Mercado Libre (MELI)

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UNC CHARLOTTE STUDENT MANAGED INVESTMENT FUND

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MercadoLibre (NASDAQ: MELI): The Amazon + PayPal of Latin America

- Leading e-commerce + fintech platform across Latin America
- Exposure to secular growth in digital commerce + payments
- Multi-engine growth story with strong moat

Why Buy MELI?

- Category leader in massive underpenetrated region
- Dual flywheel: commerce + fintech reinforce each other
- Logistics moat difficult to replicate
- Long runway for payments, lending, ads, wealth products
- Founder-led culture with elite execution history

Market Opportunity

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a. Brazil: 215M people, 4% e-commerce penetration
b. Mexico: 130M people, 3% penetration
c. Argentina: 46M people, 5% penetration

- US e-commerce: 15% of retail
- China e-commerce: 25%+ of retail
- LatAm: 4-5% opportunity

Digital Shift Accelerating

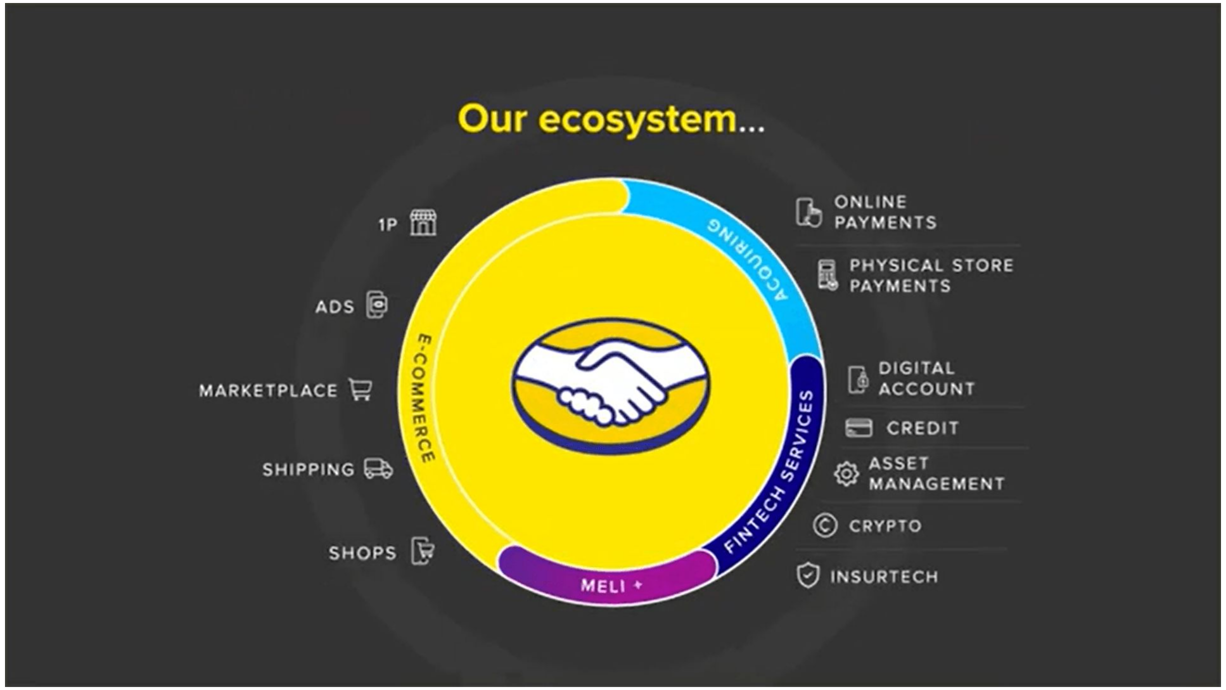
Payments Volume (GMV)

- 2021: $25B Baseline
- 2022: $34B +37%
- 2023: $42B +25%
- 2024: $58B +38%
- 2025: $79B +37%

Key: Consistent 35-40% growth across cycles

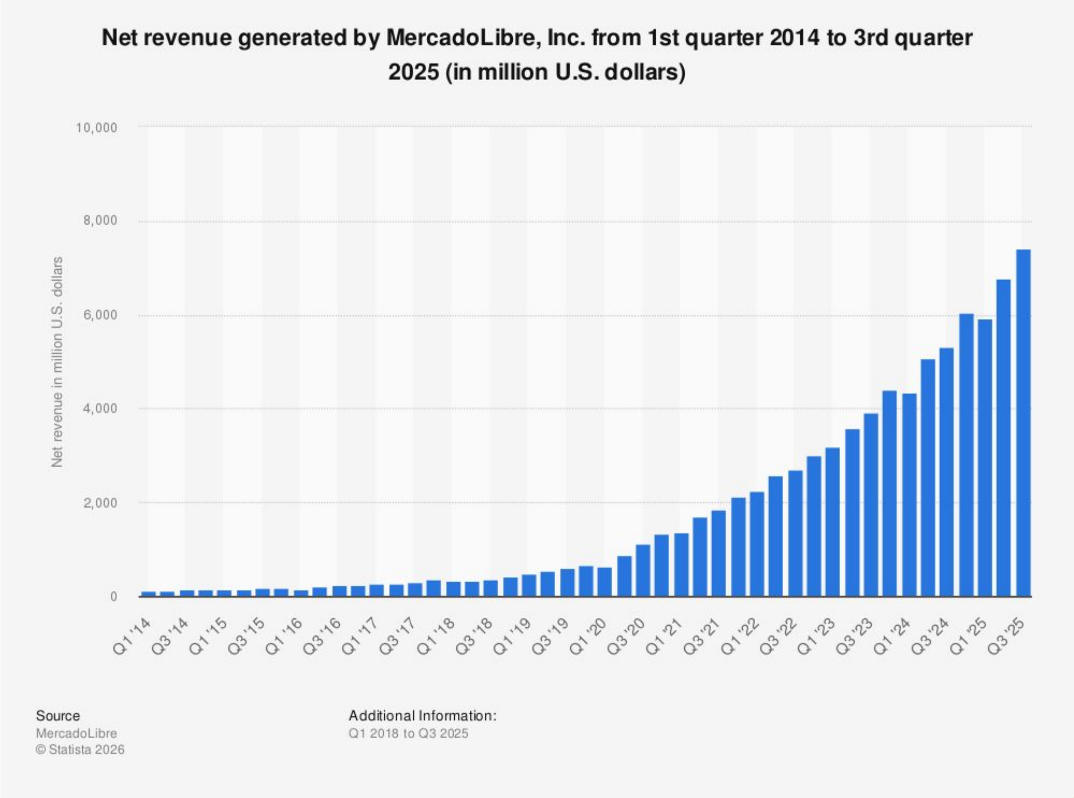
MELI: The Business

- Marketplace (MercadoLibre)
- Payments / Wallet (Mercado Pago)
- Credit / Lending
- Logistics / Fulfillment
- Advertising
- Asset management / savings products



Growth at Scale

- Q4 2025 revenue +45% YoY
- GMV +37%, TPV strong growth
- Consistent multi-year high growth
- Strong cash generation
- Reinvesting aggressively

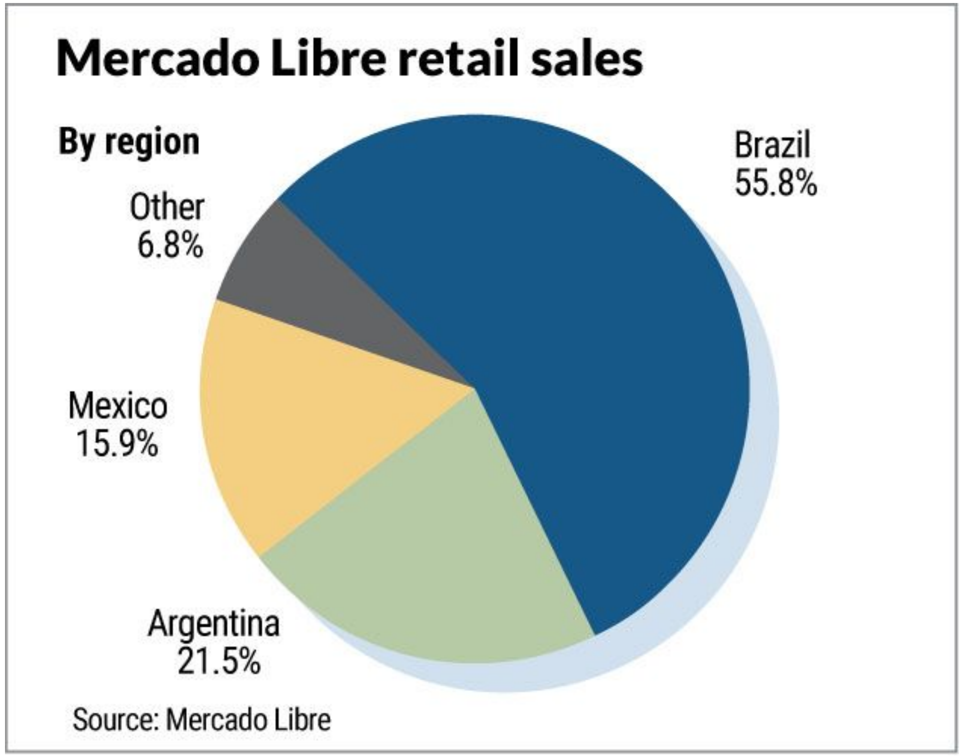


Competitive Advantage

- Local expertise in fragmented markets
- Built payments trust where banks under-serve
- Logistics network already established
- Brand recognition across region
- Seller + buyer network effects

Market Underestimates Long-Term Earnings Power

- Current margin pressure due to investments
- Investors focus on quarter-to-quarter EPS
- Ecosystem monetization still early
- Ads, credit, wealth, subscriptions not fully valued
- Can grow into premium multiple



Risks

- FX volatility
- Political/regulatory instability
- Credit losses in lending book
- Amazon / Sea / Nubank competition
- Margin compression from reinvestment

Bull Case Valuation

Bull Case: Path to $2,400/Share

Assumptions

Revenue Growth: 40%
vs 39% historical

Gross Margin: 49%
from 44.5% current

OpEx Margin: 28%
from 34% current

CapEx: 3%
asset-light model

Terminal Growth: 3%
GDP+ perpetually

WACC: 13.78%
based on actual beta

DCF Output

Year 5 Revenue

$190B

Enterprise Value

$123.4B

Intrinsic Value/Share

$2,412

Current Price: $1858

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Base/Bear Case Valuation

Base/Bear

Conservative Valuation

If growth slows to guidance, margins don't expand:

Revenue Growth: 35% *(vs 39% actual)*

Gross Margin: 47% *(no improvement)*

OpEx Margin: 33% *(current level)*

CapEx: 4% *(flat)*

WACC: 13.78% *(base assumption)*

→ Intrinsic Value: $1,400

At $1858: Stock is 33% expensive

Risks to Thesis

FX Volatility
Argentina/Brazil currency swings impact revenue

Growth Slowdown
Market saturation or macro headwinds

Regulatory
Brazil's central bank could restrict lending

Competition
Amazon expanding payments in LatAm

Macro Risk
LatAm recession would hit discretionary spending

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Catalysts

12-18 months

TPV growing 40%+, higher margin

18-24 months

Lending Scale

Loan book $6B+, credit stabilizes

2-3 years

Margin Expansion

Operating leverage + ads = 28% OpEx

24-36 months

Ad Platform

Now undermonetized, 50%+ TAM

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Premium Valuation

Shares Outstanding (mm)	50.697
Intrinsic Value Per Share	$2,412.04
Stock Price	1847.79
Overvalued/Undervalued	30.54%

- Premium valuation justified by moat + growth
- If revenue compounds 20%+ for years, upside remains large
- Scarce global large-cap compounder outside US megacaps
- Optionality across multiple verticals

Recommendation & Risk Management

RATING: BUY (Qualified)
~4% Allocation 17 shares ($31,577.83) from VEA

$2,400

If growth + margin expansion materialize (likely)