



UBER Concentrated Stock Analysis

CIRCA CAPITAL Team

- ***Travis Raish, CFA***

Travis has over 25 years of experience in professional money management, including experience as a portfolio manager and as an equity analyst. His work includes consulting with advisory firms and managing stock-based portfolios for institutions and individuals.

Travis has a BSBA in Finance from Colorado State University and an MBA with a concentration in finance from Regis University. He holds the CFA designation and he is a member of CFA Society Atlanta.

- ***Steve Davenport, CFA***

Steve brings a wide assortment of experience and knowledge to Circa Capital. He has spent his career working with families and individuals to manage the risk of concentrated equity positions. He applies sophisticated equity options tactics to improve client outcomes.

Steve has a BS in Math/Computer Science from Providence College, a BS in Industrial Engineering from Columbia University and an MS in Finance from Carroll School of Management at Boston College. He holds the CFA designation and he is a member of CFA Society Atlanta.

- ***James Callahan, CFA, CPA***

James has over twenty years of fixed income research experience, having most recently served as a senior high yield credit research analyst for approximately eleven years at State Street Global Advisors (SSGA). His SSGA employment experience also included eight years as a senior investment-grade research analyst. Prior to SSGA, James worked as a high yield research analyst at BancBoston Robertson Stephens.

James has a BS in Accounting from Northeastern University and an MBA from the F. W. Olin Graduate School of Business at Babson College. Additionally, he is a CPA and has earned the right to use the CFA (Chartered Financial Analyst) designation and he is a member of CFA Society Boston.

Services we offer

- OCIO (i.e. Outsourced Chief Investment Officer)
 - Asset Allocation models
 - Separately managed equity
 - Risk management
- Investment management
 - Option Strategies
 - Equity portfolios
 1. Core
 2. Global Dividend
 - Fixed Income portfolios

Option Strategies

- **Concentrated Stock**

- Clients that have a concentrated stock position are concerned about the risk of significant loss to their wealth. In addition, the client may have liquidity needs and the sale of the security is not advisable due to the significant tax consequences associated with long term capital gains in the position. We deliver a customized approach by providing downside protection, generating premium income and establishing exit levels using equity options.

- **Protected Equity**

- Clients ask for solutions to the future risk of a significant drawdown (20% or more) in equities. We do not believe market timing is the best approach to address this problem. While there are some solutions in the marketplace, a goal based approach is the preferred method. Clients are looking for customized solutions with better liquidity, higher level of tax efficiency, and lower costs.

We Help You Evaluate The Tactics

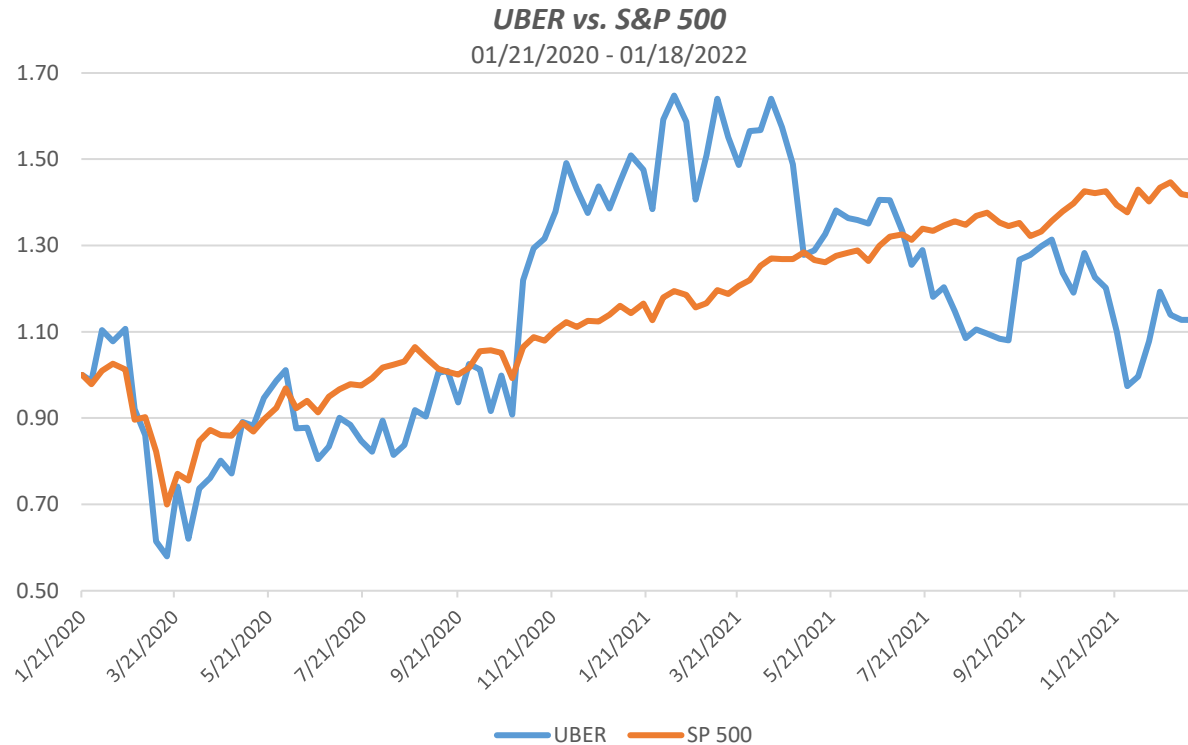
<u>Tactic</u>	<u>Advantages</u>	<u>Disadvantages</u>	<u>Considerations</u>
Sell	Immediate lowering of risk	Causes a taxable event Lose future growth	Market environment
Purchase Put	Provides downside protection Retain future appreciation	Cost of option Does not increase diversification	May cause higher tax on dividends
Sell Call (Premium)	Income from call option sales	Downside protection only from premium received	Minimum size requirements
Sell Call (Exit)	Can be combined with sales price	Diversification not enhanced	Determine agreed upon sale level
Cashless Collar	Creates protection with the premium received from call options	Must avoid constructive sale	Obtain tradeoff between downside and upside
Retain	Retain exposure to familiar name	Diversification is limited and other opportunities are not achieved	Long-term risk adjusted returns are limited to one company's exposure

Tactics Using Options

- **Premium Income**
 - Generates income selling call options with the understanding the stock will not be sold
- **Exit**
 - Adds income using options in a measured way to exit at the agreed upon sale price
- **Collar**
 - Combination of buying a put option and selling a call option to make the transaction cash neutral and achieve a more certain price range
- **Put Purchases**
 - Puts for protection are purchased with consideration of macro and stock specific information

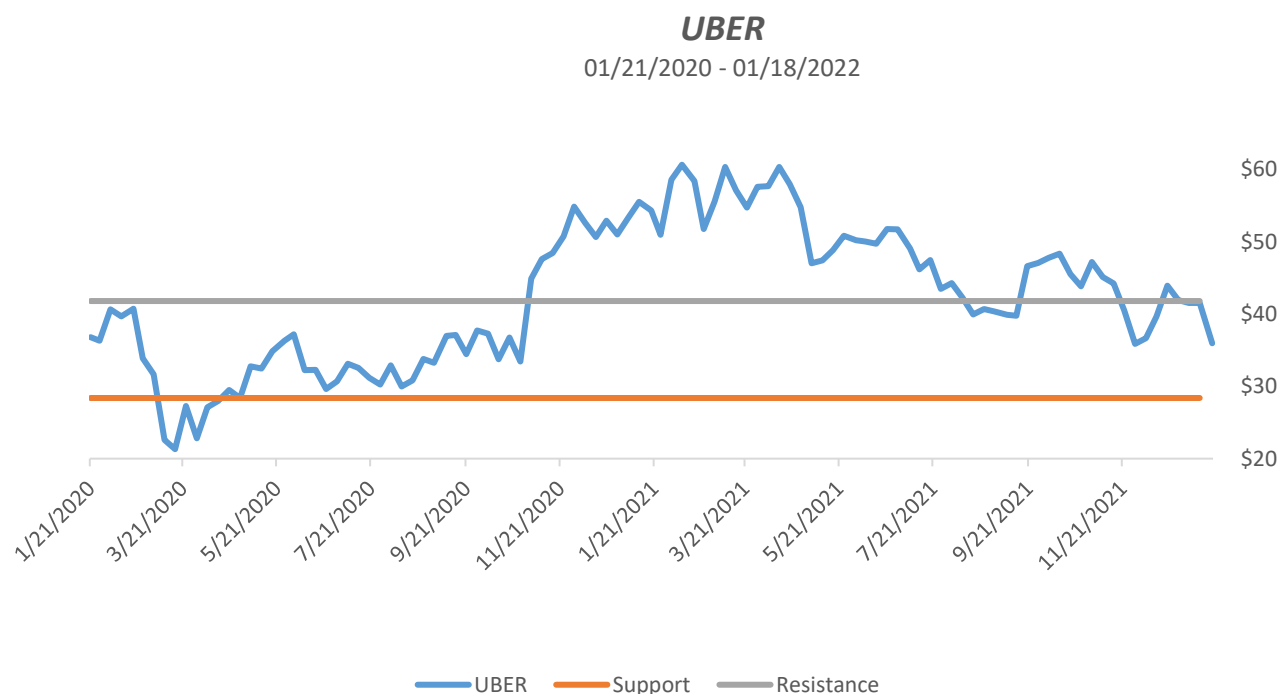
Strategies can be stand alone or combined

Stock Comparison to S&P 500 Index



- *UBER was tracking the overall market, then shot up at end of 2020*
- *Move out of the 2020 correction was very strong but it was not sustained as variants kept a lid on reopening*
- *UBER continues to execute and to expand the portfolio of assets*
- *“Throwing baby out with the bath water”*

Stock Relative to Support & Resistance



- Stock broken down below \$40 and it has moved back to the 2020 range
- At \$35, I recommend patience as the reopening trade will come back
- Look to see \$69 but not for 1-2 years. Recommend exit in mid \$40s, \$50s of 10-20% with ultimate goal of keeping 30k shares at \$65 (\$3 million)

Sample Call Options



<u>Expiration Date</u>	<u>Strike Price</u>	<u>Call Premium \$</u>	<u>Call Premium %</u>	<u>Volatility</u>
3/18/2022	\$40.0	\$1.50	4.3%	65.0%
04/14/280	\$42.5	\$1.32	3.8%	59.2%
5/20/2022	\$45.0	\$1.36	3.9%	56.4%
6/17/2022	\$45.0	\$1.60	4.6%	53.7%
6/17/2022	\$47.5	\$1.20	3.5%	52.5%

Concentrated Stock Summary



- With Uber @\$35 stock is far below Morningstar fair value of \$69
- Progress with DRZLY and autonomous driving technology increase future value
- Omicron and other variants of pandemic look to be more mild
- While capital gains tax increases are less certain, it is still a risk in 2022
- Volatility is likely to increase as the Fed tapers and ultimately raises rates

Investment Philosophy

Guiding Principles



Companies with sustainable competitive advantages tend to deliver better results over long periods of time.

"It's better to own a great company at a fair price than a fair company at a great price." – Warren Buffett

Balance across markets, sectors and industries helps provide stability over a full market cycle, and more consistent results over time.

Applying a proven process consistently over long periods of time increases the chance of investment success.

CIRCA CAPITAL as a partner

How does CIRCA help me?

- ✓ Each principal brings unique skill set with 20 plus years experience
- ✓ CIRCA has been serving high net worth clients on Schwab for over 14 years
- ✓ Ratings on stocks, ETFs and funds provided by Morningstar
- ✓ Custom solutions are developed with each client situation in mind
- ✓ Principals review and discuss all areas of investments, three heads better than one
- ✓ History of helping ultra high net worth families with comprehensive advice

Contacts

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