

WIC Annual General Meeting

Western Investment Club

Jun Kim, Kate San, Anthony Hua, Flora Sun

September 22nd, 2021



WESTERN INVESTMENT CLUB

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01

Club
Overview

Club Overview: History

Overview

700
Members

\$200K
AUM

38
Years Old

- The original investment club was started in 1983 by two HBA students; fund was established in 1997
- WIC has weekly stock pitches and invests in North American publicly-traded equities
- WIC is one of the largest clubs on campus and has an extensive Western and Ivey alumni network
- WIC focuses on educating members on investing and providing mentorship opportunities

Current & Past Alumni

KKR

Morgan Stanley


HOULIHAN LOKEY

Scotiabank



J.P.Morgan

MOELIS & COMPANY

EVERCORE



CREDIT SUISSE 



 **BARCLAYS**

 **BDT CAPITAL PARTNERS**

SILVERLAKE

 **ARES**

 Point 72

P / W / P
PERELLA WEINBERG PARTNERS

 **Catalyst PARTNERS**

ONEX

ALTASIPARTNERS

 **CPP INVESTMENT BOARD**

LGP

 **Blackstone**

 **TPG**



WESTERN INVESTMENT CLUB

Club Overview: What We Offer to Students

WIC offers a broad set of opportunities for students to learn and get involved

1

Educational Meetings

- WIC runs multiple “Researcher Group” meetings every week where leadership team teaches investing-oriented topics
- Topics covered include:
 - Introduction to Finance and Value Investing
 - Business Analysis
- Meetings offer multiple opportunities to apply your learnings throughout the year
- Whether meetings are in-person is dependent on USC policy

- Six 1-hour long researcher meetings per week
- Company and news articles of the week

2

Investing Exposure

- General meetings are run weekly where the analyst teams from each industry group pitch a company once each semester
 - See how our analysts think and ask questions
 - Vote on whether or not to buy the stock
 - Help the analyst team create/present their pitches
- End-of-year stock pitch competition judged by WIC team

- 1-hour weekly general meeting
- Interacting in GMs and voting on pitches

3

Other (Networking, Socials, Mentorship)

- Informal outreach to analyst team is always encouraged – whether to chat, ask for resources, request a mock, etc.
- Both virtual and in-person socials are being planned multiple times each semester to meet each other and the team
- Webinars with WIC alumni who currently work at private equity firms/hedge funds

- Formal/Informal outreach
- Zoom webinars/virtual events

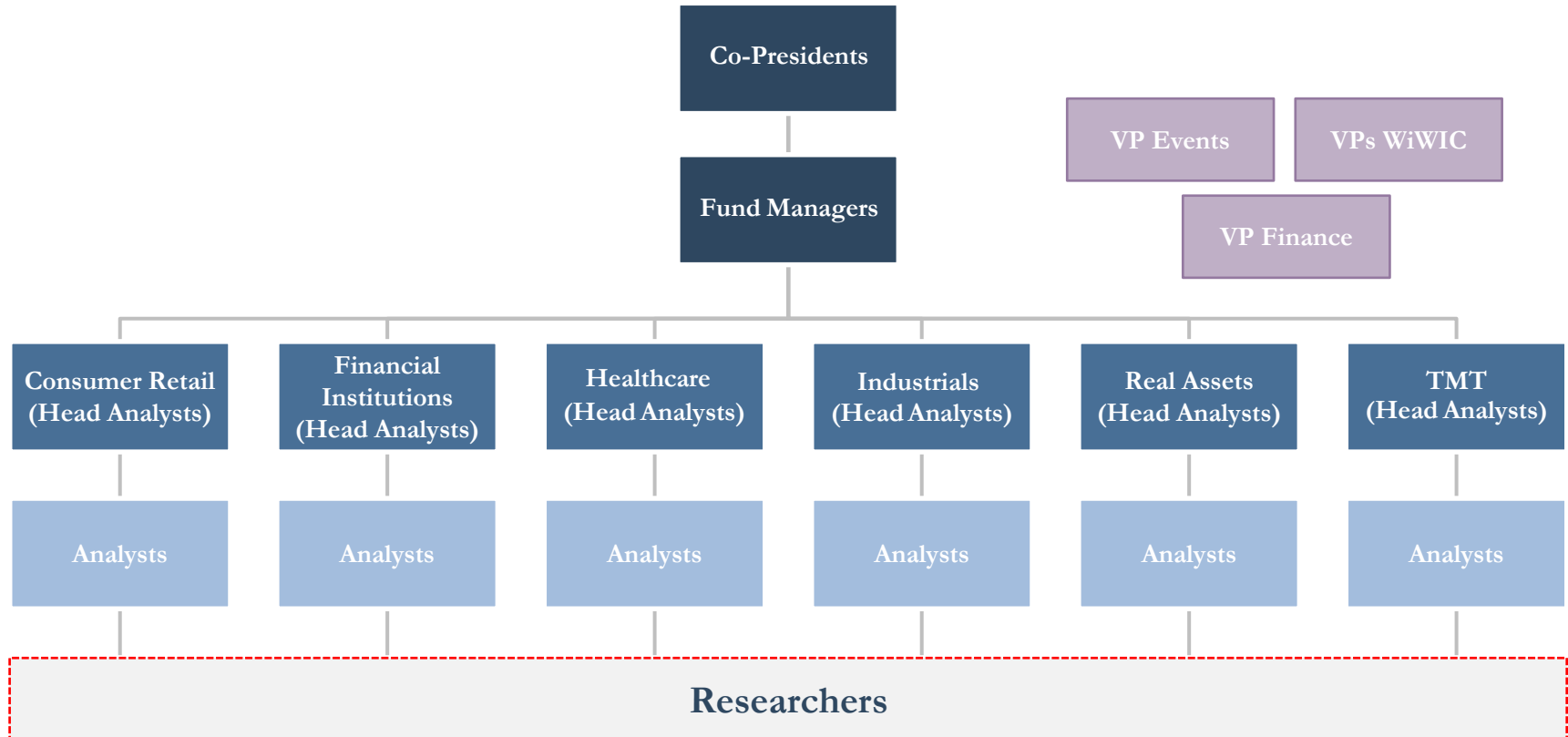
The Western Investment Club holds an educational mandate – all of WIC’s meetings and events are tailored to teaching our general members more about finance and investing.



WESTERN INVESTMENT CLUB

Club Overview: Organizational Structure

WIC is divided into six different industry groups, which are led by Ivey students with financial services experience



02

Club
Leadership

Club Leadership

Brief introduction to this year's Executive Team

Co-Presidents



**Jun
Kim**

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TMT group*

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EVERCORE

New York



**Kate
San**

*Previously an analyst in the
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KKR

Menlo Park

Fund Managers



**Anthony
Hua**

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New York



**Flora
Sun**

*Previously an analyst in the
TMT group*

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MOELIS & COMPANY

New York



WESTERN INVESTMENT CLUB

Club Leadership

Technology, Media, and Telecommunications (“TMT”) Group

Head Analysts



**Nir
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*New to the WIC Analyst Team
for the 2021-2022 year*

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EVERCORE

Menlo Park



**Roy
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TMT group*

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SILVERLAKE

Menlo Park

Coverage Universe

Technology



Media



Telecom.



WESTERN INVESTMENT CLUB

Club Leadership

Consumer Retail Group (“CRG”)

Head Analysts



**Emma
Hristov**

*New to the WIC Analyst Team
for the 2021-2022 year*

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**cg/Canaccord
Genuity**

Toronto



**Peter
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HOULIHAN LOKEY

New York

Coverage Universe

Retail



tapestry

COACH | kate spade | STUART WEITZMAN



ARITZIA

Consumer
Services



COLLECTORS UNIVERSE
NASDAQ: CLOUT



Consumer
End-
Markets



WESTERN INVESTMENT CLUB

Club Leadership

Financial Institutions Group (“FIG”)

Head Analysts



**Emily
Li**

Previously an analyst in the FIG group

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Morgan Stanley

Toronto



**Jasmine
Xing**

New to the WIC Analyst Team for the 2021-2022 year

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Toronto

Coverage Universe

Banks



Scotiabank®



FinTech



Insurance



PROGRESSIVE®



WESTERN INVESTMENT CLUB

Club Leadership

Healthcare (“HC”) Group

Head Analysts



**Aly
Dayani**

*Previously an analyst in the FIG
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PJT Partners

New York



**Andrew
Li**

*New to the WIC Analyst Team
for the 2021-2022 year*

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MOELIS & COMPANY

New York

Coverage Universe

Healthcare
Services



Life
Sciences



Medical
Tech and
Devices



WESTERN INVESTMENT CLUB

Club Leadership

Industrials (“IND”) Group

Head Analysts



**Aryan
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IND group*

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CREDIT SUISSE

Toronto



**Sammy
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EVERCORE

New York

Coverage Universe

Aerospace
& Defense



Automotive &
Manufacturing



Business
Services



WESTERN INVESTMENT CLUB

Club Leadership

Real Assets (“RA”) Group

Head Analysts



**Aleem
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*New to the WIC Analyst Team
for the 2021-2022 year*

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**Bank of America
Merrill Lynch**

Toronto



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Natural Resources group*

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EVERCORE

New York

Coverage Universe

Real Estate



Metals &
Mining,
Oil & Gas



Power &
Utilities



WESTERN INVESTMENT CLUB

03

Value to General Members

Value to General Members

What are you getting from a \$15 club membership?

1

Opportunities to Get Involved

- Stock Pitches: Work alongside the analyst team to construct pitches
- Week-in-Review: Present interesting news at researcher meetings and/or GMs
- Holdings Update: Help the HAs and FMs analyze quarterly results for various holdings to be presented at researcher meetings and/or GMs

*1-6 hrs
/ Week*

2

Access to Mailing List

- Get updates as to when GMs will be and special events throughout the year
- Access to direct applications for jobs in investment banking, private equity, hedge funds, and search funds at some of the most prestigious firms

Year Round

3

The WIC Network

- Becoming a WIC General Member is akin to joining a large team of individuals who are passionate about finance and investing
- A key success factor to recruiting is networking, and the alumni network WIC has is so extensive that just being a part of WIC could land you an interview

Continuous

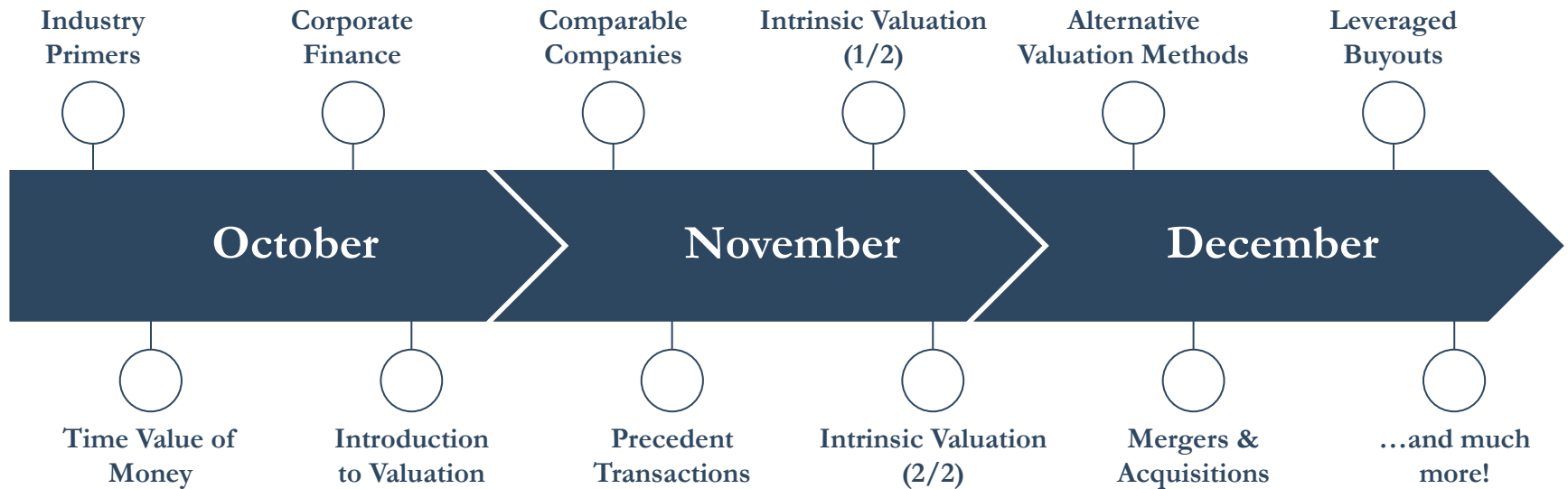
WIC encourages students to attend meetings regardless of how much prior finance or investing knowledge you have. Our educational program is designed to teach the absolute basic concepts and gives you the chance to apply them.



WESTERN INVESTMENT CLUB

Value to General Members

Tentative Educational Schedule



Commentary

- All researchers meetings will start with an introduction to their respective industries and the various subsectors they encompass
- The rest of the first semester of WIC is dedicated to providing all researchers, irrespective of industry group, with a standardized set of tools to better evaluate businesses and make sound investment decisions
- In the second semester, researchers will be exposed to more advanced topics and will see more variability across different groups



Anticipated Schedule

Tentative weekly meeting schedule beginning Monday, October 4th

Monday	Tuesday	Wednesday	Thursday
	FIG 4:30 - 5:30		TMT 4:30 - 5:30
CRG 5:30 - 6:30	HC 5:30 - 6:30	IND 5:30 - 6:30	RA 5:30 - 6:30
		General Meeting 6:30 - 7:30	

Commentary

- WIC offers a minimum of seven times throughout the week to ensure as many students as possible can find a time to attend that fits their schedule
- You are not expected or recommended to attend all the meetings; ideally pick 1 – 3 industry groups and do your best to attend the general meeting if it fits your schedule
- Additional events will be offered sporadically throughout the year and communicated via the mailing list or Facebook



04

Women in WIC (WiWIC)

Women in WIC (WiWIC)



Organization Overview

WiWIC Vice Presidents



Chloe Macklin

*Previously a Junior Analyst
in the NR Group*

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EVERCORE

New York



Jessica Yin

*Previously a Junior Analyst
in the REHG Group*

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EVERCORE

New York

tinyurl.com/WomenInWIC

What is WiWIC

- **Women in WIC is a community for female WIC members to connect with, advocate for, and empower female students breaking into finance**
- Formally launched in 2019 by two female HBA3s
- Reached 80+ students last year
- Opportunities to participate in virtual & in-person programming and contribute to ongoing initiatives
- Develop skills and knowledge that supplement GM and researcher group meetings

Purpose

Remove barriers to women inclusion

Connect female students with targeted opportunities

Provide career resources and relationships

Advance diversity, equity, and inclusion within WIC

Increase female representation in WIC and finance roles overall

Women in WIC (WiWIC)

Goals and timeline for the upcoming year

Goals

Career Development

Leverage
female
alumni
network

Provide
content
review and
answer
questions

Increase
diversity
opportunity
awareness

Community and Personal Development

Broaden
discussions
of female
experiences
in finance

Develop a
more
inclusive
finance
community

Increase
female
presence in
under-
represented
fields

2021 – 2022 Timeline

1st Semester

Meet & Greet + Female Analyst Panel

Second-Year & Alumni Mentorship Program

Researcher / Analyst Speed-Networking Event

2nd Semester

Socials

First-Year & HBA Mentorship Program

Third-Year Recruiting Workshop

WiWIC will host monthly drop-in sessions throughout the year to answer questions surrounding various topics (club content, recruiting, courses, etc.)

Women in WIC (WiWIC)

Two mentorship programs to build community and provide opportunities for first- and second-year women

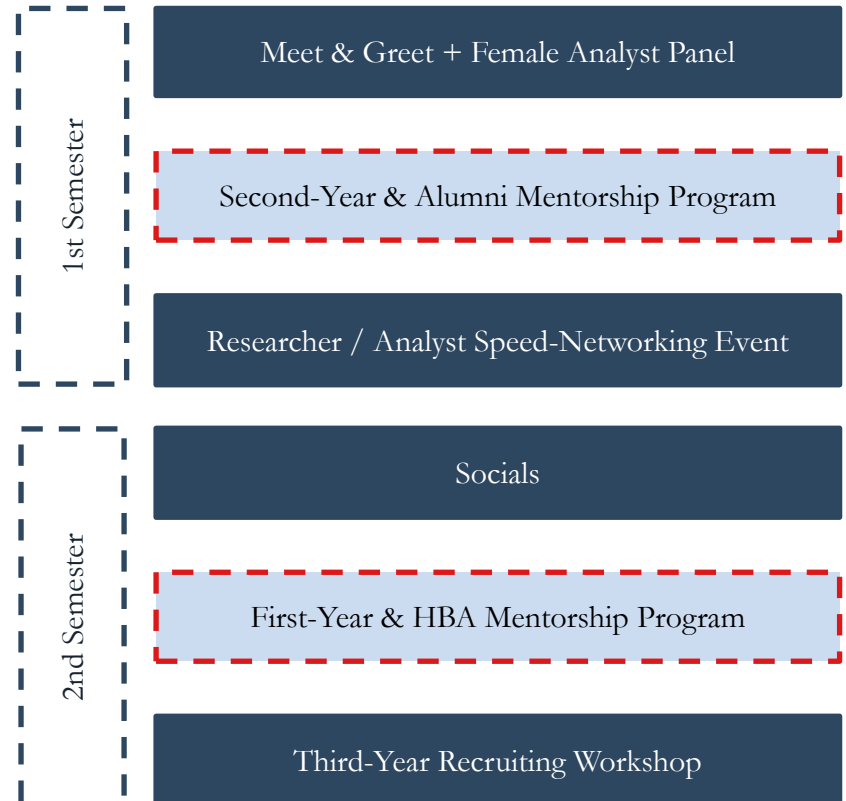
Second-Year & Alumni Mentorship Program

- Continue second year mentorship program with female alumni working in finance
- Formal mentorship program allowing students to gain advice and insight into networking, recruiting, and careers in finance
- Monthly topics specified for mentor-mentee meetings
- **Applications will be released in early October**

First-Year & HBA Mentorship Program

- Offer formalized mentorship program for first-year female students and female HBA students
- Opportunity to gain help navigating finance on campus, career planning, recruiting and more
- Monthly mentor-mentee meetings with full mentorship program socials planned throughout second semester
- **Applications will be released in December**

2021 – 2022 Timeline



Women in WIC (WiWIC)

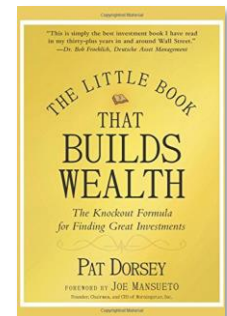
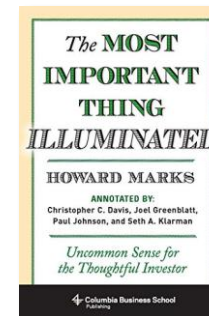
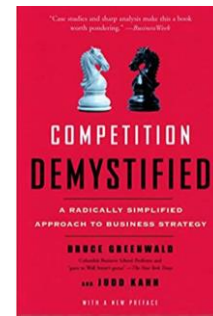
WIC Book Club will be running for its third year

WIC Book Club Overview

- WIC Book Club helps students build their investing knowledge through literature and monthly discussions
- The objective of the club is to provide an inclusive environment to learn and discuss investing and to encourage the participation of women in finance
- In addition to book discussions, WIC will invite team members from Burgundy and other industry professionals to run workshops related to the topics discussed
- We are looking for students from diverse backgrounds with a curiosity in finance or investing to be part of our group. Students from all faculties, years, and genders are encouraged to apply
- Further details will be communicated through Facebook

Scheduled Dates & Past Books

- **WIC Book Club will read two books per semester**
- Sign-up deadline: **Saturday, October 16th at 11:59PM**
- Session dates: November, January, February, & March
- Examples of books WIC Book Club has covered:
 - “*Competition Demystified*” by Bruce Greenwald
 - “*The Most Important Thing*” by Howard Marks
 - “*The Little Book that Builds Wealth*” by Pat Dorsey



05

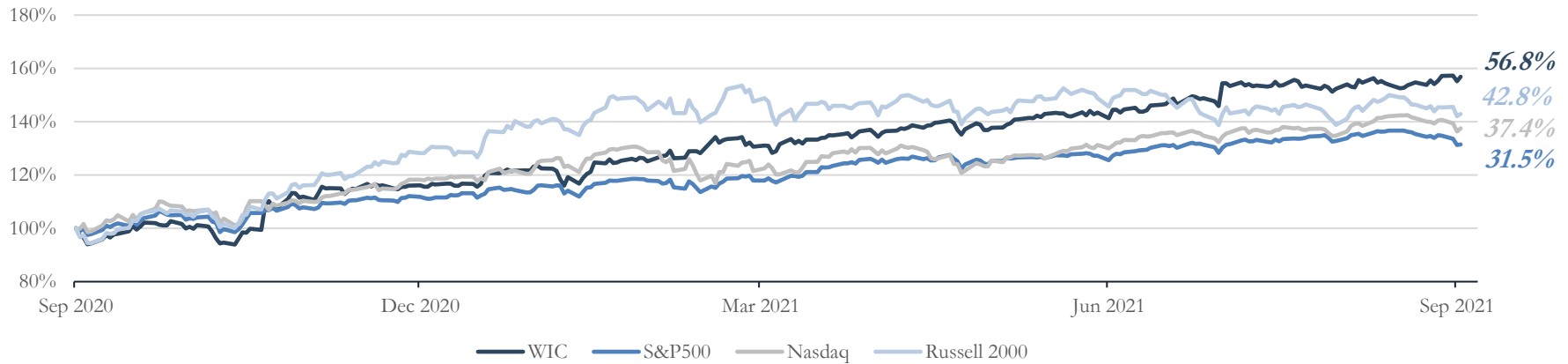
Portfolio Update



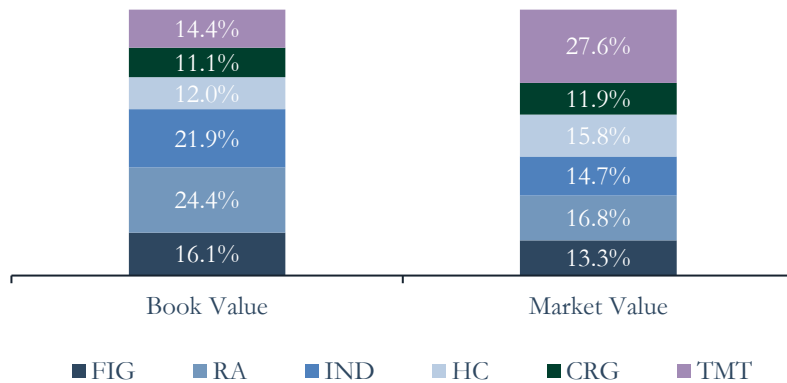
Portfolio Update

Overview

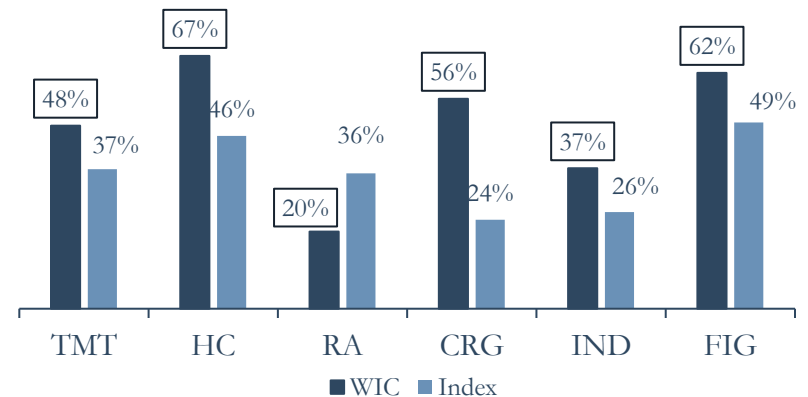
WIC Portfolio Performance⁽¹⁾ (LTM)



Portfolio Composition



Industry Group Performance vs. Industry Index



Note: As of September 21, 2021

1) Remaining 25% of market value of portfolio held in cash and savings



WESTERN INVESTMENT CLUB

Portfolio Update

Biggest Gainers & Losers

Winners (LTM)

FORTINET

145%



- Original thesis based on Fortinet's portfolio of offerings and market uncertainty around post-COVID growth and legacy network cybersecurity
- Demonstrated strong execution with record growth following events that have heightened the overall importance of cybersecurity

COVANTA
Powering Today. Protecting Tomorrow.

142%



- Original thesis based on opportunistic time to enter a fundamentally strong and stable contractual business
- Consistently beat consensus estimates for EBITDA and FCF with improving cost and contract fee structures
- EQT announced a \$5.3B take-private bid in July 2021, a 37% premium

Losers (LTM)

LUNDINGOLD

(8%)



- Original thesis based on its world-leading project profile and a contrarian view on exploration activity
- Lundin has since faced operating challenges in the past year and brought on a new CEO to address underperformance at the company's flagship mine

teva

(7%)



- Original thesis is unknown. However, at the time of investment, TEVA was the leading generics manufacturer in the world
- TEVA has struggled to manage its \$25b debt load following its acquisition of Actavis. Additionally, the aftermath of the opioid crisis continues to loom the stock



Macroeconomics Update

What's going on around the world?

Global Supply Chain Disruptions

- Global supply chains remain strained from COVID-19 lockdowns, shipping, and weather-related challenges
- As a result, prices for raw materials and inputs for business and consumer goods have increased drastically
- The global chip shortage has impacted nearly all industries
- High demand for shipping containers raised the average price for a single container by 61% from \$3,610 to \$5,795
- The blockage of the Suez Canal and a shutdown of a key port in southern China exacerbated the supply chain strain

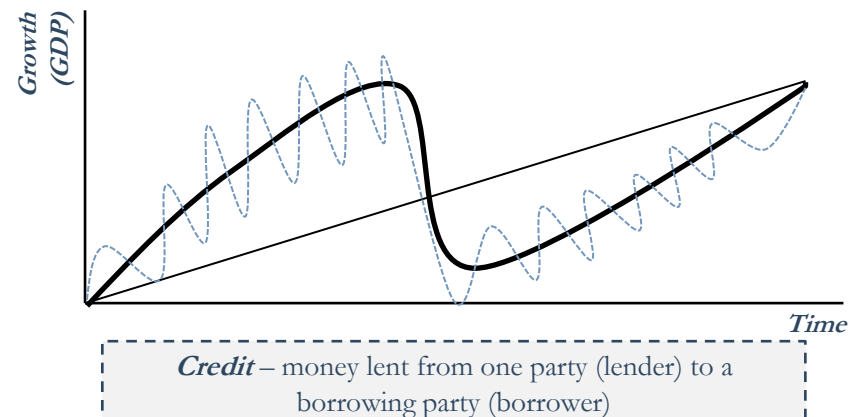
Economy

- U.S. unemployment was at 5.2% at the end of August, steadily recovering but above pre-pandemic levels of 3.5%
- Pandemic layoffs have stabilized despite the Delta variant, with job demand exceeding labor supply
- Factors such as child-care, caution around COVID-19, and unemployment benefits keep workers from seeking jobs
- Inflation has increased to 4% for U.S. Core CPI compared to the Fed's 2% target

Annual Junk-Bond Sales



The Credit Cycle



06

What is Value Investing?



Value Investing

To understand what value investing is, first you need to differentiate between investment and speculation

Investment vs Speculation

	Investment	Speculation
Time Horizon	Longer-term, saving for future	Generally short-term, waiting on news/pops
Risk Level	Low-Moderate	High
Investor Sentiment	Conservative, often “contrarian”	Aggressive, herd-mentality
Decision Criteria	Driven off fundamentals and business analysis	Chosen as the “cool stock”, biggest movers
Examples	<ul style="list-style-type: none"> Extensive analysis on Apple before buying its stock 	<ul style="list-style-type: none"> Bitcoin / Crypto Hertz stock in May 2020

What is Value Investing?

- “An investment operation is one which, upon thorough analysis, promises of safety of principal and an adequate return” – **Benjamin Graham**
- Value investing is the discipline of buying stocks at a significant discount from their intrinsic value and holding them until more of their value is realized
 - Intrinsic value** is the true worth of a company and is independent of short-term price movements
- Value investors look to understand companies on a granular level and invest in those with high-quality, attractive business models
 - They focus their analysis on companies using their cash flows instead of their net income
- “Whether we’re talking about socks or stocks, I like buying quality merchandise when it is marked down” – **Warren Buffett**

Value investors look for undervalued companies and base their analysis on long-term business fundamentals



Value Investing

Value investors follow a specific philosophy and look for key business traits in their investments

Investment Philosophy

1. Bottom-Up Selection

- Forecasting a company's future potential is simpler than predicting broad macro themes (top-down investing)
- As such, it is easier to find individual companies which are mispriced

2. Margin of Safety

- Investments must be made at a significant discount to your estimate of a company's intrinsic value
- This ensures a high degree of safety in case of errors in valuation, major shocks, and bias in judgement

3. Long-Term Investment Horizon

- Investments are made for a long-term period with little regard to short-term, market-driven fluctuations in stock prices

Attractive Business Characteristics

1. Stable, predictable, and high-probability cash flows

2. Excellent management teams

- Management should be good “stewards” of investor's capital

3. Sustainable competitive advantage / barriers that hinder competitors from entering the market

- Examples: network effects, brand equity (such as lululemon), pricing power, patented technology, economies of scale

4. Strong returns on re-investment

- Low capital intensity for businesses and high returns generated for each marginal dollar re-invested in business



07

Questions?

More information: <https://linktr.ee/WesternInvestmentClub>
Analyst applications due tonight at 11:59PM



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September 22nd, 2021



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