January 1, 2022

Members of IMG,

Welcome to our Fall 2021 investor letter. As mentioned in our inaugural letter, the Portfolio Committee has taken the responsibility of creating quarterly letters to increase transparency and accountability in regards to the state of our current positions and quarterly investment decisions. With that being said, let us reflect on Fall 2021 and discuss the state of our portfolio as 2021 comes to a close.

The Committee has long been concerned by a shortage of compelling names and ideas. Thus, we took action this quarter by mandating weekly lines of communication between Committee members and principals to ensure that groups have a better sense of direction and accountability throughout the pitch creation process. We can confidently say that pitch quality improved in the fall quarter, with an inflow of several compelling, differentiated theses and only a handful of (for the most part) well-researched holds.

Fall 2021 also appears to be the quarter of primary research. Without any executive guidance, all six pitch groups independently decided to include an element of primary research in their pitches. Collectively, IMG members have had discussions with industry professionals ranging from customer service representatives to company CFOs. This is no small feat, and as the quarter comes to a close we want to highlight the club members' efforts. We are happy to see the initiative groups are taking to properly diligence their companies and hope this effort continues into the next quarter.

Upon reviewing the pitches of this quarter, we ultimately decided to add two new positions into the portfolio: Fiserv and Performant, both of which will be heavily discussed later in the letter. In terms of existing positions, our dramatically scaled position in LBRDA is most notable. At the close of 2021, the portfolio now confidently holds a family of 8 companies. With this backdrop, we can now dive into performance.

Portfolio Performance Review:

IRR Since Inception	YTD Return	S&P 500 YTD Return	Sharpe	Calmar
18.8%	11.5%	27.0%	0.47	1.22

The portfolio did not see any progress at the close of 2021. Since our last letter, the gap between the S&P and the portfolio has widened due to our relatively unchanged stance on existing positions and a continued lack of compelling investments. Note that the Portfolio Committee seeks investments in fundamentally sound businesses with potential for strong, long-term returns. We maintain faith that the theses of our existing investments have yet to materialize, but *will* in the long-term, as to be discussed in the following pages. With that being said, we believe that the addition of PFMT and FISV will bolster returns and hope to see more enticing pitches in the winter.

Portfolio Review:

Adobe (ADBE):

Design, editing, and rendering computer software company.

Current Price: $408.67   Cost Basis (Nov 11, 2019): $296.20 (30.7% IRR)   Price Target: N/A

Investment Rationale:

Adobe is famed for its powerful moat against competitors. Through its first mover advantage and extensive product suite, Adobe is able to maintain high switching costs and prevent customers from going to competitors. Adapting a new software would be too costly and time consuming to be feasible for customers because Adobe has solidified itself as the industry standard. As a result, Adobe holds an extremely sticky customer base and strong pricing power. At the time of the investment, Adobe shares already had a high price tag; however, the Committee believed that Adobe was still at the forefront of a burgeoning industry with several growth opportunities remaining.

Performance:

Adobe has had a strong performance in the portfolio since its entrance in December 2019. The Company has widely maintained its moat and continues to rapidly increase its subscriber count during the pandemic. Since our initial investment, Adobe stock has appreciated 75%. Most recently, during Q4 2021 earnings, Adobe fell short of consensus 1Q22 and FY22 revenue forecasts.

Outlook:

The Committee has decided to retain Adobe's existing shares. We believe the Company's current share price reflects investor apprehension towards growthier names in the face of rising interest rates. However, we believe the dip in share price is merely reactionary, and Adobe will maintain their profitable business model in an industry that still has room for significant growth.

Autodesk (ADSK):
3D design, engineering and entertainment SaaS provider.

Current Price: $281.19 Cost Basis (Dec 5, 2019): $175.79 (21.8% IRR) Price Target: N/A

Investment Rationale:
Like fellow portfolio company Adobe, Autodesk has an extremely sustainable moat: high switching costs. Autodesk software is the industry standard for companies in architecture, manufacturing, and the digital media space. The Company continues to face significant competition in the construction space. However, for many industries, companies that use Autodesk cannot reasonably switch providers because the switch would demand too much time, money, and resources. The Portfolio Committee decided to invest in Autodesk because of the Company's decision to transition from a licensing model to a SaaS model. Autodesk slowly encouraged customers to switch to SaaS by temporarily lowering prices, leading to a decline in EBIT and unstable free cash flows. However, after prices normalized in 2018, subscriptions and deferred revenue skyrocketed. Customers had no choice but to accept these changes because the alternative would be too costly. Autodesk's aggressive acquisition strategy further preserved their moat. By engaging in at least one acquisition each fiscal year, the Company could continuously expand their product suite to ensure subscription and revenue per customer growth. Furthermore, the Portfolio Committee believed that there was room for growth in the construction industry due to a push towards digitization.

Performance:
Autodesk has exemplified what we hope for all our portfolio companies. The thesis has played out as forecasted, and the stock has appreciated accordingly. Since our initial investment, Autodesk stock has appreciated 36%. The Company continues to maintain its market share within the architecture, manufacturing and the digital media industries and continues to pursue acquisitions to expand their product suite. However, in the past sixth months share price has declined by 26% due to poor 2Q21 and 3Q21 guidance.

Outlook:
We believe that the Autodesk investment thesis has thoroughly materialized. The Company has fully transitioned from a licensing model to a SaaS model, and we have not seen any significant new growth drivers since our initial investment. However, 42% of our current portfolio is held in cash or the Vanguard S&P 500 index. We believe temporarily holding our shares in Autodesk is a better alternative to increasing our cash on hand or general index exposure We are confident in the fact that Autodesk is a "fundamentally strong business," as required by the IMG investment mandate, and are therefore willing to hold our position in the short-term. As opportunities arise throughout the quarter, we hope to offload our Autodesk shares and invest in new companies.

Brookfield Asset Management (BAM):
Alternative asset management company focused on private equity, infrastructure, real estate, and other areas.

Current Price: $60.38 Cost Basis (Feb 26, 2021): $44.59 (33.0% IRR) Price Target: $62

Investment Rationale:
The research path that led to Brookfield was a bit unorthodox. The group was looking for a way to play the idea that physical retail is unjustifiably depressed in the eyes of the market and that there are good real estate assets out there for those who look closely. They ended up settling on Brookfield Asset Management, which doesn't necessarily represent a direct bet on real estate, but instead relies on the company's superior asset allocation in the space to drive further flows and more fees. We were also particularly attracted to the fact that Brookfield was willing to step in and buyout a partially owned real estate focused subsidiary, Brookfield Property Partners (BPY) that was trading at around ⅔ of NAV. Additionally, Brookfield's huge asset base and long-standing reputation is attractive as alternative asset managers capture an increasing portion of institutional capital.

Performance:
Brookfield has performed well since being purchased, up around 35% since purchase and 13% since our last letter. However, it is once again worth noting that peers APO, KKR, and BX have appreciated around 48%, 84%, and 100% since our purchase of BAM. Clearly, alternative asset managers have continued to shine towards the close of 2021. Notably, the Company also had a successful first close of their fourth flagship strategic real estate fund, signaling strong faith from investors.

Outlook:
The Committee will continue to hold Brookfield due to the Company's continued excellence in asset allocation and fee-related earnings generation. Alternative asset managers continue to capture increasing allocations in a world awash in capital, and Brookfield's particular strength in real estate and infrastructure related assets make it an attractive way to play this theme.

BorgWarner (BWA):
Original equipment manufacturer (OEM) for combustion, hybrid, and electric vehicles.

Current Price: $45.18 Cost Basis (Feb 16, 2021): $46.25 (0.3% IRR) Price Target: $52

Investment Rationale:
Our decision to invest in BorgWarner is largely driven by the assumption that the Company will transition from being a legacy combustion vehicle OEM to an electric vehicle OEM through strategic electric vehicle (EV) related acquisitions. We also believe BorgWarner will leverage its current position as a trusted, leading combustion vehicle OEM to retain major customers as they integrate EVs into their fleets. Investing in BorgWarner, due to the Company's current status as a legacy combustion vehicle OEM and their niche products within the vehicle supply chain, allows IMG to capitalize off the trend towards electric vehicles without risking the extreme volatility that is traditionally associated with the EV industry.

Performance:
Since the spring, the Committee has decided to further reduce our position in BorgWarner. Initially, BorgWarner was weighted heavily in our portfolio due to high expectations for EV expansion. However, continued research has led to concerns on the cost-efficiency of employing aggressive M&A to gain market share in the space. Overall, the Company has performed well in the last quarter due to strong demand for their Silicon Carbide Inverters, as evidenced by several new OEM contracts. Thus, BorgWarner has given the Committee a glimmer of hope.

Outlook:
We remain firm in the belief that BorgWarner has potential for successful expansion into the EV manufacturing space. The question is: at what cost? While the Company seems to be making steady progress with their EV inverters, the Company must continue deploying significant capital to increase their market share. We will continue monitoring BorgWarner to determine its future in the portfolio.

Fiserv (FISV):
Legacy global payments processor providing merchant acceptance, financial technology, and SMB merchant solutions services.

Current Price: $97.36 **Cost Basis (Nov 9, 2021): $99.29** **Price Target: $125**

Investment Rationale:
As a legacy payments provider, Fiserv has been able to retain their market share in traditional payments processing while gaining market share in the financial technology space through their ownership of Clover. We believe Clover is an underappreciated asset with a strong advantage due to its unique emphasis on omni-channel retail and larger-scaled merchants. Additionally, upon reviewing a rough valuation of Clover and Fiserv's other legacy products, we saw that the Clover is valued at approximately 12x EV/EBITDA while the legacy segment of the business is valued at around 5-6x EV/EBITDA. Given the Company's strong market retention and continued growth in its market acceptance business, we believe the legacy segment of Fiserv is also being undervalued. The Company's scale can be rivaled only by Global Payments, a similarly trading legacy player that lacks a strong fintech product such as Clover. Given Fiserv's attractive multiple and strong core business, we view the Company as buy.

Liberty Broadband (LBRDA):
Holding company for a 25% stake in Charter Communications, a broadband cable provider.

Current Price: $124.04   Cost Basis (June 21, 2021): $160.81 (-35.7% IRR)   Price Target: $240

Investment Rationale:
The broadband cable business is generally attractive due to the fact that many regions are monopolized and the necessity of internet access in today's age makes broadband a very tough service to dump. Charter's network consists mostly of hybrid fiber-coaxial networks, which we believe present far and away the most attractive option for most consumers: solid quality at a much lower price than pure fiber. Charter's move into mobile presents an additional source of upside, which we don't believe is appropriately priced into the stock. Charter's buildout is complete, and the company can now dramatically reduce CapEx and start to spit out massive amounts of cash flow. The company is also repurchasing shares and taking advantage of the leverage that operating in a stable business like broadband allows for. If all that isn't enough, the Liberty Broadband vehicle offers a chance to purchase Charter shares at a ~20% discount to market value. Liberty Broadband has also been selling Charter shares back to Charter, and using the proceeds to repurchase Liberty Broadband shares, effectively grabbing free money for shareholders (tax leakage has been minimal, and Liberty Broadband is selling the minimum amount required to comply with their agreement with Charter.

Performance:
Liberty Broadband has been a laggard since it achieved a mid-September all-time high, falling ~15%. In light of skittish commentary from several cable management teams, the market narrative has shifted towards concerns about increasing competition from TelCos and an overall slowdown in new internet customers.

Outlook:
We believe the market is irrationally attributing weaker growth statistics to competition as opposed to tough COVID comps. Our original thesis did not extrapolate COVID growth rates into the future and instead assumed a return to normalized historical growth rates, which has proven to be accurate to conservative. We continue to believe competitive threats are overblown and Charter's torrid pace of share repurchases will create attractive returns over the next several years.

Performant Financial (PFMT):
Healthcare payment integrity company serving CMS and private insurers.

Current Price: $2.41 **Cost Basis (Dec 29, 2021): $2.29** **Price Target: $6**

Investment Rationale:
Performant Financial is formerly a student loan recovery business in the process of transitioning to the more attractive healthcare payment integrity space. Around 8% of all U.S. healthcare payments are inaccurate for one reason or another, creating a big problem for insurance companies. Insurance companies employ payment integrity companies to detect and resolve such inaccurate payments in exchange for a portion of the savings. Performant first found success in this market in 2017, winning one of five CMS contracts, but didn't fully commit to winding down the legacy business until it won a second CMS contract in March of 2021. The CMS contracts are an encouraging sign, but most of the market is with private insurers. We believe Performant's wins in the government space signal a competitive product and future penetration in the private sector.

The healthcare business has been growing as the company shifts their focus, but is still sub scale, and Performant is heavily spending on acquiring and integrating into new customers. Because the space has incredibly similar economics across competitors due to the "eat what you kill" pricing model, this sets up for a compelling comps argument. Thanks to Veritas Capital, there has been a flurry of M&A activity in the sector, with comps sporting 25-40% EBITDA margins and 8-12% sales growth capturing 17-23x EBITDA in recent transactions. Performant has been growing their healthcare business around 20% and we expect EBITDA margins to rerate towards 20% as the company integrates into their customers and realizes operating leverage. Discounting those cash flows at 12% through 2025 and applying an exit multiple of 20x EBITDA gives a price target of $6-7 a share, representing more than 100% upside. We believe the company's small size (<$200mm) and historically poor financial metrics are causing investors to miss this opportunity, and as the transition plays out over the next few years there is a strong possibility that strategic acquirers could emerge.

Waste Management (WM):
Waste management services provider.

Current Price: $166.90   Cost Basis (Nov 18, 2019): $112.15 (15.5% IRR)   Price Target: N/A

Investment Rationale:
Waste Management may seem to be a boring company in an unappealing industry to the average onlooker, but the company presents a much more attractive case to investors fond of a strong moat. Humans produce waste, all the time, rain or shine, recession or boom. Just imagine the sort of catastrophe that would be required for one to cancel their garbage pickup subscription. Additionally, increasing consumerism has meant more and more trash, and despite recent efforts to reduce trash and increase sustainability, we still think this is a clear long-term tailwind for the industry. Garbage pickup may be asset heavy, but most regions are only lightly competitive if not monopolies, with a small number of providers angling for their share of a customer base that is strong, recurring, and incredibly defensive. The general lack of competition at the regional level also gives Waste Management a great deal of pricing power.

Performance:
Waste Management has been a stable and consistent performer in the portfolio. Generally seen as a low-beta defensive stock, it has served its purpose. It is trading near all-time highs both on an absolute price level and several valuation metrics. Given this, it is possible that the company's moat has come to be fully understood and priced in by the market at this point.

Outlook:
The Committee will continue to hold Waste Management for the foreseeable future. It offers recession resistant exposure to an extremely high quality and durable business and adds some diversification away from higher beta tech names. We expect the shares to continue appreciating at a market plus rate.