Value Investor INSIGHT
February 27, 2025
The Leading Authority on Value Investing

In Their Prime

Unison Asset Management's Daniel Bakalarz and Alex Furmanski explain why they believe even the most highly regarded companies can be great value investments, why Berkshire Hathaway is a top-three portfolio position, why their holding in cash has been rising, and why they see unrecognized value in Deere, Alphabet, Elevance Health and Nu Holdings.

INVESTOR INSIGHT

Unison Asset Management
Daniel Bakalarz (*l*), Alex Furmanski (*r*)

Investment Focus: Seek advantaged companies when short-term issues are masking long-term potential to compound value far beyond what the market contemplates.

Friends since meeting in preschool in Bogota, Colombia, Alex Furmanski and Daniel Bakalarz as co-chief investment officers of Unison Asset Management say they apply the same philosophy, but different styles, to their collective investing approach. "Alex is more interested in established, mature businesses and I've had an affinity for younger, more disruptive companies," says Bakalarz. "Combining those skill sets allows us to cover more diverse territory."

So far so good. The Unison Equity Select Fund originally launched by Furmanski in late 2017 has handily outperformed the MSCI ACWI ETF. Focused only on what they consider exceptional businesses, the duo today sees opportunity in such areas as farm equipment, banking, "big tech" and health insurance.

Unlike many value investors, you've been invested in some of the names leading the market's rise over the past two years. Describe the types of ideas you typically pursue.

Daniel Bakalarz: Our opportunities to invest usually fall into three main categories. The first is what we call resilient incumbents, which are mature, established businesses priced as if they've seen their best days despite having durable moats and strong long-term prospects for reinvesting capital at above average rates of return. Alex has been very good at identifying these kinds of ideas.

Another category is "asymmetric builders," faster-growing companies that may be less profitable today but have both a level of earnings power and a runway for growth that we believe the market underappreciates. These quite often are optically expensive, but because of their potential to compound growth we think can clearly be value investments that are trading with a margin of safety. This is where I try to put my emphasis.

The third category is the rare hybrid straddling both categories. They are exceptional, established businesses that also have a long runway to compound growth at high returns. Meta Platforms [META] and Alphabet [GOOG] are two of our largest holdings still today because they fall into this select group. There is certainly debate about this, but we don't think the future of technology will be a continual disruptive wave of companies replacing other companies as has happened over the last 50 years. Mega-cap tech companies like Meta and Alphabet have established massive networks and infrastructure over the last decade that have created moats we believe are almost impenetrable.

We spend the largest part of our time identifying businesses that are exceptional, meaning companies that can prospectively invest their capital at above-average returns and benefit from durable competitive advantages that allow them to do that for longer. The competitively advantaged period is an incredibly important driver of long-term value. The longer that is, the more likely the stock is worth a lot more than the market thinks. We have a running list of companies we have identified as exceptional – the goal is that when Mr. Market gives us an opportunity, we can act without hesitation.

Why do these opportunities arise?

DB: It can be a lot of things: a downdraft in the overall market, a cyclical dynamic in an industry, or any number of company-specific issues that lead to a missed quarter or disappointing forward guidance. The common element in all of those comes down to time horizon. In the short run, say less than 12 months, the correlation between the intrinsic value of a business and the price of its stock, we believe, is effectively zero. In the longer run, say five years, those two numbers converge. Our job is to recognize moments of significant dislocation between those two values, allowing us to buy what we think are damaged stocks of great businesses while avoiding overly loved stocks.

Your ownership of CDW Corp. [CDW] predates the formation of Unison in 2017.

Describe how it fits the profile of a business that interests you.

Alex Furmanski: I first bought CDW in 2014, shortly after it went public. It's a value-added reseller of information-technology products to small and medium-sized businesses in the U.S., Canada and the U.K. They essentially act as an outsourced sales and service organization for large IT companies, allowing those companies to reach a highly fragmented customer base in a more cost-efficient manner. CDW is the largest industry player in the U.S., almost three times bigger than its nearest competitor. Returns on capital are consistently in excess of 25% due to low capital intensity – capex is only 1% of sales – which has led to very strong free cash flow generation.

This is a great example of a company with a long runway for value creation. Its scale is a significant competitive advantage in an industry with steady secular growth, evidenced by the fact that the operating margin at 8.2% is almost twice that of peers. The market remains fragmented and CDW has consistently outgrown the industry and captured market share. When I first bought the stock I paid around 12x earnings. The shares currently trade at around 18x forward earnings, so while we hold a smaller position today, we believe that's still quite attractive for a market leader with a long-lived opportunity to reinvest at high rates of return.

How did something like Swiss-based cement manufacturer Holcim [Zurich: SWX] make it into the portfolio?

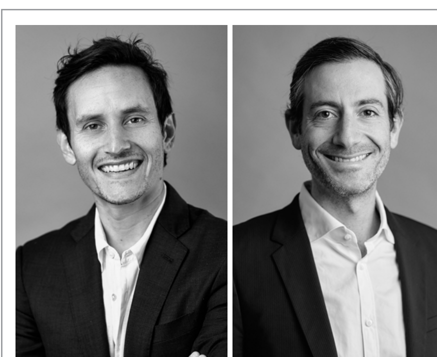
AF: The economics of cement and aggregates businesses can be very attractive at the local level, where incumbent players tend to have dominant, monopoly-like positions. Holcim is the largest player in this industry worldwide, and when we got interested in 2020 it was really a self-help story. The company had been formed through the merger of Holcim and another large global player, Lafarge, and due to some poor earlier acquisitions and slow merger integration the combined company's overall margins and returns were atrocious compared to the rest of the industry. They brought in a new CEO who significantly reshuffled the portfolio of businesses by geography and focused on improving operational execution. Margins and cash flow as a result have increased materially.

This was a case where we bought in originally at a high-single-digit P/E multiple on depressed earnings and we have benefitted from both a big improvement in earnings and from the expansion of the multiple. [*Note*: At a recent price of around 95 Swiss francs, Holcim's stock has doubled over the past five years and now trades at 15.5x estimated forward earnings.] This is still a top-ten position for us. One potential near-term catalyst is that the company is in the process of spinning off its North American business, to be called Amrize, sometime in the first half of this year.

Turning to a very different type of example, describe what turned out to be a relatively short-tenured holding in Uber Technologies [UBER].

DB: We initiated our investment in Uber in April of 2023 when the stock was trading at just over $30 per share. Our thesis had two main points. One was that Uber was poised to become the most important transportation platform globally, leveraging its scale to expand both horizontally and vertically. Two, rising interest rates had caused a rapid shift in its industry away from a "growth-at-any-cost" mentality toward a more rational competitive environment focused on profitability. To validate our conviction in Uber's improving unit economics I actually for a time became an Uber driver in Miami to get a better understanding of what drivers were paid relative to what customers were charged. What I found gave us confidence that Uber was on the cusp of GAAP profitability, which was a key catalyst for our investment.

As Uber reached GAAP profitability and the market recognized the operational turnaround – and, by the way, the company was added to the S&P 500 – the stock price appreciated quite quickly. When it got above $70 we started to trim our position, thinking the valuation had gotten ahead of the potential growth in the



Daniel Bakalarz, Alex Furmanski

Agreeing to Disagree

A native of Colombia who moved with his mother and siblings to Miami when he was in high school, Daniel Bakalarz caught the investing bug while as an undergraduate at Tufts University. "This was during the dot-com craze and a friend had opened a brokerage account to invest in it with money he'd earned from various odd jobs. Over two years I watched him turn a modest sum into enough for a downpayment on a new BMW, prior to losing it all and having to ask his friends and family for help," he says. "It fascinated me how that all happened, and how it happened so quickly. I've been insatiably curious about markets ever since."

Now teamed with Alex Furmanski in running Unison Asset Management, the friends since childhood in violence-torn Bogota find their partnership a valuable mitigant against risk. "We both have to agree on investment decisions or they don't happen," says Furmanski. "We probably agree 90% of the time, but we think that 10% of the time we disagree is an excellent way to avoid big mistakes. Your mind plays tricks on you, right? It's extremely valuable to us as a firm to have partners who can constantly challenge each other's assumptions."

company's monthly active platform consumers. We also grew concerned about the long-term risks to Uber's business model posed by autonomous-driving technology and related emerging competitive threats. While we've mostly exited our stake, we still view Uber as a high-quality business and would be willing to reinvest at the right price. [*Note*: Uber shares recently closed at just under $76, 13% from their 52-week high.]

You haven't found much to buy over the past six months. Why is that?

AF: The way we invest we don't expect to have a lot of new ideas all the time, but it has become more challenging. It's not that we can't identify exceptional businesses, but more about what's being discounted today into the pricing of their stocks. The earnings yield in many cases relative to the risk-free interest rate available seems dislocated in our opinion. We don't make macroeconomic calls, but that dynamic has resulted in our cash position rising to about 20% of the portfolio. We don't mind at all having dry powder on hand in case the market were to suffer any sort of broader correction.

We imagine your existing portfolio would be fertile ground for putting that cash to work. Can you tell us about any new ideas you're teeing up as well?

DB: Nike [NKE] is something we're actively looking at right now, a good example of the type of "resilient incumbent" I spoke about earlier. In these companies scale above all tends to be the most important advantage. In this case Nike clearly made some missteps by alienating channel partners and dropping the ball with respect to the product innovation it was known for. We generally think those issues can be fixed and the fact that the company can spend $4 billion per year on demand creation – their term for advertising and promotional spending – is a significant competitive advantage. We're seeing early signs that the business can inflect and get back on the track it was on.

Describe the upside you see in your latest portfolio addition, Deere & Co. [DE].

AF: We're not averse to owning cyclical businesses, we just need to make sure we're buying into the right company at the right time and at the right price. We think we're doing that with Deere.

The company's core business is farm equipment in the United States, where it owns more than 50% market share in large tractors and close to a 60% share in combines. North America overall is the top market, accounting for around two-thirds of revenue, with most of the rest in Europe and Latin America, particularly Brazil.

We think Deere benefits from two primary competitive advantages. The main one is scale. They have the largest dealer network in North America and second-largest globally, which is critical in servicing the customer. When you have a multi-million-dollar tractor and it's the middle of harvest season and there's a mechanical issue, you need that to be fixed and back up and running immediately. Deere is present in the local markets and has the inventory and dedicated personnel in place to make that happen and generally

INVESTMENT SNAPSHOT

Deere & Co.
(NYSE: DE)

Business: Founded in 1837, manufactures, sells and maintains mostly heavy equipment that is used in large-scale agriculture, construction and forestry applications worldwide.

Share Information (@2/26/25):

Price	**478.52**
52-Week Range	340.20 – 515.05
Dividend Yield	1.3%
Market Cap	$130.33 billion

Financials (TTM):

Revenue	$47.85 billion
Operating Profit Margin	17.0%
Net Profit Margin	13.0%

Valuation Metrics
(@2/26/25):

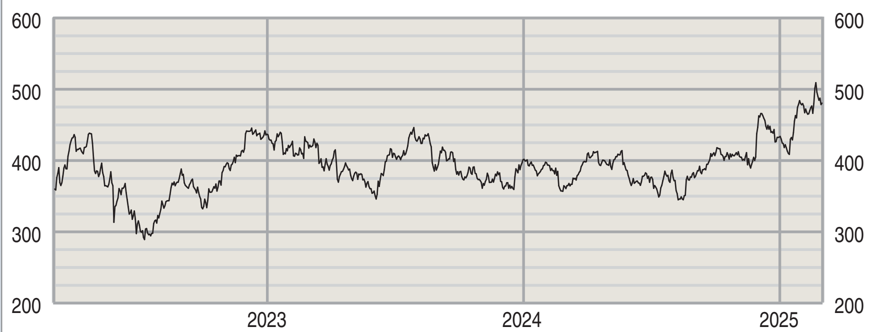
	DE	S&P 500
P/E (TTM)	21.2	25.8
Forward P/E (Est.)	24.8	22.6

Largest Institutional Owners
(@12/31/24 or latest filing):

Company	% Owned
Vanguard Group	8.0%
Cascade Inv	7.3%
BlackRock	6.5%
State Street	3.8%
J.P. Morgan Asset Mgmt	2.7%

Short Interest (as of 2/15/25):

Shares Short/Float	2.1%



THE BOTTOM LINE

With cyclical companies you need to make sure you're "buying into the right company at the right time and at the right price," says Alex Furmanski, which so far appears to have been the case in his taking a position last August in Deere. From today he still believes the earnings yield on the stock plus EPS growth should exceed his annual 12% hurdle.

Sources: S&P Capital IQ, company reports, other publicly available information

to provide the high-touch customer service their clients require.

The other advantage also related to scale is research and development. Deere far outspends big competitors like CNH Industrial and AGCO on R&D, which shines through in what are acknowledged to be the most innovative and technologically advanced products. Customers pay a premium for that but believe that the higher productivity the equipment enables is worth it. Agriculture equipment only comprises about 10% of a farmer's lifecycle spending, with another 30% in land and the remaining 60% going to labor, seeds and other input costs to grow, protect and harvest crops. Deere is focusing on increasing their wallet share of that latter 60% of spending through automation, which we expect will create incremental value for customers and shareholders.

How are you assessing where we are currently in the cycle?

AF: The ag-equipment cycle peaked in 2023 and at the time we took our position last August we were about a year into the downturn, which was a result of falling corn and other commodity prices. Ag cycles tend to be relatively short – two years is typical – so while we weren't calling the turn, we were comfortable we were closer to the bottom than the top. Our focus then was on arriving at a normalized, mid-cycle estimate of Deere's earnings and comparing that to where the stock was trading, which was then about $350 a share. The shares on that basis were trading at an earnings yield of around 12%, which we considered very attractive.

At a recent price of $478.50, how attractive do you consider the shares today?

AF: It now seems increasingly likely the cycle has turned – corn prices are up over 40% since we established our position – which has led to the shares moving up fairly nicely in the last several months. But at today's level the earnings yield on our normalized estimate is still around 8%. On top of that we think the company can continue to produce the mid-single-digit earnings growth it historically has. We're trying to underwrite everything we own to a low to mid-teens annualized rate of return, a premium to the market historically. This still hits that even after the share-price increase.

Turning to one of your "Magnificent Seven" names, explain your investment case today for Alphabet?

AF: Alphabet continues to be treated like the stepchild of the AI revolution despite in large part having invented it, and despite having what we consider several incumbent strengths. It employs some of the best and brightest engineering minds, attracted to work at a company that has seven technology platforms with over 2 billion users. It is one of the few companies that owns the most valuable places in the vertical online ecosystem, from consumer touchpoints to the upstream infrastructure to support it. Google Search is arguably the best business model of all time, and the treasure trove of data it and the company's other platforms generate position it well to lead as AI applications proliferate. It's not a surprise that the search

INVESTMENT SNAPSHOT

Alphabet
(Nasdaq: GOOG)

Business: Mostly advertising-supported provider of technology products and services including search, e-mail, mobile operating systems, cloud computing and hardware.

Share Information (@2/26/25):

Price	**174.70**
52-Week Range	131.55 – 208.70
Dividend Yield	0.5%
Market Cap	$2.12 trillion

Financials (TTM):

Revenue	$350.02 billion
Operating Profit Margin	32.6%
Net Profit Margin	28.6%

Valuation Metrics
(@2/26/25):

	GOOG	S&P 500
P/E (TTM)	21.5	25.8
Forward P/E (Est.)	19.2	22.6

Largest Institutional Owners
(@12/31/24 or latest filing):

Company	% Owned
Vanguard Group	7.4%
BlackRock	6.5%
State Street	3.4%
Fidelity Mgmt & Research	2.7%
Capital Research & Mgmt	2.6%

Short Interest (as of 2/15/25):

Shares Short/Float	0.8%

THE BOTTOM LINE

Alex Furmanski believes fears about what it's spending on AI and the potential for AI to disrupt its search business are "pretty well priced into" the company's stock, now trading at a 15% valuation discount to the S&P 500. He believes the shares are attractive just from the sustainability of the core business, while also offering multiple options on the upside.

Sources: S&P Capital IQ, company reports, other publicly available information

business increased revenues 13% last year, even when Chat GPT and others were getting all the attention.

The sustainability of the core business is enough for us to find Alphabet attractive, but we also don't believe the market gives it enough credit for the optionality in its other key divisions. YouTube is a juggernaut in streaming that is increasing penetrating the living room as linear TV continues its melting phase. It's now a big business in its own right, with run-rate annual revenue over $60 billion and we believe a long runway of growth ahead.

While not yet at the level of Amazon's or Microsoft's cloud businesses, Google Cloud Platform [GCP] continues to steadily improve. Since 2022 it and Microsoft have been taking share from Amazon Web Services, and GCP's operating margin increased from 2.6% in the first quarter of 2023 to 17.5% in last year's fourth quarter. There is still plenty of room for improvement, but the business continues to sequentially get better in an industry with strong underlying secular growth.

In autonomous driving, last year was an inflection point for Waymo. After completing one million trips from 2009 to 2023, it completed four million trips in 2024 as it extended its service from Phoenix to San Francisco, Los Angeles and Austin. In San Francisco Waymo recently equaled Lyft's 22% market share of rides, and the company expects to go live in another 10 cities by the end of this year. Daniel and I debate its advantages and disadvantages versus Tesla in autonomous driving – and Tesla arguably has some structural competitive advantages – but we both think Waymo has the potential to be worth considerably more than the $45 billion valuation implied in its last fund-raising round in October.

How do you process Alphabet's plan for $75 billion in capital spending this year?

AF: It is a staggering amount, but it's also not unmanageable for a company of Alphabet's size and profitability. One thing we think investors are underestimating is the potential cost savings these large investments can ultimately yield. Mark Zuckerberg talks about how even this year he believes it will be possible to build an AI engineering agent that has the coding and problem-solving abilities of a good mid-level engineer. Considering that the median pay for software engineers at Alphabet and Meta is around $270,000 and that each employs over 40,000 engineers, the ultimate savings could be substantial.

ON TODAY'S MARKET:

We don't mind at all having dry power on hand in case the market were to suffer any sort of broader correction.

It's still early, but the news about what DeepSeek has done indicates that the cost per query for AI may come down more quickly than originally expected. That would generally be good for a company like Alphabet if it means less capital intensity over time.

How are you looking at valuation with the shares currently trading at around $175?

AF: The stock, ex-cash, currently trades at less than 19x consensus forward earnings, far less than megacap technology peers and even at a 15% discount to the S&P 500. We think the bear case is pretty well priced in. You've got a 5%-plus free-cash-flow yield on a company that has historically compounded earnings per share at a mid-teens annual rate. If they do even half that, which I'd argue is conservative, we're looking at a prospective 13% rate of return on a go-forward basis. To us that's still a very attractive proposition.

DB: This is a case where I may be somewhat more concerned about the disruptive risk than Alex is. But we both believe the company has been smart in starting self-standing organizations and trying to disrupt itself. We think that helps them stay ahead while also creating optionality value as one or more of those "self-disruptors" truly takes off.

What do you think the market is potentially missing today in health insurer Elevance Health [ELV]?

AF: Elevance is the second-largest health insurer in the United States, operating under the Blue Cross Blue Shield name exclusively in 14 states and serving nearly 50 million members. Across the states in which it operates it has more than 30% market share, which allows it to negotiate favorable rates with hospital networks. With scale and a well-known brand name, returns on equity in a relatively non-cyclical business have consistently been in the mid-teens.

Elevance's operational performance disappointed last year. The company's Medicaid business was weak as dynamics in enrollment and reimbursement rates – which had reversed after being tailwinds during Covid – started to negatively impact profitability. Many elective procedures that were delayed during the pandemic happened in 2023 and 2024, causing inflated medical expenses in the company's Medicare business and to a lesser extent in its commercial lines. In Medicare Advantage, reimbursement rates set by the Centers for Medicare & Medicaid Services came in lower than expected, again in response to the pandemic when the government saw insurance company margins exceed historical norms.

Our assessment of all of that is that these are temporary impacts and that revenue growth and profit margins will reset to historical norms. Elevance over time has compounded EPS in the low teens – even with potential new budgetary constraints we think that number driven by secular industry growth and the company's strong market positions can still be somewhere in the high single digits.

One option on the upside is the continued expansion of the Carelon services platform. Patterned after UnitedHealth's highly successful Optum division, Carelon consists of a number of separate businesses, including the provision of behavioral-

INVESTMENT SNAPSHOT

Elevance Health
(NYSE: ELV)

Business: Health insurer offering employer, individual and government-sponsored coverage plans; largest single U.S. provider of Blue Cross Blue Shield-branded coverage.

Share Information (@2/26/25):

Price	**386.13**
52-Week Range	362.21 – 567.26
Dividend Yield	1.7%
Market Cap	$87.79 billion

Financials (TTM):

Revenue	$176.81 billion
Operating Profit Margin	5.2%
Net Profit Margin	3.4%

Valuation Metrics
(@2/26/25):

	ELV	S&P 500
P/E (TTM)	15.0	25.8
Forward P/E (Est.)	11.2	22.6

Largest Institutional Owners
(@12/31/24 or latest filing):

Company	% Owned
Vanguard Group	9.4%
BlackRock	9.0%
State Street	4.7%
T. Rowe Price	4.7%
Wellington Mgmt	2.8%

Short Interest (as of 2/15/25):

Shares Short/Float	1.4%

THE BOTTOM LINE

Despite its disappointing performance in multiple business lines last year, Alex Furmanski expects the company's revenue growth and profit margins to reset to historical norms. If that happens, he thinks the shares' current offer of a prospective high-teens annual return – free cash flow yield plus earnings growth – will prove to be an attractive proposition.

Sources: S&P Capital IQ, company reports, other publicly available information

health, palliative-care and care-navigation services as well as pharmacy benefits management. Management wants this segment within five years to generate 30% of total profits – up from around 20% today – which if they're successful will start to change the margin and return profile of the company. For reference, UnitedHealth's higher-margin Optum business now accounts for half that company's profits, and its shares trade at a significant valuation premium.

Trading recently at around $386, how inexpensive do you consider the shares?

AF: For a company that typically earns a mid-teens return on equity without a great deal of cyclicality, the stock is now trading at just 11.2x estimated forward earnings. (UnitedHealth on that same forward basis is now trading at 15.7x.) Earnings roughly match free cash flow, so that's a 9% earnings and free-cash-flow yield. Add to that the high-single-digit or so earnings-per-share growth we expect and we're looking at a high-double-digit annual return from today's price. If the shares eventually re-rate as they execute against the diversification strategy, that would enhance the return.

Describe the bright future you see ahead for Latin American online banking firm Nu Holdings [NU].

DB: A lot of great investment and business ideas seem obvious in retrospect. Here we think the obvious-in-retrospect takeaway will be that Nubank became the dominant financial-services platform in Latin America by building from scratch, in a hidebound competitive market, products and services that outperform on functionality, reliability, convenience and price.

The algorithm for growth has already been proved out. From a standing start in Brazil in 2013, the company now serves roughly 60% of that country's adult population. After successfully establishing a customer relationship – often initially through a credit card or low-cost bank account – Nubank then methodically increases its revenue per client by cross-selling new products and services. It keeps costs low because the culture is entrepreneurial and there are no legacy brick-and-mortar assets to maintain, resulting in an efficiency ratio that is one-third lower than at its largest legacy competitors. The company turned profitable in 2023 and last year earned nearly $2 billion in net income.

We believe the runway for growth is very long. Brazil is underbanked relative to more developed markets, and Nubank is still in the early stages of building out new verticals in areas such as mortgage lending, auto loans and payroll loans. They're just now breaking into the small and medium-sized enterprise market. Internationally they've focused on expanding in Colombia and Mexico and less than five years in, the performance in those countries is outpacing what they did in Brazil at the same stage.

With any relatively new financial institution investors have to worry about asset quality. Thus far the credit quality of Nubank's loan book has been excellent, with the level of non-performing loans typically coming in below those of the top four incumbent banks, Itaú Unibanco, Banco do Brasil, Bradesco and Santander Brasil. It gives us confidence on this front

that despite the company having the cash to deploy, there have been times when management deliberately stepped back from lending and essentially said we don't care about growth if it means sacrificing credit quality. Through Covid, non-performing loans came in much better than industry averages.

Nu's shares after a significant drawdown earlier this month are off almost 30% from their 52-week high. How are you looking at upside from today's $11.50 price?

DB: The stock fell on the company's fourth-quarter earnings report because revenue in the quarter missed Wall Street expectations and there was a modest decline in net interest margin, both driven by foreign currency translation and product mix shifts. Nothing in the report impacted our long-term assessment of the company's prospects.

We think it's reasonable to expect that Nu can organically compound earnings per share at 25% annually over the next five years. If we assume the multiple compresses, say from 22x forward earnings currently to 18-19x, and we subtract 6% annually from earnings-per-share growth for currency depreciation (in line with the historical experience with the Brazilian real), we can still come to a mid-teens prospective IRR from today's price. We think this is a special business that compared to its future opportunity looks quite cheap.

Describe something you sold fairly recently and why.

AF: One less-than-successful holding we exited around a year go was Comcast [CMCSA]. In this case our primary mistake was in underestimating the competitive challenge to its business presented by the telecoms' fixed-wireless broadband services. I was skeptical that the technology would be there to provide reliable service using 4G and 5G fixed-wireless infrastructure, but the offerings from T-Mobile and now Verizon and AT&T have increasingly proven themselves out over the last two or three years, offering lower price points that have been attractive in an inflationary period.

Our execution here wasn't flawless, but to our credit we responded fairly quickly to reduce our exposure here when we recognized consumers' willingness to switch to competing fixed-wireless options. We lost some money, but much less than we would have had we been more stubborn in sticking to our guns when evidence contrary to our thesis started to appear.

At the end of January, Berkshire Hathaway [BRK.B] was your third-largest holding. What role does it play in the portfolio?

AF: We think of it as a core anchor holding in the portfolio, the life's work of the best value investor ever in accumulating great businesses to own or invest in. We do think long and hard about what Warren Buffett's passing could mean, but we've become increasingly comfortable that Greg Abel and Ajit Jain are cut from the same cloth as Buffett and Charlie Munger, and that the disciplined and decentralized culture that has so successfully served

INVESTMENT SNAPSHOT

Nu Holdings
(NYSE: NU)

Business: Founded in 2013, provides online-banking products and services primarily in its home market of Brazil; expansion efforts underway focusing on Colombia and Mexico.

Share Information (@2/26/25):

Price	**11.48**
52-Week Range	9.67 – 16.14
Dividend Yield	0.0%
Market Cap	$55.32 billion

Financials (TTM):

Revenue	$8.68 billion
Operating Profit Margin	50.7%
Net Profit Margin	35.8%

Valuation Metrics
(@2/26/25):

	NU	S&P 500
P/E (TTM)	31.5	25.8
Forward P/E (Est.)	22.0	22.6

Largest Institutional Owners
(@12/31/24 or latest filing):

Company	% Owned
Capital Research & Mgmt	5.5%
BlackRock	5.3%
Sequoia Capital	4.9%
Baillie Gifford	4.7%
State Street	1.8%

Short Interest (as of 2/15/25):

Shares Short/Float	3.8%

NU PRICE HISTORY

THE BOTTOM LINE

Daniel Bakalarz believes this is a special business with tremendous organic growth potential, but whose stock today compared to the future opportunity "looks quite cheap." Even assuming a decline in the earnings multiple and a headwind from the deprecation of the Brazilian real, he believes the shares today offer a prospective IRR in the mid teens.

Sources: S&P Capital IQ, company reports, other publicly available information

Berkshire will persist and continue to drive the company's success in the future.

We don't really think there is a next Buffett, but we believe the risk/reward in Berkshire's stock today [at a recent B share price of around $495] is still attractive when you consider the strength and resiliency of the operating businesses and the fact that the company is sitting on $335 billion in cash, one-third of the market cap. At a time when the market isn't serving up a lot of great values, we like the optionality of having Buffett and his team put that money to work as new opportunities arise. VII

Important disclosures

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