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<https://miiuva.com/attendance/>

McINTIRE INVESTMENT INSTITUTE

FALL 2017 INFORMATION SESSION

UNIVERSITY OF VIRGINIA

August 2017

- 1. Mission and Overview**
- 2. Why MII?**
- 3. Careers and Opportunities**
- 4. Analyst Program & Organizational Structure**
- 5. Investment Framework & Pitch (NVDA)**
- 6. Application Process**
- 7. Questions**

MISSION AND OVERVIEW

The McIntire Investment Institute is an entirely student-run, long/short equity fund with over \$800,000 in assets under management at the University of Virginia.

Our Mission

Founded in 1994, the McIntire Investment Institute strives to help its members find their passion related to business through mentorship, education, and an introduction to the professional world.

What is Investing?

- MII invests in shares of publicly-traded corporations, with the ability to invest through international exchanges outside of the New York Stock Exchange or the NASDAQ
 - The stock market is where buyers and sellers meet to decide on the price to buy or sell securities, usually with the assistance of a broker (*Securities and Exchange Commission*)
- Unlike bank deposits, where deposits are guaranteed by the FDIC, investments in stocks/securities fluctuate with the market, and profits are not guaranteed
- Profiting from an investment requires that a company appreciate in value (in the case of a long position) or depreciate in value (short position)
 - Our aim is to develop an edge on the market by identifying misperceptions surrounding a company that may have an impact on share price

WHY MII?

Learn to Invest

MII provides an avenue where members can **learn to invest**

- We **do NOT require** prospective members to possess any prior investment experience
- The analyst program includes a **rigorous training program**, introducing analysts to fundamental analysis and valuation techniques

Grow through mentorship

MII guides its members through **mentorship**

- MII affords an opportunity for newer members to network with investment professionals and experienced members.
- Includes **mock interviews** for students interested in finance, consulting, and banking and **Commerce School application reviews**

Seek opportunities

MII opens **educational and professional opportunities** for its members

- of MII members gain admission to the McIntire School of Commerce
- Many more pursue successful careers in investing, banking, finance, and consulting.

Why MII?

- Networking opportunities throughout the semester
 - With existing MII members and partner corporations
 - Previous years have included Point72 and Goldman Sachs
- Investing conferences and competitions at Michigan, UGA, and Darden
- Internal MII pitch competition with Point72 Asset Management
 - Exclusive to MII members
 - Opportunity for Second Years to interview with Point72's Sophomore Summit
 - Excellent opportunity for Point72 summer internships Third Year

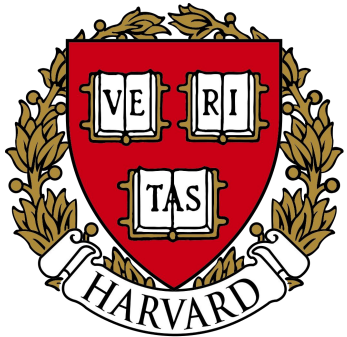


Our Portfolio - Benchmark Comparison YTD

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We've outperformed...



BLACK DIAMOND
CAPITAL INVESTORS



Dartmouth
Investment and Philanthropy Program



... and all other UVa investment funds

CAREERS & OPPORTUNITIES

Careers and Placement

- MII members represent some of most driven students in the University, and many members credit MII for allowing them to attain their professional goals
- We have the most Jefferson, Echols, and Rodman Scholars out of any investment club at UVA
- A large proportion (~90%) of MII's members gain admission to the McIntire School of Commerce
- Many members have ultimately found successful careers within the best firms of the financial services sector, private industry and consulting

Prior Placements



\$14.4B

Money controlled by former managers who are partners or founders of a hedge fund

- MII's alumni network is the largest of any UVA fund and most other UVA clubs
- MII hosts several events with Alumni in-person or over Skype
- Oldest club at UVA founded by prolific hedge fund manager John Griffin (Blue Ridge Capital)

ANALYST PROGRAM & ORGANIZATIONAL STRUCTURE

Training Program Overview

8 week program ~1.5 hour in person training and 1.5 hours outside of normal hours

- Analysts will complete a series of assignments throughout the semester, outlining the essential content needed to complete a professional investment memo
- Analysts will be separated into three groups managed by a fourth year manager. Each group will cover one company throughout the semester: Ulta, Six Flags, and Axxon
- The program will conclude with individual investment pitches of the assigned companies. Analysts will have the option to pitch either a long or short.
- Assigned managers have extensive experience with each company and will function as an outlet for questions and guidance throughout the process.

Week 0: Investing 101

Week 1: Business Fundamentals

Week 2: Finding Value

Week 3: Channel Checks

Week 4: Idea Generation

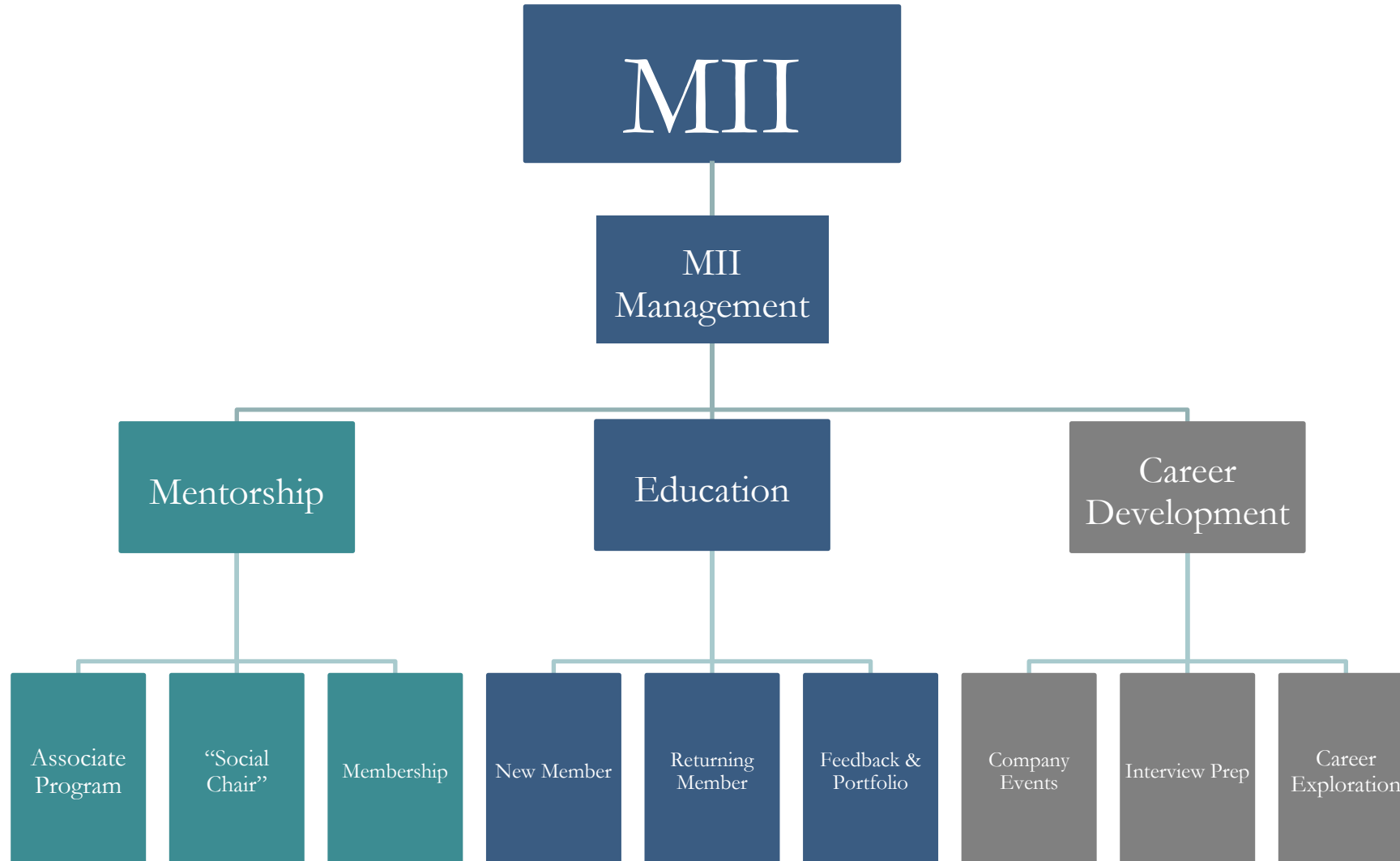
Week 5: Accounting

Week 6: Operating Model

Week 7: Valuation

Week 8: How to Pitch

Organizational Structure



INVESTMENT FRAMEWORK - NVIDIA CORPORATION (NVDA), LONG

INITIALLY DRAFTED DECEMBER 2015

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Nvidia is a producer of high-end gaming graphics cards (GPUs). Starting out as a PC graphics company in 1993, Nvidia has transformed itself into a specialized company targeting gaming, professional visualization, data centers, and automobiles, while expanding its grasp into mobile computing. Nvidia is emerging as a major player in artificial intelligence, machine learning, and the Internet of Things.

1. Nvidia exhibits key strengths in the high-end GPU market, even in the face of declining PC sales, excelling against its main competitor, AMD, in a lopsided duopoly.
2. Nvidia is expanding its growth into emerging technologies, in addition to its already stellar performance in the PC gaming sector. Opportunities in the application of automation and artificial intelligence will propel Nvidia to greater heights in conjunction with its existing work in the GPU and gaming niche markets.
3. In conjunction with thesis points 1 and 2, following a stellar 2015, Nvidia is poised to capitalize upon multiple growth drivers in 2016, including PC gaming, artificial intelligence, virtual reality, and autonomous vehicles.

- **Good companies to not necessarily make good investments**
 - **Good companies** have **sustainable competitive advantages** over the long-term
 - **Good investments** are made from **good companies that are priced at a discount to the intrinsic value of the company**
 - We identify misperceptions regarding a company that may have caused inaccurate or misguided pricing below the true value of the company
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Nvidia Misperceptions

1. Nvidia produces components for a PC market that is on the decline
2. Nvidia's growth in 2015 is built upon speculation, with a much more tempered 2016 to be expected
3. The current growth in artificial intelligence, data center, and autonomous driving has already been factored into Nvidia's price
4. AMD's new GPU product line will allow it to make a comeback in 2016

- **Where is the company generating its revenue/making its money?**
 - Gaming (51.6% of revenue)
 - Autonomous Driving (4.5% of revenue)
 - Datacenter & Cloud Computing (7.0% of revenue) & Other Technologies (PC OEM, Professional Visualization; 36.9% of revenue)
- **Where is the company experiencing growth?**
 - In 2015, Nvidia's GPU sales are up 12% over the previous year, and its gaming GPU sales are up 40%
 - Mobile chip sales up 45%
 - Annual data center revenue growth over 190%
- **How do we track the company's progress?**
 - Follow up on PC sales, while tracking growth in GeForce/GPU Sales
 - Continue watching Nvidia's Automotive and Enterprise divisions, especially with their Tesla GPU applications (deep learning and accelerated machine learning)
 - Watch growth in sales outside the United States (especially China), which contribute to around 75% of Nvidia's revenue

Other Areas of Focus

- How does Nvidia stack up against the competition (Intel, AMD, Qualcomm, etc.)?
- How experienced is the company's leadership?
- Where might our thesis and misperceptions go wrong?

- Find additional **Channel Checks**
 - Talk to gamers & read surveys
 - Contact stores and distribution channels regarding sales & inventory
 - Keep tabs on the competition as well
 - For more technical pitches, consult experts in academia (professors, researchers)
 - Directly reach out to the company and industry experts

APPLICATION PROCESS

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Application Process—First Round



1. Attend one information session, and **sign-in at the end of the presentation**
2. Submit a resume (one page max) and an investment long/short memo (one page max) of a company **not currently in our portfolio** by **Sunday, August 27th, 2017 11:59 PM EST**
3. Complete the interest form linked on our website

MII managers will extend offers to roughly half of the candidates to move onto the interview stage of the application process. These offers will be given based off of candidates' resumes and investment memos.

The interest form, submission links, and additional instructions are on our website: <https://miiuva.com/apply/>

Participate in one 15-minute interview with one MII manager.

After these interviews, MII managers will extend final offers to join the investment institute as part of the Fall 2017 Analyst class prior to General Body Meeting #1. (August 29th)

**~25
analysts**

**< 10% intended
acceptance rate**

QUESTIONS?