STERN IAG

Board of Advisors Meeting

November 10th, 2022

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Letter from Portfolio Managers

Dear Board of Advisors,

Welcome to our second meeting of the semester! Over the past four weeks we have worked to not only research new ideas for the portfolio but also analyze our current positions to evaluate risk and deploy capital into existing holdings that we feel still represent attractive opportunities.

Since our last meeting in October, the market has seen a general gain across its indices, with a ~5% gain in the S&P on the back of slightly stronger economic data and a sign of future rate slowdowns from the fed. While the S&P 500 return over this past month has been positive, there is still a lot of room for uncertainty regarding the trajectory in the market. Investors have been acutely focused over the past month or so on the consecutive inflation reports, ongoing Russia/ Ukraine tension, as well as perceived downturn of the pandemic. Underlying all these other concerns are the ongoing issues of the housing cycle, input costs, and the supply chain.

With these macro risks in mind, we have been watching our legacy positions more closely while also looking for new ideas in more defensive industries. As a result, we are today asking to add to our portfolio Rimini Street, an ERP maintenance business offering cost savings over existing legacy solutions. Additionally, we are proposing to increase our position sizing in Flex Limited and Transdigm Group. Finally, we have also had extensive conversations on our portfolio's China exposure to re-evaluate the country's macroeconomic position, potential regulation risks to large companies, and de-listing/VIE structure risks. We still feel confident in our positions there and believe the market may have oversold to some extent, as companies are now trading close to liquidation value.

Overall, we are happy with IAG's recent performance, which as returned -11.96% on an LTM basis, beating the S&P 500 benchmark return of -19.96% by 8.00%. Today, we are pleased to present the following business that exemplifies our investment philosophy:

1. Rimini Street. (NASDAQ: RMNI) — Overlooked 3rd party enterprise software support provider with asymmetric risk/reward scenarios.

We look forward to the remainder of the semester and are more than happy to continue being a source of information to the Board and encourage you all to reach out with feedback or clarifications at any time.

Best,

Niranjan Narasimhan & Rahul Parikh

Portfolio Managers

II. Performance Analysis

Holdings Summary *(as of November 9th, 2022)*

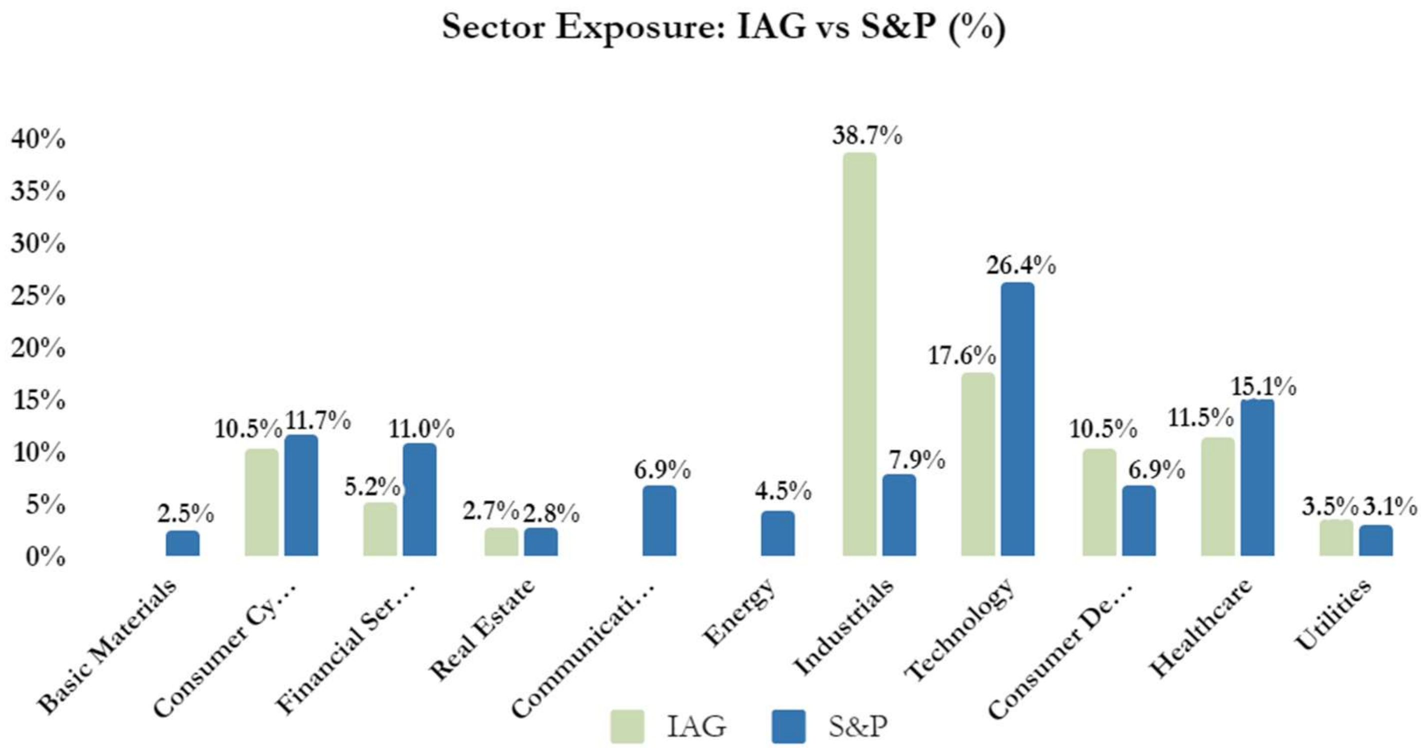
Current Holdings										
Company Name	Ticker	Coverage	Date of Purchase	% of Portfolio	Share Count	Price At Purchase	Share Price	Current Return	Industry	Holding Type
APi Group Corp	NYSE: APG	Rahul Parikh	9/24/2020	3.33%	160	14.29	17.51	22.53%	Industrials	Core
Berry Global Group Inc	NYSE: BERY	Sophie Pan	12/2/2020	2.89%	50	54.60	48.68	-10.84%	Industrials	Core
Builders FirstSource Inc	NYSE: BLDR	Rahul Parikh	10/5/2021	5.42%	80	52.20	57.05	9.29%	Industrials	Core
Camtek LTD	NASDAQ: CAMT	Nithin Mantena	10/7/2022	2.40%	90	22.68	22.48	-0.88%	Technology	Oppt.
Catapult Group International Ltd	ASX: CAT	Rahul Parikh	12/7/2021	2.07%	2100	1.07	0.83	-22.43%	Technology	Oppt.
Concrete Pumping Holdings Inc	NASDAQ: BBCP	Alex Isaac	3/26/2021	2.55%	300	7.07	7.16	1.27%	Industrials	Core
Embecta Corp	NASDAQ: EMBC	Rhys Berezny	10/7/2022	5.05%	150	28.05	28.33	1.00%	Healthcare	Core
Exelon Corp	NASDAQ: EXC	Rhys Berezny	4/30/2021	3.13%	70	31.74	37.69	18.75%	Utilities	Oppt.
Flex Ltd	NASDAQ: FLEX	Rhys Berezny	10/5/2021	5.21%	230	17.88	19.07	6.66%	Industrials	Core
HCA Healthcare Inc	NYSE: HCA	Karen Phua	9/26/2019	4.72%	19	119.99	209.01	74.19%	Healthcare	Core
JD.com Inc ADR	NASDAQ: JD	Nithin Mantena	4/30/2021	2.02%	40	77.55	42.46	-45.25%	Consumer Cyclical	Oppt.
Krispy Kreme Inc	NASDAQ: DNUT	Niranjan Narasimhan	12/7/2021	4.37%	260	16.50	14.16	-14.18%	Consumer Defensive	Oppt.
Methode Electronics Inc	NYSE: MEI	Carol Sun	2/19/2021	4.10%	80	38.56	43.20	12.03%	Technology	Core
Monster Beverage Corp	NASDAQ: MNST	Alice Yu	11/9/2021	4.68%	41	91.00	96.23	5.75%	Consumer Defensive	Core
Office Properties Income Trust	NASDAQ: OPI	Mikhail Talib	10/28/2020	2.29%	130	17.85	14.84	-16.86%	Real Estate	Core
Palo Alto Networks Inc	NASDAQ: PANW	Alex Isaac	9/24/2020	5.40%	30	80.17	151.57	89.07%	Technology	Core
Restoration Hardware	NYSE: RH	Christina Monev	3/30/2022	3.01%	10	323.66	253.47	-21.69%	Consumer Cyclical	Core
Sea Ltd ADR	NYSE: SE	Niranjan Narasimhan	2/18/2022	1.17%	24	133.00	40.92	-69.23%	Technology	Oppt.
Sonic Automotive Inc Class A	NYSE: SAH	Vinny Ye	5/5/2022	3.88%	70	48.00	46.73	-2.65%	Consumer Cyclical	Core
TransDigm Group Inc	NYSE: TDG	Raunakk Jalan	4/9/2020	6.23%	9	527.65	582.80	10.45%	Industrials	Core
United Rentals Inc	NYSE: URI	Carol Sun	3/14/2019	5.28%	14	114.85	317.68	176.60%	Industrials	Core
Willis Towers Watson PLC	NASDAQ: WTW	Mikhail Talib	11/9/2021	4.51%	17	231.70	223.48	-3.55%	FInancial Services	Core
ZTO Express (Cayman) Inc ADR	NYSE: ZTO	Niranjan Narasimhan	3/14/2019	2.22%	100	19.43	18.68	-3.86%	Industrials	Core
Total Equity Holdings				85.93%	$72,364.38					
Cash				14.07%	$11,851.38					
Total Portfolio Holdings				100.00%	$84,215.76					

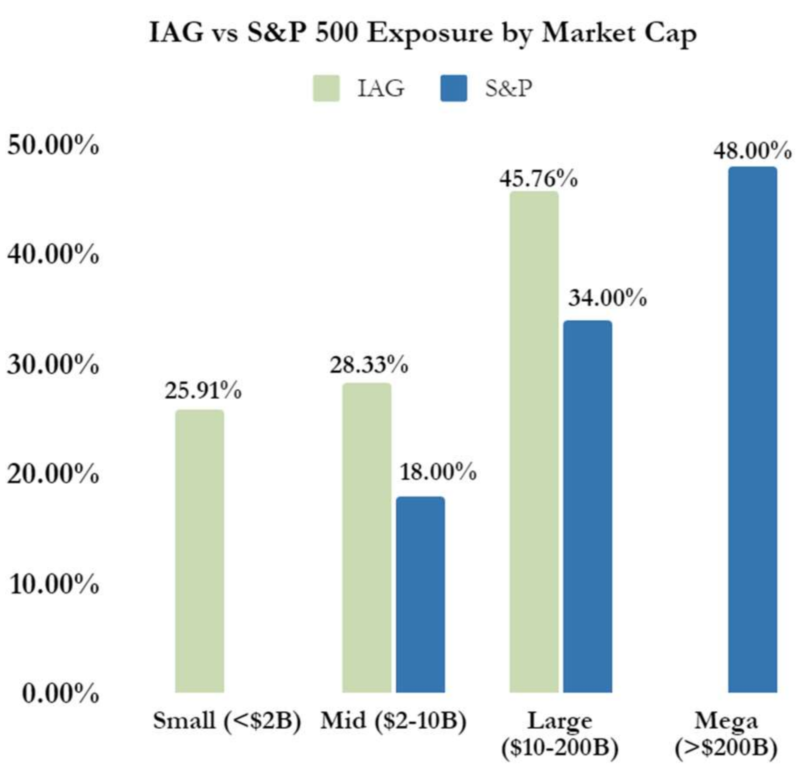
IAG vs S&P 500 LTM Returns

On a last twelve-month basis, **IAG's portfolio has returned -11.96%** while the S&P 500 returned -19.96%. Since the last oversight meeting, **the spread between IAG's portfolio and the S&P 500 improved from 2.15% (10/4/22) to 8.00% (11/9/22).**

Our opportunistic positions now represent ~17% of our portfolio which is in line with our expectations.

Portfolio Exposure vs. Benchmark





IAG continues to use the S&P 500 as the core benchmark as specified in the fund mandate. While our industrial exposure is still substantially overweight, the two proposed positions today will help improve the composition.

IAG continues to be underexposed to mega-cap positions, yet drastically overexposed to small and large-cap companies. We will continue to look at the mega cap space for potential opportunities but do not think that the underexposure poses a major issue.

Pitch Log Since October 2022 Meeting

Internal Pitches Since October 2022 Meeting				
	Comapny	Stage	Date	Analysts
1	Syneos Health Inc	Initial Screen	10/13/2022	Christina Monev
2	Wheels Up Experience	Initial Screen	10/13/2022	Raunakk Jalan
3	MSG Entertainment	Initial Screen	10/13/2022	Karen Phua
4	Apollo Global Management	Initial Screen	10/13/2022	Sean Chen
5	Rimini Street	First Update	10/13/2022	Winston Yin
6	Wheels Up Experience	Initial Screen	10/20/2022	Raunakk Jalan
7	JD Sports Fashion PLC	Initial Screen	10/27/2022	Carol Sun
8	Apollo Global Management	First Update	10/27/2022	Sean Chen
9	Syneos Health Inc	First Update	10/27/2022	Christina Monev
10	Rimini Street	Devil's Advocate	11/1/2022	Vinny Ye
11	Wheels Up Experience	Devil's Advocate	11/1/2022	Alice Yu, Karen Phua
12	JD.com Inc	Holding Update	11/1/2022	Nithin Mantena
12	Transdigm Group	Holding Update	11/1/2022	Raunakk Jalan

Active Pipeline				
	Comapny	Stage	Date	Analysts
1	Jd Sports Fashion PLC	Initial Screen	10/27/2022	Carol Sun
2	Apollo Global Management	First Update	10/27/2022	Sean Chen
3	Syneos Health	First Update	10/27/2022	Christina Monev

Oversight Meeting				
	Comapny	Stage	Date	Analysts
1	Rimini Street	Devil's Advocate	11/1/2022	Winston Yin

III. Key Holdings Update

Portfolio Updates Since October 2022 Meeting

Company	Ticker	Update
APi Group **Share Price: $17.81** **PT: $19.16**	**APG**	We propose a hold on APi Group. APi recently reported stronger earnings following our recent meeting in October, and since then the stock has seen a jump around 25%. This is mostly attributable to the improving macroeconomic environment which has driven higher net revenues and more stable margins on the service side. With its recent acquisition of Chubb Group, APi continues to build on its guidance for creating 50%+ revenues through a more recurring business model going forward. This vision is in line with our investment thesis, as APi transitions towards becoming a higher quality business, and trades more in line with our price target, which is now $19.60. With our thesis and macroeconomic risks in mind, we propose a hold on APi Group.
Berry Global **Share Price: $49.53** **PT: $70.52**	**BERY**	We propose a hold in our stake in Berry Global. Berry has not reported earnings since the last oversight meeting, with Q4 2022 earnings scheduled for Nov 15.
Builders FirstSource **Share Price: $62.42** **PT: $76.42**	**BLDR**	We propose a hold on our stake in Builders Firstsource. Since our last meeting, the stock price has drawn down ~9% to $56 per share, representing ~10% upside since we opened the position. Since the last meeting, the major news from the company has still been their acquisition of Trussway, sticking to their roll up plan to acquire more prefab businesses. After their record Q2 earnings beat, there has not been any financial news with the company. The recent drawdown has been a result of a general market selloff and a worsening outlook on the housing cycle. We look forward to Q3 results, to be presented this week.
Camtek LTD **Share Price: $23.09** **PT: $30.58**	**CAMT**	We propose a hold in Camtek. Since our last oversight meeting, there have been no updates to Camtek's earnings. However, the US began implementing their semiconductor chip and equipment ban on US companies exporting leading-edge nodes (<16nm) to China. Since the implementation of this ban, a few metrology companies have reported earnings, giving us insight into the effect of these bans on US competitors to Camtek. Namely, KLA and AMAT cited that they would each lose approximately 1 billion in revenue in 2023. Dividing these losses in revenue by the total revenue in China for each company, we calculated that KLA and AMAT will lose 20% of their Chinese revenue. These losses are significantly lower than the 56% of revenue we believed Camtek would lose if the US placed similar bans on foreign metrology manufacturers. Because of this, we adjusted two of our scenarios to account for the specifics of the US regulations, creating more upside than expected. Additionally, Camtek should release Q3 earnings within the next week. We will watch closely for potential increases in order backlog as Chinese companies affected by these bans on US manufacturers potentially switch to Camtek. In addition, we will look for top-line revenue of 81 million USD and stable EBIT margins in the range of 26.5% and 27%. Lastly, Benjamin Netanyahu is poised to return as Israel's leader. We are evaluating Netanyahu's policy agenda to determine whether this will benefit or hurt Camtek.
Catapult Sports **Share Price: $0.82** **PT: $1.95**	**CAT**	We propose a hold on Catapult Sports. Since our last meeting, the stock price has dropped down another 10%, as a result of the higher beta nature of the early stage tech business, combined with the broader market sell-off. As far as company news since the last update, the only memo from CAT has been their announcement that they are now guiding to positive free cash flow each year until 2026, an upgrade from their previous guidance of negative free cash flow in 2024. Now that they have completely integrated their video analysis into the new ice hockey and NBA segments, the company is set to enter multiple cross-selling opportunities going forward. We look forward to Catapult's earnings results and hopeful uplisting to the NASDAQ.

Portfolio Updates Since October 2022 Meeting

Company	Ticker	Update
Concrete Pumping Holdings **Share Price: $7.22** **PT: $10.85**	**BBCP**	Concrete Pumping Holdings has had no major updates since our last meeting. As general macroeconomic headwinds subside, we look forward to seeing a return to historical performance. Additionally, the company's positioning during the general industry downturn, specifically surrounding M&A, puts BBCP in a strong position to fuel growth and see the realization of our investment theses in the stock price.
Embecta Corp **Share Price: $30.09** **PT: $40.00**	**EMBC**	We propose a hold on Embecta. It has been a very quiet last month as there have been no observable company developments since our purchase. Embecta is relatively flat after appreciating 10% and then falling back to near our original purchase price. Compared to the S&P 500, Embecta is flat (up 3% since purchase). A larger and more concrete capital allocation plan with greater details will likely be announced on Embecta's next earnings call (Q4) which will occur on December 20.
Exelon Corp **Share Price: $37.63** **PT: $42.30**	**EXC**	We propose holding our position in Exelon. Since the last update, Exelon is flat and has slightly trailed the S&P 500. On November 3, Exelon reported Q3 earnings and was down 3% the day of; Exelon beat EPS by 7% and missed revenues by 15%. Earnings increased due to higher distribution rates and incremental investment and revenues decreased given lower than expected demand. Exelon reaffirmed its annual growth target of 6-8% from '21 to '25. Exelon has also been in talks with the industry EEI and remain optimistic that there could be some sort of cash tax alleviation due to the IRA. Regardless of the outcome, Exelon is still committed to its growth target and will not need to issue additional equity beyond the original $1 billion commitment by 2025. In other news, the CEO of Exelon, Chris Crane (61), announced his retirement due to health reasons after leading Exelon for the last 10 years; he is being replaced by the current COO, Calvin Butler. We remain confident in Exelon's fundamentals and leading operational metrics to continue to drive growth and profitability.
Flex Ltd. **Share Price: $19.76** **PT: $32.35**	**FLEX**	Buy Note
HCA Healthcare **Share Price: $214.20** **PT: $241.00**	**HCA**	We propose a hold on HCA. HCA continues to weather rising labor costs and a temporary volume drop. The pressure on labor costs is not permanent. HCA has been lagging peers in the reduction of contract labor, but hours and bill rates have begun to fall. Labor impacts on margin should slowly ease as managed care organizations and government pricing increases over the upcoming years. In terms of volume drop, August is typically one of the slowest revenue months for hospital operators, but due to the bump from post-pandemic demand, the Q3 volumes were in line with expectations. Recently, a new operational reorganization with the promotion of seven current HCA executives to better support the business increased investor confidence. Of the three original thesis — consolidation of core cities, superior mix of geographic locations, and acquisitions of surgical and physician operations — all are still intact. With the thesis regarding growth in the key markets, the Hurricane Ian impact was about $35 million, but HCA's markets in Florida, Texas, Nashville, and Vegas have strong durable economies. HCA's acquisition strategy continues to come into play in every quarter. HCA opened three Galen nursing colleges in the quarter and two more are scheduled to open later this year. With Galen Nursing School, new graduates after 8 weeks, should continue to bring down labor costs.

Portfolio Updates Since October 2022 Meeting

Company	Ticker	Update
JD.com **Share Price: $45.77** **PT: $52.65**	**JD**	We propose a hold on our position of JD.com. While the fundamental business quality of JD.com has remained the same as when we pitched it, the macroeconomic environment has significantly worsened. However, we believe that these macroeconomic conditions have been priced into the current stock price of approximately $45. We are not arguing that JD.com's intrinsic value has remained the same as when we pitched it, but we believe that JD.com has upside potential and is better than holding cash in a high interest rate environment. Additionally, we believe that there are three idiosyncratic factors that make JD.com less risky in the current Chinese environment: they are not a conglomerate, they only operate in China, and their founder, Richard Liu, puts a priority on the consumer. We believe that by holding the stock for an extended period, we can outlast institutional and retail investors who are either forced to sell due to mandates or are short-sighted. Our new price target is $52.65 USD using a 20% discount rate.
Krispy Kreme Inc **Share Price: $14.48** **PT: $22.13**	**DNUT**	We propose a hold on Krispy Kreme. No new material information has been released since our last meeting. We continue to believe in the company's strategy of building out a hub-and-spoke distribution model. While macro concerns are hurting the company's ability to deploy this strategy as much as we would have liked, we still believe that on the long-term the company's business model will meaningfully grow its customer base and revenue.
Methode Electronics Inc. **Share Price: $44.30** **PT: $48.48**	**MEI**	We propose a hold on Methode Electronics. Q1'23 did not perform well compared to Q1'22, with net sales decreasing from $287.8 to $282.4 (all in M), and income from operations went from $34.1 to $21.8. Gross margin % decreased as a result of higher material costs, lower product sales volume (21.9% to 24.9%), and cost recovery sales at 0% margin, and SG&A % increased (11.4 to 12.5%). However, it is indicated that these results are largely due to macroeconomic concerns - the impact to revenue and gross margins will probably subside in the long run. However, the company will continue seeing supply chain related headwinds throughout 2023, particularly as a result of the semiconductor shortages. The company is also facing a roll off of its pick-up truck center console program, which will have an impact in FY'23 of approximately $90-100 million. Other macro concerns include decreases were mainly due to a major program roll-off in North America and demand weakness resulting from China lockdowns. Despite this, we propose a hold because we believe the business is still going in a strong direction and is mainly being bogged down by macroeconomic concerns that will eventually subside. FCF actually improved this quarter, with net cash provided by operating activities increasing from $9.7 to $12.7, and capital expenditure dropping from $15.9 to $9.6. The company continues to decrease its reliance on the automotive segment specifically with record industrial segment sales of $92.1 M mainly due to higher sales in power distribution and commercial vehicle lighting, a growing interface segment, and the company was awarded programs with expected annual sales of over $90 million.
Monster Beverage Corp **Share Price: $99.08** **PT: $110.00**	**MNST**	In its most recent earnings calls in November, we saw net sales rise 15.2% YoY, with MNST's core segment seeing 13% growth. International sales saw 15.8% growth, comprising almost 40% of MNST's net sales. However, MNST is still suffering from industry-wide headwinds from high aluminum prices, rising interest rates / fuel costs, and supply chain issues. To offset margin contraction, MNST began increasing their price points since September. The MNST stock saw a 7.5% increase since earnings release. We expect supply chain issues that have plagued the past few quarters to persist, with their partnership with Coca-Cola providing a hedge against a downside case. Given that current supply chain headwinds that Monster is facing are industry-wide, we believe that the long-term growth potential outweighs short-term macro headwinds. We believe our core thesis still holds and are confident in the fundamentals of the business.

Portfolio Updates Since October 2022 Meeting

Company	Ticker	Update
Office Property Income **Share Price: $15.35** **PT: $20.50**	**OPI**	We propose a hold on Office Properties Income Trust (NASDAQ: OPI), based on a number of headwinds and tailwinds for the stock. Normalized FFO/share of $1.22, +10c above Street. We attribute the beat to lower operating expenses that generated higher than normal margins likely to normalize in 2H22. Leased 679K SF (126K SF new leases and 553K SF renewals) with 9.2 year average term at +4.9% GAAP leasing spread (+8.7% for new leases and +4.0% for renewals). Ended the quarter with 89.4% occupancy up +60 bps Q/Q, and 94.3% same property % leased up +130 bps Y/Y. Same store NOI increased +1.0% Y/Y on a cash basis and +2.1% Y/Y on a GAAP basis. Net debt / rolling four quarter Adjusted EBITDA decreased to 7.1x from 7.2x Q/Q. During the quarter, disposed of two properties (448K SF) for $48.25M and subsequent to the quarter end sold one property (206K SF) in Houston, TX for $9.8M and entered into agreements to sell nine properties (1.1M SF) for $109.8M. We recommend a hold on our position in OPI as the growth environment remains upbeat in the future, with temporary headwinds
Palo Alto Networks **Share Price: $152.04** **PT: $180.05**	**PANW**	We propose a hold in PANW. Palo Alto Networks has had no major updates since our last meeting. We look forward to their upcoming earnings release on the 17th, which we will incorporate into our updated model and target price.
Restoration Hardware **Share Price: $258.77** **PT: $336.87**	**RH**	We propose a hold on RH, with our position down about 7% since our last oversight meeting in October. Investors are still uncertain regarding the company's ability to expand into international markets, with the opening of a new gallery in England and Paris having been further delayed to spring 2023, and to deliver on new domestic locations, with further delays anticipated in opening the Palo Alto location. Due to these delays, management is cutting guidance on Q3 2022 earnings. However, we do not believe these delays are a material concern regarding the quality of the business. RH recently opened the RH Guesthouse in New York, which is an upscale hospitality experience and restaurant, and the company plans to expand its dining capabilities to existing locations around the world. Average prices within the brand have increased 30% from the mid-2019 catalog, and we have strong conviction in the company's ability to continue appealing to a more affluent clientele through both its furniture and hospitality offerings, despite volatility concerns in a housing market with significantly higher interest rates.
Sea Ltd. **Share Price: $47.16** **PT: $119.00**	**SE**	We propose a hold on Sea Limtied. No new material information has been disclosed by the company, with its next earnings call being on November 15th. While the company has faced a lot of headwinds, we believe managements strategy of re-orienting the company's focus towards profitability will have a positive impact on the share price, allowing the company to become FCF positive sooner than our estimates. We are continuing to monitor the company closely as it is one of our riskier and more dynamic positions.

Portfolio Updates Since October 2022 Meeting

Company	Ticker	Update
Sonic Automotive Inc **Share Price: $47.02** **PT: $76.00**	**SAH**	We propose a hold on Sonic Automotive. While the Manheim index continues to fall downwards (now 200 as of October '22), we recognize that most of Sonic's economics derive from the new car business, which we believe remains a cheap and attractive segment of the consumer discretionary market. We also believe that there is a lack of balance sheet exposure to used cars that minimize the downturn in this market. However, there is an argument to be made that without a strong example of online used vehicle (CVNA/KMX deterioration, SFT/VRM essentially gone), EchoParks lacks upside "option" characteristics which made the original pitch a win-win. We believe that now the upside falls on execution of EchoPark growth -- to be clear, given the segment is a small portion of economics, we think that it makes sense to push back the timeline given the current environment. As such, we can expect lower IRRs in the meantime from the project. If a further review reveals that that upside is unlikely to occur, we have been closely following other franchised dealers (ABG/AN) which seem more attractive at a cheaper price.
TransDigm Group **Share Price: $591.93** **PT: $725.00**	**TDG**	Buy Note
United Rentals **Share Price: $326.18** **PT: $338.70**	**URI**	We would like to propose holding our stake in United Rentals (URI) at $304.96, up 8.29% since our last update. Since our last update, URI has released Q3 earnings, with net leverage at 1.9x, which is below the 2.0x-3.0x target range. With this, we continue to see our thesis point realized as the company takes on less large acquisitions (only one notable one since 2018) and continues to deleverage under new CEO Matthew Glannery. 3Q22 earnings beat expectations: rental revenue increased 20% y/y illustrating strong demand across end-markets. Rental gross margin increased 70 bps primarily due to better fixed cost absorption on higher revenue, while margins on used sales expanded to 64.6% from 62.6%. Management has raised FY22 revenue and EBITDA guidance for the third consecutive quarter. However, there have also been a few concerning results: So far in 2022, $1.7B of free cash flow has been generated, but FCF decreased 9.1% y/y due to higher rental capital expenditures. The choice to raise full year capex guidance (+12% at the midpoint) into a potential recession is a concern. Fleet productivity for the quarter also came in at 8.9%, which indicates a deceleration from Q2's growth rate. We have partially realized our thesis point on CAT (there is now a notable divergence in stock performance with URI overperforming CAT consistently, though the gap has decreased after late-2020), URI continues to trade at a discount to CAT, a 6.38x EV/EBITDA and a 9.22x forward P/E, while Caterpillar trades at a 12.23x EV/EBITDA and a 14.88 forward P/E. Given the greater macroeconomic concerns, the stock is trading at a recessionary multiple of 6.38x. However, the new U.S. infrastructure bill will be a strong tailwind for URI and fuel new project growth in 2023 and 2024, while the company is also seeing improvements from an increasing mix of specialty (which includes higher-margin trench, power, and fluid solutions). We believe URI continues to be a strong performing company, but believe our current exposure to the company is sufficient.
Willis Towers Watson PLC **Share Price: $225.42** **PT: $358.00**	**WLTW**	We propose to hold our position on Willis Towers Watson. Since the last oversight meeting, the stock is up approximately 9%. We originally bought the stock last year and our original thesis focused on a management turnaround and improved capital allocation initiatives led by activists which we thought should lead the stock to trade at a multiple comparable to its peers in the insurance oligopoly. While the high level thesis is still intact, WTW has taken certain initiatives which put it closer to realizing its upside. TW has been progressing in its cost cutting initiatives with $29M of incremental run-rate savings in Q3-22 and $100mm of cumulative run-rate savings. They've also achieved organic growth of 6% in the quarter and 27% Adj. EPS growth over the prior year. Importantly, WTW also continues to return excess capital to shareholders with $369 mm in share repurchases in Q3 of 2022. The three main transformation objectives right now are to grow by expanding client solutions, simplify by resegmenting operating verticals, and transform through cost cutting and capital return to shareholders. WTW has taken steps in all of the above, and for that reason we propose to hold the stock.

Portfolio Updates Since October 2022 Meeting

Company	Ticker	Update
ZTO Express **Share Price: $19.33** **PT: $30.14**	**ZTO**	We propose a hold on ZTO. The company has not reported earnings in between our last meeting and this one, however the company did in September complete a Senior Notes Offering of $1bn maturing in 2027. The offering should position the company well and increase its already large cash reserves, in case the Chinese economy were to head into a recession and revenues were to decline for the company. Additionally, share price declined by over 20% on October 20th as the Chinese government announced during the country's National Congress that more anti-market and pro-common prosperity politicians would comprise its standing committee. However, we believe the risk of direct regulation against ZTO is limited, as the company does not operate in the more high-profile technology sector and has historically been the beneficiary of common prosperity regulation which hurts irrational competitors selling below cost while entrenching ZTOs position as the natural low-cost provider. Since the decline, shares have rallied by 10% in the last few weeks.

IV. Buy Notes

Buy Note: Flex Ltd. (NASDAQ: FLEX)

Dear Board of Advisors,

We would like to increase our existing position in Flex Ltd. which currently represents a 6.8% return since our purchase in October 2021, while the S&P 500 has returned -13%. We believe there is still substantial upside regarding our initial theses, additional unlockable value in NEXTracker, as well as downside protection in a recessionary environment.

1. Greater Value Unlock Potential in NEXTracker

NEXTracker is Flex's underappreciated yet industry-leading solar tracker business generating $1.5B in annual revenues and double-digit operating margins. Flex filed an S-1 confidentially for NEXTracker in April 2021, and in February of this year, Flex sold $500mm or 16.6% of the business to TPG Rise with an implied EV of $3B, or 1/3 of Flex's market cap.

There have been two substantial positive developments since our initial thesis on NEXTracker. First, the IRA passed in August is highly beneficial for NEXTracker and should increase revenues and margins from tailwinds in the solar industry alone; specific product tax credit benefits being worked out provide additional upside (and for Flex's renewable segment as well). Secondly, Array Technologies, NEXTracker's main competitor and an excellent comp, has seen its value surge by 60%+ since July to ~$2.5B; NEXTracker is a higher growth and larger player, which would allow it to fetch a much higher valuation in public markets.

Even though these factors differentiate Flex from the broader EMS sector, Flex's most recent run-up is only slightly above competitors, leading us to believe most of this additional value is unrealized. Sum-of-the-parts analysis confirms this, with NEXTracker being assigned little to no value.

2. Reliable Play in Current Environment

Flex has been very reliable and a solid performer in our portfolio. We continue to believe that Flex has industry-leading management, given clear company communication and its unwavering strategy. Flex has beaten revenue and earnings guidance for 4 consecutive quarters and continues to expand margins and grow revenues. As we stated in our initial theses, Flex is successfully executing on shifting to more regulated (long-term and higher margin) and fewer commoditized contracts; it has since shifted from 39%/56% to 41%/54% bolstered by renewables/industrial growth.

Flex is also a relatively defensive play and should fare substantially better than OEMs if a recession substantially lowers demand. This is due to current excess demand due to backlogs in the industry. Even if contract volume drops 10-20%, Flex's revenues will not take much of a hit given the supply backlog. Furthermore, even through supply chain issues and factory closures, Flex has expanded operating margins from 3.3% to 4.9% since 2019 and 30bps since our purchase, a testament to the new management's strong operational focus. Flex should be able to continue to weather rising input costs given its solid relationships and pass-through structure, enabling them not to take the brunt of the losses. Flex also continues to reduce its exposure to China and increase it in Mexico.

While Flex continues to make progress on our theses, we believe the market is still greatly underappreciating Flex. Doubling down on Flex also supports our portfolio-wide strategy of moving toward more defensive names.

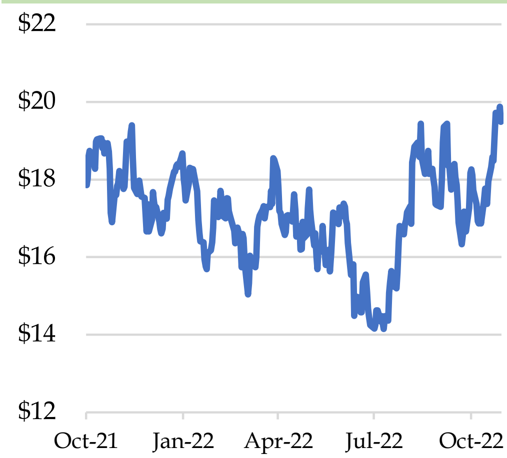
Best,

Rhys Berezny

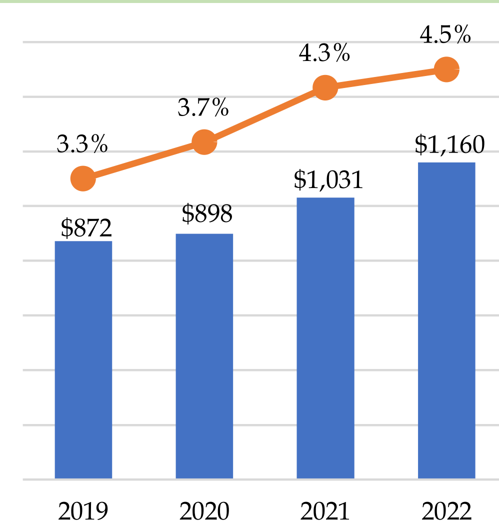
Stock Overview

	At Purchase	Current
Share Price	$17.88	$19.11
Price Target	$31.22	$32.35
Market Cap	$9.07B	$8.65B
Revenue	$23.19B	$25.31B
Op. Margin	4.6%	4.9%
EV/EBITDA	6.88x	5.00x
Forward P/E	10.13x	8.30x

Stock Chart Since Purchase



Operating Income ($M) and Margin



Buy Note: Transdigm Group (NYSE: TDG)

Dear Board of Advisors,

We would like to increase our existing position in TDG for the following reasons:.

1. Air traffic growth resilient and better than expected:

Air traffic has rebounded rapidly from the covid induced slump. In fact, IATA predicts that air traffic grew 32% y/y in September 2022. Global airline forward schedules show growth rates of 30/26/39% y/y for the last 3 months of 2022, with improvements continuing into 2023. With 75%+ of TDG's EBITDA coming from the aftermarket, the company will benefit from the recovery of air travel.

TDG has managed to grow in Commercial Aftermarket faster than both flight activity and other aerospace suppliers, with less supply chain impact, better pricing, better cost control, and higher margins. During Q3 '22, the EBITDA margin beat consensus and approached 50%, almost fully recovered to pre-pandemic levels. Management said that they will raise prices on their parts to close the price/costs gap. The exclusive contracts that TDG enters with airlines allows them to control pricing to a high extent.

Pricing is somewhat more routine when in an inflationary environment. Management also targets improvement in cost efficiency, product quality, and on time delivery. All in, TDG continues to expect 100-150 bps annual organic EBITDA margin expansion.

Commercial aerospace aftermarket demand remains solid, with TDG even saying it has been surprised how strong the order recovery has been in this subsegment. The company is seeing strength across geographies, while noting parts of Asia still have substantial slack relative to pre-pandemic. Airlines have started to restock inventories, but do not appear to have fully reset normal stock levels. Aircraft are being pulled out of storage, as new deliveries from the OEMs continue to come in below the expected pace for airlines.

2. Strong backlog growth for aircraft manufacturers with supply chain difficulties persisting:

Transdigm benefits from both of these factors. With backlogs strong for aircraft orders, TDG OEM parts demand continues to be resilient while the continuing supply chain difficulties mean that it continues to see strong AM demand. TDG stated that the order pace it is seeing in commercial aerospace OE remains surprisingly light compared to the broader demand for new aircraft seen in the market. For now, forward visibility in this sub-segment remains limited, as OEMs are not providing normal medium-term directional insight, in TDG's view seemingly because the OEMs still have uncertainty as to future delivery potential. A lot of this stems from supply chain hurdles in the new build ecosystem.

3. Leaning into the balance sheet to deploy capital:

With the HY credit issuance market frozen this year, TDG has chosen to distribute capital to shareholders. It has a longstanding practice of leaning into its balance sheet to deploy capital at attractive rates, better than deploying capital to delever. The company's recent distribution to shareholders removes an important overhang for credit and equity investors. The street expectation is that TDG is unlikely to make another larger shareholder distribution over the next 9-12 months.

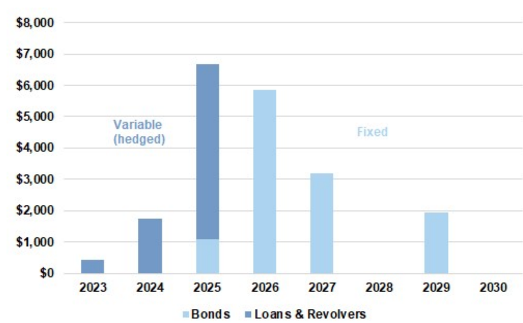
TDG Debt Schedule and Eps Impact

Variable debt	Amount	Coupon	Implied
AR Facility	**350**	**LIBOR + 1.2%**	**5.279%**
9/2022 Swap	400	4.150%	
6/2024 Swap	900	5.350%	
6/2024 Swap	400	5.250%	
Unhedged	30	LIBOR + 2.25%	
8/2024 Term Loan G	**1,730**	**5.066%**	**6.329%**
3/2025 Swap	500	5.250%	
3/2025 Swap	1,500	5.350%	
Unhedged	160	LIBOR + 2.25%	
5/2025 Term Loan E	**2,160**	**5.399%**	**6.329%**
9/2025 Swap*	700	6.329%	
3/2023 Swap	1,400	5.250%	
9/2025 Cap*	700	6.329%	
Unhedged	627	LIBOR + 2.25%	
12/2025 Term Loan F	**3,427**	**5.888%**	**6.329%**
Total	**7,667**	**5.351%**	**6.281%**
Implied Interest		$410	$482

Fixed debt	Amount	Coupon	YTW
12/2025 Note	1,100	8.000%	7.360%
3/2026 Note	4,400	6.250%	7.590%
5/2026 Note	1	6.875%	8.420%
5/2026 Note	500	6.875%	8.420%
6/2026 Note	950	6.375%	8.130%
3/2027 Note	550	7.500%	8.600%
11/2027 Note	2,650	5.500%	8.660%
1/2029 Note	1,200	4.625%	8.280%
5/2029 Note	750	4.875%	8.460%
Total / Weighted	**12,100**	**6.091%**	**8.048%**
Implied Interest		$737	$974
Implied interest expense		$1,147	$1,455
Max implied EPS impact			**$ (5.86)**

These start 3/23

Debt Maturity Profile



4. Closer look at the interest expense sensitivity and tax rate:
The biggest worry around TDG is that they continue to lean into their balance sheet. They are one of the largest HY credit issuers but are well insulated from higher rates. Because TDG leans into its balance sheet more than most companies, with an aim to deploy capital over time towards acquisitions, and enhance equity returns, it also has higher interest expense than most in A&D. Tax rate also has interest expense deductibility change over time. TDG is hedged for years with fixed coupon bond maturities staggered through 2029. And the LIBOR forward curve, while higher in 2023, is lower than current levels in 2024 and beyond (when the majority of swaps expire and notes mature).

With rates on the rise, the TDG balance sheet is in greater focus for the market. There are concerns from investors regarding potentially higher interest expense and tax rate for TDG, especially with regard to next year since the company will be providing guidance. That equates to a fairly low bar heading into F4Q results and with regard to that initial FY2023 guide.

Today, TDG's $20bn of debt is 60% fixed rate bonds and 40% variable rate term loans; after swaps/hedges, 85% of their debt is fixed through calendar 2025. TDG has guided its interest rate exposure, with 4.0% LIBOR corresponding to $1.2bn of interest expense. GS credit team estimates interest expense would be closer to $1.5bn in an un-hedged / fixed debt reset scenario.

TDG's debt and swaps do not all reset at once. The swaps and term loans extend into 2025, and the fixed coupon bonds have a staggered maturity through 2029. While the next twelve month LIBOR curve is higher, much of the forward period is below current levels (and the timeframe in which the majority of TDG's debt comes due). The waterfall below shows when hedges roll off, when bonds mature, and the reset interest rate implied by the current forward LIBOR curve and bond YTW. Assume bonds are refinanced 12 months prior to maturity (historical practice).

Down 15% YTD, I believe some of this investor concern around higher interest and taxes has become priced in. The stock has de-rated with the market, and trades at a slight discount to the long-term relative multiple.

5. The market is concerned about short term defense spending outlays:
The market is concerned about the defense segment of TDG amid weaker defense outlays from the federal government despite much higher authorizations. However, this is a medium term budgetary situation and likely to just defer higher than normal defense spending. TDG stated that in the immediate term, defense remains uncertain as outlays continue to trail authorization from DoD funding. The source of this dynamic is unclear, but prime platform providers seemingly can not get parts to be able to deliver the final product. TDG painted a scenario where in the medium- to long-term, this creates pent up demand, whereby order rates would link up to DoD budget authorization, and then there could be additional ordering on top of that to make up for the current dynamic. Those volume inputs plus TDG pricing could create a period in the medium-term where TDG defense segment growth is very strong.

Best,
Raunakk Jalan

V. New Position Proposal