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# Financial Literacy Survey

- <https://forms.gle/kVkqyThknEpPWKcz9>



# Common Sense Economics

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- Earn a digital badge that you can include on a resume or share on LinkedIn or other professional social media sites
- Earn a copy of *The Graduate Survival Guide: Fives Mistakes You Can't Afford to Make in College* (available for the first 60 students)
- Sign up for free at <https://canvas.instructure.com/enroll/H67J48>

# Check-Out Survey

- Link shared at the end of the event
- Share feedback on today's event
- Used for students to report their participation
- Must complete to be eligible for prizes





# Lindenwood Student Managed Portfolio

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April 2021





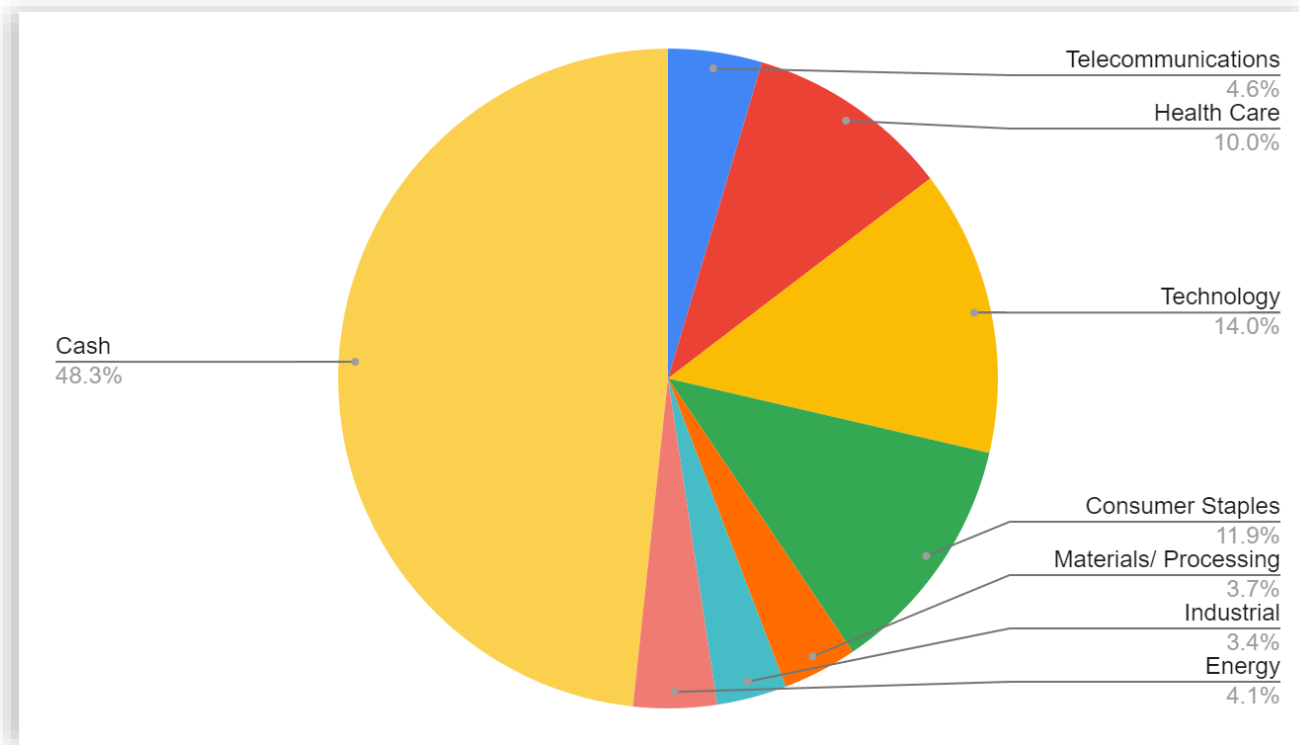
# Student Managed Portfolio

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- Inception
- Investment Policy Statement (IPS)
  - Initial Value
  - Diversification
    - Eighty percent of the fund will be invested in equities.
      - 40% Large cap (equal to or above \$15 billion)
      - 24% Mid cap (3-14.9 billion)
      - 16% Small cap U.S equity (between \$100 million – 2.9 billion).
    - 5% U.S. treasuries
    - 10% Real estate and Financial ETF/Fund.
    - 5% percent in cash
  - Benchmark – Russell 3000
  - Performance

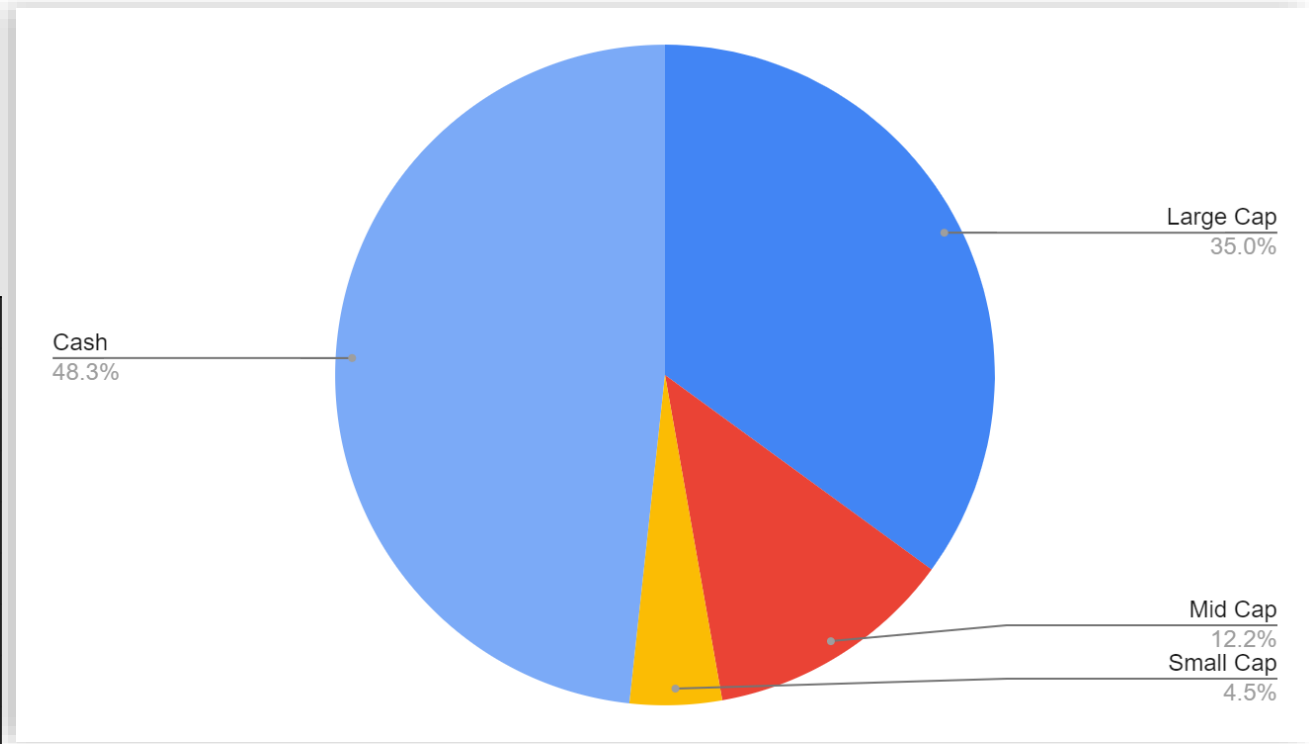
# Sector Distribution

By Sector	Percentage
Telecommunications	4.60%
Health Care	10.03%
Technology	13.99%
Consumer Staples	11.91%
Materials/ Processing	3.65%
Industrial	3.43%
Energy	4.08%
Cash	48.30%
Total	100.00%



# Market Value Distribution

	Actual	Goal	Difference
Large Cap	\$46,471.97	\$53,050.20	\$6,578.23
Mid Cap	\$16,188.82	\$31,830.12	\$15,641.30
Small Cap	\$5,972.47	\$21,220.08	\$15,247.61
Real Estate Fund		\$6,631.28	\$6,631.28
Financial Fund		\$6,631.28	\$6,631.28
Treasuries	0	\$6,631.28	\$6,631.28
Cash	\$64,062.38	\$6,631.28	-\$57,431.10
Total	\$132,625.51		
	\$132,695.64		

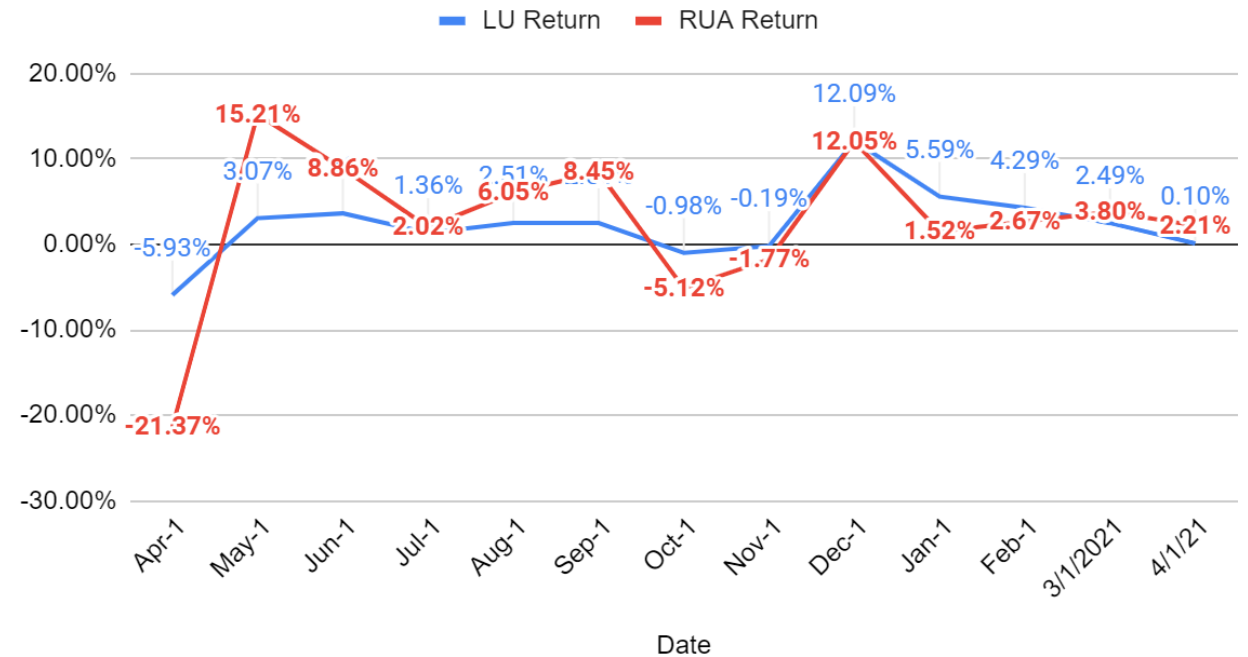




# Portfolio Performance

	LU Return	RUA Return	
1 Month	0.10%	2.21%	-2.11%
3 Month	7.00%	8.93%	-1.93%
6 Month	26.40%	21.70%	4.70%
YTD	38.14%	47.50%	-9.36%
Since Inception	31.65%	48.41%	-16.77%

LU SMF Portfolio vs. Russell 3000





# Returns

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Returns	
Average Downside Return	-30.59%
Average Upside Return	61.81%
Highest Return	225.99%
Lowest Return	-54.31%

# Risk & Return

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	LU SMIF	RUA
Standard Deviation	10.65%	23.82%
Downside Deviation	10.15%	35.73%
Average return	11.76%	21.42%
Risk Free Rate	1.58%	1.58%
Sharpe Ratio	0.96	0.83
Sortino Ratio	1.00	0.56



# Universal Electronics Inc.

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Maxime Eekhof

# 1-year Price chart

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- Current Price: \$55.91
- Market Cap: \$773M
- P/E: 20.33





# What does the company do?

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- Designs, develops, manufactures, and sells pre-programmed products.

- Audio-video
- Intelligent wireless security
- Smart home
- Climate control





# Catalysts

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## Growth in smart home market.

- From \$78 billion to \$176 billion
- Driven by HVAC
- Recent shift towards this industry

## UEI Comfort Family of Connected Thermostats

- New HVAC product
- Able to be connected to other UEI products

## UEI Virtual Assistant

- Decrease post purchase costs
- Available to other OEM's in Q2, 2021

# Risks to thesis

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Home automation market doesn't grow as expected.



New products from competitors.



Cybersecurity issues.



Dependence on consumer preferences.

# Competition

Identifier (GRID_REPORT.RIC)	Company Name	Enterprise Value To EBITDA (Daily Time Series Ratio)	Enterprise Value To Sales (Daily Time Series Ratio)	P/E (Daily Time Series Ratio)	Gross Margin, Percent (FY0)	Operating Margin, Percent (FY0)	Revenue - SmartEstimate Growth (Next Yr/This Yr)
UEIC.O	Universal Electronics Inc	10.84	1.18	20.33	28.7%	6.1%	6.5%
LOGLO	Logitech International SA	18.89	4.24	21.34	37.7%	9.3%	-0.6%
SONY.K	Sony Group Corp	9.11	1.47	13.76	34.3%	10.2%	2.3%
JCI	Johnson Controls International PLC	18.62	2.38	57.99	33.2%	5.1%	5.5%
HON.N	Honeywell International Inc	19.87	5.00	33.44	32.1%	18.4%	7.3%
GE	General Electric Co	NA	1.91	22.67	22.1%	12.3%	6.8%
EMR	Emerson Electric Co	16.12	3.63	26.78	41.8%	14.8%	5.7%
0320.HK	Computime Group Ltd	1.30	0.06	NA	13.4%	1.1%	NA
<input type="text" value="Add Security"/>							
Peer Mean		13.99	2.67	29.33	30.7%	10.2%	4.5%
Peer Median		17.37	2.38	24.72	33.2%	10.2%	5.6%

[illegible]

CALCULATE

**Warranted Valuation** [SHOW DETAILS](#) ⓘ

111.69 USD

102% upside

[illegible]


CALCULATE

**Warranted Valuation** [SHOW DETAILS](#) ⓘ

36.55 USD

-34% downside





Average upside:  
\$103.63 (85.35%)  
Average downside:  
\$38.33 (-31.44%)

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## Valuation

EV/EBITDA multiple	7.77	14.29
Expected EBITDA	117.47	117.47
Expected EV	912.74	1,679
Debt	198.00	198.00
Cash	161.00	161.00
Equity	553.74	1,320
Shares outstanding	13.81	13.81
Price Target	\$ 40.10	\$ 95.56



# Recap

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- Shift to more favorable home automation market.
- New products to back up management claims.
- Low valuation metrics compared to comps.
- Attractive upside with conservative estimates.

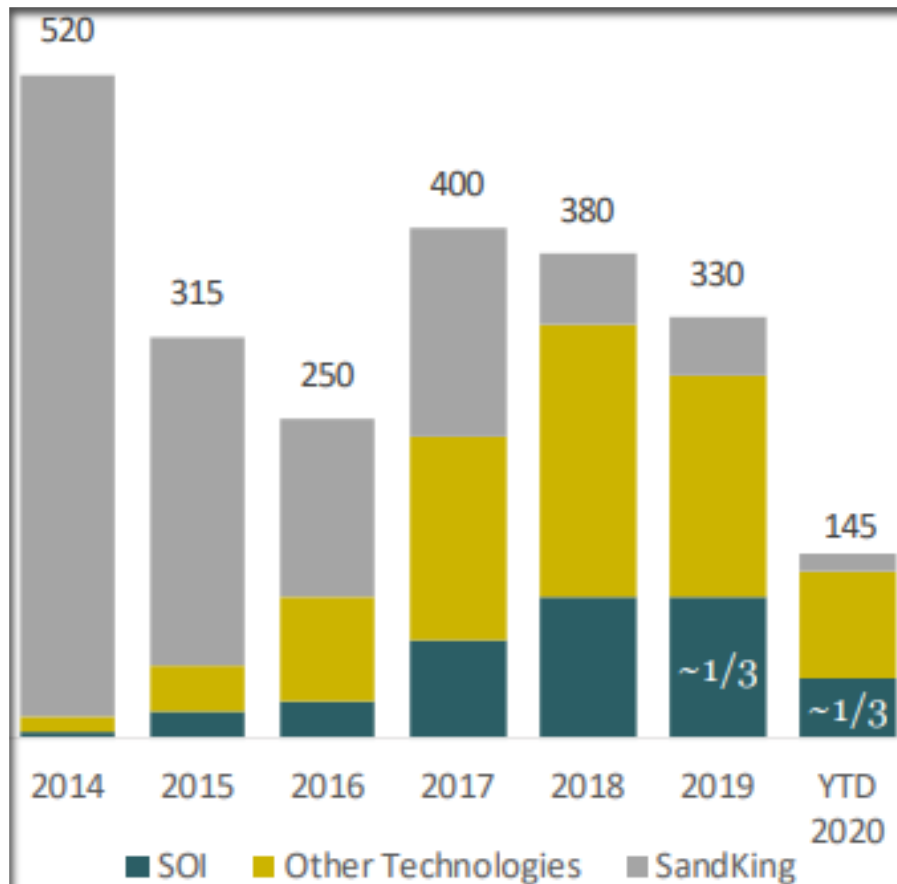
# Solaris Oilfield Infrastructure Inc, SOI

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ANGEL REGALADO



# SOI OVERVIEW AND MARKET ENVIROMENT



- Solaris Oilfield Infrastructure, Inc. manufactures and provides its mobile proppant management systems that unload, store, and deliver proppant at oil and natural gas well sites.
- The Company offers its services to oil and natural gas exploration and production companies, as well as oilfield service companies.
- The Company manufactures its systems at its facility in Texas.





## Catalysts

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The new collaboration with Amazon Web Services will attract more customers.

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Price of oil bouncing back will make the patent Mobile Proppant Management Systems increase sales.

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Having no debt added to having the greatest yield among its competitors makes it a great opportunity to buy.



# RISK TO THESIS



The main risk is the volatility of oil which could cause a negative impact in the demand of SOI's systems, products and services.



Another risk is that the collaboration with AWS would not meet the expected results.



A minor risk is the patent expiring. However, it will not expire until 2032-3039 if maintenance payment fees are paid regularly.



# Industry Peers

- The competitor that has the best in breed margins is Smart Sand Inc. This is because they have the best operating margin
- They also have the best EBITDA margin.
- Despite this, Solaris Oilfield Infrastructure has the best Gross Margin and the collaboration with AWS supports that they will have an increase in the sales (as we have already seen this first quarter of 2021) as well as Operating Margins.

Identifier (GRID_REPORT.RIC)	Company Name	Gross Margin, Percent (FY0)	EBITDA Margin, Percent (FY0)	ROE	Total Debt To Enterprise Value (Daily)
SOI	Solaris Oilfield Infrastructure Inc	36.4%	20.3%	0.42	0.0%
NOVN	Nov Inc	7.1%	-2.5%	2.05	36.5%
SND.OQ	Smart Sand Inc	14.8%	11.8%	1.48	23.2%
SLCA.N	U.S. Silica Holdings Inc	35.2%	16.3%	-6.34	63.7%
PUMP.N	ProPetro Holding Corp	26.0%	15.1%	-11.71	0.0%
HAL.N	Halliburton Co	10.7%	16.8%	8.82	39.4%
BKR.N	Baker Hughes Co	15.5%	11.4%	0.24	32.2%
SLB.N	Schlumberger NV	11.0%	17.9%	7.11	32.5%
Add Security					
Peer Mean		17.2%	12.4%	0.24	32.5%
Peer Median		14.8%	15.1%	1.48	32.5%



# VALUATION

	FY1 Upside	FY2 Upside	FY1 Down	FY2 Down		AVG UPSIDE	AVG DOWN	Current P
Cash	60	60	60	60		19,13	9,19	10,5
Mkt Cap	428	612	267	294		82%	-13%	Change %
Debt	0	0	0	0				
EBITDA	32	48	23	26				
EV	368	552	207	234				
Multiple	11,50	11,50	9,00	9,00				
Equity	428	612	267	294				
shares	32	32	32	32				
Target P	13,38	19,13	8,34	9,19				
Multiple FY1	13		Exit Multpile	11,5				
Peers Multiple AVG		9	AVG of Both					

Fill All

		2013 USD	2014 USD	2015 USD	2016 USD	2017 USD	2018 USD	2019 USD	2020 USD	2021 USD	2022 USD
Sales Growth % ⓘ	Fill				27.8	281.4	184.8	22.6	-57.0	23.2	25.2
EBITDA % ⓘ	Fill			8.3	36.6	52.7	60.5	55.8	24.9	23.7	30.3
Effective Tax Rate % ⓘ	Details	Fill		-5.1	1.5	15.6	13.2	15.8	22.5	22.5	22.5
Asset Turns (x) ⓘ	Fill			0.20	0.22	0.25	0.43	0.44	0.44	0.44	0.44
CFROI % (Economic Return) ⓘ		0.0	0.0	-5.0	5.6	10.6	22.2	20.9	7.2	7.1	9.8
Real Asset Growth % ⓘ		0.0	0.0	0.0	13.7	229.9	65.9	17.3	-57.5	21.8	23.4
Discount Rate % ⓘ		0.00	0.00	4.22	3.77	2.00	3.25	1.76	1.16	Details	
Final Fade Rate % ⓘ		0.0	0.0	10.0	10.0	10.0	10.0	10.0	10.0		

CALCULATE

Warranted Valuation SHOW DETAILS ⓘ

23.71 USD 128% upside





# Merck & Co., Inc - MRK

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Charles Nienaber



## Merck & Co., Inc. - MRK

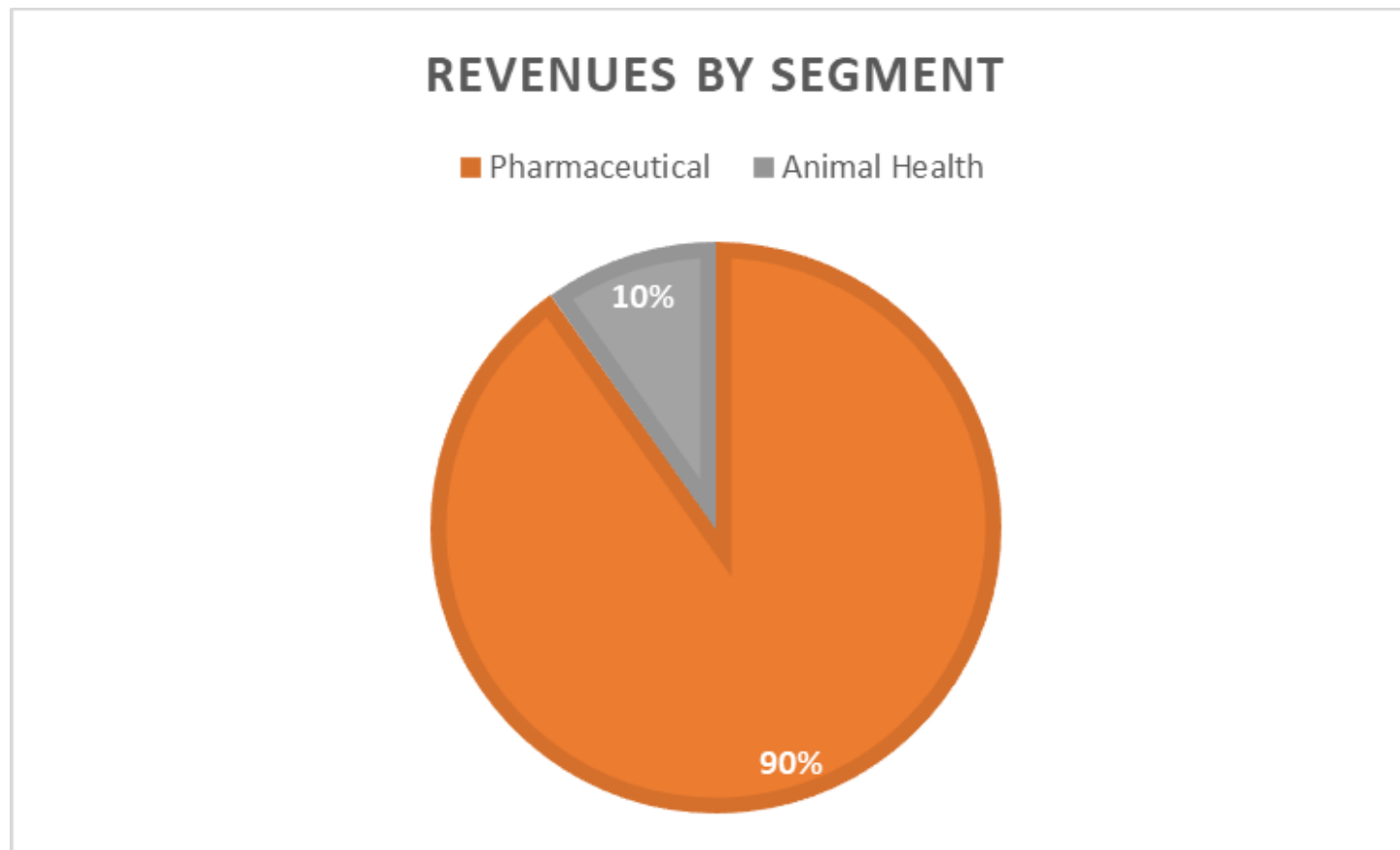
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- Global Healthcare Company, manufacturing
  - Prescriptions, vaccines, biologic therapies, animal health
- Sells to wholesalers, hospitals, governments, providers
- Market Cap - \$196B



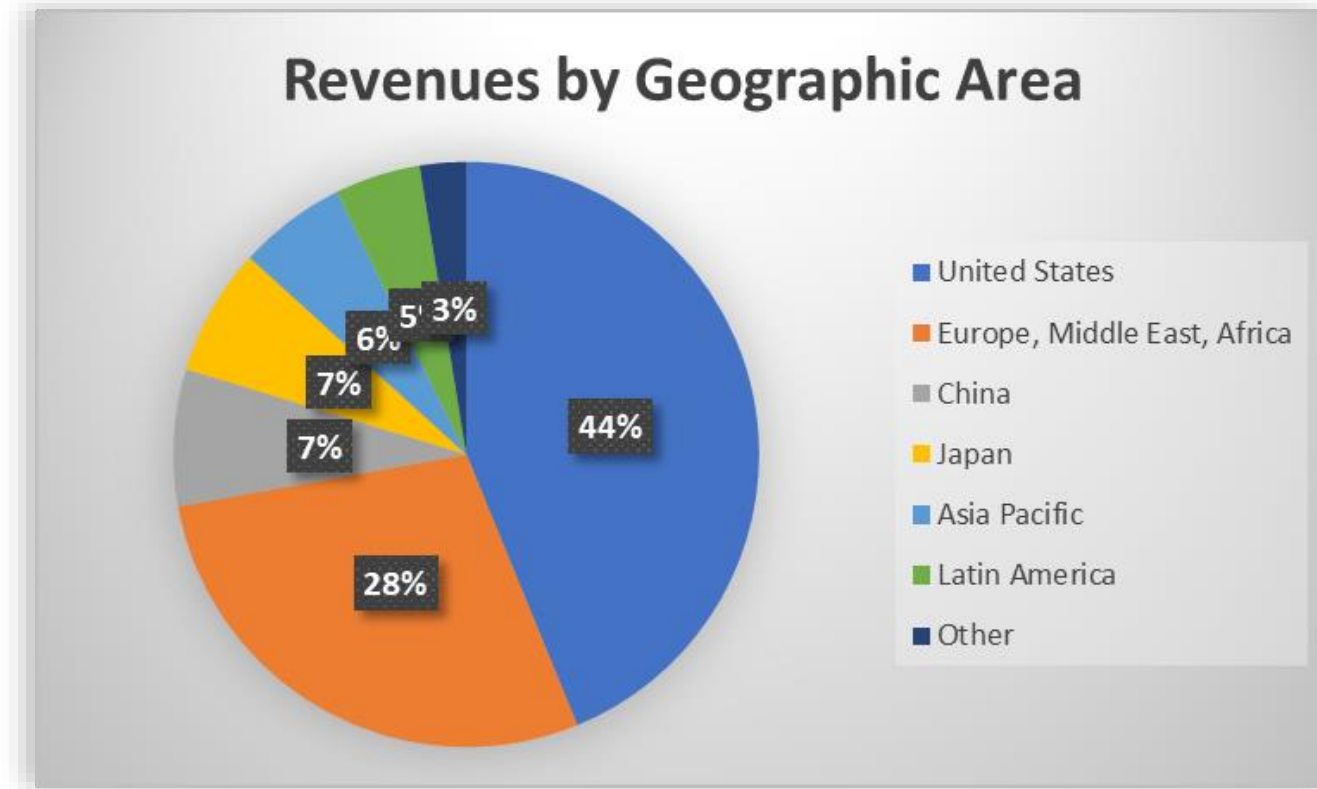
# Revenue By Segment

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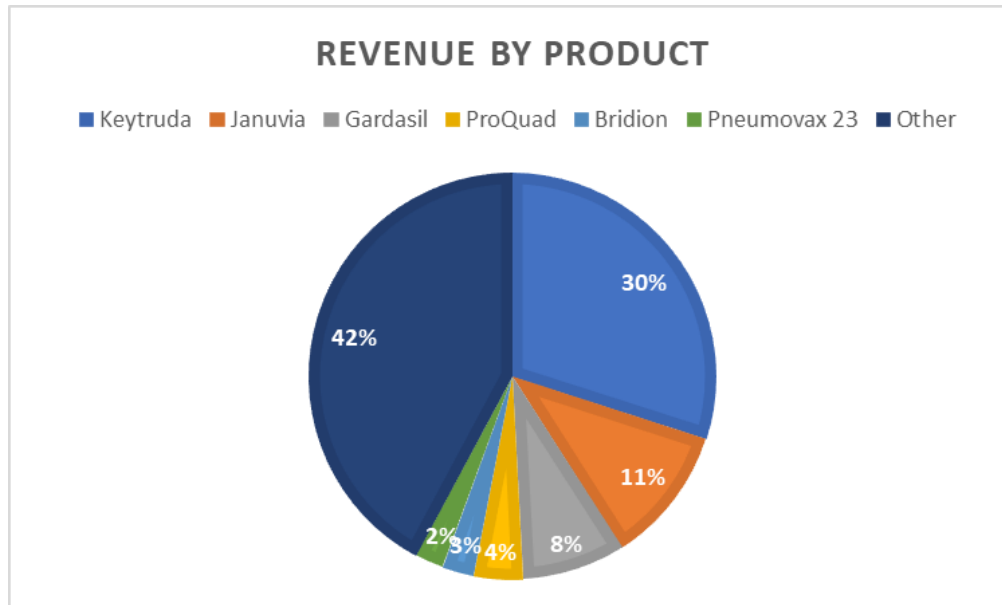
# Geographic Area

- 44% United States
- 38% Europe, Middle East, Africa
- Revenues are spread throughout the world



# Product Break Down

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- Patent Expirations

- Keytruda - 2028

- Januvia - 2022

- Gardasil - 2028

- Bridion - 2026

25 Total patent portfolio in 2020

Current or pending

(10k)



# Investment Thesis

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- MRK's future earnings growth is undervalued compared to competitors
- Catalysts:
  - Keytruda
    - Lung Cancer drug
    - Best on the market
    - 2020 Keytruda experienced 30% sales increase, expected to continue
  - New CEO
    - CFO is replacing the old, retiring CEO
  - Series of M&A and drug pipeline development
  - Total Earnings Guidance
    - 8%-12% earnings growth



# Covid Response

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- Vaccine development discontinued
- Continuing of the development of COVID-19 treatments
- All COVID-19 revenue is left out of future earnings guidances

# Valuation – Holt Lens

		2015 USD	2016 USD	2017 USD	2018 USD	2019 USD	2020 USD	2021 USD	2022 USD	2023 USD	2024 USD	2025 USD
<a href="#">Fill All</a>												
<b>Sales Growth %</b>	<a href="#">Fill</a>	-6.3	0.6	0.8	5.4	10.7	2.5	8.0	5.0	5.0	4.0	4.0
<b>EBITDA %</b>	<a href="#">Fill</a>	37.7	38.5	31.7	31.7	38.4	37.4	36.7	36.7	36.7	36.7	36.7
<b>Effective Tax Rate %</b>	<a href="#">Details</a> <a href="#">Fill</a>	23.4	12.9	23.4	26.2	17.5	20.0	17.0	20.0	20.0	20.0	20.0
<b>Asset Turns (x)</b>	<a href="#">Fill</a>	0.24	0.24	0.24	0.25	0.28	0.28	0.25	0.25	0.25	0.25	0.25
<b>CFROI % (Economic Return)</b>		7.9	8.4	8.5	8.6	12.2	14.3	12.8	12.4	12.4	12.2	12.1
<b>Real Asset Growth %</b>		-4.4	-0.2	-1.1	-2.9	-2.8	3.9	18.3	3.5	2.8	1.8	1.8
<b>Discount Rate %</b>		3.42	3.27	2.66	3.52	1.96	0.98	1.32	<a href="#">Details</a>			
<b>Final Fade Rate %</b>		10.0	10.0	10.0	10.0	10.0	10.0	10.0				

CALCULATE

Warranted Valuation [SHOW DETAILS](#)

154.67 USD

105% upside



# Valuation – Multiples

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Buy Price \$76  
**P/E Valuation**

Y1 EPS	6.57
Current P/E	11.27
High P/E	15
Low P/E	7
P/E Upside Price	98.55
P/E Downside Price	45.99

Total Upside **30%**  
Total Downside **-39%**

- Expected 2021 EPS – 6.57
- Current P/E – 11.27
- A PE expansion of 15 is warranted to represent higher sentiments among investors
- A low P/E of 7 is to represent the company's expiring patents not being replaced and a lower sentiment from investors

# Total Valuation

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	Upside	Downside
Holt	105%	-16%
P/E	30%	-39%
Average	67%	-28%
Price	\$127.18	\$54.92

# Quality

Ratios	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
<b>Margin Analysis:</b>					
EBITDA Margin %	38.50%	31.40%	34.60%	39.20%	39.70%
Net Income Margin %	9.80%	6.00%	14.70%	21.00%	14.70%
<b>Short Term Liquidity:</b>					
Current Ratio	1.78	1.33	1.17	1.24	1.02
Quick Ratio	1.24	0.83	0.72	0.79	0.6
<b>Long-Term Solvency:</b>					
Total Debt / Equity	61.70%	70.80%	93.70%	105.20%	131.70%
Total Liabilities / Total Assets	57.70%	60.70%	67.50%	69.20%	72.30%
EBITDA / Interest Expense	22.1	16.73	18.94	20.95	23.36
<b>Asset Turnover:</b>					
Asset Turnover	0.42	0.46	0.51	0.55	0.52
Inventory Turnover	2.82	2.55	2.53	2.3	2.18
<b>Return Ratios:</b>					
Return on Assets %	6.40%	5.50%	7.40%	11.20%	11.20%
Return On Equity %	9.30%	6.50%	20.20%	37.00%	27.60%



# Comp Group

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- The comp group includes
  - GlaxoSmithKline
  - Kristole-Myers Squibb
  - Amgen
  - Abbvie
  - Pfizer
  - AstraZeneca
  - Eli Lilly and Co.
- The best margins in this group are Amgen (28.6%) and LLY(25.2%)
- The best revenue growth is Pfizer (49.6%) and Abbvie (20.6%)



# INDEPENDENCE CONTRACT DRILLING, ICD.

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ANDRES MIRANDA



# BUSINESS OVERVIEW

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- The company engages in the provision of land-based contract drilling services for oil and natural gas producers.
- The company has a rig count of 29, recently disposed 5 of those for operating reasons in order to save costs.
- IDC main drilling points are Permian, Haynesville and Eagle Ford basins.

## INDEPENDENCE CONTRACT DRILLING

CURRENT PRICE	\$3.61
52-WEEK HIGH	9,24
52-WEEK LOW	2,12
SHARES OUT	6.52M
VOLUME	109305
MARKET CAP	21.7M
EV	156M



# CATALYSTS AND MARKET ENVIRONMENT.

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- The company has broken various efficiency records during the 4Q, with under 8 operating rigs on avg. By the end of Q1 active rigs will reach 12 which is still 50% of their total drilling capacity, and by year end around 18.
- As 'price takers' in the oil industry, now with barrels above 60\$, and E&P comps retaining higher earnings, we can expect higher CapEx towards the 2nd half of the year, which are the main ICD's clients.
- ICD has an entire dual-fuel fleet, an advantage in the low-emissions race in the drilling industry. The transition and innovation costs were finalized in 2020. Volume is the key for better margins, just like spot prices. All the contracts expired in 2020.



# Risks

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- In 2020, four clients represented over 10% of revenue.
- As a result of their high indebtedness, the company may fall behind in the innovation race of their rigs, or finding new capital to reactivate their rigs.
- The oil and gas sector is cyclical, specially regarding E&P comps, that may as a consequence affect their operations activity.
- Any government regulation regarding emissions, drilling of wells, and wastes can severely affect their activities.

# INDUSTRY & PEERS

- Cost associated with reactivation of rigs will mostly occur during 2021, so that's why with a slow reopening of the economy, we can see 2022 as the changing point for the industry.
- ESG transition in expectations of emissions regulations will likely cost the industry a lot of cash to innovate on dual-fuel and electric rigs.
- ICD has been a gainer in total rig count reactivation in the US, QoQ with almost a 50% increase compared to almost 25% by PDS for instance or 23% by NBR, two of the largest players in the land-drilling industry

Identifier (RIC)	Company Name	Net Debt To EBITDA	Forward Net		Interest Coverage Ratio	Total Debt To Enterprise Value	Total Debt Percentage of Total Equity
			Debt To EBITDA (NTM)				
ICD	Independence Contract Drill	29,12	16,11		-2,69	93,6%	58,8%
PTEN.OQ	Patterson-UTL Energy Inc	3,19	3,74		-11,25	43,4%	44,7%
NBR.N	Nabors Industries Ltd	4,41	5,18		-1,40	78,9%	243,1%
PDS.N	Precision Drilling Corp	4,48	5,09		-0,60	83,3%	92,2%
Peer Mean		4,14	4,77		-3,46	72,2%	118,1%
Peer Median		4,44	5,09		-1,00	81,1%	92,2%

Identifier	Company Name	Price to Book	Enterprise Value to EBITDA (FY0)	Price To Sales Per Share (Daily Time Series Ratio)	Enterprise Value To Sales (Daily Time Series Ratio)	P/E (LTM) - IBES Actual
ICD	Independence Contract Drilling Inc	0,09	33,10	0,27	1,86	-0,33
PTEN.OQ	Patterson-UTI Energy Inc	0,70	7,84	1,25	1,85	-3,47
NBR.N	Nabors Industries Ltd	0,63	6,29	0,34	1,76	-1,18
PD.TO	Precision Drilling Corp	0,26	5,76	0,40	1,67	-2,44
Peer Mean		0,53	6,63	0,66	1,76	-2,37
Peer Median		0,63	6,29	0,40	1,76	-2,44

ICD						
Sensitivity Analysis / REVENUE						
AVG REV PER DAY						
RIGS OP DAYS		\$ 19.000,00	\$ 20.000,00	\$ 21.000,00	\$ 22.000,00	\$ 23.000,00
	4000,00	76.000.000	80.000.000	84.000.000	88.000.000	92.000.000
	5000,00	95.000.000	100.000.000	105.000.000	110.000.000	115.000.000
	6000,00	114.000.000	120.000.000	126.000.000	132.000.000	138.000.000
	7000,00	133.000.000	140.000.000	147.000.000	154.000.000	161.000.000
	8000,00	152.000.000	160.000.000	168.000.000	176.000.000	184.000.000

ICD						
Sensitivity Analysis / Market Cap						
BASE CASE REV						
EV TO SALES		84.000.000,00	105.000.000,00	126.000.000,00	147.000.000,00	168.000.000,00
	0,80	1,44	1,80	2,16	2,53	2,89
	1,20	2,16	2,71	3,25	3,79	4,33
	1,60	2,89	3,61	4,33	5,05	5,77
	2,00	3,61	4,51	5,41	6,31	7,21
	2,40	4,33	5,41	6,49	7,58	8,66

## VALUATION





# BALANCE SHEET

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- PP&E = 382M, Mostly attributable to their 24 active rigs (even after the impairment) and items with construction in progress.
- Net Debt by the year end was 125, expected 7.5M of a loan to be forgiven around 4Q21 by the time they generate free cash flow. Liquidity was around 40M in the year end and cash on hand around 12M
- For the quarter, expect interest expense and depreciation expense to be approximately \$3.8 million and \$10 million, respectively, and tax expense to be approximately \$100,000.



# THESIS SUM UP

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2021 will be a year where Rigs will get back to work and innovation on those same rigs will take place. Those expenses will offset the rising oil prices as a result of a reopening economy.

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ICD does have a complete dual-fuel fleet, currently being more efficient than ever before and it depends on itself to secure new contracts with more favorable market rates.

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Efforts in deleveraging their Balance Sheet have resulted in a 10% reduction of their liabilities YoY. Total PP&E to Total Debt 3x.

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At spot rates on \$50 a barrel the company could operate on the range of 15-18 rigs, current price per barrel is \$62 apiece, better contracts will fall with these rates.

# Questions

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# Closing Remarks

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# Check-Out Survey

- <https://forms.gle/g18evSg8Em8Xy6Dr9>
- Share feedback on today's event
- Used for students to report their participation
- Must complete to be eligible for prizes

