



Board of Advisors Meeting

May 8th, 2023



Table of Contents

I. Letter	2
II. Performance Analysis	4
III. Key Holdings Update	7
IV. Sell Notes	14
V. Double Down Note	17
VI. New Position Proposals	22
VII. Amended Constitution	38

Letter from Portfolio Managers

Dear Board of Advisors,

Thank you so much for coming to our final oversight meeting of the Spring 2023 semester. Over the last month, we have been busy researching a variety of ideas, both new and old, as well as looking to optimize the way our portfolio is constructed as we head into the summer. As such, we will be presenting several positions that we would like to double-down on or sell in addition to our normal pitch proposals. Additionally, on behalf of the entire club, we would like to thank everyone for your valuable help, feedback, and support throughout the semester.

Operationally, we have seen several changes with regards to Executive Board positions as well as governance. This semester marks Alice Yu's last semester as President of the club, and we would like to thank her for all her work over the last three years. We have also held presidential elections and will be welcoming Raunakk Jalan and Christina Monev as our new President and Vice President respectively for the Fall 2023 semester. We have also drafted a set of amendments to our current club constitution with the goal of reflecting more accurately how the club has evolved over the years, which have been attached to the end of our packet. Our changes center around creating clearer election and appointment processes for both our Executive Board and the club's Board of Advisors, as well as expanding the scope of our investment universe. We plan to bring these changes to Dean Whitelaw in the near future for approval and would welcome the Board's feedback on any particular change.

Looking forward, we plan to have each analyst develop a pitch, complete with a model, over the course of the summer so that we will have a fresh pipeline of ideas to kickstart our Portfolio Team meetings next semester. We will also meticulously track the names we currently own through position and model updates during the break and will be ready to take action should any position require a time-sensitive response.

Since our last oversight meeting, equity market conditions have remained relatively stable. Despite continued fears of contagion within the financial sector and a miss on 2023 GDP growth outlook, there has been very little information output that has materially changed the viewpoints of the market. Inflation has continued to subside, earning season has started off very strong for most companies, especially within the technology sector, and the Federal Reserve raised interest rates by an expected 25bps during their May FOMC meeting, hinting that this may be one of the final raises of the year. This has all culminated in very small (<2% movement) in both indices through April as well as the VIX ending the month at its lowest level since November of 2021. One major situation to monitor going forward will be the impending debt ceiling debacle, which we will be diligent in tracking over the summer.

With regards to portfolio performance, our portfolio has gained 16.4% in the LTM, increasing our LTM spread with the S&P 500 from 13.5% to 15.6% and the Russell 2000 from 16% to 18.1%. We would like to highlight Sea Limited, which we purchased in early 2022, which has returned close to 50% YTD, as well as Builders FirstSource, which has gained 70% YTD.

We have a large number of ideas to bring for this cycle's meeting, starting with sell notes on both Monster Beverage Corporation (NASDAQ:MNST) and Restoration Hardware (NYSE:RH), as well as a double-down on Joyce Corporation (JYC:AU). We would also like to propose the purchase of two new positions:

1. Thunderbird Entertainment Group (OTCMKTS:THBRF): A Canadian production studio with a compelling growth story insulated from broader downturns in the entertainment industry.
2. Credit Acceptance Corporation (NASDAQ:CACC): A subprime auto loan provider well-positioned to generate compounding growth in spite of current market conditions.

We are always happy to serve as a source of information for the Board regarding any of our current holdings, the operations of the club, as well as our plans for the future. Thank you everyone for the great semester and we look forward to reconvening next school year!

Best,
Nithin and Winston

II. Performance Analysis

Holdings Summary (as of May 5th, 2023)

Current Holdings												
Company Name	Ticker	Coverage	Date of Purchase	% of Portfolio	Share Count	Price At Purchase	Share Price	Current Return	1-Year Contribution	Beta	Industry	Holding Type
3U Holding AG	ETR: UUU	Nithin M.	3/13/2023	3.27%	540	5.43	5.92	8.90%	0.29%	0.72	Industrials	Oppt.
APi Group Corp	NYSE: APG	Rahul P.	9/24/2020	3.69%	160	14.29	22.49	57.38%	1.38%	1.50	Industrials	Core
Berry Global Group Inc	NYSE: BERY	Christina M.	12/2/2020	2.95%	50	54.60	57.66	5.60%	0.16%	1.17	Industrials	Core
Builders FirstSource Inc	NYSE: BLDR	Rahul P.	10/5/2021	9.12%	80	52.20	111.25	113.12%	6.45%	2.41	Industrials	Core
Camtek LTD	NASDAQ: CAMT	Nithin M.	10/7/2022	2.48%	90	22.68	26.88	18.52%	0.46%	1.03	Technology	Core
Catapult Group Int. LTD	ASX: CAT	Rahul P.	3/11/2022	1.15%	2100	1.07	0.80	-25.23%	-0.31%	2.52	Technology	Oppt.
Concrete Pumping Holdings	NASDAQ: BBCP	Alex I.	3/26/2021	2.15%	300	7.07	6.99	-1.13%	0.83%	1.17	Industrials	Core
Embecka Corp	NASDAQ: EMBC	Rhys B.	10/7/2022	4.48%	150	28.05	29.16	3.96%	0.18%	1.53	Healthcare	Core
Exelon Corp	NASDAQ: EXC	Rhys B.	4/30/2021	3.07%	70	31.74	42.85	35.00%	-0.26%	0.57	Utilities	Oppt.
Flex Ltd	NASDAQ: FLEX	Rhys B.	10/5/2021	7.03%	335	18.58	20.50	10.33%	1.65%	1.35	Industrials	Core
HCA Healthcare Inc	NYSE: HCA	Karen P.	9/26/2019	5.41%	19	119.99	278.06	131.74%	1.29%	1.60	Healthcare	Core
JD.com Inc ADR	NASDAQ: JD	Nithin M.	4/30/2021	1.47%	40	77.55	35.88	-53.73%	-0.45%	1.16	Cons. Cyclical	Core
Joyce Corporation LTD	ASX: JYC	Nithin M.	12/20/2022	1.46%	730	2.43	1.95	-20.00%	-0.29%	1.20	Cons. Cyclical	Core
LNA Sante	EPA: LNA	Sean C.	4/24/2023	2.44%	70	34.46	33.97	-1.42%	-0.03%		Healthcare	Core
Methode Electronics Inc	NYSE: MEI	Carol S.	2/19/2021	3.36%	80	38.56	40.96	6.22%	-0.22%	1.50	Technology	Core
Monster Beverage Corp	NASDAQ: MNST	Alice Y.	11/9/2021	5.01%	82	45.50	59.71	31.23%	2.10%	1.11	Cons. Defensive	Core
Palo Alto Networks Inc	NASDAQ: PANW	Alex I.	9/24/2020	5.65%	30	80.17	183.93	129.43%	0.79%	1.16	Technology	Core
Restoration Hardware	NYSE: RH	Christina M.	3/30/2022	2.68%	10	323.66	261.72	-19.14%	-0.26%	1.79	Cons. Cyclical	Core
Rimini Street	NASDAQ: RMNI	Winston Y.	11/11/2022	2.19%	515	4.29	4.15	-3.26%	-0.07%	1.20	Technology	Oppt.
Sea Ltd ADR	NYSE: SE	Niranjan N.	2/18/2022	1.93%	24	133.00	78.41	-41.05%	0.43%	1.70	Technology	Oppt.
Sonic Automotive Inc	NYSE: SAH	Sean C.	5/5/2022	2.91%	70	48.00	40.61	-15.40%	-0.45%	1.85	Cons. Cyclical	Core
Thyrv Holdings Inc	NASDAQ: THRY	Winston Y.	12/9/2022	3.48%	160	17.50	21.25	21.43%	0.75%	1.04	Technology	Oppt.
TransDigm Group Inc	NYSE: TDG	Raunakk J.	4/9/2020	8.64%	11	546.37	767.19	40.42%	3.07%	1.40	Industrials	Core
United Rentals Inc	NYSE: URI	Carol S.	3/14/2019	4.90%	14	114.85	342.05	197.82%	0.81%	2.00	Industrials	Core
Willis Towers Watson	NASDAQ: WTW	Mikhail T.	11/9/2021	3.97%	17	231.70	227.82	-1.67%	0.41%	0.70	Financial	Core
ZTO Express	NYSE: ZTO	Niranjan N.	3/14/2019	2.84%	100	19.43	27.77	42.92%	0.32%	0.60	Industrials	Core
Total Equity Holdings				97.73%	\$95,980					1.35		
Cash				2.27%	\$2,213							
Total Portfolio Holdings				100.00%	\$98,193							

IAG vs. SPY vs. RUT LTM Returns

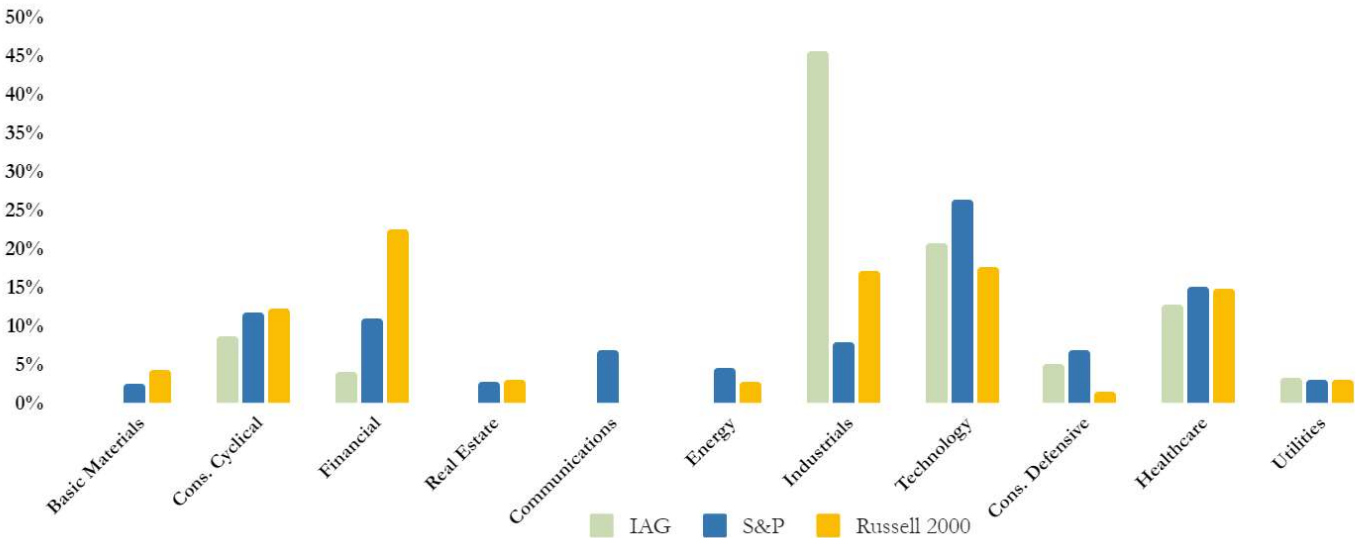


On a last twelve-month basis, **IAG's portfolio has returned 16.35%** while the S&P 500 returned 3.18%. Since the last oversight meeting, **the spread between IAG's portfolio and the S&P 500 improved from 13.39% (4/10/23) to 15.61% (5/5/23)**. However, short-term performance is largely determined by luck. Therefore, we will have to wait a few more years to determine if the decisions we made now generate true alpha.

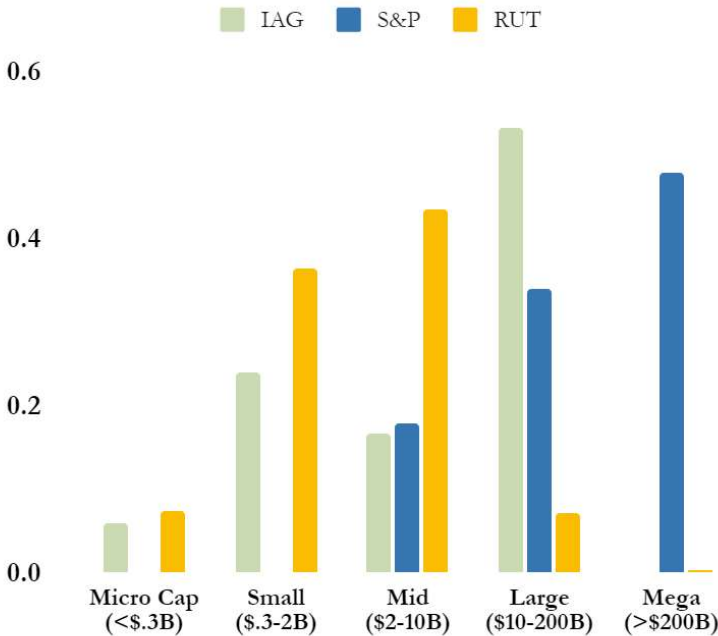
Our opportunistic positions now represent ~15.5% of our portfolio which is in line with our expectations. Additionally, 17% of our portfolio consists of international holdings.

Portfolio Exposure vs. Benchmark

Sector Exposure: IAG vs SPY vs (%)



IAG vs SPY vs RUT Exposure by Market Cap



IAG continues to use the S&P 500 as the core benchmark as specified in the fund mandate. While our industrial exposure is still substantially overweight, the three proposed positions today will help improve the composition.

IAG continues to be underexposed to mega-cap positions, yet drastically overexposed to small and large-cap companies. We will continue to look at the mega cap space for potential opportunities but do not think that the underexposure poses a major issue. In fact, we believe that most of the undervalued opportunities exist in the small-cap space due to lower coverage and greater perceived risk.

Pitch Log Since April 2023 Meeting

Internal Pitches Since March 2023 Meeting

	Company	Stage	Date	Analysts
1	Hudson Technologies, Inc.	Initial Screen	4/19/2023	Raunakk, Christina, Aryann
2	Thunderbird Entertainment Group	Initial Screen	4/19/2023	Carol, Karen, Claire
3	HLS Therapeutics, Inc.	Initial Screen	4/19/2023	Sherry Hu
4	Thunderbird Entertainment Group	First Update	4/25/2023	Carol, Karen, Claire
5	Hudson Technologies, Inc.	First Update	4/25/2023	Raunakk, Christina, Aryann
6	GoGo Inc.	Initial Screen	4/25/2023	Nihir Addla
7	Natural Resource Partners LP	Initial Screen	4/25/2023	Sean Chen
8	Credit Acceptance Corporation	Initial Screen	4/25/2023	Alex, Liam, Pravar
9	Credit Acceptance Corporation	First Update	5/3/2023	Alex, Liam, Pravar
10	Credit Acceptance Corporation	Devil's Advocate	5/3/2023	Nithin Mantena
11	Thunderbird Entertainment Group	Second Update	5/3/2023	Carol, Karen, Claire
12	Hudson Technologies, Inc.	Devil's Advocate	5/3/2023	Aryann Gupta

Active Pipeline

	Company	Stage	Date	Analysts
1	Hudson Technologies, Inc.	Devil's Advocate	5/3/2023	Aryann Gupta
2	HLS Therapeutics	First Update	4/7/2023	Sherry Hu

Oversight Meeting

	Company	Stage	Date	Analysts
1	Thunderbird Entertainment Group	Second Update	5/3/2023	Carol, Karen, Claire
2	Credit Acceptance Corporation	Second Update + DA	5/3/2023	Alex, Liam, Pravar

III. Key Holdings Update

Portfolio Updates Since April 2023 Meeting

Company	Ticker	Update
3U Group Share Price: €5.92 PT: €6.93	UUU	<p>We suggest holding 3U with a price target of 6.93 euros, representing 19% upside. To summarize 3U, it has three main lines of business: a HVAC ecommerce business, telecommunications infrastructure, and renewable energy farms. While understandably this portfolio of businesses and assets seem unrelated, on a sum of the parts basis, the net asset value of the combined segments accounts for most the enterprise value of the firm. As we stated in the last update, 3U is set to pay a dividend of approx. 3.20 euros within the next few weeks after they hold a vote at the annual meeting. After paying out this dividend, we believe that it will become much more clear to investors the value of the remaining assets in the firm. In addition, we believe that some of these segments (namely the ecommerce business) have the opportunity to expand without significantly increasing costs.</p>
APi Group Corp Share Price: \$22.49 PT: \$31.20	APG	<p>We propose to hold our position in the APi Group. Since our purchase in 2019, the stock has increased ~57%. Moreover, not much has materially changed since our last update. For FY 2023, they are guiding Chubb's organic growth to be around 3%, which takes 5% of customer attrition into account from restructuring, and with that, net revenue is expected to range around \$6.8 billion to \$6.95 billion (3.7% - 6% growth YoY). For Q1 2023, APi has achieved a strong result compared to the management's guidance of \$1.54 to 1.56 billion (consisting of 6% to 8% of organic growth) as revenues grew organically by 12.1% reaching \$1.6 billion (6.67%YoY). Furthermore, EBIT margin increased turned positive YoY from -0.5% to 4.5%, which demonstrates management's effort to improve margin, targeting over 13% in EBITDA margin. Management is continuing its effort to integrate and restructure Chubb to bring synergies, which they estimate it to be around \$100 million. In addition to integrating and restructuring Chubb, the management is also continuing its deleveraging effort to the target Net Debt/EBITDA range of 2 - 2.5x (expecting to achieve near year-end 2023), which will allow APi to produce generate substantial free cash flow. Looking at long term, our first thesis point on M&A still holds as there is an attractive market for M&A given that the industry is fragmented, and the management claims that they will allocate capital for M&A as well. Most of the synergies from Chubb acquisition for this year—with the management's guidance of \$55 - 65 million—is expected to be realized in the second half, and we will monitor future earnings as the integration of Chubb plays out further, as well as leverage ratio for the financial health of the firm.</p>
Berry Global Group Inc Share Price: \$57.66 PT: \$70.52	BERY	<p>We propose a hold on Berry Global, with our position in the company remaining somewhat flat since our last oversight meeting. Berry recently reported Q2 earnings, with revenue below consensus estimates but with EPS above consensus estimates. The recent revenue weakness can be partially attributed to broader inventory destocking trends. EBIT increased by \$100 million over Q1, with particular strength in the international consumer packaging, North America consumer packaging, and engineered materials segments. Berry's shift to higher-value products, such as those in the beauty and food service industries, has allowed the company to reduce costs and thus increase the bottom line, despite a dip in revenue. Amidst a slightly weaker packaging demand market in 2023, Berry has implemented structural cost improvements within the company in order to deliver sustained earnings growth for the year. Berry is also committed to returning capital to shareholders, having repurchased 5.5 million shares thus far in 2023 with plans to repurchase another \$600 million worth of shares throughout the rest of 2023. Berry just completed a bolt-on acquisition of Pro Western Plastics for \$88 million in order to bolster the company's existing North America consumer packaging segment as well as provide new consumer packaging opportunities in Canada. However, alongside this bolt-on acquisition, management has stated that they plan to divest a portion of the business by the end of the year in order to strengthen the company's core operations and offset the purchase price of PWP. Overall, we maintain our conviction in Berry Global as a strong core holding, and our price target remains at \$70.52.</p>
Builders FirstSource Inc Share Price: \$111.25 PT: \$125.73	BLDR	<p>We propose a hold on our stake in Builders FirstSource. Since we met in April, BLDR reported earnings for Q1 2023, which widely beat estimates by 70-80% on a revenue and gross margin basis, causing a positive stock reaction to ~\$110 per share, representing about 113% upside since we opened the position. The positive earnings beat was primarily driven by better than expected industry tailwinds, a more insulated product mix with an emphasis on prefab, and a continued successful M&A strategy. We will continue to monitor the position going forward. PT \$125.73</p>

Portfolio Updates Since April 2023 Meeting

Company	Ticker	Update
Camtek Ltd. Share Price: \$26.88 PT: \$37.88	CAMT	<p>We still suggest a hold on our position in Camtek with a price target of \$37.88 representing upside potential of 45%. Camtek is a \$1 billion semiconductor capital equipment manufacturer known primarily for their specialized semiconductor inspection equipment. Camtek is set to release their Q1 2023 earnings on May 10th. However, earnings for the first quarter are expected to down approximately 6% year over year. This is largely a result of reduced capital expenditures by semiconductor fabrication companies due to higher interest rates across the world. Camtek is also highly exposed to the Chinese market (>30% of revenue). While Chinese industrial manufacturing has been slower than expected in the past few months after China's COVID reopening, China will still contribute about 2/3rds of the world's GDP growth in 2023. On a more recent note, Jefferies initiated coverage on Camtek (\$35 1-year PT) citing many similar thesis points as our original pitch. Overall, like Jefferies, we believe that Camtek will benefit greatly from growth in China, increased prevalence of inspection within the semiconductor value chain, and growth in semiconductor capital expenditures.</p>
Catapult Group International Ltd. Share Price: \$0.56 PT: \$1.42	CAT	<p>We propose a continued hold on Catapult Sports. Since our last meeting, there have been no announcements from the company, but the stock has ticked up to 80 cents per share (AUD), primarily representing more favorable market conditions. On the business side, we are looking for substantial news and improvements in contribution margin, driven by recurring contracts and larger league contracts like the NBA and NHL, with continued expansion into the video analytics space. We look forward to any announcements from the company in the coming weeks to our next meeting.</p>
Concrete Pumping Holdings Inc Share Price: \$6.99 PT: \$10.85	BBCP	<p>We propose to continue holding our position in BBCP. Our position is down 1.3% from our purchase at \$7.08. The company has not released new financial results since our last meeting. Fundamental factors for the company have been trending in the right direction, with macroeconomic issues subsiding. Key factors such as construction spending across end-markets and The Architectural Billings Index are both trending in the right direction. Additionally, management has continued to support the share repurchase program. Likewise, recent environmental regulations provide a tailwind for the Eco-Pan segment of the business. With strong growth and fundamentals, we remain confident in BBCP to continue delivering value to shareholders and surpass expectations.</p>
Embecta Corp Share Price: \$29.16 PT: \$40.00	EMBC	<p>We propose a hold on Embecta with a PT of \$40. Since the last update, it has been quite an uneventful month as there have been no observable company developments. After one poor earnings call and one great one, Embecta has remained between the \$27-31 range. Compared to the S&P 500, Embecta is completely flat, although has experienced a little more beta over the holding horizon. In terms of our theses, this summer is pivotal, as we will likely see some sort of plan or more concrete timeline regarding the patch pump which we are treating as a call option. Additionally, a larger and more concrete capital allocation plan will likely be announced on Embecta's next earnings call (Q2) in about a week. Either this upcoming earnings call or the following one which occurs before the next oversight meeting, there will be substantial news which could really move the stock.</p>
Exelon Corp Share Price: \$42.58 PT: \$45.00	EXC	<p>We propose holding our position in Exelon with a PT of \$45. Since the last update, Exelon has been relatively stable. On May 3, Exelon reported Q1 earnings and was flat the day of despite exceeding earnings expectations by 7% and meeting them for revenue. In terms of pending rate cases, they have two electric distributions cases in progress: one for Delmarva Power, and the other for ComEd. We expect to hear regulatory decisions regarding both late this summer. Also, although there have been some complaints that are driving somewhat lower customer satisfaction scores, these have impacted the entire industry equally. Exelon's pricing remains 23% below the average rate in large cities in the United States which bodes well for future increases in authorized ROE. We remain confident in Exelon's fundamentals and leading operational metrics to continue to drive growth and profitability.</p>

Portfolio Updates Since April 2023 Meeting

Company	Ticker	Update
Flex Ltd. Share Price: \$20.50 PT: \$31.50	FLEX	<p>We propose a hold on Flex with a PT of \$31.50. Since our last update, Flex's stock price is down slightly. There have been no new company-specific developments and we are awaiting the next earnings call which will occur on May 10. As a result of the NEXTracker spin-off, Flex has a very substantial cash position. Their number one priority is buybacks; management believes Flex is very undervalued as we do. We have, however, seen recent margin weakness on the reliability side; however, this is due to proactive investments in equipment, skilled labor, and hiring and should revert to normal. The management team is very operationally astute and has had excellent margin guidance and very clear communication while we have owned this stock. Flex continues to weather supply chain difficulties and we remain confident in their ability to improve margins by increasing their focus on the Reliability segment.</p>
HCA Healthcare Inc Share Price: \$278.00 PT: \$291.00	HCA	<p>We propose a hold on our HCA position with a \$291 price target. HCA is currently experiencing positive volume results, lined up with reports of lower acuity, while noting headwinds to pricing and inflation pressure on labor and other operating expenses. Q1 2023 earnings results were strong, with both top and bottom-line metrics showing solid improvement. As the operating environment further normalized post-pandemic, topline experienced strong acuity and payer mix trends. HCA also saw a sequential increase in contract labor spending recently, driven by higher utilization given the seasonality of demand, and earnings are reasonable for the current environment in comparison to typical Q1 earnings during pre-pandemic times. HCA also noted continued success in securing MSD% rate increases with commercial players above pre-pandemic rates, being 93% contracted for 2023, ~67% contracted for 2024, and ~25% contracted for 2025. Of the three original thesis — consolidation of core cities, superior mix of geographic locations, and acquisitions of surgical and physician operations — all are still intact. HCA continues to be best-in-class in terms of staffing against acute peers and staffing. HCA announced HCA Healthcare Foundation Grants to promote access to more healthcare careers, feeding into the strong employment pipeline HCA has. While HCA has not announced any new acquisitions in the most recent quarter, continued support from new graduates with the Galen Nursing School should also weather labor cost challenges.</p>
JD.com Inc ADR Share Price: \$35.88 PT: \$79.00	JD	<p>We still propose a hold on JD.com and maintain the same price target as last month of \$79, compared to the current stock price of approximately \$35.80. JD.com is set to release their Q1 figures later this month. We will be looking out for key KPIs including gross merchandise value, the impact of inflations on JD's margins, and signs of increasing competition. In addition, we will be looking for commentary regarding the reopening of China which has been a large topic of debate over the past few months. China eased COVID restrictions near the end of 2022. Since then retail sales numbers and service numbers have been quite fantastic. However, industrial product numbers have been fairly weak due to an overall cooldown in international economies, countries that would typically import a large number of products from China. While these data points are important in the short-term, our overall thesis on JD.com remains that the company will be a long-term winner due to its ability to navigate the heightened government scrutiny on tech companies and its domestic only focus.</p>
Joyce Corporation Share Price: \$1.95 Price Target: \$3.14	JYC	<p>Double down note in packet</p>

Portfolio Updates Since April 2023 Meeting

Company	Ticker	Update
LNA Sante Share Price: \$34.64 PT: \$53.70	LNA	<p>We propose a hold on LNA with a price target of €47.9 (\$53.70). Since initiating our position, the stock price has not moved materially. Operationally, LNA recently came out with Q1 topline results that were in line with our expectations. Operation revenue (total revenue less real estate revenue) grew by 6.9% QoQ. This was supported by overall occupancy rate remaining at 94%. LNA has also noted that the flow of tariff money from the French Government has resumed, albeit at a slow pace. We didn't account for this in our model and is thus free FCF for LNA. Based on these Q1 results, LNA is guiding for €725mm in operating revenue, €4mm above our expectations, and expects tariffs to ramp up as the year passes. Management has also authorised the repurchase of a further €7.5mm worth of shares for the upcoming quarter, but has only repurchased €280m since we initiated our position. We look forward to their half-yearly report to be released next month, as that will give us more visibility into margins and on how staff expenses are trending.</p>
Methode Electronics Inc. Share Price: \$40.96 PT: \$50.11	MEI	<p>We propose a hold on Methode Electronics at \$40.76. The new targeted price is \$52.80, with a targeted upside of 29.54%. Not much has changed since our last update. To recap, MEI missed earnings projections for Q3 2023 earnings. Revenues were down 3.94% yoy and the firm has been unable to reduce costs (largely attributable to inflationary pressures on material and other manufacturing costs), seeing its profit margin decrease. 3Q sales were particularly hurt by ongoing GM legacy product roll-off and decline in autos and softness in appliances and data centers in China, with legacy GM platform headwind likely to continue weighing on auto sales for the rest of 2023. However, we continue to believe that revenue and gross margin impacts will subside in the long run. Inflationary pressures and supply chain headwinds will likely reduce after 2023. Further organic growth upside will be generated by diversification of the company from reliance on its automotive segment and customer portfolio: The company is still moving forward with its +20 planned new program launches in 2024. Its accelerating EV wins and shift towards margin accretive power distribution products should offset the margin dilutive legacy automotive segment in the next few years. We continue to believe that MEI stands differentiated from other automotive providers as its evolving product mix, offering more specialized, less competitive products, and believe the business will eventually recover from short-term macroeconomic headwinds.</p>
Monster Beverage Corp Share Price: \$59.71 PT: \$60.00	MNST	<p>Sell note in packet</p>
Palo Alto Networks	PANW	<p>We propose a hold on Palo Alto Networks. Since our purchase at \$80.17 per share, our position has grown 129.4%. The company has not released new financial results since our last meeting. We look forward to the Q3 earnings release on May 23rd. The company has successfully been rolling out new products for its customer base. Recent highlights include PANW's new cloud firewall for Azure customers, an expansion of their digital forensics team, and approval for DoD II5 Provisional Authorization for their Prisma Access Zero Trust solution. Management has successfully executed on strategy and stayed on the leading edge. Overall, we remain confident in our initial thesis and look forward to it being reaffirmed the Q3 results.</p>
Restoration Hardware Share Price: \$261.72 PT: \$284.00	RH	<p>Sell note in packet.</p>

Portfolio Updates Since April 2023 Meeting

Company	Ticker	Update
Rimini Street Share Price: \$4.15 PT: \$7.25	RMNI	<p>We propose a hold on Rimini Street. Over the last month, the company reported its Q1 2023 earnings, beating estimates significantly and displaying results that continue to show the execution of our original investment theses. The company reported \$105.1mm (+2% consensus) in revenue and EPS of \$0.11 per share (+22% consensus). It also reported that pipeline numbers were up 20% YoY, and that AMS (now rebranded to Rimini One), has begun to gain considerable traction, adding over \$20mm in revenue within the last year. Legal issues with Oracle also continue to subside, with litigation expenses falling and the case continuing to progress forwards in bench trial. We believe that heading into the next half of the calendar year, comps will begin to relax for Rimini, positioning it well to display a strong rebound in sales, backlog, billings, and profitability going forwards. At ~0.8x revenue and 6x EBITDA with steady free cash flow generation, we believe that Rimini remains attractively valued and capable of taking advantage of the secular tailwinds that are present within its sector going forwards, leading us to maintain our price target at \$7.25.</p>
Sea Ltd. Share Price: \$78.41 PT: \$167.00	SE	<p>We recommend a hold in our position in Sea Ltd. Since the last oversight meeting, the company has not had any earnings updates and no significant news updates. The company did release its FY22 10k. From the annual report, we see that revenue mix is 67% SE Asia while LATAM makes up 16%, showing significant growth in the country's Brazilian operations. While Capex rose 21% YoY in large-part due to infrastructure developments in LATAM, the company's commitments to purchase property and equipment in the next year has fallen from 362.6mm in Dec 2021 to 99mm in December 2022. This suggests further offloading to 3p infrastructure partners such as J&T, which should help improve FCF conversion down the road. Finally, the company has been able to secure several licences and government approvals for SeaMoney to expand its operations into other ASEAN countries, with the company obtaining EMS licences in Brazil, Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam. Sea will announce Q1 '23 results on May 17th.</p>
Sonic Automotive Inc Share Price: \$40.61 PT: \$76.00	SAH	<p>SAH has been a detractor to the portfolio due to a weak 1st quarter, which is showing the macro difficulties of the current environment. Sonic Automotive (SAH) announced 1Q:23 adjusted earnings per share (EPS) from continuing operations at \$1.33, falling short of Bloomberg consensus of \$1.82. The primary cause of this underperformance was the SG&A deleveraging on an operating level. During the first quarter, total industry volumes remained roughly constant quarter-over-quarter at 3.6 million units, while the SAAR improved (15.3 million in 1Q:23 compared to 13.8 million in 4Q:22), suggesting that the broader economic environment for dealers continues to be difficult. In this challenging climate, costs appear to have increased at SAH. Furthermore, the ongoing supply issues and fluctuations in the used car market are impacting SAH's used car and EchoPark operations. Same-store sales are better than expected as Echopark and the legacy Sonic business are executing relatively well in the constrained environment. Same-store sales surpassed expectations, with total same-store sales falling 1.0% YoY, primarily driven by strong performance in New vehicle sales and Parts & Service. New same-store sales rose 5.2% YoY, significantly better than expectations of -7.1%. The decrease, attributed to a 5.5% increase in revenue per unit and steady unit volumes YoY. Execution is going to be dependent on SAH's ability to cut costs in this environment and not fail in SG&A deleveraging and also continue to gain market share in the used car market. We need to closely monitor the position quarter by quarter.</p>
Thryv Holdings Inc Share Price: \$21.25 PT: \$36.00	THRY	<p>We propose a hold on Thryv. Thryv continues to be a great performer and is hitting on all of the thesis points that we proposed when the company was originally pitched. Thryv recently released Q1 earnings and beat revenue by 3.31% and beat earnings by 47.21%. Overall Thryv has given us a 21% return since buying. This quarter Thryv added 15% new subscribers and grew ARPU by double digits as well. Total Saas revenue grew by 24% YoY. Marketing services revenue decreased by greater than expected by 27%. However, Thryv is taking active approaches to address this segment. Part of our pitch included that Thryv can attract clients to Saas from marketing by expanding the marketing customer base. Thryv was able to acquire the Yellow pages business in New Zealand to add additional clients that can be cross-sold.</p>

Portfolio Updates Since April 2023 Meeting

Company	Ticker	Update
TransDigm Group Share Price: \$767.00 PT: \$790.00	TDG	<p>We propose a hold on TDG. There have been no changes since the last oversight meeting. The company remains on track to meet projections for 50% EBITDA margins and a recovery in supply chain disruptions. The stock price is near our target and the stock has rallied 30%+ since we doubled down as credit concerns have faded. Earnings results for the company have been strong, exceeding expectations as aerospace parts demands rebounds along with travel RPKs and military spending ramps up.</p>
United Rentals Share Price: \$342.00 PT: \$523.59	URI	<p>We would like to propose holding our stake in United Rentals (URI) at \$339.00. The updated price target is \$523.59 (a targeted upside of 54%). Since our last update, United Rentals reported Q12023 earnings and declared a quarterly dividend: \$7.95 per share, slightly missing consensus estimate of \$8.12 per share. However, the company did well on a year-over-year basis, seeing increasing earnings and revenues thanks to strength in the core rental business and continued sustained demand in URI's end markets. Fleet productivity increased 2%, net income margin (13.7%) and adjusted EBITDA margins improved (45.8%). The company reaffirmed its 2023 guidance, citing broadbased end-market activity, contractor backlogs, and solid visibility into customer sentiment. We see continued deleverage, with net leverage ratio now at 1.9x (2.0x at the last update), but also continue to see a multiple discount compared to CAT. The expansion into specialty continues to be an attractive revenue generator for the company, and the recently announced partnership with Polaris represents paving a way for all-electric utility vehicles for environmental improvement.</p>
Willis Towers Watson PLC Share Price: \$228.00 PT: \$319.89	WTW	<p>We propose a hold on Willis Tower Watson. Since our last update, shares have traded down slightly due to FCF guidance being removed and risk & broking operating margin compressing by ~170 bps. We don't see these developments as particularly significant since the range they were guiding for was well above street consensus and our opinion on what realistic FCF they could generate. Moreover, risk & broking operating margins have been decreasing by 2.2% on average per quarter for the last FY and we didn't see this stopping this quarter. We see improving fundamentals for every other segment with overall operating margin up 140 bps YoY and three consecutive quarters of 5+% organic revenue growth, as we projected. With accelerating contributions from significant talent investments made in 2022, growth continues to have a strong runway.</p>
ZTO Express (Cayman) Inc ADR Share Price: \$27.77 PT: \$35.00	ZTO	<p>We recommend a hold in our position in ZTO. Since the last oversight meeting, no new material developments with the company have occurred. The company will announce FY23 Q1 earnings on May 17th. We believe that Q1 results should build on the positive news that was delivered in the '22 Q4 and FY22 report as macro conditions continue to improve in the country. We have confidence that e-commerce volumes will continue to grow, even in spite of relaxed stay-at-home measures as the pandemic declines, based on the resiliency the company showed towards the end of last year. Finally, ZTO continues to provide differentiated value-add services to improve its pricing power. For example, just last week, ZTO announced a partnership with Aurora Mobile to bolster its customer notification services. As such, we remain confident in the outlook of the company and feel comfortable with our stake going into the summer.</p>

IV. Sell Notes

Sell Note: Monster Beverage (NASDAQ: MNST)

Dear Board of Advisors,

We would like to sell our position on Monster Beverage Corp (NASDAQ: MNST), realizing a **32.64% upside** since our original purchase price of \$45.50. We initially invested in the company on 11/9/2021 for its thesis points of:

Business fundamentals prove resilient against short-term macro headwinds: When we originally pitched this investment, Monster suffered from margin erosion as a result of decade-high aluminum prices due to a military coup in Guinea and a halt in Chinese production. Despite these macroeconomic challenges, Monster sustained their margins by 1) raising prices without losing market share 2) reducing reliance on imported aluminum. Given top-line growth, consistent margins, and the stabilization of aluminum pricing, we are confident that this thesis point regarding resiliency against macroeconomic headwinds had been largely priced in.

International expansion and innovation strategy drive top-line growth: We expected Monster – a categorical winner – to continue drive revenue growth by expanding into new geographies including Asia and EMEA and releasing new product types. Consistent with Monster’s complete-beverage strategy, Monster acquired CANarchy Craft, a beer and seltzer company. Upon announcement of the deal, Monster’s stock fell by 12.5%, which it had since recovered from. Since our investment, Monster had entered the malt alcoholic, coffee, wellness energy, and water markets, releasing ~20 products during 2022. Monster also expanded coverage from 154 countries at the time of our investment to 157 countries, with international sales growing by 15.8%. Regions such as Mexico, Brazil, and Argentina, for example, saw the largest increase in market share at a 5% increase YTD. We believe that the current pricing reflects these successes as well.

Share buyback program and Coca Cola partnership to provide downside hedge: Prior to our investment, Monster’s management sat on a virtually debt-free balance sheet and announced a share repurchase program. We also considered Coca Cola’s stake in Monster as an effective hedge against a downside case with buyout potential, while also enabling Monster to tap into an unparalleled distribution network. Monster continued to leverage Coca Cola’s distribution network to scale in local markets and establish key supplier relationships. Since our investment, management had also announced a 2-for-1 stock split.

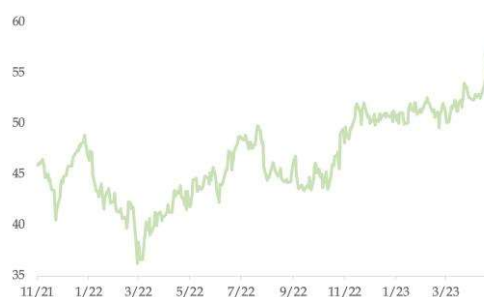
Based on the above analysis, we believe that our initial theses have played out as anticipated. We also see additional risk in holding onto this stock, given potential headwinds in the EMEA expansion strategy due to the Russia-Ukraine crisis. We believe there is more upside to be seen by allocating cash to our newer position ideas.

Best,
Alice Yu

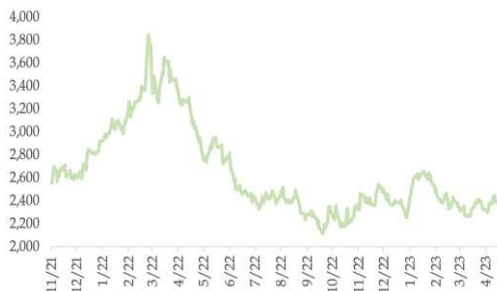
Stock Overview

	At Purchase:	Current:
Share Price	45.50	60.29
Market Cap	\$44.96 B	\$47.37 B
Sales	\$4.60 B	\$283.98 B
Cash	\$2.6 B	\$2.7 B
LT Debt	\$20.8 M	7.8 M
EV/EBITDA	24.23x	25.97x

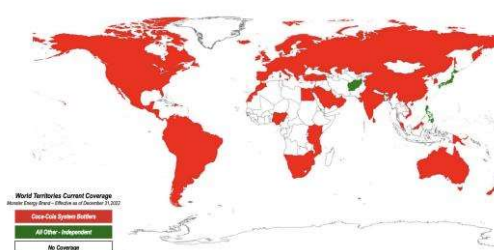
Performance Since Purchase on 11/9/2021



Aluminum Pricing



Distribution Coverage



Sell Note: RH (NYSE: RH)

Dear Board of Advisors,

We would like to sell our position on **RH (NYSE: RH)**, realizing a **19.4% loss**. Our initial Investment Thesis was as follows:

Thesis Point 1: The transition to Design Galleries would result in strong operational improvements and a multiple re-rate: RH currently has 28 Design Galleries, compared to 35 of its Legacy Gallery stores. RH only converted one new Design Gallery in the past year, although the company had initially hoped to open 5-7 new galleries annually to eventually reach its target of 60-70 galleries. Design Galleries are much larger (~8x) and display more SKUs (50% of the catalog compared to 7-8%) than the average Legacy Gallery. Design Galleries also initially increased average ticket prices by 1.6x, which signaled a more luxury standing for the company.

Thesis Point 2: RH's international expansion will provide significant new revenue opportunities: RH England, the first RH location in Europe, was originally supposed to open in 2022. Management had also originally planned for successive gallery openings at other locations in the UK, France, and Germany. These markets were perceived as relatively untapped, and consumer tastes were expected to fit well with RH's brand aesthetic. The launch of RH England was pushed from summer 2022 to summer 2023, and RH Paris and RH London are set to follow in 2024-2025.

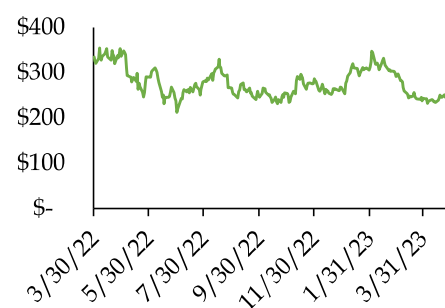
We would like to sell for the following reasons:

- **Over-estimated impact of Design Galleries:** While the transition from Legacy Stores to Design Galleries initially improved store unit economics, we have not seen further improvements, and we believe that any future gains are already priced in. Sales per square foot actually decreased from \$2,997 last year to around \$2,792 currently, and RH experienced a 24% decrease in membership year-over-year. With no measurable increase in average ticket prices and with expected discounting due to several new collections coming this summer, the financial impact of the gallery stores is far lower than anticipated.
- **Over-confidence in European expansion:** Initially, RH appeared well-positioned to enter into the European, luxury furniture market, with no significant competitors in this space. However, a lack of concrete details on the exact opening dates of these locations coupled with constant setbacks on the project timelines, we no longer have conviction in the company's ability to deliver on its long-proposed expansion into Europe. Furthermore, we have significant doubts on the company's ability to open new locations in ~8 international cities over the next two years, as stated by management in recent earnings.
- **Unforeseen capital allocation issues:** Management's current capital allocation strategy is questionable, with several multi-million dollar outlays not resulting in a significant shift in consumer sentiment. For example, RH purchased the Linden House, a luxury estate outside of Indianapolis, at a list price of \$14.5 million to use as a new gallery. However, continued delays in Europe are also putting pressure on the opening of new U.S. gallery stores. RH Linden House was supposed to open at the end of 2022 or early 2023, but the gallery opening has now been delayed to an unspecified time in 2023. Furthermore, there is virtually no consumer buzz around the opening of this new location, indicating that these expensive investments and corresponding delays might result in lower-than-expected returns for the company.

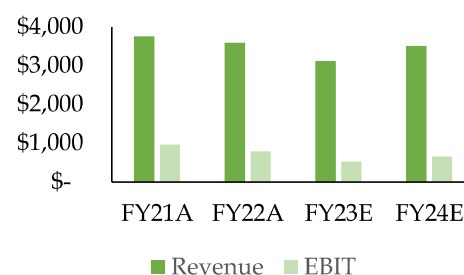
Stock Overview (LTM Figures)

	At Purchase:	Current:
Share Price:	\$323.66	\$261.72
G. Margin:	49.4%	50.5%
EBIT Margin:	24.9%	20.4%
EV/Rev:	2.1x	2.2x
EV/EBITDA:	6.7x	8.1x

Performance Since Purchase on 3/30/22



Projected Growth



Best,

Christina Money

V. Double Down Note

Buy Note: Joyce Corporation (JYC: AU)

Dear Board of Advisors,

We would like to increase the sizing of our position in Joyce Corporation. When we originally pitched Joyce, we chose a smaller sizing of approx. 2% because of a lack of cheapness in the equity. Since purchasing the position in late 2022 when Joyce had an equity value of approx. \$102 million AUD the market cap has decreased to \$82 million AUD. However, in that same time, Joyce released quite stellar half-year numbers. In addition, after purchasing Joyce, we had the opportunity to interview both the CEO, Dan Madden, and a regional Bedshed franchise manager. These interviews allowed us to understand the strength of the business on a deeper level.

Company Overview: Joyce Corporation is an Australian listed and based holding company. Currently, it owns Bedshed (an Australian bedding, bedroom furniture, and mattress retailer), a 51% stake in KWB (a kitchen renovation company with showrooms located in Australia), and Crave (a new home staging initiative.) Joyce generates profit from Bedshed through primarily operating the franchise operations for 37 stores but also by running four company-owned stores. For KWB, Joyce operates 26 showrooms in Sydney, Brisbane, and Adelaide, higher income markets. Crave still remains in the early stages with some good signs of progress.

Thesis Recap: Our original reasoning for the purchasing the company was simple. While we understood that Bedshed (the retail mattress operation) was fairly tied to new housing starts, we also believed that because they ran the franchise operations of the business they would be less cyclically exposed to mattress sales. However, the most important aspect of the pitch was our view on KWB (kitchen and wardrobe renovations). In short, our view was that KWB's very large ~\$60 million AUD order backlog, the strong secular tailwinds support "Do It For Me" renovations in Australia, and the ample growth opportunity in Australia made Joyce an attractive investment.

Our view on Joyce has remained almost the same as when we originally pitched it. However, we now have additional information on future growth for KWB as well as why the KWB business has such strong economics.

Updates:

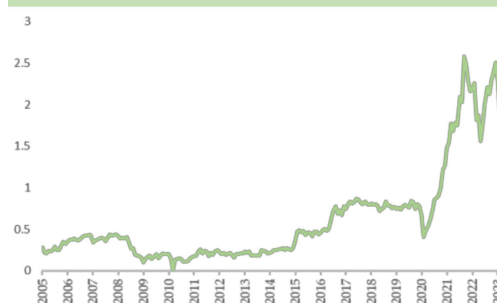
1. **Future growth opportunities for KWB and Bedshed segments are greater than originally forecasted**

In our original investment pitch for Joyce, we believed that long-term KWB could reach a store count of approx. 45 stores. However, at the time we lacked certainty on these numbers and therefore chose to only forecast a long-term store count of ~35 by 2027. However, after speaking with Dan Madden and further analyzing potential markets for expansion, we believe that the longer-term store count could be upwards of 50. In our model we have adjusted our assumptions and are forecasting a store count of 42 by 2030. Similarly, with Bedshed, we believe that it has the ability to increase their store footprint ~40% driven primarily by growth in the New South Wales region. However, for modeling purposes we forecasted a store count of 43 by 2027 with a 3% perpetuity growth rate.

Stock Overview

	At Purchase:	Current:
Share Price	\$3.66	\$2.89
Market Cap	\$102.6M	\$82.3M
EBIT	\$14.7M	\$14.9M
Cash	\$31.2M	\$36.3M
LT Debt	\$14.4M	\$20.4M
EV/EBIT	5.54x	4.48x

Share Price



Buy Note: Joyce Corporation (JYC: AU)

2. KWB, the kitchen renovation business, shows confirmation of strong unit economics and working capital structure

Speaking with Dan Madden gave us many more insights into what has allowed KWB to consistently increase EBIT per store (\$250k USD in 2016 to \$770k USD in 2022) all while increasing the number of stores (13 in 2016 to 27 in 2023).

Specifically, we gained more insight on KWB's working capital requirements which we will attempt to explain through an example kitchen purchase. First, the consumer can go to one of the 27 showrooms to look at the various kitchens. If the sale is closed, KWB will collect a non-refundable deposit equal to 10% of the value of the project. Then a month before installation of the kitchen, a project manager will go to the home to collect more detailed measurements. At this point another 30% of the project value is collected and then materials are purchased.

In summary, KWB is able to collect a minimum 40% of the value of the entire project before any significant costs are imposed. It is only after collecting this money that KWB will purchase the raw materials. From a working capital perspective this is brilliant as even if the customer were to cancel the project after KWB purchased the materials, KWB would be able to cover the full COGS of the project through the non-refundable deposit that they took at the beginning. This is one of the largest reasons we believe that they have been able to survive swings in demand and perform extremely well during this most recent rate hike cycle.

3. Highly capable management team remains focused on conservatively growing core home service businesses

Speaking to Dan Madden, the CEO of Joyce, provided to be more insightful than originally thought. Oftentimes during these types of interviews, the CEO's will rant about the numerous high growth opportunities that the company has or set unrealistic expectations about future margins.

Dan Madden was the opposite of this. When asked what Joyce will do with the additional capital that they had on hand, he explained how he wanted to put the focus on conservative growth emphasizing maintenance of the bottom line instead of growth of the top line at the expense of margins. When asked whether they were planning to expand into new areas of business, he answered that he wanted to stay focused on the home services segment instead of previous managers of Joyce who attempted to expand outside their area of competence.

Additionally, speaking with multiple people at the company portrayed a sense of community and culture that I have not felt at many other companies. Analyzing a firm's culture can be difficult. If you hear the same canned phrases from everyone about the culture, it's likely rehearsed. But when multiple managers provide different and specific examples of the same cohesive culture, it's more likely the culture is genuine. It was the latter that I sensed from Joyce.

FX Analysis:

Since pitching Joyce Corporation in late 2022, the AUDUSD exchange rate has been approx. flat. We continue to believe that the AUDUSD rate will stay relatively flat as indicated by the AUDUSD futures. The REER model is currently implying that the AUD is fairly valued. In addition, the AUDUSD exchange rate sits near the long-term average. For all these reasons along with the fact that we have significant upside in our model make us feel confident in investing in Joyce.

Best,

Nithin Mantena

Buy Note: Joyce Corporation (JYC: AU)

Revenue Build	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
Revenue															
Revenue per Franchise				0.17	0.16	0.19	0.17	0.12	0.15	0.15	0.135	0.138	0.141	0.143	0.143
% growth YoY					-4.3%	15.2%	-9.5%	-26.9%	17.3%	1.4%	-9.0%	2.5%	2.0%	1.0%	0.5%
# of Franchise Store				25	26	28	32	32	33	36	37	38	40	42	43
# of Store Additions					1	2	4	0	1	3	1	1	2	2	1
Franchise Revenue	4.6	4.6	4.6	4.3	4.3	5.3	5.5	4.0	4.8	5.3	5.00	5.26	5.65	5.99	6.17
% growth YoY		-2%	1%	-7%	0%	24%	3%	-27%	21%	11%	-6%	5%	7%	6%	3%
Revenue per Store				2.30	2.61	3.16	2.76	2.85	4.17	3.93	4.09	3.84	3.92	4.00	4.08
% growth YoY					14%	21%	-13%	4%	46%	-6%	4.0%	-6.0%	2.0%	2.0%	2.0%
# of Company Stores				5	5	5	5	5	4	4	4	4	4	4	4
# of Store Additions					0	0	0	0	-1	0	0	0	0	0	0
Retail Bedding Rev	10.0	8.1	8.8	11.5	13.0	15.8	13.8	14.3	16.7	15.7	16.34	15.36	15.67	15.98	16.30
% growth YoY		-19%	9%	30%	14%	21%	-13%	4%	17%	-6%	4%	-6%	2%	2%	2%

Operating Build BedShed	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
Revenue															
Retail Bedding Stores	10.0	8.1	8.8	11.5	13.0	15.8	13.8	14.3	16.7	15.7	16.34	15.36	15.67	15.98	16.30
% growth		-19%	9%	30%	14%	21%	-13%	4%	17%	-6%	4%	-6%	2%	2%	2%
BedShed Franchise	4.6	4.6	4.6	4.3	4.3	5.3	5.5	4.0	4.8	5.3	5.00	5.26	5.65	5.99	6.17
% growth		-2%	1%	-7%	0%	24%	3%	-27%	21%	11%	-6%	5%	7%	6%	3%
Operating Profit Before Tax															
Retail Bedding Stores	0.3	0.4	0.7	0.9	0.4	0.5	0.8	(0.2)	3.3	1.9	2.12	0.61	0.78	0.80	0.82
% margin	3%	5%	8%	8%	3%	3%	6%	-1%	20%	12%	13%	4%	5%	5%	5%
BedShed Franchise	1.6	1.5	1.2	1.2	1.3	1.4	1.6	2.0	2.6	2.8	2.25	2.21	1.92	2.04	2.10
% margin	35%	34%	27%	28%	31%	27%	30%	50%	54%	53%	45%	42%	34%	34%	34%

BedShed Retail	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
EBT	0.27	0.40	0.70	0.92	0.44	0.46	0.78	-0.20	3.26	1.94	2.12	0.61	0.78	0.80	0.82
Taxes	0.08	0.12	0.21	0.28	0.13	0.14	0.23	-0.08	0.98	0.58	0.64	0.18	0.24	0.24	0.24
D&A	0.13	0.13	0.15	0.19	0.23	0.19	1.36	1.29	1.04	0.99	0.29	0.28	0.28	0.29	0.29
Capex	-0.30	0.00	-0.30	-0.10	0.00	-0.10	-0.10	0.00	0.00	-0.10	-0.08	-0.08	-0.08	-0.08	-0.08
FCF	0.03	0.41	0.33	0.74	0.54	0.41	1.81	1.15	3.32	2.24	1.70	0.63	0.75	0.77	0.78
DFCF											0.17	0.56	0.59	0.54	0.49

BedShed Franchise	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
EBT	1.62	1.54	1.23	1.18	1.30	1.44	1.65	1.99	2.63	2.83	2.25	2.21	1.92	2.04	2.10
Taxes	0.49	0.46	0.37	0.35	0.39	0.43	0.49	0.60	0.79	0.85	0.67	0.66	0.58	0.61	0.63
D&A	0.01	0.01	0.02	0.01	0.01	0.03	0.02	0.02	0.08	0.09	0.10	0.11	0.11	0.12	0.12
Capex	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FCF	1.15	1.09	0.88	0.84	0.92	1.04	1.17	1.22	1.92	2.07	1.67	1.65	1.46	1.55	1.59
DFCF											0.17	1.49	1.19	1.15	1.08

BedShed Franchise Valuation	
Discount Rate	10.0%
Perp Growth	3.00%
Terminal Value	15.83
Disc. Terminal Value	10.31
Enterprise Value	15.39
Equity Value	15.39

BedShed Retail Valuation	
Discount Rate	12.0%
Perp Growth	2.00%
Terminal Value	5.02
Disc. Terminal Value	3.01
Enterprise Value	5.36
Equity Value	5.36

Buy Note: Joyce Corporation (JYC: AU)

Number of Stores	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e	2028e
Company Owned	15	18	20	21	24	25	26	28	31	34	36	38
change	2	3	2	1	3	1	1	2	3	3	2	2

Per Store Metrics	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e	2028e
Revenue per Store	\$ 3.16	\$ 3.13	\$ 3.25	\$ 3.21	\$ 3.74	\$ 4.32	\$ 4.44	\$ 3.86	\$ 3.94	\$ 4.02	\$ 4.10	\$ 4.18
% Growth	0.9%	-1.0%	3.8%	-1.0%	16.3%	15.5%	2.8%	-13.0%	2.0%	2.0%	2.0%	2.0%
Profit per Franchise	\$ 0.40	\$ 0.46	\$ 0.47	\$ 0.54	\$ 0.68	\$ 0.77	\$ 0.79	\$ 0.71	\$ 0.72	\$ 0.74	\$ 0.77	\$ 0.78

Operating Build KWB	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e	2028e
Revenue												
KWB Stores	\$47.40	\$56.32	\$64.96	\$67.50	\$89.69	\$107.96	\$115.36	\$108.09	\$122.06	\$136.55	\$147.47	\$158.78
% growth	16%	19%	15%	4%	33%	20%	7%	-6%	13%	12%	8%	8%
Operating Profit Before Tax												
KWB Stores	5.9	8.3	9.5	11.3	16.3	19.2	20.42	19.78	22.46	25.26	27.58	29.69
% margin	13%	15%	15%	17%	18%	18%	17.7%	18.3%	18.4%	18.5%	18.7%	18.7%

KWB Retail	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e	2028e
EBIT	5.9	8.3	9.5	11.3	16.3	19.2	20.4	19.8	22.5	25.3	27.6	29.7
Taxes	2.0	2.7	3.1	3.7	5.4	6.3	6.7	6.5	7.4	8.3	9.1	9.8
D&A	0.3	0.6	2.7	3.2	3.5	4.3	3.5	3.2	3.7	4.1	4.4	4.8
Capex	-9.3	-1.3	-1.1	-0.6	-1.3	-1.2	-3.5	-3.2	-2.4	-2.7	-2.9	-3.2
FCF	-5.0	4.8	7.9	10.2	13.1	15.9	13.7	13.3	16.3	18.3	20.0	21.5
DFCF							1.4	11.9	13.3	13.6	13.5	13.2

Joyce Consolidated Valuation	
KWB Discount Rate	10.0%
KWB Perp Growth	2.00%
Terminal Value	160.08
Disc. Terminal Value	81.37
Enterprise Value	173.75
(+) Cash	36.06
(-) Debt (Capitalized leases)	20.27
(-) Minority Interests	88.80
(+) QSD Sale Leaseback	11.72
Equity Value of KWB	112.46
(+) Equity Value of Bedshed Franchise	15.39
(+) Equity Value of Bedshed Stores	5.36
Equity Value of Joyce Corp	133.21
Shares o/s	28.65
Target Price	\$ 4.65
Current Price	2.88
Upside	61.44%

VI. New Position Proposals

Thunderbird Entertainment Group Inc. (OTCMKTS: THBRF)

Low-Risk, Small-Cap Canadian Media Player Generating Upside Potential with Increased IP

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Price Target: \$5.48 (49.36% upside)

May 8th, 2023

Business Description:

Thunderbird Entertainment is a global content creation studio that is the parent of three subsidiaries: (1) Thunderbird Entertainment, (2) Great Pacific Media, and (3) Atomic Cartoons, which together develop, produce, and distribute film and television programming for domestic and international markets. As an independent distribution company, THBRF also acquires, licenses, and merchandises distribution rights to content. Headquartered in Vancouver, THBRF works with all major streamers and broadcasters, with footholds in animation and unscripted content development. THBRF's Kids & Family, Unscripted, and Scripted productions air in over 40 languages and throughout 190 countries.

The Three Types of Services Provided

(1) Production Services - THBRF is hired by larger studios to provide animation services for shows. THBRF does not own the IP for these projects; they are brought on during the production stage of the value chain and then paid throughout based on project completion percentages. Atomic Cartoons (the Kids & Family animation business) currently generates most of its revenues from this service.

(2) Owned-IP Projects - THBRF fully owns the entire creative vision and copyright of these projects, with these shows living in the THBRF library forever. Here, (1) payments come in when each show airs and (2) a fee is received for licensing the IP. THBRF also receives all back end and ancillary revenues, capitalizing on cross-selling and monetization opportunities (i.e. toy, video games, books). Great Pacific Media (the Unscripted and Scripted business) owns 100% of all their shows.

(3) Partner-Managed Projects - Partnerships are a hybrid of IP and service. Here, a company comes to THBRF with an already established IP (i.e. a toy chain, a book series) and works with THBRF to develop a show. Though the cost and revenue sharing in these projects are dependent on individual contracts, THBRF discloses that many of these projects are fully or majority funded by the partner during production. While THBRF does not own the IP, it receives regular cash payments for production servicing, while also generating additional revenue from outside terrestrial licensing, development fees, and any back-end monetization.

THBRF's Positioning Insulates Company from Downside Risk

(1) Operates in Entertainment Niches Known for Production Consistency: THBRF is a leader in animated kids' content and unscripted content. Family content production has increased with the streaming wave as kids watch more television – 3.6x more content has been viewed by kids in 2022 vs. 2018, and households with kids watch an average of +20 min of content daily. Unscripted (Reality) TV is 3-5x cheaper to produce compared to scripted content. Streaming companies have an incentive to keep reality TV around as it bridges the gap between off seasons for scripted shows: 54% of SVOD renewals in Q1 2022 were for unscripted series.

(2) Minimum Upfront Cash Outlays: THBRF has a non-risk pre-production approach to content creation, spending ~\$100-200K (never invest over 10-15%) on scripts and show bibles and gets buyers to the table early in the production process. By pre-selling all project's, guaranteed sales are secured pre-production. THBRF's established body of previous work, they command reliability in the pitching process. Focused on talent and retention, and with a strong content base, they are nimble in the negotiation process, insulating them from the pressures of creating large-scale IP hits, while leaving room for IP to materialize upon success.

Key Ratios and Statistics (in CAD):

Recommendation	Buy/Long
Price Target	\$5.48
Implied Return	49.36%
Share Price (05/05/2023)	\$3.76
Market Cap	\$183.11M
52-Week Low	\$2.33
52-Week High	\$3.99

Figure 1 - THBRF (2019-2023) Stock Performance

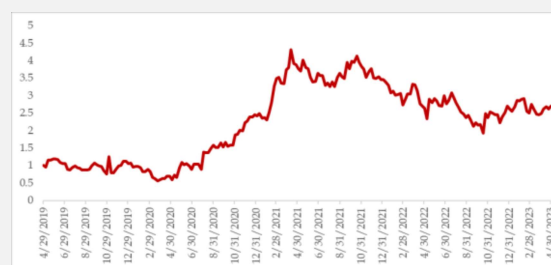


Figure 2 - Breakdown of THBRF's Services

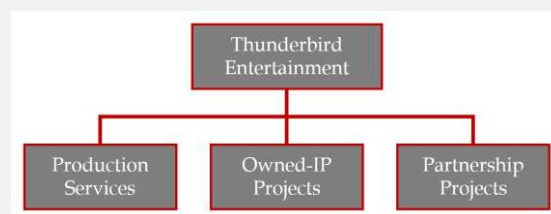


Figure 3 - Revenue Mix Table

	2017	2018	2019	2020	2021	2022
Production Services	72%	65%	49%	58%	69%	80%
Licensing and Distribution	25%	35%	51%	42%	31%	20%

Figure 4 - Geographic Revenue Mix Table

	2017	2018	2019	2020	2021	2022
Canada	28.90%	21.80%	40.1%	45.5%	39.6%	22.1%
US	65.20%	68.50%	25.4%	38.6%	53.9%	75.2%
UK	3.40%	5%	13.0%	2.1%	0.0%	
Denmark		1.40%	11.2%	8.0%	2.6%	0.5%
Ireland		2.40%	7.0%	3.5%	3.9%	2.1%
China		1%	2.9%	1.7%		
France				0.3%		
Other	2.50%		0.3%	0.2%	0.0%	0.1%

(3) Canadian Tax Credit System: Vancouver is currently a hub for animation and visual effects, incentivizing companies such as THBRF to create high-quality content by leveraging tax incentives for Canadian producers. Incentives to improve cash flows include 15% Canadian Production Tax Credit, 35% Provincial Film & TV Tax Credit, and 25% of broadcasting fees to be subsidized by the Canadian Media Fund. Such tax credits for creative production have existed for 30+ years in Canada, and it is difficult for customers to say no to THBRF when the firm offers high-quality content at lower price points due to compelling budgets.

Reasons Mispriced:

- Under coverage results in severe lack of recognition for genuine business improvements, still in the early stages of strategy development.
- Low amounts of financial information disclosed cloud true business value, misled concerns drawn from traditionally problematic media studio models.

Investment Thesis Overview:

We see THBRF as a limited downside-risk play into an industry traditionally dominated by bad business models. With low cash outlays and a stabilizing production business keeping the lights on for THBRF, the early-stage shift towards more partnership and owned-IP projects creates an exciting upside opportunity.

(1) Stabilizing production services model well-positioned to capitalize on growing studio requirements to upkeep content libraries

Production services is a stable, cash-flow generative core business for THBRF. While we argue the shift to original-IP content creation is the real upside opportunity in this business, third-party production work is unlikely to ever be removed from the business model as companies maintain these revenue-generating products to “keep the lights on” in the studio.

2019 Revenue Drop is a One-Time Occurrence: THBRF had a significant production services revenue drop in 2019 (\$81M), which may scare investors glancing through financials. However, this was indicative of a time when the company was refining its business model to create IP projects. In 2018, the company had a small team conducting M&A that was only handling the cash flows for *The Man in the High Castle*, which resulted in deceiving revenue from the accounting department. The majority of the nine-month decrease (\$69.8M) was also related to the company’s decision not to renew its agreement to service the show due to low profit margins.

Outsourcing Animation: TV channels and streaming platforms seek to outsource animation as costs are high or they are not set up with their own studios. A growing number of outsourced streaming work is moving to Vancouver, as companies can get English-speaking talent at a discounted rate. Each project can give the firm 18 months to two years’ worth of work. THBRF can also pick up distribution rights mid-project.

International Trends Point to Closer Relationships Between THBRF and Larger Studios: Increasingly, throughout the industry, content aimed at American audiences cannot just be shown to other markets, but rather there needs to be more IP native to those regions to establish a stronger foothold in international markets. In countries such as Canada, Germany and China, governments require foreign studios to curate local content to the native population. American studios outsourcing production services prefer working with THBRF due to cultural, language, and time zone similarities. For big players such as Disney, cost, reputation, and timeline schedule delivery ability all factor into third-party content creation studio partnerships. (ex. Disney usually picks 1-2 Canadian-based animation studios to work with). When selecting partners for new projects, streamers will have their go-to companies based on animation specialties or previous positive experiences. THBRF fostered many of those positive relationships during the pandemic as it was one of the only content suppliers able to deliver quality content in a timely manner. With only ~4 years in the space operating under its new strategy, THBRF attracted all major streaming platforms as partners.

Figure 5 – Percentage of Original Content Budgets Spent on Animation (Netflix and Amazon)

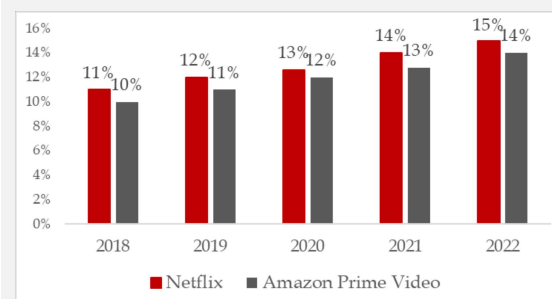
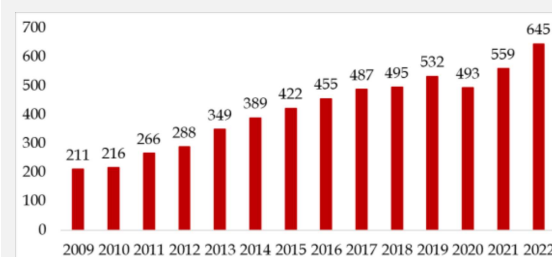


Figure 6 – Number of U.S. Original Scripted Series



(2) Increase in partner-managed projects represents opportunity for top-line expansion in production and licensing segments

Strong Content Backlog: Visibility into the pipeline of current projects in the production backlog demonstrates an increasing number of partnership structure contracts. THBRF currently has 50 total projects underway in their “IP development” category. Notwithstanding specifics behind each contract, there is no denying all of these projects are significantly greater than the historical number of owned-IP and partnership projects in the Kids & Family segment: 1 in 2019-2020, 2 in 2021, 2 in 2022, 3 planned for 2023. We see this as a clear sign that the company is leveraging its achieved scale to reap the benefits of the more efficient partner-managed model for financial backing and creative development.

Strength of the Partnership Model: One key benefit of the partnership structure is to create content for already established IP – being compensated by partners of these IP to create shows, while also capitalizing on additional revenue opportunities:

- **The Last Kids on Earth:** With THBRF’s first 100% owned distribution and consumer product (toy and video games) deal, Atomic received all rights to terrestrial broadcasters and ancillary revenue streams. Upon releasing this series, Atomic also created its **Consumer Products & Distribution Division**, as it aimed to monetize and commercialize partnerships through toys/merchandise, video games, mobile, and other cross media opportunities (essentially increased cross-selling opportunities). This will increase the “Other Revenue” segment and stabilize top line growth as more of these shows in the pipeline come out. With *The Last Kids on Earth*, THBRF introduced a toy line with JAKKS Pacific in 2020 and a video game with Cyber Group in 2021. This contributed to \$100k in other revenue in 2020 and \$300k in 2021.
- **Princess Power:** A particular type of partner-managed deal is the **global IP buyout**. “Princesses Wear Pants” is a successful book series by Savannah Guthrie and Allison Oppenheim. Atomic Cartoons optioned for the rights to develop and produce the show. Netflix purchased the series from Atomic in 2020, renamed it to *Princess Power*, and paid Atomic a higher producer fee. On top of that fee, upon announcing that the series was premiering this year, Netflix signed a contract with Atomic to guarantee THBRF receives a share of all back-end royalties.

Case Studies for Building Upon Established Content:

- **BBC & WildBrain / Teletubbies:** WildBrain acquired the rights to distribute and control the creative vision of Teletubbies' revival (which aired from 2015-2018) but was not behind the creation of the original content (Ragdoll Productions and the BBC).
- **Hasbro & Entertainment One / Peppa the Pig:** In 2019, Hasbro acquired eOne, adding brands and expanding storytelling through adding well-known, established global brands, Peppa Pig and PJ Masks, as well as a slate of brands in development, to Hasbro’s portfolio.

THBRF also services brands such as *Cocomelon*, *Star Wars*, *Trolls*, making it easier to service IP and create connections to foster more partner-managed models. THBRF recently also signed a 5-year contract with LEGO to produce all their film/TV content.

(3) Investments into development represents a forward-looking metric pointing to increased idea generation for company-owned content

Increased Investments into Development: With investment into scripts that have not yet made it into the production stage, development investments are indicative of potential minutes two, three, or more years out for shows that are typically company-owned IP. We notice a disproportionate growth in this segment in the last year, with investment in scripts almost doubling from 2021’s numbers (and 4x-ing pre-COVID numbers) after a strong post-COVID recovery, which makes us believe that this is another sign of management’s deliberate movement into owned-IP. Owned-IP is more valuable for the business and there is immense upside potential for success if projects become popularized. The slant towards more IP is to double down on increasing the long-term company value, “because inherently, when we are valued by the marketplace. More owned IP will get you to a 12-14x multiple, maybe 11-15x. Pure service play, in that 6-10x multiple.”

	2016	2017	2018	2019	2020	2021	2022
Additions in Development Costs	0	1308	319	482	493	837	1609
YoY % Growth			-75.61%	51.10%	2.28%	69.78%	92.23%

Recovery of Half-Hours of Owned-IP Delivered & Development of LA Studio:

In 2019, the company strategically moved **away from delivering original content** (Owned-IP) with high top line revenue yet smaller profit margins, to concentrate on premium content **servicing** (Production Servicing) from its expanding client base, which includes Disney+, Nickelodeon, PBS and NBCUniversal, among others. A sharp decline in number half-hours of owned-IP delivered in 2022, the greater revenue skew towards production servicing (80%) vs. licensing/distribution from original content (20%) [Figure 3], and expansion into a new studio in LA, all delineate THBRF’s strategic shift towards fostering key studio relationships. On THBRF, the Head of Animation at Nickelodeon stated, “We don’t work with up and coming or boutique or unproven studios for series productions because you do not hand that much money to unproven studios.” Coming out of 2022 with relationships established with studios from production, THBRF now sees a recovery in half-hours of owned-IP, supporting its shift to developing new content and capturing ancillary revenue streams from content ownership.

Half-Hours of Owned-IP Delivered (Factual, Scripted, and Kids & Family)													
Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q1 '22	Q2 '22	Q1 '23	Q2 '23	
34	34	34	34	43	36	66	62	24	32	14	45	51	

Risks/Catalysts:

- **Expansion Internationally:** Recently gained additional presence in the US (opened a LA studio) at the request of key customers. Yet to see whether this will have a positive impact on the company.
- **Activists Activity:** Though the market has not reacted yet, the recent shakeup in management and situation with Voss Capital could result in changes going forward which are yet to be seen, though we do not believe this will have a material impact.
- **Expansion into Scripted Content:** Potential expansion into select scripted content will unlock an additional content vertical while adding value to the existing content library.

Valuation:

Comparable Companies Analysis Table

Company	Ticker	Price	Mkt Cap	TEV	EBITDA	EV/EBITDA	EV/Rev	ROA
Boat Rocker Media Inc.	TSX:BRMI	1.6	88.3	220.6	17.8	12.4x	1.0x	0.9%
WildBrain Ltd.	TSX:WILD	1.7	303.2	942.2	62.8	15.0x	2.5x	3.5%
Next Entertainment World Co.	KOSDAQ:A160550	5.2	146.3	212.0	8.1	26.2x	1.8x	1.3%
Cultural Investment Holdings Co.	SHSE:600715	0.4	682.5	1,145.0	(35.2)	NM	9.9x	(2.6%)
UFO Moviez India Limited	NSE:UFO	0.9	32.7	33.8	0.7	48.3x	0.8x	
J-Stream Inc.	TSE:4308	4.3	105.6	55.2	18.2	3.0x	0.6x	8.8%
Shalimar Productions Limited	BSE:512499	0.0	5.9	5.9	(0.1)	NM	29.5x	
Corus Entertainment Inc.	TSX:CJR.B	1.1	210.1	1,220.2	267.6	4.6x	1.1x	3.4%
Ciwen Media Co.	SZSE:002343	1.3	774.3	754.1	(20.9)	NM	12.9x	(4.8%)
Average		1.8	261.0	509.9	35.4	18.2x	6.7x	1.5%
Median		1.3	146.3	220.6	8.1	13.7x	1.8x	1.3%
Thunderbird Entertainment Group Inc.	TSXV:TBRD	2.7	133.9	147.4	27.4	5.4x	1.1x	0.7%

Note: Comparable companies that operate in the Canadian space are trading at a higher multiple, presenting a potential re-rate opportunity

(1) WildBrain's premium may be justified due to its ownership of more chunks of IP. For example, WildBrain currently produces content for six brands: it fully owns *Strawberry Shortcake* and *Teletubbies*, and 41% of *Peanuts* (largest rights holder). Hence, size premium, and owned IP of more established brands could possibly justify its multiple premium. Given the direction that Thunderbird is moving in, we can possibly be on the forefront of a multiple rerate opportunity as the projects discussed above begin to come out.

(2) Boat Rocker has the same revenue streams and operating costs, with three notable differences that don't really justify the 12.4x. Boat Rocker has one additional stream of revenue on top of what Thunderbird is currently generating--a Representation Revenues segment, which accounts for approximately 5% of total revenue and is earned on a commission basis, as Boat Rocker also manages talent under the brand Untitled Entertainment. This segment also Boat Rocker higher exposure to current high-collar labor problems, such as the Hollywood talent strike expected this year, which was mentioned by management as a key threat to their representation segment. Considering that publicly traded talent agencies typically trade at a ~5x multiple, and that many of them have partnerships with production companies (which eliminates any significant reasons for a premium due to a strong pipeline for talent in Boat Rocker) we see little reason for Boat Rocker's premium.

Model

Content By Minutes Build	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E
Atomic Cartoons (Past + Underway) Projects											
<u>Atomic Cartoons Movies (One-Time Projects)</u>											
Curious George Cape Ahoy (Peacock) - Released 2022						88					
Curious George Go West Go Wild (Peacock)				85							
Night at the Museum: Kahmunrah Rises Again (Disney)						80					
Vindicators 2						25					
<u>Estimates of Additional Possible Minutes</u>							0	40	40	40	40
Total Production Minutes for Services Projects - Movies	0	0	0	85	0	193	0	40	40	40	40
TV Shows (Multiple Seasons)											
Spidey and His Amazing Friends (Disney)					308	308	208				
Trolls TrollsTopia (DreamWorks)					418	418					
Mighty Express (Spin Master Entertainment)					374	196	196				
Double Trouble (LEGO)				44							
Legend of Isla Nublar (LEGO)		55	176								
Hello Ninja (Netflix)			130	247	130						
101 Dalmation Street (Disney)			517	517							
Beat Bugs (Netflix)	48										
Hilda (Netflix - Silvergate Media)		364									
Super Dinosaur		572									
Winston Steinburger and Sir Dudley Ding Dong	286										
Incredible Art				286							
Minecraft Mini Series	80										
Counterfeit Cat	22										
Max & Ruby	190	190	190								
Little Demon						240					
Star Wars Holiday Special (Disney)				49	44	47	48				
Molly of Denali	295	295	295								
Pinecone & Pony (Apple TV+)						704	704				
My Little Pony: Make Your Mark (Netflix)							506				
<u>Estimates of Additional Possible Minutes</u>								1620	1620	1620	1620
Total Production Minutes for Services Projects	921	1476	1308	1143	1274	1913	1662	1620	1620	1620	1620
Average Minutes Produced Per Show	153.5	295.2	261.6	228.6	254.8	318.8333		270	270	270	270
Number of Shows Worked on Per Year	6	5	5	5	5	6	5	6	6	6	6

<u>Atomic (Partner-Managed Productions)</u>											
Princess Power (owned by Netflix, IP-buyout)							210				
Oddballs (owned w/Netflix)					400		400				
Dogs in Space (owned w/Netflix)				180	180		180				
The Last Kids on Earth (owned w/Netflix)			27	690	690						
Estimates of Additional Possible Minutes							200	1200	1500	1500	1800
Total Minutes for Partnership Projects	0	0	27	690	870	580	990	1200	1500	1500	1800
Average Minutes Produced Per Show			27	690	435	290	263.3333	300	300	300	300
Number of Shows Worked on Per Year	0	0	1	1	2	2	3	4	5	5	6
<u>Great Pacific Media (IP/Licensing)</u>											
<u>Factual (Documentaries and Unscripted)</u>											
Highway Thru Hell	840	1020	1020	1080	1080	1080	1080	1080	1080	1080	1080
Heavy Rescue 401	540	600	840	840	960	780	780				
Mud Mountain Haulers					480	480	480	480	480	480	480
Save My Reno	420	420	420	420	420						
Teenager & The Lost Mayan City						60					
Dr. Savannah: Wild Rose Vet						270					
Deadman's Curse						480	480				
Gut Job						480	480	480			
Styled						480					
Estimates of Additional Possible Minutes							600	1860	1860	2990	2990
Total Factual Minutes	1800	2040	2280	2340	2940	4110	3900	3900	3900	4550	4550
Average Minutes Produced Per Show	600	680	760	780	735	513.75	660	650	650	650	650
Number of Shows Worked on Per Year	3	3	3	3	3	8	5	6	6	7	7
<u>Scripted</u>											
Reginald the Vampire						600	600				
Strays					300	300	300	300			
Kim's Convenience	390	390	390	390	390						
Untitled Wattpad Project									120		
Estimated Additional Minutes								480	360	780	780
Total Scripted Minutes	390	390	390	390	690	900	900	780	780	780	780
Average Minutes Produced Per Show	390	390	390	390	345	450	391.25	390	390	390	390
Number of Shows Worked on Per Year	1	1	1	1	2	2	2	2	2	2	2
Total Minutes	3111	3906	4005	4648	5774	7696	7452	7540	7840	8490	8790
Production Services Revenue											
YOY Growth	68.0	92.8	29.9	47.4	77.2	119.9	116.9	126.1	139.3	139.3	152.6
Minutes Relevant to Production Services Revenue	921.0	1476.0	1335.0	1918.0	2144.0	2686.0	2652.0	2860.0	3160.0	3160.0	3460.0
Revenue/Minute	0.074	0.063	0.022	0.025	0.036	0.045	0.044	0.044	0.044	0.044	0.044
Licensing & Distribution Revenue											
YOY Growth	24.1	49.2	31.5	33.8	34.0	29.1	29.0	32.3	37.4	45.5	52.2
Minutes Relevant to Licensing & Distribution Revenue	2190.0	2430.0	2697.0	3420.0	4500.0	5590.0	5790.0	5880.0	6180.0	6830.0	7130.0
Revenue/Minute	0.011	0.020	0.012	0.010	0.008	0.005	0.005	0.006	0.006	0.007	0.007
Other Revenue											
	3.0	0.4	0.0	0.1	0.3	0.0	0.5	0.6	0.8	1.0	1.2
Total Revenue											
YOY Growth	95.1	142.4	61.4	81.3	111.5	149.0	146.4	159.0	177.6	185.8	206.0
		49.7%	-56.9%	32.4%	37.1%	33.6%	-1.8%	8.6%	11.6%	4.6%	10.9%
Revenue Mix											
Production Services Revenue	71.5%	65.2%	48.7%	58.3%	69.2%	80.5%	79.9%	79.3%	78.5%	75.0%	74.1%
Licensing & Distribution Revenue	25.3%	34.5%	51.3%	41.6%	30.5%	19.5%	19.8%	20.3%	21.1%	24.5%	25.3%
Red - unconfirmed renewals/future project											
Blue - confirmed renewals/future project											

Operating Build	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E
Production Services Revenue	68.0	92.8	29.9	47.4	77.2	119.9	116.9	126.1	139.3	139.3	152.6
Licensing & Distribution Revenue	24.1	49.2	31.5	33.8	34.0	29.1	29.0	32.3	37.4	45.5	52.2
Other Revenue	3.0	0.4	0.0	0.1	0.3	0.0	0.5	0.6	0.8	1.0	1.2
Revenue	95.1	142.4	61.4	81.3	111.5	149.0	146.4	159.0	177.6	185.8	206.0
Expenses											
Direct Operating	77.1	115.1	29.7	51.2	76.6	109.7	109.8	111.3	122.5	126.3	140.1
% Margin	81.0%	80.8%	48.4%	62.9%	68.7%	73.6%	75.0%	70.0%	69.0%	68.0%	68.0%
Y/Y Growth		49.4%	-74.2%	72.2%	49.8%	43.2%	0.1%	1.4%	10.0%	3.1%	10.9%
Distribution and Marketing	2.5	3.5	3.8	1.4	0.8	1.2	2.9	1.6	1.8	1.9	2.1
% Margin	2.7%	2.4%	6.1%	1.7%	0.8%	0.8%	2.0%	1.0%	1.0%	1.0%	1.0%
General and Administrative	14.8	17.3	23.5	13.5	15.2	19.0	19.0	20.7	21.3	22.3	24.7
% Margin	15.6%	12.2%	38.3%	16.6%	13.7%	12.7%	13.0%	13.0%	12.0%	12.0%	12.0%
Share-Based Compensation	0.9	0.0	1.5	0.7	1.2	0.9	0.0	0.0	0.0	0.0	0.0
Amortization					8.3	10.8	14.6	15.9	17.8	18.6	20.6
% rev	0.0%	0.0%	0.0%	0.0%	10.9%	9.8%	10.0%	10.0%	10.0%	10.0%	10.0%
Finance Costs, Net	0.5	1.6	0.2	1.2	0.5	1.7	1.0	1.0	1.0	1.0	1.0
Change Related to Public Company Listing			5.3				0.0	0.0	0.0	0.0	0.0
Foreign Exchange Loss (Gain)				(0.1)	0.2	(0.2)	0.0	0.0	0.0	0.0	0.0
Gain on Disposal of Right-of-Use Asset					(0.3)	0.0	0.0	0.0	0.0	0.0	0.0
Loss on Disposal of Property and Equipment					0.7	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	(0.8)	4.9	(2.6)	13.4	8.2	5.9	(1.0)	8.6	13.2	15.8	17.6
EBIT Margin	-0.8%	3.4%	-4.2%	16.4%	7.4%	3.9%	-0.7%	5.4%	7.5%	8.5%	8.5%

Balance Sheet	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E
Assets											
Short Term Investments	3.5	2.0	2.4	3.2	3.4	5.3	5.2	5.6	6.3	6.6	7.3
Accounts Receivable	14.1	9.7	5.8	9.7	14.0	14.7	12.0	12.1	13.4	13.8	15.3
DSO	54.2	24.8	34.3	43.7	45.9	36.1	39.8	39.8	39.8	39.8	39.8
Other Receivables	56.7	45.9	55.1	46.4	46.6	83.5	82.0	89.1	99.5	104.1	115.4
Other Current Assets		0.1	0.2	1.6	0.5	0.7	0.7	0.7	0.8	0.8	0.9
Total Current Assets	74.3	57.7	63.5	61.0	64.4	104.2	99.8	107.6	119.9	125.3	138.9
Liabilities											
Accounts Payable	16.3	10.5	7.5	7.7	8.4	27.4	19.5	19.8	21.8	22.5	24.9
DPO	77.3	33.4	92.4	55.0	40.0	91.3	64.9	64.9	64.9	64.9	64.9
Short-term Borrowings	57.3	41.7	48.4	42.4	32.8	57.3	57.3	58.1	64.0	66.0	73.1
Unearned Revenue, Current	28.1	9.4	15.4	15.0	21.2	33.8	33.8	34.3	37.7	38.9	43.1
Other Current Liabilities	4.2	3.9	5.0	7.3	6.4	8.2	8.2	8.3	9.1	9.4	10.4
Total Current Liabilities	106.0	65.5	76.3	72.4	68.8	126.7	118.8	120.5	132.6	136.7	151.6
NWC	(31.7)	(7.8)	(12.8)	(11.5)	(4.4)	(22.5)	(19.0)	(12.9)	(12.7)	(11.4)	(12.7)
Change in NWC		23.9	(5.0)	1.4	7.1	(18.2)	3.6	6.1	0.2	1.2	0.0
Amortization	11.8	30.8	12.8	23.8	27.5	27.9	17.6	19.1	21.3	22.3	24.7
% rev	12.4%	21.7%	20.8%	29.3%	24.7%	18.7%	12.0%	12.0%	12.0%	12.0%	12.0%
Capex	1.0	1.9	2.8	3.3	1.4	4.1	4.4	1.6	1.8	1.9	2.1
% rev	1.1%	1.3%	4.6%	4.1%	1.2%	2.8%	3.0%	1.0%	1.0%	1.0%	1.0%

DCF	Full 2023	2023E	2024E	2025E	2026E	2027E
EBIT	(1.0)	(0.5)	8.6	13.2	15.8	17.6
NOPAT	(0.7)	(0.3)	6.0	9.3	11.0	12.3
(+) D&A	17.6	8.8	19.1	21.3	22.3	24.7
(-) Capex	4.4	2.2	1.6	1.8	1.9	2.1
(-) Change in NWC	3.6	1.8	6.1	0.2	1.2	0.0
Unlevered FCF		4.5	17.4	28.6	30.3	35.0
PV of Unlevered FCF		4.2	14.3	20.6	19.1	19.4
		0.5	1.5	2.5	3.5	4.5

WACC Used 14%

Perp Growth 2%

Gordon Growth Method		Multiples Method		WACC Build	
Sum of DFCF	77.6	Sum of DFCF	77.6	Equity	181.9
TV	154.3	EBITDA Multiple Used	8.0	Debt	0
Implied EV	231.9	TV	175.7	Total	181.9
(+) Cash	30.2	Implied EV	253.3	Risk Free Rate	2.90%
(-) Debt	0	(+) Cash	30.2	Beta	1.84
Market Cap	262.1	(-) Debt	0	ERP	5.94%
Shares	49.77	Market Cap	283.5	WACC	13.83%
Implied Price	5.27	Shares	49.77		
Current Price	3.67	Implied Price	5.70		
Upside	43.51%	Current Price	3.67		
		Upside	55.22%		

		EBITDA Multiple							
		5	6	7	8	9	10	11	12
WACC	8.00%	187.93%	187.93%	187.93%	187.93%	187.93%	187.93%	187.93%	187.93%
	9.00%	146.37%	146.37%	146.37%	146.37%	146.37%	146.37%	146.37%	146.37%
	10.00%	115.31%	115.31%	115.31%	115.31%	115.31%	115.31%	115.31%	115.31%
	11.00%	91.25%	91.25%	91.25%	91.25%	91.25%	91.25%	91.25%	91.25%
	12.00%	72.08%	72.08%	72.08%	72.08%	72.08%	72.08%	72.08%	72.08%
	13.00%	56.46%	56.46%	56.46%	56.46%	56.46%	56.46%	56.46%	56.46%
	14.00%	43.51%	43.51%	43.51%	43.51%	43.51%	43.51%	43.51%	43.51%
	15.00%	32.59%	32.59%	32.59%	32.59%	32.59%	32.59%	32.59%	32.59%

Additional Note: FX Impact

THBRF's financial statements are all in terms of Canadian dollars. For the year ended June 30, 2022, revenue denominated in US dollars accounted for 37% (2021 - 46%) of total revenue and revenue denominated in AUD dollars accounted for 2% (2021 - 3%) of total revenue. During the release of the last annual report in June 30, 2022, a 5% fluctuation in the US dollar exchange rate had an impact of approximately \$1,293 (2021 - \$1,569) on net earnings and a 5% fluctuation in the AUD dollar exchange rate would have an impact of approximately \$160 (2021 - \$166) on net earnings. THBRF is also exposed to foreign exchange risk on its cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, and interim production financing that are denominated in US dollars and its amounts receivable denominated in AUD dollars. A 5% fluctuation in the US dollar closing rate would result in a change to net earnings for the year ended June 30, 2022, of approximately \$325 (2021 - \$429) and a 5% fluctuation in the AUD dollar closing rate would result in a change to net earnings for the year ended June 30, 2022, of approximately nil (2021 - \$42).

USD/CAD is currently trading at 1.35, with Canadian futures showing fairly stable prices. Consensus Canadian dollar forecasts in the long-term are 1.33 and in the short-term are 1.359. Given a backdrop of shifting employment data and stabilizing oil prices, the Canadian dollar has gained momentum after strong data releases but continues to edge in-line against the USD. According to May 2023 WSJ analysis, with the Fed's past four rate cycles, the USD remained relatively unchanged for three to four months before regaining strength, and a stronger Canadian dollar is expected through the summer and against the USD.

AUD/CAD is currently trading at 0.91 - both are regarded as commodity currencies and are a relatively stable currency pair. However, the CAD fortunes are closely related to the U.S. because it is their largest trading partner and neighbor. The AUD is more affected by its alignment with Australia and emerging Asian markets. From 2014-2015 the price traded relatively range-bound, capped on the upside by 1.03 and rarely falling below 0.94 - until Covid-19 struck, pulling the price to a low of 0.8070, a level last seen in 2009. Commodity currencies have come under pressure over the last six months as the overall global growth picture has deteriorated, pulling commodity prices lower. As central banks began hiking interest rates to tame surging inflation, the growth outlook has slowed. In their AUD/CAD forecast, analysts at the National Bank of Canada (NBC) said that the Australian dollar will appreciate against the Canadian dollar in the coming quarters.