



TEXAS UNDERGRADUATE FUND

# The Variant Perspective

*A framework for the pitch*

*Pitch Framework and Variant Perspective · August 2026*

*Course material for the Texas Undergraduate Fund and the Texas MBA Fund.*

# Where this comes from

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*Thirty two years of the same idea, run through three structures.*

1994

2020

2026

## The MBA Investment Fund

Outside capital and a real portfolio: institutional money, with MBA students doing the research. It ran twenty six years and wound down in 2020.

## Texas McCombs Investment Advisers

A Texas limited liability company formed to hold the advisory relationships, and the fiduciary duty that comes with them. The Texas MBA Fund launched under it.

## The Texas Undergraduate Fund

An undergraduate account alongside the Texas MBA Fund, with twenty four students in the inaugural cohort.

**How it works:** students research and recommend; investment discretion rests with the faculty managers.

# Sara Lundqvist and Josh Kocher

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*The same two people in two capacities, and we will tell you which one is speaking.*

## Dr. Sara Lundqvist

*Assistant Professor of Instruction · FIN 357 coordinator · Vice President, TMIA*

Ph.D. and M.S. in Finance from Lund University, with a postdoctoral fellowship at the University of Gothenburg. Teaching focused on connecting rigorous financial theory to applied decision making.

## Joshua Kocher

*Assistant Professor of Instruction · Chief Executive Officer, TMIA*

Twenty years in institutional investing, across buy side and sell side roles in equity and fixed income. Teaches portfolio construction, decision making under uncertainty, and live fund management.

*Everything academic we do as faculty. Everything touching the portfolio we do as TMIA.*

# What the program builds

*Everything in both funds reduces to three capabilities, tested in public.*

## Business valuation

*Quantifying the edge*

Connect operational drivers and unit economics directly to free cash flow and capital intensity. Apply multiple valuation methodologies to triangulate fair value across sectors. Determine what expectations are already embedded in the market price.

## Portfolio management

*Managing risk under uncertainty*

Construct and balance a portfolio to express variant views within disciplined risk budgets. Evaluate position sizing and factor exposures under live market conditions rather than paper models. Attribute returns rigorously to separate true analytical edge from broader market beta.

## Oral communication

*Defending it out loud*

Translate complex fundamental analysis into a sharp, spoken thesis in minutes. Defend core assumptions and variant views against skepticism from active market participants. Demonstrate independent judgment where spreadsheets and presentation decks end.

**The honest version:** direct preparation for markets and buy-side interviews and career path; partial for wealth; limited for investment banking.

# The investment counselors

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*Senior practitioners who volunteer four hours a term, across two semesters.*

## Where they come from

*Fifteen firms on the roster; the MBA fund runs its own.*

|                            |                                                                                      |
|----------------------------|--------------------------------------------------------------------------------------|
| Traditional asset managers | Large index and active shops, and Texas value and income managers with long records. |
|----------------------------|--------------------------------------------------------------------------------------|

|                                 |                                                                                              |
|---------------------------------|----------------------------------------------------------------------------------------------|
| Hedge funds and private markets | Multi-manager platforms, activist and short-oriented funds, and large private markets firms. |
|---------------------------------|----------------------------------------------------------------------------------------------|

|                              |                                                                               |
|------------------------------|-------------------------------------------------------------------------------|
| Bank-affiliated and boutique | Markets and asset management arms of large banks, plus independent boutiques. |
|------------------------------|-------------------------------------------------------------------------------|

**The boundaries:** counselors mentor, they do not recruit. They do not grade student work and do not advise the portfolio, and each may recuse from any company at any time.

*This is the room your work gets tested in, and it is the point of the program.*

# How to use this document

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Before you pick a name

Part I tells you what you are looking for. A variant view is a numerical disagreement with the market about one of four variables. If you cannot state it in two sentences, keep looking.

Before you build

Parts I and II tell you what the pitch must contain: the statement, the edge, why it persists, the evidence for both numbers, and whether it is still available today.

Before you present

Part III tells you what the ten minutes have to carry, and where students reliably lose the room.

*Four parts. Each answers a question you will hit at a different point in the term.*



## PART I

# The variant view

*Two sentences. If it takes more, you are probably not there yet.*

# Market structure

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*Two kinds of participant, and only one of them will tell you what it thinks.*

## The sell side

*advises and intermediates*

Research, sales, trading and underwriting. It publishes, which is why its expectations are observable at all.



## The buy side

*decides and holds*

Portfolio managers who set the price by transacting. What they think is what moves the security, and they do not publish it.

**The consequence:** consensus has to be constructed. Build it from sell-side estimates, or solve for it with a reverse discounted cash flow, which tells you the growth, margin, and/or capital intensity the current price already implies.

*You cannot state the street's number without building it from something.*

# What a variant view is

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*A clearly articulated view that differs from consensus, proven with original evidence.*

## Earned view

The view comes from investigative research, not from a summary of public sentiment. You did work somebody else did not do.

## Asymmetric profile

The upside materially outweighs the downside, and you can say by how much rather than assert that it does.

## Value impact

Price reflects the market's accumulated views. If the market adopts yours, the security has to reprice, and that repricing is your return.

**The test:** can you name the variable, the two numbers, and the reason the gap closes?

*Remove any one of the three and what remains is a description of a company.*

# Say it in two sentences

*A variant view is a numerical disagreement with the market about one variable.*

## THE STATEMENT

The street expects [variable] of [X]. I think it is [Y], because [mechanism]. If I am right, the stock is worth [\$Z], or [W]% over [T] months.

## FILLED IN

The street expects revenue growth of 5 percent. I think it is 6 percent, because the company has taken three points of price across its two largest categories without volume loss for three consecutive quarters, and consensus still models flat pricing. If I am right the stock is worth \$62, or 20 percent upside over eighteen months.

## REQUIRED ELEMENTS

|              |                    |
|--------------|--------------------|
| The variable | <i>one of four</i> |
|--------------|--------------------|

|             |                      |
|-------------|----------------------|
| Two numbers | <i>yours, theirs</i> |
|-------------|----------------------|

|               |                |
|---------------|----------------|
| The mechanism | <i>a cause</i> |
|---------------|----------------|

|                 |                |
|-----------------|----------------|
| The consequence | <i>a price</i> |
|-----------------|----------------|

## NOT A VARIANT VIEW

*"A great business trading below its historical multiple, and the market underappreciates its brand."*

No variable. No second number. No consequence.

*Illustrative only; not a recommendation and not a position.*

# Which variable you will move

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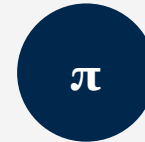
*Your statement names one of these four, and only one.*



## Revenue growth

*How fast does the business get bigger?*

The street models 5 percent. I model 6.



## Operating margin

*How much of each dollar of revenue survives?*

The street holds margin flat. I see 80bp of mix.



## Capital intensity

*How much capital does that growth consume?*

The new one. The street carries historical capex; the asset base has changed.



## Discount rate

*How risky are those cash flows?*

The street applies a sector rate. The revenue mix is more contracted than that.

*Return on capital is not a fifth variable; it is what margin and capital intensity produce together.*



## PART II

# Edge

*Why you have this view, and why it is still available.*

# Where the view comes from

*Four kinds of edge, and the one you claim has to match the work you actually did.*

| Informational                                                                                                                                              | Analytical                                                                                                                                            | Behavioral                                                                                                                              | Flow                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>What you have</b></p> <p>Data others do not have, or have not processed</p>                                                                          | <p><b>What you have</b></p> <p>The same public data, a better model, a better understanding</p>                                                       | <p><b>What you have</b></p> <p>A predictable error the current holders are making</p>                                                   | <p><b>What you have</b></p> <p>Willingness to take the other side of non-economic selling</p>                                                    |
| <p><b>How it fails</b></p> <p>The data turns out not to predict anything that matters</p>                                                                  | <p><b>How it fails</b></p> <p>Your model is better and the market never cared</p>                                                                     | <p><b>How it fails</b></p> <p>The error is real and persists longer than you can wait</p>                                               | <p><b>How it fails</b></p> <p>The seller knew something you did not</p>                                                                          |
| <p><b>For example</b></p> <p>You tracked posted prices weekly across the company site and two large retailers. The increases are not in consensus yet.</p> | <p><b>For example</b></p> <p>You built the unit economics of one location and found fixed-cost leverage the street's margin model cannot produce.</p> | <p><b>For example</b></p> <p>Three consecutive misses have anchored the street to a decline rate the recent order book contradicts.</p> | <p><b>For example</b></p> <p>A spin-off lands in an index the parent's holders do not track, so they sell it regardless of what it is worth.</p> |

*A flow edge changes nothing about the business, so it needs its own statement.*

# Non-economic flows

*The edge is not noticing the flow; it is being willing and able to take the other side.*

| Family                         | What forces the trade                    | Examples                                                                                                                       | Verifiable |
|--------------------------------|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|------------|
| Index and benchmark mechanics  | A rule, not a judgment                   | Deletion or addition; migration between size indices; float and share-count revision; sector reclassification                  | Yes        |
| Corporate action orphaning     | Holders receive what they did not choose | Spin-offs landing in the wrong mandate; post-bankruptcy equity to creditors who want cash; acquirer stock sold by arbitrageurs | Yes        |
| Calendar and tax               | The date, not the price                  | Tax-loss selling into December; quarter-end window dressing; fiscal year-end rebalancing; lockup expiry                        | Yes        |
| Mandate and rating constraints | An eligibility threshold is breached     | Downgrade below investment grade; falling under a market cap, price or liquidity minimum; exclusion lists                      | Partly     |
| Fund-level and risk-driven     | The holder is shrinking, not deciding    | Manager termination; redemptions; deleveraging and margin calls; vol-target de-risking; factor unwinds                         | Rarely     |

*A flow is not a pitch. It earns you the persistence half of the argument, not the variant view.*

# Why is this trade available

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*The market has more people and more money than you. Why are they not taking it?*

## HORIZON

### They cannot wait

The people who own it now are judged every three months. You can hold for three years. They cannot.

## MANDATE

### Their rules will not let them

Too small, not in the index, wrong credit rating, too hard to trade. The rule is not a judgment about the company.

## FUNDING

### It costs them more to hold

Borrowing costs, margin, financing terms. Neither fund can use this one; both are long only.

## ATTENTION

### Nobody has done the work

The sell-side analyst covering this name also covers seventeen others, and spends about three days a year on it.

## FRICTION

The trade is not worth the cost to them. Wide spreads, thin volume, or a position too small to matter to a fund running billions. Watch it both ways: the same friction can make the trade not worth doing for us, and you should say so if it does.

*Attention is the one students reach for first, and the easiest to overclaim.*

# Evidence for two numbers

*Your statement has two numbers in it, and each one needs its own evidence.*

| Evidence burden                                                                  | YOUR number: the business                                           | THEIR number: the street's expectations                                  |
|----------------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------|
| <b>Summarized</b><br><i>The book report · no edge</i>                            | Filings, press releases, sell-side summaries                        | Restating a consensus figure from a terminal                             |
| <b>Analytic</b><br><i>The financial modeler · analytical edge</i>                | Proprietary models, unit economics, cost structure                  | Estimate dispersion, revision trends, and a reverse discounted cash flow |
| <b>Investigative</b><br><i>The investigative journalist · informational edge</i> | Alternative data, channel checks, expert calls, digital breadcrumbs | Positioning, short interest, ownership change, index mechanics           |

**When they disagree:** the price is what you are trading against, not the published estimate.

*Two or three pieces, at least one investigative. You cannot state the street without sourcing it.*

# Is it still an idea

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*A correct explanation of a mispricing that closed six months ago is an observation.*

Ask these three before you build anything. If the first answer is yes, stop and find another name.

1

Has the price already moved?

If the market has recognized it and the stock has re-rated, the analysis was right and the idea is gone.

2

Is there a catalyst inside your horizon?

Persistence explains why the gap exists. The catalyst explains why it closes: an earnings print, a contract, a regulatory decision, a capacity start, a flow unwind.

3

What would tell you that you are late?

Name it in advance. Upgrades clustering, the estimate gap narrowing toward your number, short interest falling, the flow pressure already reversed.

*You have to explain why the market is wrong, and why the opportunity still exists today.*



## PART III

# Building the pitch

*Where to look, and what the ten minutes have to carry.*

# Where to start looking

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*This sequence establishes consensus. It does not give you a view.*

- 1 The three most recent sell-side reports
- 2 The most recent initiation report, or an S-1 from EDGAR where no coverage exists
- 3 The most recent annual report
- 4 The most recent earnings call transcript: go to the Q&A, skip the prepared remarks

## What to point it at

Smaller names that still carry enough coverage to establish what consensus is. The coverage requirement is not incidental.

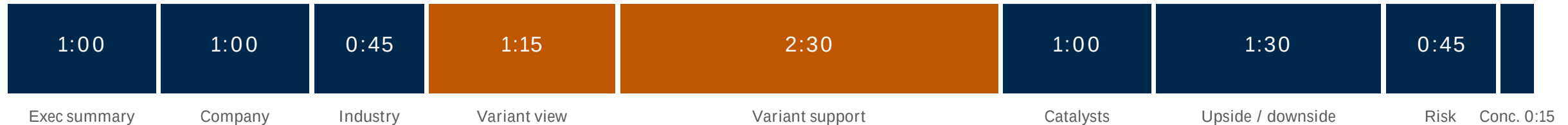
Not the largest and best-followed names. Too many professionals hunt the same edges for a student to credibly claim they found something missed.

Straightforward business models first. Consumer ahead of banks and energy.

*Without a street, you cannot state the street's number.*

# The ten minutes

*Segment width is minutes. The shape of this bar is the argument.*



## What must be true by the end of each

Executive summary. The recommendation, the variable, and both numbers are already on the table.

Company and industry context. Only what the variant view requires. This is the block students overspend.

Variant perspective and support. The two sentences, then the evidence for both numbers. The largest block by design.

Catalysts, upside and downside. Why it closes, when, and how much of the return is fundamental rather than re-rating.

Risk and mitigants, conclusion. What would falsify the thesis, and the level at which you would concede.

**The template:** these nine sections are the nine sections of the required pitch deck. Build inside it. [CANVAS LOCATION]

*A pitch that reaches variant support at minute seven has already failed.*

# Where students lose time

*Three different clocks, and students lose all three.*

| Which clock          | What happens                                                                            | What it costs you                                                                                 |
|----------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Time in the room     | Company overview, industry overview, and upside/downside absorb most of the ten minutes | The variant view arrives late and its support never arrives at all                                |
| Time on the analysis | Unit cost work is skipped                                                               | The analytical edge is the most available one you have, and this is where it lives                |
| Time on the calendar | Research starts late in the cycle                                                       | Investigative sourcing never happens, and the required investigative source is the first casualty |

**Source:** instructor observations across four rounds of MBA pitches; not a measured study.

*Only the first is visible on the day. The other two were decided weeks earlier.*

# Evidence, catalyst, asymmetry

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*Three requirements of equal weight. Missing one makes a pitch incomplete, not weaker.*

## Evidence support

*Does the analysis convincingly support the variant view?*

Two or three pieces, on both the business and the market's expectations, at least one investigative.

## Catalyst and event path

*Is there a credible route by which the market recognizes it, and over what horizon?*

Persistence says why the gap exists. The catalyst says why it closes.

## Asymmetry

*Is the upside attractive relative to the downside?*

And how much of the expected return is fundamental improvement rather than multiple re-rating?

**Key insight:** that can work, but it is a different bet from the one you think you are making, and it should be priced and sized as such.

*A thesis carried entirely by re-rating is a bet that other people reach your conclusion.*

# Talking to a practitioner

*Limited time with someone who does this for a living. Spend it on the part only they can help with.*

**How to open it:** “I am looking at Company X. The street expects [X] and I think it is [Y] because [Z]. Am I thinking about this correctly?”

*Your two-sentence statement, used as an opening line. It turns a career conversation into an investment conversation.*

## Spend the time here

- The variant view itself
- The support behind it
- The catalyst
- Modeling the asymmetry

*This is what a practitioner is uniquely able to react to. Push them on it, and keep pushing.*

## Cover as needed

- Company background
- The industry
- Risks and what would break it
- When and why you would exit

*Useful context, but only as much as the variant view actually requires.*

## Do not use them for this

- Deck structure
- Visual design
- Formatting and polish
- Finding errors in your model

*AI can do all of this now, and it is not why someone gave you their afternoon.*

*Listen more than you present. Write down what you learn.*

# The framework on one page

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## STATEMENT

The street expects [variable] of [X]. I think it is [Y], because [mechanism]. If I am right the stock is worth [\$Z], or [W]% over [T] months.

## EDGE

I see it because I have an informational, analytical, behavioral, or flow advantage.

## PERSISTENCE

It is still here because of horizon, mandate, funding, attention, or friction.

## EVIDENCE

Two or three pieces, on the business and on the market's expectations, at least one investigative.

## TIMELINESS

The price has not moved; [catalyst] closes the gap within [horizon]; I am late if [signal].

*A student who can fill these in has a pitch. A student who cannot has a company report.*



# Two sentences.

*If it takes more than that, you are describing a company.*