MITTLEMAN BROTHERS
INVESTMENT MANAGEMENT

Mittleman Global Value Equity Fund – Class P

Quarterly report – December 2020

Portfolio commentary[1]

The Mittleman Global Value Equity Fund – Class P gained 25.7% net of fees (AUD) in the fourth quarter of 2020, versus a gain of 6.5% in the MSCI ACW Index.

The top three contributors to Q4 2020 performance were **Village Roadshow (VRL AU)**: $1.56 to $2.25 (+44%), **Revlon (REV)**: $6.32 to $11.88 (+88%) and **Greatview Aseptic Packaging (468 HK)**: $0.39 to $0.58 (+52%).

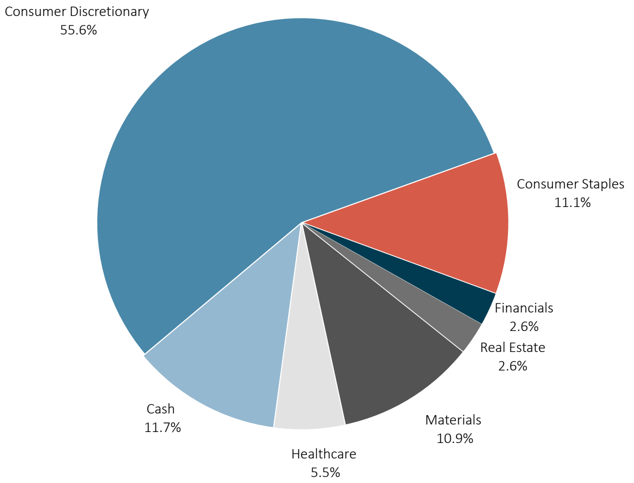
There was only one meaningful detractor from Q4 2020 performance; **AMC Entertainment (AMC)**: $4.71 to $2.12 (-55%).

Fund Details	
Index	MSCI All Country World Index (ACWI) Net Total Return in AUD
Fund Inception Date	13 June 2017
Class P Inception Date	13 October 2017

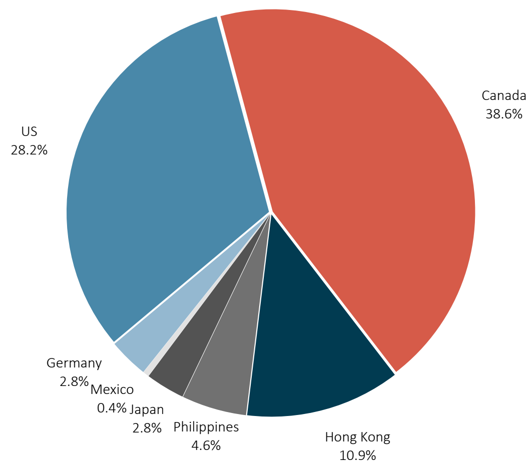
Performance[2] – 31 December 2020

	MGVEF (Class P)	Index (AUD)	Excess return
1 month	(1.8%)	(0.1%)	(1.7%)
3 months	25.7%	6.5%	19.2%
1 year	(6.6%)	5.9%	(12.5%)
Since inception[3]	(1.9%)	11.6%	(13.5%)

Sector allocation[4]



Country allocation[4]



1. The securities herein identified and described do not represent all of the securities purchased, sold or recommended for Mittleman Global Value Equity Fund (MGVEF). The reader should not assume that an investment in the securities identified was or will be profitable. There is no assurance that any securities discussed herein will remain in the portfolio at the time you receive this report, or that securities sold have not been repurchased. There can be no assurance that investment objectives will be achieved. All dollar amounts within this report are in USD unless otherwise stated.
2. Performance figures are presented in AUD on a net, pre-tax basis and assume the reinvestment of distributions. Past performance is not an indicator of future performance. Figures in the table may not sum correctly due to rounding.
3. Since inception returns are annualised and calculated from 13 October 2017. Past performance does not guarantee future results.
4. Portfolio holdings, country allocation and sector allocation of MGVEF are as of 31 December 2020 and are subject to change and should not be considered as investment recommendations to trade individual securities. Country allocation does not include cash.

Top 10 holdings[5]

As at 31 December 2020		
Stock	Country	Weight
Aimia	Canada	23.4%
Cineplex	Canada	15.2%
Revlon	US	11.1%
Greatview Aseptic Packaging	Hong Kong	10.9%
International Game Technology	US	10.0%
ABS-CBN Holdings	Philippines	4.6%
Bayer	Germany	2.8%
CMIC Holdings	Japan	2.8%
American Equity Inv Life	US	2.6%
Newmark Group	US	2.6%

Portfolio statistics[6]

As at 31 December 2020		
	MGVEF	Index
Weighted avg market cap	US$2,737m	US$19,866m
Median market cap	US$676m	US$6,050m
EV/EBITDA	6.1x	16.2x
Price/FCF	10.3x	18.0x
Free cash flow yield	9.7%	5.6%
Number of securities	12	2,982

Quarterly investment review[7]

Q4 2020 saw a long-awaited rebound in value-oriented investment strategies, a rebound which began in earnest for MIM in November 2020 when its USD Composite gained 42.9% (or 37.8% in AUD for the MGVEF); the best monthly performance in an 18-year history.

During the Corona-crash in March 2020 MIM's CIO Chris Mittleman called for calm in a Research Note titled "Why We Don't Panic." It was a timely note and 23 March 2020 turned out to be the bottom, with the MGVEF down-40.0% CYTD at that point and the MSCI ACW Index (in Australian dollars) down-16.7%.

From 23 March 2020 to 31 December 2020 the MGVEF gained +55.3% versus +27.2% for the MSCI ACW Index and +28.3% for the S&P 500 (in Australian dollars). Still, that was not enough to beat those indices for the full 2020 year given MIM's underperformance from 1 January 2020 to 23 March 2020. Indeed, MGVEF's performance in 2020 was less robust than it might have been due to its concentration in normally recession-resistant stalwarts that became pandemic epicentre stocks (movie theaters, cosmetics, gaming). Nonetheless MIM believes those investments will pay off handsomely in 2021, and to some extent they have already done so as of the date of this commentary.

MIM is optimistic that the (long overdue) shift back to value stocks may have started. Historical data is encouraging; MIM's best months of performance since inception (November 2020 was the best) have typically preceded extraordinary gains over the ensuing 3, 6 and 12-months. Albeit past performance is not a guarantee of future returns, the data is encouraging.

Amongst key holdings, **Village Roadshow** shareholders benefited from MIM and Aimia's combined activism, alongside an unaffiliated activist investor from Australia. This resulted in getting a better price (from A$2.22 to A$3.00) from BGH and VRL's management in the MBO takeover, although still much less than the A$5.00+ that MIM continues to believe was fair value. Chris Mittleman made a strong argument in support of holding out for that price (http://www.mittlemanbrothers.com/wp-content/uploads/2020/11/Village-Roadshow-Beyond-COVID-19-Presentation.pdf) but could not muster enough votes in support of his intervention. In the end MIM helped to achieve a 35% improvement in consideration paid to all VRL shareholders. The MIM & Aimia partnership on VRL showed the powerful synergy of the two entities when a common interest is involved. MIM alone would not have had the votes to help scuttle the initial bid had Aimia not joined the fight.

Revlon was covered at length in the Q3 Investment Review. Fortunately, MIM's prediction that Ron Perelman would assist Revlon's refinancing needs did in fact play out favourably, so the junior bonds referenced in that letter went from under $30 to par ($100). The stock had a similar percentage move before pulling back slightly (as the price of a company's debt is not always more accurate or instructive than the price of its equity). **Revlon still has a lot of work to do to get out of the woods completely, but it is taking good strides to get there.** The sale of a royalty stream that it had been getting from Helen of Troy (HELE) for primarily Revlon hair dryers was an unexpected $72M windfall in cash announced on 22 December 2020. MIM thinks other discrete chunks of value like that may soon be realised. For example, American Crew men's hair styling products, with a major market share in mass market and salons globally, is probably worth $200M to $300M.

Greatview Aseptic Packaging was touched on briefly in the Q3 Investment Review, but a more detailed update is provided here given MIM has been increasing the portfolio weighting. It is now a ~10% portfolio position and the 3rd largest holding in MGVEF after Aimia and Cineplex.

Greatview Aseptic Packaging (468:HK or GA Pack, as it is known) is one of only two publicly traded pure-plays in a faster growing segment of the packaging industry. At a current price of HKD 4.25 (USD 0.55) it trades at an EV/EBITDA of 7x (2020 consensus est. CNY 628M/USD 96M) and 12x FCF (CNY 390M/USD 58M), with a 6.4% dividend yield. The company's IPO priced at HKD 4.30 on 9 December 2010, led by Goldman Sachs and Morgan Stanley. See here an up to date synopsis of GA Pack's history: https://greatviewpack.com/company/history/

The co-founders still own a lot of stock, with 56 year-old CEO Jeff Bi holding 129M shares (9.65%) and his co-founder, COB Hong Gang,

5. Portfolio holdings, country allocation and sector allocation of MGVEF are as of 31 December 2020 and are subject to change and should not be considered as investment recommendations to trade individual securities. Country allocation does not include cash.
6. Portfolio statistics are reported in USD and are as at 31 December 2020. The statistics are updated in the report as at the end of each quarter.
7. The securities herein identified and described do not represent all of the securities purchased, sold or recommended for Mittleman Global Value Equity Fund (MGVEF). The reader should not assume that an investment in the securities identified was or will be profitable. There is no assurance that any securities discussed herein will remain in the portfolio at the time you receive this report, or that securities sold have not been repurchased. There can be no assurance that investment objectives will be achieved. All dollar amounts within this report are in USD unless otherwise stated.

holding 81M shares (6.04%). Neither of them have sold any of their shares since the IPO over 10 years ago. Shares outstanding are also relatively unchanged since the IPO, from 1.334B then to 1.337B now, with sales up 2.8x (from USD 172M in 2010 to est. USD 479M in 2020), and EBITDA up 2.3x (from USD 42M in 2010 to est. USD 96M in 2020). Growth has been financed internally from cash flows and the IPO proceeds. Yet such reinvestment in growth has not precluded outstanding cash dividends, with USD 323M paid out over the past 9 years through 2020; an amount that equates to 44% of the current market cap.

Jardine Strategic (JS SP) bought 28% of GA Pack for HKD 5.00 in June 2017 (via block trades in the open market) and stated that it would seek to help GA Pack expand, presumably through Jardine's connections throughout Southeast Asia, particularly in Indonesia.

MIM sees minimum fair value at no less than 10x EBITDA and 17x FCF, which would be a price of HKD 5.82 (USD 0.75), implying a 37% upside plus 6.4% dividend, equating to a 43% total return from its current price.

The planned Beijing Winter Olympics in February 2022 should boost demand and attention as GA Pack's major customers are Yili (#1 market share in dairy products in China, official sponsor of 2022 Olympics) and Mengniu (#2 market share in dairy in China, partnered with Coca-Coca in a broader beverage sponsorship for 2022 Olympics and beyond). It is notable that 66% of GA Pack's sales are from China and 84% of total company sales are to dairy producers. Dairy consumption per capita in China is still very low, at about one-third of what it is in the U.S. and Europe, despite huge growth over the past 20 years.

The only public comparable is SIG Combibloc (SIGN SW, CHF 20.48), which IPO'd in September 2018 at CHF 11.25 and now trades at EV/ EBITDA of 15x, 33x FCF, with a dividend yield of 2%. SIG is more than 4.5x the size of GA Pack (SIG sales est. US$2.2B for 2020 vs. GA Pack US$479M), and SIG has a higher EBITDA margin of 27% vs. 20%, yet GA Pack has grown faster than SIG over the past 5 years. It is expected to do so again over the next 5 years. SIG also has a modestly leveraged balance sheet whereas GA Pack has a net cash balance sheet.

Of interest, Onex Corp. (ONEX CN), SIG's private equity sponsor (and until recently its largest shareholder), sold the last 32.3M of its shares at CHF 20.35 on 1 December 2020, an EV of $9B (15x EBITDA) versus the EV at the November 2014 announced buyout of $4.66B (8.5x EBITDA).

Aseptic packaging is growing at a much faster rate than packaging in general due its long lasting shelf life (6 to 9 months) without the need for costly cold transport or cold storage (which is particularly lacking in the faster growing emerging markets). It packages a growing number of products (beyond the most common items such as milk, fruit juice and coconut water); items such as soups, sauces, baby food, and even wine. Nonetheless, milk is the biggest end use in China, where 70% of milk bought by consumers is processed via Ultra Heat Treatment (UHT). Demand for this type of packaging appears primed for growth for years to come, especially as China shifts towards a consumer-led economy. GA Pack should be able to continue to capture some portion of that growth; it is operating at about 55% of capacity (versus industry norm of 65% to 75%) so it has plenty of room to grow production without adding new capacity.

Tetra Pak (privately held) is by far the largest player with 65% of the global market for aseptic packaging, while SIG is the #2 player with a 21% share. GA Pack is #3 with a 5% global share and #2 in China with a 13% market share, but SIG is closing in fast, opening a large new plant in China this year. That said, SIG has been in China since 1985 and Tetra Pak has been there since 1972, whereas GA Pack began in 2003. It has done very well in a relatively short period.

GA Pack is a "Non-System Supplier", which means it is mainly about selling the packaging not the filling machines/ system. It had primarily been making money by undercutting Tetrapak in that way, and now in response to SIG's more aggressive expansion in China, GA Pack will begin providing the packaging sleeves that work with SIG's machines: https://greatviewpack.com/company/news/2020-06-19-greatview-aseptic-establishes-as-a-trusted-supplier-of-blank-fed-aseptic-cartons/.

There are risks to MIM's thesis, albeit these risks do not compromise the strength of the thesis:

– Raw materials are 90% of the cost of goods sold and costs could rise with price of oil. GA Pack can't usually pass through the entire cost increase quickly enough to prevent margin compression during periods of rising costs.

– There are legal risks, not least given Tetra Pak has sued GA Pack and lost on patent infringement. While further legal actions cannot be ruled out, it seems more likely that GA Pack has cleared that hurdle, especially since in Tetra Pak subsequently had to pay a fine for abuse of market power in China.

– GA Pack's top 3 customers are more than 60% of sales.

– GA Pack is listed in HKD, with earnings mostly in RMB and commodity costs mostly in USD.

– From a governance standpoint, the company paid USD 5.5M to buy out an unprofitable technology vendor to the company in 2019 that happened to be owned by the CEO's brother (also a founding shareholder in GA Pack). Despite the poor optics, GA Pack appears to have been using this technology for some time, so it appears at least strategically to make sense.

AMC Entertainment (AMC) was MIM's only material loser in Q4, dropping from $4.71 to $2.12 (-55%). MIM planned on discussing here why it was worth at least the $10 per share that its recently reduced estimate of fair value claimed, but since then AMC raised more cash against its UK holdings and then the stock took off as speculative players from reddit.com got involved. In response MIM sold its entire holding in AMC at around $14 during the last week of January 2021. MIM's exposure to the movie theatre business is now exclusively in Canada via Cineplex, which has a 75% market share and much less leverage on its balance sheet.

New Portfolio Positions

Two new positions were added to the portfolio during Q4 2020 following the sale of Village Roadshow; **Newmark Group (NMRK $7.29)** and **Bayer AG ADR (BAYRY $14.84)**. Newmark is a major commercial real estate advisory firm, with a USD1.8B market cap. It provides a fully integrated platform of services to prominent multinational corporations and institutional investors across the globe. Bayer is a German multinational pharmaceutical and life sciences company with a market cap of USD62B. An overview of each of these companies will be covered in detail in the upcoming annual 'What We Own and Why' document.

Important Notes

The use of the MSCI ACWI herein has not been selected to represent an appropriate benchmark with which to compare against an investor's performance in the Mittleman Global Value Equity Fund (MGVEF), but rather it has been provided to allow for comparison of such performance to that of a certain well-known and widely recognised broad-market index. The MSCI ACWI is an unmanaged index compiled by MSCI. The index is weighted by market capitalisation and its returns include the reinvestment of dividends. The index does not account for transaction costs or other expenses which an investor might incur in attempting to obtain such returns. The index was taken from published sources and deemed reliable. You cannot invest directly in an index. Investments made by Mittleman Investment Management, LLC (MIM) for its clients' portfolios including MGVEF differ significantly in comparison to this (and any other) index in terms of security holdings, industry weightings, and asset allocations. Accordingly, investment results and volatility will differ from those of the benchmark.

The S&P 500 TR ("Total Return") Index is presented herein for comparison purposes only. This index has been shown against the Composite's performance to allow for comparison of such performance to that of a certain well-known and widely recognised broad-market index. The S&P 500 Total Return Index is an unmanaged index compiled by Standard and Poor's. The index is weighted by market capitalisation and its returns include the reinvestment of dividends. The index does not account for transaction costs or other expenses which an investor might incur in attempting to obtain such returns. The S&P index is taken from published sources and deemed reliable. You cannot invest directly in such an index. Investments made by Mittleman Investment Management, LLC for its clients differ significantly in comparison to this (and any other) index in terms of security holdings, industry weightings, and asset allocations. Accordingly, investment results and volatility will differ from those of the benchmark. For more information or for a copy of the firm's fully compliant presentation and the firm's list of composite descriptions, please contact Mittleman at +1 (212) 217-2340.

Performance figures are presented in AUD on a net, pre-tax basis and assume the reinvestment of distributions. Past performance is not an indicator of future performance. The portfolio statistics on page 5 are reported in USD and are as at 31 December 2020. The statistics are updated in the report as at the end of each quarter. All dollar amounts within this report are in USD unless otherwise stated.

All information provided herein is for informational purposes only and should not be deemed as a recommendation to buy or sell securities. This material may not be redistributed without the express written consent of MIM and does not constitute an offer to sell or the solicitation of an offer to purchase any security or investment product. All investments involve risk including the loss of principal. Specific companies or securities shown in this presentation are meant to demonstrate MIM's investment style and the types of securities in which we invest and are not selected based on past performance. The analyses and conclusions of MIM contained in this presentation include certain statements, assumptions, estimates and projections that reflect various assumptions by MIM concerning anticipated results that are inherently subject to significant economic, competitive, and other uncertainties and contingencies and have been included solely for illustrative purposes. No representations, expressed or implied, are made as to the accuracy or completeness of such statements, assumptions, estimates or projections or with respect to any other materials herein. The securities herein identified and described do not represent all of the securities purchased, sold or recommended for MGVEF. The reader should not assume that an investment in the securities identified was or will be profitable. There is no assurance that any securities discussed herein will remain in the portfolio at the time you receive this report, or that securities sold have not been repurchased. There can be no assurance that investment objectives will be achieved. Past performance neither guarantees nor indicates future results. Portfolio holdings, country allocation and sector allocation of MGVEF are as of 31 December 2020 and are subject to change and should not be considered as investment recommendations to trade individual securities. Country allocation does not include cash. The estimates in the upside to fair value chart reflect various assumptions by MIM concerning anticipated results that are inherently subject to significant economic, competitive, and o ther uncertainties and contingencies and have been included solely for illustrative purposes. No representations, expressed or implied, are made as to the accuracy or completeness of such assumptions, estimates or projections.

Mittleman Investment Management, LLC ("MIM") claims compliance with the Global Investment Performance Standards (GIPS®). MIM is an SEC-registered investment adviser. The MIM Composite (the "Composite") includes all fully discretionary separately managed accounts which follow the firm's investment strategy, including those accounts no longer with the firm. MIM's value-oriented strategy is to invest in a concentrated portfolio (usually holding between 10 to 20 securities) of primarily common stocks, unrestricted as to market capitalisation, of both domestic and international companies. The U.S. Dollar is the currency used to express performance. Performance presented prior to January 2006 occurred while the Portfolio Manager was affiliated with a prior firm and the Portfolio Manager was the only individual responsible for selecting the securities to buy and sell. Past performance is not a guarantee of future results. Margin is not an active part of the management of the accounts but may be used on an opportunistic basis if permitted by the client. Investments made by MIM for its clients differ significantly in comparison to the referenced indexes in terms of security holdings, industry weightings, and asset allocations. Accordingly, investment results and volatility will differ from those of the benchmarks.

This document has been prepared and issued by MIM and is intended for the general information of 'wholesale clients' (as defined in the Corporations Act 2001) only. MIM is exempt from holding an Australian Financial Services Licence pursuant to ASIC Class Order 03/1100 'Relief for US SEC regulated financial service providers' in respect of the financial services it provides to Wholesale Clients, and is not licensed to provide financial services to retail clients, in Australia. MIM is regulated by the Securities and Exchange Commission of the United States of America under US laws, which differ from Australian laws. Equity Trustees Limited (Equity Trustees) (ABN 46 004 031 298, AFSL 240975) is a subsidiary of EQT Holdings Limited (ABN 22607 797 615), a publicly listed company on the Australian Securities Exchange (ASX:EQT). Equity Trustees is the Responsible Entity of the Mittleman Global Value Equity Fund (ARSN 161 911 306). This document is neither an offer to sell or a solicitation of any offer to acquire interests in any investment. The information contained in this document is of a general nature only. Accordingly, reliance should not be placed on this information as the basis for making an investment, financial or other decision. In preparing this document, MIM has not taken into account the investment objectives, financial situation and needs of any particular person. Before making any investment decision, you should consider whether the investment is appropriate in light of those matters. Whilst every effort is taken to ensure the information in this document is accurate, MIM and Equity Trustees provides no warranty as to the accuracy, reliability and completeness of the information in this document and you rely on this information at your own risk. To the extent permitted by law, MIM and Equity Trustees disclaims all liability to any person relying on the information contained in this document in respect of any loss or damage (including consequential loss or damage) however caused, which may be suffered or arise directly or indirectly in respect of such information. Past performance is not a reliable indicator of future performance. The return of capital or any particular rate of return is not guaranteed.

BROOKVINE | MITTLEMAN BROTHERS INVESTMENT MANAGEMENT

For more information contact: Natalie Hall on
+61 2 9328 6445 or nataliehall@brookvine.com.au

Investment Strategy

Mittleman Investment Management, LLC (MIM) is an SEC-registered investment advisor based in New York that pursues superior returns through long-term investments in what it deems to be severely undervalued securities, while maintaining its focus on limiting risk. It invests in businesses that are proven franchises with durable economic advantages, evidenced by a well-established track record of substantial free cash flow generation over complete business cycles, and only when the very low valuation at which the investment is made provides a significant margin of safety. MIM's value-oriented strategy is to invest in a concentrated portfolio (usually between 15 to 20 securities) of primarily common stocks, unrestricted as to market capitalisation, and in both developed and emerging markets.