



Applied Portfolio Management, Prof. Richard Excell

Tech Team

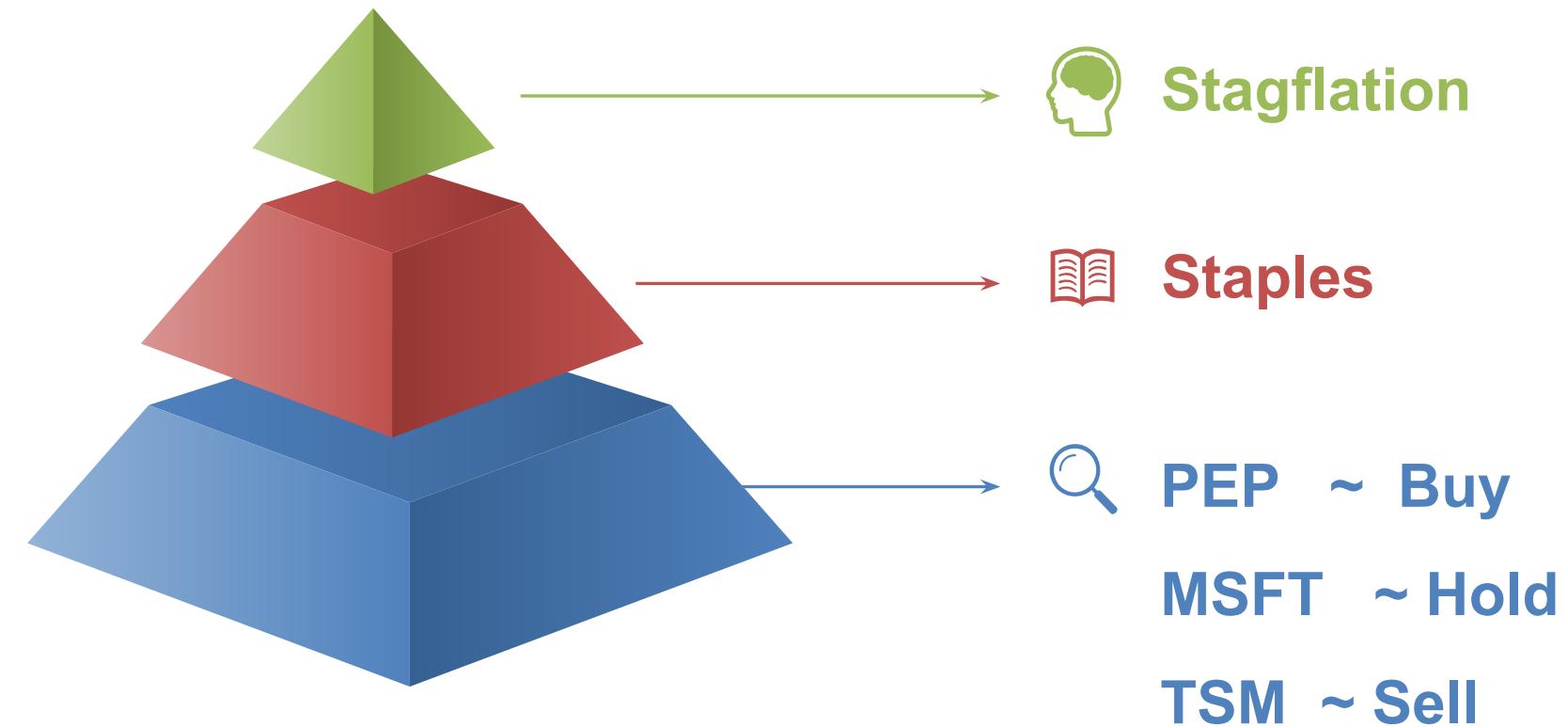
Chia-Ning Chang
Shuang Liu

Sharang Mantri
Ming-Chia Tsai

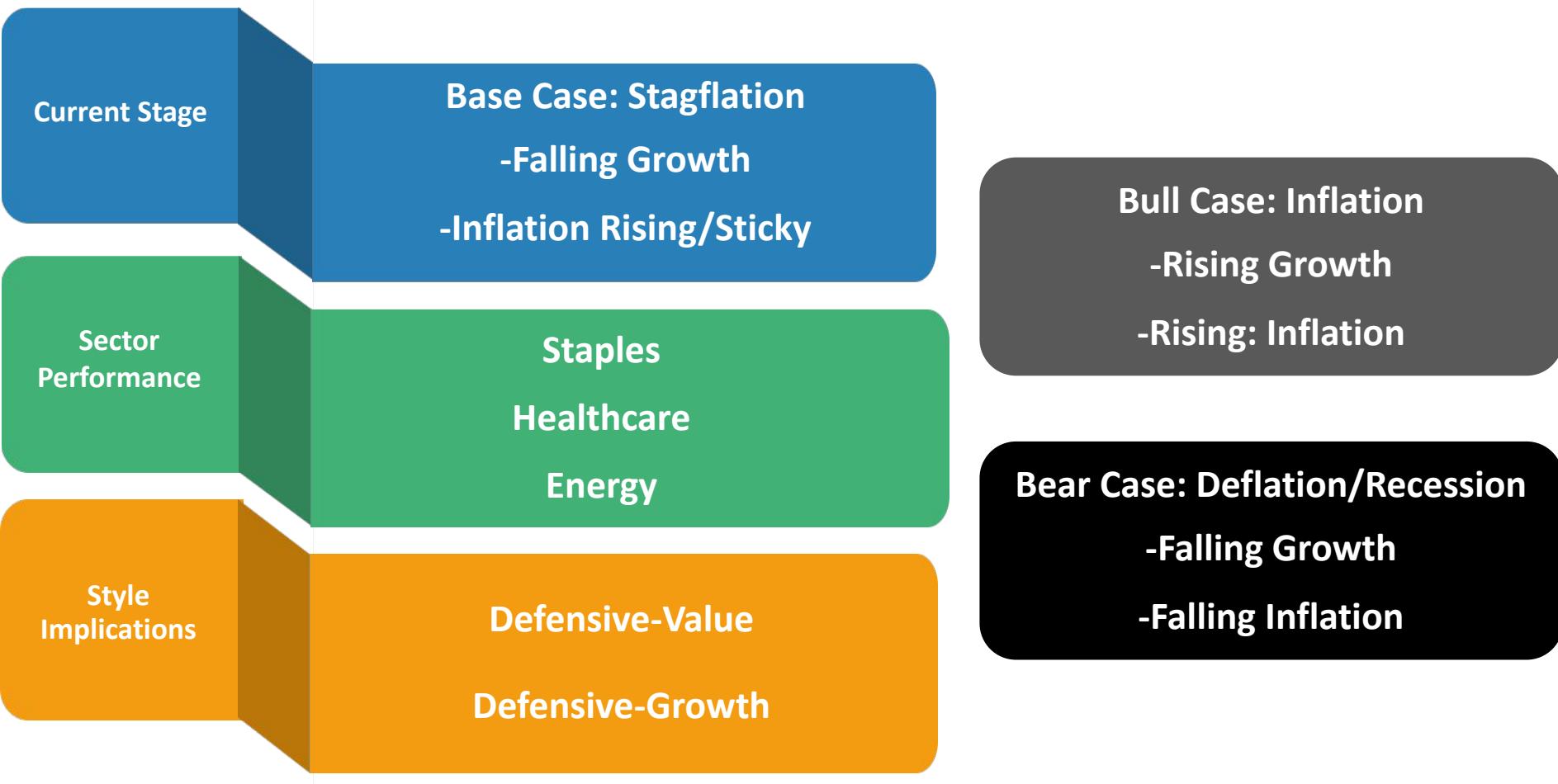
UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN



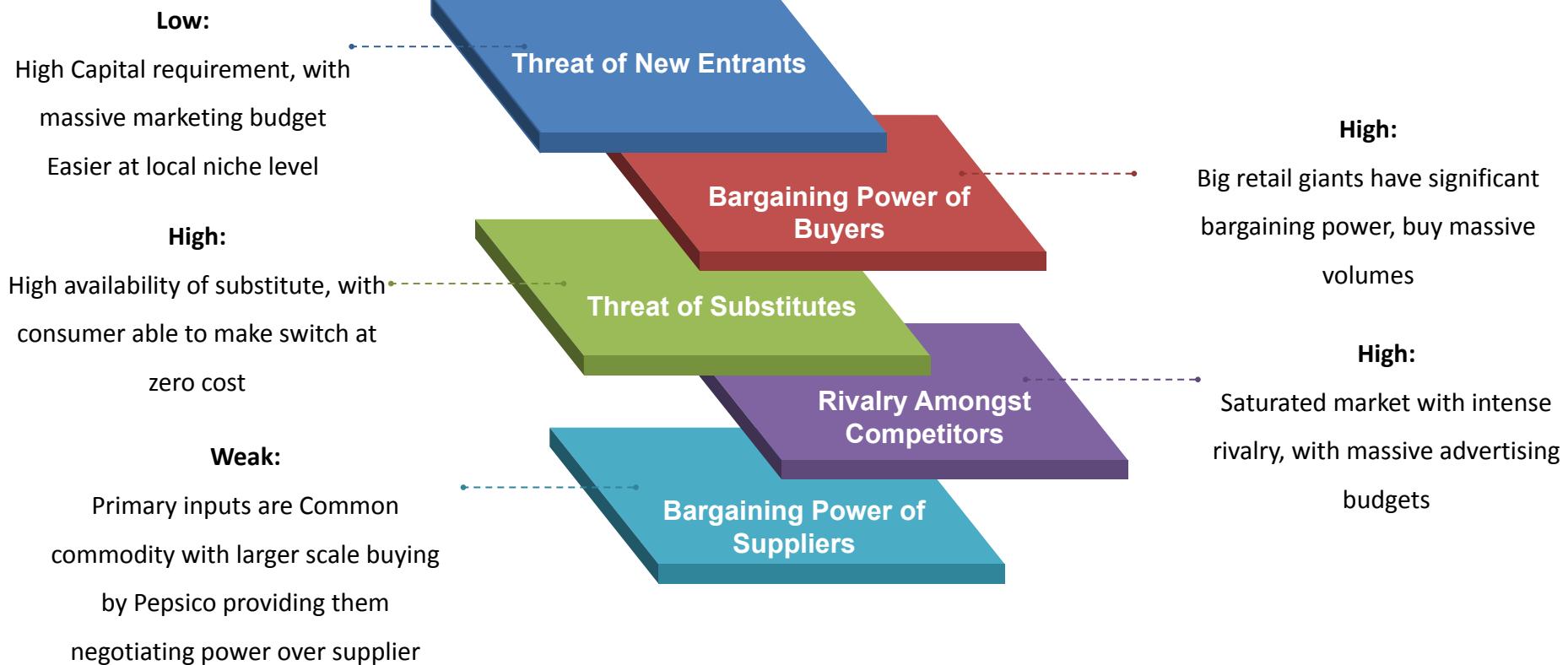
Introduction



Economic Model Integration



Industry Analysis





Highly diversified Portfolio with global presence in beverage & Food Industry

S

Highly attractive dividend yield of 4%

23 brands each generating \$1billion in revenue

W

Large revenue from products perceived unhealthy

60% of revenue comes from North American Markets

Dependency on large retailers, ESG issues

O

Celsius, Poppi, Simply NKD, Aquafina driving next stage of growth

DD growth in Asia Pacific, Latin America, and Eastern Europe

Involvement of Activist Investor Elliott Management

T

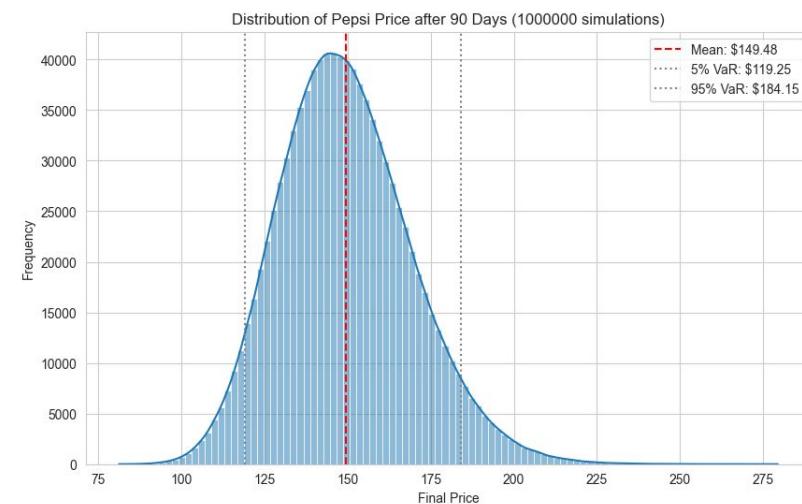
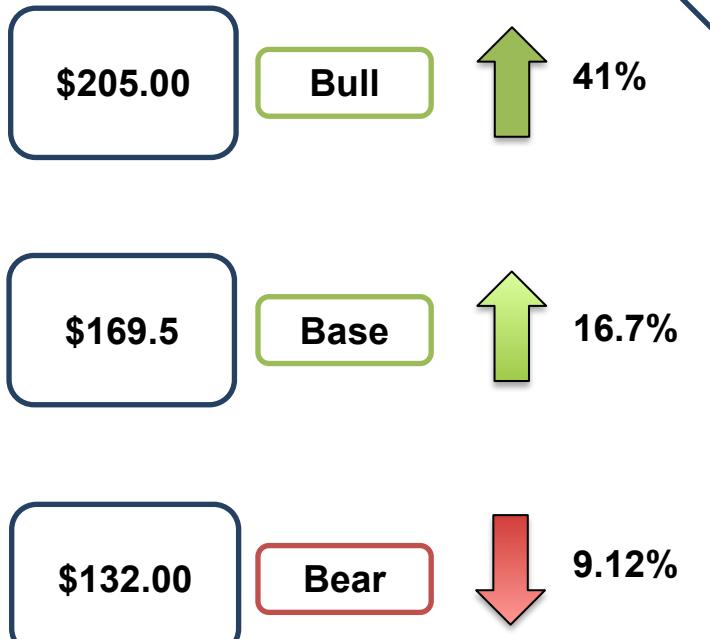
Intense competition from Coca-Cola, and other niche local producers

Company exposed to movement in price movement in commodity markets

Regulatory Pressure from government in their perceived unhealthy products

Valuation of Pepsico

Scenario Analysis



Expected Value

\$149.48

90% Confidence Interval

\$119.25 - \$184.15

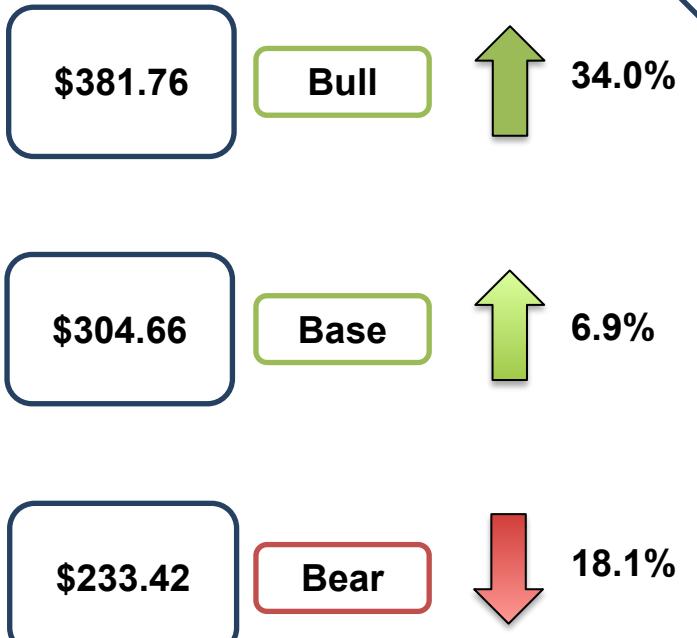
FY2026 Assumption

Case	Revenue Growth	Gross Margins	ROIC	Capex
Base	1.00%	54.60%	17.50%	6.70%
Bull	2.00%	54.65%	21.00%	6.50%
Bear	-1.00%	54.40%	17.50%	6.80%



Valuation of TSM

Scenario Analysis



Expected Value

\$325.67

90% Confidence Interval

\$216.72 - \$463.85

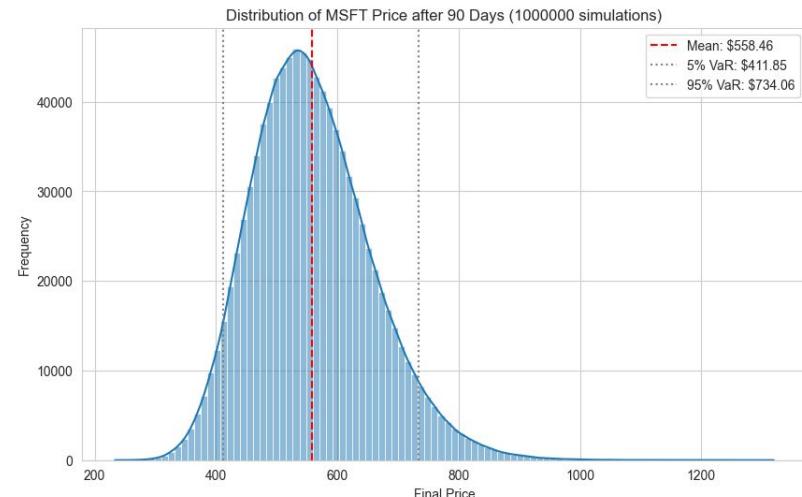
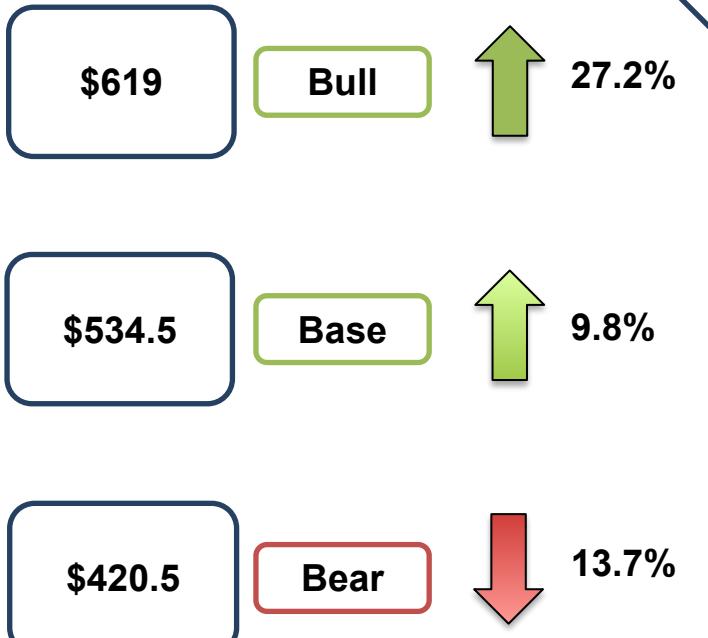
FY2026 Assumption

Case	Revenue Growth	Gross Margins	Operating Expenses	Capex
Base	30.00%	59.17%	10.21%	40.00%
Bull	32.50%	60.75%	9.75%	39.75%
Bear	27.00%	57.00%	11.00%	40.25%



Valuation of MSFT

Scenario Analysis



Expected Value

\$558.46

90% Confidence Interval

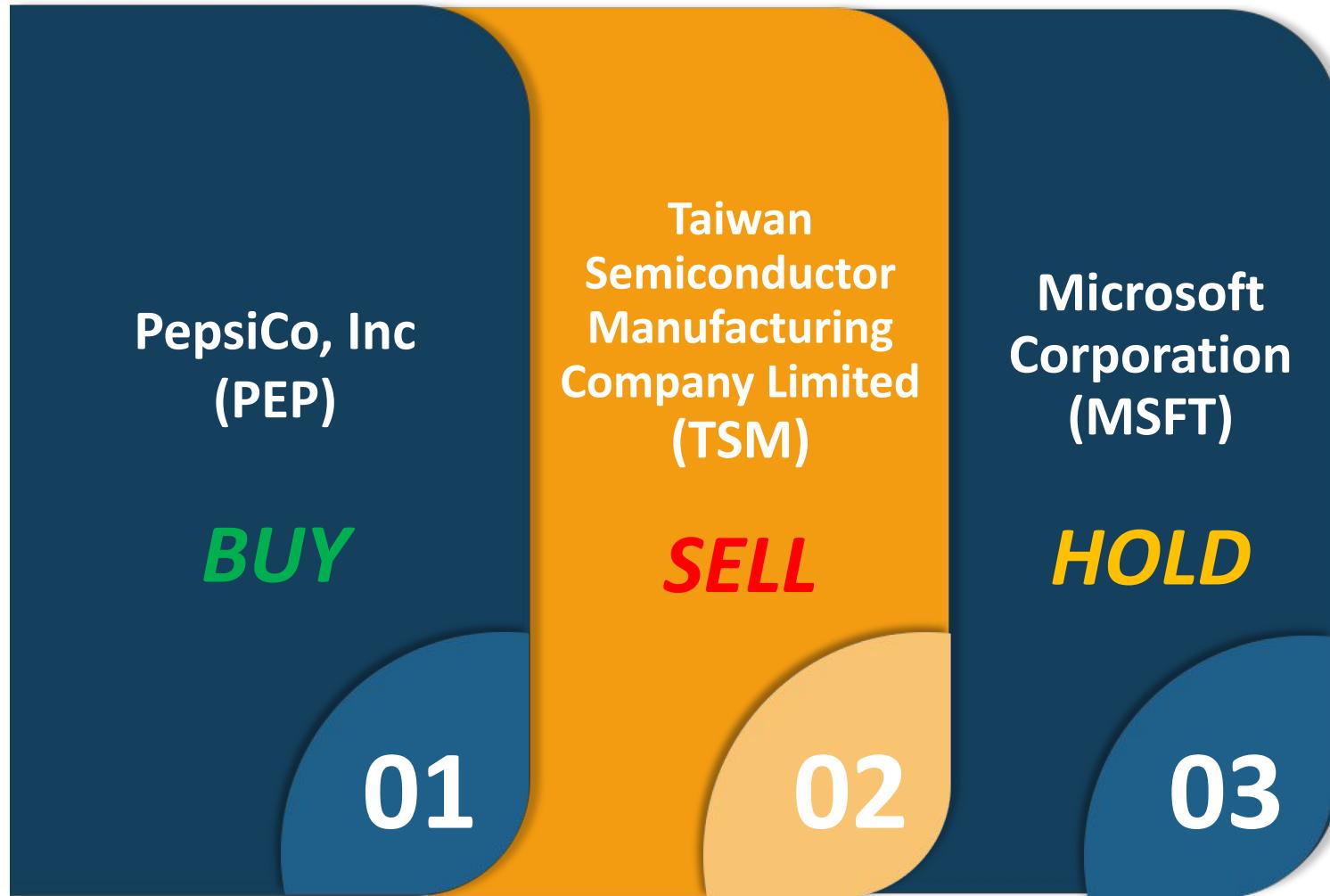
\$411.85 - \$734.06

FY2026 Assumption

Case	Revenue Growth	Gross Margins	Operating Expenses	Capex
Base	16.00%	69.00%	23.35%	30.00%
Bull	18.00%	69.50%	22.50%	29.50%
Bear	15.00%	68.25%	23.60%	30.50%



Final Recommendation



Thank You!

