Mittleman Brothers
Investment Management

Mittleman Global Value Equity Fund – Class P

Quarterly Report – Q1 2021

Commentary[1]

The Mittleman Global Value Equity Fund (MGVEF) advanced 19.7% in March, vs. an increase of 5.9% in the MSCI ACW Net Total Return Index.

The top three contributors to Q1 2021 performance were AMC Entertainment (AMC): $2.12 to MIM's average exit price of $13.29 (+527%), Aimia (AIM CN): US$3.24 to $4.11 (+27%), and Cineplex (CGX CN): US$7.26 to $9.47 (+30%).

The three most impactful detractors from Q1 2021 performance were new entrant AMA Group (AMA AU): US$0.51* to $0.42 (-18%), Greatview Aseptic (468 HK): $0.58 to $0.50 (-14%), and ABS CBN (ABSP PM): $0.26 to $0.21 (-19%).

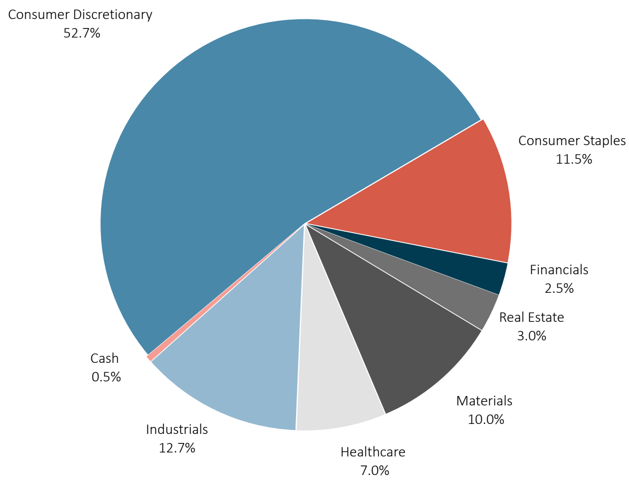
*(AMA AU avg. cost per share for MGVEF in Q1).

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

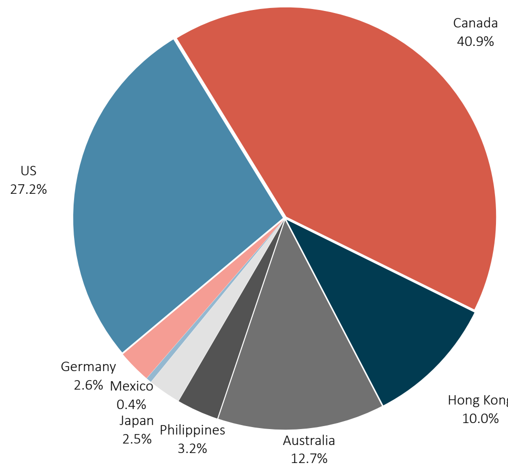
Performance[2] – 31 March 2021

	MGVEF (Class P)	Index (AUD)	Excess return
1 month	0.6%	4.4%	(3.8%)
3 months	19.7%	5.9%	13.8%
1 year	67.8%	24.2%	43.5%
2 years p.a.	4.4%	13.1%	(8.7%)
3 years p.a.	4.8%	12.3%	(7.5%)
Since inception[3]	3.6%	12.6%	(9.1%)

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 client accounts. 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 March 2021 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 March 2021		
Stock	Country	Weight
Aimia	Canada	25.6%
Cineplex	Canada	15.2%
AMA Group	Australia	12.7%
Revlon	US	11.5%
Greatview Aseptic Packaging	Hong Kong	10.0%
International Game Technology	US	8.2%
ABS-CBN Holdings Corp	Philippines	3.2%
Newmark Group	US	3.0%
Bayer	Germany	2.6%
American Equity Inv Life	US	2.5%

Portfolio statistics[6]

As at 31 March 2021		
	MGVEF	Index
Weighted avg market cap	US$2,784m	US$20,772m
Median market cap	US$656m	US$6,387m
EV/EBITDA	6.2x	16.6x
Price/FCF	10.6x	17.4x
Free cash flow yield	9.5%	5.7%
Number of securities	13	2,978

Quarterly investment review[7]

MIM extended a welcomed spurt of out-performance that began with its 37.8% gain in November 2020, leading to a 25.7% gain in Q4 2020, and a 19.7% gain in Q1 2021. November 2020 was MIM's best month ever (over its 18 years of verified track record). While it is encouraging to see performance turning around, MIM recognises that having performed so poorly during a protracted slump, its recent out-performance in the rebound is somewhat to be expected, if not required. So, while pleased to see the "value will out" maxim regaining some credibility, MIM remains humbly aware that much work needs to be done and is indeed, doing that work.

MIM exited its position in **AMC** at around $14 during the last week of January. That price exceeded MIM's then $10 estimate of fair value, as the stock went parabolic with the Gamestock/Reddit/WallStreetBets frenzy that captivated the media, market and general population in January. As long- term shareholders, MIM was pleased that AMC's CEO, Adam Aron, did not take the easy way-out during AMC's darkest days when the vast majority of the investment community were writing the company's obituary. He showed loyalty to shareholders despite being in the zone of insolvency (where fiduciary duty to shareholders extends to creditors as well).

MIM continues to believe the movie exhibition industry will bounce back sharply, but prefers the risk/reward in **Cineplex** going forward. Cineplex has been expertly managed by its President & CEO Ellis Jacob for more than 20 years, with Gord Nelson, CFO, by his side for 16 years. The company generated a total return CAGR of 14.5% vs. 7.9% for the TSX from its IPO on 25 November 2003 through 31 December 2019 (before the COVID-19 collapse), much of that achieved via cash dividends averaging C$91M (C$1.44 per share) over the past 11 years. Cineplex had agreed to a buyout by Cineworld PLC (CINE LN) for C$34 per share in cash (10x EBITDA) announced on 16 December 2019, which was then repudiated (wrongfully, it seems) by the buyer on 12 June 2020. MIM believes that the lawsuit will be settled by Cineworld and that a revised buyout will occur at around C$23 per share (10x EBITDA on new fully diluted share count 92.21M) which is MIM's fair value estimate (+93% from the 31 March 2021 stock price). Settling in that manner would gain Cineworld (which already owns Regal in the U.S.) what they originally desired (before they lost the ability to pay), to become the dominant North American Theatre business and all achieved on accretive terms. The alternative to a revised buy-out is likely to be a judgement or settlement of hundreds of millions of dollars for which Cineworld would receive no cash flow in return. Cineworld has yet to state any claim that would seem to justify their breach of the definitive agreement. Once Cineworld has healed enough to afford it, MIM expects a revised deal.

In March, **Aimia Inc.'s** 48.9%-owned Kognitiv entered into a sale transaction and partnership agreement with IRI, whereby IRI acquired Intelligent Shopper Solutions (ISS) for undisclosed terms, and IRI and ISS will explore opportunities for IRI's retailer clients to leverage Kognitiv's unique Platform-as-a-Service. Also in March, Aimia announced that it entered a binding Memorandum of Understanding with AirAsia to sell its 20% equity stake in AirAsia's loyalty company BIGLIFE for a consideration of C$31.4 million (US$25.0 million) to be satisfied by 85.86 million new publicly traded ordinary shares of AirAsia (AAGB.MK), representing an approximate equity stake of 2.2% of AirAsia's existing issued shares. The BIGLIFE transaction is subject to AirAsia's shareholders' approval, which is expected to occur before the end of May 2021. As the team at Aimia works to maximise the value of the company's legacy holdings, it continues to seek and find highly appealing new investment opportunities globally, focused on establishing controlling stakes in proven free cash flow generators. With over C$170M in cash and securities, no debt, shareholder equity of C$431M, and C$714M in tax assets, Aimia is ready for deals.

A recent entrant to the portfolio, **AMA Group Ltd.**, is the largest vehicle panel repair business in Australia and New Zealand. With trailing 12-month sales of A$926M, it represents nearly 13% to 15% market share of the industry's total revenues at their estimate of A$6B to A$7B annually. AMA is a roll-up, consolidating a fragmented industry, and it appears to be following the template of Boyd Group Services (BYD CN, C$213), a Canadian company that has been very successful at rolling up that industry in Canada and the U.S., generating a 42% CAGR total return for its shareholders over the 10

5. Portfolio holdings, country allocation and sector allocation of MGVEF are as of 31 March 2021 and are subject to change and should not be considered as investment recommendations to trade individual securities. Country allocation does not include cash. The securities herein identified and described do not represent all of the securities purchased, sold or recommended for client accounts. 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.

6. Portfolio statistics are reported in USD and are as at 31 March 2021. 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 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.

years ending 31 December 2020.

Organic growth is slow, as kilometres driven is the main factor for the number of collisions, but MIM believes that this metric will rebound strongly from COVID-19 as more people start to commute for work again or take long-overdue vacations. Collision avoidance technology is a long-term headwind, but has had only a minor effect thus far, however this is offset somewhat by more technology in each automobile yielding more expensive bills per repair. 90% of AMA's revenues are paid by auto insurance companies, its maintenance cap-ex is low, and free cash flow conversion is high. Large players like AMA benefit from scale in that they can better afford new equipment needed to service higher tech content in cars and secure better terms from suppliers (like AMA's 10- year deal with BASF for paint) and payers (insurers recently agreed to pay AMA more for more complex repairs). The industry remains highly fragmented, so buying smaller operators (unwilling to spend on new equipment for more complex repairs, roughly A$100,000 investment per shop) at 3.5x EBITDA where that EBITDA becomes worth 10x as part of the larger entity is a path to continued growth that AMA has yet to fully exploit.

On 31 January 2021 AMA announced the termination of its CEO, Andrew Hopkins (Executive Director since 2015 when his former firm was acquired), claiming he charged excessive unapproved expenses, in the order of A$1M. They named director Carl Bizon as CEO. AMA stock fell on the news and MIM started buying shares in the days that followed. MIM's purchases have continued and MIM is currently the 3rd largest shareholder (as of 23 April 2021) with just over a 7.1% stake in AMA.

MIM's A$1.15 fair value estimate of AMA is derived as follows: A$1.15 = 10x EBITDAaL (est. for FY2022) of A$100M = A$1B minus net debt of A$150M (as of 31 December 2020) = A$850M equity / 742M shares. Equity value = 17x FCF est. of A$50M. While public comparables are limited, with the aforementioned Boyd Group in Canada being the closest comparable and trading at 13x EBITDA est. for 2022, there are some auto retailers in Australia like Eagers Auto (APE AU, A$16.80) which is valued at 15x EBITDA est. for 2022 despite having substantially lower EBITDA margin vs. AMA, and MIM has seen   auto retailers buying body shops in other countries. There is also Driven Brands Holdings (DRVN $25.42) in the U.S. which is not a pure play (they own car washes and other auto service businesses, not just collision repair) and enjoys a much higher EBITDA margin because it is largely a franchised operation (maybe something AMA can consider) so it does have a much higher EBITDA multiple of 20x.

Greatview Aseptic was discussed at length in MIM's Year End Investment Review. There were no notable new developments beyond a slightly weaker than expected year-end result announced on 30 March 2021, which brought consensus estimates down slightly, but did not change MIM's view of fair value. MIM added to the position in Q1 on weakness in the stock price. With a nearly 7% dividend yield (fully covered by FCF, and net cash balance sheet) and over 40% upside to fair value by MIM's conservative appraisal, for a growing specialty packaging business with a 19% EBITDA margin and relentless FCF generation, trading at less than 6x EBITDA, and with heavy insider ownership, it really has outstanding total return potential. Also, savvy Southeast Asia investor, Jardine Matheson ($47B mkt cap), bought just over 28% of Greatview Aseptic at ~ HKD $5.00, a 29% premium to the HKD $3.87 price at which it closed on 31 March 2021, less than 4 years ago in June 2017. Sales and EBITDA were USD $346M and $80M in 2017, and $441M and $90M in 2020. Cash dividends paid out were USD$41M in 2017, $46M in 2018, $47M in 2019, and $47M in 2020.   That's USD$181M in cumulative cash dividends over the past 4 years, which is over 27% of the current US$660M market cap.

MIM's original thesis for **ABS CBN** was that a blatantly political cancellation of the most popular TV broadcaster in the country would prove too unpopular politically to attempt, but that is unfortunately what happened last year (on 22 July 2020). MIM's expectation of ABS' plan B was that the populace would not tolerate being unable to see their favourite shows for very long, and MIM continues to believe that to be so. Thus, MIM's estimates assume a return to normal operations in 2022 or 2023 at the latest. The next Presidential election in the Philippines is on 9 May2022 and Duterte cannot be re-elected. Despite having been wrong about the broadcast franchise renewal, MIM did note last year that "…even if it were to transpire [the cancellation of the broadcast license], ABS-CBN could run their programming on a competing broadcaster's channels, for a fee of course that would impair profits immensely, but such an outcome is already more than in the share price." That is happening, so they are getting their programming out there with block-time deals on TV-5 and another channel. ABS-CBN is a dominant collection of media properties, with decades of track record. In such a fast-growing country, it should not be trading in the open market for less than 4x normalised EBITDA today, when similar companies in slower growing developed markets trade for around 7x to 10x EBITDA and more. Once the political punishment abates, MIM believes the stock should triple with plenty of upside beyond that to MIM's estimate of true fair value. MIM has been adding to its position in ABS CBN.

Another new position added in Q1 is **Viatris (VTRS)**, which is the old stock of the generic drug manufacturer Mylan Labs after it merged with Pfizers's Upjohn unit late last year, via a tax-efficient Reverse Morris Trust. VTRS's current market capitalisation of ~$17B is less than 6x its estimated FCF of $3B (before restructuring costs) estimated for 2022, and the current enterprise value of $40B is only 6.4x EBITDA of $6.25B. Consider that Mylan Labs stock (MYL, predecessor to VTRS) was nearly $67/share on a $40B buy-out offer from Teva in 2015. Mylan rejected that seemingly very reasonable bid. In merging with Pfizer's spin-off of Upjohn, Viatris became an equal (in sales, about $17B for each company) to the largest player in generic pharmaceuticals globally, Teva, Mylan's former suitor. Viatris is an orphan with a tarnished image (the reputation of Mylan's management in rejecting the Teva bid, and other mistakes, still lingers), even though the new CEO and CFO come from Pfizer, the Chairman and President from Mylan remain. Also, ETFs that owned Pfizer had to sell the VTRS shares that they received, which added considerable forced selling.

The stock dropped sharply after the company offered guidance on their first Investor Day on 1 March 2021 that was lower than expectations, and MIM's estimates above reflect those revised inputs. MIM's fair value estimate of $30 per share for VTRS is based on EV/EBITDA multiple of 9x est. 2022 EBITDA of $6.25B and market cap / FCF of 12x est. $3B free cash flow.

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.

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 March 2021. 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 March 2021 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 Mittleman Investment Management, LLC. (MIM) (AFSL 528365) and is intended for the general information of 'wholesale clients' (as defined in the Corporations Act 2001). MIM 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.

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 it believes 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.

BROOKVINE | MITTLEMAN BROTHERS INVESTMENT MANAGEMENT

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