

Legendary Investors

D.E. Shaw's Picks

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Filtered by risk

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Investing involves risk, including possible loss of principal. Past performance does not guarantee future results.

Investment strategy and key holdings

- The D. E. Shaw group is a NY based multi-strategy hedge fund managing around \$60 billion of AUM spanning traditional and alternative asset classes across the globe
- The firm's systematic strategies run on quantitative and computational techniques across all asset classes while its discretionary investment strategies are primarily based on human analysis
- There are strategies that incorporate both the above approaches which are hybrid strategies.
- Besides investing into financial markets, DE Shaw has also invested directly in more than 65 renewable energy projects

Company Name	% of Portfolio	Value Owned	Average Buy Price
Microsoft Corp	4.06%	\$ 2.46B	<u>\$233.37</u> (+70.8%)
Apple Inc	2.69%	\$ 1.62B	<u>\$119.11</u> (+60.8%)
Nvidia Corporation	2.38%	\$ 1.44B	<u>\$287.42</u> (+107.0%)
Amazon Com Inc	1.50%	\$ 909.57M	<u>\$126.45</u> (+22.8%)
Booking Holdings Inc	1.35%	\$ 814.30M	<u>\$2341.55</u> (+54.4%)
Meta Platforms Inc	1.34%	\$ 811.76M	<u>\$243.79</u> (+57.3%)
Tesla Inc	1.17%	\$ 709.62M	<u>\$188.53</u> (+12.5%)
Horizon Therapeutics Plc	0.90%	\$ 545.85M	<u>\$108.6</u> (+7.1%)
Uber Technologies Inc	0.84%	\$ 510.74M	<u>\$38.39</u> (+69.6%)
Activision Blizzard Inc	0.80%	\$ 485.19M	<u>\$84.31</u> (+12.0%)

Source:

SEC 13F
filing

Estée Lauder

Target
XXXX

Portfolio weight: 0.7%

Market price: \$126

Market value :\$442 M

DE Shaw's average cost: \$174

Profile: Estée Lauder (EL) is one of the world's leading manufacturers and marketers of skin care, makeup, and fragrance products based in the US. Around 74% of its sales derives from international markets and hence its sales has a relatively high FX volatility. Its main business segments are skin care (52% of total sales), makeup (28%), fragrances (16%) and hair care (4%). EL acquired TOM FORD brand in 2023. Its stock is a dividend play as the company has regularly paid cash dividend since listing in 1995.

Fundamentals		Outlook
Mcap	\$45 B	The higher share of EL from China and Asia travel retail has negatively affected organic sales growth (-11%) in Q1 FY23, while organic sales in the US , many developed and emerging markets grew strongly in the quarter.
P/E (2025E)	23x	
Year end	June	
EPS 2025E	\$5.40	At the end Q1 24 ending Sep 30 2023, the company reported cash of \$3B and long-term debt of \$7B post its acquisition of TOM FORD. Net debt/ EBITDA multiple increased sharply to 3.9x from 1.4x as a result.
EPS 2024E	\$2.33	
Next earnings day	Feb 05, 2024	The poor performance of the stock in 2023 reflects a large extent to poor performance of its largest segment, skin care due to inventory issues, a slower recovery in demand from China and travel retail. Increased financial risk post acquisition also contributed negatively along with a stronger dollar.
Div yield (Excl. withholding tax)	2.1%	
ROE	10%	The company has guided a better H2 2023-24 predicting net sales growth as well as operating margin expansion driven by an improvement in sales volume and price increase in select brands. It has also stated its aim to generate an incremental \$800M –\$1 B operating profit in FY ending 2025 and 2026 largely from gross margin expansion.
Institutional holding	90%	

Consumer discretionary –
Footwear

Nike

Target
XXXX

Portfolio weight: 0.4%

Market price: \$102

Market value :\$262 M

DE Shaw's average cost: \$105

Profile: Nike is the world's largest seller of athletic footwear and apparel. About 56% of Nike brand revenues are generated through the wholesale channel and the remaining 44% via direct-to-consumer (DTC). North America (44%), EMEA (28%), China (15%) and APLA (13%) are the key markets for Nike globally. It also sells its products under Converse brand, which is wholly owned by Nike. Beyond DTC, Nike is focusing on its Women's business as it is expected to grow faster than the men's segment, especially in international markets.

Fundamentals		Outlook
Mcap	\$154 B	A weaker global consumer spend due to higher interest rates and inflation has led Nike to downgrade its revenue outlook for H2 FY 24 ending May. Management has however reiterated delivery of a strong gross margin (due to price increase and cost savings). It has indicated a \$400-450 M one-off restructuring cost due to employee severance , a large part of which likely to be reflected in Q3 FY24 ending Feb 2024.
P/E (2025E)	24x	
Year end	May	
EPS 2025E	\$4.25	Nike is focusing on increasing its DTC sales to improve its profit margin and customer relationship. Direct sales rose 4% YoY in constant-currency terms in Q2 FY24. The company is however facing stiff competition through digital channels compared to its traditional downtown stores. The 2024 Summer Olympics is a major event for the company and it is ready with big product plans in the months ahead. The company has returned around \$1.7 B to shareholders in Q2 FY24 through a cash payout as well as stock repurchase. Cash dividend was raised 9% YoY in the second quarter as the company maintains its track record of 22 consecutive years of increasing dividend payouts
EPS 2024E	\$3.59	
Next earnings day	Around Mar 19, 2024	
Div yield (Excl. withholding tax)	1.4%	
ROE	36%	
Institutional holding	84%	

Consumer discretionary–
Vacation rental

Airbnb

Target
XXXX

Portfolio weight: 0.4%

Market price: \$140

Market value :\$249 M

DE Shaw's average cost: \$ 131

Profile: . Airbnb operates a platform for stays and experiences to guests worldwide. The company's marketplace model connects hosts and guests online to book spaces and experiences. It primarily offers private rooms and luxury villas. Airbnb's hosts span more than 220 countries and 100,000 cities. It currently has over 4 million hosts around the world, with 86% of hosts located outside of the United States.

Fundamentals		Outlook
Mcap	\$90 B	<p>Airbnb reported a strong 14% YoY growth in Gross Booking Value (GBV) in Q3 2023 at constant currency as bookings increased across all regions of the world. Its revenue also increased 14% YoY at constant currency, while adjusted EBITDA jumped 20% YoY reflecting a good cost management as well. Adjusted net income was \$1.6 B (33% YoY) translating to a strong net margin of 47%.</p> <p>The company has generated an impressive FCF of \$1.3 B in Q3 2023 and a TTM FCF of \$4.2 B translating to a FCF margin of 44%. The company has been investing over the past three years in international markets such as Germany, Korea and Brazil which has produced excellent results so far.</p> <p>The company's approach is to make hosting mainstream as active listings grew 19% YoY in Q3 2023 and is implementing a number of features and upgrades to improve customer service and help hosts set more competitive prices.</p> <p>The company had \$11 B in cash as of Q3 2023 and has repurchased \$1 B of its own stock in 2023 till Q3 2023.</p>
P/E (2024E)	31x	
Year end	December	
EPS 2024E	\$4.45	
EPS 2023E (One-off tailwind)	\$8.07	
Next earnings day	Feb 13, 2024	
Div yield (Excl. withholding tax)	0%	
ROE	36%	
Institutional holding	79%	

Consumer discretionary—
Vacation rental

Airbnb

Target
XXXX

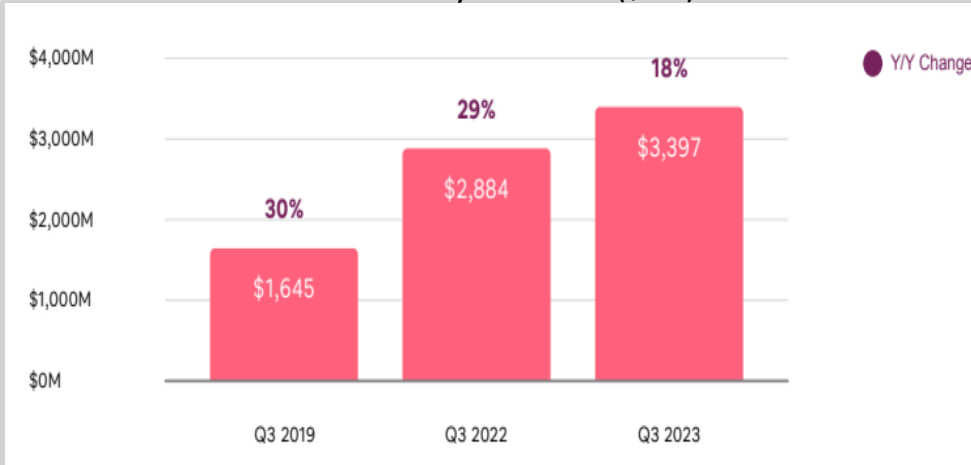
Portfolio weight: 0.4%

Market price: \$140

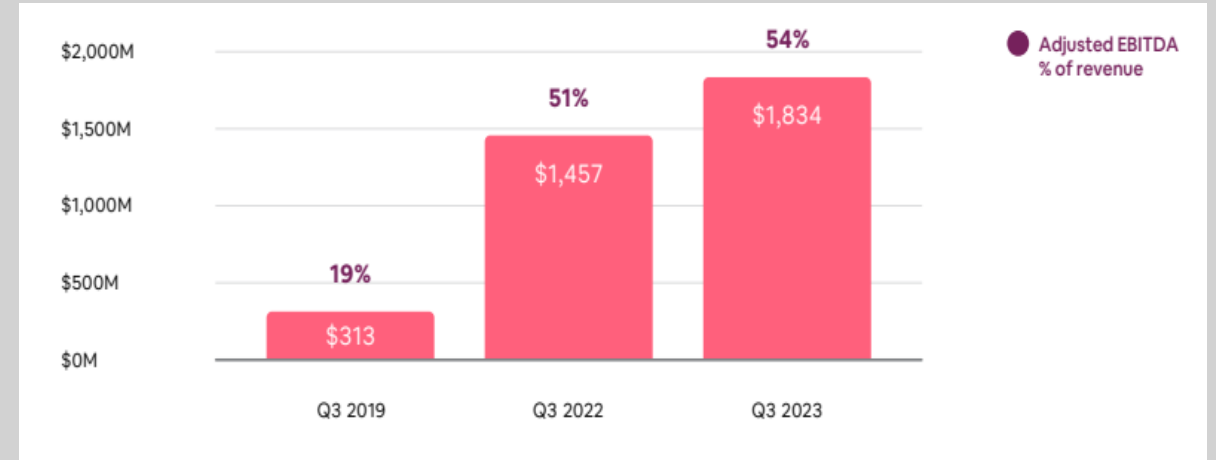
Market value :\$249 M

DE Shaw's average cost: \$ 131

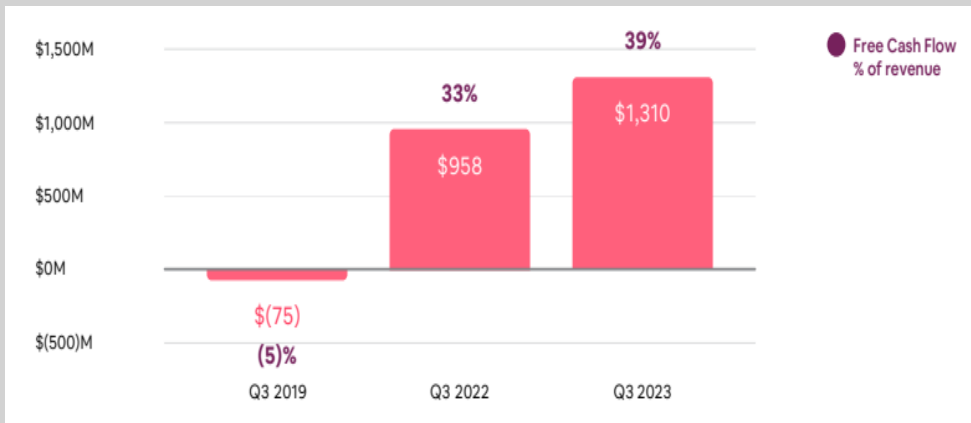
Quarterly revenue (\$ M) trend



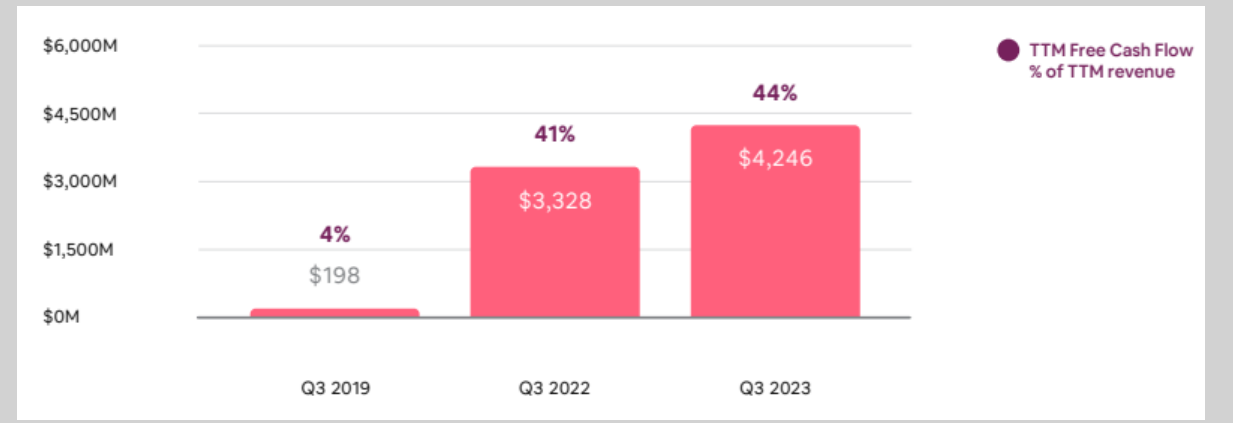
Quarterly adj EBITDA (\$ M) trend



Quarterly Free Cash Flow(\$ M) trend



TTM Free Cash Flow (\$ M) trend



Texas Instruments

Target
XXXX

Portfolio weight: 0.5%

Market price: \$ 159

Market value : \$305 M

DE Shaw's average cost: \$ 174

Profile: Texas Instruments is a global semiconductor company that designs & manufactures analog and embedded processing chips for end markets such as industrial (40% of total sales), automotive (34%), personal electronics (15%) etc. Analog is its largest business segment (74% of revenue) followed by embedded processors (19%). The company's most recognized manufacturing competitive advantage over its peers is its 300 mm diameter wafer production, which reduces chip cost by nearly 40% compared to the one built on a 200 mm wafer.

Fundamentals		Outlook
Mcap	\$145 B	Analog products typically have longer product life cycles than digital products, are less subject to competition from Asian producers, and have lower capital requirements for production facilities. This is a key strength for the company in delivering superior financial metrics.
P/E (2025 E)	25x	
Year end	December	
EPS 2025E	\$6.44	A protracted weakness in industrial demand and a sequential decline in automotive markets continue to pressure topline for the company as reflected by a 13% YoY decline in its Q42023 revenue.
EPS 2024E	\$5.06	
Next earnings day	Around Apr 23, 2024	Free cash flow was \$1.3 B in 2023 after a \$5.1 B capex spend and the company has returned \$4.9 B to its shareholders in FY23. Texas Instruments has increased dividend for 20 consecutive years at an astounding CAGR of 24% during the period 2004-23
Div yield (Excl. withholding tax)	3.2%	
ROE	41%	
Institutional holding	89%	

Texas Instruments

IT- Semi
conductors

Target
XXXX

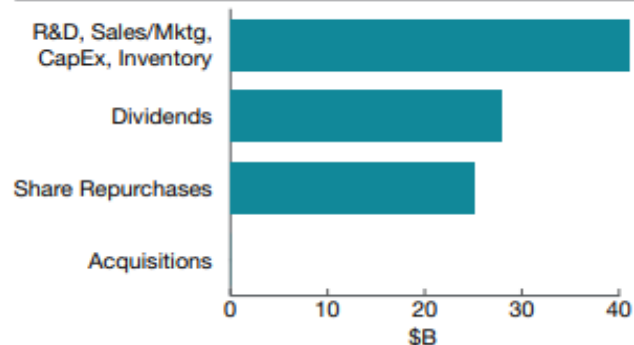
Portfolio weight: 0.5%

Market price: \$ 159

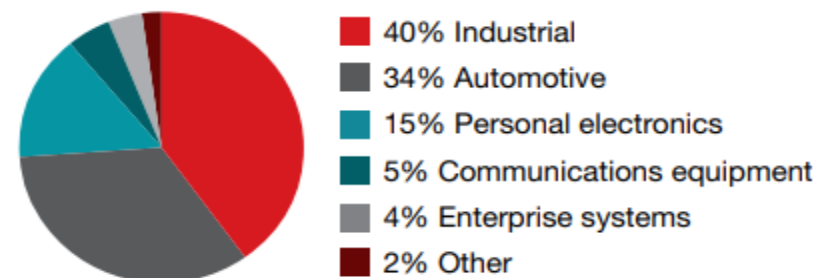
Market value : \$305 M

DE Shaw's average cost: \$ 174

\$94 billion allocated (2014-2023)

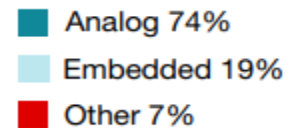


2023 revenue by end market



A 100% organic growth and a shareholder friendly return of capital over the past two decades

Revenue 2023



Source: Company's Investor presentation