STERN IAG

Board of Advisors Meeting

Sep 23rd, 2020

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Letter from Portfolio Managers

Dear Board of Advisors,

We are very excited to kick off the new IAG year! Over the past three weeks, we implemented the structure we proposed last semester on the investment process front. Despite the limitations imposed by being in a fully online environment, we've gotten off to a great start these past few weeks, and we're looking forward to leading the fund this year.

Since our last meeting in May 2020, the market has continued to rebound on optimistic sentiments on the recovery. Despite the 8% return YTD on S&P, great uncertainty persists regarding the trajectory of the pandemic, the degree of government responses, the increasing friction with China, and the upcoming election. Unemployment remains high despite the improvement, inflation is below the target, and the Fed funds rate is locked at near-zero in the near-term by Fed's new average inflation targeting framework.

Against such a backdrop, the past few weeks have been particularly volatile, characterized by a halt in the tech rally fueled by enthusiasm in large-cap technology stocks and a sell-off in the broader market due to stagnating improvement in COVID cases and lackluster economic projections. Bearing that in mind, we hope to position our portfolio more defensively through our proposed new positions and unwinding of existing positions.

The IAG fund has achieved a 1.7% return on an LTM basis, trailing the S&P 500 benchmark return of 8.7% by 7.0%. Breaking down the gap, 5.0% of the underperformance was attributable to Recro Pharma — page 10 will help offer more color as to the current drivers of this position.

On an organizational note, there are a few updates we would like to bring to your attention: 1) we will be conducting a full historical portfolio review this semester to identify commonalities between our best and worst positions to inform our approach going forward, 2) we have pushed back hiring by a month in order to make more informed decisions, and 3) we are finalizing new quick screen, memo and model templates in an effort to standardize our approach and streamline the idea generation process.

Today, we are pleased to present the following businesses that exemplify our investment philosophy:

1. APi Group (NYSE: APG) — a scaled provider of safety services and construction work
2. Identiv (NASDAQ: INVE) — a differentiated physical security device and high-frequency RFID tag manufacturer
3. Palo Alto Networks (NYSE: PANW) — a leading cybersecurity solution provider undergoing business model transition
4. Office Properties Income Trust (NYSE: OPI) — an attractively valued office REIT

We look forward to the reminder of the semester. We are happy to continue being a source of information to the Board and encourage you all to reach out with feedback or clarifications.

Best,

Chen Zhou & Jaro van Diepen

Portfolio Managers

II. Performance Analysis

Holdings Summary *(as of September 21st, 2020)*

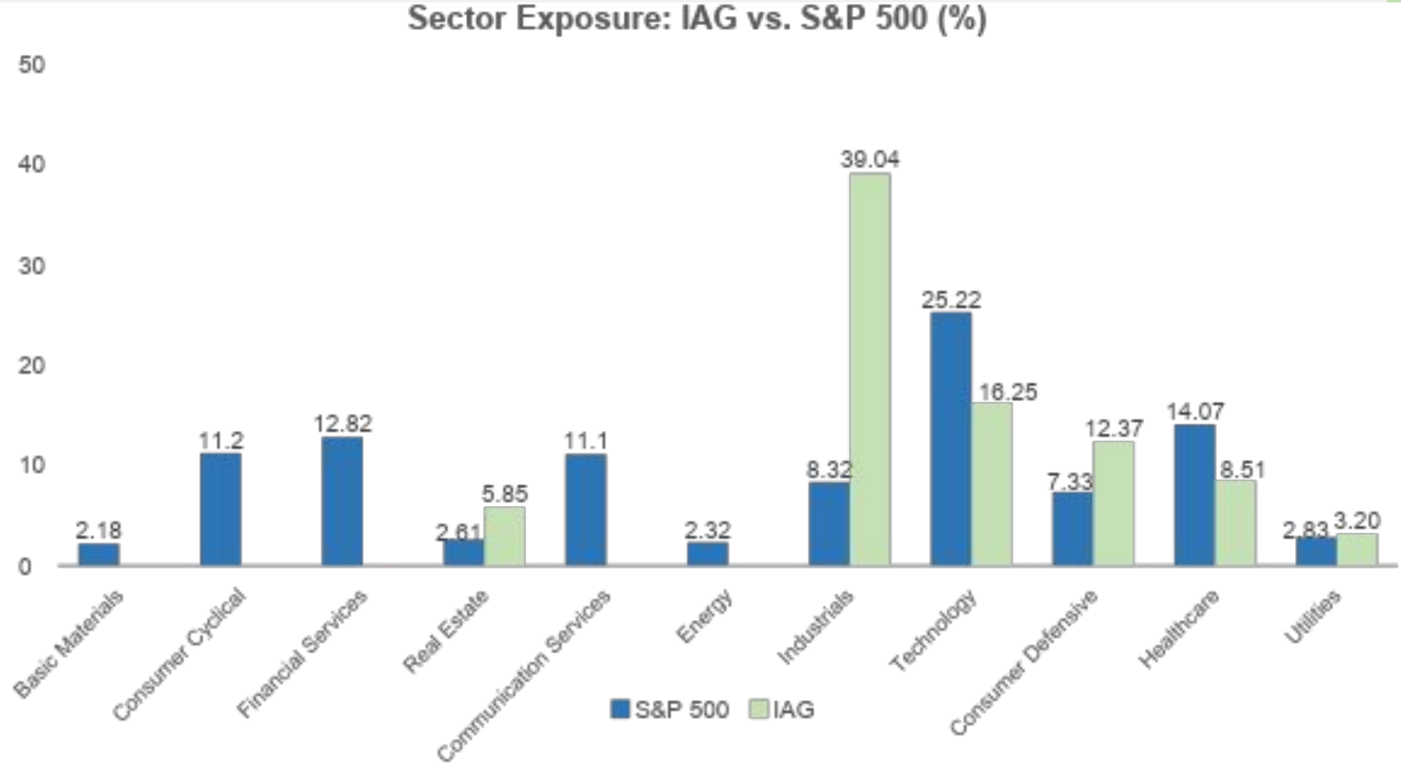
Company Name	Ticker	Analyst	Purchase Date	% of Port	Shares	Purchase Price	Share Price	Return	Industry
Core Holdings									
Allison Transmissions	ALSN	Cody Fang	12/3/19	3.6%	50	$47.42	$32.21	(32.1%)	Industrials
BorgWarner	BWA	Larry Wang	3/14/19	4.6%	55	$38.34	$37.57	(2.0%)	Industrials
CVS Health Corp	CVS	Michael Giese	12/6/16	2.6%	20	$77.28	$58.58	(24.2%)	Healthcare
Dell Technologies	DELL	Caleb Nuttle	4/9/20	6.8%	48	$41.75	$64.36	54.2%	TMT
First Energy	FE	Liam Coohill	10/29/19	3.2%	50	$47.30	$28.90	(38.9%)	Utilities
Grocery Outlet	GO	Larry Wang	5/14/20	4.2%	50	$36.45	$37.89	4.0%	Consumer Staples
HCA	HCA	Srikar Alluri	9/26/19	5.1%	19	$119.20	$121.58	2.0%	Healthcare
Stanley Black and Decker	SWK	Simran Korpal	4/9/20	8.2%	24	$131.08	$154.06	17.5%	Consumer Staples
TransDigm Group	TDG	Tony Wang	4/9/20	6.3%	6	$360.46	$478.21	32.7%	Industrials
United Rentals	URI	Caleb Nuttle	3/14/19	10.0%	27	$118.07	$166.90	41.4%	Industrials
XPO Logistics	XPO	Chen Zhou	10/20/19	8.0%	45	$74.41	$80.83	8.6%	Industrials
ZTO Express	ZTO	David Zhou	3/14/19	6.6%	100	$19.28	$29.65	53.8%	Industrials
SPDR S&P 500 ETF Trust	SPY			5.7%	8		$322.56		
Total Core Holdings				**74.8%**			**$33,843.08**	**10.6%**	
Opportunistic Holdings									
Company Name	**Ticker**	**Analyst**	**Purchase Date**	**% of Port**	**Shares**	**Purchase Price**	**Share Price**	**Return**	**Industry**
BiliBili	BILI	David Zhou	5/14/20	6.1%	65	$29.75	$42.44	42.7%	TMT
Green Brick Partners	GRBK	Srikar Alluri	12/3/17	5.9%	162	$11.39	$16.34	43.5%	Real Estate
Recro Pharma	REPH	Nisha Honnaya	10/29/19	0.81%	160	$13.20	$2.29	(64.5%)	Healthcare
Western Digital Corp	WDC	Mateo Panjol-Tuflija	10/3/18	3.3%	42	$56.45	$35.78	(36.6%)	TMT
Total Oppt. Holdings				**16.1%**			**$7,274.84**	**(11.9%)**	
Total Equity Holdings				**90.9%**			**$41,117.92**	**12.6%**	
Cash				**9.1%**			**$4,102.99**		
Total Portfolio Holdings				**100.0%**			**$45,220.91**		

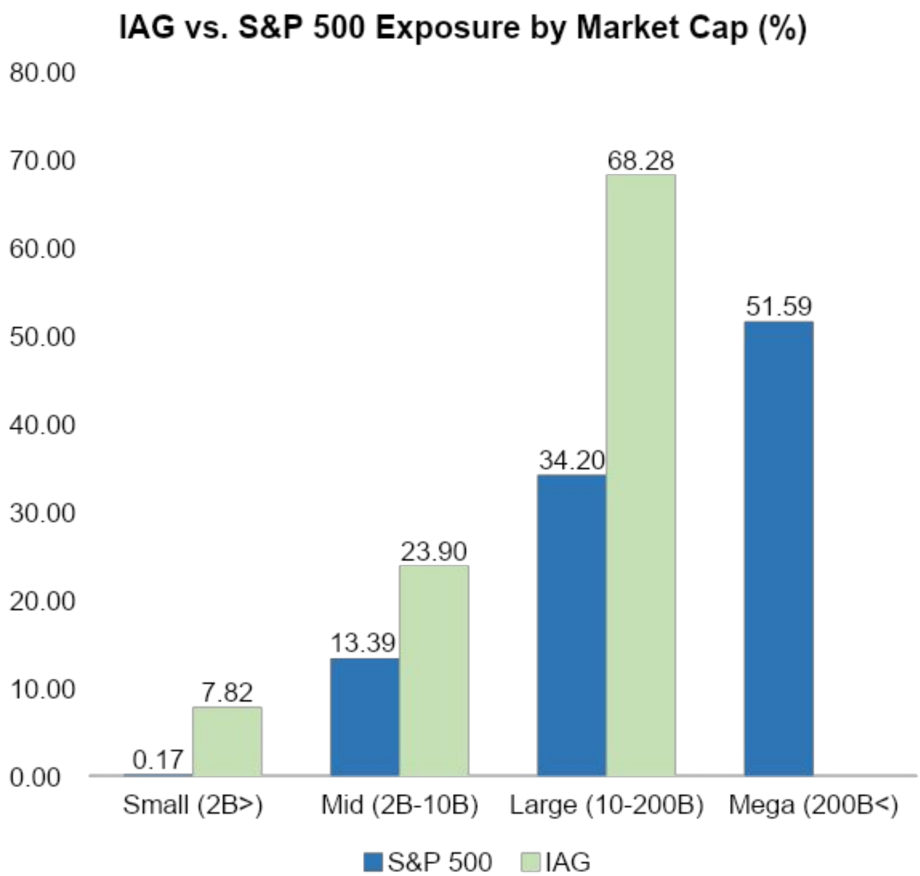
Portfolio KPIs	
Indicator	**Number**
Daily Sharpe Ratio	(0.02)
Annualized Sharpe Ratio	(0.19)
Portfolio Beta	0.95
Daily Volatility	1.45%

On a last twelve-month basis, IAG's portfolio has returned 2.7% while the **S&P 500 returned 8.7%.** Our positions are long term focused and therefore were less impacted by the downturn but are also slower to recover. Since the last oversight meeting, **the spread between IAG's portfolio and the S&P 500 contracted from -9.13% (5/11/2020) to -6.98% (9/21/20).**

Additionally, for our next oversight meeting, we would like to target a better balance between the opportunistic holdings (16.1% of portfolio) and core holdings (74.8% of the portfolio).

Portfolio Exposure vs. Benchmark





IAG continues to target the S&P 500 benchmark specified in the fund mandate. In line with our goal to gradually decrease industrial exposure over time, we have decreased exposure from 46% in May to 39% currently. **We will continue to work on bringing the industrials weighting below 25%.**

IAG continues to be underexposed to mega-cap positions, yet drastically overexposed to small-cap companies. Additionally, our exposure to large cap businesses has drastically increased from 59% in May to 68% currently as several of our positions surpassed the $10B threshold and many former S&P large cap constituents passed the $200B threshold.

Pitch Log Since Sep 2020

Internal Pitches Since Sep 2020				
	Company	Stage	Date	Analysts
1	Great Lakes Dredge & Dock	Quick Screen	9/1/20	Aashka Sanghvi
2	Charles Schwab	Quick Screen	9/1/20	Tony Wang
3	APi Group	Quick Screen	9/1/20	Srikar Alluri
4	Cross Country Healthcare	Quick Screen	9/1/20	Sophie Pan
5	ASML	Quick Screen	9/1/20	Vinny Ye
6	Palo Alto Networks	Quick Screen	9/8/20	David Zhou, Jonathan Liu
7	Aerovironment	Quick Screen	9/8/20	Achyut Seth
8	Appfolio	Quick Screen	9/8/20	Ian Chen
9	Identiv	Quick Screen	9/8/20	Tony Wang
10	Canada Goose	Quick Screen	9/8/20	Jonathan Liu
11	LiveChat Software	Quick Screen	9/8/20	Catie Wang
12	APi Group	First Update	9/8/20	Srikar Alluri
13	Anthem	Quick Screen	9/8/20	Sophie Pan
14	Roku	Quick Screen	9/8/20	Simran Korpal
15	Westrock Company	Quick Screen	9/8/20	Aashka Sanghvi
16	Office Properties Income Trust	Quick Screen	9/15/20	Cody Fang, Catie Wang, Achyut Seth
17	APi Group	Second Update	9/15/20	Srikar Alluri
18	Anthem	First Update	9/15/20	Sophie Pan
19	Palo Alto Networks	Quick Screen	9/15/20	David Zhou, Jonathan Liu
20	Identiv	First Update	9/15/20	Tony Wang
21	LiveChat Software	Quick Screen	9/15/20	Catie Wang

Additions to Bench				
	Company	Stage	Date	Analysts
1	Charles Schwab	Quick Screen	9/1/20	Tony Wang
2	ASML	Quick Screen	9/1/20	Vinny Ye
3	Anthem	First Update	9/8/20	Sophie Pan

Oversight Meeting				
	Company	Stage	Date	Analysts
1	APi Group	Second Update	9/1/20	Srikar Alluri
2	Identiv	First Update	9/8/20	Tony Wang
3	Palo Alto Networks	First Update	9/8/20	David Zhou, Jonathan Liu
4	Office Properties Income Trust	Quick Screen	9/8/20	Cody Fang, Catie Wang, Achyut Seth

III. Key Holdings Update

Portfolio Updates Since May 2020 Meeting

Company	Ticker	Update
Allison Transmissions	**ALSN**	We would like to propose a hold on Allison Transmission into Q3 earnings to gain more insight on short- and medium-term prospects of the company. We believe that in the long run, the company will continue to excel in operations due to (i) continued investment in EV R&D, developing an e-axle with integrated motors, gearboxes, and oil pumps (ii) continued margin superiority over comps and (iii) strong liquidity position with no debt due until 2024. However, it is the short to medium term that remains highly uncertain, which is why we propose a hold into Q3 earnings to gain more insight on this name. As for Q2 earnings, there was a major weakness in On and Off-Highway markets and Allison struggled to maintain strong historical gross and EBITDA margins. While service parts and support equipment revenue also decreased YoY, it was lesser than that of North America On-Highway demand (-39% vs -59%). Gross margins decreased 900 bps from 52.8% to 43.8 compared to Q2 2019, and EBITDA margins decreased more than 1000bps to 30.5%, despite efforts to reduce SG&A costs to line with demand destruction. Even with trough margins, ALSN maintains a superior margin over competitors. ALSN points to healthy trends in On-Highway demand, especially in construction and delivery, which would in turn lead to a recovery in the service parts and support equipment revenues. In terms of liquidity, Q2 ended the quarter with a net leverage ratio of 2.7-2.8x and maintained the flexible, long-dated and covenant-light debt structure with the earliest maturity due in September 2024.
BiliBili	**BILI**	**Sell Note in the Packet**
BorgWarner	**BWA**	We would like to propose a hold on BorgWarner based upon a strong beat in Q2 earnings and considerable steps ahead of the overall market average. Although COVID-19 headwinds had affected production earlier this year, quarantine restrictions have been lifted in most BWA factory locations. Over the second quarter, BWA has taken actions to sustain an adequate margin by reducing headcount and consolidating/closing/restructuring their manufacturing and technical centers in major regions, which generated $35m of incremental savings for 2020E. Guidance seems to be on the conservative end with projection of $580-730m for FY, whereas from 1H 2020 backlog of $540m shows that range could possibly be exceeded by year end. The increase in backlog can be attributed to better volumes in European diesel, strong truck mix, China DCT, and commercial vehicles. A substantial amount of organic growth was seen in both Delphi Technologies and BorgWarner in China with 40% increase YoY and a 50% contribution to BWA backlog. Lastly, BWA has worked closely with Ford to develop the new Ford Mach-e integrated Drive Module (iDM) and electric drive module, which had won 3 Chinese EV programs, which earned strong early traction from US OEMs. We believe with all this in consideration, BWA is a strong hold with the value of its EV portfolio (including Delphi Technologies) starting to surface with the market.
CVS Health Corp	**CVS**	Since the last oversight, CVS has focused more on the omnichannel health provider which was the basis for the Aetna transaction. The company has seen strong utilization of its healthcare services much of which has been driven by the pandemic. The pandemic may be a strong catalyst leading consumers to view the company as a go-to medical provider. The HealthHUB transition was put on pause in March, but it has begun again, and the company is still targeting 1,500 locations by the end of FY2021. In the coming four quarters, the transition towards a higher margin omni-channel services should continue, and if there are major hiccups, this position needs to be reevaluated.

Portfolio Updates Since May 2020 Meeting

Company	Ticker	Update
Dell Technologies	**Dell**	We would like to propose holding our stake in Dell Technologies (DELL) at $41.75, up 59.0% since inception in April 2020. The position has certainly performed exceptionally well in recent months, with the market realizing much of the steep discount that was historically placed on "core" Dell. This correction primarily came after Michael Dell's public proposal on July 21st to spin-off the company's stake in VMWare in 2021. This development was accounted for in our initial analysis on the company back in April, with us viewing such an event as a catalyst to correct this undervaluation. While our initial thesis and catalyst have largely played out on the position, we still believe the company is worth holding in the short term. Dell has performed exceptionally well over the summer, with consumer revenues up 18% and VMWare's revenues up 10% YoY, coming well above market expectations. At this moment we intend to exit the position at some point before the end of 2020, as we have some doubts surrounding how likely or soon such a VMWare spinoff may be. However, we believe Dell as a position has further room to appreciate in the coming months as US business reopens and economic activity recovers.
First Energy	**FE**	We propose holding our stake in FirstEnergy. Our position is down 39.0% since our purchase at $47.50 per share. While COVID related market conditions impacted First Energy, we have not seen a return to pre-COVID highs. We retain our confidence in the company's transition towards a lower risk business model and the thesis we based our Fall 2019 purchase on remains intact. The current litigation risk surrounding the business is not to be understated, however. In July, Ohio House Speaker Larry Householder was indicted by a grand jury for racketeering charges involving the passage of a $1.3 billion bailout bill for two nuclear power plants. It was revealed that First Energy allegedly contributed $60 million to a nonprofit run by Householder to "facilitate the bailout bill's passage", according to the SEC. The company is currently under investigation by the SEC and shares were depressed 34.3% on solely that news. Considering the uncertain path of investigation, it does not seem prudent to make changes to this position until more visibility is available.
Grocery Outlet	**GO**	We would like to propose holding our stake in Grocery Outlet (GO) at $38.14 per share, up 4.6% since inception in May 2020. Despite being a relatively new holding, we saw several positive development stories from GO over the last few months. We are very pleased to see that increase in foot traffic since the beginning of pandemic carried through Q2, as QoQ comparable store sales were up by 16.7% - on track to beat our 2020 annual projection. In addition, the secondary market – where GO sources its products – remains healthy. The firm is doing a good job of maintaining long-lasting relationship with large brands, while partnering with small and up-and-coming brands. The management has mentioned the possibility of introducing private labels that could take up ~10% of GO's product mix. Such an option is well-suited to GO's customer base and offers the long-term opportunity to expand gross margin. Finally, GO's east coast expansion plan is set to resume in 2021, earlier than we anticipated. While we do acknowledge the risk of expanding into a new market, the management has demonstrated caution by slowly opening new stores to test the water (4-6 expected store openings in 2021). Since our thesis is mainly betting on growth in GO's core markets, any success in east coast region will contribute to further upside.
Green Brick Partners	**GRBK**	**Sell Note in the Packet**

Portfolio Updates Since May 2020 Meeting

Company	Ticker	Update
HCA	**HCA**	We are proposing a hold on HCA for several reasons. The suspension of elective surgical procedures by healthcare facilities due to COVID negatively impacted patient volume. As a result, related revenue for most of HCA's services was significantly impacted in the last two weeks of Q1 and throughout Q2 (-12% YoY). Some restrictions have been eased across the U.S. and most states have lifted moratoriums on non-emergency procedures, but some restrictions remain in place or have been reinstated due to increasing cases. Consolidated patient volumes and revenues experienced gradual improvements beginning in April and are expected to recover through the rest of the quarter. In terms of near-term trendline, April admissions were down 27%, May down 12%, and June up 1%, and outpatient volumes across most categories also improved during the quarter. HCA maintains a healthy liquidity profile — At Q2 2020 end, HCA had $4.6B in cash and cash equivalents. HCA has also taken precautionary steps to enhance its operational and financial flexibility including cost reduction initiatives, suspending share buybacks and quarterly dividend payments, and executed a new $2B 364-day loan facility (undrawn as of June 30, 2020) – all of which ensure a strong liquidity position. HCA also received approximately $4.4B of accelerated Medicare payments and approximately $1.4B general and targeted Provider Relief Fund distributions, both as provided for under the CARES Act.
Recro Pharma	**REPH**	The prior few months have been quite difficult for Recro. At the onset of the COVID pandemic, the company was ramping up to use more of their capacity at their Gainesville plant. That plan was thwarted as the pandemic brought a slowdown in drug development and commercialization. In addition, Mylan restarted their production of Verapamil, thereby taking away market share from Recro. With the volume-based and profit-sharing based nature of Recro's revenue, the company suffered. The headwinds continued throughout the summer as prescription volume fell for both Verapramil and Ritialin. The COVID pandemic has caused a decrease for both prescriptions and therapeutics in all these areas. The market has certainly reflected this trouble as the stock is down 80% this year. However, we believe the company's current valuation does provide an asymmetric risk-reward as a broader return in pharmaceutical activity can relieve some of the company's woes. We also see a large amount of NOL's the company has as attractive.
Stanley Black and Decker	**SWK**	**Sell Note in the Packet**
Transdigm Group	**TDG**	We would like to propose to hold our current position in TransDigm Group at $488.23 per share, representing an upside of 35.3% return since the position's initiation at $360.36 per share in May 2020. Our initial thesis was predicated on an overextrapolation of recent trends due to COVID-19 and that TDG's competitive advantages of pricing power within its aftermarket business will be consistent in the long term. While passenger volumes have not meaningfully recovered since the beginning of COVID-19, we note that in the short term, TDG is levered to airplane traffic as opposed to passenger traffic. Nonetheless, we recognize that with an increase in technology adoption in the corporate environment regarding online collaboration, there could potentially be a long-term decrease in passenger volumes which would have a substantial impact on both TDG's OEM and aftermarket business. Therefore, we will continue to cautiously monitor the situation and continue to assess the validity of our original thesis.

Portfolio Updates Since May 2020 Meeting

Company	Ticker	Update
United Rentals	**URI**	We would like to propose holding our stake in United Rentals (URI) at $118.07, up 49.2% since inception in March 2019. While the position has certainly performed well within its industry, we still believe the company trades at an unfair discount to other construction equipment companies, such at CAT. United Rentals currently trades at 8.44x and 11.16x EV/EBITDA and P/E respectively. This is overall at a discount to Caterpillar, which trades at 11.75x and 17.25x EV/EBITDA and P/E respectively. This is despite the fact that the equipment rental business model is more attractive in the US' current construction economic environment, where economic activity has slowed and construction project volume is down, making it harder to justify a purchase of new construction equipment rather simply rent. Additionally, URI's management has continued their promise to focus on decreasing leverage rather than revert to their historic acquisition heavy strategy. Overall, while the market has certainly realized a portion of its previous discount, we still believe URI is a position worth holding. We believe that it should be considered as one of the portfolio's core holdings, especially within the industrial holdings.
Western Digital Corp	**WDC**	**Sell Note in the Packet**
XPO Logistics	**XPO**	We would like to propose a hold on XPO Logistics. Our position is up 11% since inception, currently at $83 per share. In Q1 of 2020, XPO faced significant headwinds due to COVID-related market conditions. But since, XPO has largely rebounded in 2Q20, beating company expectations and raising guidance for the rest of the year. Sales were down 17% YoY and 9% QoQ in 2Q20, with European business and NA LTL being the most impacted segments with ~20% YoY sales decline during Q2. We calculated a 90.2% operating ratio for 2Q20 for the freight segment compared to 80.4% for 2Q19 due to COVID-related revenue and cost headwinds. This corresponds to our thesis that XPO's superior operating ratio relative to the rest of the industry arising from its technology investments and labor profile will serve as a cushion in Macro fluctuations. We believe that the operating ratio increase will be a temporary hiccup and expect a decrease down to ~80% beginning the next quarter. We forecast a strong Q3 performance from XPO fueled by industry recovery and cost saving actions taken by the business. In early August, reports emerged scrutinizing Postmaster General Louis DeJoy, stakeholder in XPO, over his involvement with business. These reports cite a payment of $14 million in contract payments from USPS to XPO over the past 10 weeks. While we are closely monitoring the development, we do not believe that it influences XPO's business fundamentals — stock performance has been largely unaffected by the announcement. We maintain that the business remains highly attractive and has great growth potential in the longer term.
ZTO Express	**ZTO**	We would like to propose holding ZTO at $19.3, representing 49.5% upside since inception in March 2019. ZTO currently trades at 22x forward EBITDA compared to 14x in March 2019, a reflection of improved business outlook and ~20% topline growth over CY20-22. The pullback in stock price over the summer was partially due to lower 2020 full-year earnings guidance, as ZTO prioritizes market share gain and subsidizes network partners to ensure a healthier network. Despite the pullback, ZTO has been outperforming peers in a competitive and consolidating industry, meaningfully expanding its volume market share from 19.3% in 1Q20 to 21.5% in 2Q20. Our long-term outlook on ZTO remains unchanged as ZTO stands to benefit from the continued growth in ecommerce and continues to grow market share based on its superior network business model — we believe such dynamics will lead to resilient superior return on capital and position ZTO as a long-term compounder.

IV. Sell Notes

Sell Note: Bilibili Inc. (NSDQ: BILI)

Dear Board of Advisors,

We would like to sell our existing position in Bilibili Inc. We bought the firm at xx with a target price of $36, and now the stock has risen to around $45 per share. We bought this company with the confidence that it would become a major player in the Chinese entertainment market with its unique PUGV platform; this thesis has largely actualized. In addition, the pandemic has provided a perfect environment for this company to grow, and investor sentiment has been quite optimistic since March. We believe a Market Cap of over $150 billion is a good exit point to realize the return.

In our first major thesis point, we believed that Bilibili with unique platform culture and network effect is able to drive rapid MAU growth and unparalleled user retention. In Q1 MAU rose yoy 70% to 172.4 million, and in Q2 MAU remained 172 million, which not surprising as Chinese people returned back to normal life. In addition, MPU reached 13.4 million, a 134% increase yoy. User retention stayed at 80+% and average time per daily user remained at 79 minutes. Overall, Bilibili has delivered very strong quarters with better-than-expected user metrics, driving up its stock price.

In our second major thesis point, we believed that Bilibili has numerous method to monetize its platform and increase per user value, such as through membership and advertisement. In the past two quarters, revenue increased yoy by 69% and 70% respectively, again beating the street estimates. This growth is driven by new game releases, an increasingly presence in the live streaming market, and successful monetization campaigns. Bilibili has made several major steps including but not limited to video launches during national holidays to market its brand to a wider population. These attempts have worked well based on direct feedback and a broader brand recognition the company now has.

In our third thesis point, we believed that company would become profitable in three years by leveraging server/bandwidth and marketing costs. This turns out to be a too aggressive expectation. In both quarters, selling and marketing expenses rose 181%, more than double the rate at which revenue grows, leading to a flat-to-slightly-down operating margin. But given the user and revenue growth, such rise in expense is justified as it lifts up the growth trajectory of the firm.

Despite strong fundamentals, there are several developments that require caution: 1) BILI is certainly more ambitious than a mere PUGV platform, as it announced plans to make a major step into the movie/TV series market through strategic investments, confronting more directly with Tencent, Alibaba, and Baidu. 2) The merger between Douyu and Huya, two largest streaming platform in China, under their largest shareholder Tencent creates a stronger competitor for BILI, as the latter expands aggressively into live streaming.

Overall, as BILI experiences fast growth and expansion, a more direct competition with major tech/media players becomes inevitable. While BILI has proved itself to be a strong contender in the space, which our thesis predicts, it is more uncertain whether it would be the next star in the room after BATT, or remain a player in the second tier. With a Market Cap of approx. $150 billion and a EV/MAU of 84x, it is best to exit this company and realize our return.

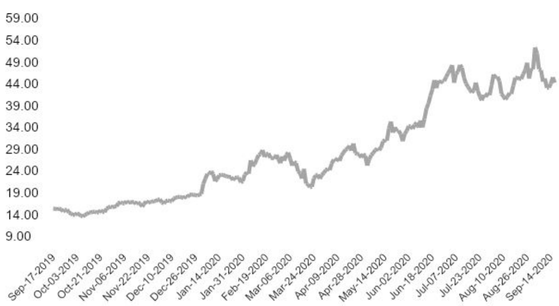
Best,

David Zhou

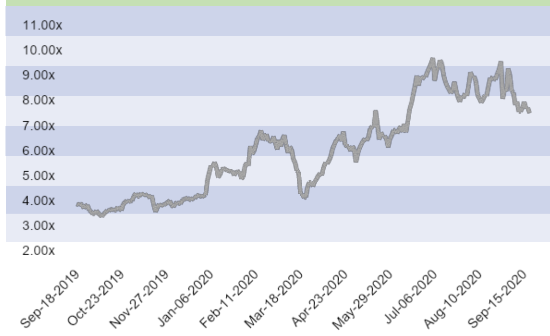
Stock Overview (LTM Figures)

	At Purchase:	Current:
Share Price:	$31.03	$43.58
Market Cap (mm)	10,718.6	15,339.3
EV/Sales fw	6.86x	8.70x
EV/MAU	77.85x	84.37x
MAU (mm)	130.3	171.6
MPU (mm)	8.8	12.9
Sales Growth	74%	70%

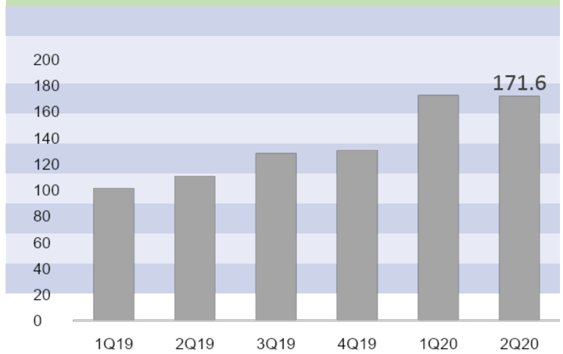
1-Year Stock Performance



NTM EV/Sales 1-Year



MAU Growth Trend Q2Q (mm)



Sell Note: Green Brick Partners, Inc. (NASDAQ: GRBK)

Dear Board of Advisors,

We would like to sell our position on **Green Brick Partners, Inc. (NASDAQ: GRBK)**, representing a **58.6% upside**. Our initial Investment Thesis was as follows:

Thesis Point 1: History of revenue growth and promising recent initiatives: Over the past few years, the company has grown revenue and new home orders in between 36%, 27%, and is on track for over 30% for 2020. The company's unlevered IRR of 21% for lot development demonstrates GRBK's excellence at both identifying land properties and developing real estate projects. Further successful expansions into Colorado Spring, CO and Indian County, FL have reinforced this belief. More recently, the launch of Trophy Signature homes has driven an incredible rate of growth and is on track to deliver 16 new communities by the end of the year.

Thesis Point 2: Strong key markets coupled with a great manager: Over the past 3 years, GRBK has strategically chosen to focus on the Dallas and Atlanta markets, which have consistently had the best housing markets as evident through median home prices rising by more than 10% annually, and annual job increases of 3.2% and 2.8% YOY(national average of 2%). The key to Greenbrick's past and continued success has been its co founder, David Einhorn, who in 2014, acquired BioFuel's $100 million NOL and secured that Greenbrick will pay virtually no taxes for its first 6-8 years. He continues to be actively involved in decision making.

Thesis Point 3: Underlevered relative to peers: GRBK's management has adopted a prudent strategy of remaining underlevered relative to peers. Management's view is that the housing market is inherently cyclical, and it wants to maintain a healthy balance sheet to ensure the company can successfully navigate any potential downturn. As a result, the company's net debt/total capital is a mere 17%, significantly below its peer average of 35%.

We would like to sell for the following reasons:

- **Significant sponsor overhang risk:** Though Einhorn's 47% stake in GRBK was originally a compelling reason to invest, drastic decreases in AUM via investor redemptions represent too great a risk to continue holding the business. Over the last 3 years, AUM at Greenlight has decreased 83% from 12 billion to 1.6 billion. Forced liquidation of shares has become a very real threat, and our previous experience with Third Point and their secondary offering in 2018 (1/5 the size of Greenlight's stake) has also left a sour taste in our mouth.

Though we still believe the company functions on attractive fundamentals, Greenlight's potential liquidation posits too great a risk to ignore. Furthermore, the recent run-up in share price over the past week provides an attractive opportunity to exit our position. We remain open to re-entering it should a liquidation create a strong discount once again.

Best,

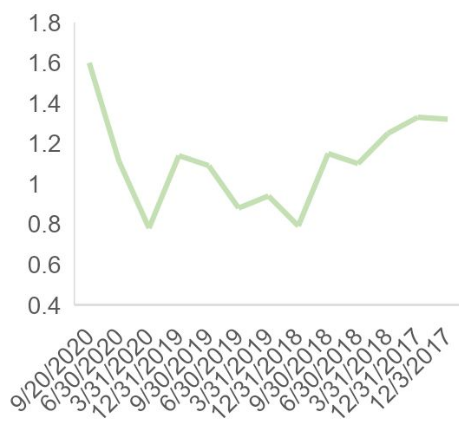
Ian Chen

Stock Overview (LTM Figures)

	At Purchase:	Current:
Share Price:	$11.39	$18.07
Revenue:	458mm	885mm
EBITDA:	60mm	94mm
Net Debt:	75.7mm	210mm
P/E:	37.7x	15.6x
P/B:	1.34x	1.62x

Performance Since Purchase on 12/03/17

P/B Value since Purchase on 12/03/17



Sell Note: Stanley Black & Decker (NYSE: SWK)

Dear Board of Advisors,

We would like to propose selling our stake in Stanley Black & Decker at around $160 a share, representing 23% upside. After doubling down on our position last April, we believe we have reached our upside case and would like to exit the position.

SWK has proved to be resilient over the past months with COVID and has pushed cost-saving initiatives during this period. However, short-term positive trends will soon be overlooked by long term negative macro trends. Our rationale to exit the position includes:

Thesis Point 1: SWK is known for their strong capital allocation, however in recent quarters there is less room for growth: Management has consistently implemented strong capital allocation and good initiatives in order to weather the turbulence caused by COVID-19. However, in stabilizing the company management has halted many of their growth opportunities such as continued M&A.

Thesis Point 2: Short Term Growth from DIY projects will be overshadowed by Longer Recovery of Macro Trends: In Q2 2020, management has continued to say much of their growth has been driven by the increase in DIY/Home Improvement projects however, with people going back to work this growth will decrease. In addition, management believes that the recovery of the Construction sector as a whole will be significantly slower than originally anticipated.

Thesis Point 3: The original catalyst of growth from Craftsmen has already materialized: The catalyst in the original pitch has been realized with the smooth integration of Craftsmen. We believe that there is minimal continued upside from this acquisition and thus hope to sell out of this position.

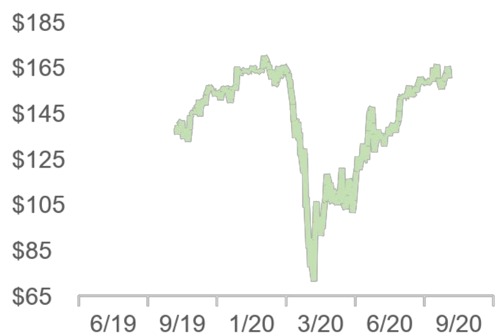
After realizing 23% upside on SWK, we believed any addition upside will be delayed by years due to COVID-19. Additionally, the catalyst of the original pitch has been materialized.

Best,

Simran

Stock Overview		
	At Purchase:	**Current:**
Share Price:	$131.08	$160.33
52 Week Low:	$133.25	$70.00
52 Week High:	$176.62	$173.67
Net Debt	$3837M	$5,136M
EBIT Margin	14.0%	10.9%
EV/EBITDA	11.8x	13.9x

SWK Performance Since 09/2019



Sell Note: Western Digital Corp. (NASDAQ: WDC)

Dear Board of Advisors,

We would like to sell our position in **Western Digital Corporation (NASDAQ: WDC)**, representing a **34.1% downside**. To best understand our changing position on WDC we would like to expand on our thought process during and after the last oversight meeting.

Recalling our last update on WDC, we had seen convincing pointers that corroborated our thesis and put further confidence in our price target of $75/share. Firstly, on January 30th, 2020 WDC reported Q2 results that beat on earnings and met on revenue. Furthermore, WDC management expected "NAND gross margins to progress toward its long-term target of 35-40% in H2 as the company benefits from supply/demand improvements and faster than expected enterprise SSD share gains.

Most importantly, our confidence to hold WDC was bolstered further by the upcoming hardware cycle in critical end user markets. Directly, October of 2020 is expected to bring in a new generation of mobile phones, while the next generation of consoles is going to be introduced mid November. Indirectly, new generations of GPUs have already hit the market, as was accounted for in our thesis as well as the market. In fact, WDC had outperformed its peers (Micron (MU), SK Hynix, and the general semiconductor industry (SOX)) up until the beginning of the COVID induced crisis as is depicted on the chart to the right.

However, post COVID-19, with manufacturing activity slowing down, the demand for external and internal memory products from sectors such as mobile phones, consumer electronics, laptops and computers, has decreased significantly. Unsurprisingly, WDC's stock has taken a significant hit, falling just short of 60%, in line with its peers and the broader industry.

What is surprising, however, is the WDC's drastic underperformance ever since. In fact, while the semiconductor industry recovered beyond pre COVID-19 levels, WDC remains at its lowest levels, increasing the spread between the two to a staggering 57%. Given the importance of the new hardware cycle to our thesis, WDC's inability to capitalize on the rebounding demand is highly alarming. Additionally, management has given no confidence in their supply chain having any chance on recovering fully to account for increased demand. Management has only noted that "there's been a lot of supply chain disruption this year, both in terms of our own production, our customers trying to make sure they get supply. Now our customers are working off inventory levels. So I just think between the pandemic and the recession and concerns on supply, it's been a very challenging year." This seems surprising given the rebound experienced by their competitors and the quite palpable upcycle in end markets. As WDC did not capitalize on the most critical part of our thesis, their recovery, although certain, could take years.

As such, our decision to exit our position is mainly driven by capital allocation and opportunity cost. Although WDC is bound to recover, they have missed out on the most recent cycle and given the fact that the stock would have to rise more than 100% to achieve breakeven, we believe there are better opportunities to allocate capital in the next couple of years that would have to pass in order for WDC to post any returns.

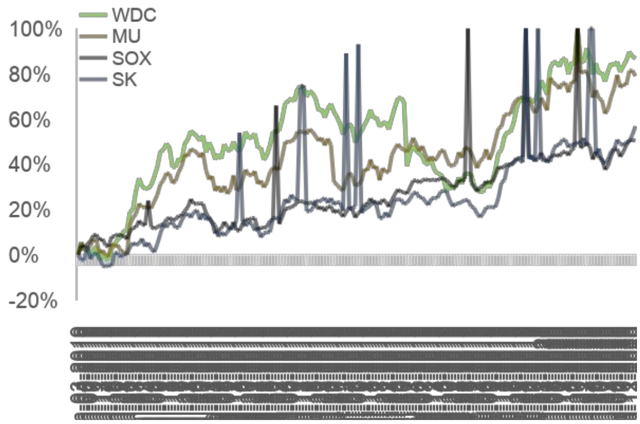
Best regards,

Achyut Seth and Mateo Panjol-Tuflija

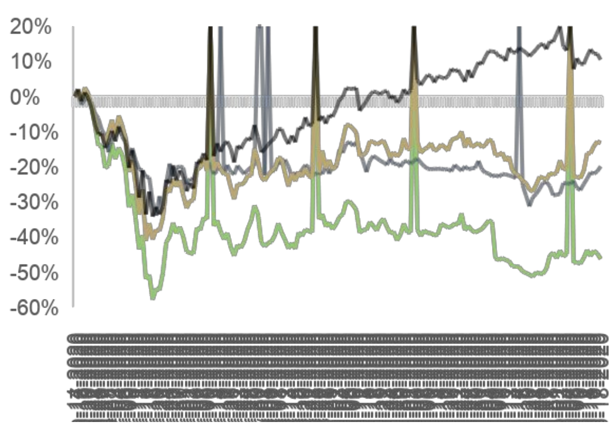
Stock Overview (LTM Figures)

	At Purchase:	Current:
Share Price:	$56.45	$37.21
Gross Margin[1]	37.3%	%22.6
EBITDA Margin[1]	28.5%	11.6%
EV/EBITDA	3.92x	17.05x
EV/UFCF	7.12x	19.71x

Performance Pre COVID-19



Performance Post COVID-19



[1]Margins based on latest annual report

V. New Position Proposal