

Selected Session Highlights from Wide-Moat Investing Summit 2017

Note: The following idea snapshots have been provided by the respective instructors or compiled by The Manual of Ideas using information provided by the instructors. The following is provided for educational purposes only and does not constitute a recommendation to buy or sell any security.

ROBERT ROBOTTI, PRESIDENT, ROBOTTI & COMPANY

FINNING INTERNATIONAL (Toronto: FTT) is the world's largest Caterpillar distributor. It sells, rents, and provides aftermarket parts and service for Caterpillar equipment. Its exclusive distribution territories include the Western Canadian Provinces; Chile, Argentina, and Bolivia in Latin America; and the United Kingdom and Ireland. Undoubtedly in a cyclical industry, Bob views Caterpillar's products as differentiated and backed by continual product research and advancement that makes it a wide-moat business. Separately, the exclusive geographic distribution of territories that Caterpillar designates provide an even wider moat for its exclusive distributors. In addition to its territorial exclusivity, Bob believes the distribution business, with its focus on aftermarket service and products, moderates the otherwise cyclical nature of the business. As a result, the company is FCF-generative through the cycle. Despite this wide moat, Finning's return on invested capital has dramatically lagged the only other public "pure play" CAT distributor, Toromont Industries (Toronto: TIH). Bob believes the wide disparity in stock market valuations between Finning and Toromont should dissipate over time as Finning's financial results should approach those of Toromont. Beginning in 2013, after years of focusing solely on revenue growth and operating margins, Finning hired a new CEO to reshape the company culture to one focused on driving returns on invested capital. The company remains committed to executing on its new set of operational priorities identified in 2013. However, the company's achievements have been significantly masked by cyclical weaknesses in many of Finning's exclusive geographies, further exacerbated by the predominance of energy and mining industries in many of those geographies. With a solid balance sheet, good free cash flows despite weak end markets, an improved cost structure, a focus on prudent capital allocation, and a profitable growth outlook, Bob believes that once the cycle turns Finning's operating leverage will far exceed the market's expectations.

DAVE SATHER, PRESIDENT, SATHER FINANCIAL GROUP

BANK OF NEW YORK MELLON (NYSE: BK) is a global investments company and the largest custodian bank in the world, with \$27+ trillion in assets under custody. The custodian bank serves as a backbone to the world's financial markets, servicing 78% of the Fortune 500. Its businesses benefit from global growth in financial assets as well as the continued globalization of capital markets. Because of its long history, dating back to 1784, and wide reach across markets, BNY Mellon is a widely recognized name in the custody space. It has been able to build a moat around its brand, economies of scale, and switching costs. Yet, with ~15% global market share in the asset custody business, there is still room for growth. This business does not care who wins the active vs. passive management argument—as long as securities transactions are occurring and there is a need to store assets for safe-keeping, BNY Mellon will have a place at the table. For the past decade, banks across the world have been stymied by the "zero interest rate policy", and BNY Mellon is no different in this

sense. As the Federal Reserve continues to slowly raise the Fed Funds rate, Bank of New York stands to be a direct beneficiary. Trading at 15 times earnings, BNY Mellon is sitting at its ten-year median valuation point but with catalysts to the upside, which include a ~50% increase in net interest margin over the next three years as the Fed pushes up rates. While not a sexy start-up, continued share repurchases of ~3% of outstanding shares annually should help EPS to grow at least 8-10% over the next several years. A conservative DCF suggests that we can realistically look forward to 10%-20% annualized returns as expected margin improvements take hold.

JAMES ZIMMERMAN, PORTFOLIO MANAGER, LOWELL CAPITAL MANAGEMENT

LANXESS (Germany: LXS) is a specialty chemicals company based in Germany with an investment-grade ("Ft. Knox") balance sheet and strong cash generation. The company is undergoing rapid transformation into a specialty chemicals powerhouse, with a group of high-margin, cash-generative, and resilient specialty chemicals businesses, under CEO Matthias Zachert. Zachert rejoined Lanxess in early 2014. He has a tremendous track record as former CFO of Lanxess from 2004-2011 when adjusted EBITDA grew close to 20% per year. Under a previous CEO, Lanxess had over-expanded into more commodity-oriented specialty rubber segments and become over-leveraged. Zachert rejoined Lanxess as CEO and has aggressively improved the balance sheet and shifted the focus back to stronger specialty chemicals businesses in less competitive niche markets. Lanxess recently closed a major acquisition of Chemtura, based in the U.S., which makes Lanxess a major player in additive and flame retardant chemicals, alongside Lubrizol (purchased by Berkshire Hathaway in 2011). In fact, Berkshire recently took a 3% stake in Lanxess, and Jim believes Lanxess could eventually be an excellent acquisition for Berkshire. With a full year of Chemtura, Jim believes Lanxess could generate close to 1.3 billion euros of adjusted EBITDA in 2018 (excluding 50% of its Arlanxeo JV) and trade for 9x adjusted EBITDA. Subtracting an estimated 1.7 billion euros of net debt at yearend 2018 and based on 91 million shares outstanding, Jim believes Lanxess could trade for as much as 110 euros per share (versus the recent price of ~66 euros per share).

ARVIND MALLIK AND JONATHON FITE, MANAGING PARTNERS, KMF INVESTMENTS

AMERISOURCEBERGEN (NYSE: ABC) is a high-quality pharma distribution business trading well below a market multiple. The company has a strong balance sheet and competitive moat, underpinned by best-in-class logistics, working capital management, and regulatory barriers to entry. While the industry landscape is cluttered with complicated payment relationships, ~94% of all drug shipments are processed through pharma wholesalers and distributors like AmerisourceBergen. Macro forces provide strong tailwinds, as baby boomers enter peak drug consumption years, dispensed prescriptions continue to rise steadily, prescriptions comprise a larger mix of overall health spending, and overall health spending continues to rise even as volume shifts to cheaper generics. The pharma distribution arena is dominated by ABC, MCK, and CAH. Arvind and Jonathon sees operational, financial, and macro catalysts driving an increase in EPS at AmerisourceBergen from an estimated \$5.85 in 2017 to \$9-10 in 2020. Key catalysts include Walgreens deal expansion, distribution center buildout completion, renegotiation of inflationary contracts, share repurchases, accretive acquisitions using strong borrowing capacity, and a tax rate decline from 32% to 25%.

OMAR MUSA, MANAGING PARTNER, PEREA CAPITAL

WONDERFUL SKY FINANCIAL GROUP (Hong Kong: 1260) is the leading financial public relations firm in Hong Kong. The company was founded in 1996 by Chairman Liu Tianni to provide PR services to corporates going public on the HK stock exchange. The company has 35% market share by number of listings and 70% market share by amount of funds raised. In 2016, each one of the top ten IPOs in HK enlisted Wonderful Sky as its PR advisor. With only one chance to IPO and the cost of PR being a small fraction of total IPO costs, Wonderful Sky has become the standard for financial PR in HK. Following the IPO, the company continues to provide recurring PR services that make up nearly two-thirds of revenue and highlight its extremely high customer retention. Since 2009, Wonderful Sky has compounded earnings at 27% a year with little invested capital. It recently had one-half of its market cap in cash and investments, with the shares selling for 6.5x earnings ex-cash. Insider ownership is 60+%. The company pays generous dividends and occasionally repurchases stock.

ELLIOT TURNER, MANAGING DIRECTOR, RGA INVESTMENT ADVISORS

TWITTER (NYSE: TWTR): Mark Zuckerberg once said that, “[Twitter is] such a mess, it’s as if they drove a clown car into a gold mine and fell in.” There is much truth to this. Twitter is one of the most unique and irreplaceable online platforms, yet it has failed to earn a profit since its public debut. Today, Twitter trades at capitalization levels first reached in 2011 or 2013--a time in which it had 1/5th the revenue base. Twitter was rewarded with a rich valuation merely for the “attention” it could command across its user base. This was before there was a business attached to it. Starting points and narrative matter for the perceived value of any company. Investors and analysts, many of whom were active users of Twitter, staked their dollars and reputation behind the young, public Twitter only to be left burnt and frustrated. This has led a vocal contingent of frustrated stakeholders with respect to the platform and stock alike.

The lack of profitability, to date, has been the combination of choice and accident: choice insofar as the company sees a long runway of potential opportunity and wants to capture all of it as quickly as possible; accident insofar as the growth in user-base and revenues stalled before most expected it would. There are signs that the trough of disillusionment will soon end as growth in the user-base has reaccelerated and management has pledged a new discipline with respect to expenses and product development. What Zuckerberg initially observed has not been lost, but the delivery date on the promise of being a profitable entity has been delayed. While people focus on the litany of mistakes plaguing Twitter since going public, the company has cemented its central role in media as one of (if not THE) primary distribution channels with crucial advantages in speed and reach that others cannot compete with. News breaks on Twitter and anyone whose voice needs to be heard in any context needs to maintain a Twitter presence. This makes the company an important strategic asset, with a revenue base that could be reasonably profitable were management to so choose. With the stability of the user-base clear and once again growing, the company will benefit from the luxury of time to figure out yet more things. At recent prices, the stock has thoroughly discounted a multitude of known negatives, leaving contrarian investors a good opportunity to think about what can go right, how much profit the business can drive, and what returns on invested capital could look like for either a public Twitter or an acquirer..

DAVID BARR AND FELIX NARHI, PORTFOLIO MANAGERS, PENDERFUND CAPITAL MANAGEMENT

BAIDU (Nasdaq: BIDU) is the leading Chinese language Internet search provider. Baidu's core search platform is a cash cow protected by a deep moat, whose functionality continues to serve a fundamental need for society as more information is digitized. In addition to core search, Baidu owns the leading online video platform in China (iQiyi), a 20% stake in the leading Chinese online travel agency (Nasdaq: CTRP), plus other investments with optionality. On a sum-of-the-parts basis, Dave and Felix estimate BIDU's core search to be attractively valued in a range of 7-12x normalized pretax profits, depending on the values derived for privately held investments. The stock is attractively priced because of some transitory setbacks in search last year and monetization concerns of non-core segments. This narrative should improve in the coming year as non-core losses fade and search revenues recover. Importantly, Dave and Felix believe Baidu's status as China's leading artificial intelligence (AI) enterprise is underappreciated by many investors because there is little to no upside from potentially game-changing initiatives baked into the stock price. In essence, an investor gets Baidu's AI-driven world-class capabilities, including autonomous driving (Project Apollo), conversational computing (Duer), and enterprise cloud for free at recent prices. Dave and Felix believe the stock's modest valuation range provides some foundational downside support, while AI provides potentially multi-fold upside over the medium term.

MATTERSIGHT (Nasdaq: MATR) provides SAAS-based behavioral analytics solutions that are deployed in enterprise call center environments. The company was founded in 2006, however its current business emerged out of a call-center consulting and solutions business sold in 2011. Using its own proprietary database of 1+ billion recorded and analyzed calls, Mattersight's value proposition is to reduce call center times and increase sales conversion for its enterprise customers through personality-based call routing and analytics. Over 95% of the company's revenue is recurring, with a "blue chip" Fortune 100 client base and backlog growing 20+% year over year. Market mispricing is due to the company's size of ~\$100 million market cap, lumpy growth due to long enterprise sales cycles, and customer concentration. Looking forward Dave and Felix believe the company will operate at scale within three to four years and have the ability to generate 15+% EBITDA margins through the inherent operating leverage of the business. In Dave and Felix's view, the company is worth nearly double the recent share price, which roughly equates to 3-4x forward revenue. This valuation is justified given Mattersight's revenue quality as described above, its leadership position in an emerging market, highly valuable proprietary dataset, and near-cash flow breakeven inflection point.

MARK WALKER, SENIOR RESEARCH ANALYST, SEVEN PILLARS CAPITAL MANAGEMENT

TRIPADVISOR (Nasdaq: TRIP) shares have fallen by ~60% over the last two years due to a business model augmentation that is temporarily depressing profits but reinforcing the strong competitive position and improving the long-term prospects of the business. With consecutive quarterly earnings reports missing analysts' short-term forecasts and causing share price declines of roughly 20% on both occasions, TRIP shares were recently available at a market quotation that considerably undervalues this exceptional reinvestment moat business.

TODD SULLIVAN, MANAGING PARTNER, RAND STRATEGIC PARTNERS

HOWARD HUGHES CORP. (NYSE: HHC) is a land development. It has three main segments: master planned communities (MPCs), operating assets, and strategic developments. In each of the MPCs, the company controls all development rights and the speed of development. This effectively gives the company a monopoly over all development in MPCs that individually are the size of Manhattan. The company's Woodlands, Bridgeland, and Summerlin MPCs are ranked as the best in the nation and the Ward Village MPC was named "The Best Place to Live in the US". With current entitlements and works in progress, the company has no need for acquisitions to continue to fuel growth. A sums-of-the-parts valuation shows the company trades ~40% below NAV. Additionally, as NOI continues its impressive ramp (up nearly 400% since the end of 2010), the company at some point may spin off operating assets or consider a complete or partial REIT conversion.

HENRIK ANDERSSON, FUND MANAGER, DIDNER & GERGE

ASHMORE GROUP (London: ASHM) is typical of the holdings Henrik seeks out. It is owner-operated with a genuinely strong corporate culture, positioned well in an attractive marketplace that offers meaningful reinvestment opportunities. The company's excellence has shown over the last "seven lean years", when emerging markets debt suffered massive outflows, but the company kept up margins, never lowered the dividend, and kept making long-term decisions. Everyone in the organization "eats, lives, and breathes" emerging markets, and we think the management team is exceptionally bright. Even though EM debt constitutes 30% of all outstanding debt, it feels as if the marketplace is just beginning to gain traction, "one scare at a time". It is increasingly heterogeneous but makes up only ~5% of institutional investor allocations. Henrik and his team believe the valuation is attractive in light of the opportunity to be part of a listed "private partnership in spirit".

JOHN HUBER, PORTFOLIO MANAGER, SABER CAPITAL MANAGEMENT

TENCENT HOLDINGS (Hong Kong: 700, OTC: TCEHY) is a Chinese Internet company with one of the most powerful network effects in the world. The company operates in numerous businesses that generate significant free cash flow, take very little capital to grow, and have long runways for growth in China and around the world. These businesses and investments consist of video game publishing, music and video subscriptions, ecommerce, mobile payments, and online advertising, among other assets. But the company's crown jewel is WeChat, a mobile app that is unlike any application that exists in the West. WeChat is used for just about everything in China including messaging, work communication, calls, social networking, online shopping, paying bills, transferring money, and much more. WeChat is an asset that has barely been monetized yet, but is in prime position to capitalize on numerous fast-growing industries worth hundreds of billions of dollars. Tencent is growing free cash flow at 40+% per year, and given its unique competitive position and the markets in which it operates, there is likely a very long runway ahead for the company, despite already being one of the most valuable companies in China.

KEITH SMITH, PORTFOLIO MANAGER, BONHOEFFER FUND

Keith's session focuses on shipping companies that generate good returns through the shipping cycle (compounders). He has observed three types of compounders: opportunistic, recurring revenue, and logistics providers. He shares an idea of each type, which he considers compelling at recent prices:

SIEM INDUSTRIES (OTC: SEMUF) is a holding company with interests in the oil and gas services industry and renewables sector; ocean transportation of refrigerated cargoes and automobiles; and potash mining and finance, which includes loans and guarantees, credit advisory services and investments. Siem is run and majority-owned by Kristian Siem. Kristian is a master capital allocator who has compounded Siem's book value by 23% per year for 29 years. The shares recently traded at a P/BV ratio of 46%, look-through P/E of 7.6x, and look-through EV/EBITDA of 4.4x. Reasons for the discount include lack of sell-side coverage, lack of trading liquidity, and depressed oil and gas services and shipping industries. Since the 1970s, Kristian has opportunistically bought and sold shipping assets, from oil and gas rigs to cruise ships. Kristian is 68 years old and still has the desire to buy cheap and sell dear. Future catalysts for Siem shares include improved oil and gas prices; better shipping conditions as sources of ship financing become less numerous; and sales of assets as the recovery unfolds. If the shares traded at book value, the stock would be a double, not including any earnings gains from a turn in the oil and gas services or shipping markets.

OCEAN YIELD (OSE: OCYO) is a ship finance company affiliated with the Aker Group. Originally focused on oil and gas vessels, Ocean Yield has diversified its fleet to include car carriers, chemical tankers, gas carriers, and container ships. All of Ocean Yield's vessels have long-term leases (11.4 years on average) with mostly credit-worthy shipping companies. A majority of these companies are not affiliated with the Aker Group. Ocean Yield is run by the former CEO of the first publicly traded ship finance company, Ship Finance International. Since the IPO, Ocean Yield has generated a change in book value plus dividend return of 13% per year and has had quarterly ROEs ranging from 12-18%. The shares recently traded at a yield of 9.8%, P/E of 8.4x, and EV/EBITDA of 7.3x, despite the recent loss of an oil and gas lessee. Given the current pull back in financing of vessels from the KG system, new leases can be initiated at favorable terms for the lessor. Ocean Yield has initiated leases on these favorable terms over the past few years and plans to initiate more leases in the near future. If Ocean Yield traded at the same multiples as its nearest competitor or aircraft lessors, the stock would sell for 50% more and a holder would collect a ~10% dividend yield.

WILH. WILHELMSSEN HOLDING (OSE: WWIB) is a holding company with interests in firms that provide shipping and logistics services for car and roll-on/roll-off (ro-ro) customers, marine products, ship agency service, marine safety, marine time logistics, and ship management. Wilh. Wilhelmsen is majority-owned by the Wilhelmsen family and is run by a 5th-generation owner-operator CEO. Over the past ten years, Wilh. Wilhelmsen has generated average ROE of 11.6% and BV-plus-dividend growth of 9% per year. The shares recently traded at a P/BV ratio of 60%, look-through P/E of 6.5x, and look-through EV/EBITDA of 4.5x. Reasons for the discount include a perception of a peak auto market and a depressed shipping industry. Wilh. Wilhelmsen is actually more of a vehicle logistics provider that uses shipping to transport vehicles as opposed to being a pure shipper. Future catalysts for the shares include stable auto demand, increased equipment demand, better shipping conditions as sources of ship financing become less numerous, and sales of assets as the recovery unfolds. If the shares traded at NAV with a holding company discount, the stock would be a double, not including an earnings gains from a turn in the shipping markets.

CHARLES HOEVELER, MANAGING PARTNER, NORWOOD CAPITAL PARTNERS

COMMERCEHUB (Nasdaq: CHUBA, CHUBK) is a cloud-based software application that enables dropship e-commerce for the world's largest retailers. CHUBA spun out of Liberty Interactive in the summer of 2016 with little fanfare despite a high-teens organic revenue growth profile and 40-50% EBITDA margins. CommerceHub's economic castle is protected by a strong network effect, long-standing positive customer relationships with the world's most sophisticated retailers, and a compelling value proposition for both retail and supplier customers. Chuba trades at ~21.5x/18.0x Charles' 2018/19 free cash flow per share estimates. This for a business that Charles forecasts will compound free cash flow per share 20-30% annually for the foreseeable future.

Artem Fokin, portfolio manager of Caro-Kann Capital, also presented on CommerceHub.

KEITH ROSENBLOOM, MANAGING MEMBER, CRUISER CAPITAL

EVINE LIVE (Nasdaq: EVLV), formerly known as ValueVision Media, operates as a multiplatform video commerce company in the U.S. The company markets, sells, and distributes products to consumers through television, online, mobile, and social media in various merchandise categories, such as jewelry and watches, home and consumer electronics, beauty products, and fashion and accessories. It has access to ~87 million cable and satellite television homes. The company has revenue of \$650+ million, adjusted EBITDA of \$18-22 million, and an FCF yield of 10+%. Keith sees a clear path to improving profitability. The enterprise trades at ~6.2x 2017E adjusted EBITDA, or ~5.6x excluding TV assets held for sale. Capex is essentially completed (\$8 million ongoing, after \$57 million – used cash to expand distribution facilities and transition to HD channels). Most of the debt is working capital-related (PNC Bank vs. “hard money” lenders in 2016). Management turmoil and related expenses are completed, and Keith regards the current team as solid. The logical exit for EVINE might be an acquisition by Amazon, Walmart, Google, Apple, or Macy's. Amazon recently tried to enter the space via their “style code” live show, which they cancelled after a year.

SHAWN KRAVETZ, CHIEF INVESTMENT OFFICER, ESPLANADE CAPITAL

DYNAM JAPAN HOLDINGS (Hong Kong: 6889) is a U.S. regional casino in ninja's clothing. If you like suburban Ohio slot halls with a uniquely Japanese twist, you will take notice of Dynam, which owns and operates the largest portfolio of pachinko halls throughout Japan. If Dynam traded on a U.S. exchange, it would be benchmarked to regional casino operators such as PENN, PNK, BYD, and RRR, which trade at 8-11x EBITDA. However, Dynam trades in Hong Kong, operates solely in Japan, and remains largely ignored by the sell- and buy-side, trading at ~4.2x EBITDA. Despite operating in a market offering superior scale, similar customer focus, modest growth, and similar margins, Dynam trades at a steep discount while paying a ~6.6% dividend yield. Recent regulatory tightening of “high volatility” machines has created temporary disruption to industry fundamentals and has provided an attractive entry point for Dynam investors. The market recently valued Dynam as secularly declining (despite relatively stable results). Investors completely ignore the potential Integrated Resort opportunity. After years of failed proposals, Japan's Diet finally passed the Casino Promotion Bill in December 2016. Equipped with ample land in Yamaguchi and one of the largest gaming customer

databases in Japan, Dynam is positioned well to attract high-profile international IR development partners and to secure a license in the upcoming RFPs. With a 6.6% dividend yield, durable core pachinko operations, and a potentially transformational Japan IR opportunity, Shawn sees Dynam as worth ~HK\$29 or >125% upside in his base case and ~HK\$44 or ~240% in his high case.

GARY MISHURIS, CHIEF INVESTMENT OFFICER, SILVER RING VALUE PARTNERS

GILEAD SCIENCES (Nasdaq: GILD) is a pharmaceutical company with two main revenue streams – Hepatitis C and HIV medications. The former is in a state of decline, as the company has been able to bring a cure to market. The Hepatitis C business peaked in 2015 and is now best thought of as a run-off book of business with the main question being about the rate of its decline. The HIV revenue stream on the other hand is likely to grow. The company commands over 75% market share in this category, and has recently launched a new generation of drugs that will extend its patent protection for over a decade. While competition is a potential risk, the market is growing and the company has pricing power in this market. These two businesses, plus substantial excess cash on the balance sheet and the value of the R&D pipeline make-up the four components of the company's intrinsic value. I believe Gilead to be an Excellent business due to its strong competitive position and long-term patent protection, with an Excellent balance sheet, and an Above Average management team. My estimate of the company's intrinsic value arrived at via a thorough DCF analysis puts the stock at less than 65% of my Base Case value. The non-linear nature of the two revenue streams makes this a more difficult than usual situation for most market participants to analyze, as the overall earnings stream is currently declining due to the run-off of the Hepatitis C business. This, combined with pessimism about the R&D pipeline and skepticism regarding realizing value from the company's cash position is what is leading the market participants to mis-price the stock.

JOHN HELDMAN AND DAVID HUTCHISON, PORTFOLIO MANAGERS, TRIAD INVESTMENT MANAGEMENT

SS&C TECHNOLOGIES (Nasdaq: SSNC) is a leading provider of embedded, mission-critical accounting and reporting systems for both institutional investors as well as private client advisory firms, with leading offerings including Geneva, Axys, and Black Diamond. These platforms are entrenched in customer workflows and have high switching costs. It is also pursuing a rollout of the fund administration services industry, where it has #2 overall market share with a continued runway of future acquisitions ahead. SS&C is #1 in the private equity fund administration segment. Founder and CEO Bill Stone maintains a 16% interest in the business he has grown since 1986. 93% of revenues are recurring in nature. Overlaying both businesses is a commitment to R&D spending (1,100+ R&D employees) to continue to offer best-in-class solutions as well as a focus on rational capital allocation. The company is paying down debt after acquisitions to free up capacity for additional M&A. As hedge funds have been in the news for outflows, John and Dave believe this has made the stock more attractive to buy, with the potential to reach \$75 per share per their estimates over the next three to five years as organic and acquisition-driven revenues increase on a double-digit basis per year. John and Dave also see margins increasing moderately as the company realizes synergies in building increased scale in both businesses.

STEPHEN DODSON, PORTFOLIO MANAGER, BRETTON FUND

PPG INDUSTRIES (NYSE: PPG) is one of the largest coatings and paint manufacturers in the world. Over the past decade and a half, it has transformed itself from a diversified chemicals and glass manufacturer into a pure coatings and paint company with growing volumes, high margins, and large returns on capital. The paint business is deeply insulated from new competition, with no significant new entrant in decades. PPG has complemented organic growth with smart acquisitions and is one of the rare acquirers able to maintain high returns on capital with minimal goodwill write-offs. Management buys back a fair amount of stock and consistently raises the dividend. In other words, they are thoughtful, savvy capital allocators in a growing, highly defensible industry. PPG trades at 16x 2018 EPS estimates and 13x 2018 EBIT estimates.

SCOTT MILLER, FOUNDER, GREENHAVEN ROAD CAPITAL

YATRA ONLINE (Nasdaq: YTRA) is a special-purpose acquisition company (SPAC) and one of India's leading online travel companies. It provides information, pricing, availability, and booking facility for domestic and international air travel, domestic and international hotel bookings, holiday packages, buses, trains, etc. As a leading platform of accommodation options, Yatra provides real-time bookings for 64,500+ hotels in India and 500,000+ hotels around the world. While the market may be focused on the poor historical returns of SPACs, Scott expects secular tailwinds to fuel growth, margin expansion, and multiple expansion. Yatra, with 16% market share of online travel in India, is a distant #2 to MakeMyTrip.com. Management owns 10% of Yatra while the SPAC sponsor and Norwest Ventures control roughly 15% and 20%, respectively. The enterprise sells for ~3x current-year net sales, which Scott consider low in light of a 25+% growth rate.

MICHAEL MELBY, PORTFOLIO MANAGER, GATE CITY CAPITAL MANAGEMENT

PICO HOLDINGS (Nasdaq: PICO) owns water rights in the southwestern United States and participates in the U.S. homebuilding market through a 56.7% economic interest in UCP, Inc. (NYSE: UCP). PICO owns significant water assets in key metropolitan areas such as Reno, Phoenix, and Las Vegas, which should increase in value due to population growth and shortness in water supplies. UCP recently agreed to merge with Century Communities (NYSE: CCS), with UCP shareholders expected to receive cash and stock compensation of \$11.35 per share. PICO is set to receive nearly \$120 million in value from the transaction, including \$55 million in cash. PICO's adjusted enterprise value after subtracting the consideration in the UCP transaction is ~\$225 million, a sharp discount to the value of PICO's water assets. Michael's sum-of-the-parts analysis values PICO at \$580 million, or \$25+ per share. PICO's corporate governance has improved dramatically in recent years as the company replaced its prior CEO, modified the incentive compensation structure, and installed a new board of directors. PICO is expected to return a significant amount of cash to shareholders, including cash held on the balance sheet as well as cash proceeds from the sale of UCP and future water assets. Overall, PICO provides an opportunity to invest directly in water assets at a sharp discount to both book and intrinsic value.

MATTHIAS RIECHERT, PORTFOLIO MANAGER, POLLEIT & RIECHERT

THE GYM GROUP (London: GYM) is rolling out low-cost, no-frills gyms in the UK. Similar to Ryanair and Easyjet in their early days, The Gym is applying a low-cost disruptive innovation playbook. It offers a cheaper, more convenient and simpler-to-use product, which appeals to a new segment and to a large segment of less demanding customers. Customers who switch to low cost rarely move back up. Traditional incumbents cannot compete on cost and typically move further upward, or close. The Gym trades on 12x owner earnings. Free cash flows are reinvested in the rollout of new gyms at a pretax ROCE of 30%. Matthias sees land-grabbing potential of great locations for the next four to six years, which should allow for great compounding of intrinsic value per share. Matthias' current estimate of value is 50% above the recent stock price.

CHRISTOPHER KARLIN, CHIEF INVESTMENT OFFICER, AQUITANIA CAPITAL MANAGEMENT

VERSUM MATERIALS (NYSE: VSM) provides innovative solutions to the global semiconductor industry involving the development, manufacturing, transportation, and handling of specialty materials. The business has operated for 30+ years. It was spun out of Air Products (APD) on October 1, 2016. While Versum has performed well since the spinoff, Chris believes there is further upside. There is reasonable visibility into the business, it has low capital intensity, strong cash flow generation and benefits from macro tailwinds relating to semiconductor growth. The stock recently traded at reasonable multiples in light of its quality and growth characteristics: EV/EBITDA of 11.6x and P/E of 16.8x. With base upside of 22-35% over the next two years and reasonable downside of 11%, Versum offers an asymmetric reward-to-risk ratio of more than 2.6 to 1, or 4.6 to 1 when incorporating the upside case.

ROBERT DEATON, MANAGING PARTNER, FAT PITCH CAPITAL

SINCLAIR BROADCAST GROUP (Nasdaq: SBGI) is acquiring Tribune Media (NYSE: TRCO). The combined company will be the largest broadcast station group in the United States, covering 72% of U.S. households, including those in 39 of the top 50 markets. On a pro forma basis, the combined company can generate \$1+ billion in annual free cash flow. Robert believes the company would benefit from selling equity and/or non-core assets to reduce the debt-to-EBITDA ratio to 3.5:1. This should result in FCF per share of about \$5.90. Assuming a 10% FCF yield, Robert places a target price of \$59 per share on the equity.

WILL THOMSON, MANAGING PARTNER, MASSIF CAPITAL

LUCARA DIAMOND (TSE: LUC, OTC: LUCRF) is one of the world's leading diamond miners. The firm has a single operating mine in Botswana, which produces a large number of high-quality, exceptionally large rough diamonds with sizes greater than 50, 100, and 200 carats. The mine has been operating since 2013. In that time it has yielded ~17% of the world's known 200+ carat diamonds, has had average ROIC of ~50%, and an average earnings yield of ~21%. The balance

sheet is pristine, with no debt and \$43 million in cash. The management team is led by Lukas Lundin of the Lundin Family. The family owns and operates twelve publicly traded natural resource companies and maintains a 50% ownership stake in Lucara. Management is committed to paying regular dividends and has returned \$188 million to shareholders since 2013. Lucara management continues to invest in the mine, upgrading the already cutting-edge processing facility for increased recovery and reduced processing costs. The shares recently traded at 14x LTM free cash flow, 11x P/E, and 3x tangible book value. TBV, as calculated by Will, adjusts inventory value to account for the 1,111 carat Lesendi La Rona diamond. The value was adjusted to \$61 million, the highest bid the company has publicly received for the diamond. Will's bear case DCF, which assumes no top line growth and no tangible return on this year's capital investments, results in value of ~\$2.40 per share, a margin of safety of ~15%. Will's base case DCF assumes more realistic and achievable 1% revenue growth and 1% improvement in costs, which yields a value of ~\$2.61 per share, a margin of safety of ~21%.

The above summaries cover selected conference sessions only. Highlights of the Q&A session with Tom Russo are not included.