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UNISON

ASSET MANAGEMENT

Manual of Ideas – Wide Moat Summit
June 2023

Who We Are

Unison Asset Management is a long-only concentrated public equities partnership. Our portfolio is made up of around 25 positions, mainly US-based companies that span across sectors and market caps.

Founded in
2017

Based in
Miami

\$175mm in
AUM

How We Think

Private owner approach

We search the world for high quality businesses with durable competitive advantages. We aim to buy these at attractive prices and hold them through the prime years of their productive lifespans.

Our research focuses on four pillars, fundamentally to determine:

01 Business Quality

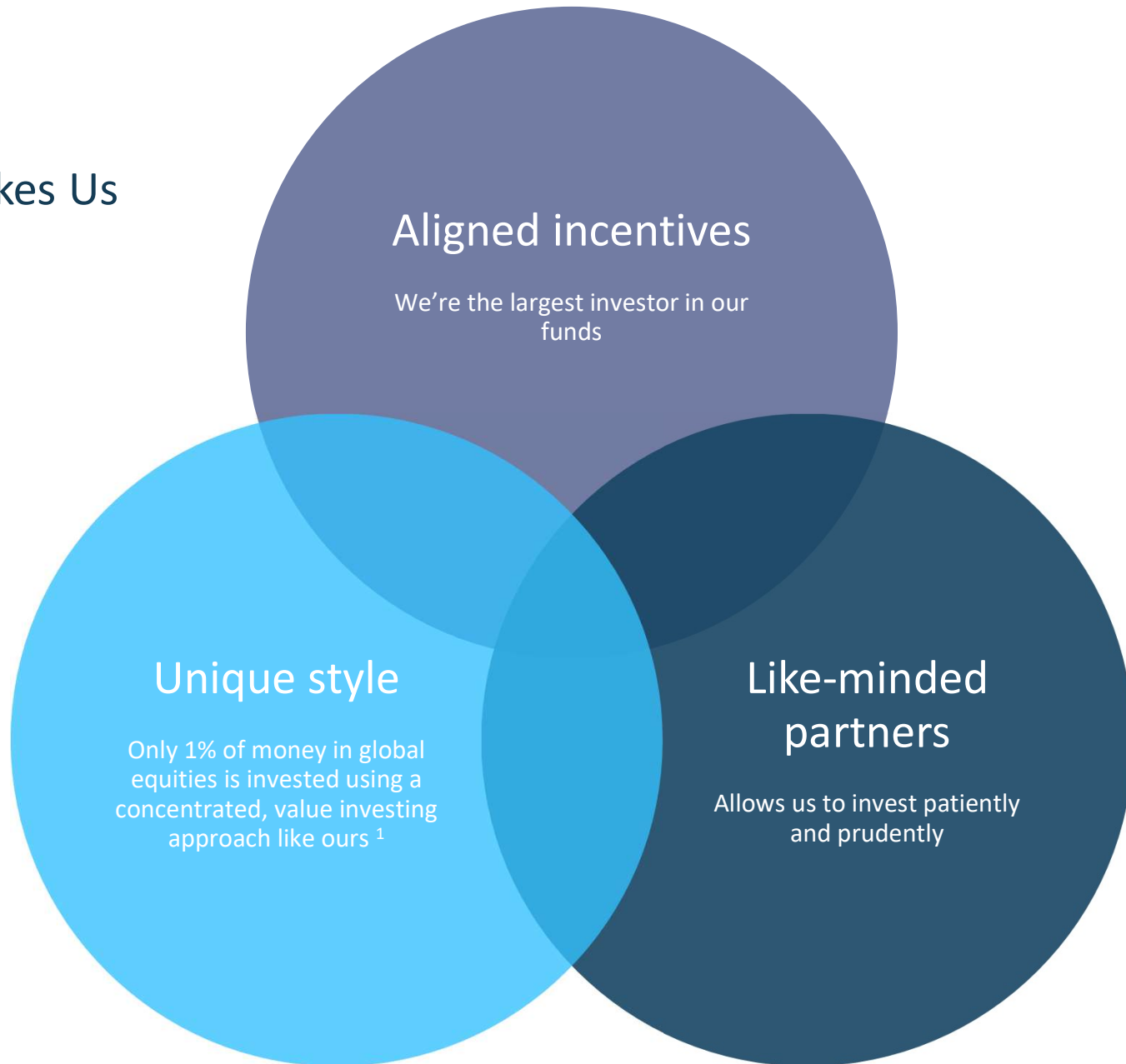
02 Intrinsic Value

| | |
|---------------|--|
| PRODUCT | What does this company do and what makes it special |
| | Unit economics and value proposition for customers |
| | Key value drivers |
| PEOPLE | Integrity |
| | Aligned values |
| | Strong track record |
| BALANCE SHEET | Thoughtful capital structure |
| | Reproduction value |
| | EPV of underlying assets |
| MOAT | Industry structure |
| | Intensity of industry's competitive forces |
| | Sources and durability of the business's competitive advantage |

Our investable universe consists only of good businesses

We've narrowed our investable universe down to the very best publicly traded businesses. Our Tier 1 & 2 list is made of ~90 companies, of which 39% fall outside S&P500 Index.

What Makes Us Different

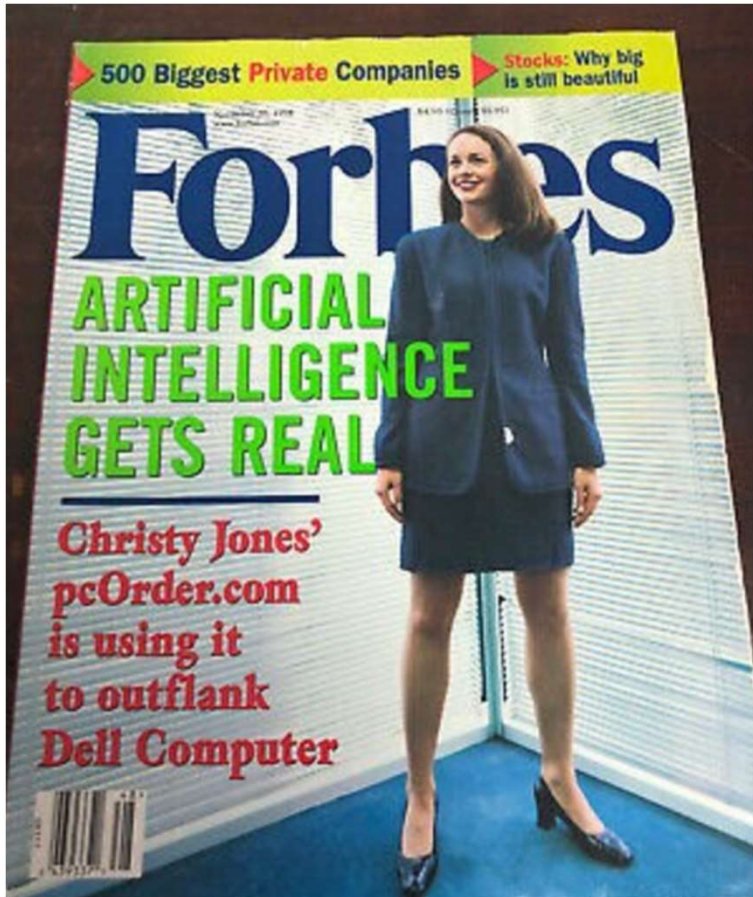


¹ VALUEx 2019

Please see "Important Disclosures and Disclaimers" at the end of the materials for overall risks and investment considerations.

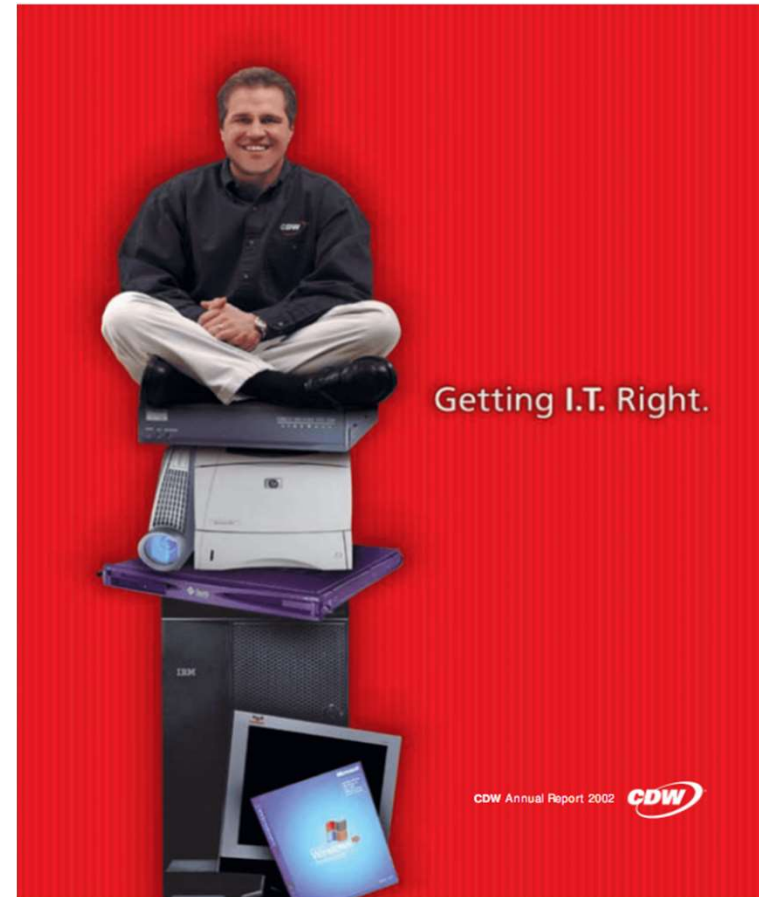
High tech vs. low tech

Forbes Magazine, November 1998



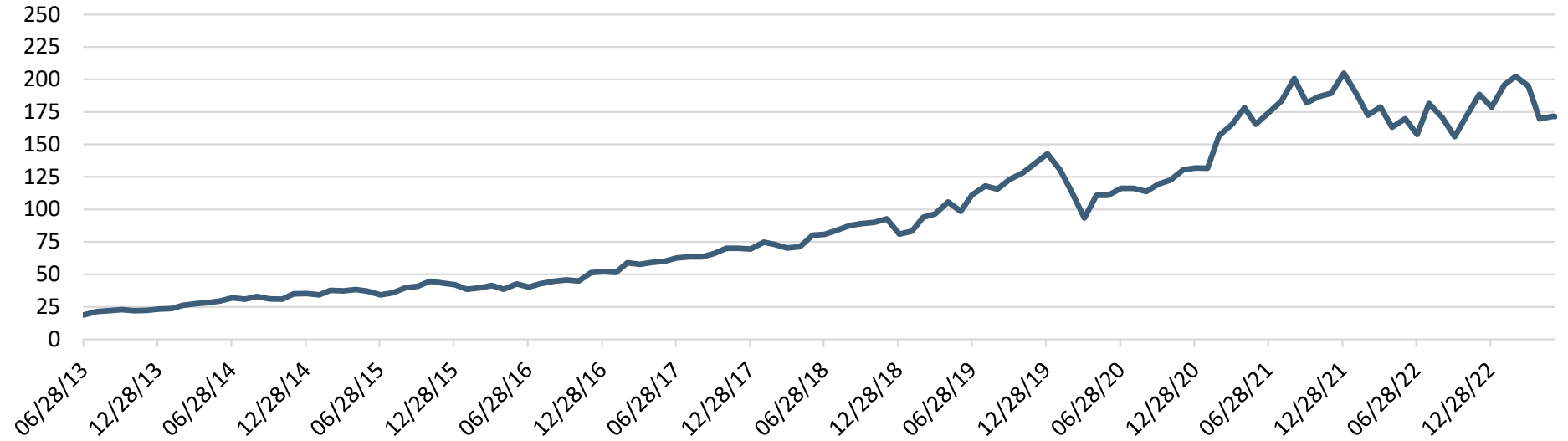
Vs.

CDW 2002 annual report cover



High tech vs. low tech

CDW Price Chart



PCorder.com Price Chart



CDW Corporation (ticker: CDW)

What do they do?

- ✓ CDW is the largest value-added reseller (“VAR”) of IT products to small and medium sized businesses in the US, Canada and UK

- ✓ Help tech companies of all sizes sell to SMBs & smaller government clients
 - ✓ Suppliers/Clients range from mega tech incumbents like Microsoft and Cisco to newer challengers such as Splunk and Five9
 - ✓ 100,000 products and services from 1,000 partners

- ✓ Why do they exist?
 - ✓ Very fragmented customer base, impractical to reach with own sales force which is focused on the larger fish

- ✓ Would suppliers care if CDW vanished?
 - ✓ Over \$1.0 BN in sales each from five vendor partners
 - ✓ Over \$100 million in sales from each of fifteen other vendor partners

CDW Corporation (ticker: CDW)

Sample CDW supplier



CDW Corporation (ticker: CDW)

Company Facts

Headquarters:

Vernon Hills, Ill.

Annual Net Sales (2022):

~ \$24 billion

Number of Customers:

250,000

Number of Coworkers:

15,300

Fortune 500 Rank (2022):

166

Fortune 500 Industry (2022):

Information Technology Services

Ticker Symbol:

CDW (NASDAQ)

Primary locations:

US, UK & Canada- with the ability to provide solutions in 150+ countries

CDW Corporation (ticker: CDW)

Brief History

| Event | Year | Sales | Co-Workers |
|--|------|-----------|------------|
| Founded | 1984 | -- | -- |
| First IPO | 1993 | \$270MM | 247 |
| On-line sales Debut | 1995 | \$628 MM | 539 |
| Sales Surpass \$1 BN | 1997 | \$1.27 BN | 986 |
| CDW debuts Fortune 500 at No. 435 | 2001 | \$3.96 BN | 2,783 |

CDW Corporation (ticker: CDW)

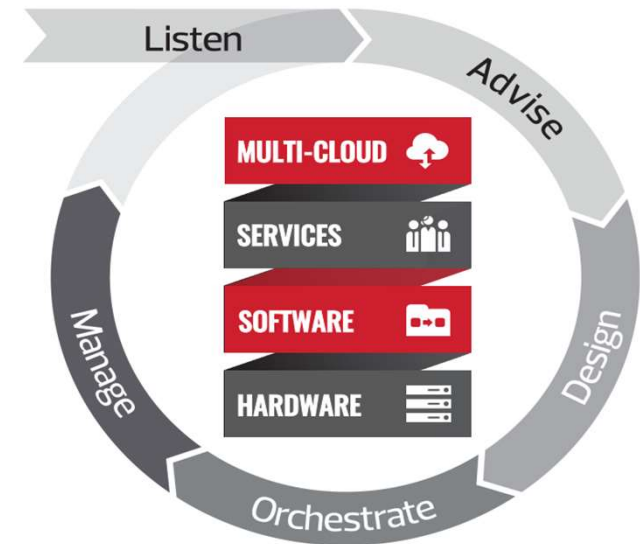
Brief History

| Event | Year | Sales | Co-Workers |
|--------------------------------|------|-----------|------------|
| LBO – Madison Dearborn | 2007 | \$8.1 BN | 6,300 |
| Second IPO | 2013 | \$10.8 BN | 7,000 |
| CDW Ranks # 199 on Fortune 500 | 2017 | \$14.8 BN | 8,700 |
| Current | 2023 | \$22.9 BN | 15,300 |
| CAGR | | 29.4% | 28.0% |

CDW Corporation (ticker: CDW)

Value Proposition

- ✓ CDW is far more than a hardware seller they play a key role in the design, deployment, and aftermarket support of IT infrastructure
- ✓ Agnostic partner
 - ✓ CDW will curate the right bundle of products/solutions for any IT environment regardless if its on-premise, hybrid, or cloud
 - ✓ CDW is incentivized to work within a customer's IT budget and procure the most cost-effective solutions vs 3rd party vendors who are solely focused on upselling
- ✓ Maximize customer efficiency
 - ✓ Impractical for customers to vet and negotiate with dozens of IT vendors
 - ✓ CDW allows organizations to focus on their core competencies

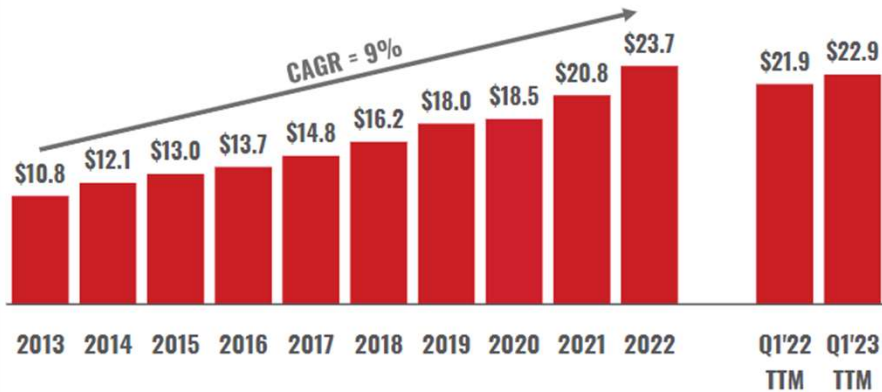


| | ON PREMISE | ON JOURNEY | ON MULTI-CLOUD |
|-------------|----------------------|------------------------|----------------------------|
| DESIGN | SOLUTION DESIGNS | TRANSFORMATION DESIGNS | PLATFORM DESIGNS |
| ORCHESTRATE | SOLUTION BUILDS | UPGRADES & MIGRATIONS | CLOUD SERVICES BUILDS |
| MANAGE | OPERATIONS & SUPPORT | MANAGED MIGRATIONS | CLOUD SERVICES & RESOURCES |

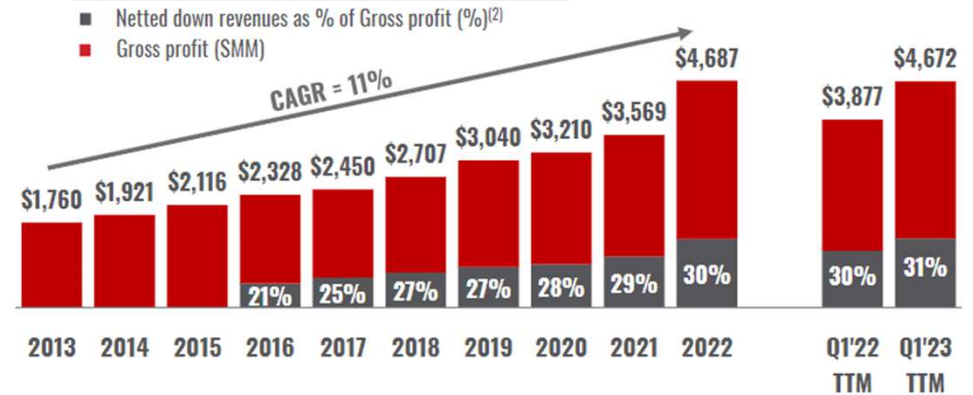
CDW Corporation (ticker: CDW)

In numbers

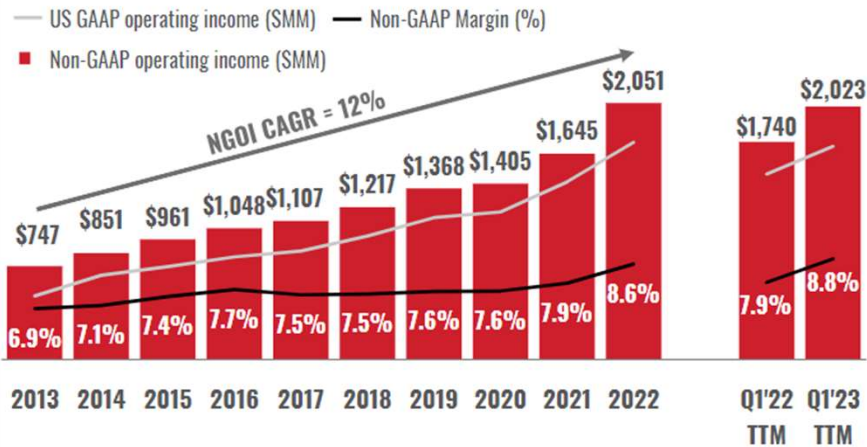
NET SALES \$B



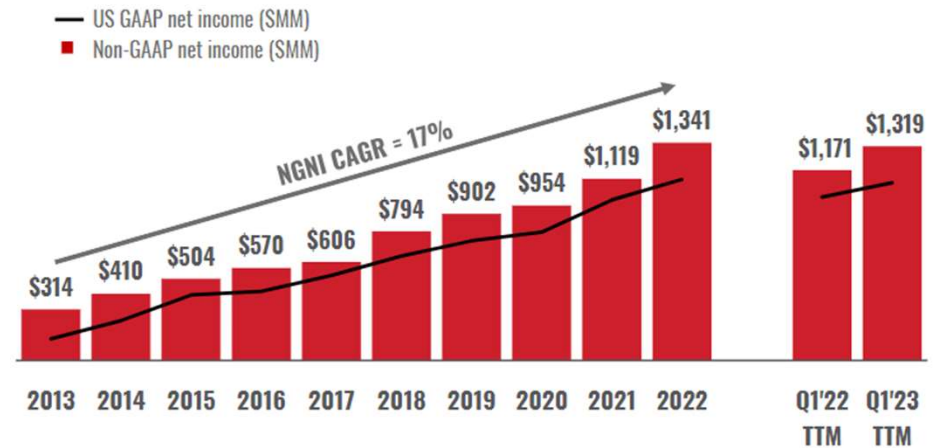
GROSS PROFIT



OPERATING INCOME AND MARGIN⁽³⁾

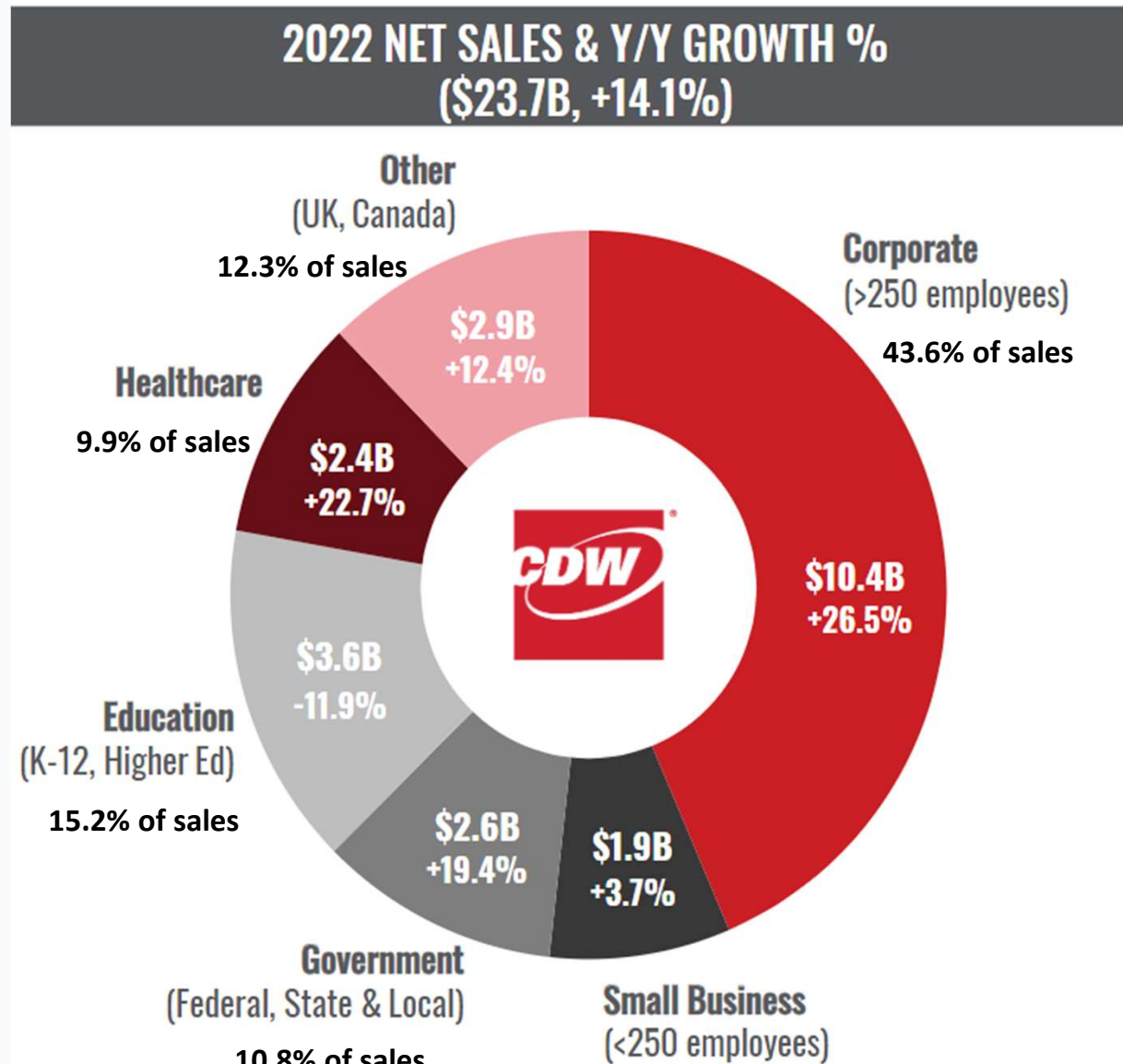


NET INCOME⁽⁴⁾



CDW Corporation (ticker: CDW)

In numbers



CDW Corporation (ticker: CDW)

Moat

“The key to investing is not assessing how much an industry is going to affect society, or how much it will grow, but rather determining the competitive advantage of any given company and, above all, the durability of that advantage.” – Warren Buffett



CDW Corporation (ticker: CDW)

Moat

✓ Scale

✓ 3x the size of its nearest competitor

- ✓ Allows them to get more favorable pricing from partners

- ✓ CDW's EBIT margins are almost twice that of its peers at 7.5%

- ✓ Hard to be in business and beat the cost of capital at 3% margins

✓ 6,400 technical coworkers that can be brought to bear on any client needs

- ✓ As IT solutions become more complex, the need for these capabilities increases, and so does the moat around CDW

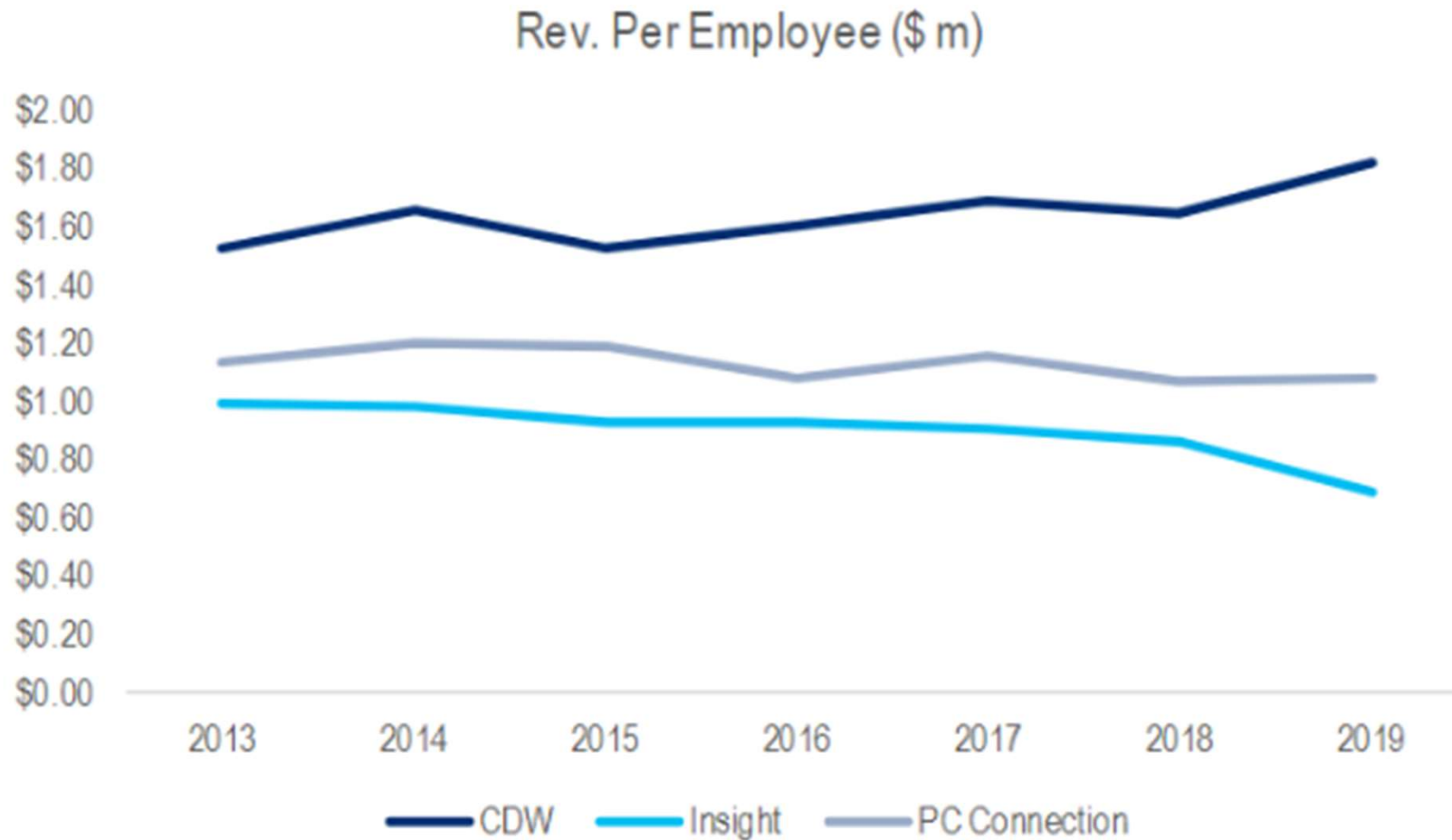
- ✓ Smaller competitors don't really have the same resources to bring to customer

CDW Corporation (ticker: CDW)

Moat (continued)

✓ Talent

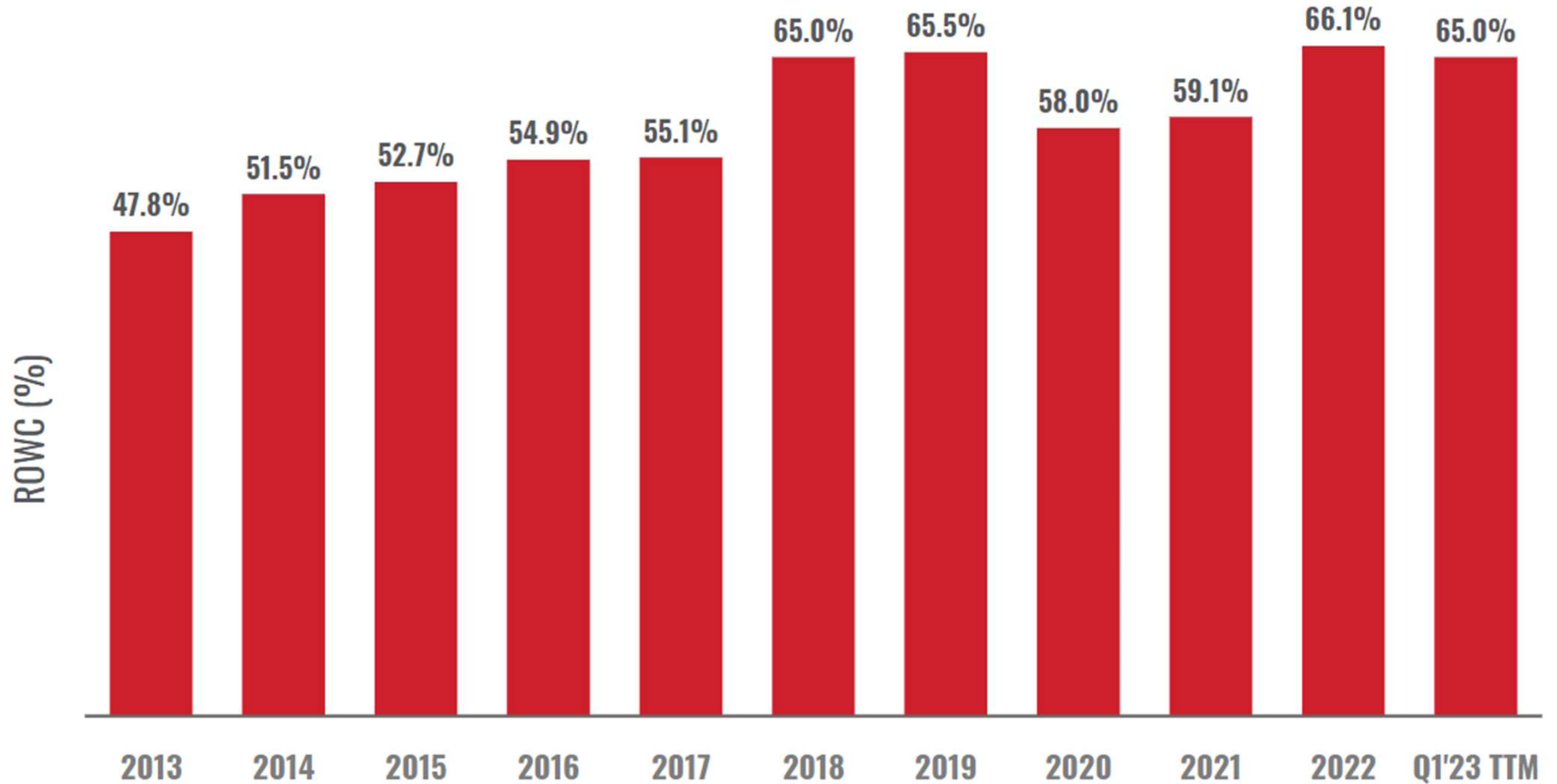
Figure 15. CDW rev. per employee is higher than peers



(1) Data from Glassdoor

CDW Corporation (ticker: CDW)

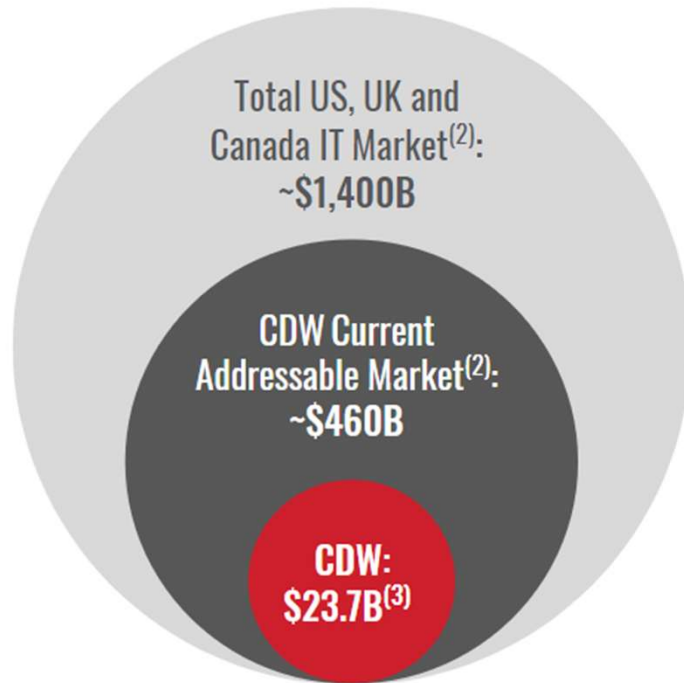
Moat (Continued)



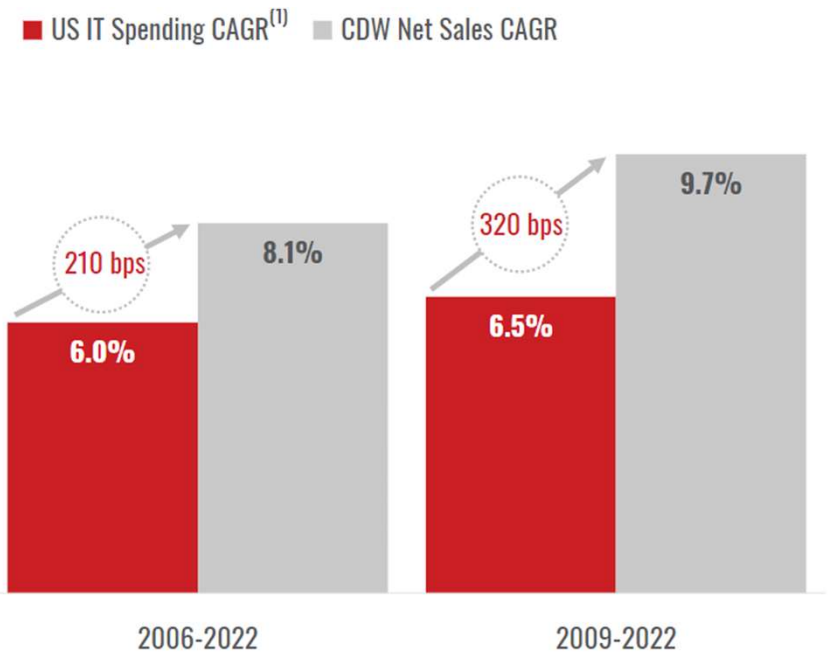
CDW Corporation (ticker: CDW)

Opportunity

TOTAL ADDRESSABLE MARKET



2018-2023E CAGR IT Spending: 7.1%⁽⁴⁾



CDW Corporation (ticker: CDW)

Valuation at different penetration levels

| Penetration | P/E | EV/EBIT |
|-------------|-------|---------|
| Today* (5%) | 17.9x | 14.9x |
| +100 bps | 14.7x | 12.3x |
| +200 bps | 12.5x | 10.5x |
| +300 bps | 10.9x | 9.2x |
| +400 bps | 9.7x | 8.1x |

*Consensus 2023 estimates

CDW Corporation (ticker: CDW)

Alignment

- ✓ Management has “skin in the game”
 - ✓ Insiders hold 0.2% of S/O worth ~\$55 MM
 - ✓ They bought ~\$2MM at current levels in last year or so
 - ✓ Including CEO buy in last month
- ✓ Most of management’s compensation is variable and performance based
 - ✓ 70% is tied to long-term incentives
 - ✓ 20% is tied to annual bonus which is tied to key operating metrics
 - ✓ Operating income and market share
 - ✓ 10% is base salary

CDW Corporation (ticker: CDW)

Risks

- ✓ Cloud transition
- ✓ Cyclical
 - ✓ Took down yearly guidance recently
 - ✓ Slower economy & tech spending coming back down to earth after COVID madness
 - ✓ Expects US IT market to decline HSD
 - ✓ CDW expects to do 200-300 BPS better than the general IT market
 - ✓ During the Great Financial Crisis revenue was down 11% and EBIT was down 35%
 - ✓ Flexible cost structure as sales commissions are an important part of expense base and adjust downward naturally
- ✓ Leverage
 - ✓ Manageable at 2.6x given variable cost structure
- ✓ Execution
 - ✓ Have become more acquisitive in recent years but track record here has been great
 - ✓ Management is being prudent on capital allocation

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