STERN IAG

Board of Advisors Meeting

December 12th, 2023

Table of Contents

I. Letter 2

II. Performance Analysis 3

III. Key Holdings Update 7

IV. Sell Note 15

IV. New Position Proposals 19

Letter from Portfolio Managers

Dear Board of Advisors,

Thank you for coming to our final oversight meeting of the year. As the year comes to close, we have been looking for ways to end the year strong and best position the portfolio going into the break. We would also like to thank Professor Brad Hintz for his generous donation of $10,000 to the IAG portfolio. We are incredibly grateful for his support of the club and will do our best to put the money to good use.

With the end of the year comes a change to the leadership positions inside the club. For the coming semester, Raunakk Jalan and Carol Sun will be serving as our co-presidents, while Pravar Jain has been elected to the position of Vice President. We would like to congratulate them on their new positions and while also thanking Christina Monev for her hard work in the role of Vice President over the last year.

The market environment over the last month has been very strong, with the Federal Reserve holding rates steady, oil prices dropping significantly, and a decrease in volatility from the negotiation of a ceasefire between Israel and Palestine. As such, both the S&P 500 and the Russell 2000 have performed well, returning 4.6% and 10.3% respectively over the last month.

In-line with the strong month for the broader market, the IAG portfolio has also performed well in the month of November returning ~10%. This puts our returns since November 30th, 2022 at ~20% compared to 13% for the S&P 500 and 0% for the Russell 2000. Some of our strongest performers this month include EWBC, RELL, ACIC, as well as EMBC.

During this meeting, we will be proposing the sale of one position, Thunderbird Entertainment Group (OTCMKTS: THBRF). We will also be bringing in two ideas, one new and one old, as additions to our portfolio:

1. American Coastal Insurance Corporation (NASDAQ: ACIC): We are looking to double down on ACIC following its strong earnings report and further research on our end regarding potential downside risk.

2. Valvoline Inc (NYSE: VVV): A high quality auto maintenance operator well-positioned as a secular share gainer through sustainable same-store sales growth and synergistic penetration of store whitespace.

Going forwards, we will assemble an annual report summarizing our performance and investments over the course of 2023 for presentation to the board. With Professor Hintz's new donation, we will have the capacity to add additional ideas that we find to be compelling. As always, we are happy to answer whatever questions you may have and are very appreciative of the Board's continued support and guidance. Thank you everyone for the great semester and we look forward to continuing our progress next semester!

Best,

Winston and Nithin

II. Performance Analysis

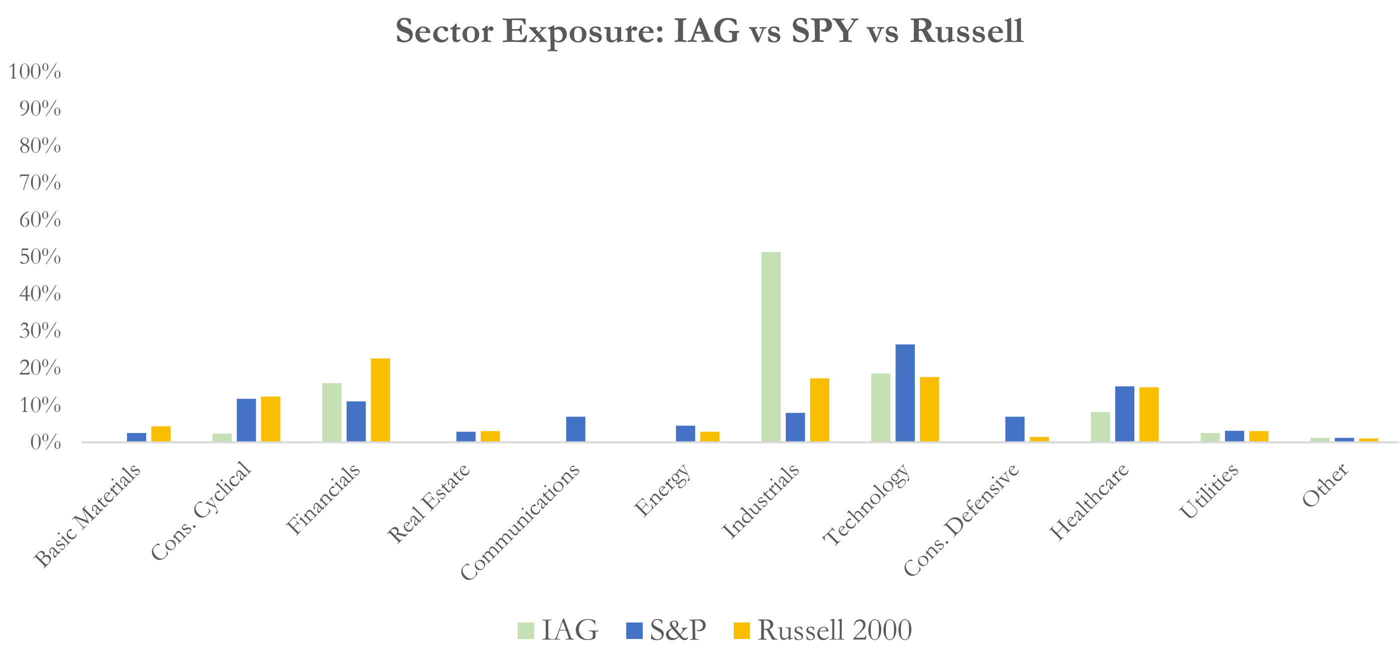
Holdings Summary *(as of December 10th, 2023)*

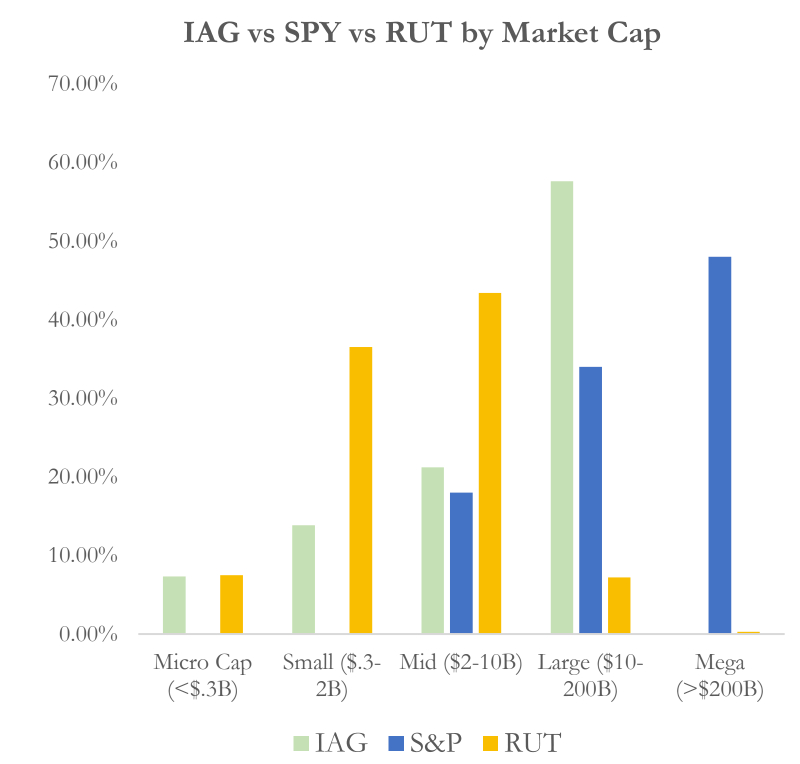
Current Holdings											
Company Name	**Ticker**	**Coverage**	**Date of Purchase**	**% of Portfolio**	**Share Count**	**Price At Purchase**	**Share Price**	**Current Return**	**Beta**	**Industry**	**Holding Type**
American Coastal Insurance Co.	NASDAQ: ACIC	Aryann G.	11/10/2023	**3.30%**	460	7.4	8.69	**17.43%**	**0.8**	Financials	**Core**
APi Group Corp	NYSE: APG	Rahul P.	9/24/2020	**4.06%**	160	14.29	30.8	**115.54%**	**1.5**	Industrials	**Core**
Berry Global Group Inc	NYSE: BERY	Chirstina M.	12/2/2020	**2.70%**	50	54.6	65.42	**19.82%**	**1.17**	Industrials	**Core**
Builders FirstSource Inc	NYSE: BLDR	Rahul P.	10/5/2021	**9.74%**	80	52.2	147.7	**182.95%**	**2.41**	Industrials	**Core**
Camtek LTD	NASDAQ: CAMT	Nithin M.	10/7/2022	**4.72%**	90	22.07	63.61	**188.22%**	**1.03**	Technology	**Core**
Conrete Pumping Holdings	NASDAQ: BBCP	Alex I.	3/26/2021	**1.97%**	300	7.07	7.98	**12.87%**	**1.17**	Industrials	**Core**
Credit Acceptance Corp.	NASDAQ:CACC	Alex I.	5/15/2023	**3.42%**	9	429.19	461.07	**7.43%**	**1.33**	Financials	**Core**
East West Bancorp	NASDAQ: EWBC	Nihir A.	10/30/2023	**4.24%**	75	53.61	68.62	**28.00%**	**1.41**	Financials	**Core**
Embecta Corp	NASDAQ: EMBC	Rhys B.	10/7/2022	**2.21%**	150	28.05	17.9	**-36.19%**	**1.53**	Healthcare	**Core**
Exelon Corp	NASDAQ: EXC	Rhys B.	4/30/2021	**2.26%**	70	31.74	39.21	**23.53%**	**0.57**	Utilities	**Oppt.**
Flex Ltd	NASDAQ: FLEX	Rhys B.	10/5/2021	**7.09%**	335	18.58	25.67	**38.16%**	**1.35**	Industrials	**Core**
HCA Healthcare Inc	NYSE: HCA	Karen P.	9/26/2019	**4.03%**	19	119.99	257.53	**114.63%**	**1.6**	Healthcare	**Core**
JD.com Inc ADR	NASDAQ: JD	Nithin M.	4/30/2021	**0.87%**	40	77.55	26.45	**-65.89%**	**1.16**	Cons. Cyclical	**Core**
Joyce Corporation LTD	ASX: JYC	Nithin M.	12/20/2022	**1.17%**	730	2.34	1.94	**-17.09%**	**1.2**	Cons. Cyclical	**Core**
LNA Sante	EPA: LNA	Sean C.	4/24/2023	**1.14%**	70	35.1	19.82	**-43.53%**	**0.77**	Healthcare	**Core**
Palo Alto Networks Inc	NASDAQ: PANW	Alex I.	9/24/2020	**7.38%**	30	80.17	298.42	**272.23%**	**1.16**	Technology	**Core**
Richardson Electronics	NASDAQ: RELL	Sherry H.	10/30/2023	**2.47%**	223	10.95	13.41	**22.47%**	**0.76**	Industrials	**Oppt.**
Rimini Street	NASDAQ: RMNI	Winston Y.	11/11/2022	**1.34%**	515	4.29	3.15	**-26.57%**	**1.2**	Technology	**Oppt.**
Sea Ltd ADR	NYSE: SE	Niranjan N.	2/18/2022	**0.79%**	24	133	40	**-69.92%**	**1.7**	Technology	**Oppt.**
Showa Paxxs	TSE: 3954	Aryann G.	11/1/2023	**1.94%**	200	11.86	11.78	**-0.67%**	**1.1**	Industrials	**Oppt.**
Thryv Holdings Inc	NASDAQ: THRY	Winston Y.	12/9/2022	**2.53%**	160	17.5	19.18	**9.60%**	**1.04**	Technology	**Oppt.**
Thunderbird Entertainment Group	OTCMKTS:THBRF	Carol S.	5/15/2023	**1.04%**	760	2.7	1.66	**-38.52%**	**1.83**	Media	**Core**
TransDigm Group Inc	NYSE: TDG	Raunakk J.	4/9/2020	**8.92%**	11	546.37	983.92	**80.08%**	**1.4**	Industrials	**Core**
United Rentals Inc	NYSE: URI	Carol S.	3/14/2019	**5.71%**	14	114.85	495	**331.00%**	**2**	Industrials	**Core**
Willis Towers Watson	NASDAQ: WTW	Mikhail T.	11/9/2021	**3.40%**	17	231.7	242.66	**4.73%**	**0.7**	Financials	**Core**
ZTO Express	NYSE: ZTO	Niranjan N.	3/14/2019	**1.76%**	100	19.43	21.31	**9.68%**	**0.6**	Industrials	**Core**
Total Equity Holdings				**90.23%**	**$109,432**				**1.24**		
Cash				**9.77%**	**$11,852**						
Total Portfolio Holdings				**100.00%**	**$121,284**						

Returns Since 11/30/22	
IAG	19.90%
SPY	12.77%
RUT	-0.32%

From November 30th 2022 to December 10th 2023, the IAG portfolio has returned ~20% against the SP500's ~13% and the Russell 2000's ~0%.

Portfolio Exposure vs. Benchmark





While historically we have felt that the SP500 provides an ample proxy to the market, because IAG is overexposed to smaller companies relative to the SP500 we have also added the Russell 2000 index as a benchmark for our returns.

IAG is still overexposed to micro and small cap stocks and underexposed to mega cap stocks compared to the SP500. IAG still believes that the best investment opportunities exist within the small cap space due to a variety of well researched factors.

Pitch Log Since November Meeting

Internal Pitches Since October Meeting				
	Company	**Stage**	**Date**	**Analysts**
1	RenaissanceRe	Initial Screen	11/10/2023	Aryann Gupta
2	Valvoline Inc.	Initial Screen	11/10/2023	Sean, Nihir
3	American Coastal Insurance Corp.	Q3 Update	11/16/2023	Aryann, Nithin
4	Vecima Networks	Initial Screen	11/16/2023	Claire Luo
5	DRA Global	Initial Screen	11/16/2023	Aryann Gupta
6	Vecima Networks	First Update	11/29/2023	Claire Luo
7	Live Nation Entertainment Inc.	Second Update	11/29/2023	Carol, Karen
8	Goeasy Ltd.	Initial Screen	11/29/2023	Christian Rosario
9	Algonquin Power and Utilities	Initial Screen	11/29/2023	Sherry, Pravar
10	TipTree Inc.	Initial Screen	11/29/2023	Aryann Gupta
11	TipTree Inc.	First Update	12/6/2023	Aryann Gupta
12	CRH	Initial Screen	12/6/2023	Nabil Kassam
13	Valvoline Inc.	First Update	12/6/2023	Sean, Nihir
14	Winpak Ltd.	Initial Screen	12/6/2023	Nabil Kassam
15	Burford	Initial Screen	12/6/2023	Aryann, Mikhail

Active Pipeline				
	Company	**Stage**	**Date**	**Analysts**
1	Sotera Health	Initial Screen	11/29/2023	Nihir Addla
2	Algonquin Power and Utilities	Initial Screen	11/29/2023	Sherry, Pravar
3	Goeasy Ltd.	Initial Screen	11/29/2023	Christian Rosario

Oversight Meeting				
	Company	**Stage**	**Date**	**Analysts**
1	Thunderbird	Sell Note	12/12/2023	Carol, Karen
2	American Coastal Insurance Corp.	Double Down	12/12/2023	Aryann, Nithin
3	Valvoline Inc.	First Update	12/12/2023	Sean, Nihir

III. Key Holdings Update

Portfolio Updates Since November 2023 Meeting

Company	Ticker	Update
American Coastal Insurance Corp **Share Price: $8.69** **PT: $26.50**	**ACIC**	Double-down note in packet.
APi Group Corp **Share Price: $30.80** **PT: $31.20**	**APG**	We propose to hold the position in APi Group. Since our purchase in 2019, the stock has returned ~115%, up 14.6% since our last update. In Q3, APi reported a rise in operating margins from 6.2% in the second quarter of 2023 to 6.7%, mainly due to operational improvements from their ongoing integration of Chubb. The company also saw an increase in adjusted EBITDA margins to 12.6%, a 190-basis point improvement from the previous quarter, nearing their target of 13% by 2025. Despite a modest quarterly sales growth of 0.7% in Q3, the company lowered its revenue forecast slightly to $6,925 million from $7,045 million. This adjustment aligns with the initial estimates provided in Q1, as the focus shifts more towards expanding margins. The management's strategy of reducing leverage continues, with Net Debt/EBITDA declining to 2.7x, consistent with their end-of-year target of 2.5x. This progress supports our revised viewpoint on resuming mergers and acquisitions, which is not only underway but also accelerating, as the company actively pursues opportunities in the life safety sector with 3 additional bolt-on acquisitions in Q3. In the long term, we expect management to focus heavily on margin expansion through the integration of Chubb, in addition to allocating more capital for M&A with their delivering initiative rapidly progressing. Moving forward, we will continue to monitor future margins as the synergies from Chubb's acquisition play out, in addition to their ability to finance further M&A at attractive valuations.
Berry Global Group Inc **Share Price: $65.42** **PT: $72.94**	**BERY**	We propose a hold on our position in Berry Global, with the stock up around 14% since our last oversight meeting. The company reported its Q4 and FY23 earnings, which were stronger than expected. While Berry did see a decline in revenue and operating income compared to last year, earnings were overall much more positive than the last quarter would have indicated. Berry saw a decline in volume due to softer demand but was able to recuperate some of that loss through investment-related market share gains. The company also continued to implement additional cost-cutting measures, with a 130bps expansion in operating margins between Q3 and Q4. Berry beat FY23 free cash flow guidance by $100 million. While we have seen some recent insider selling, Blackrock has notably purchased nearly 5 million shares in the last quarter, and Berry did announce a 10% increase in its dividend. Overall, we are seeing continued strength in the company and will continue to monitor strength in the company's core end markets, especially as we look towards the 2024 fiscal year. Our price target remains at around $73.
Builders FirstSource Inc **Share Price: $147** **PT: $150**	**BLDR**	We propose a hold on BLDR, with a price target of $165. Since the last meeting, the stock has moved up a further 17.6%. While the company has not disclosed anything material since the last oversight meeting, the updated guidance they provided last Q captures BLDR's resilience to commodity deflation and the weaker housing market. Moreover, in spite of macro bearishness surrounding new housing starts and R&R demand we still believe BLDR can grow revenue and single-family market share.

Portfolio Updates Since November 2023 Meeting

Company	Ticker	Update
Camtek Ltd. **Share Price: $63.61** **PT: $64.00**	**CAMT**	We suggest a low conviction hold in Camtek with a price target of approximately $64. Since purchasing the company last year, Camtek has been one of the best performing stocks in the IAG portfolio of all time (>180% return). While many of the returns generated are likely because of the general increase in semis because of an AI boosted recovery, Camtek has been by far the best performer out of its closest industry peers outperforming KLA by ~130%, AMAT by ~125%, ONTO by ~85%, and NVMI by ~125%. This industry outperformance is a result of the Camtek being misunderstood by the market when we purchased it late last year. Specifically, we believed that the niche that Camtek operated in (mid-end of the semiconductor metrology space) had much lower levels of innovation disruption while maintaining similar growth levels as peers. In addition, Camtek was being unfairly punished for selling primarily to China as an uncertain US-China semiconductor regulatory market existed. However, thorough analysis of this regulatory analysis convinced us that not only would Camtek not be impacted by regulation but it could potentially benefit as new white space would be created in China once US regulations were put into place. Additionally, we liked that Camtek had an extremely diversified customer base across hundreds of Chinese fabs, a strategy that would allow it to grow more significantly and steadily as China invested into semiconductor capital equipment. Simply put, Camtek was trading at half their peers (14x LTM P/E) but was equally if not better poised to grow over the next decade. Our theses have played out perfectly and Camtek has not skipped a beat, continuing to show excellent operational performance. By owning Camtek in our portfolio, we are inherently saying that if we were to start a portfolio from scratch, we would be willing to purchase Camtek. However, at current valuations, it is becoming increasingly harder to say that that is true. We like to own companies where we can underwrite conservative estimates and be able to reach a 15% IRR. For this to be possible with Camtek, we would need to underwrite close to 20% growth over the next decade, something that is difficult to underwrite because of a lack of understanding in Camtek's technology and future. We will spend the remainder of winter break evaluating the business to determine if it is worth holding.
Concrete Pumping Holdings Inc **Share Price: $7.98** **PT: $10.85**	**BBCP**	We propose to continue holding our position in BBCP. Our position is up 12.9% since our purchase at $7.08. Concrete Pumping Holdings has not reported any new financial updates since the last update. With one quarter left in 2023, the company has narrowed its guidance and expects fiscal year revenue of approximately $440 million, adjusted EBITDA of approximately $125 million, and free cash flow of approximately $70 million. Additionally, the company expects its net debt leverage ratio to be approximately 3 times by the fiscal year-end. In recent news, the company announced the expiration of its public warrants on December 6, 2023. As a result of the expiration, the warrants will no longer be recognized as a liability on the company's consolidated balance sheet, and there are no other warrants outstanding. This development is expected to be positive for the stock as it reduces liabilities for the company and reduces downward price pressure from execution. In conclusion, with strong growth across all segments, market share gains, and a proactive M&A strategy, BBCP looks well-positioned to continue delivering value to shareholders. The company's robust growth, cleaner, simpler capital structure, and balance sheet following the expiration of the warrants further strengthen its position.
Credit Acceptance Corporation **Share Price: $461** **PT: $650**	**CACC**	We propose a hold on Credit Acceptance Corporation with a price target of $650. Since our last update, CACC has secured $600mm of senior notes at a 9.25% interest with a 2028 maturity. The proceeds will be used to pay off existing 2024 maturing notes and for loan financing purposes. This financing signals that CACC has access to capital, but with current federal rates, these notes come at an expensive cost of capital with high interest over the next 5 years. We still have belief in the underlying business, especially after their Q3 2023 earnings discussed in the last update. Loan origination volume has risen by 10.5%, signaling the continued demand in the space and the need to secure more capital. Another positive note has been the signaling of reduced inflation going forward, as the November CPI report witnessed a flat CPI from October to November, which marks the first time in over a year that the index has not increased. While earnings from last quarter were certainly disappointing when compared to 2022, we are seeing some positive data points with reducing inflation and used car prices. The cost of financing and the harsh market environment were factors that were priced into the stock when we purchased, but we still have the conviction that the underlying fundamental improvements will shine in the next year or two, with a more positive outlook on Q4 earnings.

Portfolio Updates Since November 2023 Meeting

Company	Ticker	Update
East West Bancorp **Share Price: $68.62** **PT: $109.12**	**EWBC**	We propose a hold on East West Bancorp with a price target of $109.12. Since the position was bought, it has risen by 27.9%, in the same timeframe the KRe has risen 17.4% on the back of favorable macro data which has propelled the broader market up as well. Since the last oversight meeting, no material disclosures have come out and we believe the uptick is due more so to market realizing that East West was both well-capitalized going forward and that the creditworthiness of their book was well above average. While the stock has now re-rated and trades at 8.4x NTM EPS we are happy holding it at this price as we believe there is still a way to go to reach fair value and we have confidence that the management team can allocate capital in a manner that achieves high rates of return.
Embecta Corp. **Share Price: $17.90** **PT: $30.00**	**EMBC**	We propose a hold on Embecta with a PT of $30. Since the last update, Embecta is up around 25%, which is in line with other competitors within the diabetes space (Insulet, Dexcom) after being overly punished by positive GLP-1 news (i.e. Ozempic). In this time, Embecta reported its Q4 and Full Year 2023 earnings where they exceeded earnings guidance by ~50% and revenue guidance by 4%. In the call, Embecta mentioned how it has finally initiated the demerger process for their manufacturing facility in Suzhou to transfer the entity to Embecta's ownership; we should see a reduction in one-time expenses later next year. Over the past year, Embecta has grown revenues by 2% on a constant currency basis with 3% internationally and 0.5% in the US. Fortunately, GLP-1s have not cut into Embecta's revenue as insulin users switching to GLP-1 drugs was very low at 1% this year. There has been no update on the patch pump technology, but EMBC mentioned a plan to share critical milestones in early 2024 which hopefully should provide some positive news.
Exelon Corp. **Share Price: $39.21** **PT: $45.00**	**EXC**	We propose holding our position in Exelon with a PT of $45. Since the last update, Exelon has been very stable, hovering between $37 and $41. There have not been any significant developments for Exelon over the last month. Exelon continues to execute well and has successfully pushed for positive ROE increases for their utilities; Exelon is especially effective at this as pricing remains 23% below the average rate in large cities in the United States. We are also confident that Exelon is a top-of-the line pureplay utilities player due to its favorable geographic positioning and historical performance. The necessity for improved transmission and distribution lines is a longer-term growth driver, especially in the Northeast and Midwest. We believe that Exelon is a great hold in the utilities industry and a strong defensive position in our portfolio.
Flex. Ltd **Share Price: $25.67** **PT: $31.50**	**FLEX**	We propose a hold on Flex with a PT of $31.50. Since our last update Flex's stock price is flat and represents around 7.5% of the portfolio. It has been a relatively quiet month for Flex. As a note, Flex recently announced its plan to spin-off the remaining interest in NEXTracker which had been a remarkable success for Flex, resulting in a >10x MoMx in 8 years. Now that Flex has a substantial cash position of $3.3bn or almost 30% of their market cap, they will focus primarily on returning value to shareholders through buybacks and secondarily investing in expanding regulated, high margin business lines. Flex remains resilient in light of supply chain and inflation difficulties by successfully passing through costs, leading to increasing margins.
HCA Healthcare Inc **Share Price: $257** **PT: $279**	**HCA**	We propose a hold on HCA with a price target of $279. HCA remains the largest hospital operator in the US in 2023, with a presence in 21 states for a total of 182 hospitals and about 2,300 ambulatory sites, and HCA continues to build strength in its core business and hospital centric networks. Intact with our thesis, HCA dominates with utilization strength, driven by strong local market demographics. In their recent investor day, the firm highlighted they are top in market-share in Florida, Colorado, Texas, and other core states. The firm also maintains its labor talent pipeline from nursing colleges. The strong volumes from Q3 have been driven by positive trends in inpatient and outpatient volumes and the system continues to use outpatient beds to free up inpatient capacity. During Q3, most aspects of the business were positive, including solid demand for services, translating to strong revenue growth, but there were negative impacts by the Valesco physician staffing joint venture which performed below expectations. For Q3, same facility admissions increased 3.4% and same facility equivalent admissions increased 4.1%. We will continue to monitor workstreams focused on increasing capacity within hospitals as data points for industry level utilization and volume trends.

Portfolio Updates Since November 2023 Meeting

Company	Ticker	Update
JD.com **Share Price: $26.45** **PT: $79.00**	**JD**	We still propose a hold on JD.com and maintain a price target of $79 compared to the current stock price of $26.45. Last cycle we wrote an extended update providing our views on the Chinese ecommerce market and JD's future within it. To recap, we believe that ecommerce players are under extreme pressure from Pinduoduo, a company that uses a unique 3rd party logistics model, facilitating commerce directly between manufacturers and end consumers with no intermediaries. Pinduoduo has continued to take market share in the ecommerce space creating new standards for take rates and margins. However, the view that we expressed in our report last month explains that JD.com should be able to maintain market share within their core competency which is selling higher value products such as consumer appliances and electronics. In addition, JD.com currently has a substantial amount of cash, cash equivalents, and non-core equity assets that lead it to trade at a low enterprise value. We believe that focusing on their core competencies, divesting off un-related assets, and distributing capital to shareholders will lead to substantial value creation.
Joyce Corporation **Share Price: $1.90** **PT: $3.06**	**JYC**	We still recommend holding Joyce Corporation valuing it at A$4.86 representing an upside of approximately 67%. Since Joyce Corporation only releases earnings every 6 months, we do not have any major updates since October. However, to recap the pitch, Joyce currently operates three main lines of business in Australia: a kitchen renovation business (KWB), a mattress franchisor (BedShed), and a home stager (Crave). The company has a market capitalization of A$83 million. However, they have a net cash position of A$26 million giving them an enterprise value of A$59 million. Their kitchen renovation business generates Joyce shareholders EBIT of $A12.5 and has grown their revenue, same store sales, store count, EBIT, and EBIT margins for 9 years in a row. The other two businesses combined generate A$5.5 million in EBIT per year putting the LTM EV/EBIT multiple at approximately 3.5x. Joyce also pays out a significant dividend as they do not have the ability to reinvest all their cash at a high rate of return.
LNA Sante **Share Price: $19.82** **PT: $45.40**	**LNA**	We maintain a hold on LNA with a calculation of the intrinsic value per share of $45.4. While the company hasn't reported financials since the end of the second half of the year, fundamentals are heading in the right direction as occupancy rates have recovered to pre-covid levels and a combined organic topline growth rate of 6.9%. We believe shares to have fallen due to competitor Korian (now known as Clariane) following the path of Orpea and entering restructuring. As a reminder, on the operating level LNA is 1.9x levered and we do not believe the company will have credit troubles. We are actively monitoring the position and thinking of doubling down at the beginning of the spring cycle if fundamentals stay intact but the business stays at current prices or (fingers crossed) becomes even cheaper.
Palo Alto Networks Inc. **Share Price: $298.42** **PT: $330**	**PAN**	We propose a hold on Palo Alto Networks (PANW). Since our purchase at $80.17 per share, our position has grown 272.3%. Palo Alto Networks reported strong results for the fiscal first quarter of 2024. The company's GAAP net income for the quarter was $194.2 million, or $0.56 per diluted share. Non-GAAP net income for the fiscal first quarter 2024 was $466.3 million, or $1.38 per diluted share. Total revenue for the fiscal first quarter 2024 grew 20% year over year to $1.9 billion. The company's remaining performance obligation grew 26% year over year to $10.4 billion. In addition to the financial performance, Palo Alto Networks has also completed its acquisition of Dig Security. This acquisition could potentially bring new capabilities and enhance the company's cybersecurity offerings, although the exact impact remains to be seen. Looking forward, for the fiscal second quarter 2024, Palo Alto Networks expects total billings in the range of $2.335 billion to $2.385 billion, representing year-over-year growth of between 15% and 18%. Total revenue is expected to be in the range of $1.955 billion to $1.985 billion. For the full fiscal year 2024, Palo Alto Networks anticipates total billings to range from $10.7 billion to $10.8 billion and total revenue to be between $8.15 billion and $8.20 billion. Given these results and projections, we maintain our hold position on PANW. We will continue to monitor the company's performance and any potential impacts from the Dig Security acquisition.

Portfolio Updates Since November 2023 Meeting

Company	Ticker	Update
Richardson Electronics **Share Price: $13.41** **PT: $17.67**	**RELL**	We propose a hold on Richardson Electronics with a PT of $17.67. Since the last oversight meeting, Richardson's share price has risen 23%, although the company has not reported any material disclosures on its financial position or business fundamentals. The company's balance sheet remains strong with no debt outstanding, and cash and investments of $24.1 million as of September 2, 2023. To recap the company's Q1 2024 earnings, the company reported $52.6 million in sales, which was down 22% year-over-year primarily due to decreased sales to semiconductor wafer fab customers from cyclicality. Meanwhile, gross margin of 32.8% was down from 34.1% in Q1 2023 due to sales mix. In the meantime, management has stated the company's priorities include cost management, working capital management, and investments into multi-year sales opportunities in the Green Energy Solutions segment. Going into Q2, key vitals to monitor include new contracts signed and fulfilled for the Green Energy Solutions segment, recovery in sales of its semi-conductor products, as well as the profitability of its Healthcare segment.
Rimini Street **Share Price: $3.15** **PT: $4.97**	**RMNI**	We propose a hold on Rimini Street at its current target price of $4.97. Since its Q3 earnings report, there has been very little news or data points to be collected on Rimini, and the stock has traded up ~16% in the weeks since. The only development of note was Oracle's announcement that it had filed a motion to recover the legal fees that it had spent over the course of its recent court proceedings against Rimini. In response to this, Rimini and Oracle negotiated an agreement enabling Oracle settle all fee claims upon the payment of $9.7mm dollars to the company, which Rimini fulfilled. While this charge will negatively impact EPS going into Q4 2023, we believe that this has no read-through impact on the legal risk associated with the company and instead just represents Oracle's continued commitment to make life as difficult as possible for Rimini, which is already very well-understood and priced in. Other business-oriented facets of the company look to be moving along smoothly, and we believe that there is still a significant gap between street expectations and our valuation of the stock going forwards. As such, we intend to hold this position going into the new year.
Sea Ltd. **Share Price: $40** **PT: $140**	**SE**	We recommend a hold in our position in Sea Limited. Since the last oversight meeting, Sea Limited released Q3 FY23 results. In line with previous management guidance, the company drastically shifted its focus from profitability to continuing heavy re-investments in the business. As a result, EBITDA declined from $510m in Q2 to $35m in Q3 and Shopee reported a loss of $346m, down from a $150m profit in Q2. As with the previous quarter, investors reacted negatively to the shift back to growth re-investments and the share price declined ~22% immediately after. As we highlighted in our extended hold note in the October 5th packet, we feel that investors have incorrectly reacted to management resuming growth investments, and that these are necessary in order to fend off competition from TikTok and other e-commerce players while also growing the total e-commerce pie in SE Asia, which is only ~15% penetrated by e-commerce. Again, the company deliberately took the last year to show that it can become highly profitable and FCF generative when the correct levers are pulled (raising take rates, decreasing discounts, decreasing overall S&M spend) without sacrificing market share. Since the initial decline, the share price recovered to ~$40/share, down 7.5%. The company's fintech segment continued to show greater than expected growth, increasing revenues 36% YoY, 4% QoQ to $446 million. This has been driven by deeper monetization on the platform, increased lending through partnerships and more bank licenses. Additionally, revenues in the gaming segment have stabilized with marginal growth being driven by an 8% QoQ increase in ARPUs. Shopee GMV grew at 5% YoY and 11% QoQ.
Showa Paxxs **Share Price: $11.87** **PT: $24.00**	**3954.T**	Our thesis with Showa Paxxs remains unchanged. When pitched two oversight meetings ago we saw Shinsei Pulp & Trading's activism and corporate governance reform catalyzing value realization. Both these forces are still at play, and we will be looking toward next year's proxy season. Since the last meeting, the business has released earnings on the 17th of November. In that period book value per share has increased from ¥4613 to ¥4817. The main factor of the increase was net income of ¥447m Yen derived from operations. Since the last oversight meeting, we have also seen a significant strengthening in the Yen against the Dollar, with the Dollar now being able to buy only 144 Yen, as opposed to 151.5 Yen as of the last oversight meeting. While as a club we do not like to take any significant view on currencies, we are optimistic about the Yen against the Dollar given the significant capital inflows being enabled by friendly government policies such as allowing M&A costs to be booked as operating costs and feed into an operating loss. We also hope to be able to engage with management towards February of next year, as we have been working hard to coordinate a potential meeting with the help of Teddy Okuyama who runs an Investor Relations business in Japan. Overall, we are extremely optimistic and maintain our original price target of ¥3475 or ~24 USD.

Portfolio Updates Since November 2023 Meeting

Company	Ticker	Update
Thryv Holdings Inc. **Share Price: $19.18** **PT: $37.00**	**THRY**	We would like to maintain our position in Thryv at its current target price of $37.00. Following its Q3 2023 earnings report, we have not seen much notable news come out regarding the company. However, some channel checks on alternative data points assessing the company's progress in growing its SaaS segment have returned positive, with search activity as well as webpage visits up in the MDD range heading into the end of the year. We feel that this is a good sign that the transition to SaaS is still very much going strong and will continue to monitor this position closely over the winter break. This is a position that we think should be held for the majority of CY2024, and we still have very high conviction on the upside potential of the stock.
Thunderbird Entertainment **Share Price: $1.66** **PT: $1.32**	**THBRF**	Sell note in packet.
TransDigm Group Inc. **Share Price: $983** **PT: $1050**	**TDG**	Transdigm is recovering well from the aerospace downturn caused by Covid and remains one of the best business models in our portfolio. Their Q4 earnings report was excellent and confirmed our confidence in their management's ability to use the balance sheet effectively to generate long-term shareholder returns and bounce back from the Covid slump. They reported an EPS of $8.03 for F4Q23, which beat the consensus of $7.55. Their revenue grew 19% organically. Their commercial aftermarket segment increased 27% YoY (32% in the previous quarter), their commercial OEM segment rose 22% (25% in the previous quarter) and their defense segment grew 15% (17% in the previous quarter). Within these segments, commercial transport AM/OE grew 34% and 25%, respectively, while bizjet/heli AM/OE grew 5% and 17%, respectively. Their EBITDA as defined was $963mn, which was 2% higher than the consensus of $948mn and reflected a margin of 52.0% (above the consensus of 51.5%), up 220bp YoY. Their operating cash flow was $462mn, which was lower than the consensus of $589mn, but higher than $273mn a year ago. They provided initial guidance for FY24, which included a revenue range of $7.48-$7.68bn (above the consensus of $7.40bn), an EBITDA as defined range of $3.87-$4.01bn (3% above the consensus at midpoint), and an adjusted EPS range of $31.00-$32.94 (2% above the consensus at midpoint). They also announced a special dividend of $35.00, and a deal to buy the Electron Device Business of CPI for about $1.385bn in cash.

Portfolio Updates Since November 2023 Meeting

Company	Ticker	Update
United Rentals **Share Price: $495** **PT: $660**	**URI**	We would like to propose holding our stake in United Rentals (URI) at $495.06. The updated price target is $660.05, representing a targeted upside of 33.3%. Since our last update, there has been little additional news on the company; during the last update, we detailed how URI reported Q3'23 earnings and affirmed full-year 2023 guidance. On a YOY basis, revenue was up 23.4% ($3.76B), net income was up 16.01% ($703M), diluted EPS was up 18.8% ($10.29), operating income was up 21.62% ($1.12B), net change in cash was up 612.5% ($57M), and a net leverage ratio of 1.8x was maintained. The company continues to benefit from the successful Ahern Rentals acquisition and specialty segment rental revenue increase. URI continues to trade at a significant discount compared to Caterpillar on a multiple basis. We continue to believe that the market views the equipment rental business as inferior to the OEM business, and thus there is still upside potential. One notable piece of news was the recent UBS downgrade of the stock to neutral due to a variety of leading indicators that suggest it is increasingly likely that construction spending, especially on non-residential buildings, will slow in H2'24. The Architectural Billing Index, an early indicator of building activity, has declined in three months and turned negative in October for the first time since 2020. Despite these macroeconomic concerns, we continue to believe in URI as a fundamentally strong business, being able to fully capitalize on its large size and leading market share in the otherwise fragmented equipment rentals industry and will continue to generate long-term value. However, we recognize that these macroeconomic concerns could potentially be a near-term headwind and will continue to monitor company performance given this warning.
Willis Towers Watson **Share Price: $243** **PT: $320**	**WTW**	Since our last update, there are no significant changes to our investment thesis for WTW. As mentioned in the last update, on October 26th, 2023, WTW announced Q3 2023 results which highlighted growth continuing to accelerate, making the company almost on par with its largest peers, in accordance with our thesis. YoY organic growth was 9% driven by the consulting and brokerage businesses which were both solid at 9% and 10%, respectively. The brokerage side of the business continues to benefit from a growing hard commercial insurance pricing cycle. WTW still plans to boost their share buyback program by $1bn as they remain committed to returning capital to shareholders consistently. Strong and disciplined capital allocation remains a key thesis point for our investment. WTW is still cheap at about 10.9x compared to 16x for peers (AON, MMC, AJG), despite that it's on target to achieve the growth plan set out in our original thesis and they're already ahead of schedule on the capital allocation plan. As such, we believe that our core thesis points have held and maintain WTWs current price target.
ZTO Express **Share Price: $21.31** **PT: $37.00**	**ZTO**	We propose a hold in ZTO Express. Since our last update, the company released Q3 results on November 16th which showed worse than expected performance largely due to a deteriorating macro environment. Parcel ASPs fell by 14% YoY, accelerating from the 7.8% YoY decline from the previous quarter. This is reflective of China's deflationary economic environment. Additionally, the company's volume share gains slowed from 0.5% in Q2 to 0.3% in Q3 as the company has faced headwinds in trying to attract more price-sensitive customers. Overall, the 14% ASP decline largely offset the 18% parcel volume growth, and core EBITDA growth slowed to 13% YoY from 34% YoY in Q2. Despite a somewhat disappointing quarter, we still believe that ZTO is the best player in this space with the largest network size and density, giving them advantages in cost, delivery range, and speed that are hard to surmount as total industry CAPEX spending has significantly slowed as the macro situation has worsened. This shows in the unit economics, as unit network transit costs fell 11% YoY in Q3 and unit sorting costs fell by 10% YoY. Ultimately, we feel ZTO is better positioned than its Tongda competitors as well as other logistics companies to weather the worsening Chinese economy.

IV. Sell Note

Sell Note: Thunderbird Entertainment (OTCMKTS: THBRF)

Dear Board of Advisors,

We would like to sell our position in **Thunderbird Entertainment Group Inc (OTCMKTS: THBRF), realizing a loss of 33.83%.** We initially invested in the company on 5/15/2023 for its thesis points of:

Stabilizing production services model: We were bullish on THBRF's production services business because we were seeing media companies outsource animation to Vancouver due to English-speaking talent in the same time zone and favorable Canadian tax credits. From FY2019 to FY2022, THBRF's production servicing business grew 300.5%, growing in the high 50-low 60% YOY. We saw tailwinds in this business as trends pointed to greater animation IP-spend at larger entertainment studios due to the increasing TAM of those who watch family-focused shows, and the need to create content that catered towards international populations. Given animation was separated from the WGA following the '07-'08 strike, we believed that the strikes would not affect THBRF.

<u>Unfortunately, we were unable to adequately account for the devastating blow that the strikes and other macroeconomic events ended up having on this business.</u> In FY2023, the company saw the production services revenue segment grow only 5% YOY, which was significantly lower than previous years. We believe this happened because: 1) Greenlighting declined, especially in unscripted and animation because larger companies are turning back to older, in-house IP rather than developing new shows and 2) Animation shows are noted to be on a brink of a bust cycle now that larger media players are right-sizing their streaming portfolios, removing shows from their platforms and canceling projects to cut costs. Larger players in this industry have unilaterally shifted towards content-optimization rather than investment, a sign of the volatility and lack of safety in contract structures.

Increase in partner-managed projects and investments into IP-development represents a top-line opportunity: The company saw a -4.1% EBT margin this year, largely a result of paying more competitive wages during the strike to retain talent, and industry-wide production delays. We were forced to re-evaluate how advantageous IP and partner-managed projects were to this business. We had originally seen this as a unique opportunity for the business to tap into increased revenue streams – instead of getting capped at a production servicing fee, THBRF would be able to generate ancillary revenue, all majority-financed by the partner. We have seen that thesis play out qualitatively, but margins contracted significantly due to production delays. THBRF, a smaller player in the media space, has no control over whether an IP project is aired, delayed, canceled, or greenlit. We were hoping that in Q1 '24 earnings, management would re-evaluate its positioning on IP-investment, but instead, we saw content investment was higher than amortization, and management saying '24 is when the company's mix will shift from production to IP. We recognize the unlikelihood of THBRF developing a massive hit to justify the investments it continues to pour into content production. And the lack of industry-favorability towards these new content investments will continue to represent headwinds to the company.

We understand selling after one of the worst macroeconomic events in the entertainment space may be doubtful. We believed THBRF was a stable, downside-risk protected business and the expansion into IP provided a unique opportunity to diversify revenues. Unfortunately, we no longer have clarity on that insulation. We agree with the Portfolio Managers that cash can be better allocated to a position with greater visibility.

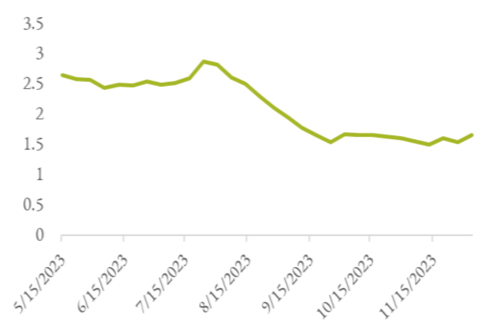
Best,

Karen Phua and Carol Sun

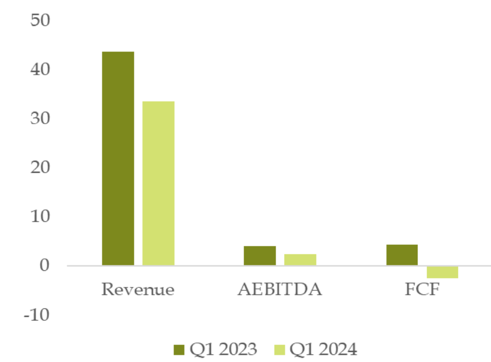
Stock Overview (LTM Figures)

	At Purchase:	Current:
Share Price:	$2.66	$1.76
G. Margin:	26.4%	22.2%
EBT Margin:	3.9%	(4.1%)
EV/Rev:	1.14x	0.95x

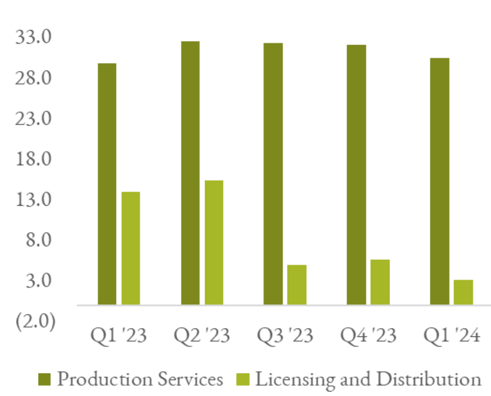
Performance Since Purchase on 05/15/2023



Company Revenue (Loss) Q1'23 v. Q1'24



Revenue By Segment (Q1 '23 – Q1'24)



IV. New Position Proposals