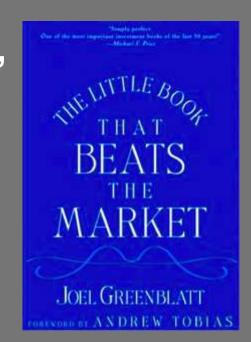
Deep Value Special Situations

Tobias Carlisle

How to Beat the Little Book

"Wonderful Company at a Fair Price"

High ROIC + High EBIT/EV

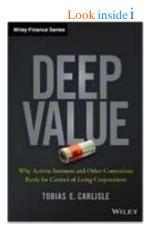


Value > Profitability

Returns to the Magic Formula vs its Parts: EBIT/EV and ROIC (1974 to 2011)



Source: Quantitative Value (2012)



Look inside1

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Deep Value: Why Activist Investors and Other Contrarians Battle for Control of Losing Corporations (Wiley Finance)

Hardcover - August 1B, 2014

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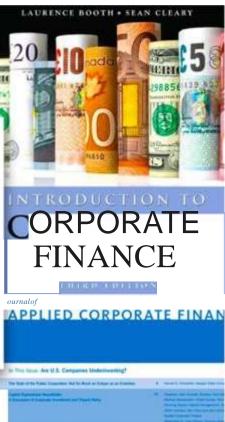
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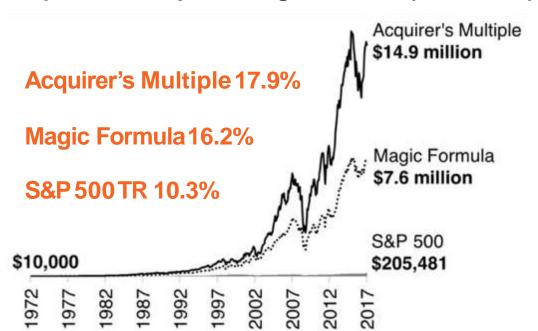


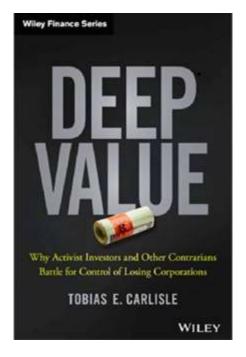
Carbon Beach Strategy = Deep Value + **Special Situations +** Hedging.

(Based on Warren Buffett's **Buffett Partnership** strategy)

Deep Value

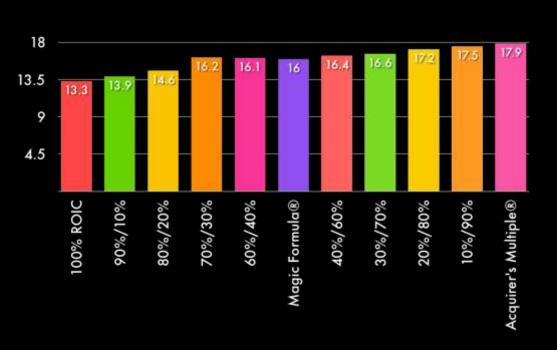
Acquirer's Multiple vs Magic Formula (>\$1 billion)

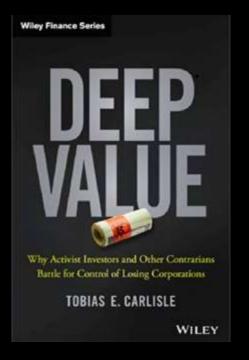




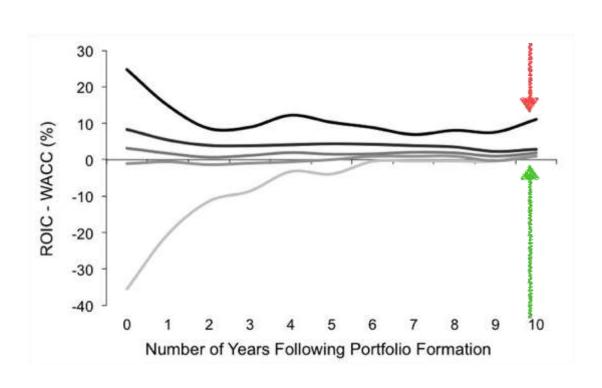
Pure Charlie

Acquirer's Multiple vs Magic Formula (>\$200m)





ROIC Mean Reversion



Special Situations

Sum-of-the-Parts Arb

"Busted" MergerArb

Off-the-Run Securities

Naked Puts

Float/Debt Reduction

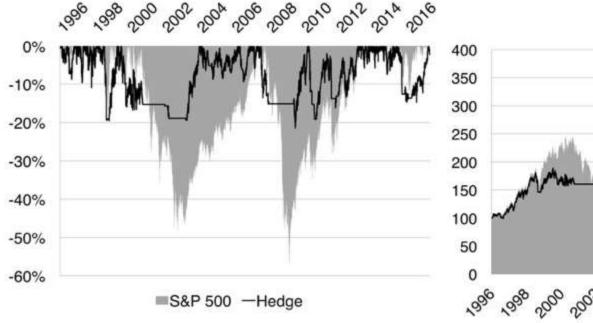
Fat tails: LEAPs/Warrants

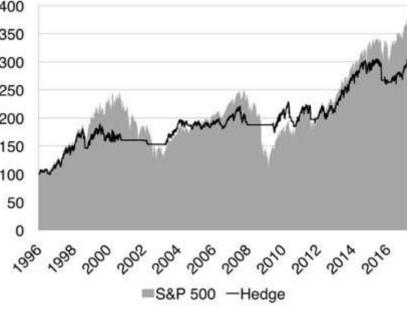
Liquidations

Fortunes

Spin Offs

Hedging





A special situation "wrapper" for our special situation strategy. Structural alpha through tax deferral or tax elimination.

Questions?

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