



THE WHITMAN INVESTMENT COMPANY

Date: 4/4/18

12:05 Call meeting to order

- Go over agenda
- Motion to approve last week's minutes - passes
- Motion to approve agenda - passes

12:05 Upcoming News

- Mock CFA Written Portion due Sunday, April 8th
- Group Photo April 11th, after the Mock CFA presentations
- Movie Night: The Inside Job on Friday, April 6th 4:30-6:30 pm, at Maxey 207

12:10 Portfolio Updates

- Sawyer presents a quick update on Apple, Google, JNJ, etc.

12:13 Bylaws Updates to CFO Position

- Voting on CFO Position Update
- Motion: passes (13I : 0O)

12:17 Verizon Presentation (Kyle, Sawyer, Matt, Sarah)

One of the world's leading providers of communications, information and entertainment products and services to consumers, businesses and governmental agencies

Most wireless users in the US: 250 million in Q4 of 2017

Key Financials: MC \$197B, Revenue Growth (5-yr avg) 1.76%, Dividend Yield 4.92%, Operating Margin 23.16%, P/E 6.5, Earnings Per Share 7.37, Price/Book: 4.58

Business Model: Wireless: provides wireless voice and data services within US, 95% postpaid, smartphones, tablets, wearables, leading development of 5G; Wireline: Broadband video and data services, corporate networking solutions, security and managed network services and local and long distance voice services all around the world

Industry Outlook: IoT, commoditization of US telcomm, 5G, increased investments

Main Competitors: Sprint, AT&T, T-Mobile, USCC

Management: CEO & Chairman Lowell C. MacAdam, CFO Matthew E. Ellis

Risks: Higher price than that of competitors, high cost of infrastructure, low diversification, aggressive competitors, increased investments to keep up with traffic, government regulations

Opportunities: Largest wireless carrier in US, steady cash flow provides high dividends, product differentiation through high-quality service, the death of net neutrality, technological advancements, global expansion

Valuation: DDM: 13%; DCF (15%): 135%; Adjusted DCF (6%): 53.5%

Conclusion: Verizon's generous dividends, high quality services, and leading status in the industry make it a worthwhile investment; exposure in telecommunications industry

Thesis: Buy 850 shares at \$47.81 per share for a total of \$40,630, add to core portfolio

Motion: passes (7I : 6O : 1S)

2nd Proposal: sell some of the bonds and put the cash into Verizon

Motion: Purchase 2/3 with free cash and 1/3 with bond – passes (12I : 1O)

12:50 Motion to adjourn meeting

Motion passes