

# Brandeis Investment Club

02.05.2025

Brandeis  
Investment  
Club

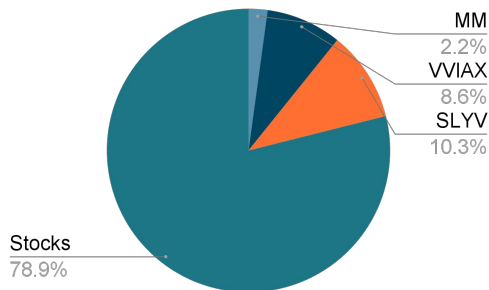


# Portfolio Summary

## CURRENT PERFORMANCE

<b>Total Value:</b>	\$51,008.22
<b>Stocks Value</b>	\$40252.57
<b>2024 Returns</b>	+27.16%
<b>S&amp;P 500</b>	+25.02%
<b>Jan. Returns</b>	+4.51%
<b>S&amp;P 500</b>	+2.70%

## PORTFOLIO STRUCTURE



## PORTFOLIO STRATEGY 2024-2025

- Mid-to-Long Term Stock Investments with moderate risk appetite.
- Diversification to other sectors: Financials, Consumers Staples..., plus Tech with competitive moat & just valuation.
- Higher Analyst ownerships with monthly performance reports.
- Total regulatory compliance.

## PORTFOLIO MANAGEMENT PROCEDURES



Analysts select, perform & pitch due diligence



PM, with Eboard consultation, make investment decisions



Decisions send to Investment Office for trade execution



PM deliver monthly reports to Analyst & Eboard.

## REGULATORY COMPLIANCE

- **Long stock positions only**, no use of margin/leverage, no derivatives
- Long-term investments in nature, due to non-instant trading.
- **Brandeis Sustainable Investment Policy: No new purchase** of fossil fuel & defense related companies. Other updates pending.



5bgyptnh

Brandeis Investment Club (Fall 2024)

 Copy invite link



Complete the preference survey  
(form on google classroom!)

# Agenda

1. Finance Industry
2. Personal Finance
3. Stock Pitch Training
4. Individual Group Work

# Finance Industry

## Sell Side

- Sell-side = Investment Banks
- Providing services for financial institutions or corporations
- Multiple divisions: IBD, S&T, Wealth Management, Corporate Banking, Consumer Banking, (Retail Banking), but the gist are IBD // S&T // Wealth Management

## Management Consulting

McKinsey  
& Company



- Management Consulting = problem solving
- Quantitative & qualitative approaches: modeling, financial analysis, meetings with the management / board, on-site exploration
- Case-study !!!

## Other financial service firms

S&P

FitchRatings

MOODY'S

## Buy Side

- Buy-side: Raise capital (or their own) to invest to make profits
- Goal = excess profit (beating the market)
- Differs by their approaches / risk profiles / trading strategies

## Private Equities (PE) / Asset Managers

BlackRock

Blackstone

KKR

## Hedge Funds



millennium

CITADEL



## Pension / Insurance Funds



Prudential

AIG

CalPERS

Allianz

## Investment Banks

### Bulge Bracket Banks

- Largest Banks with mega \$Bn of assets
- Multiple divisions: IBD, S&T, Wealth Management, Corporate Banking, Consumer Banking, (Retail Banking)

Goldman Sachs

J.P.Morgan

Morgan Stanley



Citi

Bank of America  
Merrill Lynch



UBS

BARCLAYS

### Elite Boutique Banks

- Smaller than BBs, but are considered as the likes in Investment Banking world
- Pure-play IB
- Better compensation!

EVERCORE

LAZARD

*William Blair*

CENTER | VIEW PARTNERS

### Middle Market Banks

- Deal size: up to ~\$500mn

MOELIS & COMPANY

PJT

### Boutique Banks

- Smallest IBs

COWEN



HOULIHAN LOKEY

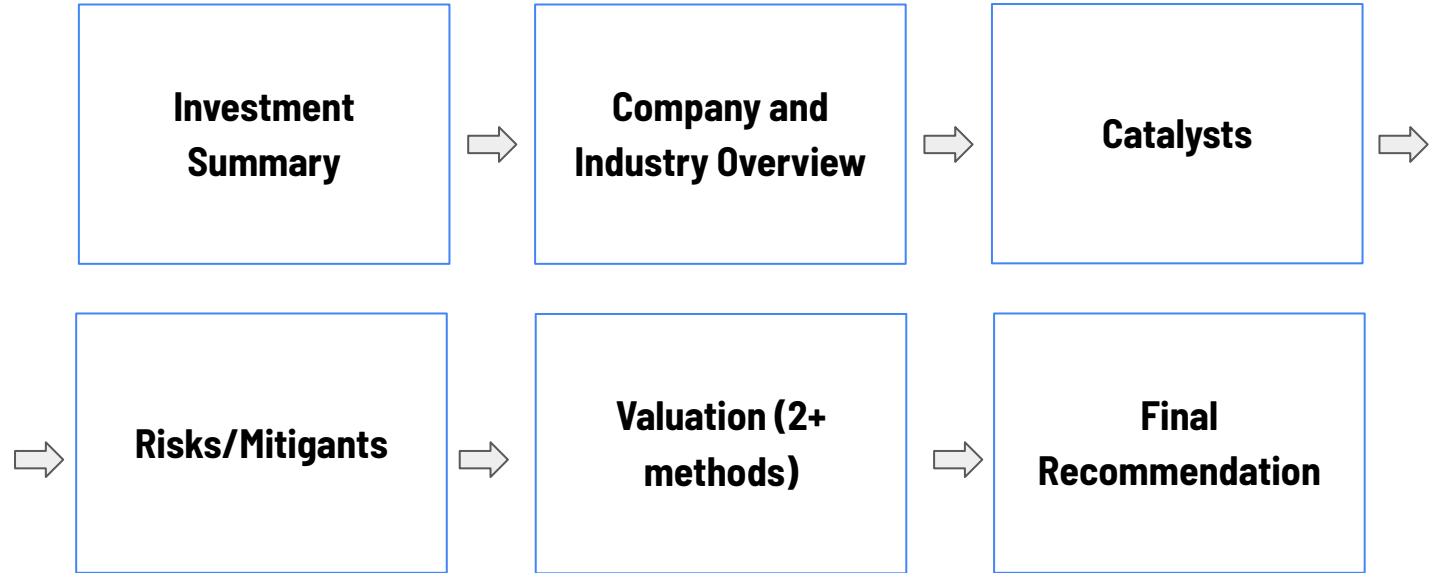


# Stock Pitch Training



# Key Sections of Stock Pitch

6 Steps:



Note: May vary/change with different pitches, be flexible!

# Key Sections of Stock Pitch

## 6 Steps:

### Investment Summary

#### Overview of the pitch

#### Sections:

1. Recommendation - buy or sell?
2. Catalysts - where's the value?
3. Valuation - how and how much did you value it at?
4. Risks - potential downsides considered

## Investment Summary

### Catalyst Summary

#### 1 Strong Service Segment Growth

Apple has over 745+ million paid subscribers across its services business segment with service revenue tripling over the past 6 years. Services now account for almost 20% of the company's 2021 top line revenue. This 86 billion-dollar services business translates to a tremendous amount of predictable monthly earnings.

#### 2 The Apple Ecosystem

Apple continues to maintain and expand its hardware and software ecosystem to lock in long-term customers and to discourage users from switching to key competitors. The company's product wide integration provides a one-of-a-kind user experience that goes beyond traditional single product functionalities.

#### 3 Inflation Insulation

Apple can use a Walmart style powerhouse approach to leverage its size in negotiating with smaller suppliers looking to raise prices from higher material and labor costs. The bargaining power of individual suppliers are suppressed by the large pool of alternative suppliers and Apple's low supplier switching costs.

### Metrics and Fundamentals

Current Price: \$175.65

Target Price: \$220.37

Upside: 25.5%

Investment Period: 12 Months

- Consumer electronics and technology
- 2 billion+ iPhones sold worldwide
- Multinational target markets
- IPO: December 12<sup>th</sup>, 1980
- 154,000+ employees
- World's first 3 trillion-dollar company



Enterprise Value	2.88T
52 Week High	182.94
52 Week Low	116.21
PE Ratio	29.27
EV/EBITDA	23.7
TTM Revenue	365.81B
TTM Earnings	111.85B

**Note: May vary/change with different pitches, be flexible!**

# Key Sections of Stock Pitch

## 6 Steps:

### Company and Industry Overview

#### Context on the history/positioning

#### Industry Guidance:

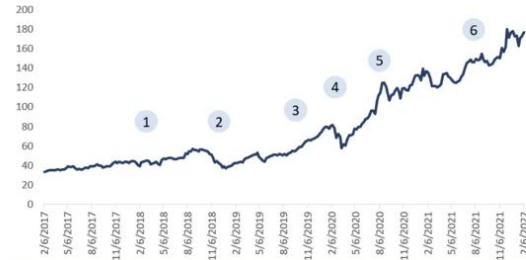
1. Trends? Sizing? Growth?
2. Competitive landscape

#### Company Overview Guidance:

3. History? Stock performance?
4. Positioning?
5. Products/revenue?

## Company Overview

### Historical Stock Performance

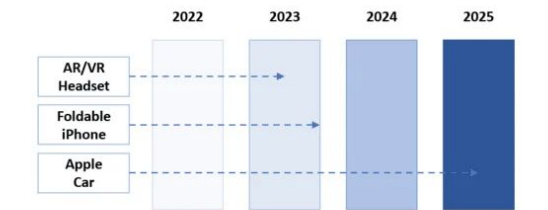


1	Apple raises its dividends and continues share buybacks
2	Apple underperforms on high revenue expectations
3	Apple achieves significant growth on AirPods and Apple watch
4	Apple and other companies face the complexities of COVID-19
5	Apple announces its latest four-to-one stock split
6	Apple releases its latest smartphone model with the iPhone 13

### Company Milestones

1976	Steve Jobs and Steve Wozniak founded Apple Computer in Los Altos, CA
2001	Apple launches the iPod with its iTunes launch shortly after
2007	Steve Jobs revealed Apple's first draft model of the iPhone
2010	Apple enters the tablet market with the launch of the iPad
2017	Apple releases the iPhone X with significant interface changes
2018	Apple's market capitalization hits three trillion dollars

### Expected Product Pipeline



**Note: May vary/change with different pitches, be flexible!**

# Key Sections of Stock Pitch

## 6 Steps:

### Catalysts

Positive initiatives that drive growth

Examples:

1. Product Launches
2. Geographic Expansion
3. Cost Optimization
4. Acquisitions / Divestitures
5. Leadership Change

**Note:** each catalyst should be a slide

## Catalyst 1: Strong Service Segment Growth



### Key Performance Indicators

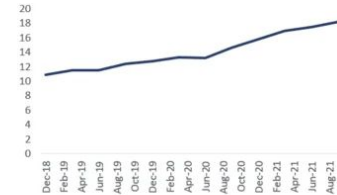
Apple currently has over **745 million** paid service subscribers (including in-app subscriptions).

The service business segment earned Apple a record **\$18.2 billion** of revenue in Q4 of 2021.

Service revenue now accounts for nearly **20%** of Apple's top line revenue

Apple was able to double its service revenue from \$5 billion per year in 2010 to **\$10 billion** in 2013.

### Service Revenue Growth (Billions)



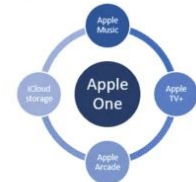
Quarterly service revenue has nearly doubled in the last 3 years.

### Service Segment Details

- Apple's service business segment is predominantly carried by its App store and Apple music revenues. The segment is further supported by a variety of other sources (AppleCare, Apple Pay, iCloud storage, etc.)
- The Apple One bundle subscription will increase company revenues with minimal additional costs. The bundled service will likely help customers navigate the growing complexities of Apple's multiple streaming services.

### Apple One Bundle Subscription

The Apple One individual subscription includes four services, Apple TV+, Apple Music, Apple Arcade, and 50GB of iCloud storage. This package helps a customer save \$72 per year or \$6 per month.



**Note:** May vary/change with different pitches, be flexible!

# Key Sections of Stock Pitch

## 6 Steps:

### Risks/Mitigants

#### Consider downsides to business

#### Steps:

1. List out all risks after research
2. Identify 3-4 Key Risks
3. Provide Mitigants (strategies to reduce risk)
4. Keep It Short & Clear & Add stats/data

## Risks and Mitigants



### Maturing iPhone Business Segment

#### Risks

- Apple's main iPhone business segment is maturing will growth expected to slow
- As quality and features remain consistent among iPhone models, customer upgrade cycles will further extend

#### Mitigants

- Future upgrades linked to 5G and the "foldable" phone model will drive a new round of mass customer upgrades
- The wearables and services segment will continue pushing double-digit growth

### Apple Anti-Steering Case

#### Risks

- Apple is no longer able to prevent app developers from providing links to direct users away from Apple's in-app purchasing system. Apple's in-app purchasing system allows the company to take 15% to 30% of gross sales

#### Mitigants

- True limits and restrictions are still unclear. Apple could restructure its service package by only giving special bonuses and promotions to apps giving the company 30% of gross sales

### Excess Cash

#### Risks

- Apple has been formerly criticized for having too much cash on its balance sheet. The company has commonly resorted to share buybacks but will need to resort to an alternative plan as share prices rise

#### Mitigants

- Apple has multiple opportunities to deploy cash in developing new products like the AR headset and Apple car. The company also still maintains the option to continue share buybacks in the case of an upcoming bear market

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# Key Sections of Stock Pitch

## 6 Steps:

### Valuation (2+ methods)

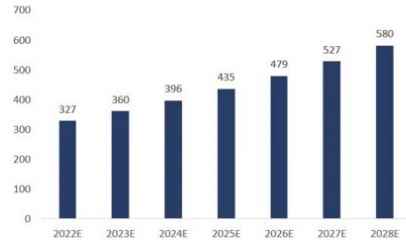
Determine intrinsic value and upside potential

Sections:

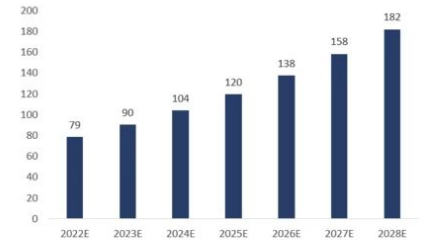
1. Show valuation **methods** (Comparables, DCF, etc.).
2. Explain key **assumptions** (growth rates, discount rates).
3. Highlight the **target price**

## Discounted Cash Flow Analysis

Product Revenue Projection (Billions)



Service Revenue Projection (Billions)



Sensitivity Analysis

WACC		Growth Rate					Exit Multiple				
		0.50%	0.75%	1.00%	1.25%	1.50%	16.0x	16.5x	17.0x	17.5x	18.0x
WACC	9.00%	\$ 255.71	\$ 260.23	\$ 264.84	\$ 269.45	\$ 274.14	\$ 205.57	\$ 220.24	\$ 235.96	\$ 251.69	\$ 268.46
	9.50%	\$ 232.46	\$ 236.58	\$ 240.77	\$ 244.96	\$ 249.22	\$ 199.33	\$ 213.56	\$ 228.80	\$ 244.05	\$ 260.31
	10.00%	\$ 211.33	\$ 215.07	\$ 218.88	\$ 222.69	\$ 226.57	\$ 193.28	\$ 207.08	\$ 221.86	\$ 236.64	\$ 252.41
	10.50%	\$ 190.19	\$ 193.56	\$ 196.99	\$ 200.42	\$ 203.91	\$ 187.23	\$ 200.60	\$ 214.92	\$ 229.24	\$ 244.51
	11.00%	\$ 171.17	\$ 174.21	\$ 177.29	\$ 180.38	\$ 183.52	\$ 181.37	\$ 194.32	\$ 208.19	\$ 222.06	\$ 236.86

Note: May vary/change with different pitches, be flexible!

# Key Sections of Stock Pitch

## 6 Steps:

### Final Recommendation

**Conclusion** - End strong!

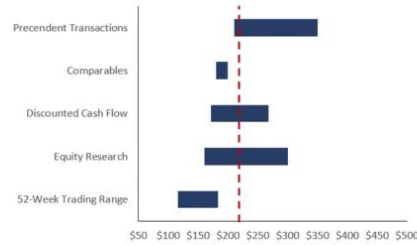
#### Sections:

1. Create a **football field** (summarize valuations)
2. Reiterate investment thesis and catalysts
3. Present target price, time horizon, upside

## Final Recommendation - BUY



### Football Field Valuation



### Investment Thesis

#### 1 Strong Service Segment Growth

Apple has over 745+ million paid subscribers across its services business segment with service revenue tripling over the past 6 years.

#### 2 The Apple Ecosystem

The company's product wide integration provides a one-of-a-kind user experience that goes beyond traditional single product functionalities.

#### 3 Inflation Insulation

The bargaining power of individual suppliers are suppressed by the large pool of alternative suppliers and Apple's low supplier switching costs.

### Target Price

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# Resources for Equity Research

Resource:	Purpose:
<a href="#"><u>SEC Filings (10K, 10Q)</u></a>	Company Information
<a href="#"><u>Jason Bernard Library</u></a>	Research, Industry Reports, News
Bloomberg Terminal/CapIQ	Real-time market information (available at <b>IBS</b> )
Company Investor Relations	Company-specific presentations and data



# Our Coverage Areas

Trading  
(Evan)

## Healthcare



## Technology, Media, & Telecommunications (TMT)



## Consumer Staples & Discretionary



## Financials



## Industrials

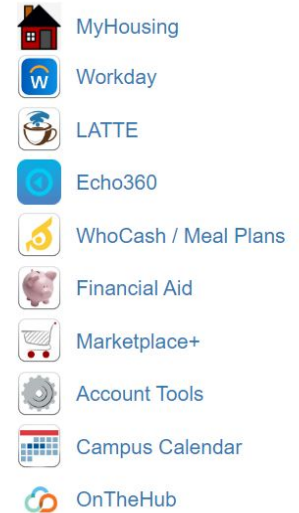
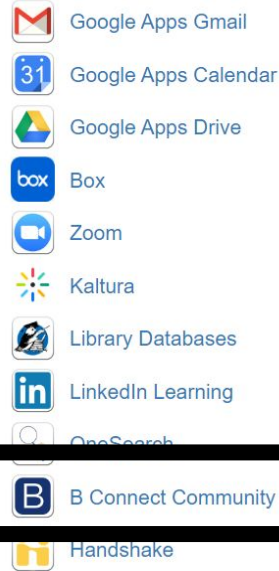


# Basics of Networking

## Utilize Brandeis Alumni

### Use Brandeis Connect (LinkedIn for Brandeis Alumni)

1. Reach out through LinkedIn/BConnect
2. Search Alumni in firms you are interested in
3. Reach out and hope they respond
4. Look through their profile to find overlapping experiences
5. Develop questions based off work/hobbies
6. If they do respond, be respectful and at the end if all is well, ask for a reference to another dept.
7. Follow up every 3-4 months to maintain connections



# Basics of Resume Building

Use [this template for starters](#)

Focus on *quantifying* what you do, ie; *Reduced* time of task for x% by utilizing y and z.

Do not copy the job description. Write about what you did.

Write about problems or projects you worked on.

Use action words; created, developed, analyzed, utilized, etc.

Remove high school and high school experiences unless *directly* related.

**Be able to talk about and explain everything on your resume**