



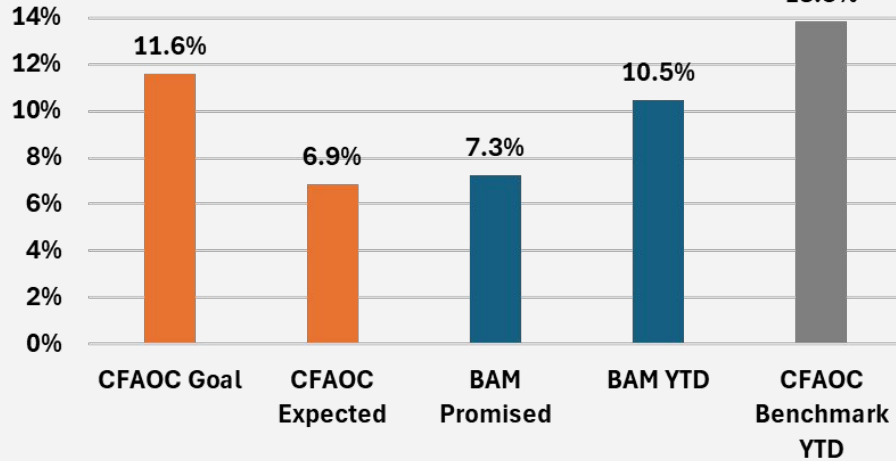
# BAM 2026 – CFAOC Request For Proposal

NOVEMBER 21, 2025

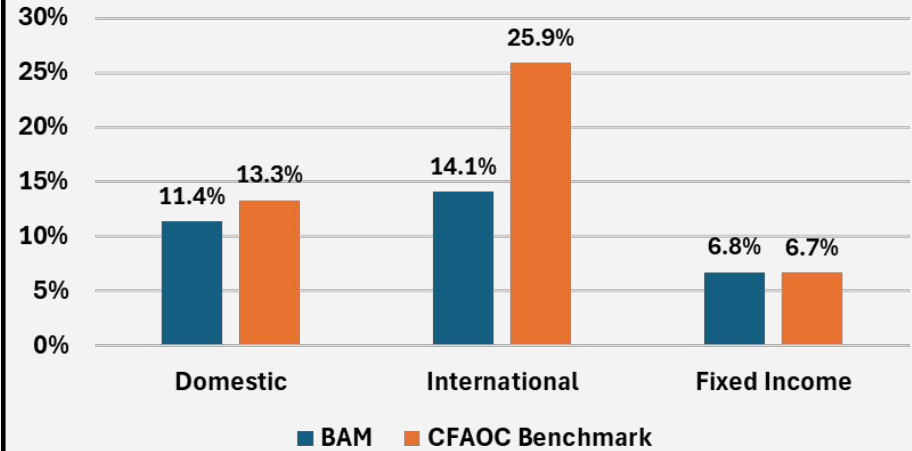


# Client Goals & Portfolio Construction

### BAM Expectations vs. Results



### YTD Returns



**Exceeded expected returns**

**International outperformance  
→ South Korea & Germany**

**Better  
Preparation**

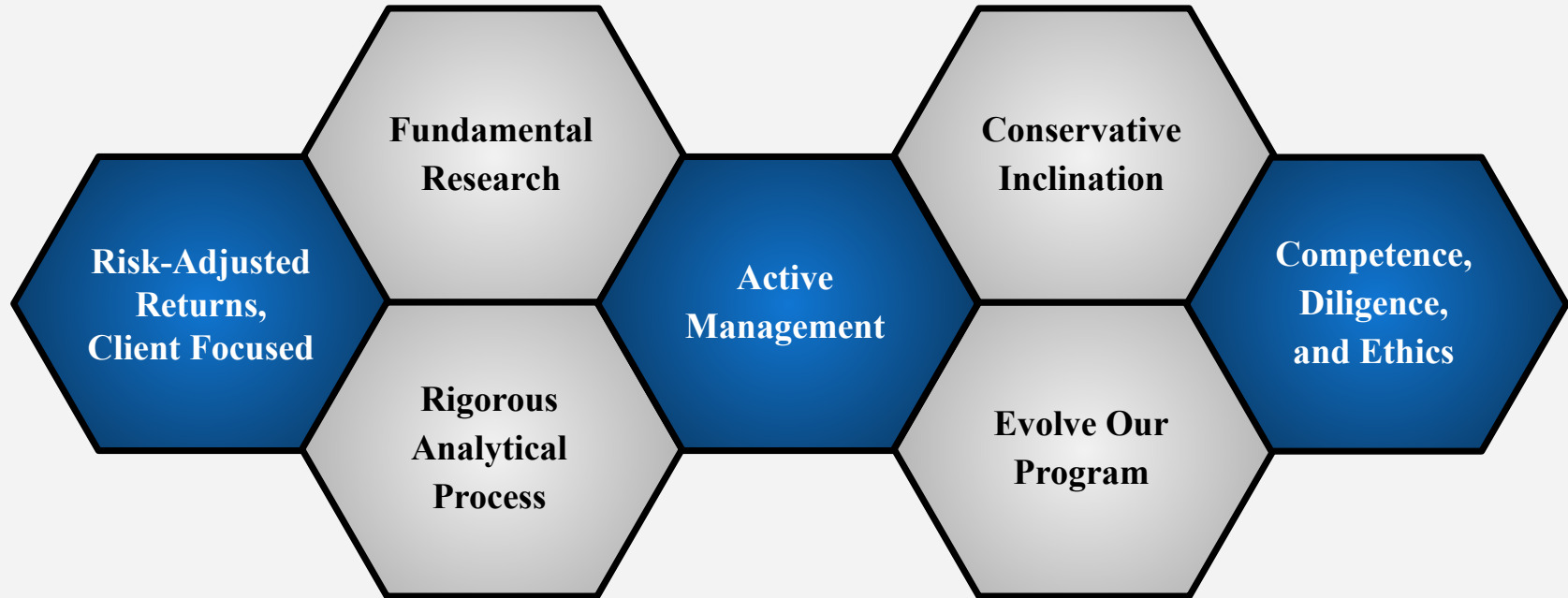


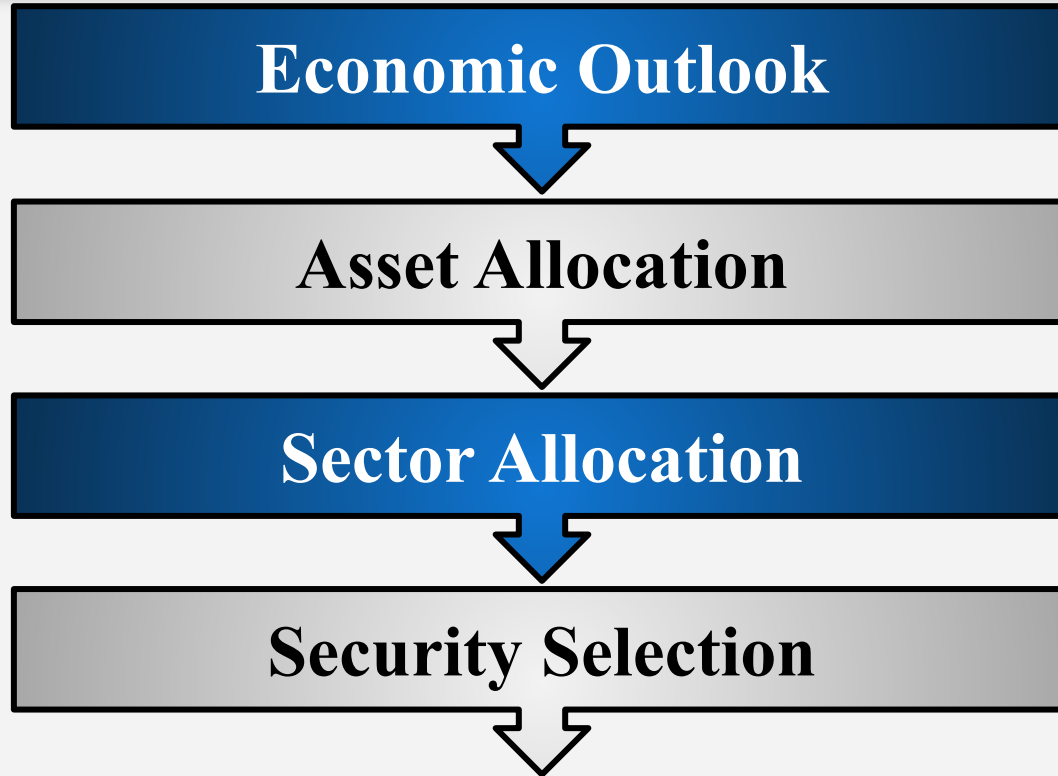
**Improved Risk  
Management**

**Patience &  
Conviction**



**Alumni  
Network**

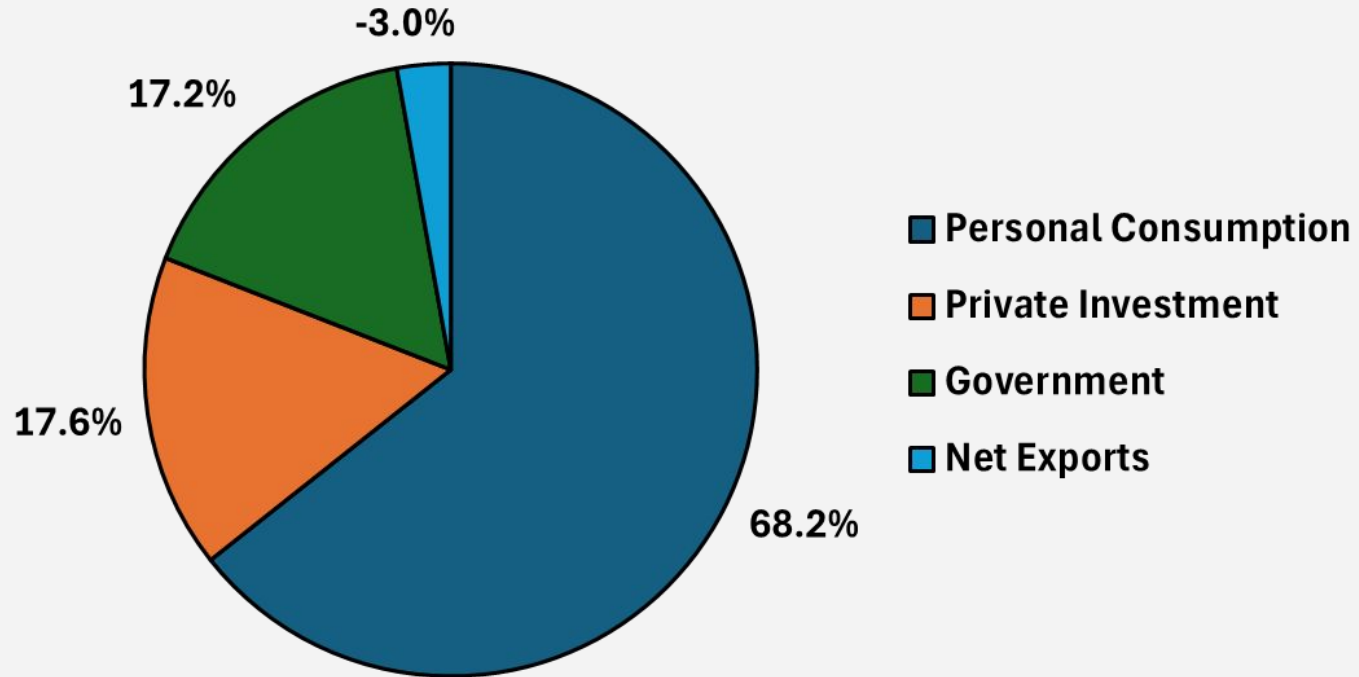




A faded, green-tinted image of the Statue of Liberty's head and crown, set against a dark blue background. The statue's face is looking slightly upwards and to the right. The crown has seven spikes.

# Economic Outlook: United States

## US GDP Components



## Consumer Spending

↑ 4.0%

- Wage growth solid
- Savings up 0.5%
- Demographics
- Low immigration

## Business Investment

↑ 4.1%

- Non-residential up 4.9%
- Residential headwinds

## Gov. Spending

↑ 3.8%

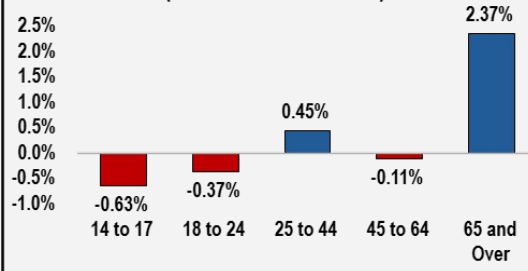
- Fiscal spending solid
- Defense
- Increased deficit

## Net Exports

↑ 2.9%

- Improved trade deficit
- Fading tariff effects

Population Growth by Age Group (Via Census Bureau)



30-Year Fixed Mortgage Rate Avg. (%)



US Trade Balance (\$, Billions)



# US ECON: Slower but Higher

<u>GDP</u>	<u>Inflation</u>	<u>10-Year Rate</u>	<u>Unemployment</u>
<ul style="list-style-type: none"> <li>• Consumer: 68.2%</li> <li>• Business: 17.6%</li> <li>• Government: 17.2%</li> <li>• Trade: -3.0%</li> </ul>	<ul style="list-style-type: none"> <li>• Wages: 4.1%</li> <li>• Materials: 0.5%</li> <li>• Tariffs: 7.45%</li> <li>• CPI Avg: 3.4%</li> <li>• CPI YE 3.0%</li> </ul>	<ul style="list-style-type: none"> <li>• Tracking Nominal GDP at 4.3%</li> <li>• Real Rate of 1-1.5%</li> </ul>	<ul style="list-style-type: none"> <li>• Low Labor Demand</li> <li>• Balance by Low Supply</li> </ul>

<b>BAM</b>	<b>0.9%</b>	<b>3.4%</b>	<b>4.3%</b>	<b>4.4%</b>
<b>Consensus</b>	<b>1.7%</b>	<b>2.8%</b>	<b>4.1%</b>	<b>4.4%</b>

The image is a collage of three international landmarks. On the left is a traditional Chinese gate with a blue tiled roof and red arches. In the center is the Taj Mahal, a white marble mausoleum with a large central dome. On the right is the Great Wall of China, a long stone wall winding across a green hillside. The text "International Outlook" is overlaid in the center in a white, serif font.

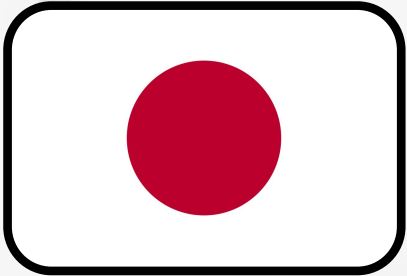
# International Outlook



## E.U

Slow growth

Fragile recovery



## Japan

Aging population

Lack of growth



## Mexico

High tariffs

Structural challenges



## Brazil

Rising inflation

Geopolitical uncertainty

## China

- Tech opportunity
- Geopolitical Tensions
- Government Focus



## India

- Supportive Demographics
- Government Policy
- Investment into Infrastructure



## South Korea

- Tech-Driven Growth
- Supportive Policy
- Stabilizing Consumers



A nighttime photograph of a city skyline, likely Los Angeles, featuring several prominent skyscrapers. Some buildings are under construction, with cranes visible against the dark sky. The buildings are illuminated with lights, and the overall scene is set against a deep blue twilight background. The text 'BAM 2025 Asset Allocation' is overlaid in the center in a large, white, serif font.

# BAM 2025 Asset Allocation

# Market: Outlook and History

Historicals and expected return analysis guide  
capital market outlook

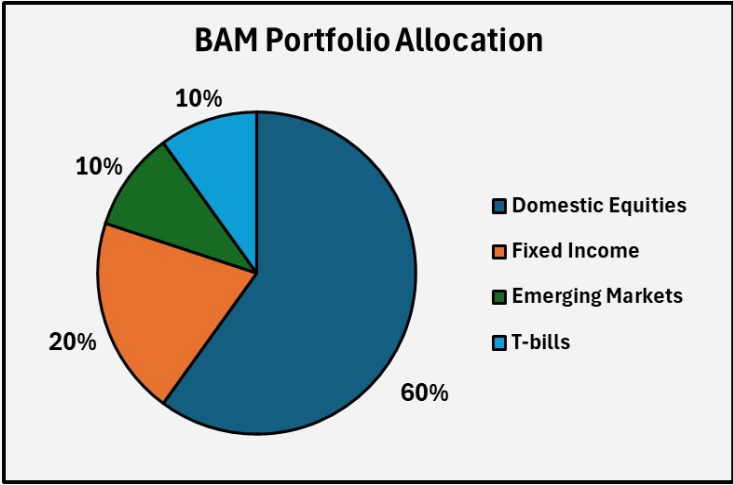
Table below is the representation of our  
expected market return

Asset Class	Index	10 Yr Historical Return	10 Yr Standard Deviation	Expected Return	Assumptions
Domestic	R3000	14.01%	15.60%	7.83%	CAPM
Developed	M1EA	7.65%	14.73%	6.90%	CAPM
Emerging	M1EF	8.12%	16.49%	6.38%	CAPM
Fixed Income	BB Aggregate	1.93%	5.03%	4.33%	YTW
Cash	T-Bills	2.11%	0.56%	3.84%	3M T-Bills



BAM Expected Returns (CAPM)		
Metrics	BAM Tactical	BAM Final
Return	7.4%	7.1%
Std. Dev	11.2%	10.1%*
Sharpe Ratio	0.66	0.70
Allocations % U.S. / DM / EM / Fixed Income / T-Bills	60/0/10/20/10	60/0/10/20/10

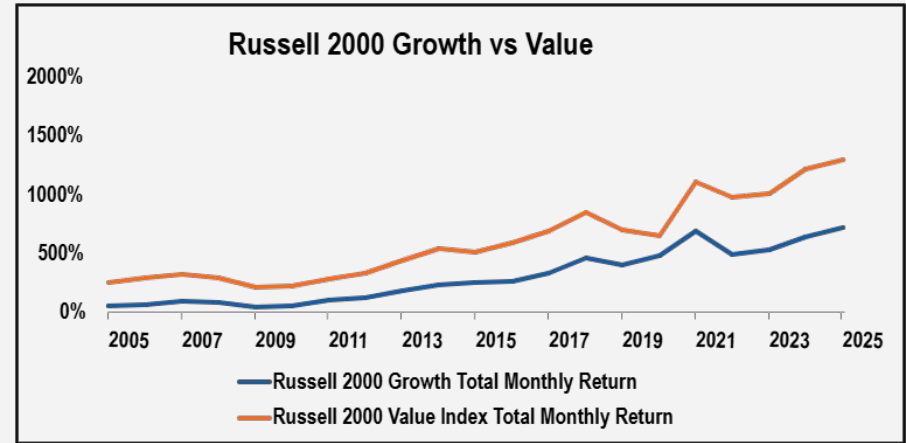
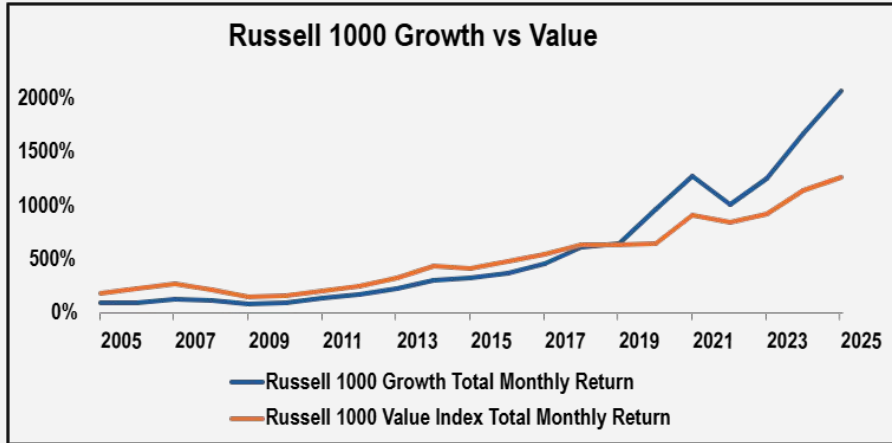
\*Changed from RFP





# Domestic Equity Strategy

## Conclusion: Large Cap Growth Outperforms

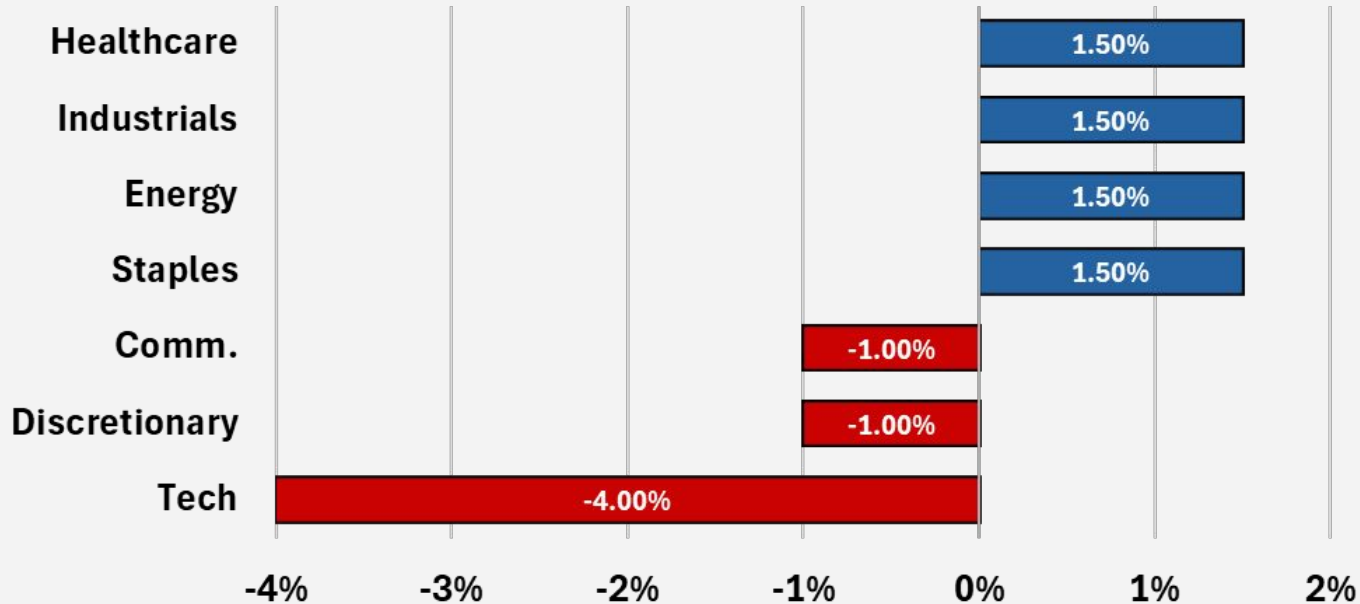


**Growth  
outperforms**

**Don't  
overpay!**

**GARP**

## Domestic Equity Allocation Adjustments

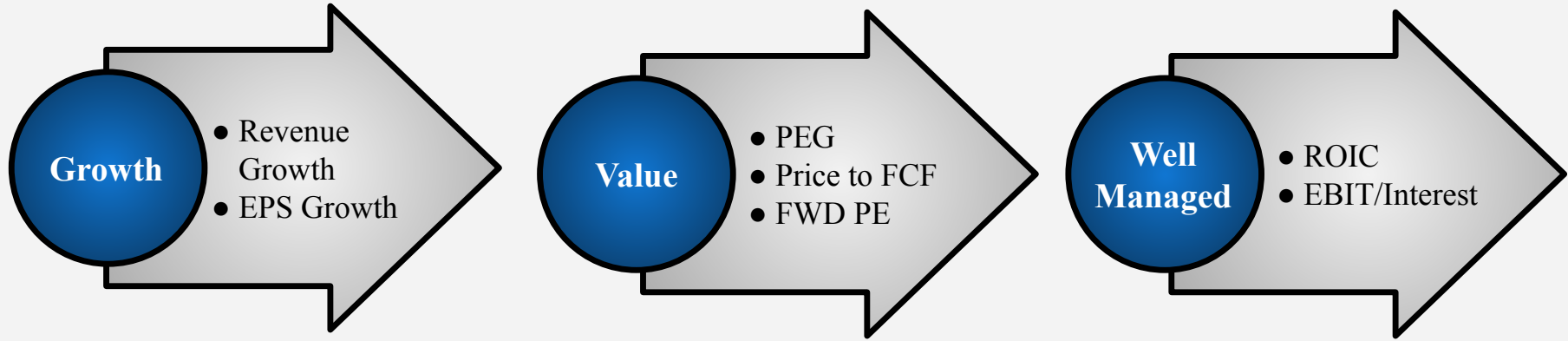


Late cycle  Small Cap Value Outperforms  
AVUV\* Identified as Best Small Cap Value Fund

**“Countercyclical Investing”**  
(Rasmussen et al., 2021)

**“Small Caps, Big Opportunities”**  
(Research Affiliates, 2025)

\*Avantis US Small Cap Value ETF



## The BAM 13

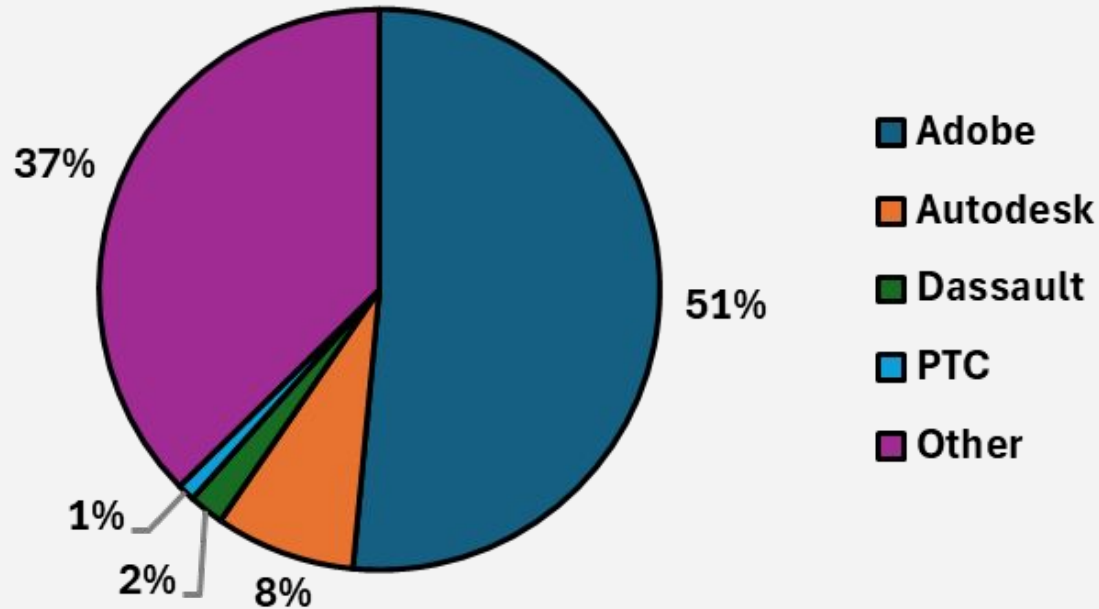


# Example Security Proposal

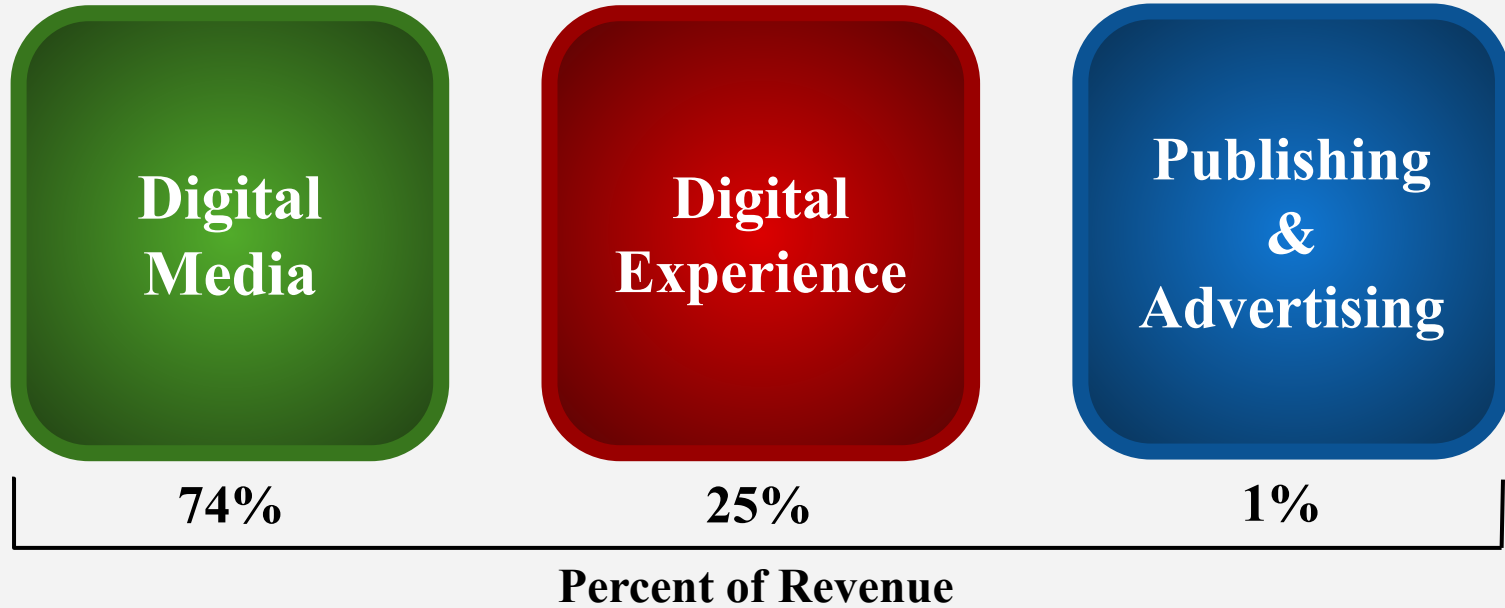
Adobe Incorporation  
NASDAQ: ADBE  
Recommendation: BUY



## Market Share by Revenue



$\frac{3}{4}$  of revenue derived from digital media &  $\frac{1}{4}$  digital experience



## Americas



**60%**

## Europe, Middle East & Africa



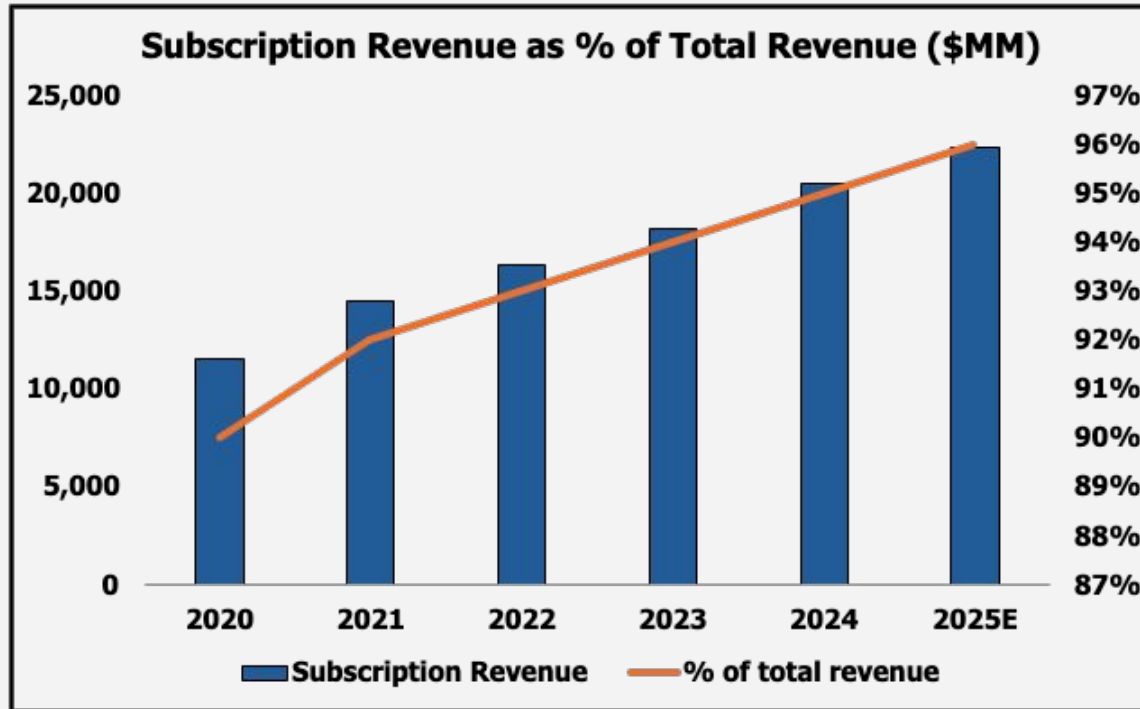
**26%**

## Asia Pacific



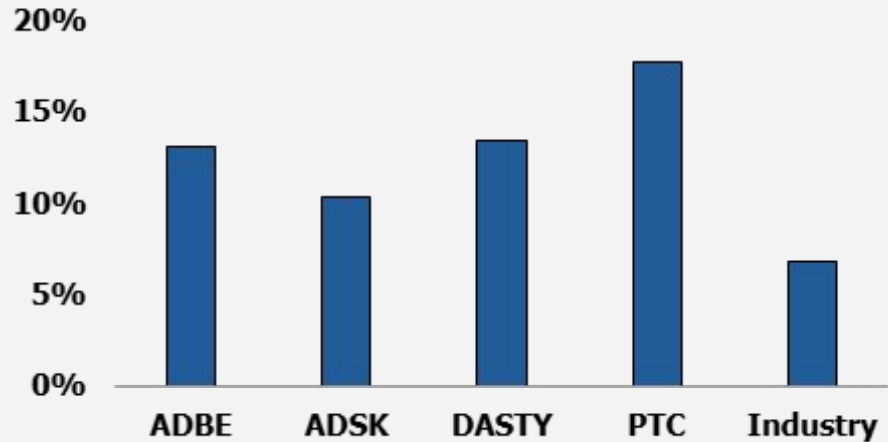
**14%**

# ADBE: Subscription Based Model

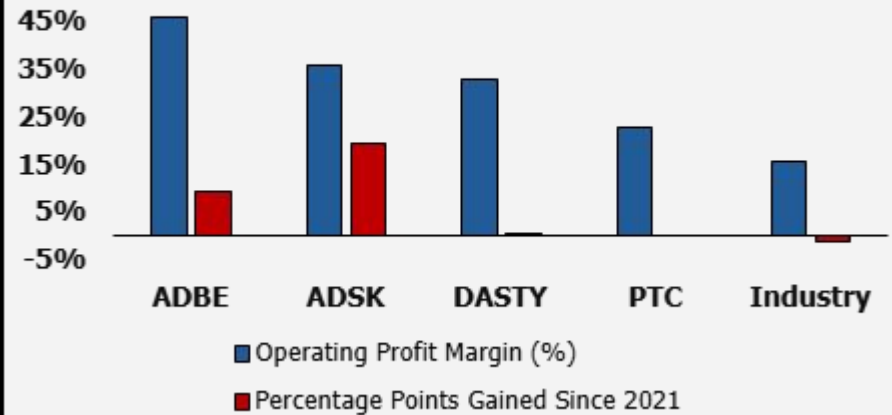


# ADBE: Higher Growth, Higher Margins

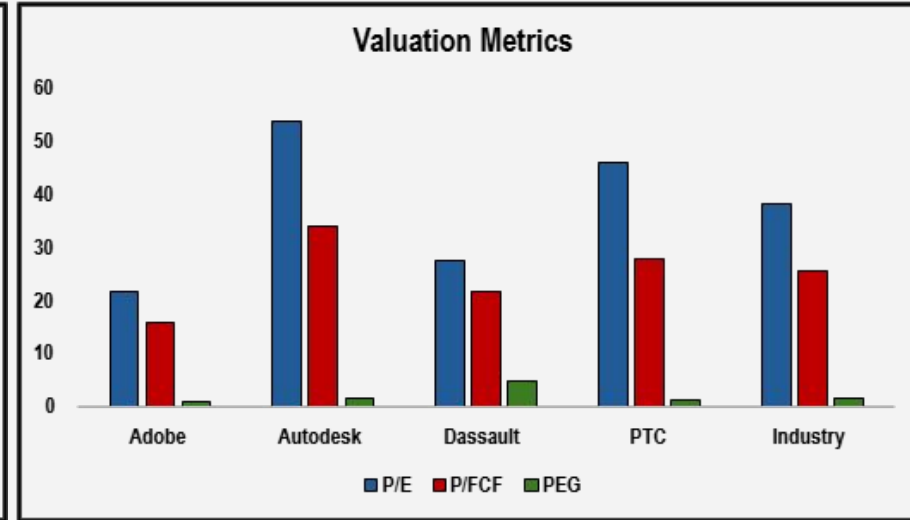
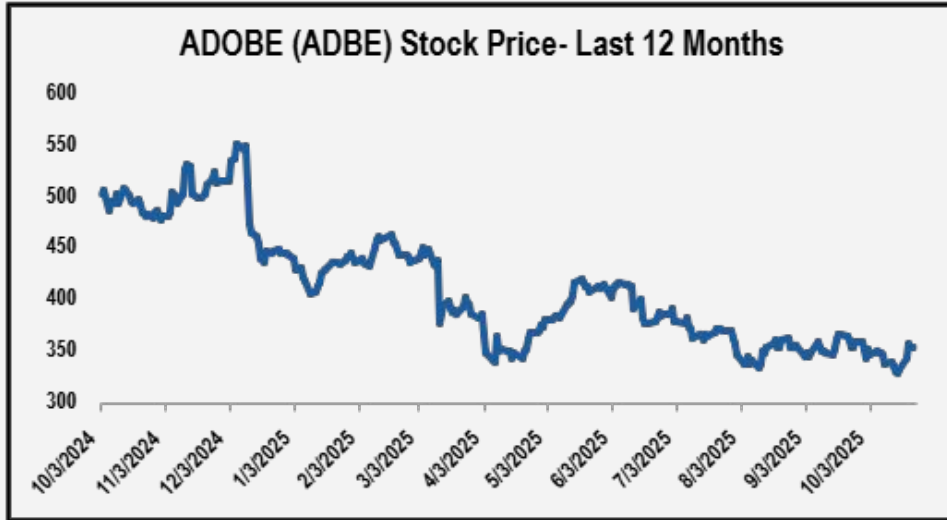
### 2021-2025 Revenue Growth 5-Year CAGR



### Operating Profit Margin (%) vs Margin Growth

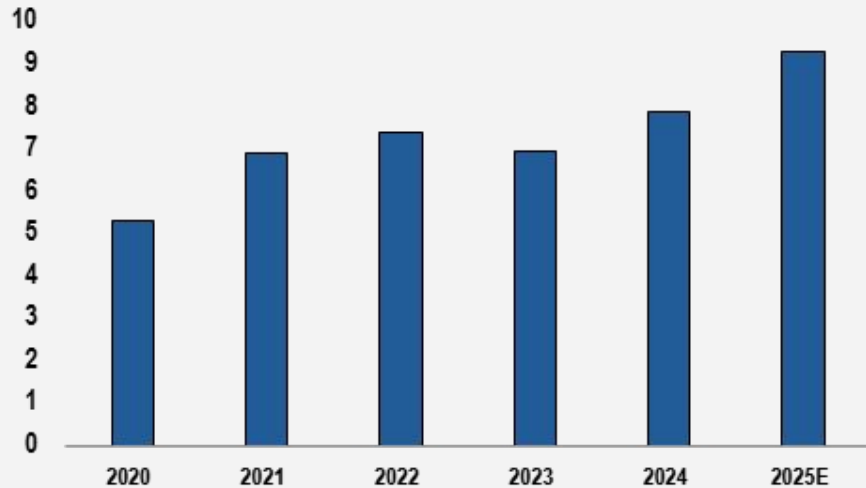


# ADBE: High Growth at an Attractive Valuation

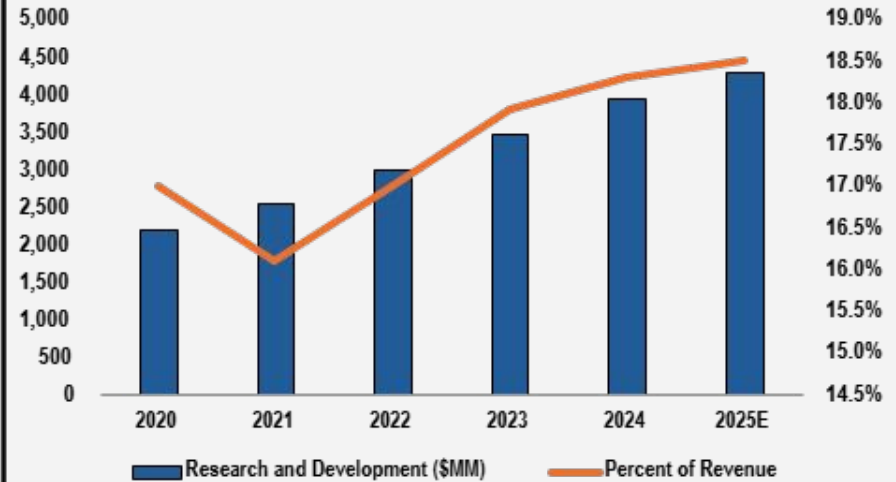


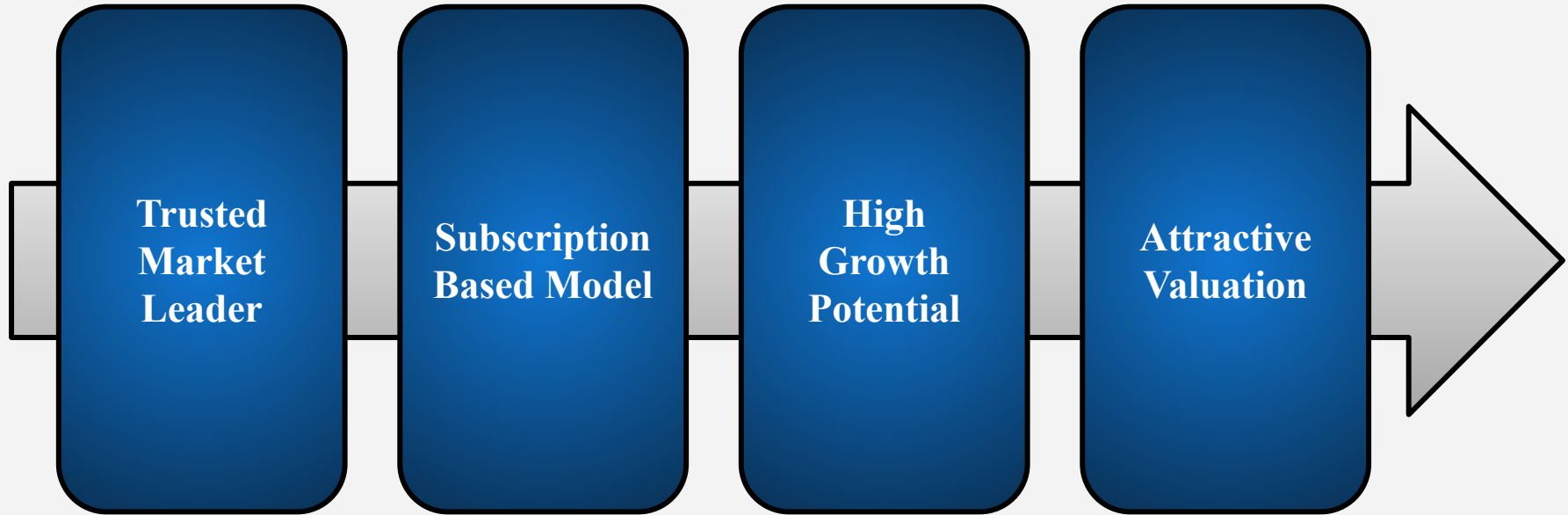
# ADBE: High FCF Levels Support R&D Investment

### Free Cash Flow (\$B)



### Research and Development (\$MM)





# ADBE: Valuation

## Bronco Asset Management

Valuation Date as of October 24, 2025

### Discounted Cash Flow Method

(USD in Millions)

	Historical					Projected				
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Revenue	\$15,785	\$17,606	\$19,409	\$21,505	\$23,682	\$26,105	\$28,738	\$31,400	\$34,044	\$36,621
Cost Of Goods Sold	1,865	2,165	2,354	2,358	2,556	2,767	2,989	3,203	3,404	3,589
Gross Profit	13,920	15,441	17,055	19,147	21,127	23,338	25,750	28,197	30,640	33,032
Operating Expenses	8,118	9,343	10,405	12,406	12,522	13,966	15,519	16,956	18,044	19,226
Operating Income (EBIT)	5,802	6,098	6,650	6,741	8,605	9,372	10,231	11,241	12,596	13,806
EBITDA	6,590	6,954	7,522	7,598	9,425	10,285	11,237	12,340	13,788	15,088
Tax Expense						2,654	2,949	3,222	3,428	3,653
<b>Earnings Before Interest After Tax</b>						<b>6,718</b>	<b>7,282</b>	<b>8,020</b>	<b>9,168</b>	<b>10,153</b>
Depreciation and Amortization						914	1,006	1,099	1,192	1,282
Capital Expenditures						261	287	314	340	366
Increase (Decrease) in Working Capital						71	41	173	172	167
<b>Free Cash Flow (FCF)</b>						<b>7,299</b>	<b>7,960</b>	<b>8,632</b>	<b>9,847</b>	<b>10,901</b>
Present Value Factor						0.91	0.87	0.80	0.73	0.67
Present Value of FCF						6,638	6,934	6,898	7,220	7,333
Present Value of Projected FCF's						35,023				
Present Value of Terminal Value						137,986				
<b>Total Enterprise Value</b>						<b>173,010</b>				
Cash						5,940				
Debt						6,056				
<b>Equity Value</b>						<b>172,894</b>				
Diluted Shares						424				
<b>Implied Price Per Share</b>						<b>\$408</b>				

Metrics:										
Revenue Growth %	-	11.5%	10.2%	10.8%	10.1%	10.2%	10.1%	9.3%	8.4%	7.6%
Gross Profit Margin %	88.2%	87.7%	87.9%	89.0%	89.2%	89.4%	89.6%	89.8%	90.0%	90.2%
EBIT Margin %	36.8%	34.6%	34.3%	31.3%	36.3%	35.9%	35.6%	35.8%	37.0%	37.7%
EBITDA Margin %	41.7%	39.5%	38.8%	35.3%	39.8%	39.4%	39.1%	39.3%	40.5%	41.2%
D&A as % of Revenue	5.0%	4.9%	4.5%	4.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Capex as % of Revenue	2.5%	(0.1%)	0.9%	0.9%	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Working Capital as % of Revenue	9.9%	9.6%	9.8%	8.0%	7.4%	7.0%	6.5%	6.5%	6.5%	6.5%

<b>Terminal Growth Rate</b>	<b>3.5%</b>
<b>Cost of Equity</b>	<b>9.5%</b>
<b>WACC</b>	<b>9.0%</b>
<b>Current Share Price</b>	<b>\$354</b>
<b>Target Share Price</b>	<b>\$408</b>
<b>Upside</b>	<b>15%</b>

Intro

Goals

U.S.  
Econ

INT'L  
Econ

Asset  
All.

Equity  
Strategy

FI  
Strategy

Proposed  
Portf.

1.	Future revenue growth 2025-2027 CAGR (Higher than industry growth between 2024 and 2026, %)	YES
2.	Future EPS growth 2025-2027 CAGR (higher than industry growth between 2024 and 2026, %)	NO
3.	Has EPS growth exceeded Revenue growth 2025-2027? (CAGR)	YES
4.	Industry Growth exceeds GDP growth 2025 vs 2027	YES
5.	R&D as a percent of sales 2024 vs 2027, flat or rising	Rising
6.	Is operating income margin improving 2022 vs 2025?	YES
7.	Is Working Capital Turnover Ratio improving 2022 vs 2025?	YES
8.	Is Net Insider Buying exceeding Selling over last 4 quarters?	NO
9.	Attractive Relative PEG Ratio	YES
10.	ISS Governance Quality score (lower is better) (5 pass, 6 fail)	2 (Pass)
11.	Company is Industry Leader?	YES
12.	Company has Sustainable Business Model?	YES
13.	Stable Management	YES



# International Equity Allocation

## China (CQQQ)

- Tech focused ETF
- Government policy
- Self-sufficiency



40%

## India (FLIN)

- Low cost with great track record
- Broad economy



40%

## S. Korea (EWY)

- Broad market
- Tech driven
- Trade deal



20%

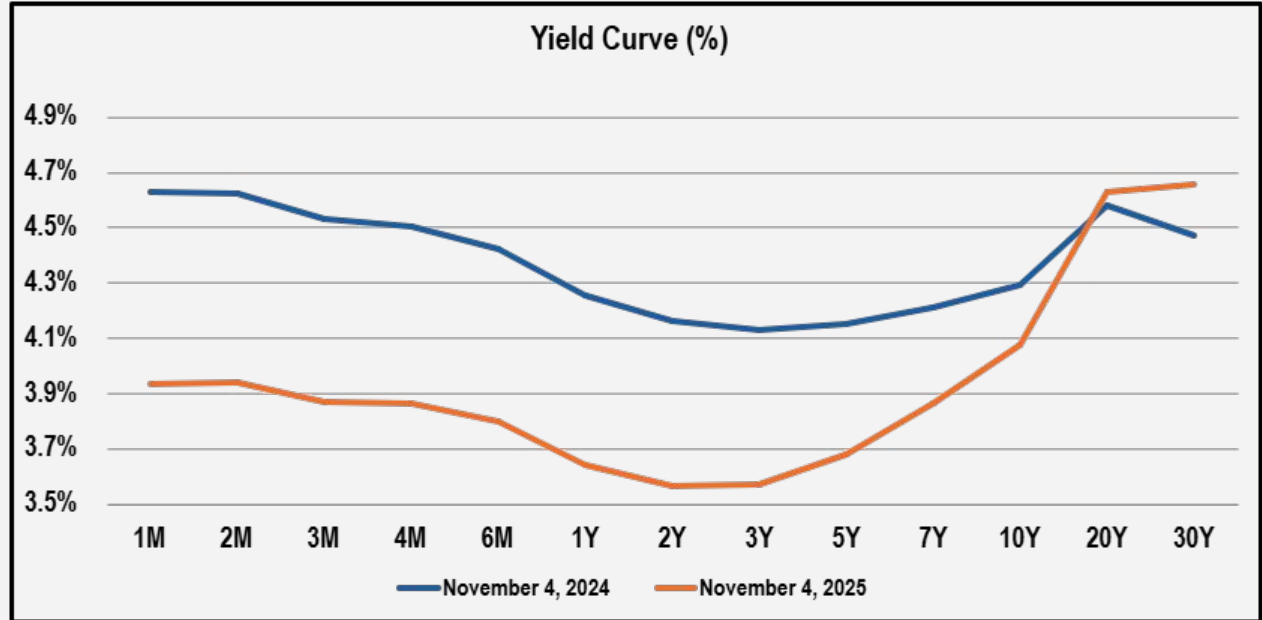
## Emerging Markets



# Fixed Income

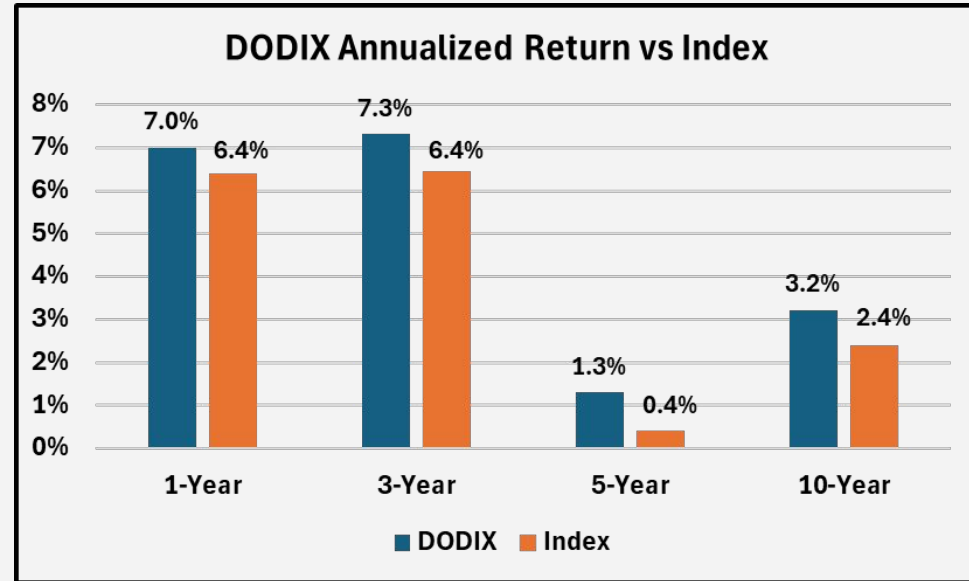
Decreasing  
Short Term  
Yields

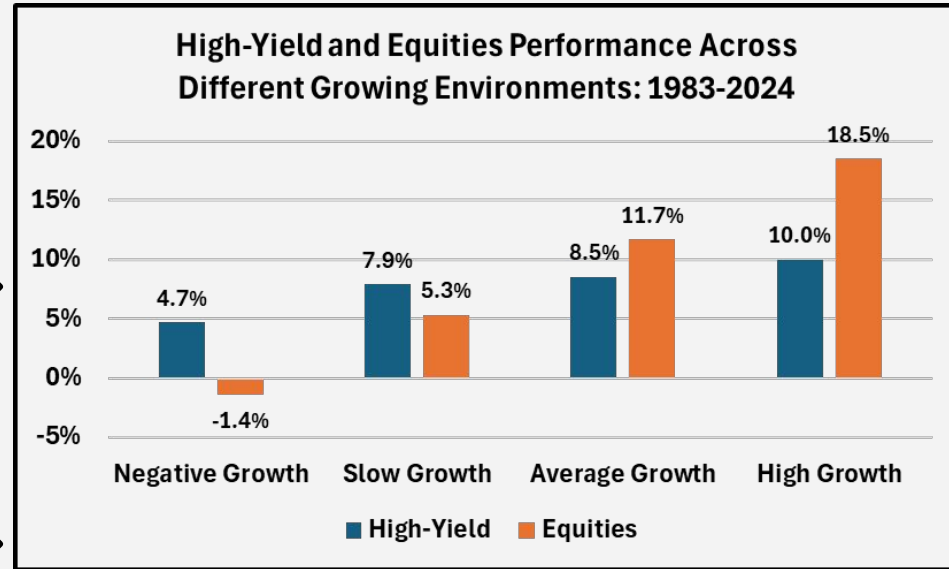
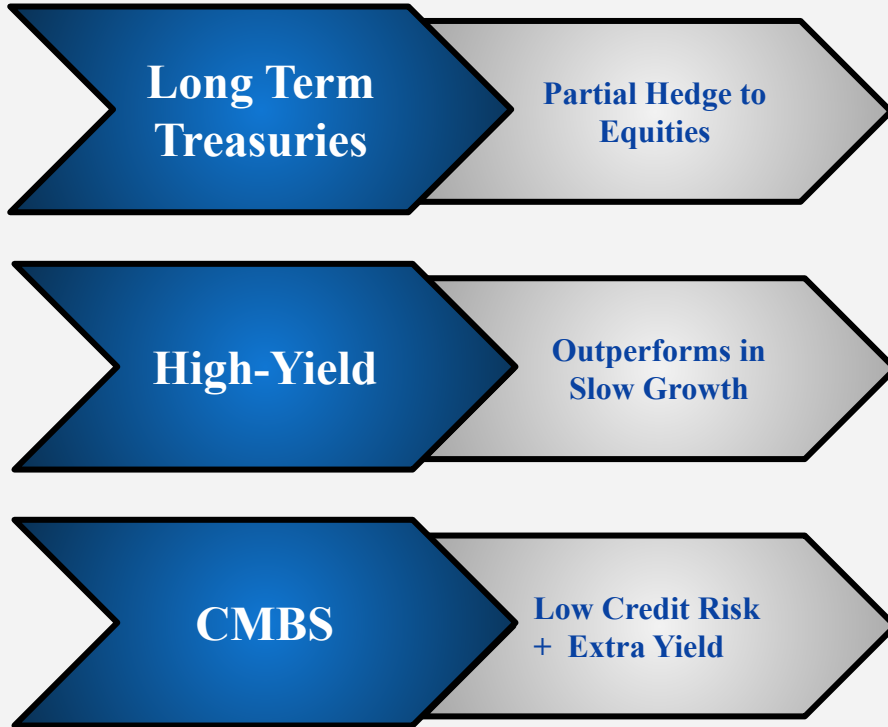
Elevated Long  
Terms



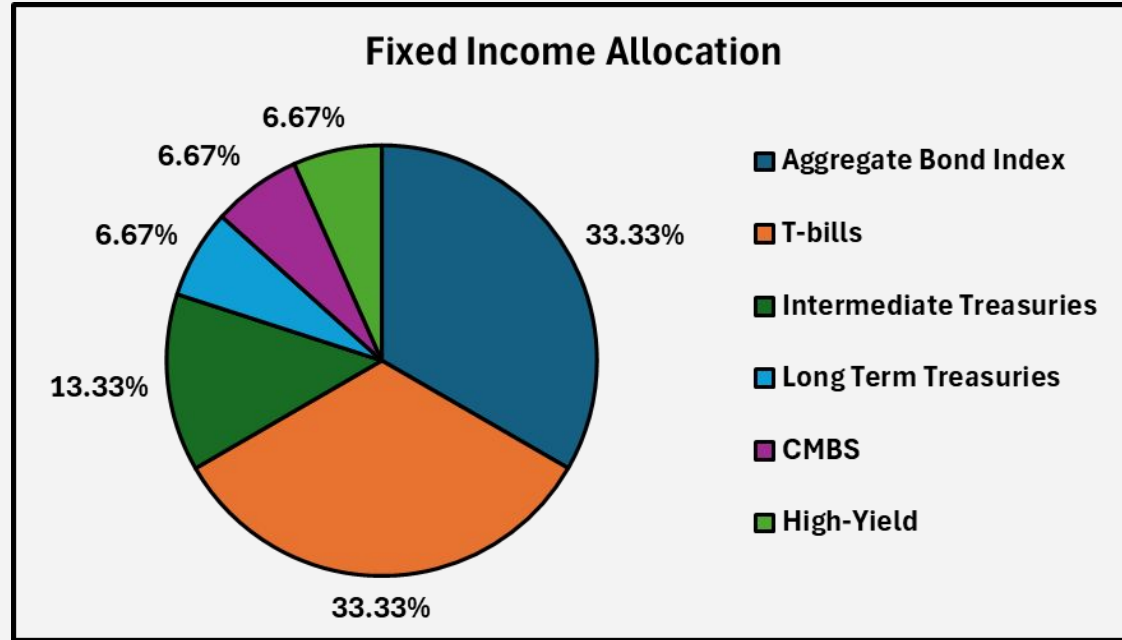
## Three Objectives

	Attractive & Reliable Income	Reduce Overall Risk	Hedge to Equity Holdings
Aggregate		✓	
T-bills		✓	
Intermediate Treasuries		✓	✓
Long Term Treasuries	✓	✓	✓
High Yield	✓		
CMBS	✓		





	Benchmark	BAM
Yield to Maturity	4.37%	4.20%
Duration	5.8	4.8



An architectural rendering of a modern building complex. The main building is a long, multi-story structure with a grid of windows. In the foreground, there is a courtyard with a paved walkway, several trees, and a small landscaped area with a blue-tinted ground cover. The scene is presented in a slightly desaturated, blue-tinted style.

# Proposed Portfolio

## CFA Spending Goal:

---

**Return:** 10.60%

**Std Dev:** 11.18%

**Sharpe:** 0.95

## CFA Benchmark:

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**Return:** 6.87%

**Std Dev:** 11.18%

**Sharpe:** 0.61

## BAM:

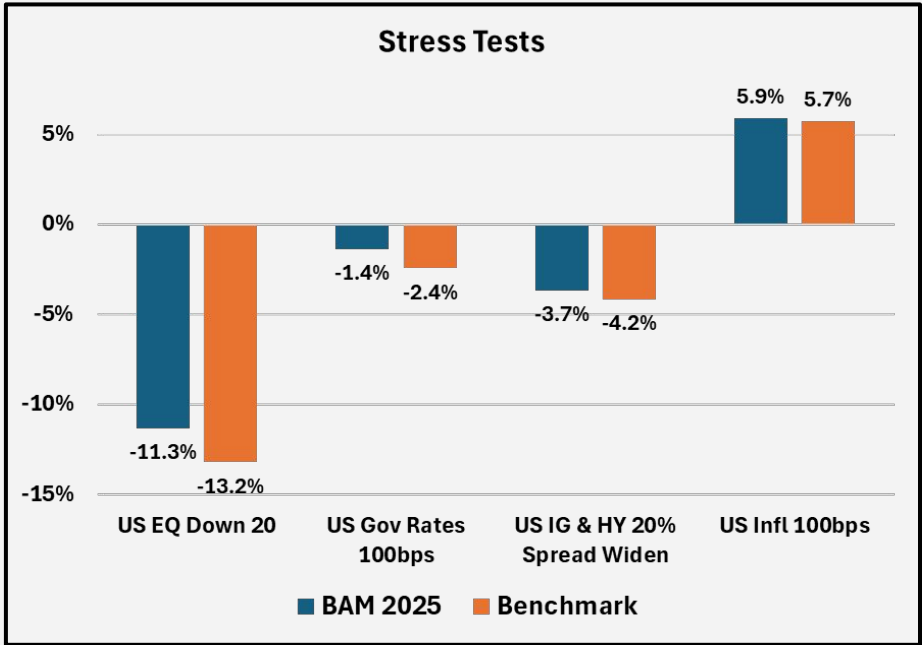
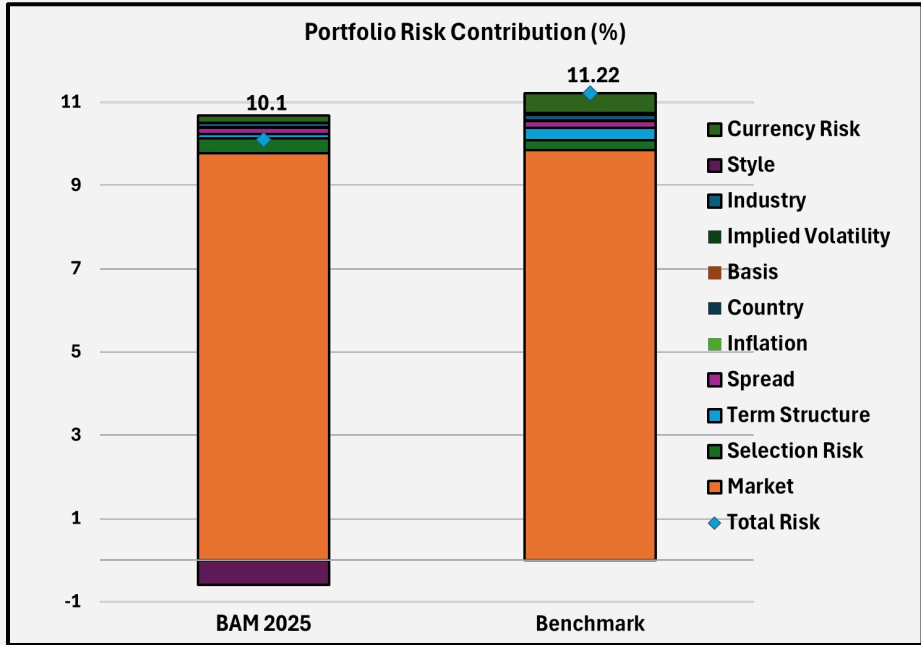
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**Return:** 7.1-12.2%

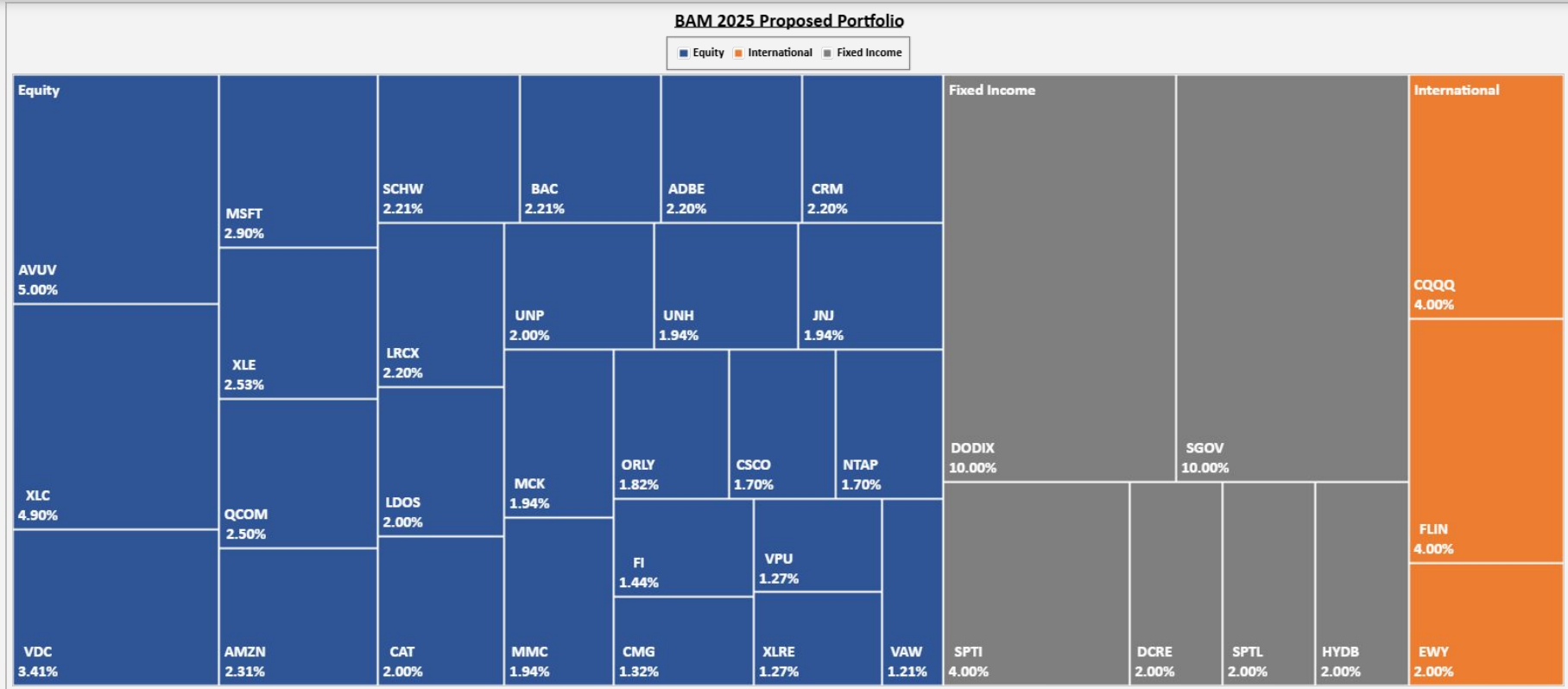
**Std Dev:** 10.1%

**Sharpe:** 0.70 - 1.09

**BAM began conducting risk analytics to gain stronger insights on potential performance**



# Portfolio: Heat Map





# Our 2026 **BAM** Cohort



**Thank you!**