that offer growth potential and have reasonable valuations. The goal of the fund is to deliver returns that exceed those of its benchmark while taking comparable risk, and at the same time provide hands-on experience for the management team. The fund's benchmark is a blended index: 60% S&P 500 Index and 40% S&P MidCap 400 Index.

As of 9/30/22, the portfolio had a market value of \$111,187 with a return of -22.7% for the year. The benchmark has returned -23.1% during the same period, resulting in an excess return of 40 basis points for the fund. Top contributors this year include Booz Allen Hamilton, Chevron, and Occidental Petroleum. Detractors to performance this year include Meta Platforms, Qorvo, and Cousins Properties. The fund is currently positioned with an approximate 70% S&P 500 weighting and 30% S&P MidCap 400 weighting.

Looking forward, the team is focused on a few aspects of the portfolio. Currently, the portfolio consists of approximately 30% in index ETF's of the S&P 500 and S&P MidCap 400, respectively. These positions are placeholders to allow for market exposure while awaiting attractive investment opportunities. The team is excited to analyze and pitch new additions to the existing 15 individual company positions, hoping to create a strong concentration of 20 – 30 great companies. The team also plans to incorporate additional top-down analysis given current macroenvironment conditions. Based on research, the team believes the US market to be in the late-cycle expansionary phase, with rising but moderate recession risk. Additional analysis and security selection in the sectors of Utilities, Consumer Staples, and Health Care may provide the portfolio with attractive opportunities as market conditions change.

Alex

Alex Arinsmier, CFP®
Chief Investment Officer

Research & Events



Dear Stakeholders,

The focus of the Darden Executive Fund (DEF) 2023 leadership team has been to create an environment of exploration within different areas of capital management for our members but also for our entire cohort. With this lens we have focused on three main pillars within research and events.

One, to create a more operational process for onboarding, training, and documentation so that each cohort is not recreating processes that our previous members have already created. Our focus has been to build out a detailed repository that can be handed off to the next generation of members so that onboarding and training is documented and repeatable.

Two, to provide more opportunities for other members of the larger executive cohort to engage with the DEF. To this end, we have created the Darden Executive Fund Club in partnership with the class of 2024, and the newly formed part-time program. We have had extremely positive feedback with the events that we have had to date. We believe that the DEF Club will become the premier club of the Executive program and feed the future leadership and team members of the DEF.

Third, to provide interesting speakers based on the desires of our cohort. During our September residency, we held a presentation on SPACs. We were lucky enough to have Dan Hennessy and Nick Petruska from Hennessy Capital provide an overview of the SPAC industry, Hennessy Capital's individual SPAC deals, and discuss the appropriate application of SPACs within the current marketplace.

In conclusion, we believe that we are improving the DEF for the next generation of leadership and members along with providing opportunities for our membership to explore many areas within the capital management ecosystem. Our hope is that as we transition to the next phase of our careers, we are able to stay engaged with the DEF and continue to support this unique and wonderful learning opportunity.

Sincerely,

Jonathan Dengel

Sabre Fund

Portfolio Decisions

Bought Eaton (ETN), Feb 2022. Down 12% since buying 30 shares at \$154.86

Business is tied to fastest growing segments of the overall economy (data centers, electric vehicles, general decarbonization trend) – 400-500 bps of margin expansion by 2025

Bought Meta (META), Feb 2022. Down 37% since buying 30 shares at \$212.44

FB generates substantially all of its revenue from selling advertising placements to marketers. FB holds 24% market share in the \$40bn global online ad market, second only to Alphabet

Bought Cousins Properties (CUZ), May 2022. Down 38% since buying 150 shares at \$35.79

Office REITs currently undervalued due to COVID. As employers and employees find a new status quo for working location, high quality offices located in desirable locations will see higher occupancy

Sold Chevron (CVX), May 2022. Realized gain of 74% on sale of 23 shares at cost basis of \$94.70. Held additional 30 shares.

Bought Iron Mountain (IRM), May 2022. Down 15% since buying 110 shares at \$52.81

Tax advantaged REIT that is transitioning to a digital infrastructure. Companies are stuck using Iron Mountain for physical paper assets creating a significant competitive advantage for the company.

Bought Lennar Class B (LEN.B), May 2022. Down 7% since buying 80 shares at \$67.01

The market is undervaluing LEN and other residential home builders due to inflation and rising financing costs. The growth in the new home buyer population is due to substantially increase YOY for at least the next ten years

Bought Occidental Petroleum (OXY), May 2022. Up 11% since buying 100 shares at \$59.36

OxyChem is the #1 or #2 producer in all of its various chemical manufacturing businesses including chlorine. OxyChem produces high levels of free cash flow which are used to reinvest in their growth engine of Upstream

Bought Goodyear Tire & Rubber (GT), May 2022. Down 18% since buying 350 shares at \$13.52

Mature and slow-growth industry, great value investment, trading at a large discount currently, possibility of high returns as GT moves from undervalued to fair value.

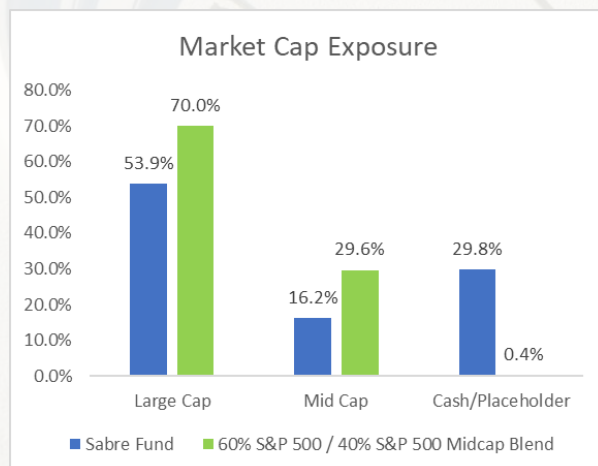
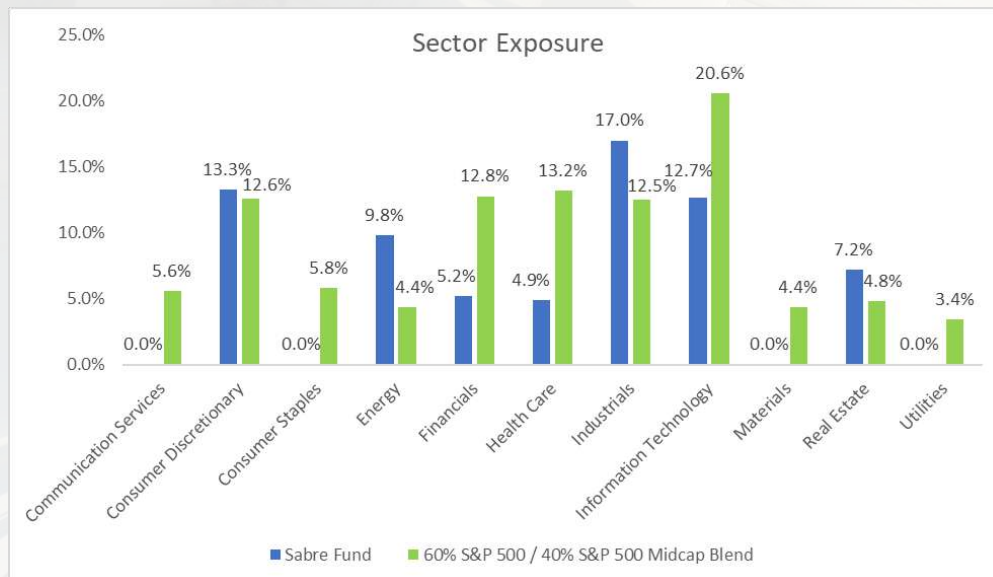
Sold Avalara (AVLR), Aug 2022. Realized loss of 42% on sale of 20 shares at cost basis of \$157.15. No additional holdings.

Current macroeconomic environment with rising interest rates will continue to harm FinTech's that are not profitable.



Sabre Fund

Portfolio Positioning: The Sabre Fund is still in its nascent phase and the portfolio managers are actively looking to deploy more capital into the market at current valuation levels. The portfolio remains very concentrated, with only 15 active stock investments as of 9/30/2022, versus 503 and 401 names in the index for the S&P 500 Index and S&P 400 Midcap 400 Index, respectively. On a sector basis, the portfolio is meaningfully overweight Industrials, given exposure to names such as Booz Allen Hamilton, Eaton, and MasTec. On a relative basis, the portfolio's overweight to Energy has been a tailwind to performance, given the sector's dominance this year as the S&P 500's best performing sector. Additional positives include no exposure to Communication Services, the S&P 500's worst performing sector, and a meaningful underweight to Information Technology, another poor performing sector. Going forward, the portfolio



Top 10 Holdings	% of Portfolio
Booz Allen Hamilton	8.4%
Occidental Petroleum	5.7%
Accenture	5.6%
Lennar - Class A	5.5%
Blackstone	5.2%
MasTec	5.0%
Progyny	4.9%
Lennar - Class B	4.4%
Iron Mountain	4.3%
Chevron	4.1%
Total	53%

Sabre Fund

Valuation: The Sabre Fund's weighted average P/E Ratio is 14.75, well below the S&P 500's 19.76 ratio. We try to avoid investing in overvalued, hyper growth names that may be trading at an unsustainable multiple. Additionally, our ability to invest in Mid Cap names allows us to selectively invest in lower-tier companies on a market capitalization basis, with the hopes that they will eventually graduate into the Large Cap universe. To date, our Mid Cap exposure names have suffered some of the largest declines to date, as higher interest rates and recession risk has most impacted smaller companies. However, we believe that Mid Cap names look extremely attractive right now on a valuation basis and may be best positioned to rally coming out of a recession. Additionally, these names have less currency risk, which has proven to be a significant headwind to date with the strong appreciation of the dollar, and may provide more attractive exposure given most of the universe's revenue is generated domestically. Going forward, this may be an area that we lean into going into the back half of the year as the valuation discount relative to the historical median looks extremely attractive.

	Sabre Fund	S&P 500 Index	S&P MidCap 400 Index
Number of Holdings	15	503	401
Weighted Average Market Capitalization (\$B)	51.5	468.7	6.6
P/E Ratio	14.75	19.76	12.49
Dividend Yield	1.31%	1.80%	1.81%
Top 10 Equity Holdings	53.1%	27.8%	6.40%

Security	Quantity	Price	Market Value	% of Portfolio	Current P/E	Earnings Per Share	Cash Flow Per Share	5 Year EPS Growth Rate	Return on Equity	Dividend Yield
Cash/Placeholder			\$33,387							
Cash			\$1,003							
Placeholders*			\$32,384							
Communication Services			\$0							
Consumer Discretionary			\$14,256							
Goodyear Tire & Rubber	350	\$10.09	\$3,532	3.4%	3.1	\$2.09	\$ 0.62	20.61%	20.18%	0.00%
Lennar - Class A	80	\$74.55	\$5,964	5.5%	4.9	\$14.27	\$ 2.05	43.33%	20.31%	1.83%
Lennar - Class B	80	\$59.51	\$4,761	4.4%	3.9	\$14.27	\$ 2.05	43.33%	20.31%	2.26%
Consumer Staples			\$0							
Energy			\$10,455							
Chevron	30	\$143.67	\$4,310	4.1%	9.5	\$8.13	\$ 7.82	13.85%	23.20%	3.16%
Occidental Petroleum	100	\$61.45	\$6,145	5.7%	5.9	\$2.55	\$ 5.23	-1.86%	47.51%	0.72%
Financials			\$5,859							
Blackstone	70	\$83.70	\$5,859	5.2%	23.6	\$4.77	\$ 6.41	38.53%	31.11%	5.30%
Health Care			\$5,559							
Progyny	150	\$37.06	\$5,559	4.9%	80.6	\$0.66	\$ 0.19	0.00%	17.70%	0.00%
Industrials			\$18,858							
Booz Allen Hamilton	99	\$92.35	\$9,143	8.4%	24.3	\$4.21	\$ (0.34)	14.09%	48.02%	1.58%
Eaton	30	\$133.36	\$4,001	3.6%	23.1	\$6.62	\$ 0.85	-5.44%	14.55%	2.16%
MasTec	90	\$63.50	\$5,715	5.0%	27.9	\$5.58	\$ (1.72)	1.33%	7.28%	0.00%
Information Technology			\$14,473							
Accenture	25	\$257.30	\$6,433	5.6%	24.0	\$10.71	\$ 5.91	14.00%	33.04%	1.56%
Meta Platforms	30	\$135.68	\$4,070	3.5%	12.9	\$13.77	\$ 3.61	26.43%	22.40%	0.00%
Qorvo	50	\$79.41	\$3,971	3.6%	10.8	\$12.35	\$ 2.57	0.00%	18.25%	0.00%
Materials			\$0							
Real Estate			\$8,339							
Cousins Properties	150	\$23.35	\$3,503	2.9%	12.3	\$1.87	\$ 0.97	23.64%	5.53%	5.34%
Iron Mountain	110	\$43.97	\$4,837	4.3%	34.9	\$1.51	\$ 1.00	22.68%	41.42%	4.93%
Utilities			\$0							
Total Portfolio			\$111,188							

*SPDR S&P 500 ETF, SPDR S&P Midcap 400 ETF, Vanguard FDS S&P 500 ETF

Featured 'Hold' Pitch: Goodyear Tire & Rubber

Company Data

Current Price(10/30)	\$12.52 (7.4%)
Cost Basis	\$13.52
Market Value	\$4,382

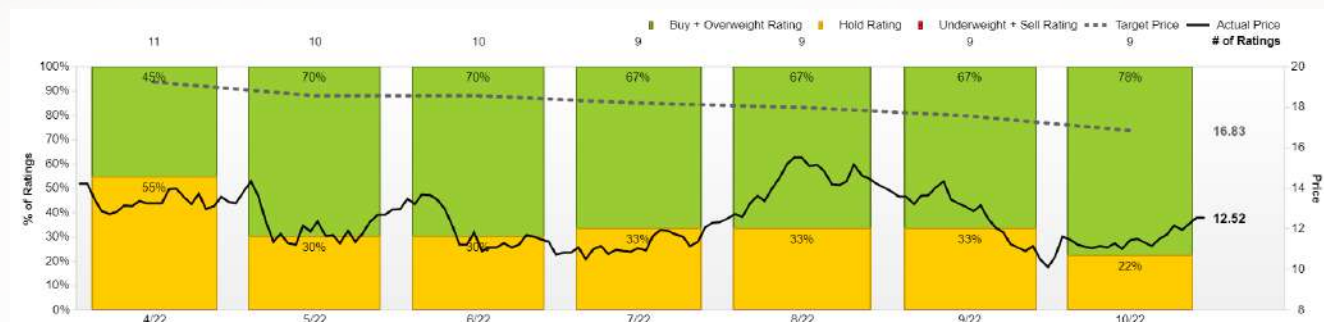
Business Description

The Goodyear Tire & Rubber Company is an American multinational tire manufacturing company founded in 1898 by Frank Seiberling and based in Akron, Ohio. Goodyear manufactures tires for automobiles, commercial trucks, light trucks, motorcycles, SUVs, race cars, airplanes, farm equipment, and heavy earth-moving machinery. Expected sales in the CFY are expected to be \$20.8B, a growth of 19.2%. Americas is the largest market with 58% revenue share, followed by 21% from Europe and 21% from EMEA.

Industry Description and Forecast

The global automotive tire market size was worth USD 122 billion in 2021 and is projected to reach USD 180 billion by 2030, registering a CAGR of 4.3% during the forecast period (2022 – 2030). 80% of the market demand is generated from replacement.

Analyst Consensus



Market Position

By revenue, Goodyear is the 4th largest tire manufacturer in the world. It holds the top spot in market share in the United States, 11% in Passenger vehicle tires and 9.5% in light truck tires. It also noticed a 11% increase in revenue from Americas in 2021.

After For all of 2021, drivers drove 325 billion more miles than they did in 2020. Overall 2021 driving was just 1% lower than 2019's 3.26 trillion miles.

Financial Performance

Income Statement (M)

	Dec '20	Dec '21	Dec '22E	Dec '23E	Dec '24E
Sales	12,321	17,525	20,890	21,632	21,823
Cost of Sales	10,237	13,611	16,440	16,678	17,967
Gross Income	2,067	3,877	4,265	4,822	4,847
EBITDA	737	2,066	2,230	2,482	2,667
Operating Income	-113	1,183	1,301	1,545	1,624

Stock Performance to Competition



Featured 'Sell' Pitch: Avalara, Inc.

On July 20, 2022, Portfolio Manager John Forbes presented a pitch to sell all 20 shares of Avalara, which were purchased on November 13, 2020 for \$157.15 per share. The price was down 44.36% as of June 26, 2022.

Avalara is a cloud-based tax compliance software company based in Seattle. The investment thesis for this pitch is that non-profitable FinTech's are performing poorly in the current macroeconomic environment. Furthermore, the rising interest rates and depressed stock price make future funding difficult and expensive. The featured exhibits show the declining Cash Flow from Operations, declining operating margin, and declining stock performance. Given the unclear road to profitability, we decided this was not the right fit for the 3-5 year SABRE Fund.

Cash Flow (Fiscal Year)	FY 2021	FY 2020	FY 2019
Amounts in thousands, USD (except Ratios, Multiples & share items)	End: 31-Dec-2021 Filed: 05-May-2022 View 10-K/A	End: 31-Dec-2020 Filed: 05-May-2022 View 10-K/A	End: 31-Dec-2019 Filed: 05-May-2022 View 10-K/A
Search for data point			
+ Cash Flow from Operating Activities, In...	34,118	42,618	22,150
+ Cash Flow from Investing Activities	(100,350)	(378,058)	(40,629)
+ Cash Flow from Financing Activities	918,912	606,059	354,410
+ Cash and Cash Equivalents, End of Period	1,613,903	761,844	491,333



Income Statement										Download
Thousands, USD		Trend 8 Fiscal Quarters	FQ 2Q20	FQ 3Q20	FQ 4Q20	FQ 1Q21	FQ 2Q21	FQ 3Q21	FQ 4Q21	FQ 1Q22
Total Revenue		116,487	127,879	144,760	153,601	169,067	181,167	195,142	204,530	
Revenue % Growth		27.59%	29.79%	34.50%	37.83%	45.14%	41.67%	34.80%	33.16%	
Gross Profit		83,157	92,947	103,487	109,105	120,392	128,127	135,184	144,404	
Gross Margin		71.39%	72.68%	71.49%	71.03%	71.21%	70.72%	69.27%	70.60%	
Total Operating Profit/(Loss)		(10,049)	(12,557)	(25,819)	(25,461)	(26,860)	(26,201)	(38,496)	(35,089)	
Operating Margin		-8.63%	-9.82%	-17.84%	-16.58%	-15.89%	-14.46%	-19.73%	-17.16%	

Featured 'Buy' Pitch: Chevron Corporation

Chevron Corp. supplies administrative, financial management, and technology support for energy and chemical operations. It operates through the Upstream and Downstream segments. The Upstream segment includes the exploration, development, and production of crude oil and natural gas, the liquefaction, transportation, and regasification associated with liquefied natural gas, the transporting of crude oil by major international oil export pipelines, the processing, transporting, storage, and marketing of natural gas, and a gas-to-liquids plant. The Downstream segment includes the refining of crude oil into petroleum products, the marketing of crude oil and refined products, the transporting of crude oil and refined products by pipeline, marine vessel, motor equipment, and rail car, and the manufacturing and marketing of commodity petrochemicals and plastics for industrial uses and fuel & lubricant additives. (Source: Factset)

We purchased 30 shares of Chevron Corp (CVX) on January 14, 2021 for \$94.69 per share and it is now our leading stock with a share price as of \$181.93 as of October 31, 2022. Given the 52% gains, we are currently analyzing the stock and plan to recommend to buy more shares based on the following observations:

- On October 28, Chevron reported its second-highest quarterly profit ever, driven by soaring global demand for its oil and gas and rising production from its U.S. oilfields. (Source: CNBC)
- Given the Russian invasion of Ukraine and subsequent U.S. ban on Russian oil imports, we expect this trend of increasing demand to continue. (Source: WEF)
- Furthermore, Chevron invested in offshore exploration in the Suriname-Guyana Basin, which is one of the world's largest opportunities for hydrocarbon discovery.

(Source: Chevron)

Key Statistics	
52 Week Range	\$110.73 - 185.40
Avg Daily Vol (3 Mo)	9,028,807.0
Basic Shares (M)	1,934
Market Cap (B)	354.7
Dividend Yield	3.1%
First Trading Date	21 Jan '72
FD Shares Out (M)	1,965
FD Mkt Cap (B)	360.5
EV (B)	327.2
WACC	8.2%
Float	99.9%
Institutional	71.4%
Top 10 Inst Hldrs	35.5%
Analyst Coverage	25
Avg Rating	Overweight (1.57)
Target Price	\$186.50
LT Growth Rate	22.2%



(Source: Factset)

Coming Up

DEF members are preparing pitches for the stocks below. Recommendations to buy, sell, or hold will be presented on Saturday, November 11, and Sunday, November 12 as part of the Security Analysis & Valuation elective.

Company	Price (10/31/2022)	52 Week High -Low	Market Cap	Enterprise Value	EV/EBITDA
Costco Wholesale Corporation (COST)	\$506.99	\$406.51 - \$612.27	\$226.11 B	\$223.39 B	22.2x
Walt Disney Company (DIS)	\$106.07	\$90.23 - \$179.25	\$193.2 B	\$250.7 B	19.2x
Dominion Energy Inc (D)	\$70.33	\$61.70 - \$88.78	\$59.29 B	\$103.04 B	16.0x
National Beverage Corp. (FIZZ)	\$48.00	\$38.10 - 64.67	\$4.36 B	\$4.35 B	20.8x
Procter & Gamble Company (PG)	\$135.16	\$122.18 - \$165.35	\$320.43 B	\$364.97 B	17.8x
Vulcan Materials Company (VMC)	\$163.43	\$137.54 - \$213.65	\$22.02 B	\$26.13 B	16.5x

Source: Factset

Business Overviews:

Costco Wholesale Corp. engages in the operation of membership warehouses through wholly owned subsidiaries.

The Walt Disney Co. is a diversified international family entertainment and media enterprise, which operates through the following segments: Disney Media and Entertainment Distribution (DMED) and Disney Parks, Experiences and Products (DPEP).

Dominion Energy, Inc. engages in the provision of electricity and natural gas to homes, businesses, and wholesale customers. Its operations also include a regulated interstate natural gas transmission pipeline and underground storage system.

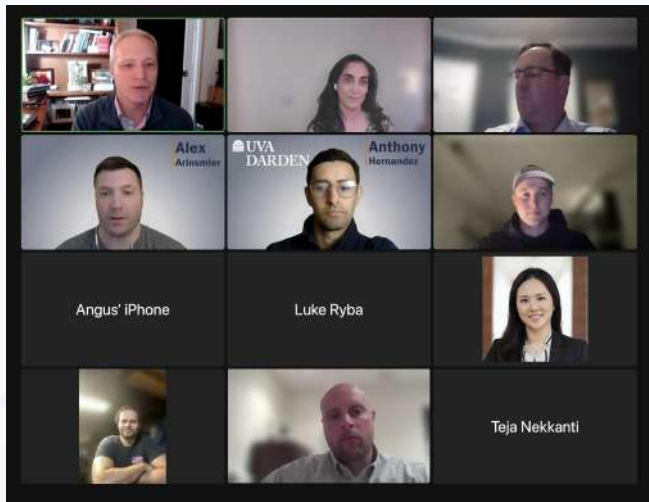
National Beverage Corp. engages in the development, manufacture, market, and sale of flavored beverage products. Its brands include Big Shot, Clear Fruit, Crystal Bay, Everfresh, Everfresh Premier Varietals, Faygo, LaCroix, LaCroix Cúrate, Mr.Pure, Nicola, Ohana, Ritz, Rip It, Rip It 2oz Shot, Ritz and Shasta.

Procter & Gamble Co. engages in the provision of branded consumer packaged goods. It operates through the following segments: Beauty, Grooming, Health Care, Fabric & Home Care, and Baby, Feminine & Family Care.

Vulcan Materials Co. engages in the provision of basic materials and supply for the infrastructure and construction industries. It operates through the following business segments: Aggregates, Asphalt, Concrete, and Calcium.

Inaugural DEF Club

Class of 2024 & Part-Time Class of 2025



We are pleased to announce the Inaugural DEF Club with the EMBA Class of 2024 and the Part-Time Class of 2025.

We held our first meeting in October and look forward to seeing how the club will grow and evolve.

The club members will have an opportunity to attend stock pitches, work with the DEF team to pitch, as well as get training on FactSet and Capital IQ among other tools.

We look forward to working with this dedicated group!





Darden Executive Fund
University of Virginia Darden School of Business
Executive MBA Program
1100 Wilson Blvd, Arlington, VA 22209
DEFLeadership@darden.virginia.edu