

Graham & Doddsville

Spring 2026

An investment newsletter from the students of Columbia Business School

/ Inside this issue

Alec Henry & Adrian Meli, Eagle Capital Management — P. 5

Jeff O'Donohue, Starfort Capital Management — P. 18

Tony DeSpirito, retired from BlackRock — P. 25

CBS Students' Investment Ideas — P. 36

Edgar Wachenheim III, Greenhaven Associates — P. 45

Kevin Salimian, Voxel Capital Partners — P. 55

Tom Saberhagen & Nick Kapur, Tenzing MEMO — P. 63

/ Editors

Joshua Douglass, MBA 2026

Dimitry Karavaikin, MBA 2026

Joseph Kinney, MBA 2026

Therese Messina, MBA 2026

Rafael Branco, MBA 2027

Eithel Mc Gowen, MBA 2027

Oliver Suffern, MBA 2027

Vanya Tandon, MBA 2027

Visit Us /

grahamanddodd.com
csima.info

Welcome to Graham & Doddsville



Meredith Trivedi, Executive Director of the Heilbrunn Center. Meredith leads the Center, cultivating strong relationships with some of the world's most experienced value investors and creating numerous learning opportunities for students interested in value investing.



Professor Tano Santos, the Faculty Director of the Heilbrunn Center. The Center sponsors the Value Investing Program, a rigorous academic curriculum for particularly committed students that is taught by some of the industry's best practitioners. The classes sponsored by the Heilbrunn Center are among the most heavily demanded and highly rated classes at Columbia Business School.

 **Columbia Business School**
Heilbrunn Center for Graham
and Dodd Investing

CSIMA | COLUMBIA STUDENT
INVESTMENT MANAGEMENT
ASSOCIATION

Welcome back to Graham & Doddsville! We are pleased to bring you the 53rd edition of our student-led investment publication from Columbia Business School (CBS), co-sponsored by the Heilbrunn Center for Graham & Dodd Investing and the Columbia Student Investment Management Association (CSIMA).

In this edition, we first speak with **Alec Henry** and **Adrian Meli**, Co-CIOs at Eagle Capital Management. In a wide-ranging discussion we covered AI, SAP (FWB: SAP), Danaher (DHR) and what they look for in analysts.

We follow this by highlighting our conversation with **Jeff O'Donohue**, the Founder of Starfort Capital Management LLC, who shared some lessons from investing in international markets. He introduced us to his thought process on Cuckoo Holdings (KOSE: A192400) and Tsubakimoto Kogyo (TSE: 8052).

Next, we interviewed **Tony DeSpirito**, a former CIO and Managing Director of Fundamental Equities at BlackRock, who previously worked as a Portfolio Manager at Pzena. We learned about building a career and investment business across two legendary firms, as well as two investments Tony still owns today: Fortune Brands (FBIN) and Becton, Dickinson & Company (BDX).

We then sit down with **Edgar Wachenheim III**, the Founder, Chairman and CEO of Greenhaven Associates. We discussed several examples of contrarian thinking leading to investments, ranging from General Motors (GM), homebuilder companies, including Lennar (LEN), Toll Brothers (TOL), Pulte Group (PHM), and oilfield services.

After that, we speak with **Kevin Salimian**, Founder of Voxel Capital Partners, about his lessons from Lone Pine, Eton Park and Viking, how he is applying them in a concentrated long-only strategy, and the opportunities he sees as AI drives dispersion in returns.

Finally, we close out the issue with **Tom Saberhagen** & **Nick Kapur**, the Co-Founders of Tenzing MEMO, to learn about how they brought together their experiences in public markets to build a business that sits at the intersection of AI, fundamental research and the future of Wall Street.

We also bring you a selection of six finalist stock pitches from our current students, who agreed to feature their work with us, including from the **19th Annual Pershing Square Investing & Philanthropy Challenge** and the **4th Annual Kawaja Growth Challenge**:

- 1) PSC 2026 1st Place winners, Zekun Feng ('27), Aaron Samuels ('27) and Elliot Tompras ('27) with DoorDash (DASH);
- 2) 2nd Place, Cameron Degan ('27), Karl Eshwer ('27) and Greer Lafontant ('27) with Baker Hughes (BKR);
- 3) 3rd Place, Jyas Totlani ('27), Hideyuki Okada ('27) with Celsius (CELH);
- 4) Finalists, EJ Karobath ('27), Craig Larkin ('27) and Bob McGrane ('27) with MSA Safety (MSA);
- 5) Finalists, Kabir Bajaj ('27), Eithel Mc Gowen ('27) and Fran Tumajan ('27) with Amadeus IT Group (BME: AMS);
- 6) Kawaja Finalist, Dennis Zhuo ('26) with Uber Technologies, Inc. (UBER).

You can find more in-depth interviews on the *Value Investing with Legends* podcast, hosted by Tano Santos and Michael Mauboussin, Head of Consilient Research on Counterpoint Global at Morgan Stanley Investment Management and adjunct faculty member at Columbia Business School. We thank our interviewees for contributing their time and insights not only to us, but to the whole investing community.

G&D Editors

29th Annual CSIMA Conference - February 6th, 2026



Professor Santos with Matthew Fine



Professor Mauboussin with William Thorndike

17th Annual "From Graham to Buffett & Beyond" Dinner - May 1st, 2026



Panel featuring Jenny Van Leeuwen Harrington '06, Christopher Bloomstran, Paul Hilal '92



Networking reception in Omaha

7th Annual Applied Value Investing Stock Pitch Challenge - Jan. 29th, 2026



Elsa Fu '26 (1st Place) with judges including: David Samra '93, Jenny Van Leuwen Harrington '06, James Pan '93, Paul Sonkin '95



Other Finalists including Chris Grillo '26 (2nd Place), selected to present their Applied Value Investing final projects

More Columbia Business School Students in competitions



19th Annual Pershing Square Challenge: Bill Ackman alongside guest judges and 2026 Pershing Square Challenge winners



4th Annual Kawaja Growth Stock Pitch Challenge: Finalists with judges: Carl Kawaja '91, Diana Wagner '00, Kelly Granat

Spring 2026 photography from Heilbrunn Center & CSIMA programming



Class of '27 CSIMA members continue the tradition of the Berkshire Annual General Meeting trek



CBS students with Philippe Laffont, guest judge at the 19th Annual Pershing Square Challenge



Compounders class students were kindly invited to tour a Glenair facility by Peter Kaufman



Value Investing with Legends Class of '26 with Professor Santos and guest lecturer Tom Russo

Eagle Capital Management



Alec is a Partner and Eagle's Managing CIO. He joined the firm in 2010. As Managing CIO, Alec oversees Eagle's portfolio and leads the firm's investment team. He was formerly the Director of Research at Corsair Capital Management. Over his career, he has led investments across a broad range of the economy. Alec received his Bachelor of Science in Commerce with a concentration in Finance from the McIntire School of Commerce at the University of Virginia. He has earned the Chartered Financial Analyst designation.

Adrian is a Co-CIO of Eagle Capital Management LLC. He joined Eagle in 2008. As Co-CIO, Adrian oversees and adds portfolio positions, contributing to the overall portfolio construction. He formerly worked at Farley Capital. Adrian graduated magna cum laude and Phi Beta Kappa with a Bachelor of Arts degree in Economics and Psychology from Williams College.

Alec Henry

Editors' Note: This interview took place on April 10th, 2026.

Graham & Doddsville (G&D): Adrian and Alec, welcome to the Graham & Doddsville newsletter and thank you for coming. Why don't we start with Adrian - you studied Economics and Psychology at Williams and have mentioned your love for how the two intersect in Behavioral Finance. Were there specific thinkers, books or ideas that stuck with you and still influence how you think about the markets?



Adrian Meli (AM): I wish I'd been wise enough back then to develop a fully formed mental model, but I wasn't. I loved social psychology and certain thinkers really stuck with me. Kahneman on judgment and decision-making, Cialdini on influence and persuasion, and people like Dale Carnegie, and more recently Will Guidara, who wrote *Unreasonable Hospitality*, which has become one of my favorite books. These thinkers come at human behavior from very different angles but are exploring the same underlying terrain. It all connects to investing because markets are aggregations of human emotion. We're all irrational, every one of us. The fun, intellectual challenge is figuring out how to short-circuit that irrationality in yourself and how to read what others are doing.

Adrian Meli

The main difference between then and now is that I'm much more receptive to my own biases and limitations. Back then, I probably thought I could just learn the theory and apply it. Now I'm more comfortable sitting with my own blind spots and trying to manage through them, which is harder and more humbling than reading a book about it. In effect, I'm always hoping to see the world a little more clearly.

G&D: Alec, over to you. You studied at the McIntire School at UVA, which has a deep pipeline into finance. Was investing always your plan?

Alec Henry (AH): I started at UVA as a chemistry major. I found I liked learning the science, but the lab work was a little tedious. I was also studying Economics, and the way people make decisions seemed so dynamic and interesting to me. In a lot of ways, market economies are like biological ecosystems, they're complex, competitive, and adaptive. Some trends are predictable; others hit like a meteor. 99.9% of species that ever lived are extinct, and the same is true for businesses. It simply happens on a much faster timescale. I just fell in love with sorting out the signal from the noise.

G&D: Adrian, you've described going back to the 13Fs from the late 1990s and early 2000s, trying to reverse-engineer why the best investors made certain bets. Can you name a few you were studying and what you learned from them?

Eagle Capital Management

AM: It felt like a bit of a treasure hunt back then. Early in my career, I was still finding my sea legs, so to speak. I was drawn to a wider range of investors, from concentrated, long-only managers to a variety of hedge funds. The exercise was to try to piece together the rationale behind each position.

What were they seeing that made this worth a large bet? I would do background research, build out models, and then stress test the assumptions. Maneuvering within the models turned out to be the most valuable part of the exercise for me. Changing growth rates, duration, margin structure, and capital intensity and watching how sensitive the output was to each variable was all illuminating.

It taught me how a levered equity shrink works and what that does to per share value over time. How pricing power changes the economics of a business in a fundamentally different way than unit growth. It also taught me that even the best investors are wrong an awful lot. You have to develop your own conviction.

In the end, each of us has to find an investment style that works and fits our unique temperament. This was part of the process of finding my own way.

I think a pretty good principle across all walks of life is to learn from the best, take what resonates, and then develop something that's genuinely your own.

G&D: You've described the early hedge fund years as a great time to learn with an enormous alpha pool, a broad mandate and smart people around you. What's an early investment that didn't work and what did it teach you?

AH: One of my early investments was a dry bulk shipping company called Jinhui Shipping. These ships carry cargo such as coal, iron ore, and grain. This was in early 2004, when the market was tightening and China's growth began to impact commodities. On our math, when we marked things to market, the stock was trading at two times earnings, as charter rates reset to higher spot prices. What happened was that, after initially rising, there was a tiny blip in demand and the stock plunged by more than 50%.

I wasn't fired, but I learned a valuable lesson about cost curves. Dry bulk shipping has a flat cost curve. Once a ship is built, it costs little to operate and it lasts for decades. In a commodity business, you generally want to own low-cost producers that operate in a market with some steepness to the curve. You make money across the cycle and that steepness creates a forcing function that limits price declines because high-cost producers stop operating. With a flat cost curve, tiny changes in the supply-demand balance can cause enormous swings in price. It's a bad industry structure, and it's nearly impossible to forecast effectively. And then, of course, right after we sold, the stock went up tenfold as China really did get going. Then it fell 90% during the financial crisis, and over the last 20 years it's gone up and down, but it's basically flat.

G&D: Sounds like a great learning experience. Moving on to the investment philosophy and strategy at Eagle. The firm's letters describe three categories of opportunity: High free cash flow businesses with modest growth, companies with underappreciated long-term earnings power that look expensive today, and steady compounders. Was that the framework that was always in place, or did it develop as an opportunity set changed?

AH: Our fundamental approach hasn't changed. We are trying to buy an

Eagle Capital Management

attractive business at a high yield relative to our view of its normalized earnings power. But the form it takes varies widely, and this was a way of trying to explain that. So sometimes we're buying something that looks expensive on near-term earnings, like Hilton during the pandemic, Alcoa a year ago before supply and demand tightened, or Humana today. At other times there's already a high earnings yield, but there may be some debate about durability. Capital One might be a current example. At other times, the valuation falls somewhere in between, like the London Stock Exchange Group. It's trading at a modest multiple for an excellent business where we think both the earnings power and business quality are a fair bit higher than the market's current view.

In an ideal world, we're selecting among the cheapest stocks in the market based on their 10-year forward P/E, so we don't focus a lot on the next 12-month earnings yield. If you had perfect information on the 10-year forward P/E a decade ago, this would've included a mix of semiconductor stocks and homebuilders, two very different areas.

Turns out, the cheapest stock that we owned was Amazon, which appeared to be our most expensive at the time. It was far cheaper than it looked because the market was capitalizing the wrong margins. You can win by buying a classic value stock or what appears to be more of a growth stock. There are multiple paths to victory, and we're agnostic about which way we go.

G&D: Over the past decade, Eagle moved from large US technology platforms to some international names more recently. How conscious are those shifts? Is there an internal conversation where you say that the opportunity set is rotating or does it happen organically, one name at a time?

AM: It's organic, but of course if certain factors are driving dislocation, multiple new positions can pop up in the same area at the same time.

We're looking at assets all over the world and the return streams available, searching for dislocations wherever they are. Sector or asset class specialists can be experts within their domain, and that's genuinely valuable. Our approach tries to marry a generalist framework with a pragmatic specialization, and over time that combination tends to surface outliers. If you're covering one sector and you're long/short, you can capture spread within that area. But if you're long-only within a single sector and you're not comparing those names against a broad enough opportunity set, you can miss better risk-adjusted opportunities elsewhere.

Assets get dislocated for all kinds of reasons: a cyclical issue in an industry, retail fund flows creating distortions, a market structure quirk, or sentiment that's run well ahead of or behind fundamentals. By covering a broad enough range of return streams, we think we're well positioned to spot asymmetric situations. The goal, the North Star, so to speak, is to compound at double digits over time and be robust to a wide range of outcomes. We don't want to be a factor bet. If you can just recreate what we're doing through a factor, you don't need us. Thus, when we find a new area of dislocation, if the returns are additive to the portfolio, we get the benefit of diversification as well. As with any position, the more capital we've already allocated to an area, the higher the bar for each incremental dollar we put there.

G&D: Following up on that topic, with the so-called ongoing "SaaS-pocalypse",

Eagle Capital Management

we know there can be many different views on tech companies. Are you looking into any specific names?

AM: We're of the view that AI is genuinely innovative new technology that's going to change a lot of things. The future is probably murkier today than it has been in the recent past. It would be foolish to assume that any of us knows exactly how it's going to play out. Alec and I have been following AI for years. We first met with Astro Teller, who runs Google X, over 15 years ago. He came into our office and talked to us about self-driving cars and the like, and we thought it was going to happen much sooner. We had an early investment in Google and much of it was premised on their ultimate AI leadership. In general, AI has taken longer than we originally thought, but it's been faster over the last five years. We're going through a period where models continue to scale and there haven't been any major blips yet in terms of model improvement.

Anyone can listen to podcasts by Demis Hassabis, Sam Altman, or Dario Amodei and hear their latest views. They don't always agree. Right now, there's broad agreement that the new models continue to scale at impressive rates. Still, it's hard to know what this will look like 24 months out.

I think the market is pricing certain assets like it's almost a certainty, more than a possibility, that something bad will happen to them. And we think a lot of assets will get disrupted, but that doesn't mean it's uninteresting to look at assets that are down a lot. You could buy an asset that's trading like there's a 10% probability that the moat is still intact in 5 to 10 years, when the actual chance is much higher. You have to look at the risk-reward of each asset.

I wouldn't want to paint a broad brush across all of software or services. Certainly a lot of disruption will happen in those areas, but if you really believe the maximalist AI case, there's going to be a lot of disruption elsewhere that people aren't talking about as much. If there is superintelligence, how many businesses realistically won't get disrupted? It's better to be honest with yourself and acknowledge there's a wider range of outcomes today. We need to price that in, and we need to be opportunistic.

This is going to create issues for different investment businesses. I'll give you a quick example. Imagine you are running an LBO fund right now and are going to make a 10-year investment in a business. It's hard to change your mind in that structure. Being liquid is going to be helpful because we will learn a lot as weeks and months go by. Eagle's approach is to try to have humility about this. This is a big change. Let's take a step back, look at each asset, and see what we can conclude about the way things are changing and then make the best risk-adjusted bets possible.

G&D: We're keen to ask about how you find ideas. We found your discussions on capital flows, passive indexing, and hedge fund trends very insightful. Do you use these as a framework to source ideas? Is this a quantitative process or more qualitative?

AH: It's not systematic, but we are trying to understand the big changes in market structure. The important shift to be aware of now is that over the past five or six years, individual stocks and sub-sectors have become much more prone to both positive and negative overreactions.

To step back briefly, in 2020 there was no price too low for travel stocks and pandemic losers, while companies like Zoom or Peloton traded to absurd levels. To put that in context, I think Zoom at the peak had a market cap that is comparable to where SAP's market cap is today and probably something like five times Workday's current market cap. At the time, back in 2020, we attributed it

Eagle Capital Management

to the market not knowing how to price a hundred-year event. Now we see it as an early indicator of this changing market structure. Then in 2021 we had the meme stock and SPAC craze. In 2022, when war broke out, we had "regime change," and some of the internet giants, like Amazon, Meta, or Netflix, declined significantly while the commodity complex exploded higher on mostly temporary shortages. More recently, we have the AI trade and some of the AI maximalist-type claims and debates. The picks and shovels are doing great while perceived losers gap down on a Twitter post as the market tries to sort this out.

The reason you're seeing this degree of reaction, and why it's been magnified, is the change in market structure. Passive has taken so much share of the market; there are fewer active market participants setting price. Passive takes price, active sets price, and that's fine and good so long as the remaining participants are sufficiently diverse and wise.

Over the past decade, multi-managers have significantly expanded their footprint. They operate with leverage, tight risk frameworks, and tend to cut losers quickly. And a lot of those strategies have a *de facto* earnings momentum at their core. Systematic quant strategies typically incorporate momentum as well. Growth managers have outperformed value managers, and flows have followed suit; growth investors tend to operate with a momentum bias. Finally, retail is playing a bigger role and tends to chase momentum.

The result of all that is that we've got less diversity, and momentum is playing a more dominant role than in the past. We've been monetizing this over the past several years, and we think it'll keep offering good opportunities for the foreseeable future. It's uncomfortable at times. Adrian just went over what that means today, which includes picking through some of the perceived losers in AI. But it's increasingly valuable to mine controversial or underexplored areas for great assets and then harvest the results as earnings growth unfolds, because, over time, stocks overwhelmingly follow earnings.

G&D: You run a concentrated portfolio of roughly 30 stocks with average holding periods of five or more years. That means you only need to buy five or six new names a year - a luxury compared to most managers and means each new position is immediately a large weight. How many ideas receive deep work and don't make the cut? What are the most common reasons an idea doesn't make it to the portfolio?

AH: We might run a real process on 50 ideas over the course of a year. Some are an easy pass, a few we'll buy, and most will remain on the shelf. The market is pretty efficient.

It's rare to find the right combination of great business, attractive price, and some kind of controversy or misperception where we feel like we can be variant enough to have a competitive advantage. Because a lot of the work we're doing is long-term in nature, it remains relevant for some time. An idea we work on this year may plant a seed that we can harvest in 2027 or 2028.

G&D: Could you walk us through how an idea moves through an analyst's desk to a funded position? What does the internal debate look like and who makes the call?

Eagle Capital Management

AH: Most of my time is spent co-diligencing ideas with analysts on the team. I try to play the role of thought-partner, devil's advocate, coach, second pair of eyes, etc. What that means in practice is, for a live, highly actionable idea where we're critical path to a decision, I may be on 80% of the calls with the analyst. For something further off, it may only be 20%. For any idea, there are a few fulcrum issues that will make or break the investment, and we want to make sure we have the right ones identified. After we have that, we want to see whether there's a plausible path where we might be able to get to a differentiated answer or perspective.

We analyze the data and facts as best we can. We make extensive calls: management, former employees, customers, competitors, suppliers, consultants, regulators, whoever can help us improve our answers. We try to play out the game theory of various players. We think about the medium and long-term industry structure or technology change. We try to put ourselves in the position of running or competing with the business.

And, along the way, the analyst has built the model, written up the company, and presented it to the rest of the team. We share and iterate across the team, rather than coming at the end with a neatly finished product. And throughout, we're judging whether to keep moving forward or to put a pin in it and prioritize something else. At some point, a handful of times a year, when we know enough, it's compelling enough to initiate a position. That's all highly informed by the analyst's view, but it's a CIO decision.

G&D: Adrian, you once described Eagle as being "pretty snobby about accounting". Where do you think the Street's accounting is most consistently wrong? And where has that gap created the most opportunity?

AM: I probably should have used a different word. What I meant to say is we care about it. Accounting matters. We think through businesses with respect to their ability to generate free cash flow over time. In other words, how much money can we take out of a business, whether by free cash flow, asset sales, leverage, or other means. There are obvious things we normalize for such as stock-based compensation, recurring restructuring charges, abnormally low tax rates, below-market interest cost on debt, and odd depreciation and amortization schedules. The list goes on. It all sounds obvious, but not focusing on the cash is a mistake many of us make early in our careers.

As an example of this, I would get pitches 15 years ago from an analyst on net-nets in Japan. Let's say a company had a hundred dollars of cash on its balance sheet, and it was trading at \$40, a 60% discount to its cash. It sounds like a great deal, but this business had no dividend and a 3% return on equity. Fast forward 10 years, what's the asset worth? Was it a good investment at that 60% discount, or were the shares appropriately discounting a low ROE and no cash generation? That's what I mean by focusing on the cash.

The underlying principle is we're doing our best to not trick ourselves or stretch to buy into a position. If you're going to own a stock for 5 to 10 years, you are the business owner. Stocks tend to follow earnings over time, and earnings growth is ultimately a function of free cash flow generation, not reported figures dressed up with adjustments. Nobody knows the precise value of a company. We're trying to approximate it as honestly as we can and update our priors over time. That's very hard to do if you're working with funny accounting. Applying consistency and using the same framework across positions allows us to compare different return streams without asterisks.

Eagle Capital Management

Where the Street tends to be most consistently wrong is in accepting company-friendly adjustments as a matter of habit, treating things as non-cash, and therefore ignorable, when it's really a very real economic cost to the owner. None of this may matter if you sell the stock in 10 weeks, but it's very likely to matter if you hold it and sell it in 10 years.

G&D: If you hold a stock for 5 to 10 years, you're almost guaranteed to live through at least one CEO transition. How do you underwrite that risk? Is there a case where you loved the business, but the management situation kept you out or pushed you to sell the position?

AH: Great firms tend to have great teams running them. Because we're an important shareholder in most of the companies we own, we typically have a good opportunity to get to know the key people. We also spend a lot of time talking to former employees to try to build a mosaic of the culture. Frequently, we like the business and the price, but we're not sufficiently confident or comfortable with management.

When there's a leadership change, we take a similar approach to underwriting a new investment. You want to see the individual's track record, their way of thinking, and their orientation towards change. If you own a company for six months, it's almost random whether management helps or hurts. If we end up owning a company for seven or eight years, in some cases longer, management's going to have to make several critical decisions. That's going to include allocating a substantial portion of the company's market cap between buybacks, M&A, CapEx, and discretionary operating investments that flow through the P&L, such as R&D. One of the things we've learned over time is that a great leader will still struggle to fix a bad business, but a bad leader is capable of screwing up almost anything.

G&D: Moving on to stock-specific questions, SAP (FWB: SAP) is one of the rare large-cap European technology names in a predominantly U.S.-centric portfolio. What was the original insight that made you comfortable owning an ADR in a German enterprise software company? Was it the cloud transition, the switching costs or something else entirely?

AH: SAP is one of the most dominant and entrenched businesses on the planet. It has low churn, good pricing power, and high complexity for the customer to switch. We've admired it for years, but it was usually priced at a premium. It was well understood; in fact, it even had a bit of a scarcity bid being a great tech company in Europe. High switching costs and customer risk aversion are strengths for retaining business, but they can also be obstacles to moving the product and customers forward. As a result, SAP's cloud transition arrived late, began awkwardly, and is proceeding gradually. This set up an unusual opportunity to buy an extraordinary franchise on depressed earnings.

G&D: We would love to delve deeper into how you analyze the cloud transition. A few other companies went through these transitions and were punished on the margins and by the market. Could you give us a sense of how you went about underwriting this margin trough? How did you gain conviction to believe management's projections and implications of where the business was going to reach by the end of the transition?

AH: I'd characterize it as a journey versus destination bet. SAP's transition to the cloud depressed near-term revenue by substituting an upfront license and

Eagle Capital Management

maintenance model with an ongoing subscription model. At the same time, R&D ramped because it needed a lot of new engineering for the new products. The revenue trajectory decelerated, costs rose, and margins declined significantly, but the total revenue and monetization over the cycle for a customer doubled. This is happening mechanically over a decade. As revenue re-accelerates, it carries high incremental margins, so margins expand and earnings grow substantially. From where we stand here today, the business should more than double EPS over the next five years. There will be fluctuations as customers move a little faster or a little slower, but the destination is reasonably clear.

I'd say our view was partially informed by management, but customer and consultant discussions were more influential, alongside us building our own bottom-up model of the different product lines and cost structure. In fact, we felt that management's early guidance was likely conservative, and that seems to be playing out.

G&D: SAP's Joule AI copilot and broader business AI strategy has become a significant part of its growth narrative heading into this year and next one. How much weight do you put on AI optionality when sizing a position like this? Is it a free call option or does it move your base case estimate of intrinsic value?

AH: AI is a disruptive technology in this industry. It's deflationary for engineering costs, and it'll change many workflows for how software is used. I don't think AI is a free option for these companies. It's something that the entire industry will incorporate, and it's something that the entire industry is going to experience creative destruction from.

AI is widening the distribution of 5- to 10-year outcomes for these businesses. In some cases, the central tendency shifts to the left, and then in others it's stable or even shifts right. The entire space has sold off over the past year. Our view is that the recovery will be more heterogeneous than the decline. Many businesses will be impaired, but a number will likely benefit. For SAP, given that it has an entrenched position, its range of outcomes is widening less than most, and the stock seems dislocated relative to that range. We think it's priced for a 10th-15th percentile outcome rather than something closer to the 50th percentile. That doesn't mean we can't lose, but a portfolio of bets like this should do well.

SAP may become an even bigger business than we expect if it can successfully build and deploy agents within its ecosystem that deliver real customer value. Alternatively, it may grow slower than we expect if disruptors capture most of the upside and chip away at the periphery of the company's footprint. A module like Concur is not nearly as protected as SAP's ERP software. Importantly, the downside case for the company is muted, as it's unlikely that the core will be significantly disrupted. It's probably more of an issue of at what rate the business grows.

G&D: Let's discuss Danaher (DHR), a company whose reputation needs little introduction. Was the spinoff the catalyst for you to look at Danaher again, or had you been interested before that?

AM: We've followed Danaher forever. We built a large position in GE at the end of the last decade when Larry Culp came in. We had been big fans of his, Danaher, and the Rales brothers for a long period of time. Historically, the stock has often priced significant optimism into it. The spinoff wasn't a catalyst for us per se, but we also didn't own it prior to the spin.

Eagle Capital Management

There are real pros and cons to conglomerates. They often trade at a discount to intrinsic value precisely because they have a mix of assets that are harder to underwrite and breaking them apart can be a catalyst.

Simpler, more focused businesses are easier to diligence and to hold with conviction over time. In Danaher's case, we like the end markets the company is exposed to today more than we have in past iterations of the business.

G&D: There was a destocking cycle that was painful at the sector level. Revenues dropped 20%+ in some quarters, which is unusual for what is supposed to be a highly recurring consumables business. What did your diligence tell you about the normalized demand versus the COVID-era pull-forward, and how did that influence your timing?

AM: We had history in the sector through our ownership of Thermo Fisher Scientific over the years. We bought it right after the GFC and sold it at probably the worst possible time right before COVID hit. We continued to follow the space closely through the peak and through the trough, which gave us a useful lens into what normalized demand looked like versus the pull-forward. With many businesses that pulled ahead earnings through COVID, we would go back to 2019 levels and trend forward from there using normalized growth rates, seeing how far off current revenue and earnings were from where we thought they should be. That exercise gave us a reasonable sense of the magnitude of the overshoot and how long the digestion period might last.

We didn't buy Danaher until last year, at the end of the destocking cycle. It trades at a mid-single-digit free cash flow yield on still-depressed earnings near the trough of the cycle. We think revenue growth and margins are heading higher. Combined with Danaher's strong free cash flow conversion and balance sheet, EPS has the potential to grow at an attractive rate for years to come.

G&D: If you're going to be a long-term owner of Danaher, it's critical to have a view on the Danaher Business System, and whether you think it can continue to be a serial acquirer. How did you go about evaluating whether these aspects are more fragile than they might sound, and how did you gain conviction on these parts of the thesis?

AM: There's no perfect answer to this. We talk to management, make calls, gather industry data, and look at quantitative evidence. Cultures are difficult to change for better or worse over time, and our belief is that DBS is institutionalized. We're fans of the Danaher culture. That said, as the company becomes larger and the M&A opportunity set isn't as strong, it's fair to ask whether the culture can add as much value as it has historically. In Danaher's case, beyond having a terrific business, we think their long-term focus, culture, and management are strengths. It probably doesn't show up in our IRR analysis as much as it shows up in our thinking about the likelihood of receiving that IRR over time.

G&D: What's the hardest valuation call you've had to make: a name that looked expensive by every traditional metric but where you still sized it meaningfully?

AM: The truth is that public markets are competitive and tough. If any of us can sort the stocks of the world by low P/Es or high revenue growth in three minutes online, that shouldn't add alpha. And it doesn't. Being a value investor shouldn't mean owning statistically cheap stocks.

Eagle Capital Management

I sometimes describe it using real estate as an analogy. If you compared an apartment in Manhattan to one in a small town with less economic opportunity, abundant land, and lower construction costs, most people would agree that the Manhattan apartment at \$500 a foot could easily be the better deal than the other at \$400 a foot. People are funny about stocks, though. It's too easy to just cite a P/E multiple and stop there.

We try to think through normalized earnings per share five to seven years out and solve for underpriced earnings streams. We want our time horizon to be long enough that earnings growth does most of the work, and that the earnings themselves are reasonably forecastable. If you're putting a multiple on 18-month earnings, the multiple you choose drives much of the return. It strains credibility to say earnings are precisely forecastable 15 years out. Our five-to-seven-year window balances this tension.

Netflix is a good example of something we bought years back that we felt was genuinely misunderstood. Everyone anchored to the current expensiveness. We looked at it differently. Margins were low, but Netflix was able to consistently raise prices while still growing subscribers meaningfully. We had an increasing-returns-to-scale hypothesis, but as a smell test we did the following exercise. To make the math simple: if you had 200 million subscribers and raised prices \$2 per sub per month, that's nearly \$5 billion in additional EBIT per year. You knew that was possible for them to do. Of course it would slow subscriber growth, but when you ran that exercise, Netflix was already trading at close to a terminal multiple for the business.

Our view was that normalized margins were north of 40%. We also believed that content and marketing spend were intentionally high and imprecise, that they were trying to scale aggressively ahead of competition before right-sizing long-term. Even more critically, from our conversations with management, we felt confident they cared deeply about profits and getting margins higher. Reed Hastings used to say something to the effect of that he had two religions: customer satisfaction and operating income. Everything else is a tactic. There are plenty of tech companies that could make more money if they chose to. We felt confident Netflix actually would.

G&D: Looking at Eagle's team, most of the members came from hedge funds, not from long-only mutual funds. Those can be seen as very different training grounds. What made you gravitate towards the hedge fund profile, and is there something that the traditional long-only training develops that you find yourself having to build into your team?

AH: Hedge funds have generally had higher compensation models and more focused boutique investment cultures, so the talent pool has tended to be richer. This is a generalization and certainly not an absolute. Whether from hedge funds or long-only funds, we meet many incredibly talented and passionate people when we're recruiting. Because we're a small team with real scale, we can be competitive with comp despite charging lower fees than hedge funds, so it works from a business model standpoint. I'd say the other dynamic that influences our thinking is that higher-turnover strategies provide more live-fire reps.

Eagle is a wonderful seat for analysts. They can pick their spots and truly do long-term investing, but I don't think it's the best model for training a junior analyst, and that might be true at some other long-only funds as well. Market feedback is really useful, so we like hiring people who have had a lot of reps, who've made and lost money, and have also seen the constraints of a shorter-term capital structure.

Eagle Capital Management

The paradox we're solving for is finding individuals who have the intensity to turn over a lot of stones but also have the patience and disposition to be comfortable acting infrequently - it's hard to achieve that balance.

G&D: Your 1Q25 letter opened with: "Be careful not to overreact", referring to the technological and geopolitical changes we're seeing in the world. How do you do this in practice? For example, let's take Anthropic's announcements which triggered the software sell-off last year or the volatility from the Iran conflict this year. Can you walk us through what the first few hours after news like this looks like at Eagle? How does the team come together and how quickly does debate turn into action?

AM: In broad strokes, events like these don't create immediate activity. If something significant breaks overnight or early morning, Alec and I might be on the phone before we're in the office, but if you were sitting in our office during one of those days, you probably wouldn't notice a dramatic change in the atmosphere. Maybe a little more energy in the debates. Everyone's scanning for dislocations in real time, deliberately, not reactively.

If we're doing our jobs, we've already been contemplating many possible future states of the world before they happen. When something material changes, whether it's the world itself or our understanding of a specific business, we need to take that into account. The goal is to update existing frameworks, not scramble to build one from scratch.

We strive for an environment, as Alec said, that has the patience of a long-term investor yet also the intensity of some of the highest performing hedge funds. Those two things are intentional by nature and getting that balance right is something we work hard at each day, and days like the ones you're describing are exactly when that balance matters the most.

Volatile stock prices are ultimately our friend. High prices give us the opportunity to exit; low prices give us the opportunity to buy. I don't want to give the impression that these events don't matter. They do. There are always things happening that shift our view of businesses and return streams; some just matter a little more than others. When you see a period of heightened volatility, the big impact is that our portfolio will likely turn over a little more than usual, because more of our names hit prices at which we want to act, whether buying or selling.

G&D: Eagle has been around since 1988 and you've talked about building the firm to last beyond any one person. If you fast forward a decade, what would make you feel like you had succeeded in this chapter?

AH: First, generating world-class absolute returns for clients. When we talk about Eagle's performance, we overwhelmingly talk about it in terms of rolling decades, much like vintages of a private equity fund. Over the next 10 years, we want to deliver an excellent vintage. Second, we're going to continue to develop the next generation of investors here. We've got a terrifically talented team, and it will be even stronger in a decade.

G&D: In your mind, what is the single most important thing that investors are mispricing today?

AH: You could have an interesting debate around particular sectors, but I might pull out further and look at the big decisions that people putting money to work are making. I would say private equity charges enormous fees to access private-market beta: it's probably 300 to 500 basis points after accounting for

Eagle Capital Management

management and performance fees. It is sufficiently competitive now that, without strong net flows, the industry is unlikely to generate the exits that it needs to deliver good returns, especially when the beta is so expensive. Yet, allocators have near record high exposure to the asset class.

By contrast, public market beta is nearly free, but free may not be cheap enough. The S&P has 40% of its market cap in 10 companies. It's increasingly not a broad reflection of the U.S. economy, so the thesis of getting a slice of GDP is a little less true. It is both more concentrated and more expensive than it has been in the past. At the same time, there are many individual companies with good prospects at attractive prices. You have this weird dynamic where allocators are near their highest-ever allocation to passive beta in public markets at the same time as, *ex ante*, the risk-reward for that asset is poorer than ever. That is, the reward is a lower expected return, and the risk is more concentration. In theory, you should own less, and yet most own more.

If we go back to this vintage idea, both private and public equity beta seem reasonably likely to disappoint over the next decade.

G&D: We have seen the rise of "pod shops", passive money, and all sorts of things that seem to draw people away from traditional fundamental investing with a long-term view. How would you advise young people or early-career aspiring investors to think about building their skillset to win a seat like the one at Eagle?

AM: Unfortunately, I agree with your framing of the issue. When Alec and I started our careers over 20 years ago, indexing was a much smaller part of the market and there were far more fundamental, long-term oriented seats. It was so much easier to enter the industry. There was enormous demand for analysts.

On the one hand, we think it's creating white space for Eagle, as our competitive set has shrunk. On the other hand, it's worse for the industry broadly. From a business perspective, we'd rather see 100% of the market active and capital still flowing there, but it's not the world we live in. Indexing was a terrific invention. We've long been fans of it for a portion of an individual's assets. But there's always room in equities for people who are genuinely trying to add value. The core mission of Eagle is to generate a differentiated return stream that's additive to our clients' portfolios. Given the broad opportunity set in public equities, the highest quality companies in the world, and enormous volatility in single stocks, there are always interesting things to do.

If I were building a career from scratch today, I would focus first and foremost on artificial intelligence. People earlier in their careers are typically more facile with technology and don't have legacy habits to break. You can be differentiated versus incumbents. The gap between junior and senior analysts will surely narrow as AI matures, and people who use it will be able to accelerate past many more experienced investors. That's a huge opportunity for each of you and, at a minimum, should meaningfully increase an individual's marketability to an investment firm.

Eagle Capital Management

AI is going to change so much that it's difficult to predict what the asset management industry looks like in 10 years, but I'm confident that learning to use AI in investment research will position someone favorably in long-term investing and across many other fields as well. My general advice would be to lean into the change and try to take advantage of what lies ahead. It's human to sometimes long for the past, but the truth is, this strikes me as an exciting time to start a career.

Incorporating AI into your workflows and thinking might let you leapfrog current industry participants, or it might help you find an entirely new path or disrupt somebody else. I think this is about as good a time to come out of school as any because AI is going to create tremendous opportunity for people who embrace it.

G&D: That's an encouraging message to end on. Thank you both for joining us for this interview.

Starfort Capital Management



**Jeff
O'Donohue**

Jeff O'Donohue is the founder of Starfort Capital Management LLC, a Los Angeles-based investment firm established in 2015. Starfort invests globally with a deep-value orientation and a current geographic concentration in Asia Pacific countries. Prior to founding Starfort, Mr. O'Donohue worked at Baker Street Capital from 2011 to 2015, and as an analyst in Houlihan Lokey's Restructuring Group, which helps advise on in-court and out-of-court restructurings. Prior to that, he studied Mechanical Engineering and Accounting at UCLA, where he has served as an Investor in Residence at the Benjamin Graham Value Investing Program.

Editors' Note: This interview took place on April 23rd, 2026.

Graham & Doddsville (G&D): Jeff, welcome to Graham & Doddsville. We'd love to start by asking how you became interested in investing.

Jeff O'Donohue (JO): I was always interested in business, but I bought my first stocks when I was about 13 during the dot-com bubble. Watching some stocks go from \$2 to \$80 back to \$1 did not necessarily make the relationship between stocks and businesses clear, but I stayed interested and during university helped start a student investment club. Serendipitously, a local investor came in to mentor us and assigned a curriculum that included Buffett, Greenblatt, Klarman, and Lynch. Their framework made sense: shares are a part ownership in a business, and buying any productive asset, like a business, house, farm, or apartment complex, for half of fair value, should have a lower risk of permanent loss and also better upside. Then, about 10 minutes after my indoctrination to that approach, the financial crisis started creating some opportunities that seemed to rival anything we'd been reading about from prior decades. So investing became a big passion during my later university years.

G&D: Could you tell us about the origins of the Starfort name?

JO: In the 15th century, the curtain-wall forts became outmatched by catapults and cannons. If you aim at a rectangle it's easy to score a direct hit, so forts had to evolve. By angling the walls, projectiles would have more glancing blows and defenders could double their flanking fire against attackers from an adjacent wall. So the angles and archers made them much more durable and defensive. From above, these forts look like a star, hence their name. We believe the margin-of-safety concept, buying something at meaningfully less than fair value, has similar defensive and offensive benefits. The name has grown on us.

G&D: Are you a keen historian?

JO: I am very interested in history and think that was my first declared major at UCLA. I'm grateful that there are so many opportunities to continue learning about that subject, which I think can be relevant to investing.

G&D: How would you describe the key aspects of your investment philosophy today?

JO: We're trying to invest in economically attractive and durable businesses, run by talented managers, at very compelling valuations.

Those companies are often an important part of their industry or ecosystem and generate good returns on equity and capital, but perhaps haven't done the best job communicating their merits to capital markets.

Starfort Capital Management

Some of these names can be a bit off-the-run, and there's a treasure-hunt aspect to identifying them. A huge part of our job is seeking out those opportunities.

G&D: We noted your prior interest in poker. How has that shaped your thinking about investing, if at all?

JO: When I started at university, Chris MoneyMaker had just won the World Series and poker was the thing. I gravitated pretty quickly to Omaha Hi-Lo where a successful strategy at the time was to lock in the low half of the pot, where you're confident to get your money back, and draw to the high hand, which might give you two or three times upside. That is an enormously asymmetric risk-reward setup. I think there are similarities with value investing. If you can buy into a well-run business with a strong balance sheet, attractive prospects, that sells deeply below fair value, you may have an excellent risk-reward setup.

Stocks have many advantages over poker though. They're positive sum, you always get action, and there are no blinds, so you can look at thousands of opportunities before you have to make a decision.

I do think games of strategy and chance are an attractive educational tool for investors, and that game in particular was a helpful precursor for me to frame value investing when I first heard about it.

G&D: You have significant exposure to international markets. How do you go about finding ideas?

JO: We try to track the listed firms in fields we believe are economically durable and attractive, or even monopolistic. Our ideas largely come from looking through that curated universe of higher quality businesses in understandable sectors.

One pleasant side effect of that focus on deep value within attractive fields has been some natural entry points into a few non-English-speaking markets. For example, our first investment in Korea was Korea Ratings, the foreign-listed subsidiary of Fitch. We were confident there was an excellent asset selling at a deep discount to fair value, and that was a good opportunity to start learning about the market via a business whose corporate-governance and capital-allocation framework was straightforward. After dipping your toes in the water, it's up to an investor to either wade further into that market or decide it's not the best use of their time.

G&D: After ten years of founding the firm, you've probably covered many markets and industries. How did you think about prioritizing which ones to build knowledge in, and how much time to allocate to a first glance?

JO: My first job after college was in restructuring, and my first project was the "restructuring" of Blockbuster Video. It was an interesting project, and I learned a lot about capital structures and other topics, but there haven't been a lot of subsequent opportunities to use what I learned about the history and unit economics of video rental stores. It's much more pleasant to learn about things that are going to stick around.

I've written that traditional sourcing of deep value, via screens or special situations, can be like a sushi-boat experience with a lot of bad fish. It's good training, you get a lot of reps, and you learn your investing lessons in roughly

Starfort Capital Management

the right order,

but you could easily end up with shallow fluencies in unattractive fields. What you'd prefer is for business knowledge to be cumulative in fertile areas, and that started to dawn on me while learning about a maritime port.

The port industry can be extremely attractive and durable. They're not moving the cities or the hooked up railroad lines, so some ports will serve their existing catchment areas for a long time. When you have a project like that, you might really take your time to learn the history of the field and core factors that drive the attractive economics. That can grow your circle of competence to include a field you think is attractive and durable, so that when the next opportunity comes around you can be better prepared. Special situations or screens may not lend themselves to that if you have to just keep drinking from the firehose.

G&D: How strict is your threshold for predictable economics?

JO: I'd prefer to underwrite the economic attractiveness and durability of a firm's competitive position over a five- to ten-year-plus window. The port example would be an extreme case. Depending on the capital structure and other factors though, it isn't essential for the business to be predictable. But we've certainly invested in many businesses with attractive normalized earnings and an extremely durable competitive position, in sectors the world would deeply miss, but where the industry itself was going through a rough patch.

For instance, one port we invested in was an export hub for a commodity. At the time, commodity markets were in a rough patch, but customers' low-cost mines only had one decent route-to-market involving boats through this terminal, and the resources were ultimately critical to the world continuing to function, so we could be a little patient about a cycle. We definitely thought volumes would be down, and that it'd be extremely rude to raise prices on customers fighting for their lives, but fundamentally the competitive position of the asset was extremely strong. That sort of setup can be an opportunity to buy great assets at great prices.

So, we'd be very comfortable buying a business we felt was going to be much stronger in ten years, even if we don't know the exact path it was going to take to get there.

G&D: Why do you think the market often isn't able to look through these kinds of temporary issues in very attractive businesses?

JO: Actually I think it very frequently does for the well understood firms in the reasonably high traffic markets. That said, in a universe with many thousands of listed firms, there are some attractive and durable firms whose merits and qualities are less obvious than a piece of monopoly infrastructure or a stock exchange. There may be misunderstood businesses, like mining-equipment dealerships, where revenues are correlated with their cyclical end market, but have a great competitive position and durability as witnessed with some nearing a hundred years old with 60% or 70% local market share and most profits stemming from aftermarket parts and services.

Great businesses being sold at unbelievable prices are clearly the exception, and you have to seek out those exceptions.

Starfort Capital Management

When it does happen, oftentimes there's a misperception about quality because something about the business economics are less obvious.

G&D: You have an unusual perspective on benchmarking. How did you come to think in three- and six-year periods for performance, and why is doubling capital over six years the right goal?

JO: I believe for many investors, the goal of doubling capital over six-year periods would be a very good experience and help them achieve their financial goals in a pleasant way. We also underwrite the businesses we invest in over a multi-year period, so I think that time frame lines up with our investing approach.

G&D: Let's move to the stock-specific section. At first glance, Cuckoo Holdings (KOSE: A192400) could look like a relatively common appliance company. How did you go about analyzing what makes the company economically durable?

JO: There are many countries where rice is a critical dietary staple. A premium rice cooker, that you might use every day and remains permanently on the counter of a small kitchen, can be an important item that people don't want to skimp on. Its purchase is also often tied to life events, like a wedding or new home, that psychologically produce a higher propensity to spend. That matters since high-end rice cookers sell for over \$500. The unit economics are quite good and the brand is extremely strong, since Cuckoo isn't just another local participant, they effectively define the category with an overwhelming number-one position. Their history is very impressive. After starting as an OEM supplier, they displaced the dominant Japanese incumbents and built their branded position from scratch and have held it for decades. We think they've built a durable and attractive economic franchise in an appliance category that's very important to their domestic market and could become increasingly important to some portion of the billions of people for whom rice is a core dietary pillar and who may benefit from a high-end rice cooker.

G&D: Could you tell us more about how Cuckoo went about displacing the original incumbent, and what now allows them to retain that position given they themselves displaced a top player before?

JO: That speaks to the operational ability of management, who built an incredible business and, according to some reviewers, the world's best rice cookers. There are strong competitors, including Zojirushi in Japan, but on the domestic scene, Cuckoo has an extremely good brand for a product category where the cost of making a bad choice is pretty large. If you ask locals, the unaided brand recognition is quite extraordinary.

G&D: Cuckoo has several parts to the business. Could you walk us through how to think about the relative attractiveness of rentals, the initial sale of the product, and aftermarket?

JO: Cuckoo Holdings is the largest shareholder of their rental business, which focuses on water filters with a similar model to Coway. But their rice-cooker business is their strongest competitive position. Cuckoo is the number one domestic player by far in that attractive category, where the export market also presents a large opportunity over time. If you follow Cuckoo's export growth, it's been healthy for quite some time with large opportunities in Southeast Asia, the Americas, and China.

G&D: How do you go about valuing a business like this, particularly when there's a penetration story?

Starfort Capital Management

JO: Cuckoo trades at a mid-single-digit earnings multiple despite their meaningful net cash position. The business has compounded at a healthy clip, generated strong returns on capital and equity, and grown dividends nicely. There are a couple of decent comps, such as Zojirushi, with a similar product. That trades at over twice Cuckoo's multiple, despite Cuckoo having, in our view, better prospects in some markets and new categories that have been growth drivers. We think the current valuation is an attractive risk-reward given the quality of the business.

G&D: Moving to Tsubakimoto Kogyo (TSE: 8052), Japan has historically been seen by some investors as not very shareholder-friendly, for example with the complex cross-holding structures. How did you build confidence to start looking into this market, and what do you make of the recent TSE reforms?

JO: I'd looked in Japan for investment opportunities for many years. At some point, much like with Korea Ratings, we thought one opportunity was extremely attractive and invested. That was also a springboard to start learning about the TSE reforms. We thought they were a big positive and have been impressed with how fast, and how well, they've gone. But for these markets, it's the famous Greenblatt line: "it's not a stock market, it's a market of stocks."

Japan and Korea each have thousands of listed companies, and each one has its own story, with different people, market positions, or attitudes on capital allocation and minority shareholders. Even though there are stereotypes around the business cultures of America, Japan, Korea, or anywhere else, ultimately you're looking at an investment in one company. Many times the attitudes, complexities, operations, or capital allocation are in line with the valuation, but sometimes they're not. But if those stereotypes mean that companies in a market trade on some homogeneous valuation framework, that's a huge opportunity for stock picking.

G&D: Tsubakimoto Kogyo operates across power transmission, facility and equipment, and industrial materials. How do you see the integration of those three businesses, and how does it interact with your thesis?

JO: We think they help solve industrial problems in certain fields, and those are the categories they specialize in, but they don't manufacture the products. In effect, they are a value-added reseller for machines or complex tools, often providing some bundled consulting and distribution services. In our opinion, these solutions do make sense together.

G&D: One might say it also makes it quite challenging to grasp exactly what they are doing but perhaps that is the opportunity?

JO: They are a type of value-added reseller, interfacing between industrial suppliers and their business customers. You can imagine a local cosmetics firm that knows a lot about developing and marketing concealers, but doesn't know the best conveyor equipment to install in their new warehouse. Helping procure equipment and turn it into a solution is a valuable service. The cosmetics firm should focus on their core strengths and might only need advice or procurement help in that category every 7th year, so a little outsourced consulting and value-added reselling makes sense.

G&D: How do you think about businesses like this that don't own underlying product IP and rely on the expertise of a sales engineer? How do you keep confidence that these kinds of employees can keep adding value to the customer over time?

JO: You are right that it's a people business. If you look at their invested capital,

Starfort Capital Management

excluding cash and investments, it's almost nothing. They don't need much in the way of working capital or equipment to generate significant revenue and profits, so core economics are good. But we also believe the value they provide is important and increasing. Across some industrial products, pricing, compatibility, differentiation, procurement, logistics, installation, troubleshooting, or other items are important services and should have less friction working with a local service provider you trust. These machines are not like buying a new microwave oven, so it makes sense to work with a specialist and it's a pretty nice business.

G&D: Why isn't this kind of business model at risk of key-personnel churn, or of the most experienced employees going independent or even being brought in-house by the customer?

JO: What you sometimes see in Japan is that the company is loyal to its people, and that the people are loyal to the company, to a greater degree than you might find in many Western cultures. In a people business like this, that can be a real economic advantage. As for customers bringing the people in-house, for most customers that wouldn't make sense. Right now it's a variable cost and maybe they have a project that comes up in that particular category once in a while, so conveyor line capex and solutions is not an everyday item. Keeping someone cold on the bench for the next time you need a solution is often less efficient than keeping expertise bundled into a specialized service organization, just like most small firms shouldn't hire their own commercial insurance broker.

G&D: Have you thought about the ways AI could impact the business, for better or worse?

JO: We will see, but I don't think AI's going to change the core business economics or competitive advantages in a huge way in the near term, but we're watching it. One thing that gives us some comfort is their balance sheet, where net cash and investments are close to the market value. It's possible their business is improved a little by more technological efficiency, but if it is negatively impacted, we'll be glad that they have a huge amount of value on their balance sheet.

G&D: How do you think about the upside potential? Could the release of some of the cash be a catalyst?

JO: They have a business that we believe can grow over time, and where the economic attractiveness of that growth would be very high. If that trades at a single-digit earnings multiple and near net cash and investments, we think that can be quite compelling. It's a business we feel is attractive and understandable, but one whose merits may not be fully understood by capital markets yet.

G&D: We talked about your return goals earlier. More broadly, what are your aspirations for Starfort over the next 10 to 20 years?

JO: Our hope is to own parts of economically attractive and durable assets, run by talented managers, at excellent prices with a margin-of-safety. We also clearly hope that combination of factors results in our partners having a great experience and accomplishing their goals. Of course, it's a real joy to work with high-quality people, including our colleagues, the companies we invest with, and our partners. So we certainly want to keep doing that!

G&D: What do you do in your spare time to keep yourself energized outside of investing?

JO: Spending time with family, hobbies like strategy games, bit of fitness stuff,

Starfort Capital Management

seeing friends, reading some sci-fi novels. All very normal things.

G&D: What's something you wish you had figured out earlier in your career, either in terms of investing or otherwise?

JO: When you're younger, it's consequential to consider what you study, what field you enter, who you date, or, if you're an investor, what industries you develop a circle of competence in. There aren't an infinite number of crossroads, and any one of those decisions compounds over time.

If you source investments via traditional channels, there's a real chance of ending up with a lot of non-durable knowledge versus the type you'll be able to use again and again. You may really want to be thoughtful about studying timeless things as soon as you're able to.

That could be reading old books that have stood the test of time or learning about fields you think will have a durable competitive advantage for the next 50 years. Opportunities to acquire knowledge that was important in the past, and will remain important in the future, can be useful.

G&D: Do you have any closing thoughts for us? Or is there anything you hoped we would cover?

JO: I hope any readers will reach out and let us know about firms they think are economically durable and attractive and deeply mispriced! I also hope that individuals who love learning about new businesses and enjoy traveling to scout them might reach out, because we hope to work alongside more great investment talent over time.

G&D: Jeff, thank you so much for taking the time to go through this with us.

Disclaimer: *The views expressed are those of the speakers as of April 2026 and are subject to change without notice. The speaker has ownership interests in the positions discussed at the time of this interview that can change at any time without notice. These opinions are not intended to be a forecast of future events, a guarantee of future results, or investment advice. Investing involves risk, including the possible loss of principal. Past performance is not a guarantee of future results.*

Tony DeSpirito



**Tony
DeSpirito**

Antonio (Tony) DeSpirito serves on the board of directors of KeyCorp. He recently retired from BlackRock, where he was Global Chief Investment Officer of Fundamental Equities and was a Managing Director. He was the lead Portfolio Manager for the flagship BlackRock Equity Dividend and a series of value portfolios. Prior to joining BlackRock in 2014, Mr. DeSpirito worked at Pzena Investment Management, where he served as Managing Principal, Portfolio Manager, and a member of the firm's Executive Committee. Mr. DeSpirito was responsible for a suite of long-only value products and two hedge fund portfolios. Having managed value equity assets since 1996, Mr. DeSpirito served as a portfolio manager for the John Hancock Classic Value, PACE Large Company Value, and Vanguard Windsor funds.

Mr. DeSpirito earned a BS degree in Economics with a concentration in Finance, summa cum laude, from the Wharton School of the University of Pennsylvania in 1990, and a JD degree, magna cum laude, from Harvard Law School in 1993.

Editors' Note: This interview took place on April 17th, 2026.

Graham & Doddsville (G&D): You earned your bachelor's at Wharton, a JD from Harvard Law, clerked for Judge Marianne Bowler, and spent three years at Ropes & Gray on M&A, IPOs and mutual fund regulation before managing a single dollar. At what point in that journey did you feel pulled toward markets, and what triggered it?

Tony DeSpirito (TD): I would say career arcs are never simple or smooth, and I actually think of mine as more of a circle. My interest in investing started when I was in middle school. Before that, the idea of investing in stocks was pretty foreign to me. No one in my family owned stocks. But back when I was in middle school, the father of a close friend of mine worked for a public company, and for Christmas his parents bought him shares in that company. I just thought that was the coolest thing. The idea that you could make money by owning a part of a company was incredible to me.

From that moment on, that's what I wanted to do. The first investing book I read was called *How to Invest Your Money and Profit from Inflation*. It was back in 1980, when inflation was a really big issue.

That's why I went to Wharton and majored in finance, and I had three internships in equity research in college. Law school and law practice were really the diversion. I was interested in investing, but I was interested in other things too, law and politics among them. I knew I wanted a graduate degree, and I thought an MBA would be largely duplicative while a law degree would be more skill enhancing.

After six years, three in law school and three in practice, I decided to make the switch back to investing. I thought investing was more fun and interesting (at least to me). It's also harder because it involves more uncertainty, but that's part of what makes it compelling. There's a lesson in there: life is long (hopefully). It is important to do what you find inspiring. You need to find what's going to get you excited to get out of bed every day for 30 years. You shouldn't be afraid to make career changes.

G&D: You joined Pzena Investment Management in 1996 when the firm was not even a year old and had just started managing money. What drew you there, and what was it about Rich Pzena's philosophy that felt right for a first investment role?

Tony DeSpirito

TD: By way of background, I met Rich through a college buddy, and as you pointed out, I started in the early days when the firm had \$85 million in assets under management. If I've done the math right, AUM is a million times higher today, which is just astounding.

What drew me in was the value style, which was really important to me.

There are many different investment styles that work, but I always tell junior investors that you have to find a style that has proven itself historically, but also one that makes intuitive sense to you. That's what leads to success. That's what helps you stick to your discipline in good times and in bad times.

For me, value was the perfect combination of the two. Statistically, it had proven itself over a very long period of time to be a great strategy, and it also just made sense intuitively. My dad died when I was six, so I grew up in a single parent household for most of my life, and basically everything we bought was on sale. In that sense, value investing - trying to find bargains - made perfect sense to me.

I looked at a number of value shops, but I was really drawn to Rich as a person. He is one of the smartest people I know and also a great leader and mentor. The opportunity at Pzena was to work so closely with him. Prior to founding the firm, Rich was a very senior investor at Sanford Bernstein, and if I had gone to work for him there my interactions with him would have been really limited given his seniority. At Pzena, I was going to be in his office virtually every day. What a great learning opportunity. I'll admit it was scary to leave law for investing, but in reality the decision was a no-brainer. This was the perfect opportunity for me.

G&D: Are there any skills or lessons from Rich that have really stuck with you?

TD: There is so much that I learned from him. The importance of being even-keeled, not getting too emotionally high or too emotionally low. Maintaining a steady mood, having fortitude, having the courage to stick with your convictions. I also learned a lot about how to run and grow an investment management business.

G&D: In our first edition, Rich took us through the dot-com bubble and the emotional toll it took. Given that you were there during those early days, what was it like in the office and in the market during that period?

TD: It was a tough time for a value investor. If you were a growth investor, it was a great time. But for a value investor it was genuinely difficult. To put it simply, everyone thought we were idiots. We were underperforming while the market was booming, and we had lost a number of clients. Many of our competitors were either fired, had their businesses shut down, or changed their investment philosophy. We ended up being one of the last value firms standing.

It was definitely a tough time, but it is almost a truism that out of the toughest times you learn the most. Ultimately we stuck to our convictions and with the dot-com bust we were really well rewarded. While the market had sharply negative returns, we had positive returns. And the differences weren't small. The Small Cap Value Fund that I led was up 44% in 2000 while the S&P was down 9%.

There are some real lessons in there. Going back to the idea of controlling your

Tony DeSpirito

emotions, how important it is to be even-keeled as an investor. During the boom everyone was telling us we were idiots. After the dot-com bust everyone was telling us we were geniuses. As an investment leader I try to smooth out those highs and lows as a way of encouraging people to stay balanced.

There is also a lesson about alpha generation. Alpha does not come from doing what everyone else is doing. The market is often right, but it is also wrong at times. When you do the work and hold onto your convictions, and the work backs up those convictions, you can generate a lot of alpha from a contrarian point of view. And finally, having gone through that experience helped me develop a great deal of fortitude, which has really served me well in my career and helped me to be an independent thinker.

G&D: You led the founding of Pzena's small cap strategy and ran it through the early 2000s. What was it like building something new from the ground up?

TD: It was a great experience, and I felt incredibly fortunate to have had it. There is nothing quite as exciting and rewarding as building a business from the ground up. I also think small caps are a great place for an active investor. The further down the market cap spectrum you go, the fewer analysts there are covering a stock on either the buy-side or the sell-side. That is particularly true in small cap value, where these are the companies that are really out of favor. As a result, the small cap market is a lot more inefficient than the large cap market, and that makes it a really great space for stock picking. It was a lot of fun.

G&D: After nearly two decades at Pzena, where you had helped build the firm, were a Managing Principal, managed flagship strategies, you chose to leave in 2014 for BlackRock. What was the pull toward BlackRock?

TD: Change can be uncomfortable but change leads to growth. Just like leaving law was scary, leaving Pzena was scary, to be honest. I was very comfortable at Pzena. I had a great deal of success, and as you pointed out I was a senior leader and one of the five managing principals. I was comfortable and it was not easy to leave.

But there were a couple of things that drew me to the BlackRock opportunity. One was the firm itself. In many ways BlackRock is a larger version of Pzena in the sense that it was, and still is, a founder-led firm. Despite its size, BlackRock has a tremendous amount of entrepreneurial drive. And it had been a real privilege getting to know, work with, and learn from Larry Fink, much like it had been working with Rich Pzena.

Then in terms of the specific opportunity, I had developed a number of theories about how to modernize value investing by incorporating more data and quality factors into the analysis. BlackRock offered me the chance to put those theories into practice on a large flagship product - The Equity Dividend Fund. Those two things combined made it a really attractive opportunity.

G&D: At the time BlackRock's equity franchise faced some headwinds. Were you given a mandate, and what did you think needed to change?

TD: I was hired to essentially fix the equity dividend franchise. The fund had a great long-term history but had struggled for several years. My diagnosis was that it had the right philosophy, a dividend growth philosophy that I effectively

Tony DeSpirito

thought of as a mixture of quality and value, which was right in line with what I wanted to do. But the research process really needed to be revamped.

So that is what I did. I built out a robust quantitative model for idea generation, over two and a half years hired a totally new research team, incorporated a lot more data into the investment process, and established what I would call a true research discipline. The results speak for themselves. We were able to establish a top quartile record over my eleven and a half years there, and importantly we did not just beat the benchmark but did so consistently and with less volatility. I am really proud of what we accomplished.

G&D: That quality and value combination seems central to how you think about investing. How does a dividend growth lens fit into that, and do the disciplines ever pull in different directions?

TD: I don't really think there is a conflict between value investing and dividend growth. Marrying quality and value together is simply a better way to invest, and dividend growth is just one of several quality factors that I focus on.

Why is quality important? I really like the expression: price is what you pay, value is what you get. High quality companies are worth more and should have higher multiples. I am talking about quality in all its forms, high profitability, free cash flow growth, dividend growth, stability of earnings, balance sheet strength, and so on. It is a mistake to simply buy the lowest PE stocks and think that is good value. What you want to do is buy companies where the valuation is lower than it should be given the company's quality and growth characteristics. That to me is what good value really means. So I don't think there is a conflict at all.

G&D: Do you have a strict quantitative hurdle for quality, or is it qualitative?

TD: There are many different quality factors, and it is rare that they all line up perfectly. Sometimes a company will have very stable earnings but cash flow is not growing or the balance sheet is not strong. So I really think of quality along a spectrum, and therefore I think of justified valuations and P/E multiples along a spectrum as well. I am willing to buy all along the quality spectrum as long as the valuation is below what is justified given those quality characteristics.

G&D: When you think about a reasonable price for a given level of quality, do you anchor to something like a 10% yield on an average quality company and scale up from there, or do you have a different set of parameters?

TD: On an individual stock basis, I think about it very much in terms of a Gordon growth formula for what is a justified multiple. A company's multiple should be a function of how much the company can grow and at what return on capital above its cost of capital. A company creates value by investing money and earning more on that money than its cost of capital, and the more money it can invest at a high return the better. So it's not a simple linear formula.

That said, I also look at the valuation/quality tradeoff on a portfolio basis. Whenever I compare my portfolio to my benchmark, what I want to see is a portfolio with higher quality characteristics trading at a lower multiple. If I see that at the portfolio level, I know I have done a pretty good job constructing the portfolio.

G&D: Despite its scale in active equity, BlackRock is synonymous with passive

Tony DeSpirito

investing in many people's minds. What was it like being one of the most senior fundamental stock pickers at that firm?

TD: The reality is that passive has been taking share from active for a number of years, and that is true whether you are at the world's largest asset manager or the smallest.

As an active manager, you simply cannot bury your head in the sand. You have to deliver alpha to clients at a reasonable price.

The way I think of it is that having passive as a competitor is like a grindstone. It is either going to polish you up or wear you down, and that is your choice. I choose the former. Having passive in-house at BlackRock made me a better investor. And from a business standpoint, having the iShares franchise was a real asset when we launched active ETFs.

G&D: Where do you think fundamental active management sits in ten years?

TD: Despite the fact that active has lost share, I am actually quite excited about its future. When it comes to incorporating short-term news, the market is definitely more efficient than it has ever been. But with respect to incorporating long-term fundamentals, I think the market has actually been moving backwards and getting less efficient, and I think it is structural.

It is driven in part by the growth of passive, but also by the growth of retail, the growth of quant strategies which are usually short-term in nature, and the growth of multi-manager pod shops. None of these investors are engaging in long-term fundamental analysis. So I think the opportunity for long-term alpha generation from strategic fundamental analysis is better than it has ever been.

I also think there is potential for what I would call a Cambrian explosion of fundamental active equity startups. Generative AI is going to allow the industry to operate with much smaller investment teams going forward, which is not great news for recent graduates, but it does mean that competitive advantage will be driven less by the size of your team and more by the soundness of your judgment.

That creates the potential for a whole new competitive landscape. It's a pretty exciting time to be an active investor.

G&D: When it comes to sound judgment, what will that edge look like in practice?

TD: Judgement mostly comes from experience. Having been in the market long enough, having seen different companies, business models and industries play out in certain ways, and being able to look at the situation and say, I have seen this movie before, I know how it plays out. That is why I think judgment plays to people who have had experience.

G&D: Do you have a system for developing better judgment? Do you use pre-mortems or another form of regular self-reflection?

TD: The best learning comes from deliberate practice. That necessitates having

Tony DeSpirito

the discipline to reflect on both your winners and losers. It's important to write down your thesis and model out your expectations and then to look back at what you got right and what you got wrong. It's also important in this business to keep evolving. I tell my investors that if you are investing the same way you were three years ago, you are falling behind.

G&D: What skills did you have that made you a successful CIO? How is it different from being a successful PM?

TD: To be a highly successful PM you need to be a great investor period. I think being a good people manager really helps. I like to say you can generate alpha directly or indirectly through the people you supervise. Unfortunately, most PMs are not great people managers. To be a successful PM, you also need good client skills. To some extent you can hire someone with client skills.

In terms of being a successful CIO, you need a broader set of skills. To earn the respect of the portfolio managers you supervise, it helps if you have shown yourself to be a great investor. As a PM you effectively become an evangelist for your particular philosophy and process. As a CIO, however, you have to be respectful of the fact that there are multiple ways of generating alpha. I would have been a disaster as a CIO, if I tried to convert my growth investors to value investors. You may laugh, but I have seen CIOs who have tried to do that.

As a PM, you have to hold your analysts accountable for their work. Similarly, as a CIO you have to hold your PM's accountable—accountable for finding a philosophy that works, for establishing and sticking to a sound investment process, and for managing and developing their analysts. You also need to help them identify their successor, usually in the form of a co-PM. There are times when you have to make tough decisions as a CIO. And that can be challenging because those decisions are so visible—much more so than in the case of a PM who is often client facing and in the public eye than an analyst. But you can't shy away from that.

By the way, portfolio managers are not an easy group to manage. They are smart and opinionated. And they like being captains of their own ship and they don't like being told what to do. So to be an effective CIO you need to be able to work with tough personalities and to be persuasive. I find that the best way to lead PMs is often through questions rather than commands.

G&D: When you went from a portfolio manager to a global CIO, what did you lose and gain in that transition?

TD: I don't think I lost anything when I became CIO, in part because I continued to manage a series of portfolios. In fact, becoming CIO made me a better portfolio manager.

I was lucky to have built a strong team underneath me. I had two strong directors of research who took over managing the analysts and the research process, which freed up my time and made the transition easier. But beyond that, I tried to make sure that as CIO I was getting as much from the role as I was giving to my other portfolio managers.

A big part of the job of a value portfolio manager is avoiding value traps, meaning owning companies that are getting disrupted. As CIO I worked very closely with our tech and growth portfolio managers among others, which made me acutely aware of companies on the cutting edge of disruption. Ultimately that perspective helped me avoid value traps in my own portfolios. So I like to think being Global CIO made me a better and more successful value investor.

Tony DeSpirito

G&D: How did you balance your time as CIO to remain as involved with stock-picking as possible and avoid the time sink other aspects of the CIO role can entail?

TD: Two things, really. I had developed a strong team underneath me. That also made my job a lot easier. If you want to advance it's important to hire A-players.

I am also a big believer in systems. That was true both as a portfolio manager and as CIO. Just as having a research system made my job as a PM easier, I put a lot of systems in place to make the CIO role easier as well. So those are the two things I relied on: A-players below me and systems.

G&D: Stepping back to the broader market, as a bottom-up value investor, how do you underwrite a company whose value may depend heavily on whether AI delivers on its transformative promise?

TD: The market always struggles when it comes to evaluating the impact of structural change. There are times when it overestimates the impact and there are times when it underestimates it. Electric vehicles are a good example. Initially, the market was underestimating the rate of EV adoption, so as penetration accelerated analysts were repeatedly raising their forecasts. Then adoption started to slow and they moved their forecasts in the opposite direction. The lesson is that early on the market tends to underestimate the impact of structural change, and later on it tends to overestimate it. That said I think we are in a temporary lull with respect to EVs. I wouldn't be surprised for penetration to re-accelerate in a few years as the relative cost of EVs continues to improve.

When ChatGPT was first released I was saying this is really important and identifying winners and losers here is going to be a massive investment theme. But I think it is important to look not just at first order effects but second order effects. The goal is to identify underappreciated winners and losers before everyone else does, finding what I think of as free options on both the buy side and the short side.

One example is that in early 2024, I identified generative AI as a memory and storage hog and went on record on BlackRock's BID podcast calling for a memory super-cycle. Now it seems obvious since we are very much in the middle of a super-cycle for both memory and storage. Micron is up over 700% over the last year for example. But at the time it was very much a contrarian call because memory and storage stocks were still depressed from a post COVID-era supply overhang.

That is what I mean by second order effects. Today I am concerned about IT services, and I think the market is as well, as those business models are under real threat. AI means more code with fewer coders and that is bad for the service providers. That's a consensus view, but like I said earlier, many times the market is right and it doesn't pay to take a contrarian position. The market is also very pessimistic with respect to software companies. There my view is more nuanced. Some software will be replaced by AI, but other software companies will thrive. To the extent AI does not replace your product, it will likely reduce your cost structure, leading to better margins. The question really is can AI replace your franchise. Video games are a great example. If you own a franchise like Madden Football, AI is not going to replace that. But it will reduce the cost of creating the next version, making the owner of that franchise an AI winner within the software space.

G&D: On mispriced opportunities, you have talked about finding businesses

Tony DeSpirito

where the market has confused a cyclical problem for a permanent one. Where are you seeing that today in housing and home products?

TD: Since COVID there have been a number of rolling recessions. We talked about semis as one example. Internet retail is another. Most of the economic effects of COVID have passed. But the one industry still in a post-COVID hangover is housing, both in terms of new construction and housing turnover. In fact, turnover is more depressed relative to historical norms than new construction.

Demographics are a headwind (declining birth rate and declining immigration), but that is mostly a headwind on the construction side and it is small. The real issue is the business cycle. As we have discussed, cyclically depressed businesses are usually pretty good hunting grounds for mispriced stocks. What I like about housing today is that I am seeing a number of companies where not only are earnings depressed, but the stocks are trading at low multiples on those already depressed earnings. That said, absent a decline in rate, I don't see an immediate change in outlook. So while there is a significant opportunity in housing related stocks, it might require patience. Given the short term nature of today's market, that is probably why they are cheap.

G&D: Why did you choose Fortune Brands specifically versus a broader housing bet?

TD: Fortune Brands is a quality compounder. Because of the strength of its brands, whether that is Moen, Masterlock, or Yale, the business is able to generate a very high return on tangible capital, something like 30%. That means for a given level of revenue growth it throws off more free cash flow and compounds earnings faster than average.

As I see it, this is a stock where you really have two ways to win. First, it is attractively priced on current earnings, trading at around 12 times. You do not usually find quality compounders trading that cheaply. So even if I am wrong about the housing cycle and it never recovers, owning Fortune Brands at 12x should still be a very nice investment. But if and when housing comes back, particularly repair and remodel, which is about two thirds of their earnings, there is going to be a massive acceleration in earnings and that is when the stock will really rip.

G&D: On that second point, Fortune Brands is exposed to both new construction and remodel, and those can move in opposite directions. How do you think about that tension?

TD: The business is about two thirds exposed to repair and remodel and one third to new construction. Repair and remodel tends to be driven by housing turnover, which is very depressed right now. In a housing bull market both typically do well, with turnover and new construction rising together. But if I were forced to bet on one or the other, I would rather bet on housing turnover. It is more depressed relative to historical norms and it is less affected by declining birth rates or immigration levels.

G&D: Are you looking at homebuilders as well, or is Fortune Brands the standout opportunity among housing-related companies?

TD: I think there are going to be a lot of great ways to play housing. But I like That Fortune Brands offers the opportunity to own a quality compounder while you are waiting for the cyclical recovery. That is why I prefer building products companies over housing construction companies on average, as construction companies tend to have a lower return on invested capital. I also prefer the

Tony DeSpirito

higher exposure to repair and remodel as that is more depressed. That said, I think when we look back three to five years from now there are going to be multiple stocks in the sector that were great investments.

G&D: Staying on the theme of cheap compounders, BDX is one that has been flat for a number of years and gone through something of a structural shift. Can you walk us through your thesis? What does the business do, why is it cheap, and what does the market have wrong?

TD: Becton Dickinson has definitely been flat for a number of years, but I think that is part of the opportunity as it is poised to resume its path upward as a quality compounder. Becton is a medical device company, and just like in housing, I think there are a lot of great investments in medical devices right now.

This is an industry known for stability and growth of earnings and free cash flow, and we are in a world where those characteristics are increasingly hard to come by. Historically you would turn to consumer staples, but that sector has been a disaster, hit by GLP-1s and affordability issues. Even parts of healthcare that are highly dependent on government reimbursement have come under pressure, whether that is Medicare, Medicaid, or HMOs. And drug stocks always face the pressure of patent expirations. So there is a real shortage of cheaply priced high quality non-cyclical stocks. If you look at the medical device industry over the last two years, devices on average have been flat while the S&P is up around 45%. You can see why this is a rich hunting ground for potential investments.

In terms of Becton Dickinson itself, the thesis is pretty simple. The bulk of their profits come from consumables sold to hospitals and other providers. Their largest division, appropriately called Essentials, makes products like syringes, needles, and IV catheters. They also have a Connected Care division making patient monitoring equipment and IV infusion pumps, where you can see the natural linkage with the Essentials business. And then they have an Interventional division selling surgical equipment. Those three divisions account for 90% of revenue.

The thesis is that you have a staple-like business trading at around 12.5 times next-twelve months earnings, which is cheap for a compounder. And over the next two years earnings should grow more quickly than normal for two reasons. First, they are in the middle of an operational efficiency program that should add around 200 basis points to operating margins. Second, they recently sold their biosciences business to Waters at a high multiple and are using the proceeds to pay down debt and buy back stock, which should further enhance earnings growth.

G&D: To your point on their product portfolio, this company sits at a critical point in the healthcare workflow. How do you think about where they create value and where they are more commoditized?

TD: I don't see commoditization as a real issue. Medical devices span a wide price range, with infusion pumps on the high end and needles on the low end. But at the end of the day, is it really worth it for a hospital to switch to an inferior product just to save a few pennies on something so critical to patient health? I don't think so. And that is why their operating margins are in the mid-twenties.

There is a lot of pricing pressure in healthcare, but Becton Dickinson does not sell directly to government or insurance companies. They sell to hospitals and other providers who have always been under enormous pressure to cut costs, and yet their margins have held. I don't think pricing pressure accelerates from

Tony DeSpirito

here. In fact, with tariffs and other input costs rising, there is actually upward pressure on pricing.

G&D: They have made some major acquisitions and divested parts of the legacy business. Do you think shedding the high margin biosciences segment was the right tradeoff to become a pure play medtech company, and is the market failing to appreciate that transition?

TD: The company has definitely been acquisitive, going back to 2015 with CareFusion. But more recently, they have shifted to tuck-in acquisitions rather than transformative ones, and I think what they have now is a really good collection of assets. With the proceeds from the biosciences sale they are now able to actively return capital to shareholders. I think they are in a pretty good position from here.

G&D: Many of our readers are hoping to build a career in investing. As someone who has touched on the importance of experience throughout our conversation, what advice would you give them?

TD: I teach an investing class at Cornell's Johnson School, and I have a slide I share with the MBA students there that has a list of twenty different pieces of advice. I won't go through all twenty, but I will share the three I think are most important.

The first is curiosity. To be a good investor you really need to be driven by curiosity and committed to being a lifelong learner. You need to be a student of history, read voraciously, and talk to people in the field. Curiosity is just critical as is drive.

The second is independent thinking. As we have discussed, alpha generation requires having a differentiated view. That means being an independent thinker, often a skeptical one, and having the courage of your convictions. When you have done the work, you have to stick to it.

The third is getting comfortable with making mistakes. This one is actually quite hard, particularly for students who have gotten A's their whole lives. The reality in public markets investing is that if you get it right 60% of the time you are a really great investor, which means you are going to be wrong 40% of the time. You have to adapt to that. I know it was something I struggled with early in my career.

G&D: You mentioned that both major career switches were a little scary. Looking back, what decisions felt most uncertain, and is there anything you would do differently?

TD: I would definitely encourage people not to be afraid of change, even when it is scary.

I like to say sometimes you have to feel the fear and do it anyway, and that is the definition of courage. Just because you feel fear does not mean it is the wrong decision; every decision comes with risk. A smart investor takes risk while minimizing the downside.

I would also say, particularly when it comes to career changes, nothing is permanent. If you make a decision and it does not work out, you can reverse it,

Tony DeSpirito

just as I did with respect to leaving finance and going into law. I spent six years in law and then reversed that decision and went back to investing. And even then, I would not call it a mistake. I learned a great deal from my time in law and I genuinely think it made me a better investor.

One of the great skills in life and in management is taking whatever cards you have been dealt and making the best of them. That is the advice I would give.

G&D: As someone who has done a lot of hiring, beyond curiosity and getting comfortable with being wrong, what other traits do you look for?

TD: I look for intelligence, drive, and good judgment, and I try to assess those through the interview process. But in addition to a standard interview, everyone I have ever hired has had to do a case or project. Essentially, I hand them a company, give them two weeks to research it, and have them come back and present their findings with a stock recommendation.

It is amazing how much insight the case gives you beyond a standard interview into those three factors. I cannot tell you how many times we have had a candidate who seemed really promising at the interview stage but totally bombed the case. It's a very important test.

I would also add that getting in the door is just the beginning. What helps you succeed once you are there is dedication to improvement. If you are doing the same thing today that you were doing 3 years ago, you are falling behind. Investors who fail are often the ones who think they know it all and do not seek feedback, and as a result never get better.

Keep becoming a better investor year after year. It goes back to that dedication to lifelong learning. Even in retirement I am working on improving my investing skills.

G&D: Tony, thank you so much for the time. We really appreciate it.



Zekun (ZK) Feng '27

ZFeng27@gsb.columbia.edu

Zekun (ZK) Feng is a first-year MBA student at Columbia Business School. Before CBS, he worked in the renewable energy industry in China. He graduated from University of California, San Diego with B.S. in Mathematics and Economics.



Aaron Samuels '27

ASamuels27@gsb.columbia.edu

Aaron Samuels is a first-year MBA student at Columbia Business School. Before CBS, he worked in equity research at Susquehanna International Group covering internet and software companies, and he began his career as a financial analyst at ICONIQ Capital. This summer, he will be interning with Fuller & Thaler Asset Management. He graduated from Dartmouth College with a B.A. in Economics.



Elliot Tompras '27

ETompras27@gsb.columbia.edu

Elliot Tompras is a first-year MBA student at Columbia Business School. Elliot has 5 years of public market investing experience at a long-only value investment manager. Prior to business school, he worked as a generalist investment analyst at Gardner Russo & Quinn LLC. This summer, he will be interning at ACR Alpine Capital Research. He graduated from Franklin & Marshall College with a B.A. in Classics.

DoorDash, Inc. (NASDAQ: DASH) - Long 19th Annual Pershing Square Challenge (1st Place)

N.B. All price and upside information are as of close of trading on April 24th, 2026

Recommendation: We recommend a BUY for DoorDash (DASH), an on-demand delivery business that we believe is positioned to outperform expectations in the coming years due to more durable growth in US Restaurants, improving profitability in New Verticals and International, and underappreciated margin expansion potential from operating leverage. Our 3-year price target of \$318, representing 80% upside and a 22% IRR, is based on 10x EV/EBITDA on our 2030 EBITDA estimates.

Business Overview: DoorDash operates three apps in ~40 markets across North America, Europe, the Middle East, and APAC. The business is a three-sided marketplace, connecting consumers, merchants, and couriers. While the majority of the business is restaurant delivery, the company also has a quickly growing new verticals business, primarily consisting of grocery and retail. The company is led by a best-in-class management team, with CEO and Co-Founder Tony Xu at the helm.

Why This Opportunity Exists: DASH's stock has been significantly pressured over the past two quarters and is down nearly 40% from its 52-week-high as of late April. The stock has sold off for two primary reasons, which we believe are misunderstood. 1) The company announced a significant tech platform rebuild in November 2025, which will cost hundreds of millions of dollars. While this is a significant headwind to incremental margins in 2026, we believe it will be a benefit to the company's margin profile in 2027 and beyond, despite negative investor sentiment from those focused on short-term profitability. 2) DASH has sold off on AI concerns along with many other tech companies, with the company prominently mentioned in the Citrini piece in February as an AI loser. We don't believe these concerns have much merit and address them in further detail in the Risks section below.

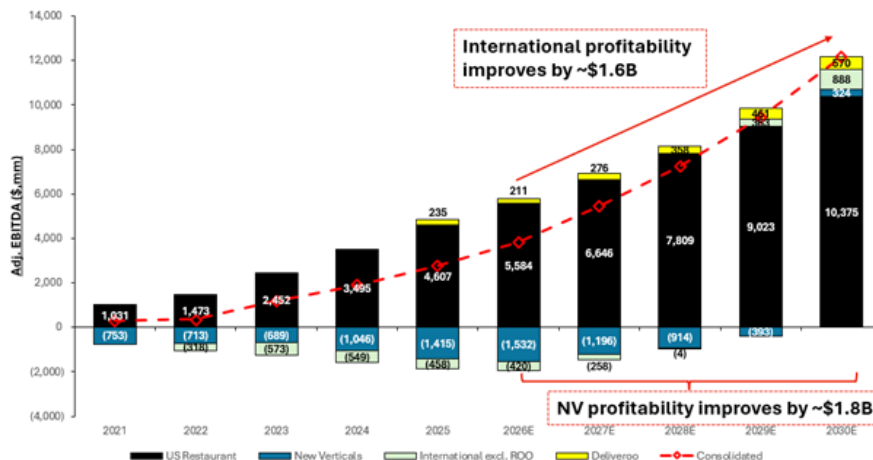
Investment Thesis

I. DASH's US Restaurants business will grow more durably than expected in the coming years

While the market expects DASH's US Restaurant growth to significantly decelerate in the coming years, our research indicates that this business has significant runway for growth and we model 14% US Restaurants GOV CAGR from 2025-2030, which we believe is well above investor expectations. US restaurant delivery remains secularly growing post-COVID, with meals growing at a 10% CAGR from 2022-2025. Within the growing food delivery TAM, we believe that DASH will continue taking share given its product advantages – on every metric we looked at DASH has the superior product, as demonstrated by faster delivery speeds, lower fees, better merchant selection, and higher consumer satisfaction. As part of this research, we built proprietary datasets, including web scraper data on ~292k DASH and Uber Eats merchant listings and a consumer survey. Our 14% GOV CAGR is underpinned by 8% MAU growth, 3% order frequency growth, and 2% average order price growth, with each of these assumptions supported by rigorous analysis.

II. We model DASH's New Verticals and International businesses reaching EBITDA profitability earlier than expected

DASH's New Verticals and International businesses are currently lossmaking on an EBITDA basis, though we model International to reach EBITDA profitability in 2027 and New Verticals to reach EBITDA profitability in 2030.



DoorDash, Inc. (NASDAQ: DASH) - Long

While DASH doesn't break out profitability by business line, the estimates in our detailed segment build have these combined segments making a combined EBITDA loss of (\$1.7b) in 2026 and an EBITDA profit of \$1.7b in 2030, representing a \$3.4b swing.

For New Verticals, the improvement in profitability will be driven by larger basket sizes, take rate expansion, and absorption of fixed costs over more orders. For International, the improvement in profitability will be driven by modest take rate expansion and absorption of fixed costs over more orders. Importantly, management is focused on improving the economics of both business lines, with specific profitability goals for 2H26. Management has consistently executed against stated goals, with a culture of accountability and demonstrated capital discipline (exiting 4 unprofitable markets earlier this year). This gives us confidence in the 2H26 profitability targets and longer-term path toward profitability.

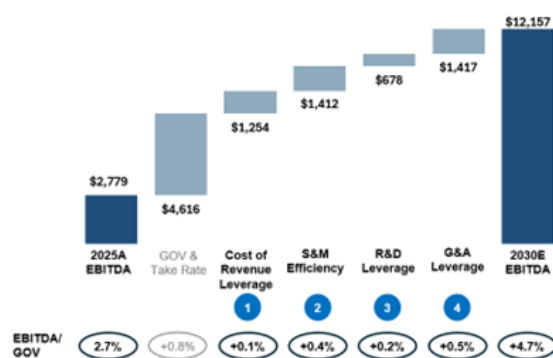
III. The Street underestimates how much operating leverage is embedded in the cost structure

We model EBITDA margins expanding from 2.7% in 2025 to 4.7% in 2030, with our 2028 margin of 3.8% well above the 3.4% consensus, driven by fixed-cost absorption and S&M efficiency on a growing GOV base.

Our calls with 24 current and former DoorDash employees support modeling leverage across CoR, S&M, R&D, and G&A.

As examples, former employees confirmed CAC and CRC (retention cost) have trended down over multiple years, and engineers cited AI-driven productivity gains, with further efficiency expected from the ongoing tech platform rebuild.

Detail of Expected Operating Leverage



Financial Summary, Valuation & Return Profile (\$ in millions)

	Bear	Base	Bull
2030E GOV	188,174	256,222	287,707
2030E Revenue	25,301	36,504	41,277
2030E Take Rate	13.4%	14.2%	14.3%
2030 FCF ex-SBC	3,275	7,706	10,017
2030 EBITDA	5,168	12,157	15,089
EV/EBITDA (x)	7.0x	10.0x	12.0x
EV	36,173	121,569	181,072
(+) Net Cash	7,836	18,108	24,033
Market Cap	44,009	139,677	205,105
Implied Share Price	100	318	467
Upside/(Downside)	(43%)	80%	164%
IRR	(17%)	22%	38%

Valuation

Our 3-year target price of \$318/sh is calculated with a 10x EV/EBITDA multiple on our 2030 EBITDA estimate of \$12.2b. The 10x multiple represents a slight premium to current peer multiples of 2027 EV/EBITDA, but significant compression from DASH's current multiple of 16x.

Our price target represents a P/FCF yield of 5.5% on our 2030 FCF estimate – of note, we are calculating FCF on a SBC-burdened basis, treating it as a cash expense.

Our bull case (+164%) is a 12x multiple on EBITDA of \$15.1b. Our bear case (-43%) is a 7x multiple on EBITDA of \$5.2b. The risk/reward of 3.8x shows the asymmetric opportunity for DASH.

Key Risks & Mitigants

- AI chatbots or agents replace DASH as the top of funnel:** Agents will still route to a courier and merchant network, and DASH's leading density positions it as the best logistics infrastructure for agents to call. Whether agents are optimizing for price or speed, DASH has the edge.
- AI compresses the cost of building a competitor:** While AI lowers code costs, building local three-sided liquidity requires significant courier, merchant, and consumer acquisition costs.
- Autonomous delivery:** DASH's heavy autonomous delivery investments demonstrate that the company is working hard to integrate the technology. With the consumer and merchant relationship in place, we believe DASH is best positioned to integrate autonomous delivery.
- Macro:** DASH performed well through inflation in 2022 and 2023, as consumers traded down rather than stopped ordering. Additionally, in a recession, higher labor supply and lower gas prices should lower delivery costs, providing an offsetting effect to a demand slowdown.



Cameron Degan, CFA '27
CDegan27@gsb.columbia.edu

Cameron is a first-year MBA student at Columbia Business School. Prior to CBS, he worked in valuation advisory at Valuation Research Corporation. During the fall, he interned at Rome Capital, a hedge fund focused on growth and special situations equities. He is currently interning at Caveat Emptor, a single-family office, focused on public Equities. He graduated magna cum laude from University of Massachusetts Amherst with a B.B.A. in Finance and a double major in Economics.



Greer Lafontant '27
GLafontant27@gsb.columbia.edu

Greer is a first-year MBA student at Columbia Business School. Prior to CBS, she worked at APG Asset Management, where she focused on private equity, infrastructure, and real estate investments with a focus on Impact and the energy transition. This summer, she joins Evercore's Restructuring and Liability Management team. She graduated magna cum laude from the University of Michigan with a B.S.E. in Industrial and Operations Engineering and a minor in Physics.



Karl Eshwer '27
KEshwer27@gsb.columbia.edu

Karl is a first-year MBA student at Columbia Business School. He started his career at McKinsey & Co. in New York on the Semiconductor team working with clients across the Aerospace, Defense, and Automotive value chains globally. He then joined BDev Ventures, an early-stage venture fund, where he made 40+ seed – series B enterprise software investments across the US, LatAm, and Europe. Karl graduated summa cum laude from Pace University with a B.S. in Computer Science.

Baker Hughes (NASDAQ: BKR) — Long 19th Annual Pershing Square Challenge (2nd Place)

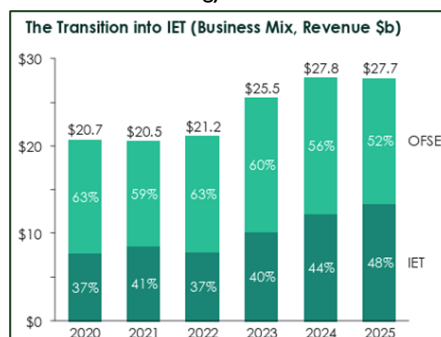
N.B. All price and upside information are as of close of trading on April 27th, 2026.

Recommendation: LONG BKR with a 3-year target price of \$108/share, representing 63% upside including dividends and a ~20% IRR. Baker Hughes is still viewed by many investors through the lens of a cyclical oilfield services and equipment business. We believe this misses the more important transition underway: BKR is becoming a higher-quality energy infrastructure and services platform, with future earnings increasingly driven by Industrial & Energy Technology (“IET”), long-cycle power and LNG infrastructure demand, and recurring, high-margin services tied to its installed base.

The market is pricing BKR as a hybrid oilfield services company and equipment supplier, with insufficient credit for: 1) durable infrastructure demand driven by LNG expansion, grid stress, coal retirements, renewables intermittency, data center power demand, and geopolitical rebuilding; 2) structurally recurring services revenue created by every turbine, compressor, and LNG system installed; and 3) a mix shift toward a more integrated, less cyclical platform, accelerated by Chart Industries and supported by cross-selling across energy infrastructure end markets.

Business & Industry Description: Baker Hughes is one of the world’s leading energy technology companies, serving customers in more than 120 countries. The company reports through two primary segments: Oilfield Services & Equipment (“OFSE”), which provides products and services for drilling, production, subsea, and well construction; and Industrial & Energy Technology (“IET”), which provides turbomachinery, compressors, gas turbines, LNG systems, industrial products, inspection, and climate technology solutions.

Historically, BKR was grouped with the major oilfield services companies, and that perception remains a key reason the opportunity exists. However, the company’s revenue mix has shifted materially: IET has grown from a minority of the business to roughly half of revenue, and the IET backlog is now over \$32B, giving the company multi-year revenue visibility. This transition is being reinforced by the pending Chart Industries acquisition, which expands BKR into cryogenic and compression equipment and strengthens its ability to provide full-system solutions across LNG, industrial gas, and broader energy infrastructure markets.

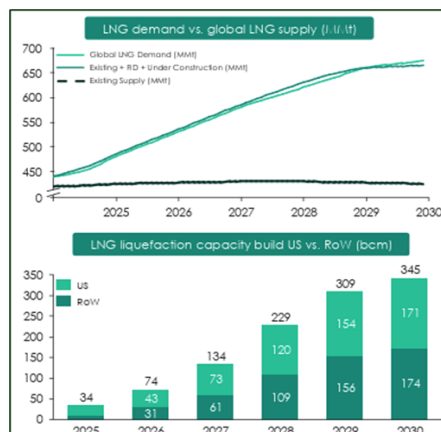


Investment Thesis

I. Structural energy infrastructure buildout should drive durable demand beyond what a cyclical OFSE framework captures

BKR sits at the center of a multi-decade energy infrastructure buildout. Unlike prior turbine cycles that were driven by narrow regulatory or speculative demand, today’s demand is supported by several simultaneous and economically grounded forces: LNG expansion, grid-scale renewables requiring dispatchable backup, coal plant retirements, electrification, data center power demand, and geopolitical energy infrastructure rebuilding.

- LNG remains one of the most important drivers. Global LNG liquefaction capacity is forecast to grow from roughly 488 MMtpa in 2025 to more than 800 MMtpa by the mid-2030s, and BKR equipment is embedded across a substantial portion of the existing LNG installed base. This creates a long runway for both new equipment and future after-market service demand.
- Power infrastructure is becoming an independent growth driver. The U.S. grid’s baseload is roughly 450 GW, while 2025 alone saw approximately 43 GW of gas turbine orders. Demand is increasingly being pulled by real load growth, not just replacement activity. Data centers, industrial electrification, grid congestion, renewable intermittency, and coal retirements all require dispatchable power solutions, and gas turbines are one of the few scalable technologies available today.
- Our primary research supports the view that this is not another speculative overbuild. A gas turbine industry consultant described today’s cycle as “real, market-driven” demand rather than the late-1990s deregulation cycle. The important point is not that every data center order is perfect; rather, even if some projects slip, the broader power deficit and LNG buildout should absorb equipment demand.

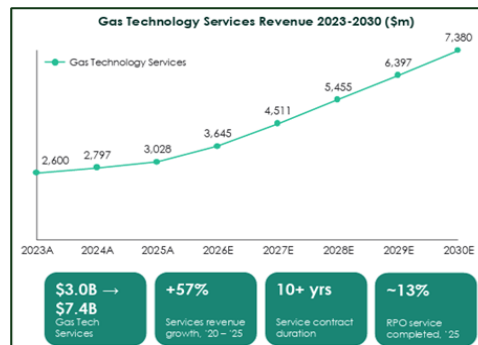


Baker Hughes (NASDAQ: BKR) — Long

II. Each installed asset creates a long-duration, high-margin services stream that the market underappreciates

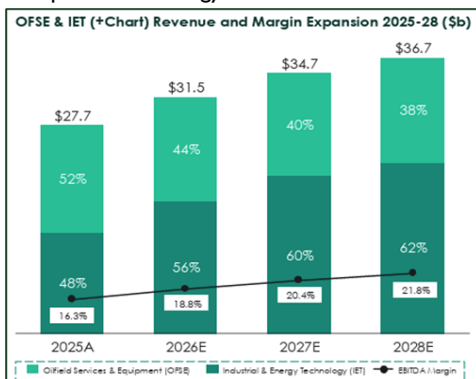
The most attractive part of the BKR thesis is not simply selling more equipment. It is the installed base economics that follow. Every turbine, compressor, generator, and LNG system expands the base of assets that require ongoing service, proprietary parts, predictive monitoring, inspections, and maintenance. These services are typically attached to long-term agreements and are difficult for customers to shift away from because BKR controls critical IP, drawings, software, and proprietary “hot gas path” components.

- Customer and expert diligence confirms that the majority of equipment sales include long-term service contracts, often 10+ years in duration. A former commercial finance director in BKR’s IET business noted that every turbine is sold with a servicing contract and that the long-term option is often the most efficient path for customers because it guarantees uptime.
- This creates a powerful flywheel: equipment sale → installed base growth → contracted services → recurring, higher-margin revenue. BKR’s Gas Technology Services revenue is modeled to grow from roughly \$3.0B in 2025 to \$7.4B by 2030, while IET services become a larger share of segment revenue.
- The margin impact is material. As IET service mix rises, IET gross margin expands in our model from roughly 28.4% in 2025 to 35.5% by 2030. This is the key earnings-quality argument: BKR is not just getting bigger; the earnings stream is becoming more recurring, more proprietary, and less tied to short-cycle drilling activity.



III. BKR’s integrated platform and Chart acquisition are shifting the company toward higher-quality earnings

BKR’s IET growth changes how the business should be valued. OFSE remains important, but the forward earnings mix is increasingly driven by infrastructure, turbomachinery, LNG systems, and services. This should make BKR less cyclical, more backlog-driven, and more comparable to energy infrastructure and industrial technology peers than traditional oilfield services companies.



- IET carries structurally better characteristics than OFSE: longer project cycles, higher backlog visibility, more recurring services revenue, and greater exposure to LNG, power, and industrial energy infrastructure. As IET becomes a larger share of revenue and EBITDA, consolidated margins and returns should improve.
- Chart Industries accelerates this mix shift. Chart adds cryogenic and compression equipment that is essential for processing, storing, and transporting liquid gases. Strategically, this allows BKR to offer more complete LNG and industrial gas solutions, while management has identified \$325M of cost synergies and expects double-digit EPS accretion in year one post-close.
- BKR is also assembling a broader energy infrastructure platform through acquisitions such as BRUSH Power Generation, Quest Integrity, Qi2 Elements, and Continental Disc. The common thread is recurring revenue, inspection, reliability, flow control, and installed-base-driven aftermarket economics.

Valuation

Our base case price target is \$108/share plus dividends, implying 63% upside and a ~20% IRR through 2028. The valuation is based on a sum-of-the-parts framework that better reflects the forward business mix: OFSE at roughly 8.0x EBITDA, IET at roughly 17.0x EBITDA, and Chart at roughly 15.0x EBITDA. This implies a consolidated 2028 EBITDA multiple of approximately 14.5x, which is reasonable given that roughly 70% of 2028 EBITDA is expected to come from IET and Chart, not legacy OFSE.

The return is not dependent on a heroic multiple. It is driven by revenue growth, margin expansion, the Chart acquisition, capital returns, and the market recognizing that BKR’s earnings mix has changed. In our base case, BKR reaches \$4.73 of EPS in 2028, versus \$2.62 in 2025, with the services moat contributing the largest portion of the EPS bridge. Our scenario analysis produces a bull case of \$137/share plus dividends and a bear case of \$52/share plus dividends, creating an approximately 3:1 upside-to-downside ratio.

Valuation Summary	Base Case	Bear Case	Bull Case
Total Revenue CAGR	9.8%	4.0%	12.1%
EBITDA Margin	21.8%	18.4%	22.9%
Diluted EPS CAGR	\$4.73	\$2.87	\$5.50
Exit EV/EBITDA	14.5x	11.0x	16.0x
Implied 2028 Price	\$108.32	\$51.58	\$136.97
Dividends	3.05	3.05	3.05
% return	62.9%	(20.1%)	104.8%
% IRR	19.9%	(8.0%)	30.6%

Risks & Mitigants

- **Energy infrastructure demand could prove cyclical.** The mitigation is that demand is diversified across LNG, power, data centers, coal retirements, renewables intermittency, and industrial electrification. This is not a single-driver turbine cycle.
- **LNG projects or data center projects could be delayed.** Delays may shift revenue timing, but BKR’s IET backlog provides multi-year visibility, and LNG projects are typically supported by long-term offtake and take-or-pay structures.
- **Competition could increase as supply catches up.** New entrants and competitors such as Solar, GE Vernova, Siemens Energy, ProEnergy, and potential aero-engine conversion players could pressure equipment orders over time. However, the current supply gap, BKR’s installed base, service network, proprietary parts, and long-term service agreements protect the higher-quality part of the earnings stream.



Jyas Totlani '27
JTotlani27@gsb.columbia.edu

Jyas is a first-year MBA student at Columbia Business School. He worked in Private Credit, Venture Capital and Private Equity prior to CBS in India, with a focus on Financial Services, Consumer Products, Internet and Technology. He has completed all 3 levels of the CFA Program.



Hide Okada '27
HOkada27@gsb.columbia.edu

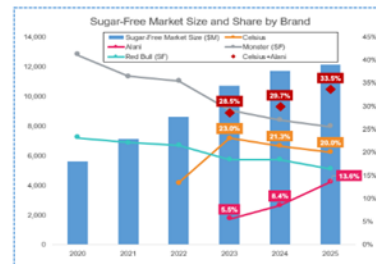
Hide is a first year MBA student at Columbia Business School. Prior to CBS, he was a Credit Analyst and Fund Manager at Norinchukin Bank / NZAM, covering global IG/HY corporate bond and leveraged loan markets. He graduated as valedictorian from Kyoto University with an MPP and holds an LLB from Keio University.

Celsius Holdings, Inc. (NASDAQ: CELH) – Long 19th Annual Pershing Square Challenge (3rd Place)

Recommendation: BUY with 3-year base case target of \$66 (94% upside, 25% IRR). Market is pricing Alani fad risk, Costco private label, and integration uncertainty as structural. None are. With strong retention, PepsiCo shelf expansion, and margin expansion, CELH trades at forward P/E levels Monster has never seen, even during the GFC.

Business Description: North America's largest sugar-free energy drink company (\$2.5B revenue, 34% market share), operating a two-brand platform: Celsius (54% of revenue, health-conscious GenZ) and Alani Nu (45%, women-centric, acquired 2025). Distinctive flavors, vibrant packaging, and authentic brand values drive differentiation.

Industry Dynamics: The U.S. energy drink market (\$24B) grows at 8% CAGR; zero-sugar (~45%) outpaces overall. Celsius and Alani Nu are purpose-built for all high-growth vectors: sugar-free, multi-flavor, women-centric, GenZ/Millennial.



Investment Thesis

I. Customer loyalty from the fastest-growing segments in the energy drink market to drive 18% sales CAGR

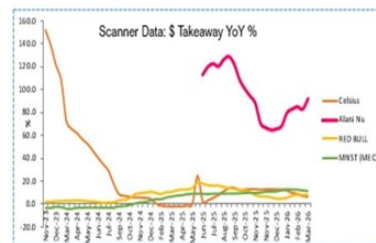
- Our proprietary survey of 554 active consumers confirms deep brand loyalty: Alani Nu scored 7.6/10 on repurchase likelihood (highest of all brands), Celsius 7.2/10. Bloom consumers named Alani as their next preferred brand, while not the reverse, confirming directionally asymmetric stickiness.

	Alani Nu	Celsius	Red Bull	Monster	Ghost	Bloom
Alani Nu Core Buyers	7.6	5.6	6.0	4.4	2.8	3.5
Celsius Core Buyers (Male)	3.8	7.2	5.8	5.6	3.2	1.7
Celsius Core Buyers (Female)	5.1	7.1	5.0	4.3	2.2	2.6
Red Bull Core Buyers	3.3	5.4	7.2	6.5	3.5	2.1
Monster Core Buyers	2.9	4.8	6.4	7.4	3.3	2.1
Ghost Core Buyers	4.2	5.8	6.1	6.5	6.3	2.9
Bloom Core Buyers	6.4	6.6	4.8	4.3	2.5	6.5

- Purchase frequency is increasing for both Celsius (15% of buyers) and Alani (24%).
- 63% of consumers switch to their next preferred brand when their first choice is out of stock, 8% take whatever is on shelf, confirming every incremental distribution touchpoint converts directly to revenue.

II. PepsiCo distribution moat and faster-than-expected Alani integration

- Nielsen scanner data shows Alani growing 90% YoY, driven by expanding touchpoints and strong velocity. Celsius has returned to ~10% YoY dollar growth.
- PepsiCo has invested a cumulative \$1.2B for an 11% ownership stake, showing strategic alignment, not just distribution.
- PepsiCo has committed +17% shelf space for Celsius and an estimated +100% for Alani, primarily in c-stores where the impulse dynamic is strongest. Integration is ahead of schedule.



III. 250 bps Operating margin expansion through multiple levers, underappreciated by the market

- \$75M acquisition of Big Beverages (Nov 2024) brings supply chain in-house (~150bps gross margin improvement).
- SG&A deleverages as revenue scales; incremental operating margins are already expanding in 2025.

Valuation

- CELH trades at 2.8x EV/NTM Sales vs. the industry median of 4.4x, and at 22x forward P/E vs. Monster at 34x, despite identical 14% consensus earnings CAGR.
- The base case models 18% revenue CAGR and ~2% net margin expansion to a FY2028 PT of \$65.7 (94% upside, 25% IRR). Exit multiple is in line with pre-Kirkland CELH levels, at a discount to Monster's historical average. No international growth is modeled.
- The PepsiCo 11% stake provides a bear case backstop and asymmetric upside.

Metric	Bear	Mkt. Implied	Base	Bull
Revenue (\$M)	3,343	3,713	4,112	4,925
Growth YoY	10%	14%	18%	25%
Gross Margin	49%	51%	52%	53%
EBITDA Margin	17%	20%	23%	27%
NI Margin	8%	12%	14%	16%
NTM P/E Ratio	20x	23x	25x	28x
Implied MCap	\$5,965	\$11,307	\$16,395	\$31,331
IRR%	-11%	10%	25%	50%

Key Risks & Mitigants

- Costco private label:** Kirkland Energy launched late March 2026 at \$0.70 vs. Celsius at \$1.30, CELH fell 15% over the last month. **Mitigant:** 70% of energy drink sales occur in c-stores; Costco is ~10% of revenue. Consumers don't bulk-buy impulse products. Private label wins in commoditized categories (batteries, toilet paper), not brand-identity categories (soda, beer). Kirkland Cola already proved this.
- Competitive landscape:** Sugar-free Red Bull, Monster FLRT, and emerging brands like Bloom competing directly for the same demographic. **Mitigant:** Celsius and Alani have both reached escape velocity at \$1.4B in sales and 10% market share each. A former Red Bull EVP confirmed Monster and Red Bull can not credibly pivot to resonate with female and GenZ consumers — their brand DNA prevents it.



EJ Karobath '27

EKarobath27@gsb.columbia.edu

EJ has 3 years of economic consulting experience. Prior to CBS, he provided economic analyses and valuations in high-stakes intellectual property matters relating to biopharmaceutical and technology products as a senior analyst at Epsilon Economics. EJ will be interning at Evercore over the summer, and is excited to pivot to a career in finance following CBS. He graduated from the University of Chicago with a B.A. in Mathematics and a B.A. in Physics.



Craig Larkin '27

CLarkin27@gsb.columbia.edu

Craig has 3.5 years of public market investing experience at a long-only value investment manager. Prior to business school, he worked as a generalist investment analyst at Focused Investors, where he'll be returning for the summer. Following CBS, he hopes to continue in the investment management industry. He graduated from UCLA with a B.A. in Economics.



Bob McGrane '27

RMcgrane27@gsb.columbia.edu

Bob spent 5 years in Corporate Strategy and Investor Relations at Voya Financial before coming to CBS. This summer, Bob will be interning at East Coast Asset Management, and he plans to pursue a career in the investment management industry after business school. He graduated from the University of Notre Dame with a B.S. in Applied & Computational Mathematics & Statistics and Economics.

MSA Safety (NYSE: MSA) – Long 19th Annual Pershing Square Challenge (Finalist)

Recommendation: BUY with a 2030 price target of \$356 (vs. \$170 current), based on a 2031E EPS of \$16.19 and a 22x 1-year forward P/E multiple, for an 18% IRR.

Business Description: MSA Safety is the original, quality, pick-and-shovel company, boasting over a century of experience designing and manufacturing equipment that protects critical workers in hazardous environments. MSA operates internationally (2/3 Americas, 1/3 International) across 3 segments: Detection, providing fixed and portable gas detection products (~40% of revenue); Fire Service, providing oxygen tanks, masks, and turnout gear (~35%); and Industrial PP&E (~25%). MSA holds market-leading positions across segments, reinforced by fully in-house R&D, strong distributor relationships, vertical manufacturing, and close voice-of-customer pull. After thorough research including conversations with the CFO and top shareholders, we see three compelling growth engines.

Investment Thesis:

I. MSA is best-positioned to benefit from gas detection's connected worker revolution

- MSA is the #1 provider of portable multi-gas detectors. Historically, these devices alerted only the wearer; increasingly, they integrate into "internet of things" systems connecting workers to centralized supervision software, enabling real-time safety response and automating back-end compliance functions. MSA offers this through MSA+, a hardware-and-software subscription generating steady recurring revenue.
- Connectivity penetration sits at ~10% as of 2024, implying a large runway. MSA is one of three scaled players with a connected offering and is best-positioned given its large install base, distribution, and best-in-class hardware reputation. Competitors have demonstrated less commitment (e.g., Blackline, the first-mover, was recently taken private after years of irrational pricing, likely leading to price increases).
- Our base case assumes 9% share gain (~19% to ~28%) through 2031. Additionally, the shift will improve unit economics. Over a 5-year device lifespan, MSA+ delivers 2.6x the revenue and 3x the gross profit of a traditional hardware sale. We assume 60% of the install base connected by 2031 (vs. ~20% in 2025E), adding ~\$150M and ~\$125M in revenue from share gain and mix shift respectively, driving 9% revenue CAGR and ~340 bps of gross margin improvement in Detection.

II. MSA is primed to capitalize on an underappreciated SCBA cycle and capture share

- SCBAs (2/3 of Fire Service revenue) are legally mandated to be replaced every 10-15 years, creating a dependable replacement cycle. In 2014, MSA undertook a ground-up SCBA rebuild incorporating direct fire department input, while conglomerate competitors made incremental patches, a decision we estimate translated into 600-700 bps of share gain during the 2014-2018 cycle. We project an additional 700 bps of share gain (to 47% from 40%) in the 2028-2032 cycle.
- Tier 1 fire departments (large, career-only, rigorous testers) create a halo effect that drives Tier 2 and 3 departments toward their SCBA choice for interoperability, generating the peak 30K incremental SCBAs above baseline we project by 2030E. MSA has recently been winning such Tier 1 departments (e.g., the London Fire Brigade switched specifically to co-develop with MSA post-Grenfell, something no conglomerate peer could offer), which should allow them to benefit from this halo effect in future periods. Future potential Tier 1 wins including FDNY, Houston, and the US Navy present further upside.

III. Recent liability divestiture triggers newfound capital allocation flexibility

- Pre-2023, legacy product-liability claims absorbed ~17% of EBIT (2018-2022), constraining reinvestment, acquisitions, and buybacks. The January 2023 divestiture of MSA LLC fully removed that overhang, yet the multiple has not re-rated. MSA trades at 19.8x NTM EPS, an 11% discount to its quality hardware peers, vs. a 14% premium pre-2024. Post-divestiture FCF rose from ~\$180M to ~\$290M, three-year ROIC moved from 15% to 17% (on track for 23% by 2031E), and R&D runs ~\$9.4M annually above its pre-divestiture trajectory: an "innovation dividend" financing the GI, MI control board, MSA+, FireGrid, and the Altair io6, compounding MSA's moat in ways conglomerate competitors cannot match.

Valuation: MSA trades at a discount to quality hardware comps (19.7x NTM P/E vs. 21.8x), well below hardware+SaaS peers (30.9x), and below its own 10-year avg. of 22.9x. A 10-year DCF assuming only 3% revenue CAGR and flat 20% op. margins, below management's 4% guidance and well below the 5% historical rate, still implies undervaluation.

Key risks: demand timing uncertainty (AFG grant cycles, SCBA cadence, MSA+ penetration speed), tariff and margin pressure, and M&A overpayment risk. These are largely mitigated by the mission-critical, legally mandated nature of MSA's products, its vertical integration advantages, and management's disciplined M&A approach (the recently announced Autronica acquisition is expected to be accretive to adjusted EPS in year one).

	Bear	Base	Bull
MSA+ penetration of portable multi-gas base ('31E)	~40%	~60%	~80%
Portable multi-gas share gain by '31E	(5%)	+10%	+20%
US SCBA units sold above baseline through '31E	15K	34K	40K
US / Int'l SCBA share gain through '31E	(3%) / (3%)	+7% / +7%	+10% / +10%
FireGrid monetization	Unmonetized	Unmonetized	Detection-like price
Cumulative share repurchases through '31E	None	16% of shares	20% of shares
Revenue CAGR (Det. / FS / PPE)	4 / 4 / 4 %	9 / 8 / 4 %	11 / 12 / 4 %
Gross margin / EBIT margin ('31E)	44% / 16%	51% / 25%	55% / 30%
2031E EPS / exit NTM P/E (YE 2030)	\$7.20 / 17x	\$16.36 / 22x	\$26.78 / 25x
YE 2030 share price / IRR	\$122 / (5%)	\$360 / 18%	\$669 / 34%



Kabir Bajaj '27

KBajaj27@gsb.columbia.edu

Kabir is a first-year MBA student at Columbia Business School. Prior to CBS, he worked in consulting at Ernst & Young, where he focused on product development and strategy for financial institutions. Earlier in his career, he worked at EXL Service, supporting credit risk, liquidity analytics, and AI-driven solutions for large financial clients, including American Express. Kabir graduated from the University of Michigan with a degree in Industrial Engineering and Computer Science.



Eithel Mc Gowen '27

EMcgowenlаторre27@gsb.columbia.edu

Eithel is a first-year MBA student at Columbia Business School. Prior to CBS, he worked in Corporate Strategy at Primax, a leading oil and gas company in LatAm. Earlier in his career, he was an Investment Analyst at CAPIA, a long-only fund based in Peru. This summer, he will be interning at American Century Investments. Eithel graduated magna cum laude from the University of Memphis with a BBA in Business Economics, where he was a Division I golfer.



Fran Tumajan '27

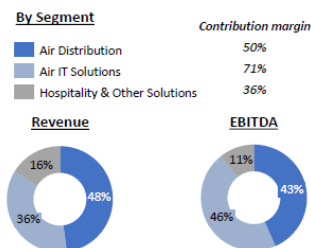
FTumajan27@gsb.columbia.edu

Fran is a first-year MBA student at Columbia Business School. Prior to CBS, he worked in Consulting in both PricewaterhouseCoopers (PwC) and Kearney in Dubai, UAE, and worked across the Middle East and Pakistan in Investment Attraction. This summer, he is interning in the Investment Banking M&A team at Citi. He graduated from the University of Houston and Imperial College London with a B.S. and M.S. in Chemical Engineering, respectively.

Amadeus IT Group (BME: AMS) – Long 19th Annual Pershing Square Challenge (Finalist)

Recommendation: We recommend a long position in Amadeus IT Group (“Amadeus”) with a target price of €78 by Dec-2028 (68% upside / 22% IRR incl. dividends), supported by underappreciated growth opportunity in Air IT Solutions, margin normalization and an AI narrative that is significantly overpriced. Risk-reward is exceptional at current valuation, with 5:1 Bull/Bear skew.

Business Description: Amadeus is a €22 billion market-cap travel technology company headquartered in Madrid, Spain. The company operates the leading global distribution system connecting 400+ airlines to travel agencies worldwide (Air Distribution), and provides mission-critical software to airlines (Air IT Solutions), acting as the toll booth on global travel. Amadeus is the #1 player in the industry, with ~50% market share in its core segments. Revenue has compounded at 7% and EPS at 11% over 15 years, with 20% ROIC. Despite these characteristics, Amadeus trades at just 15x 2026E P/E (~40% below 10-yr median) due to fears around AI disruption.



Investment Thesis:

I. The Market Underestimates the Growth Opportunity in Air IT Solutions

- Airlines are transitioning from legacy systems to modern retailing platforms. Amadeus's next-generation product, Nevio, is purpose-built for this transition, enabling dynamic pricing, and personalized offers.
- Proprietary analysis finds Nevio should be priced at a ~50% premium to legacy systems, and primary research strongly supports airline willingness to pay: (1) proven economics: early adopters report 3% revenue uplift with internal estimates suggesting a 4x ROI over five years; (2) high switching costs; (3) weak competition. 5 Marquee full-service carriers have signed up for Nevio, signaling strong client traction.
- The street models Air IT Solutions growing at 7%, effectively assigning no value to Nevio adoption. Our model points to 10% growth, with the delta entirely attributable to Nevio mix.

II. Margins Will Normalize Higher as the Heavy Investment Cycle Fades

- Over the past seven years, Amadeus invested across 3 product initiatives and its cloud migration, driving technology investments to +20% of revenue. All four initiatives are now in rollout, signaling the start of a harvesting phase. History is instructive: Amadeus enjoyed +40% EBITDA margins before this R&D cycle.
- Consensus sits at 100bps of margin expansion, while our bottom-up cost model suggests ~300bps of expansion is achievable with headcount being the key lever. Primary data shows management is already being disciplined: engineering roles (~50% of the workforce) are flat to down over the last 6-12 months.

III. Compelling Entry Point at 15x P/E, Driven by Overstated AI Fears

Amadeus stock has declined 34% over nine months as investors price in AI disruption as a near-certainty. Our research and conversations with senior technical staff at Anthropic, Google DeepMind, and Microsoft suggest this risk is materially overpriced across both core segments:

- Air IT Solutions:** Passenger service systems (PSSs) are mission-critical systems of record with ERP-like switching costs, contract lengths of 10-15 years, and represent less than 1% of airline revenue. If this system fails, planes simply cannot fly. A PSS is the last system any airline CEO would risk replacing.
- Air Distribution:** GDS operates at 150,000 transactions per second through hardwired APIs; replacing this with LLM inference would cost 30x more per query. Evidence from tech platforms supports the conclusion: Google tried to bypass the GDS and ended up partnering with Amadeus to power Google Flights and Gemini; OpenAI has partnered with Booking and Expedia, both of which run on Amadeus content.

Valuation Scenarios (through 2029E) & Risks

Assumptions	Bear	Base	Bull
Total Revenue CAGR	2.0%	8.1%	9.9%
Air IT Solutions Rev CAGR	4.3%	10.2%	12.3%
PBs CAGR	2.1%	4.5%	6.4%
Revenue/PB CAGR	2.2%	5.7%	5.8%
Air Distribution Rev CAGR	-2.6%	5.2%	7.6%
Hospitality & Other Rev CAGR	8.7%	11.1%	11.1%
EBITDA Margin	35%	42%	43%
Diluted EPS CAGR	2%	15%	18%
Diluted EPS	€3.31	€5.23	€5.82
NTM P/E Multiple	9x	15x	21x
Upside / Downside	-31%	68%	156%
Total IRR to Dec-2028	-13%	22%	43%

• **Macro or geopolitical shock.** Mitigant: In prior crises industry volume declined by LSD and Amadeus compounded revenue and EBITDA at MSD rates on a 3 -5 year horizon. A typical recession scenario still yields a 11% IRR in our model.

• **AI terminal value risk.** Mitigant: Our reverse DCF analysis shows that justifying today's price requires 50% of airlines to churn at every renewal, an assumption that requires simultaneously replacing mission-critical IT and abandoning the indirect channel that generates substantial incremental revenue.



Dennis Zhuo '26

Dzhuo26@gsb.columbia.edu

Dennis is a second-year MBA student at Columbia Business School and a member of the Value Investing Program. Prior to CBS, he worked as a senior associate at Pantheon. Dennis started his career at Morgan Stanley in the Outsourced Chief Investment Office group. Over the summer, he worked as a Summer Senior Equity Research Associate at Bernstein. Dennis graduated *Cum Laude* from University of Maryland with a B.S. in Finance & Supply Chain Management.

Uber Technologies, Inc. (NYSE: UBER) - Long 4th Annual Kawaja Growth Challenge (Finalist)

Recommendation: I recommend UBER as a long with an intrinsic value of \$106 per share, translating to 41% upside, 29% margin of safety, and a 2.0x reward-to-risk ratio weighed against my downside case. UBER has sold off ~25% from October 2025 highs due to autonomous vehicle (AV) disruption fears, but I believe the market is overestimating the likelihood of negative AV outcomes and underappreciates Uber's critical role in the AV ecosystem and the strength of its core business. UBER is trading at trough multiples, providing an attractive entry point for investors to own a high-quality business that is well positioned to generate strong FCF and returns on capital.

Business Overview: Uber is an online marketplace platform that connects consumers with third party drivers/couriers (classified as independent contractors) and merchants to fulfill rideshare (57% of 2025 revenue and 70% of adj. EBIT) and food/grocery/retail delivery (33% of revenue and 30% of adj. EBIT) services. The company also has a B2B freight brokerage segment (10% of revenue).

Investment Thesis:

I. Uber has a key role to play in AV commercialization

- AV companies are highly incentivized to partner with Uber for both A) faster speed to market and B) stronger unit economics. Partnering with Uber gives robotaxi companies a highly efficient, "plug and play" way of scaling as they can instantly access Uber's 200M+ global monthly active user base and 15+ years of rideshare matching expertise. This is particularly important for smaller AV players looking to catch up to early leaders and in key markets where competition with other AV providers is elevated and customer acquisition costs are higher (e.g. London, Tokyo, Dubai).
- Leveraging a rideshare platform for demand generation allows AV companies to meaningfully increase vehicle utilization rates at an earlier deployment stage. For instance, in Austin and Atlanta, where riders can exclusively access Waymo from the Uber app, Uber has reported that average daily trips per AV is ~30% higher than other major AV markets.
- **Utilization is the key driver for an AV's unit economics given their largely fixed cost base (D&A and insurance).** Per my sensitivity analysis, a 10% increase in average utilization rate from 60% to 70% increases the IRR of an AV investment from 1% to 29% and slashes the payback period from 4.5 years to 2.3 years assuming \$150k in total hardware costs.
- Uber's long and growing list of partnerships demonstrates that AV companies recognize these benefits. Recently announced partnerships with well capitalized players such as NVIDIA and Zoox (backed by Amazon) further cement Uber's critical role in AV commercialization.
- While the specific revenue share terms of these partnerships have not been disclosed, I estimate that Uber would need only an 18% cut of the total gross booking (GB) of an AV ride to maintain the same level of trip level profitability¹, which is an attractive proposition for AV companies looking to partner.

		AV IRR Sensitivity Analysis				
		Avg. Utilization Rate				
		40%	50%	60%	70%	80%
AV CapEx	150,000	-65%	1%	29%	53%	75%
	135,000	-40%	8%	38%	63%	88%
	120,000	-28%	17%	48%	76%	103%
	105,000	-17%	28%	62%	93%	123%
	90,000	-5%	41%	79%	114%	148%
	75,000	8%	58%	102%	143%	184%
	60,000	25%	83%	136%	187%	237%

II. Uber is well positioned to capture incremental value across different AV adoption scenarios

- Uber's ability to capture value and defend its moat in the future mobility ecosystem will be determined by both A) the total AV adoption rate across the industry and B) the number and scope of third party (3P) partnerships it maintains with AV companies. These partnerships are imperative to Uber maintaining its marketplace role and insulate it from disintermediation.
- My scenario analysis of different AV adoption rate and 3P partnership mix combinations shows that Uber can still generate strong EBIT growth and returns on capital as long as it maintains a higher partnership mix in moderate-to-high AV adoption scenarios.
- Uber understands this point and is controlling its own destiny by aggressively seeking out partnerships with AV companies, who also stand to benefit from this symbiotic relationship. If AV penetration is low, then these partnerships serve as hedges for future optionality.

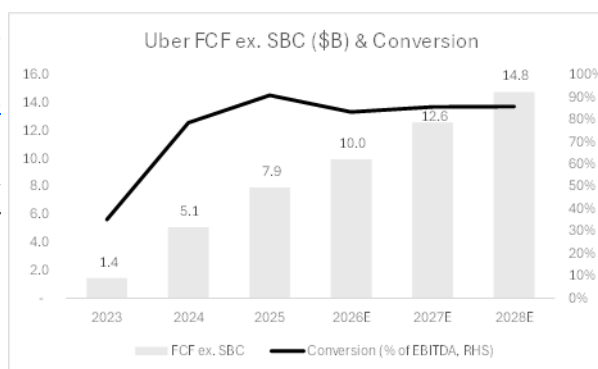
¹Direct costs are primarily paid to drivers and are therefore zero in AV trips. Other costs (insurance, payment fees, customer support, driver/customer acquisition, and overhead) would also decrease for AV trips, so I assume a 25% haircut.

Uber Technologies Inc. (NYSE: UBER) - Long

- My proprietary AV adoption analysis suggests that we are still far away from an inflection point in AV trip growth, which gives Uber negotiating power in seeking out partnerships. I estimate that AV market share will only reach ~11% of total US rideshare trips by 2030.

III. Core Mobility/Delivery business fundamentals are strong and will continue to generate healthy FCF to support AV partnerships and return capital to shareholders

- Uber has been successfully executing its strategy to support its flywheel, resulting in healthy and consistent GB growth across the platform. Importantly, GB growth has been driven by audience expansion (monthly active platform customers [MAPC] and trips per MAPC) and not price. User engagement is a more sustainable source of GB growth as it indicates that users are increasingly getting value from Uber's platform.
- Uber still has a long runway to continue increasing user engagement across different channels:
 - ◊ Total MAPCs: 204M MAPCs vs. 450M annual active platform users
 - ◊ Uber One: Only 23% of MAPCs are Uber One subscribers vs. 64% of Doordash MAUs subscribed to DashPass
 - ◊ Inter-/intra-segment: Only ~20% of MAPCs are cross-platform between Mobility and Delivery, with less than 10% of Delivery MAPCs having placed a grocery & retail order.
- Uber Eats is supported by strong category tailwinds. Delivery has been by far the fastest growing foodservice fulfillment channel (17% 3Y CAGR through 2025 vs. 6% for dine in) despite food away from home inflation outpacing food at home for the past three years. [Per the National Restaurant Association](#), more than 60% of Gen Z/Millennials are ordering food off premises more often than last year because it is "essential to their lifestyle" and 75% of total restaurant traffic now happens off prem. **This indicates a fundamental shift in consumer behavior** towards the value of convenience, which Uber is well positioned to continue capitalizing on.
- EBIT margins will expand as Uber scales and improves operational efficiency. Incremental margins suggest that Uber will benefit from operating leverage as it continues to grow. Furthermore, my conversation with a former employee indicates that Uber has a clear path to reduce operations and support expenses as a % of GB by ~40 bps through 2028 by re-optimizing various cost drivers.
- Given the above factors, I forecast that Uber will generate FCF ex. SBC CAGR of 23% through 2028 with strong conversion rates (~85% of adj. EBITDA) to support its AV partnerships and \$20B+ share repurchase program.



Valuation: UBER's multiple has come under pressure as the market has priced in meaningful AV disruption eroding the company's moat and long-term earnings power. At 13.5x EV/NTM EBITDA, UBER is currently trading more than two standard deviations below its three-year historical average.

Central case: I believe the market has over discounted the likelihood of negative AV outcomes for Uber and assign a **15.5x multiple based on a probability-weighted average of different AV adoption and 3P partnership scenarios**. This multiple is appropriate based on the implied blended ROIC (21%) and EBIT CAGR (16%) profile of Uber's Mobility segment and is still ~2.5 turns below its three-year historical average.

I estimate an intrinsic value of \$106 per share based on a 15.5x EV/NTM EBITDA multiple on 2028 EBITDA, discounted back to today at 10%.

Downside case: Intrinsic value of \$59 per share based on a 11.3x EV/NTM EBITDA multiple on 2028 EBITDA, discounted back to today at 10%, representing 21% downside. The lower probability-weighted multiple reflects an increased likelihood of negative AV outcomes and UBER rerating another turn downwards.

Risks:

- IP becomes the preferred business model for AV companies, resulting in Uber losing market share and ultimately being disintermediated as AV adoption grows.
- Increased capital intensity and higher leverage profile if Uber is forced to purchase and operate its own AV fleet.
- Larger scale and industry consolidation increase the bargaining power of Uber's AV partners and pressures Uber's take rate on AV trips.
- Regulatory changes to the classification of drivers/couriers as independent contractors.
- Increased competition in Delivery new verticals (e.g. grocery & retail) from key players such as Amazon, Walmart, and Doordash.

Greenhaven Associates



Edgar Wachenheim

Edgar Wachenheim III is the Founder of Greenhaven Associates, a concentrated, long-only equity asset management firm that typically holds 15-20 positions in a single strategy. He continues to serve as Chairman and Chief Executive Officer. Mr. Wachenheim is the author of Common Stocks and Common Sense (Wiley, 2016), where he walks through 11 case studies of Greenhaven's past investments and the firm's approach to contrarian, variant-perception investing. He has taught and lectured on value investing including at Columbia Business School and New York University's Stern School of Business. Mr. Wachenheim is the Chairman Emeritus of the Central Park Conservancy and has served on a number of public-company and non-profit boards, including Interstate Bakeries Corporation. He received a BA from Williams College and an MBA from Harvard Business School.

Editors' Note: This interview took place on April 10th, 2026.

Graham & Doddsville (G&D): Ed, you founded Greenhaven in 1987 and have compounded at 19% or perhaps even more, annually over nearly four decades. At the core of that record is a willingness to hold views that differ from consensus. Can you walk us through what a contrarian insight looks like in practice, and how you distinguish a genuinely variant view from being too early or simply wrong?

Edgar Wachenheim III (EW): Over the last couple of years value stocks have been out of favor, so it may not be quite 19%. Let me give a specific example of a contrarian investment, which we made, and that is General Motors.

When we buy a stock, we look for two things: changes that are not generally anticipated by others (that's how we know we're taking a contrarian position), and opportunities where perception on a company deviates from reality.

That was the case with General Motors (GM). When we first got involved GM was viewed as an automobile company. Automobiles are a lousy business and you can put that exact word in your newsletter. Cars are a commodity. Very good automobiles are made by Tesla, the Koreans, the Japanese, the Germans. Returns are low and automobile companies trade at 5-7x earnings. But when you look under the hood (pardon the pun) of GM, you can divide the company into two parts. One part is regular unibody automobiles, i.e. the normal passenger car you see on the road and small SUVs - that's the commodity business. It's a terrible business. The other part is what's called body-on-frame, which is really the truck business, particularly the pickup truck business and very large SUVs made on the same frame. About 40% of the vehicles that GM makes are the on-frame cars but they account for c. 60% of the revenues since they're more expensive and for virtually 100% of the profits.

While GM is perceived as an automobile company, they really are a body-on-frame company. When it comes to body-on-frame, it's an oligopoly. There are only three major producers in the United States: General Motors, Ford, and a weaker competitor in Ram (owned by Stellantis). There are some other small competitors, but they don't have scale and are losing market share. There are no foreign competitors because, first of all, the body-on-frame trucks are protected by 25% tariffs that were put on 60 years ago and, more important than that, is that culturally, pickup trucks are not driven in other parts of the world as much. Roads in other parts of the world are narrow and not conducive to having pickup trucks. So this became an oligopoly and a very good business for GM, where

Greenhaven Associates

margins are typically 17% and the business throws off a lot of cash - most investors do not appreciate any of this, so the perception on GM deviates far from reality.

When we got into GM, we saw a change. The company was throwing off large amounts of cash flow and because the stock was selling at a low PE ratio of 6-8x earnings, using the cash to buy back stock was highly accretive. The numbers from the last three years are really dramatic. If you go back to 2022, GM had revenues of \$157 billion and 1.45 billion shares outstanding - so the revenues per share were \$108. In 2025, they had \$185 billion of revenues, while the number of shares outstanding declined by 33% in three years, and the average share count in 2025 stood at 973 million. It's even lower than that now. So in three years, the revenues per share, which is what, as a shareholder, I really care about, went from \$108 to \$190 - a CAGR of 21%. If you had a 21% CAGR in revenue per share for a company, you would call it a growth company. I think this change of repurchasing shares using their cash flow, which GM started three years ago, is a change that will materially benefit the shareholders and that still is not appreciated by Wall Street.

That's the kind of misperception that we look for when we buy a stock and in terms of the timing, what we usually do is, under normal circumstances, if we think we can double our money in three years, that would be about a 30% CAGR, but since we make mistakes, it works out to 20% instead. The price of a stock eventually reflects the fundamentals of a company. Sometimes it happens in one year. Sometimes it can take more than 5-8 years, but it usually averages out to something like 3-4 years. We would hope three years, but sometimes it takes a little longer, so I don't worry about the timing of our investment.

If it was evident that GM was going to make substantial changes in the next 6-9 months, it would probably be evident to other investors too, and we would never get an opportunity. This is why we look out 2-3 years because the outlook for 2-3 years is a pond that very few others are fishing in. Most investors are fishing in the pond of whether the stock is going to appreciate in the next 6 months to one year, and that's a very overfished pond. We're occasionally wrong, but frankly, if you study your company carefully, the batting average is pretty good. If we do make a mistake, we've got the tailwind of growth. Companies grow and the stock market tends to go up.

I can mention a specific mistake. We invested in FedEx and projected certain things that never happened, but we still made 7% per year. We owned it for 7-8 years before we gave up on it. If a mistake can return 7-8% per year, I don't mind that, even if the fundamentals don't turn out as you expect.

G&D: Where do you think you get your clarity of thinking and contrarian streak from? Is it something to do with your personality that allows you to see things that the market isn't really paying attention to?

EW: It's two things. Firstly it's about the excitement of what I do. What makes me happy to come to the office every day is the creative aspect of finding something that other people don't see. By the time I read something on the Dow Jones tape or on Bloomberg, it has been seen by the general public and by the investment community, so there's not much of an opportunity left by then. We want to look for stocks where people completely disagree with us.

Ideas can come from all over the place. I certainly get some from screening stocks. I also find some from taking vacations, from talking to my wife, sometimes from my children and maybe even from walking the dog. It would be a mistake to just spend all of our time in the office. If you get out into the world and then think when you're taking a shower, something hits you every once in a

Greenhaven Associates

while. You don't need that many great ideas. We typically own 15 stocks. If we own a stock for three years, that's five purchases a year and sometimes that's only two or three industries per year if we're buying multiple stocks in one industry.

G&D: You have a distinctive history with homebuilders: US Home and Centex in the early 2000s, then Lowe's (LOW), Home Depot (HD) and others in the 2010s, and now the builders themselves again. How did you first come to the industry, and what makes today different with the other periods?

EW: Let's go back and try to trace it as briefly as possible. I first understood the homebuilders in 1987, which believe it or not, is probably before many of your readers were born. I was on the board of Interstate Brands, which was headquartered in Kansas City. One of the other directors of the company was Jim Grosfeld, who was the CEO of Pulte (PHM) at the time. I said to him, "I would like to learn about your business. I'll make a deal with you: you can be my professor and I'll buy you beer. So we went to a few pubs between meetings and I bought him beer, while he told me about the homebuilding industry.

A couple of years later, we noticed that the large publicly-listed homebuilders were starting to really grow rapidly, and we asked ourselves why. There was a valid reason. 40-60 years ago, homebuilding was a highly fragmented business. There were many small homebuilders, who were funded by savings and loans institutions for whom land/construction loans and mortgages were a major function. As you probably know, the savings and loans industry got into deep trouble during the inflationary period of 1980-90s, when many of these institutions went out of business. The funding source for the small homebuilders virtually disappeared, and many of the small homebuilders had to fold and leave the business. In effect, the industry began to roll up. The public homebuilders that had access to public financing could grow because the very small homebuilders that lacked financing could not, which was the change that led to very rapid growth in the late 1990s.

Let's take one step back. There was a bubble in new economy, internet-type stocks that ended in 2000. It was fueling the economy because capital-gains tax receipts were very high and new issues were raising large amounts of money. When the bubble broke in 2000, the economy started to slow, and the Federal Reserve began reducing interest rates. In the 1980s and 1990s, the average mortgage rate was 10.4%. As rates came down, first because of the bubble breaking, and then because of 9/11 and the concern that the economy would slow further, there was a flood of deferred buyers who had not bought in the '80s and '90s because rates were too high. That surge drove prices up. We benefited from that, but by the middle of the decade we became concerned that the run-up in prices and the number of homes being built were both above normal and that a comeuppance was coming. We sold our homebuilders in 2005. Then came the financial crisis, which was largely caused by the housing crisis.

By 2010 or 2011 we began to believe there was deferred demand for housing again. But the homebuilders had taken on a lot of debt through the downturn and, in our view, the balance sheets were too weak to own.

We have an expression in the office: you make money off the income statement, but you survive off the balance sheet.

So instead of buying the builders directly we bought companies that had strong balance sheets and would benefit from a recovery in housing: Home Depot and Lowe's, Masco (MAS) in plumbing fixtures and paint, Owens Corning (OC) in

Greenhaven Associates

roofing and insulation, Lennox (LII) in HVAC, and Whirlpool (WHR) in appliances. Those stocks did very well. Four or five years later we had large profits.

In the meantime, the builders themselves were doing well and their debt had come down to a level where we felt comfortable buying them again. Before the pandemic, we went back into the homebuilders. We like the business tremendously, and the balance sheets were now investable to us. We are very conservative on balance sheets; I cannot emphasize that too strongly. The people who jumped out of windows in 1929 had debt. The companies that went bankrupt in the Depression had debt.

G&D: The evolution to an asset-light model is central to the current thesis. Could you walk us through the economics of land-light operations and how that changed these businesses?

EW: Yes. At that point, we knew the homebuilders pretty well, and we started asking them why they wanted to own all the land. Historically, if you were a homebuilder and wanted to deliver, say a thousand houses a year, you had to control about 6,000 lots of land for the future because it takes two or three, or even four years to get the land permitted and developed. You have to submit plans, get zoning approvals, put in the phone, sewage, gas, and road infrastructure for the subdivision.

Owning and building the house is a very good business. Owning the land is a poor business, because land typically appreciates at 3-4% a year. You would not willingly make an investment that compounds at 3-4%. On top of that, the builders were financing most of the land (they did not have the equity capital to fund it outright), and the debt often cost 5-9%. So they were losing money on the land. Being asset-heavy had turned what would otherwise be a gem into a fair-to-poor business.

We started calling the companies to suggest that instead of owning the land, they could control it through options. You could do that partially by going to the landowner and saying, "I'm very interested in your land. I will pay you 10% today and have an option to buy the rest in two or three years." Alternatively, you could go to land banks, which are typically hedge funds, which pay 11% per year and a deposit to have an option to buy the land.

This completely changed the industry. Homebuilding is now, in our opinion, an excellent business. "A man's home is his castle", as the expression goes. Compared to an apartment, a home gives you space for the children and the dog, a garage, a backyard. A home is also one of the few ways most individuals and families can build equity: through their pension plan and through paying down a mortgage. The builders do not compete against China or the developing world on wages, and there is no meaningful technological obsolescence risk. It is a good business, it serves society, and it has the traits of a very good industry, in the United States.

When the companies started becoming asset-light, it was very exciting for us, because they would take their cash flows and pay down debt. Once debt was down, because they no longer had to buy land, they could start repurchasing shares. The builders have been reducing share count by roughly 4% a year. As a shareholder, I care just as much about building 4% more houses as I do about reducing my share count by 4%. It is exactly the same thing.

G&D: NVR (NVR) is the famous example of the first land-light model. How do you think about the others now replicating this successful strategy and about taking a bet on several players rather than owning the best one?

Greenhaven Associates

EW: NVR is a superb company. The stock has averaged 16x earnings for the last decade and our theory is that now that the other homebuilders are asset-light too, there's no reason they should not trade at a similar multiple on average. This is the crux of part of our thesis. NVR is particularly well-positioned and well-managed, but it is regional (operating around Washington, D.C.) and relatively small. It cannot replicate what it does in other parts of the country, and its fundamentals would likely deteriorate if it tried, whereas the other companies are national, larger, and have scale advantages.

When we invest in an industry we usually need to own more than one name because we want to keep the portfolio marketable. We own close to 6% of Toll Brothers (TOL) and close to 5% of Lennar (LEN). We do not want to own more than that; keeping the portfolio liquid, and not getting locked into positions we cannot exit, is a major advantage. Toll and Lennar happen to be our two favorites; they are our two largest positions. Pulte is next, then D.R. Horton (DHI), plus smaller positions in a couple of other builders.

We have a policy that, on a cost basis, no single stock should exceed 12% of the portfolio (in practice we have typically been around 10%), and no narrow industry should exceed 25% (in practice, 20%). The homebuilders have appreciated a lot relative to the rest of the portfolio; they went from an 18% to 19% weight to about 26%. I do not think we can be labeled as concentrating in homebuilders just because a group that was already our favorite has appreciated. Two or three years ago we held a much more diversified book: a construction name at a 10% weight, meaningful financials exposure, and a 10% weight in General Motors. We are not a homebuilder shop. We love the industry; when it is attractive, we own it, and when it is not, we will not.

G&D: What do you think the market is missing on homebuilders today? Is it the asset-light model, the structural undersupply of housing, further consolidation, or some combination of these things?

EW:

The market tends to be very short-term oriented. As readers of my book will know, we have the luxury that we largely manage our own money. I don't care how we do relative to the S&P 500 and I don't care how we do over the short-term.

Most investment managers face a major conflict to keep their clients happy because clients are overly interested in short-term performance and relative performance, so managers are forced to invest in stocks that could do well over the next three, six, nine, or twelve months. We don't have to do that.

The outlook for the home builders recently has been weak. They were doing fine until November 2024, at which point, mortgage rates went up by c. 1%. Buyers experienced sticker shock and activity has remained subdued since. The spring selling season matters because homebuilding is seasonal: beginning around the Super Bowl, a disproportionate share of prospective buyers come out to look, in part because a home bought in late winter is finished by summer, in time for the school year. The early part of this spring looked reasonably good, but then the Iran war broke out, and I assume business softened again.

But we can look out two, three, or four years. There is a basic need for housing. We have underbuilt housing since 2007, from the financial crisis to today. Demographics suggest we should be building around 1.5 million units a year; on top of that, roughly 350,000 to 400,000 units are torn down annually due to age,

Greenhaven Associates

fire, flood, or other reasons. We have cumulatively underbuilt by somewhere between 2 and 4 million houses in this country. That demand has to come back. People have to live somewhere, and people want to live in a house. They can defer for six or nine months; they cannot defer indefinitely. If the normal demand for, say, 2027 comes through, plus some portion of the deferred demand from 2026, you can see a very strong market. So we are willing to wait. Patience is a virtue in this business. If you are impatient, you will not make a good investor.

G&D: The largest builders have roughly doubled their market share from about 15% to 30% over the past decade. Do you think consolidation can continue, or how do you think about whether there are natural limits to how much more share can still accrue to the largest players in the industry?

EW: We do think about it a lot. As we discussed, the S&L crisis forced many small builders out of the industry, and this has become a scale business. The largest builders (particularly D.R. Horton and Lennar, but also Pulte and Toll, which is somewhat unique because it targets luxury) have real efficiencies of scale. Land acquisition, house design (they have built so many units they have figured out exactly how to design for maximum buyer appeal at minimum cost), labor contracting, bulk purchasing of appliances and lumber: scale helps in all of it. So I think the large builders will continue to gain share because they can build houses less expensively. Some smaller builders will gradually cut back or exit.

The numbers we look at: the large public and private builders held roughly 57.7% market share in 2025, up from 38.8% in 2018, call it a 5.8% CAGR. That pace can continue for at least several more years. Trees do not grow to the heavens, so eventually the market-share gains will decelerate, but Horton and Lennar will probably continue to take share longer because they are the largest. That dynamic has turned these stocks into growth stocks in a sense: D.R. Horton's market share grew to roughly 13% in 2025 from 8.2% in 2018, a 6.8% CAGR. If the housing industry had been flat on volumes, that is the growth you would have just from share gains. Volumes have grown, and price has moved up too, so Horton's revenue compounded at roughly 11.4% over that stretch. Because they are asset-light and buying back stock, revenue per share, which is what matters to us, compounded at roughly 14.7%. That is approaching the growth rate of a growth stock, and yet they trade at depressed multiples. It is an exciting opportunity.

G&D: Turning to oilfield services: your 13F shows positions in NOV Inc. (NOV) and Schlumberger (SLB) alongside the housing exposure. These are not obvious companions to a concentrated builder bet. What is your variant perception in oilfield services today: is it a macro energy view, the equipment-and-services cycle, or something more specific to these two franchises?

EW: That's a good question. Oilfield services did very well into 2014. Then U.S. shale production started to come on strong, and Saudi Arabia and the rest of OPEC became concerned that the United States was going to break their pricing power. On Thanksgiving Day 2014, the Saudis and the rest of OPEC effectively abandoned the price cartel. The hope was that prices would fall far enough to curtail U.S. shale production and let them regain control of the market. Prices plummeted, and the oil and gas producers suddenly had much less money to invest in drilling (particularly offshore) or to keep their equipment up to date. Demand for capital equipment fell, and the installed base of equipment (pumps, motors, drives, and so on) just kept aging and getting weaker.

By 2025, which is 11 years after the peak, our view was that the state of the equipment in the oilfield services industry was such that the customers would need to start reordering pumps, motors, drives, and related equipment sooner

Greenhaven Associates

rather than later. We thought the companies that supply that equipment (NOV, which produces a broad range of equipment used particularly on offshore rigs, and the integrated service companies like Schlumberger, which do the drilling and work on the rigs) would benefit. We started buying.

Unfortunately, the stocks moved up in the middle of our buying, and we never got the full position we wanted. They are up roughly 50% to 60% from where we bought them, but they ran up for a different reason than we originally expected. They moved on concerns around Iran and higher oil prices, which means more operator cash flow and more drilling. We still think that over the next few years, the oil service companies will have to increase their capital expenditures. Our thesis, that the equipment is old and rusty, and has to be replaced, has not played out yet.

G&D: Turning to portfolio construction, how do you prevent the high conviction you have from becoming anchoring? And how do you manage the trade-off of risk with high concentration in your favorite sectors?

EW: How we size the positions also determines how many positions we have, which depends on the quality of the companies we own. On a cost basis, we will not take positions of more than 12% - that's the maximum, but we've never done that. In practice, the largest positions have been 8-10% and must be large high-quality companies. We would be happy owning 15 different stocks, which is a much more concentrated portfolio than most people would own.

Most people would think that is not a sufficient number of stocks to provide diversity, but I strongly believe that safety, which is what we're interested in, lies in careful selection, not in random or wide diversification. We're willing to put very few eggs in the basket, but they have to be very high-quality eggs and that's how we've always operated.

If we owned 25 stocks instead of 15, the 16th through 25th names would almost by definition be riskier. Portfolio managers generally do not want to buy low-return stocks, so they compromise on risk to try to make money, which is why overdiversification can end up giving you a riskier portfolio, not a safer one. Overdiversification like this makes absolutely no sense to us whatsoever.

G&D: Is there a particular framework you have in mind that suggests the 15-20 positions is the right amount of diversification?

EW: We are pragmatic and situational. It depends on the marketability of the company and on how large it is. If we are in smaller companies, we need more holdings because we cannot build a big enough position in any one name. It also depends on the quality of the business, particularly the balance sheet. If a company has more cash than debt (and some of the homebuilders do today, as does General Motors), that matters a great deal. And it depends on how well we understand the company. I have known the homebuilders since 1987. I speak regularly with Paul Jacobson, GM's CFO, and I have gotten to know Mary Barra, the CEO. I am comfortable that we understand the business, so we are willing to take a big position. There is no particular rule.

G&D: You currently hold a very large cash position, roughly 48% of the book. Have you held that much cash before, and how are you thinking about it?

Greenhaven Associates

EW: That's an important question as I've only held a larger cash position once in the many, many decades that I've managed money and it's very simple. We do not try to guess the stock market. I have no view on where the market is going and I do not think anybody else does either. But we value stocks as if they sit in a normal market trading at roughly 16-16.5x earnings for an average company. We project earnings two or three years out, put a multiple on them (16x or 16.5x for an average company, maybe 19x for an above-average company), and that is what the business is worth to us.

Right now, we cannot find enough companies that are sufficiently inexpensive on a risk-reward basis to buy. Simply, we do the analysis to determine what a company's going to be worth, and we can't justify purchasing many given the height of the stock market. So many stocks are fully priced or overpriced. The height of the stock market does not directly set how much cash we hold, but the cash position is the residual of that. We sold a lot of stocks over the last year or two because they had reached their full potential (in many cases helped along by the overall market), and that's how we built up cash. Again, we didn't say we should hold cash because the stock market's expensive, rather a lot of the stocks we owned went up to and once we sold them, the cash was the result.

G&D: What advice would you give CBS students aiming to build careers in investing, and what mistakes do you see young investors making most often?

EW: Anyone who gets into Columbia Business School and graduates has a high level of intelligence, and intelligence and knowledge are certainly needed in this business. But there is also judgment, and judgment takes time to develop.

My first piece of advice is to be patient: to take time to study and learn about companies.

I'll draw an analogy: somebody can be a natural athlete, have all the hand-eye coordination, speed and everything else you need to make a good tennis player. But even a natural athlete has to hit a lot of backhands, forehands, and serves before they can beat club pros and win championships. You need a lot of experience on the court, even if you are gifted. I think the same analogy applies to investing. You can have a lot of knowledge (what you learn in business school, what you learn about companies), but judgment takes time. There is a big difference between knowledge and judgment. It has been said that knowledge is knowing a tomato is a fruit, while judgment is not putting it in a fruit salad. It takes time, and eventually it becomes intuitive, the way you do not have to think about cocking your wrist or moving to the ball on the tennis court after you have played for years. You develop that in investing too.

The second piece of advice is to be a contrarian and not follow the crowd. Many investors do not have the ability to be contrarian. They read that others are doing X, they see X going up, their friends are doing X, and they say, "I do not want to be left out; I will do X too." They do it late. There is an expression on Wall Street: "What wise men do in the beginning, fools do in the end." When you follow everyone into X, you are usually late and the stock is usually too high.

The advantage lies in doing what other people are not doing. Instead of following the path of others, pick a sweet spot in the woods and blaze your own path, one that others will follow someday.

Many people call themselves contrarians; being one is very difficult. Going against conventional wisdom is hard. I do not think you can make money unless

Greenhaven Associates

you are a contrarian. If you are very early, you are a contrarian by nature: you are doing something before other people do.

G&D: What are your aspirations for Greenhaven from here and is there a chance for another book of case studies?

EW: My aspirations are to live for another 20 years, still be able to play tennis and continue investing because I love it. Our Associates are bright and fun to engage with. If we have fun in the investment business, continue to learn about companies, speak to CEOs and do some original creative thinking, it's exciting and we will do well. The success will follow. I don't worry about being successful as an ambition.

One of the problems we have, is that we've been successful over the years and we now have \$12 billion under management. It becomes harder and harder to manage a large amount of money because obviously a lot of the medium-sized companies that used to be exciting investments no longer make a dent in the portfolio and won't move us forward. So that is a concern and one of my ambitions is to be even smarter than we are in the past because we have to invest in a smaller universe of stocks, in which these larger companies tend to be the ones that are most heavily researched by others. It's increasingly a competitive disadvantage for us and we're just in a more competitive area.

I don't know about writing another book. I did it because I was asked by a number of business schools (NYU for instance) to come and give a talk to a class. Bruce Greenwald also used to invite investors to come to Columbia. I did a few engagements like this but it took a lot of time to prepare. I decided that I can wake up early in the morning and spend a couple of hours then or on the weekend when it's raining and I can't play tennis or golf, to sit down and get a book written out. That way I could impact tens of thousands of people instead of just 20-30 students at a time. Apart from my point of view on how investing should be done, I wanted to publish an explanation of how we invest and what our history is, and get this message out there in an efficient way. There are plenty of other opinions from people, who are equally competent or more competent than we are, but that's why I did it. I might write another book but it would be more about life. I think there are a lot of lessons in how to live a fulfilling life.

G&D: On that note, do you have any life lessons for readers, and for students still in school?

EW: Values are so important. Have good down-to-earth values and you can get tremendous enjoyment out of helping other people. Keep learning and be tolerant of other people. One of the reasons I want to write another book is because I've seen increasing degrees of division in our country and the rising animosity that certain people have for other people, which I hadn't seen before. I want to write a book on human understanding and why people are the way they are.

I have a concept that I mention briefly in the first book, and it applies in investing too. So much of who we are is a function of our DNA: nature more than nurture. Our DNA developed over roughly 200,000 years of being hunter-gatherers, and we have only been civilized for five, six, or seven thousand years. Much of our tribalism traces to that period: if you were a loner as a hunter-gatherer, you typically did not survive; you got eaten, or when you were hungry, nobody helped you kill the lion. So the loners died out. We became very tribal, attached to a leader. Much of what looks like tribalism today (in-group/out-group behavior) traces back there.

Greenhaven Associates

The same applies to investing. A number of traits that helped us survive as hunter-gatherers are precisely the wrong traits for a good investor. One is excessive attention to current news, particularly negative news: what I call proximity bias. As a hunter-gatherer, you had to focus on what was around you right now. If a lion was near, you had to be attuned to the lion, not to what happened a year ago or what might happen in five years. And you had to be negatively attuned; the people who were not focused on the negative and the now did not survive. That has been wired into us for a long time.

I have lived through periods where the uncertainties were much worse than today, and I almost have to think to remember them. The Iran war will come and go. Spiking gasoline will come and go. But as investors, we over-focus on short-term, negative news, and it makes us make poor, emotional decisions.

We have another expression in the office for this: airplanes take off and land by the thousands every day; the only ones we read about are the ones that crash. If you want to be a good investor, you have to mentally adjust for that.

G&D: Ed, thank you. This was enormously helpful. We truly appreciate you taking the time.

Voxel Capital Partners



Kevin Salimian

Kevin Salimian is the CIO & Founder of Voxel Capital Partners, a concentrated long-only investment firm launching in 2026. Prior to founding Voxel, Kevin was a Managing Director at Lone Pine Capital from 2017-2026, where he led Global Technology investments. Prior to Lone Pine, Kevin led U.S. TMT investments at Eton Park Capital Management. Earlier in his career, he was a technology investor at Viking Global and TPG Capital. Kevin began his career in the Technology Investment Banking Division at Morgan Stanley in Menlo Park, CA, where he focused on Technology Mergers & Acquisitions. He received his BA from Northwestern University and MBA from Harvard Business School.

Editors' Note: This interview took place on April 18th, 2026.

Graham & Doddsville (G&D): To kick things off, how did you first develop your interest in investing, and what drew you to technology, specifically?

Kevin Salimian (KS): I grew up in Silicon Valley. My parents met at Stanford, and my dad has a PhD from Stanford in engineering. He has worked in the semiconductor industry my entire life, and many of our friends and family were also in the technology industry. Growing up surrounded by technology in this environment is what really fostered my interest in technology investing.

Early on, I did not have mentors who were investors. Investing was not a major focus in my family, but for some reason I became very interested in it around the age of seven. In the spirit of Peter Lynch, the first stock I ever wanted to buy with my Christmas money was Electronic Arts. At first, my parents discouraged investing, but by late in elementary school they were finally on board, and I have been doing it ever since.

G&D: Could you give us a brief overview of Voxel, and how would you describe the key tenets of your investment philosophy?

KS: Voxel, which will launch in Q3 of 2026, is a concentrated long-only firm with 12 to 15 investments focused on AI and technology-driven change. At my core, I am a thematic investor grounded in deep bottom-up work. I believe the most important long-duration theme for the next decade is AI. The market is very focused on the Magnificent Seven and U.S.-based technology, but AI is increasingly relevant to a much broader set of companies and will drive significant dispersion across the stock market.

A focused, concentrated approach that combines long-duration themes with bottom-up work on idiosyncratic drivers has the potential to generate attractive returns.

G&D: Given the dispersion you see occurring with AI, can you touch on your decision to run long-only instead of a long-short fund?

KS: The dispersion has already started; you can see it in markets today. The decision to launch long-only is something I have thought about for many years. I have owned the domain VoxelCap.com for nine years. I kept it as a reminder that I would eventually start my own firm.

At first, I thought I would eventually start a long-short firm. Over time, my view has evolved. I love shorting, but I believe the market structure has changed for directional long-short equity, which is the strategy I grew up in. This reflects a mix of what has happened with multi-managers and quants. Starting around 2016-2018, and accelerating significantly from 2021 onward, the market has experienced regular long-short unwinds.

Voxel Capital Partners

There are three ways to manage through that: first, be long-only, which is what we decided to do; second, run with lower leverage, which works but eats into returns; and third, make pair trades with leverage, which many people do successfully, but was not what I wanted to do. For me, the answer has been to run a concentrated long-only strategy.

Simply put, for a long-short fund these unwinds can be a distraction or force de-grossing, but as a long-only we can lean in during these moments.

G&D: You've worked with some of the sharpest investment minds in the industry. How have the various funds you've worked at shaped your investment philosophy today?

KS: I feel incredibly grateful because most people are lucky to have even one exceptional mentor. I have been fortunate enough to have several, and I learned a lot from each of them. With Voxel, I want to apply something from each of their strengths to what we are building.

From Lone Pine, the biggest lesson was the importance of getting the three-year view right: thinking deeply about long-duration themes and investing behind them. The other major lesson was to develop a strong network. I already had a strong network from growing up in the Valley and spending my career in investing in technology, but Lone Pine really encouraged me to keep investing in it, including supporting me in moving back to California for over five years. Moving back to California helped further expand my network and led to several successful public and private investments for the firm. That proximity became even more valuable beginning in 2022, as AI adoption and infrastructure investment began to inflect. The importance of leveraging a differentiated network will continue to be a fundamental part of Voxel. Expert networks, in my opinion, have become somewhat commoditized.

Talking to people at the leading edge of technology and incorporating their perspectives as you underwrite these long-duration themes has never been more valuable.

From Eton Park, the biggest lessons were around risk management and sizing. Eton Park was particularly focused on avoiding downside, while also sizing up ideas with limited downside and significant upside. We are bringing that discipline to Voxel. Part of the benefit of being concentrated is that we will have a fairly large maximum position size, 15% at cost and 20% at market, reserved for ideas where we see limited downside risk, both in the short and long term, paired with significant upside potential.

Viking is, in my view, the best firm in the world at taking a 15% IRR and turning it into a 20% IRR by being thoughtful about the position entry point, trimming, and adding at opportune moments along the way. That is something I brought with me to Eton Park and Lone Pine, and it will be part of Voxel as well: always thinking long term but taking advantage of moments when the short term is either stretched, or particularly attractive, to amplify returns on our longer-term view.

G&D: What benefits have you seen from concentration, and how you size positions up or down as return expectations compress or expand?

KS: Our position sizes at Voxel will typically range from 3% to 15% at cost, within an approximately 12 to 15 stock portfolio. That is more concentrated than any of the firms I have worked at, and that is by design.

Voxel Capital Partners

Looking back year by year at my own performance, my biggest ideas have consistently had a much higher batting average, while my smaller ideas have tended to be more marginal. I want to bring that lesson to Voxel by capping the number of positions, which enforces discipline and allows us to concentrate capital into our best ideas. For example, we are already investing ahead of taking external capital, and there are ideas our team believes are compelling, but we do not own. I think that is very healthy. I like the discipline of saying: if we are going to buy something, we need to sell something.

At the same time, the reason we are not even more concentrated is that once you get above a 15% to 20% position size, there is a risk of emotional or behavioral biases. Based on my experience with people who have done that, you can become too attached to an idea. I never want one investment to define our firm or determine its fate. I also think we will always have more than a few good ideas. Beyond 15 positions, the value of diversification starts to decline, but I think we will always have at least 12 very good ideas. Keeping the portfolio capped at 15 sharpens the forcing function of deciding which ideas we actually own.

G&D: Given your focus on technology, how do you balance concentration with factor risk and correlated exposure to AI?

KS: The primary way I have found to manage through that is by getting the long-duration themes right. That does not necessarily protect you on a day-to-day or month-to-month basis, but over a year or more it can meaningfully reduce risk. On the other hand, if you are invested in parts of technology or in tech-enabled businesses facing secular headwinds, you are swimming against the current.

We are factor aware. However, we are even more focused on getting the 3 year base/upside/downside skew right, and thinking about on the path to that three-year view, how much could we lose over one year before we are proven right? That is how we think about risk both at the individual position level and more thematically, as we evaluate sub-themes.

I also think about our exposure from a risk perspective on both an individual idea and thematic perspective. For example, if we have three ideas exposed to the same theme, I think about sizing at the individual position level, but also about how much risk we can withstand across that group of companies as a whole and how much money we could make if we are right.

G&D: How do you balance correlated exposures with the seemingly faster realization of investment theses and the day-to-day volatility we see today?

KS: I think the market does get to things faster at times. The positive, if you are concentrated and have liquidity, which we will have as a smaller firm, is that you can take real advantage of those moves.

The key is to stay disciplined on both the three-year case and the one-year downside. I think about the one-year case much less in terms of upside and much more in terms of downside, essentially, how much money we could lose before we are proven right.

If a company doubles in a year and your three-year case was that it would double over three years, then it is likely no longer the best use of capital. We are naturally long-term in our approach, but if something plays out much faster than we expected, we will rotate capital.

Voxel Capital Partners

G&D: Could you talk a bit more about rotating capital? Is there a specific IRR threshold at which an idea is no longer attractive, or is each position simply competing against the next best use of capital?

KS: It is both. On the IRR side, when a stock is up significantly, that does not necessarily make it a worse idea, just as when a stock is down significantly, it does not necessarily make it a better idea. Often, when something is up a lot, it is because your base case was wrong and your upside case was right. In that case, it may even be time to add. You see the power law in venture and private markets, where a small set of companies drives the vast majority of returns, increasingly holding true in public markets as well.

Whenever an idea has a big move up or down over a relatively short period, I like to re-underwrite it. After a large down move, you should usually either be making it meaningfully larger or selling the position because either you are wrong or the market is wrong. After a large up move, you may have gotten lucky, or your base case may have been too conservative. The answer could be to trim, sell, or even add, but doing nothing is almost always the wrong answer.

G&D: You mentioned cultivating an information network beyond expert networks. How have you built that network, and how do you stay current in a field as dynamic as AI?

KS: For me, AI is just one part of it. My entire career has been in technology, and in many ways, so has my life.

Just as we talk about the value of compounding stocks and compounding businesses, there is real value to compounding in your career and relationships.

There are people I grew up with and family friends who can offer their perspective when I am conducting diligence on a business, perhaps because they worked at a company years ago and can share views on the management team and technology. There are also people I met in technology investment banking twenty years ago who are now doing other things and have been very helpful across technology, venture capital, private equity, and public markets.

Having that compounding set of relationships is essential, even though you never quite know when one of them will be particularly helpful. Equally important is being helpful to the network in return. A lot of public investors can be very transactional and focused only on consuming information. I have found that much richer dialogues and deeper relationships come from building them without any specific expectation that they will ever help me with a given investment. There are many people I have kept in touch with for years, or even decades, who have never been directly helpful on a specific stock, and that is totally fine. In many cases, maybe I have been able to help them instead. Giving as much as you get is a big part of it.

With AI specifically, it is the most important long-duration theme in the market for the foreseeable future. But one day there will be other themes that are equally important, or more important. Being early to the next one, whether that is in 2030, 2035, or later, will come from staying close to really smart people in the innovation ecosystem and hearing their perspectives at the right moment.

G&D: How much of being early comes from relationships and on-the-ground research versus traditional analytical work?

Voxel Capital Partners

KS: The top of the funnel is on-the-ground research. On-the-ground research is one of the few things AI cannot do. That means technical conferences, end-user events, customer events, and meeting with technology forward people in the ecosystem. All of that work helps identify key themes and be early to those themes.

The next step is traditional fundamental research. Some people do a lot of on-the-ground research and have strong relationships, while others are very good at sitting at a desk for twelve hours and building detailed models.

To be great at this job, what I have found works best is being an analytical extrovert. At Voxel, we are doing the on-the-ground research and then ensuring we translate that qualitative work into something quantitative.

Neither approach is an edge on its own. Pure qualitative work can become a collection of anecdotes without a clear understanding of what they mean for the numbers. Pure quantitative work can miss the forest for the trees when something big is changing. Combining the two is where I have found the most success, and there are actually not that many firms that genuinely do both.

This also goes back to concentration. Most ideas surfaced through on-the-ground research are efficiently priced. The value of concentration is that it forces us to filter for ideas that are not only qualitatively interesting, but also quantitatively mispriced and where we have real differentiation.

G&D: The AI trade has been focused on infrastructure. What do you think the next leg of the theme could be, and what indicators would suggest it is time to shift the portfolio from infrastructure toward what comes next?

KS: AI infrastructure still has a lot of opportunity, but I think there will be much more dispersion from here. You have started to see this over the last six to nine months, with many AI infrastructure companies flat to down, while others are up meaningfully. I think that will continue. In AI infrastructure specifically, we are being very selective. We have a lot of exposure to it with my internal capital today, but it is not broad-based. It is concentrated in specific companies and sub-themes that we believe will capture a growing share of industry budgets, and where consensus expectations remain well below what we expect to unfold over the coming years.

For example, one of the companies we like is a hard disk drive company. As AI labs increasingly compete to differentiate through long-form memory and richer multimodal context, the amount of cold storage required is likely to increase substantially over the coming years. This demand is emerging within an unusually attractive industry structure: the top two players dominate the market, and both have remained highly disciplined around capacity additions. Hard disk drive vendors are also structurally far less capital intensive than many other forms of memory, while benefiting from technological and manufacturing moats that we believe are greater than generally appreciated.

The second part of how I think about AI is AI-enabled businesses. I think they will become an increasingly important part of the market dialogue over the next five to seven years. The analogy I would use is this: Walmart was not an e-commerce company. It was a big-box retailer that became an e-commerce company, and today it is in the NASDAQ and near all-time highs. Kmart was also a big-box retailer, but it could not make that transition.

Voxel Capital Partners

With AI, you are going to see examples of that across many different industries. Companies that look similar on the surface today, and that dedicated investor bases price at similar multiples with similar perceived moats, will see massive divergence in equity returns over time. One company may adopt AI much more quickly and meaningfully, applying it in ways that accelerate revenue growth or reduce costs, while peers may talk about AI without actually doing very much. There will be significant divergence in returns across many sectors, not just in AI infrastructure.

Transparently, very few of those AI-enabled companies are in our portfolio today.

For every twenty companies in the public markets claiming they are doing a lot with AI, I may find one where what they are doing is meaningful and needle-moving for the overall fundamentals of the business.

Many are overstating how they are adopting AI to transform their businesses. Over time, though, on a three-to-seven-year view, there will be more AI-enabled businesses across both technology and technology-adjacent sectors. Those may ultimately become the most mispriced assets because they are followed by different investor bases.

G&D: Pivoting to another topic, the impact of AI on the future of software has been a popular debate of late. What are your thoughts?

KS: AI certainly increases competition in software compared to the landscape ten years ago, but there is also a second factor that I think is important.

Looking back at the first generation of SaaS companies built from roughly 1998 to 2011, each one, whether in CRM, IT service management, HR, or financials, was being built at a time when it was often one of the only major next-generation companies of its kind receiving significant venture backing, and when the capital markets demanded that software companies reach cash flow breakeven at fairly modest revenue scale. There was far less capital in the software market, and as a result, the select few players became dominant franchises.

Over the last fifteen years, and especially over the last six to eight years during the digital transformation wave, many more software companies have been funded, including many lower-quality software companies. As more companies have been created, the competitive dynamics have worsened across many software markets.

Software was a great business, and it is still a good business, but the competitive environment has made it less attractive. In public markets, it is often not just about how good a business is on an absolute basis, but how that quality is changing.

The second dynamic is that AI is a platform shift that further increases competitive intensity in software. To give an example, at Voxel, we've used AI coding tools to build our own research management system, called Worldview. Worldview is much better than the third-party research management systems that large investment firms use, cost us very little to build, and, importantly, is purpose-built for our process.

Voxel Capital Partners

I do believe there will be software companies that transform themselves into successful AI-first businesses over time. In every technology platform shift, there are incumbents that emerge successfully. Early in my career, one of my most successful investments was a legacy software company that repositioned itself around a subscription model, which led to it becoming a ten-year investment idea. I would love to find the equivalent today: a SaaS company successfully repositioning itself around an AI-native product. What I think that will look like is a truly differentiated offering, exceptional product-market fit, and a data moat strong enough to make it very unlikely that a new AI entrant becomes a long-term threat.

G&D: How would you advise younger readers to position themselves to learn as much as possible from their employers?

KS: For your readers, I would emphasize reading as much as possible and finding a great mentor early.

Prioritize the mentor above almost anything else early in your career, not just working for a great investor, but working for someone who cares about your development and wants to see you succeed.

Also find as many ways as possible to be helpful to that mentor. The more you can do things they do not have time to do, or bring an angle they do not have, the more it deepens the relationship and makes you better.

I would also really emphasize getting out of the office. It is difficult to generate differentiated insight through expert networks and alternative data is often quickly priced in by the market. By contrast, when you attend a customer or technical conference, you often come away with something more substantive and durable. The value is not always immediately apparent, but much like eating your vegetables, the benefits compound over time. As an example, in March I attended the Optical Fiber Communication Conference, or OFC, in Los Angeles, a technical conference for the communication equipment and optical industries. It is popular now because of AI, but the first time I went, over a decade ago, it was sparsely attended and had almost no investors because it was viewed as a legacy telecom equipment conference at the time. The learnings from going multiple times over the last decade plus have made me more effective going today. It is easy to go to something once it becomes the hot area. It is equally valuable to invest time in the areas you are covering as an analyst even when they are not hot, because in five or ten years, those learnings could become incredibly valuable.

G&D: How do you improve as an investor?

KS: I try to improve every day, month, and year, and that is a cultural element we are instilling at Voxel. One thing I have found very helpful is that every December, I go back and review process decisions that could have been better, as well as investments I may have missed or could have monetized better. I do it on a three-year look-back because, in any given year, the market can do unusual things. But if, over a three-year period, there was a company in my wheelhouse that I missed and became a multi-bagger, I want to study that.

When I was in business school, before I began my career in the public markets, I tried to develop pattern recognition by going back and studying the biggest winning and losing stocks over the prior three to five years. I would read the sell-side research from that period and try to figure out what people were getting wrong. Since then, every year I do that with the benefit of having actually

Voxel Capital Partners

invested, and I ask: what could I have done differently to catch that idea? What research could I have done? Sometimes the answer is that there was nothing I could have done for that specific type of idea given my process. But often the answer leads somewhere interesting, and more importantly, to the question: what looks like that today? How can we apply those process learnings to a similar opportunity right now?

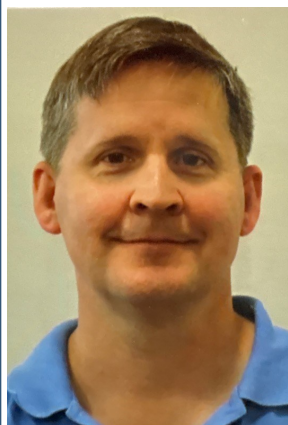
Investing is a competitive sport. If we're not getting better every year, we're probably getting worse, because the rest of the market is getting better.

Formalizing that process is something we're building into the research process at Voxel.

G&D: Kevin, thank you so much for taking the time. It has been a pleasure.

***Disclaimer:** This material is provided for informational purposes only and should not be construed as investment advice, a recommendation, or an offer to buy or sell any securities. There can be no assurance that any views or opinions expressed will be realized.*

Tenzing MEMO



**Tom
Saberhagen**

Tom is a co-founder of Tenzing MEMO. He was previously a Partner and Co-Portfolio Manager of a top-decile, \$10B+ large cap growth fund and a Senior Analyst at a top-decile, deep value fund. Over a 20+ year investment career, Tom acquired extensive experience in fundamental research and analysis. Before that, Tom was a software programmer and a management consultant to Fortune 500 companies. Tom holds a Bachelor of Arts degree in Mathematics and Philosophy from Rice University and an MBA from Stanford University's Graduate School of Business and has also completed graduate-level coursework in AI at Stanford's Department of Computer Science.

Nick is a co-founder of Tenzing Memo. He was a Senior Vice President and Chief Operating Officer of the largest buy-side research platform and a Product Manager at a large retail-focused investment research and asset management firm. Nick has designed, launched, operated, and scaled a number of products and platforms in the space. Also a student of investing, Nick began his career as an equity analyst and first shook hands with Tom at the 2015 Berkshire Hathaway Annual Meeting in Omaha. Nick holds a Bachelor of Science degree from Cornell University.

Editors' Note: Tenzing MEMO kindly sponsored our Annual CSIMA conference and we sat down with Nick and Tom for this discussion on February 19th, 2026.



Nick Kapur

Graham & Doddsville (G&D): Why don't we start with the genesis of Tenzing Memo, and how you thought about moving from your previous roles into this endeavor. What was the structural change that you saw that led you to commit yourselves to building a tool like this?

Tom Saberhagen (TS): I left Akre in 2019, three years before we started Tenzing MEMO. I sold my interest in the partnership to the other partners and for a while I had time to do whatever I wanted to pursue. During that time, I reconnected with Nick. Nick and I met at the 2015 Berkshire AGM and we did one nice project together while he was at SumZero.

Initially Nick and I thought we'd launch a new investment fund. Then in 2022, I saw what was going on with the LLMs with the first beta of ChatGPT. The technology wasn't fully baked yet, but we knew a massive change in how financial analysts do their work was coming. Nick and I knew well that a huge part of being a financial analyst was being assigned a new name and perhaps 500 pages of information to read through. We thought computers would eventually be able to read and understand all of these documents. The financial tools of the prior generation were all based on structured data that has historically been easy for computers to process: basically, numbers and columns. We thought this new technology based on natural language is going to completely change how financial analysts do their work. That's how Tenzing Memo started.

G&D: Between the two of you, you had great first-hand experience with what the use cases for the day-to-day job of a good analyst should look like.

Nick Kapur (NK): 100% and it also helps to be small in this regard. One of the less obvious aspects of uniqueness or differentiation is that design by committee for prompt engineering may not be the smartest thing to do here. Having 20 people with varying sets of experience and know-how on Wall Street, writing rules and conditions for how the AI should behave, didn't necessarily seem like the ticket to success.

G&D: Let's talk a little bit about the product itself, what you think people tend to misunderstand about what you're doing and what Tenzing MEMO is?

TS: Maybe the biggest misunderstanding is that you can get the same results, or that it's a similar product to Perplexity or Claude. Of course, we are using the LLMs (obviously to enable our product), and from our standpoint, it's an amazing situation to be in when all these large technology companies are investing what we could safely say are trillions of dollars into making the underlying technology better. However, we are fundamentally a content company, with content that's specialized for a financial analyst audience. In the same way that *Barron's* or *CNBC* or *The Wall Street Journal* are content companies that understand how financial analysts think.

Tenzing MEMO is an AI market intelligence tool based on advanced natural language processing and machine learning. It provides interactive real-time insights, research, briefings and intelligent Q&A derived from the latest market data, financial news, event transcripts and SEC filings. Tenzing anticipates the analyst's research process and prompts the user back during the collaborative research workflow. The tool currently covers NYSE and Nasdaq-listed companies down to micro-cap level alongside 700 global companies listed via ADR.

Tenzing MEMO

There's a lot more to that than being another chat or search application.

NK: I'd embellish on that by saying, from a use-case perspective, one way people instinctively try to test our product is with simple fact retrieval. They ask things like, "What's the margin profile of this company over the past couple quarters?" That can be a good utilization of AI but it's a basic one. People should think about seeking AI tools more as a thought partner to bounce more advanced or difficult ideas off of, and get feedback on that, rather than pulling a stat or a quote from a piece of paper - it can do that, but it can do a lot more than that.

TS: Also, content companies have historically needed to take a viewpoint, with an eye towards being fair to all sides. There was always room for opinion pieces and for a slant of an opinion, from the publisher. We will have the same nuance in the AI world.

G&D: It feels like you have three layers of advantages compared to the other solutions. One being the advantage of doing this in an independent entity, rather than within an asset manager or a larger technology company. The second, as Nick talked about on *The Investor's Podcast*, is the way you help on the backend by prioritizing and collecting the data to highlight the most useful information from a long history of potential noise. It might take someone a month to synthesize that data. Then you couple that with both of your experiences of what the best way to present that back to someone is to make it engaging and immersive.

TS: Yes, it is true in particular to a financial professional. An interesting thing about these tools and all of what an LLM does at some level is compression. It's about taking that 500 pages of financial data and making it something a lot smaller. But it has to be something that is not only a lot smaller, but very useful to you and your role. If I were a B2B salesman, I might want a different take on those 500 pages of data than what a financial analyst is going to want.

G&D: How did you get to that point, and how should a prospective user think about what you've done to deliver the right information, in the right way?

TS: The short answer is trial and error, in a Thomas Edison-type way. Nick and I both take the same perspective, of what we would want the output to look like and what feels right to us, as professionals in this space. Then it's about how to get there and how to make the output like that. Do we need to change LLMs? Do we need to change underlying data sources? Do we need to change prompts? Do we need to change the UI? We can change anything across that full stack other than the fundamental limitations of the foundation LLMs. We're trying to hammer it into shape to the point where it's giving an answer that will be most satisfying for our audience. It takes a lot of iteration like that, from someone who has the lived experience of doing the research on a company or a sector to get it right.

We've seen a lot of companies that have done internal projects. They might think, "We have LLMs available, we need to be using them. Let's hire some folks to come in and tie all of our research documents into an LLM." In the end, they can easily spend \$100,000 on this type of an effort with results that are not particularly great. We started back at that same place too, in 2022, but we've been trying to put things together and deliver a good answer for a lot longer and continuously iterated on it. In addition, we've done some innovative things that we think are really different from anybody else, but we can't disclose all the secrets. We do think people are surprised when they use the tool. Especially if they're really paying attention to the accuracy, the dependability and the lack of hallucinations. They'll notice that we've gone through a lot of iterations to improve the quality here.

NK: There's really no substitute for rigorous QA, with a lot of reading, a lot of critiquing, and a lot of iterations. As Tom said, you can't get very far without that.

TS: When we find a problem, because we have the full stack, we can attack it from multiple different angles, until we finally figure out what works the best with today's technology.

G&D: When you're using Tenzing MEMO, there are suggested questions generated as someone uses the model. Is it adapting to the user's workflow and could you give us a

Tenzing MEMO

sense of how that works?

TS: There's a really good story about this. In the very first version of Tenzing, it was pretty much just a chat, with a cursor blinking to ask 'What do you want to do next?' Ironically, a very chat-heavy interface, which is what's coming back around with the Claude Code craze in the last few weeks. We put out this super chat-oriented interface in early 2023. When people would try to use it, often they would not know what to do next or what to ask now. LLMs are quite good at giving you new ideas. Just like the LLMs need to be prompted, people need to be prompted with, "You should think about this, or you should look at this other security, or you should consider these five things in addition to the question that you asked." We found it helps people to move faster and to learn faster when the LLM is prompting them back.

G&D: How should early career analysts who are hopefully reading the G&D use this tool differently compared to a more experienced investor or a portfolio manager who's closer to a generalist?

TS: Whether you are an experienced analyst or portfolio manager, or a junior analyst, the ones who are successful are people who question everything. The mindset that is going to always be the most successful in this business is someone who questions everything. As long as you stick with that principle, you're going to be all right.

G&D: How do you think about whether using Tenzing Memo helps analysts expand their variant perception? And how should a potential client think about whether it allows someone to bridge that experience gap versus finding something really unique based on how they ask questions or get to information in a different way?

TS: I think it's an enhancer. It's an enhancer for people's curiosity. It's an enhancer for you to question things, ask skeptical questions. You have to bring the right attitude and energy to it, and it will enhance your ability to get things done, whether that's to dig deeper and be more curious, find more counter-arguments, find more reinforcing data - whatever it is, it's an amplifier of your own energy and your own process.

G&D: We'd be curious about your view on the evolving role of the sell-side in the future and whether someone could largely cover companies entirely with Tenzing Memo?

TS: My view for the medium-term future is that there are two sets of tasks. There are human-oriented tasks and information-digestion tasks. The sell-side historically and going forward is going to be one of the centers of activity of people talking to other people. Sell-side analysts are going to pick up the phone, talk with the management teams and understand more about the companies that way. The business of true primary research is going to thrive in the medium-term, because the computers are not going to do an excellent job at picking up the telephone. Anything that comes downstream from that, once the information is published, put into electronic form, will be digested on people's computers, and go to LLMs or agents. If you want to excel, as a human, in this industry, you're going to want to focus on true primary research activities and things that involve person-to-person interactions, while the data processing stuff is going to go to the machines.

G&D: What's your long-range aspiration for the business?

TS: "Happy users" is the number one thing. The market is large enough for everybody. I think Nick and I would like to go home with users who are thrilled with Tenzing Memo and happy to tell their friends about it. If we can consistently produce that, then it is going to be a very viable business.

G&D: How hard is it to scale to international markets (or those without English-language reporting)?

TS: It's not easy, but it is on the way as it's something a lot of users have requested. It does take some tailoring of the research methods we are using to each country. If you're trying to do this right, then there's a lot of customization you need to do by market.

G&D: We look forward to seeing how it all develops!

Listen to:

The Value Investing with Legends podcast



You can also find further Columbia Business School investing content through the Value Investing with Legends podcast hosted by Tano Santos and Michael Mauboussin.

Recent episodes include interviews with Matt Fine, Third Avenue Management; Jenny Harrington '06, Gilman Hill Asset Management; Ricky Sandler, Eminence Capital; and Samer Sarraf '05, Amwal Capital Partners.

Be sure to subscribe on Apple, Google, Spotify, or wherever you get your podcasts.

Please drop us a line at valueinvesting@gsb.columbia.edu if you need any support.



Get Involved:

To hire a Columbia MBA student for an internship or a full-time position, please contact Lisa Gottardo, Executive Director, Employer Relations, recruitebs@gsb.columbia.edu or valueinvesting@gsb.columbia.edu.

Alumni

Alumni should sign up via the Alumni website. [Click here to log in.](#)

To be added to our newsletter mailing list, receive updates and news about events, or volunteer for one of the many opportunities to help and advise current students, please fill out the form below and send it via e-mail to valueinvesting@gsb.columbia.edu.

Name: _____

Company: _____

Address: _____

City: _____ State: _____ Zip: _____

E-mail Address: _____

Business Phone: _____

Would you like to be added to the newsletter mail list? Yes No

Would you like to receive e-mail updates from the Heilbrunn Center?

Yes No

**The Heilbrunn Center for
Graham & Dodd Investing**
Columbia Business School
645 West 130th Street
Geffen 680
New York, NY 10027
212.854.1100
valueinvesting@gsb.columbia.edu

Visit us on the Web:
**The Heilbrunn Center for
Graham & Dodd Investing**
www.grahamanddodd.com

**Columbia Student Investment
Management Association
(CSIMA)**
<http://www.csima.info>

Contact Us:
jdouglass26@gsb.columbia.edu
dkaravaikin26@gsb.columbia.edu
jkinney26@gsb.columbia.edu
tmessina26@gsb.columbia.edu

Graham & Doddsville Editors 2025-2026



Joshua Douglass '26

Josh is a second-year MBA student at Columbia Business School and a member of the Value Investing Program. Prior to business school, Josh was an Associate at Brown Brothers Harriman (BBH) Capital Partners, the private equity arm of BBH focused on investments in the technology, business services, and healthcare sectors. He began his career on the private banking team at BBH. Last summer, he interned at Junto Capital Management, a long/short equity fund. He holds a B.S. in Economics and Spanish from Vanderbilt University. He is originally from Memphis, TN.



Dimitry Karavaikin '26

Dimitry is a second-year MBA student at Columbia Business School and a member of the Value Investing Program. He started his career in the graduate program at Pictet Asset Management, rotating with long-only and long/short teams. He was then an investment analyst on the Developed Market Equities team in London and an investment manager on the Global Environmental Opportunities team in Geneva. Last summer, he interned at John W. Bristol (long-only equities) in New York. During his MBA Dimitry completed an independent study project with Brizo Capital (global long/short equities) and volunteered for n-Industries (London, UK). He graduated from the University of Chicago with a B.A. in Economics with General Honors in 2019, and is a CFA Charterholder. He is the 2026 Suresh Balaraman prize recipient (awarded to one graduating student for outstanding coursework in Finance).



Joseph Kinney '26

Joe is a second-year MBA candidate at Columbia Business School and a member of the Value Investing Program. He brings prior experience across hedge funds, credit investing, fintech and investment banking, most recently serving as VP of Capital & Credit at Founderpath, where he invested in B2B SaaS companies and led a cross-functional team. Earlier roles include product leadership at BitGo/Pagoda, associate at Glendon Capital and analyst at Centerview Partners. Last summer, he interned at Junto Capital Management, a long/short equity fund. He holds a B.A. in Mathematics and Economics from Williams College. He is originally from Denver, CO.



Therese Messina '26

Therese Messina is a second-year MBA student at Columbia Business School and a member of the Value Investing Program. Last summer, she served as an equity analyst at T. Rowe Price in Baltimore, MD. She began her career as an equity research associate at Citigroup Global Markets. She holds a BBA in Finance from the University of Notre Dame, graduating in 2019.