

SHAREHOLDER CAPITAL



THE SHAREHOLDER CAPITAL FUND

Founded by Michael Cole, previously a longtime Managing Director of **Madison Dearborn Partners** (MDP)

Strong record of value creation at **MDP and Shareholder Capital**

Board roles at **15 companies**

Experienced team includes investing, IR, and compliance experience at **BlackRock, Fidelity, Guggenheim and BofA/Merrill Lynch**

Create value through improvements in governance, alignment with shareholders, capital allocation, and operations

Help management teams apply private equity strategies, to companies in which we own meaningful stakes, to drive change. Including **board of directors** where appropriate

Raise and invest \$100M+ fund, a concentrated portfolio that seeks to exploit the benefits of small cap, deep value, publicly traded stocks, resembling those in which we have invested for nearly **30 years**

Upsize investments via SPVs/Co-Investments when warranted

- Fund investors will receive priority access to SPVs/Co-Investments

Compelling investor alignment through significant GP investment

- Michael Cole will be committing **\$15M** of GP capital

FOUNDER AND CEO



MICHAEL P. COLE

Michael founded Shareholder Capital (d/b/a “SevenSaoi Capital”) in 2016. Immediately prior, Michael was **President of MAEVA Group**, a turnaround-oriented merchant bank, for one year. Prior to MAEVA, Michael was with **Madison Dearborn Partners (MDP)**, a Chicago-based private equity firm that manages \$23B in equity capital, for nearly 17 years. Earlier in his career, Michael focused exclusively on the healthcare industry as an investor and investment banker for five years. He was named a **“Top 40 Global Dealmaker Under 40” by Dealmaker Magazine** and a **“Top 40 Under 40” leader by Crain’s Chicago Business**. Prior to joining MDP, Michael was an investment banker at **Bear, Stearns & Co.** Michael currently serves on the **Boards of Directors of Zovio (Nasdaq: ZVO), the Big Shoulders Fund, and The Lyric Opera of Chicago**, for the latter two of which he is a member of the Investment Committee.

Past board memberships include **Alaska Native Wireless** (sold to AT&T Wireless), **CBeyond Communications** (Nasdaq: CBEY, sold to Birch Communications), **Council Tree Hispanic Broadcasters** (sold to Comcast/NBCU), **Madison River Communications** (sold to CenturyLink), **Merge Healthcare** (sold to IBM), **Intelsat** (NYSE: I, sold to BC Partners), **MessageLabs** (sold to Symantec), **MetroPCS** (NYSE:PCS, sold to T-Mobile), **Reiman Publications** (sold to Readers’ Digest), **Sorenson Communications, Telemundo Communications Group** (sold to Comcast/NBCU), **The Topps Company, Univision** (sold to ForgeLight), **Wind Telecom** (sold to VimpelCom), and **XM Satellite Radio** (Nasdaq: XMSR, sold to Sirius XM). Michael is also a **Henry Crown Fellow** of the Aspen Institute and a member of the **Aspen Global Leadership Network**. He holds an AB in Government, with honors, from **Harvard College**.

INVESTMENT TEAM



BEN WEBSTER

CCO and Head of Capital Partnerships

Managing Director of Corporate Development at Z Capital Group and Director in BlackRock's Institutional Client Business.

Started his career at Merrill Lynch before joining Fidelity Investments' Institutional Wealth Services group.

Received a BA in Economics from the University of Richmond.



JEREMY LICHTMAN

Vice President

Investment banker focused on strategic investments and M&A and capital raising transactions at Guggenheim in the TMT Group.

Investment banker at Bank of America Merrill Lynch in the Real Estate, Gaming, and Lodging Group.

Received a BBA in Finance and Accounting, with honors, from Emory University's Goizueta Business School.



J.T. O'CONNOR

Analyst

Interned in the China offices of Morningstar in Shenzhen and a data analytics firm in Beijing.

Started post-college career at Dom Capital, a VC firm, evaluating startups in the food and beverage Space.

Received BA in History and East Asian Languages and Civilizations from the University of Chicago.

STRONG PRIVATE EQUITY TRACK RECORD

Michael Cole's successful PE career spanned 17 years at blue-chip firm Madison Dearborn Partners



Council Tree Hispanic Broadcasters






Cole was a Managing Director on MDP's TMT team and led or worked in a senior capacity on all pictured investments

These investments earned a MoM of 2.6X, an IRR of 32%, and zero losses on realized investments(1)

STRONG PUBLIC EQUITY TRACK RECORD

We have identified and invested in several situations for which we were distinctively well-positioned to help deliver value — the average result: 1.8x MoM and 350% IRR

Co-Investment Funds (Special Purpose Vehicle)(1)

Investment	Ticker	Dates		Net Return (2)		vs. Russell 2000 TR		Comments
		Enter	Exit	MoM	IRR	MoM	IRR (bps)	
 SAGENT	SGNT	10/5/15	8/29/16	1.4x	42%	+0.3x	+3,155	<ul style="list-style-type: none"> Generic pharmaceutical company undergoing management turmoil Solid base business with underappreciated pipeline Valued 6x below peers' EBITDA multiple
 MERGE	MRGE	4/1/15	10/15/15	1.6x	136%	+0.7x	+14,859	<ul style="list-style-type: none"> Small-cap, well-positioned healthcare tech company Underappreciated growth prospects MPC joined board in Apr-15 and Merge sold to IBM for \$1B in Oct-15
 casela	CWST	10/20/14	4/17/17	3.2x	60%	+2.0x	+5,046	<ul style="list-style-type: none"> Undermanaged company with nepotism in management and Board and related-party transaction issues Valued 4x EBITDA under larger peers Activist launched proxy contest within 2 months of investment
 PDL	PDLI	5/24/17	11/13/20	1.3x	9%	+0.2x	+634	<ul style="list-style-type: none"> Pharma investment business with poor historical results Deeply undervalued; simple solutions to benefit shareholders Achievements: Board candidate elected at 2018 AGM, \$100M share repurchase, CEO transition, full liquidation announced
Average Realized SPV (ex. WDR)				1.9x	61%	+0.8x	+5,935	
 WADDELL & REED	WDR	10/5/20	12/3/20	1.4x	1502%	+0.3x	+135,655	<ul style="list-style-type: none"> Subscale asset and wealth manager hoarding cash and trading at a significant discount to peer and SOTP valuations SevenSai's breakup-sale thesis realized by strategics at +57% 90DVWAP before SevenSai intervened
Average Realized SPV (incl. WDR)				1.8x	350%	+0.7x	+31,870	
Unrealized SPV								
Education Investment		2/26/19		0.7x	(15%)	(0.8x)	(3,171)	<ul style="list-style-type: none"> For-profit online school dislocated (trading multiple originally below Net cash value) due to mismanagement and regulatory concerns Achievements: MPC added to board, ended acquisition plan, initiated cost savings, core asset sold in return for attractive services contract
Average SPV (incl. WDR)				1.6x	289%	+0.4x	+26,030	

(1) Includes all of Michael Cole's small-cap public market special purpose vehicles since he left MDP in March 2014. MDP principals are prohibited from buying public stocks. Returns are unlevered.

(2) Returns are net of expenses and carried interest where applicable. Unrealized SPVs reflect performance as of 8/9/21.

THE SHAREHOLDER CAPITAL FUND

Given the success of our SPVs/Co-Investments, we believe our strategy can be improved upon in a drawdown style fund to efficiently and effectively capitalize on the same type of investment opportunities

Raise and invest \$100M+ Shareholder Capital Fund, a concentrated portfolio that seeks to exploit the benefits of small cap, deep value stocks, and public LBOs resembling those in which we have invested for nearly 30 years



Engage selected portfolio companies with improvement strategies from our PE toolkit



Upsize investments via SPVs/Co-Investments to when warranted

- May include whole company bids
- Fund investors will receive priority access to SPVs/Co-Investments

We are actively seeking anchor investors in Fund I
Michael Cole will be committing **\$15M** of GP capital

SHAREHOLDER CAPITAL FUND WILL TAP A FAMILIAR PIPELINE

PE-style active investments can be found among two major pools:

FUND

Small Cap, Deep Value

- Mature, cash-flowing companies that are under-levered
- Sale or LBO candidates
- Management teams with inherent conflicts
- Activism opportunities
 - Improved Shareholder Alignment
 - Better capital Allocation

Shareholder Capital Investments

“Public LBOs”

- Mature, cash-flowing companies that are reasonably levered
- Equity return generated partially through de-levering
- Management teams with a strong track record
- Activism opportunities
 - Capital infusion
 - Financial distress



SUMMARY FUND TERMS

Shareholder Capital Fund

Inception

Target 4Q21 Launch

Structure

Drawdown

Fund Target

\$100 million (\$150 million Hard Cap)

Targeted Upside

50-100%+

Management Fee

1.50%

Performance Fee

20% - American Waterfall

Preferred Fee

7%

Term

4 Year Investment Period, 8 Year Term

GP Commitment

\$15M

THANK YOU

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