



Wealth Management Association Fund Risk & Strategy

Memo April 13th, 2026

Table of Contents

Portfolio Snapshot & Holdings	1
Derivatives	
<i>Position Review of Apple Inc. (AAPL) Position</i>	4
Fixed Income	
<i>Proposal of December 15th 2028 7.600 Senior Unsecured Debenture</i>	6
Long Equities	
<i>Review of Howmet Aerospace Inc (HWM) Position</i>	8
Short Equity	
<i>Proposal of Ciena Corporation (CIEN)</i>	10

Wealth Management Fund R&S Memo



Portfolio Snapshot & Risk (As a % of NAV)

Fixed Income	4.93%
1. Tenet Healthcare (THC) May 15th 2031 6.750 Bonds <i>(\$11.91) or (0.01%) Unrealized Loss</i> <i>Gain of \$14.76 or 0.47% gain from 4/2/26</i>	~2.97%
2. VOLCAN October 28th 2033 8.500 Bonds <i>(\$10.86) or (0.01%) Unrealized Gain</i> <i>Gain of \$16.70 or 0.81% gain from 4/2/26</i>	~1.96%
Long Equities	10.65%
1. Cencora, Inc (COR) - 11 Shares <i>(\$463.88) or (11.62%) Unrealized Loss</i> <i>Loss of \$43.78 or 1.10% loss from 4/2/26</i>	~3.42%
2. Marvell Technologies (MRVL) - 25 Shares <i>\$998.75 or 45.12% Unrealized Gain</i> <i>Gain of \$534.50 or 24.15% gain from 4/2/26</i>	~3.08%
3. Howmet Aerospace (HWM) - 10 Shares <i>\$445.60 or 21.41% Unrealized Gain</i> <i>Gain of \$199.90 or 9.61% gain from 4/2/26</i>	~2.42%
4. KBR, Inc (KBR) - 50 Shares <i>\$20.50 or 1.13% Unrealized Gain</i> <i>Loss of \$69.00 or 3.80% loss from 4/2/26</i>	~1.76%
Short Equities*	4.07%
1. CAVA Group, Inc (CAVA) - (50) Shares <i>(\$407.51) or (10.61%) Unrealized loss</i> <i>Loss of \$265.5 or 6.91% loss from 4/2/26</i>	~4.07%
Derivatives*	25.04%
1. Apple Inc. (AAPL) BTO May 15th 2026 255 Puts <i>(\$3,863.13) or (20.85%) Unrealized Loss</i> <i>New Position</i>	~14.01%
2. Apple Inc. (AAPL) STO May 1st 2026 255 Puts <i>\$3,266.49 or 22.21% Unrealized Gain</i> <i>New Position</i>	~10.98%

**It is important to note that R&S calculates portfolio sizing (as a % of NAV) as total capital, regardless of it being a credit or debit. In reality, any short position or credit position in derivatives counts negatively against NAV. Thus, derivatives as a % of NAV is the delta between the two legs (~3%) rather than the combination of the two (25.04%).*

Performance

Gross Asset Value (GAV) - \$119,928.95

Net Asset Value (NAV) - \$104,239.45

Cash - \$88,801.61

Wealth Management Fund R&S Memo



Unrealized Capital Deployed: \$15,241.95

Loss on Unrealized Capital Deployed: (\$25.95) or 0.02% of NAV

Gain on Realized Deployed: \$647.49 or 0.62% of NAV

As a result of the closing of the TXN short at a loss of (\$110.60)

Income / Carry (Bond Coupons + Dividends): \$103.95

Discussion: COR and CAVA are leading the losses in the portfolio. MRVL and HWM are outpacing the losses. We need time on the new investments to mature, and the calendar spread on AAPL to realize.

Portfolio Risk Analysis:

High Risk

1. Marvell Technologies (MRVL) Long
Limited Directionality Risk, AI Risk, Low Leverage
Beta of 1.82
2. CAVA Group Inc (CAVA) Short
Unlimited Directionality Risk, Consumer Discretionary Risk
Beta of 2.04
3. AAPL Inc. (AAPL) Calendar Spread
Gamma Risk, Strike Risk

Medium Risk

1. KBR, Inc (KBR) Long
Limited Directionality Risk, Spin-Off Risk, Engineering & Construction
Beta of 0.50
2. VOLCAN October 28th 2033 8.500 Bonds
Spread risk, Geopolitical Risk, Commodity Risk, Call Risk

Low Risk

1. Howmet Aerospace (HWM) Long
Limited Directionality Risk, Industrials / Aerospace, Low Leverage
Beta of 1.24
2. Cencora, Inc (COR) Long
Limited Directionality Risk, Healthcare, Low Leverage
Beta of 0.72
3. Tenet Healthcare (THC) May 15th 2031 6.750 Bonds
Spread risk, call-constrained upside, duration sensitivity

Wealth Management Fund R&S Memo



Top Return Per Vote of Equities (As of 4/10/26)

1. James Ma	11.83%
2. Chris Kaufman	11.30%
3. Colin Love	9.36%
4. Shubhan Chegoori	9.04%
5. Aastha Shah	8.53%

**Includes Long and Short Equity pitches only (excluding derivatives and fixed income). Returns reflect the hypothetical performance of following each member's directional votes across all pitches. Votes against a position (e.g., rejecting a long) are credited with the inverse return, capturing value from correctly avoiding unfavorable investments*

Top Voter Accuracy of Equities (As of 4/10/26)

1. Chirag Menawat	85.71%
2. Roan Vohra	85.71%
3. Chris Kaufman	73.33%
4. Ishi Jujjavarapu	60.00%
5. Sai Chouta	60.00%

**Includes Long and Short Equities pitches only. Derivatives and bonds are not included. Directionality based accuracy only, i.e, did they correctly predict directionality on a long or a short.*

Wealth Management Fund R&S Memo

Derivatives Position Update:



Apple Inc. (AAPL)

[Pitch](#)

Current Price

\$260.48

Net Unrealized P&L

~(\$596.64)

Days To Earnings Call (Apr 30, 2026)

17

Net Debit/Max Loss (per package)

~\$1.66/\$166

Core Thesis: Long AAPL pre-earnings vol steepening with muted spot movement

Relative Value Calendar Spread

Point Of Contact: Tarun Valluri (Tarun_Valluri@kenan-flagler.unc.edu)

Notable News

Apple shipment and sales data has been strong heading into earnings: Reuters reported that Apple led global smartphone shipments in Q1 2026, up 5% year over year, and that its China smartphone sales rose 23% in the first nine weeks of 2026 despite a broader market decline. This supports sentiment into earnings and can help keep event-driven implied volatility elevated ahead of the release.

Apple's AI story is still a live catalyst, especially around Siri: Reuters reported that Apple is testing a Siri feature that can handle multiple commands at once, with a broader AI-related rollout expected later this year. That keeps investors focused on Apple's longer-term AI narrative, which matters for a calendar spread because it can support value in the farther-dated leg even beyond the earnings event.

The broader market volatility backdrop has been shifting quickly: Reuters reported that the VIX fell sharply during the April 8 relief rally after the U.S.-Iran ceasefire, but more recent Reuters reporting shows renewed geopolitical tension pushing oil above \$100 and weighing on risk assets again. For this trade, that matters because changes in macro volatility can affect the baseline IV level of both option expirations, not just Apple-specific earnings pricing.

Trading Behavior and Risk Management

This trade still does not require a bullish earnings reaction to work. It remains a pre-earnings term-structure trade, not a directional bet on Apple's print itself: the goal is to own the cheaper May 15 volatility, sell the richer May 1 volatility, and exit before the April 30 earnings event once



Wealth Management Fund R&S Memo

near-dated event premium has steepened. Apple has confirmed fiscal Q2 2026 earnings for April 30.

The thesis is intact, but path risk is higher now than in the original setup. AAPL is trading around \$260.48, so the position still works best if shares stay reasonably close to the selected ATM strike into the planned exit window. Recent headlines raise the odds of a sharper pre-earnings move in either direction: Apple just posted strong Q1 shipment and China sales data, but the stock also sold off on April 7 after reports of foldable iPhone engineering snags.

Macro volatility is now a bigger variable as well. Reuters reported on April 8 that volatility-linked selling had largely run its course if market swings eased, but as of April 12 the collapse of U.S.-Iran peace talks pushed Brent above \$103 and S&P 500 futures down about 1%, reinforcing the risk of fast index-driven moves before our exit window. For this trade, that matters because even if front-end IV rises, a large spot move can still hurt the calendar before the thesis fully plays out.

Risk Controls:

- **Hold only while the setup remains a clean pre-earnings calendar:** The trade should benefit from May 1 IV firming faster than May 15, with AAPL staying reasonably close to the chosen strike.
- **Spot discipline:** If Apple makes a sharp pre-earnings move away from strike on product, AI, or macro headlines, reduce rather than assume IV expansion alone will save the spread.
- **Profit-taking:** Take gains proactively in the **\$1.33–\$1.36** target area; given the choppy macro backdrop, it makes sense to **scale out early** if that range is reached ahead of schedule.
- **Time stop:** Keep **April 28 (T-2)** as the base-case exit and **April 29** as the absolute final deadline. Do not let this drift into an unintended earnings hold.
- **Thesis invalidation:** If the spread weakens toward **~\$0.67** or AAPL moves materially away from the selected ATM strike, close or cut the position rather than waiting for mean reversion late in the cycle.

Exit Strategy: Base case is still to **exit by April 28 (T-2)**, after the near-dated earnings premium has had time to steepen but before event risk dominates the position. The change versus the original plan is that I would now be **quicker to monetize strength**: if the calendar reaches the target range early, take profits rather than pressing for the last few cents into a less stable macro tape. If AAPL starts trending away from strike or headline volatility picks up again, prioritize exiting early over giving the trade more time.

Recommendation: Hold

Wealth Management Fund R&S Memo



Fixed Income Position Proposal:

Diageo plc (DGE)

Target Security: 15-Dec-2028 7.600 Senior Unsecured Debenture

Point Of Contact: Isaac Nobles (inobles@unc.edu)

DIAGEO

Current Price

103.63

YTM

6.103%

Coupon

7.6%

Current Yield

7.34%

Business Overview: Diageo plc is a United Kingdom-based international manufacturer and distributor of premium drinks. The Company offers beverage alcohol with a collection of brands including Johnnie Walker, J&B and Buchanan's whiskies, Smirnoff, Ciroc and Ketel One vodkas, Captain Morgan, Don Julio, Guinness, and Tanqueray, among others. It owns multiple levels of its supply chain, having distilleries, breweries, distribution warehouses, and packaging plants across the globe.

Core Thesis: Premium positioning and international diversification lead to deleveraging.

Catalyst Review

Catalyst 1: Premium positioning hedges against structural alcohol use decreases

Judgment: High-quality narrative catalyst. Diageo has a very strong portfolio of well-recognized premium brands. Revenue has been roughly flat for the last few years, while other beverage companies such as Pernod Ricard and Anheuser-Busch InBev have struggled due to alcohol use decreases. However, **there is no clear reason why this catalyst would not be priced in.** Being a premium alcohol company does not imply growth, only a slower decline. The market likely takes the flat revenue numbers into account when pricing this bond, and this **catalyst does not offer us significant upside.**

Catalyst 2: Increasing middle class presence in emerging markets

Wealth Management Fund R&S Memo



Judgment: Ineffective narrative catalyst. Future alcohol demand is projected to be primarily driven by emerging markets (Asia, Africa, LATAM) and Diageo's global diversification should put them in a good position to exploit high-growth areas. However, **this catalyst has not yet translated into additional revenue.** In 2025, sales in Africa grew by just 3.1% YoY while Latin America was stagnant and revenue from Asia shrunk by 4.7%. For this catalyst to support the thesis, more evidence is needed that emerging markets will actually show growth in the future.

Catalyst 3: Management's strong focus on improving their balance sheet

Judgment: Overstated. This catalyst rests on management's experience in deleveraging and that DGE has freed up cashflow by halving dividends. **This is almost certainly priced in.** The dividend reduction was announced almost two months ago, leaving plenty of time for the market to respond. Furthermore, deleveraging is exactly what would be expected from a company in DGE's position. Their Debt-to-EBITDA is currently 3.8x, medium-high for the consumer discretionary sector. Considering they operated in a secularly declining market and have not shown growth for several years, deleveraging should be expected, not a bullish move.

Discussion

These bonds trade at 103.63 with a YTM of 6.1%. At this YTM, **significant spread tightening is unlikely and our upside is severely limited.** The best upside potential is a ratings upgrade, which is not mentioned in the catalyst. The bond is currently rated BBB+ by Egan-Jones (the big 3 do not rate this debenture) and it appears extremely unlikely to me that an upgrade to A- is possible. Even if leverage improves, the nature of the beverage industry exposes Diageo to significant structural risk, and the unsecured nature of this credit is another obstacle to an upgrade.

Recommendation: Take position only if the fund desires to use undeployed cash, as little upside potential exists

Wealth Management Fund R&S Memo



Long Equities Position Review:

Howmet Aerospace Inc (HWM)

[Pitch](#) | [DCF](#)



Current Price

\$252.67

Core Thesis: Margin expansion, Commercial aerospace recovery, Diversifying revenue through industrial demand.

Bought: 11/10/25 | 10 Shares at ~\$208.26 (~\$2,083)

Current Price: ~\$253 (4/11/26) | \$445.60 or 21.41% Unrealized Gain

Pitch Date: 11/10/2025

Points Of Contact: Benjamin Getter (begetter@unc.edu)

Notable News

- **[Q4 FY2025 Earnings \(2/12/26\)](#):** Record quarter. Revenue \$2.17B (+15% YoY), beat by ~\$43M. Adjusted EPS \$1.05 vs. \$0.97 estimate. EBITDA margin hit 30.1%, a record. Full year revenue was \$8.3B, adjusted EPS \$3.77 (+40% YoY).
- **[FY2026 Guidance](#):** ~10% revenue growth to ~\$9.1B. Adjusted EPS guided \$4.45 (\$4.35 to \$4.55).
- **[CAM Acquisition \(Closed 4/6/26\)](#):** \$1.8B purchase of aerospace fastener maker from Stanley Black & Decker. Should add ~\$490M revenue with 20%+ EBITDA margins. Funded with \$1.2B in new notes plus cash.
- **[Analyst Consensus](#):** Strong Buy. Average target ~\$271 to \$282. High \$315 (RBC), low \$240 (Wells Fargo).

Catalyst Review & Partnerships

Catalyst 1: Margin Expansion and FCF.

Still playing out, strongest catalyst. EBITDA margins went from 25.4% in 2024 to [28.2% for 2025](#), hitting 30.1% in Q4 alone. **That is ahead of the pitch model.** Free cash flow was \$1.43B. Buybacks totaled [\\$700M in 2025 and \\$150M so far in 2026](#). Dividend raised 20%. This is the main reason to hold.

Catalyst 2: Commercial Aerospace Recovery.

Intact but mostly priced in. Commercial aero revenue grew 12% for the year and backlog is above [\\$11B](#). Aftermarket spares at ~17 to 20% of revenue, up from 11% in 2019. This is all good but the stock reflects it. Supports the hold but not a reason to add.



Wealth Management Fund R&S Memo

Catalyst 3: Diversifying Revenue / Industrial Demand.

Mixed. Gas turbines are the surprise winner with 32% growth in Q4 on data center power demand. Commercial transportation fell 5% and Forged Wheels dropped 13%. Defense grew [20% on F-35 production](#) and NATO spending. Management says Q1 2026 is the trough. Better than the pitch expected on IGT, weaker on transportation. The diversification story is intact but uneven.

Valuation Check

Date	Trailing EV/EBITDA	Forward P/E	52 Wk Low	52 Wk High
04/12/2026	~42.1	~68x	\$118.09	\$267.31

Recommendation:

HWM trades at roughly 53x trailing EV/EBITDA and 68x forward earnings, which is expensive. The pitch's own DCF exit multiple method valued the stock at about \$255, and with the shares at \$252.67, most of that upside has already been captured.

The business is genuinely fantastic. Margins are one of the best in class, backlog gives years of visibility, and the CAM deal expands the fastener business. But at these multiples there is not much room for error. Tariff risk, CAM integration, or any slowdown could compress the multiple fast.

Recommendation: Hold.

Thesis is working. All catalysts are directionally intact. **Up 21% in five months on a low-beta name.** But the valuation makes it hard to add here. Hold through Q2 earnings and reassess. If guidance holds and CAM looks clean, comfortable. If there is a miss or guidance cut, consider trimming.



Current Price

\$496.02

Core Thesis: Ciena is a cyclical hardware vendor whose stock has been re-rated as if it were a secular compounder, driven by a temporary surge in AI infrastructure spending that the market is extrapolating indefinitely. The short is a bet that hyperscaler optical networking demand is front-loaded rather than durable, which will expose the current revenue estimates and multiples as unsustainable.

Point of Contact: Chirag Menawat (chiramen@unc.edu)

Catalyst Evaluations

Extreme Valuation Gap:

- **Mixed quality.** The headline valuation is less than it appears once you look at the forward earnings trajectory. Normalized EPS is expected to go from \$2.64 in 2025 to \$6.14 in 2026 and \$8.25 in 2027, more than tripling in two years. On those numbers the stock trades at roughly 81x FY26 and 60x FY27. Still elevated, but the stock has historically traded at high multiples, and the 10-year average P/E is in the high 50s, **so the current forward multiple isn't dramatically out of range if you believe the growth.**
- The "priced to perfection" argument only holds if you think the estimates are too optimistic, which may well be true, but that needs to be argued specifically, not just implied by the trailing P/E.
- **A stock being expensive doesn't make it go down; something has to *cause* the re-rating.** The proposal doesn't identify what that trigger is. For this to work as a short catalyst, you need a specific mechanism: an earnings miss, a guidance cut, a macro shift that causes multiple compression across high-growth tech, or sentiment rotation out of AI infrastructure names.

No Moat / Looming Commoditization:

- Assumes that because optical networking has historically commoditized, it will do so again, which is probably true in the long run. But the short thesis requires this to happen on a relevant time horizon, and right now, Ciena is in the middle of a technology transition cycle where being first with 1.6T coherent optics actually does create a temporary but real advantage.



Wealth Management Fund R&S Memo

- Hyperscalers building out AI infrastructure today cannot wait two years for Nokia or Huawei to catch up; they are buying what works now. **The commoditization thesis plays out after the buildout cycle matures, not during it.**
- **Shorting a company in the middle of a technology leadership window because the lead will eventually erode is a timing problem, not a thesis problem.**

Customer Concentration & External Vulnerabilities:

- **This is the strongest catalyst.** The real risk isn't that a customer leaves. It's that hyperscalers, once they've built out the initial wave of AI infrastructure, naturally reduce their order velocity. These are not recurring subscription revenues; they are capex-driven equipment purchases tied to specific buildout cycles.
- When the cycle peaks, orders don't just slow; they can drop sharply, as Ciena itself experienced during the 2023-2024 telecom capex digestion period.
- **This is a well-reasoned short thesis, but it requires a view on the AI capex cycle duration.**

Valuation Check

Date	Forward EV/EBITDA	Forward P/E	52 Wk Low	52 Wk High
04/12/2026	~53.99x	~58.14x	\$56.75	\$513.49

Short Interest as a % of Floating Shares: 6.66%

Shares Short - 5.98M + Float - 140.61M

Recommendation:

Enter a small short position (.5-1.5% of NAV) if any one of the following occurs:

- Q2 FY2026 earnings in the May/June timeframe show revenue or margin guidance that comes in below the current \$1.5B quarterly run rate, signaling that the demand cycle is decelerating rather than compounding.
- Any of the top three hyperscaler customers, which together represent 47.4% of revenue, signals reduced networking capex in their own earnings calls before Ciena reports.
- A credible competitor announces 1.6T customer wins at scale, directly challenging management's claim of a two-year technology lead.

Both Ciena and Marvell Technology are driven by hyperscaler AI infrastructure spending, so holding a MRVL long and CIEN short creates a conflict. A slowdown in AI capex that supports the CIEN short would also hurt MRVL, meaning the positions offset each other. The MRVL long should be reassessed before initiating the CIEN short.