



FOCUS CAPITAL

— MANAGEMENT —

Mordechai Yavneh
Founder & CIO

myavneh@focuscapitaladvisers.com

MOI Global Best Ideas Conference 2021 – January 18, 2021

Focus Capital Management

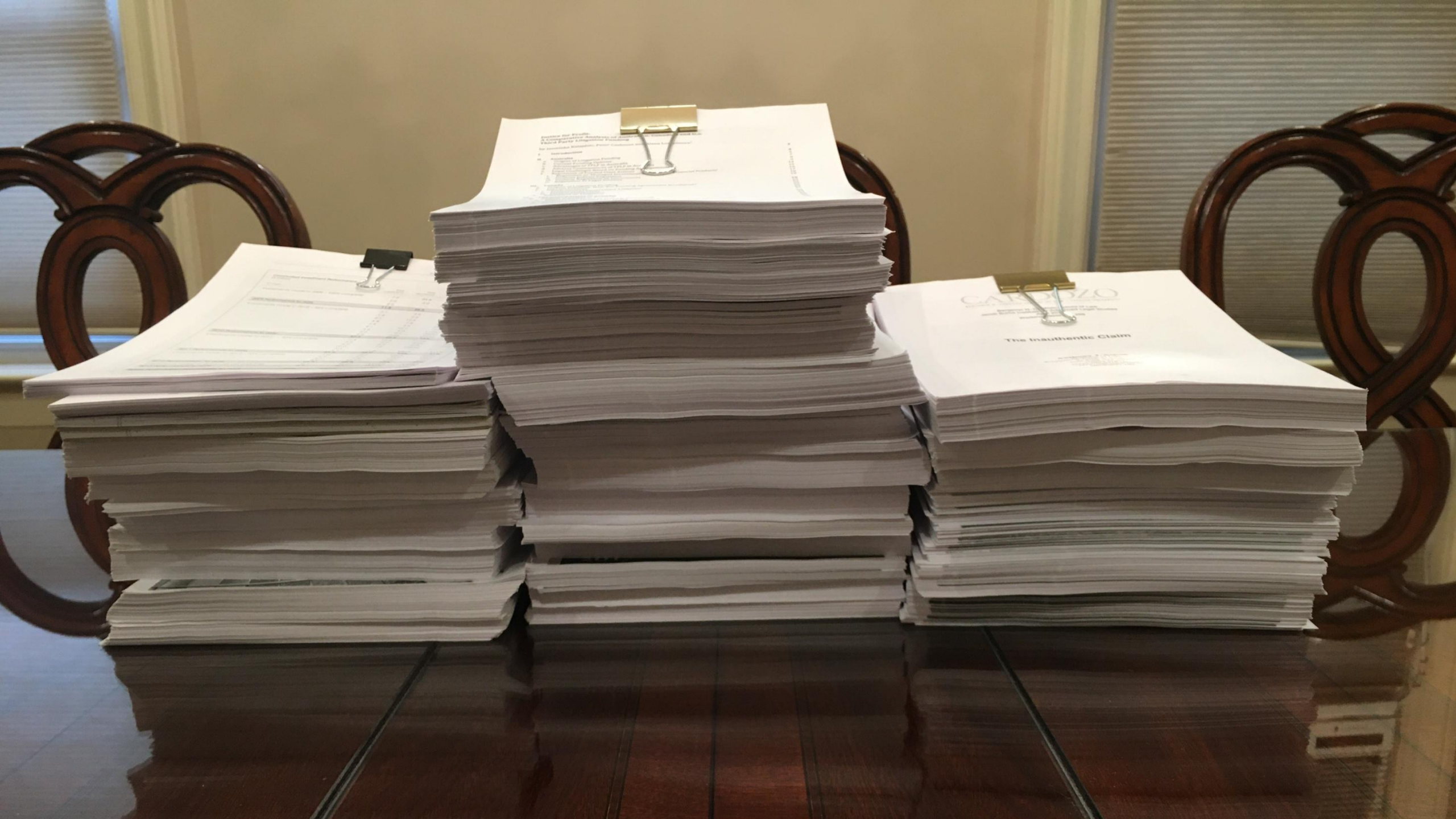
We **focus and concentrate** our time, energy, and resources on a few select opportunities – allowing us to achieve superior returns.

- Our focus allows us to do **deep research and analysis** and to really understand the company we are investing in
- Our focus drives higher returns because we only pick our **best ideas**
- Our focus **reduces risk** by thoroughly vetting and stress-testing every investment

Burford Capital
The Leader in Litigation Finance

The logo for Burford features the word "Burford" in a bold, dark blue, sans-serif font. To the left of the text is a thick red L-shaped graphic element that extends vertically and then horizontally to the right, partially underlining the text.

Burford



Stack of papers on the left, held together by a black binder clip. The top page is a form with various fields and lines.

Stack of papers in the center, held together by a gold binder clip. The top page is a document with text and a small graphic.

Stack of papers on the right, held together by a gold binder clip. The top page is a cover page with the text "CALIBRO" and "The Inauthentic Claim".

Hat-tip to

Artem Fokin

of

Caro-Kann Capital LLC

[MOI Global Best Ideas Conference 2019 – January 16, 2019](#)

[70-page Rebuttal of Muddy Waters – September 9, 2019](#)

1. Overview

2. What is Litigation Finance?
3. History and Competition
4. Performance of Litigation Assets
5. Growth – Past, Present, and Future
6. Financials Explained
7. Valuation
8. Why is this Opportunity Available?

Overview

- The leading provider of litigation finance
- Asymmetric investments
- Highly profitable
- Fast growing
- Cheap valuation after market sentiment soured
- Fund Management segment underappreciated
- Cherry on the top – Petersen

1. Overview
- 2. What is Litigation Finance?**
3. History and Competition
4. Performance of Litigation Assets
5. Growth – Past, Present, and Future
6. Financials Explained
7. Valuation
8. Why is this Opportunity Available?

What is Litigation Finance?

Many Different Names

Litigation Finance

TPF – Third Party Funding

TPLF – Third Party Litigation Funding

ALF – Alternative Litigation Finance

LF – Litigation Funding

What is Litigation Finance?

Definition

Deploying capital with the expectation of receiving returns from successful litigation

- Provide financing to corporate client who does not want to fund litigation out of pocket
- Provide financing to law firm where the client wants a contingency fee arrangement and the law firm prefers hourly fee model
- Monetize a pending litigation for litigant/law firm who wants to de-risk or to receive money now
- Fund asset recovery and enforcement efforts in pursuit of unpaid court judgments
- Purchase asset whose main value is underlying litigation

What is Litigation Finance?

Typical Examples

- 17.5% of proceeds
- 32.5% annual interest rate, compounding monthly
- Principal + 0.6x for every passing year
- Principal + \$2.5 million preferred return (on \$4 million investment) + 35% of net proceeds
- Principal + 0.4x + 33% of settlement/40% of trial proceeds
- Principal + 40% preferred return + 33% of first \$50 million of net proceeds w/ sliding scale up to 18% above \$150 million if settles before trial; post trial becomes 40% and 23%, respectively
- Investment back plus 5x first dollar, plus 5% of net proceeds
- Investment back plus 3x first dollar, plus 40% of the first \$100 million of proceeds, 30% of the next \$400 million, 25% of the next \$300 million and 15% thereafter, all subject to a minimum 50% IRR

What is Litigation Finance?

Reasons Clients Fund

- Lack money to fund litigation
- De-risk litigation
- Public company accounting
 - Litigation expenses count against income
 - Litigation wins typically treated as one-offs
- Company's preferred law firm does not offer contingency fee
- Law firm cannot afford larger contingency book
 - Law firms generally operate on cash basis, no built-up equity
 - Tax savings on expenses passed through to clients
- Accelerate/monetize law firm fees
- Monetize litigation assets
- Corporate finance

What is Litigation Finance?

Broad and Varied Field

- Single claim
 - Bankruptcy/insolvency, antitrust/competition, mergers, investor-state dispute, breach of contract, IP, securities, business torts, international arbitration, fraud
- Portfolio of claims
 - One area of law
 - Multiple areas of law
- Class actions
- Law firm prospective portfolios
- Asset Recovery
- Defense
- Insurance
 - Against loss or reversal
 - Adverse costs exposure
- Post-settlement
- Recourse
- Buying underlying asset
 - At client request
 - Proactively

1. Overview
2. What is Litigation Finance?
- 3. History and Competition**
4. Performance of Litigation Assets
5. Growth – Past, Present, and Future
6. Financials Explained
7. Valuation
8. Why is this Opportunity Available?

History and Competition

Champerty and Maintenance

Historically illegal under common law, civilly and/or criminally

- Maintenance – the act of helping someone else maintain a lawsuit, generally through financial assistance
- Champerty – the act of maintenance done for profit
 - Medieval concepts designed to stop feudal lords from taking advantage of their vassals to expand their fiefdoms
 - Increasingly outdated in the modern world

History and Competition

Regulation

Highly individual depending on the specific jurisdiction

- Champerty
- Public policy
- Control
- Usury
- Unconscionability
- Assignment of legal rights
- Sharing of legal fees with non-lawyers
- Contingency fees
- Waiver of Privilege
 - Attorney-client privilege
 - Work product doctrine
 - Common interest doctrine
- Disclosure
- Professional ethics rules
- Adverse costs exposure

Entirely different and separate from consumer litigation funding – Burford deals **only** with corporate litigation and sophisticated counterparties

History and Competition

Burford Timeline

- October 2009 \$130 million IPO on AIM; initial focus on US litigation and international arbitration
- December 2010 Raises additional \$170 million of equity
- February 2012 Acquires Firstassist Legal Expenses, adding insurance and entering the UK market**
- December 2012 Reorganizes from closed-end investment fund to regular corporate structure
- August 2014 Raises \$150 million of 6.5% GBP bonds due August 2022
- January 2015 Acquires Focus Intelligence, adding asset recovery and enforcement**
- April 2016 Raises \$144 million of 6.125% GBP bonds due October 2024
- December 2016 Acquires GKC to become world's largest litigation funder, adding fund management**
- June 2017 Raises \$225 million of 5.0% GBP bonds due December 2026
- July 2017 Funds first-ever Singapore arbitration; opens Singapore office soon after**
- January 2018 Raises \$180 million of 6.125% USD bonds due August 2025
- October 2018 Raises additional \$250 million of equity
- December 2018 Raises > \$1 billion third-party capital between BOF and SWF
- January 2019 Enters Australian funding market**
- August 2019 Shares drop 56% over two days in response to Muddy Waters short attack
- October 2020 Begins trading on NYSE (dual listing)

History and Competition

Competitive Advantages

- Size
 - Binary risk necessitates extensive diversification
 - Large claims
 - Portfolio deals can be > \$100 million
- In-house due diligence
 - Legal and investing expertise intertwined
 - Aligned incentives
 - Quicker and more agile
- Reputation and relationships
 - Due to confidentiality, typically do not run auction process
- Experience
- Very few players competing at their level
 - Tends to attract pure-play specialists

1. Overview
2. What is Litigation Finance?
3. History and Competition
- 4. Performance of Litigation Assets**
5. Growth – Past, Present, and Future
6. Financials Explained
7. Valuation
8. Why is this Opportunity Available?

Performance of Litigation Assets

Metrics

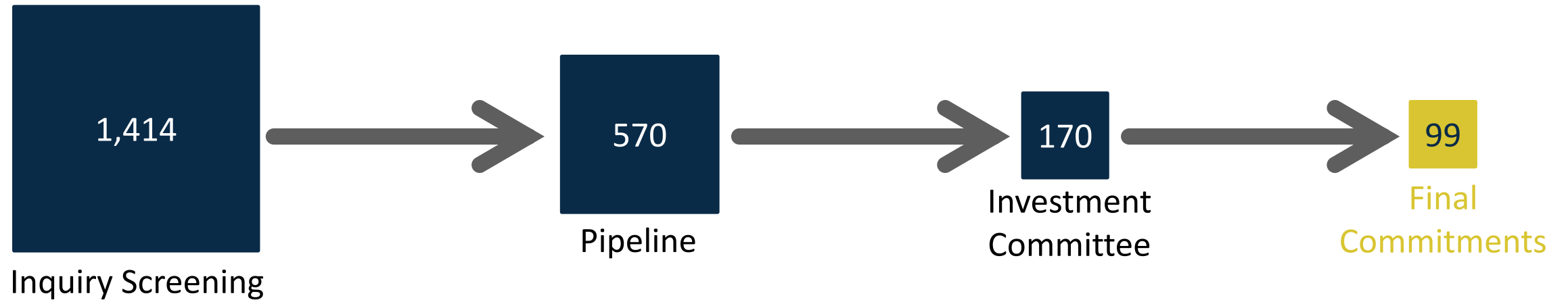
- ROIC (Return on Invested Capital)
 - Measures pure return, without taking time into account
- IRR (Internal Rate of Return)
 - Takes time into account as well
 - Does not take into account time where capital is sitting idle
 - Does not take into account operating expenses and costs
- WAL (Weighted Average Life)

ROIC and IRR often have an inverse relationship, due to WAL

- Settlements have a shorter average life & lower return = lower ROIC, higher IRR
- Adjudications (court trials, arbitration tribunals) have longer average life & higher return = higher ROIC, often lower IRR

Performance of Litigation Assets

Investment Funnel



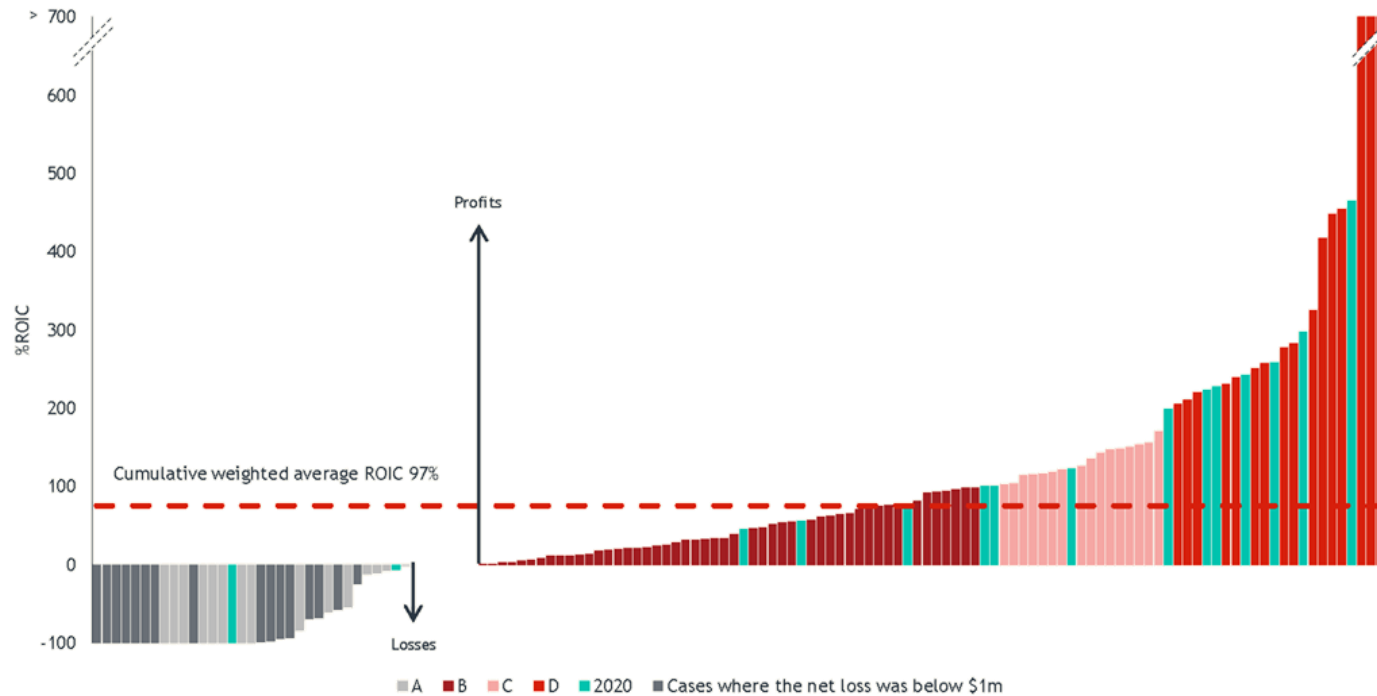
Performance of Litigation Assets

Highly Asymmetric

Concluded (fully and partially) capital provision-direct assets

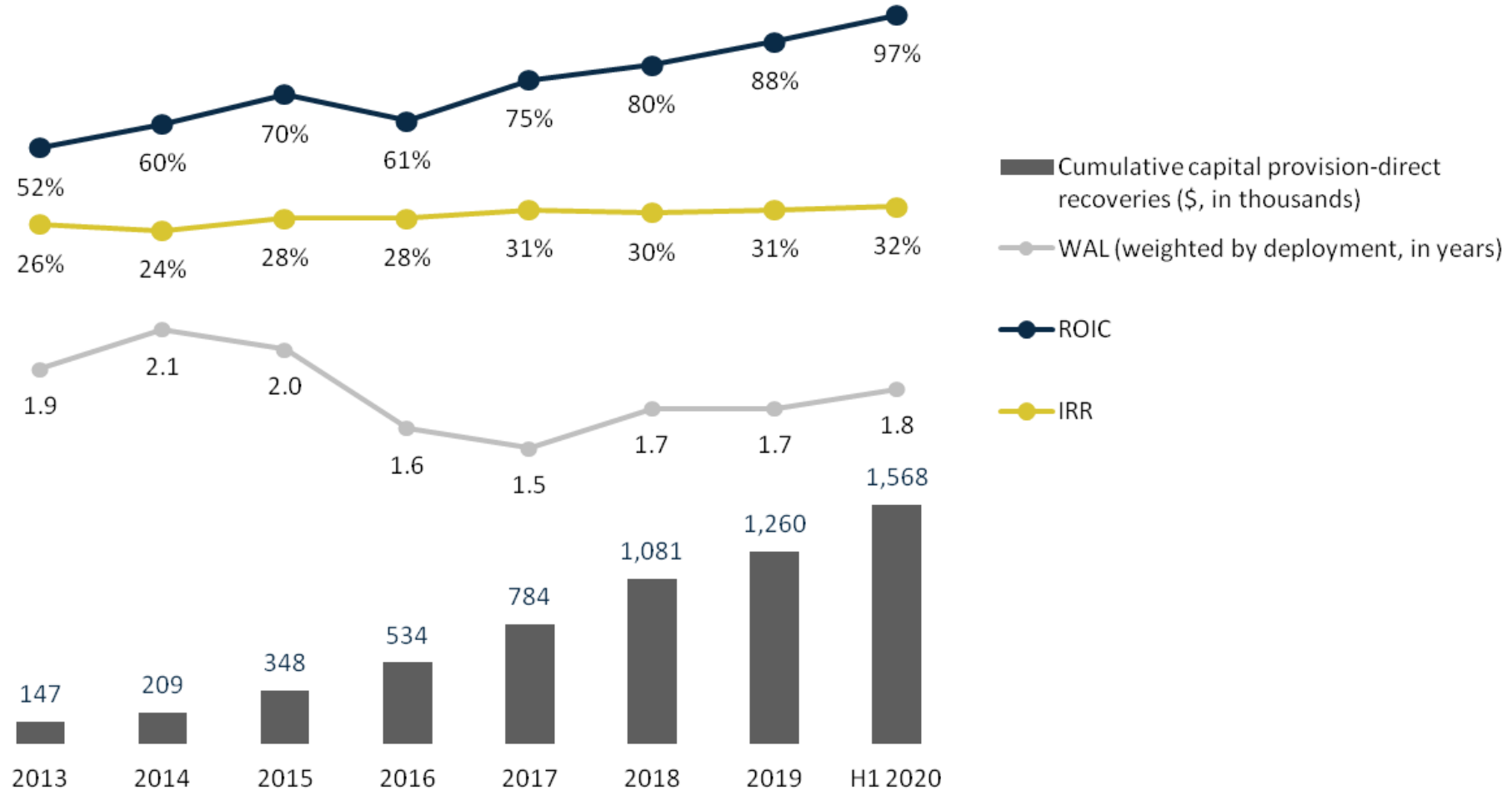
Burford balance sheet only—arrayed by ROIC (%)
(\$ in millions)

A		B		C		D		Total	
0% or less ROIC		0 to 99% ROIC		100 to 199% ROIC		Greater than 200% ROIC			
Deployed:	Profit:	Deployed:	Profit:	Deployed:	Profit:	Deployed:	Profit:	Deployed:	Profit:
\$108	(\$74)	\$473	\$140	\$113	\$141	\$102	\$565	\$796	\$772
14% of total	(9%) of total	59% of total	18% of total	14% of total	18% of total	13% of total	73% of total		



Performance of Litigation Assets

Cumulative Investment Performance



Performance of Litigation Assets

Performance Analysis by Vintage

Year	Commitments (in thousands)	Deployments (in thousands)	% of Commitments Concluded	ROIC	IRR	WAL (weighted by deployment)
2009	\$ 12	\$ 12	<div style="width: 100%;"><div style="width: 100%;"></div></div> 100%	251%	32%	3.3
2010	\$ 118	\$ 104	<div style="width: 80%;"><div style="width: 80%;"></div></div> 80%	125%	21%	3.0
2011	\$ 123	\$ 95	<div style="width: 76%;"><div style="width: 76%;"></div></div> 76%	19%	7%	3.5
2012	\$ 63	\$ 57	<div style="width: 97%;"><div style="width: 97%;"></div></div> 97%	105%	41%	2.3
2013	\$ 40	\$ 35	<div style="width: 65%;"><div style="width: 65%;"></div></div> 65%	32%	19%	1.8
2014	\$ 164	\$ 126	<div style="width: 59%;"><div style="width: 59%;"></div></div> 59%	64%	32%	1.7
2015	\$ 259	\$ 162	<div style="width: 44%;"><div style="width: 44%;"></div></div> 44%	284%	142%	1.4
2016	\$ 457	\$ 308	<div style="width: 44%;"><div style="width: 44%;"></div></div> 44%	38%	19%	1.8
2017	\$ 528	\$ 309	<div style="width: 19%;"><div style="width: 19%;"></div></div> 19%	57%	46%	1.0
2018	\$ 392	\$ 217	<div style="width: 7%;"><div style="width: 7%;"></div></div> 7%	45%	38%	1.1
2019	\$ 420	\$ 173	<div style="width: 17%;"><div style="width: 17%;"></div></div> 17%	164%	166%	0.9
H1 2020	\$ 41	\$ 18	<div style="width: 0%;"><div style="width: 0%;"></div></div> 0%	—	—	—

Performance of Litigation Assets

Broad-based Performance

- By vintage
- By area of law
- By geography
- By resolution
- By size

Performance of Litigation Assets

Petersen and Eton Park

- Large wins are **normal**
- Excluding Petersen – ROIC of 69%, IRR of 26%

Potential Outcomes of YPF Litigation				
(\$, in millions)				
	Equivalent to to Repsol Settlement		Midpoint of by-laws formula	
Hypothetical value of total Petersen claim	2,500	5,000	7,500	10,000
Burford remaining net entitlement from Petersen	900	1,800	2,700	3,600
Burford net entitlement from Eton Park	200	450	650	900
Total YPF-related net entitlement to Burford	1,100	2,250	3,350	4,500

+ Statutory pre-judgment interest rate (more than doubles above figures)

Performance of Litigation Assets

Ongoing Cases

Some cases take very long

- Typically, Burford is compensated for length of time until resolution

Releases detailed vintage and case-by-case summaries for years

- Able to judge progression of previously unconcluded cases

Arbitrarily count all remaining pre-2017 cases as total losses

- Still have ROIC of 46% and IRR of ~16%

1. Overview
2. What is Litigation Finance?
3. History and Competition
4. Performance of Litigation Assets
- 5. Growth – Past, Present, and Future**
6. Financials Explained
7. Valuation
8. Why is this Opportunity Available?

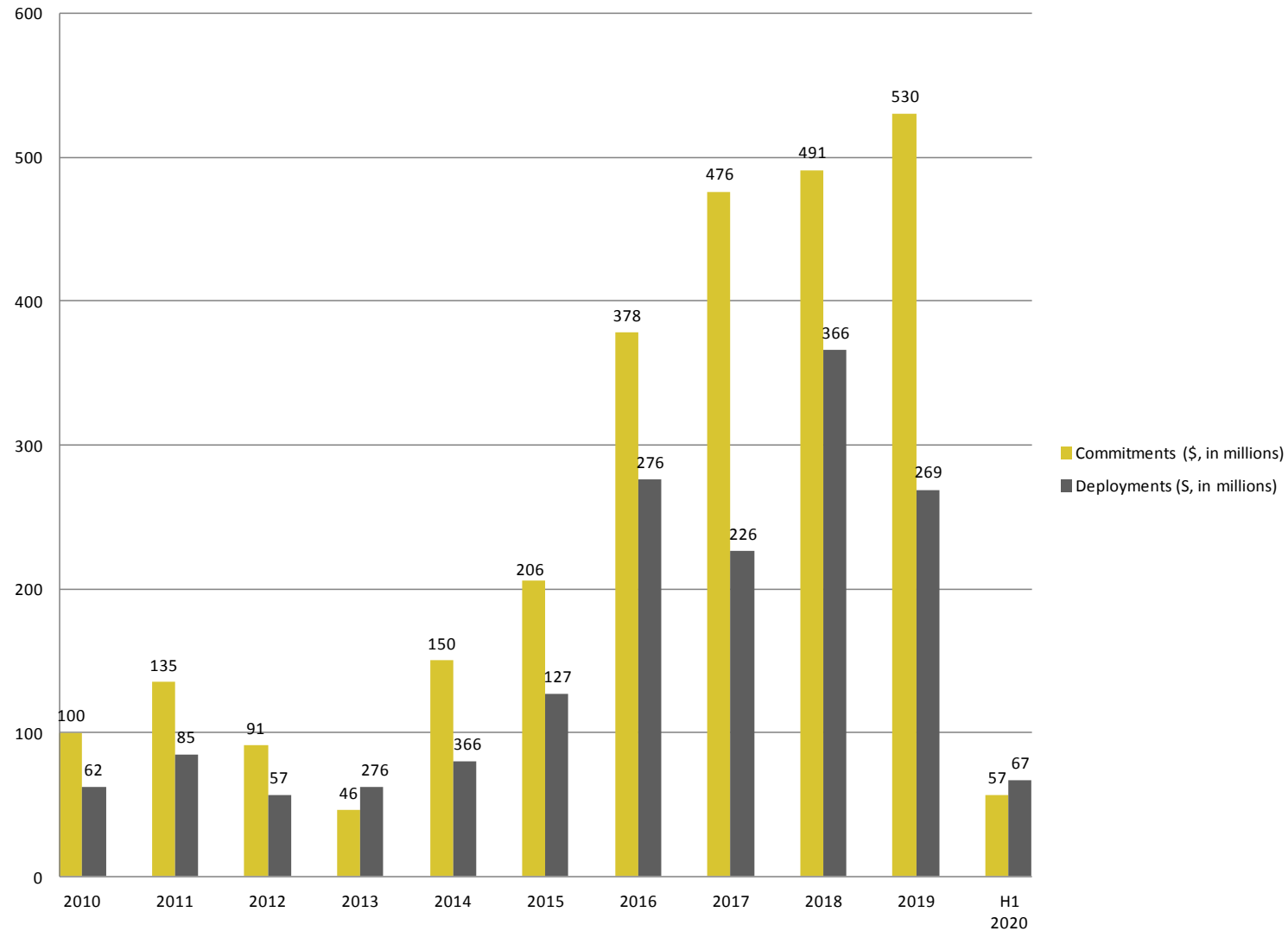
Growth – Past, Present, and Future

Sources of Capital

- Equity
 - 3 equity raises totaling ~\$550 million of equity
- Debt
 - 4 bond issues totaling ~\$630 million of debt
- Funds
 - 4 funds in various states of run-off over coming years
 - 3 funds actively investing
 - SWF (Sovereign Wealth Fund) with **extremely advantageous terms**
 - \$2.7 billion AuM

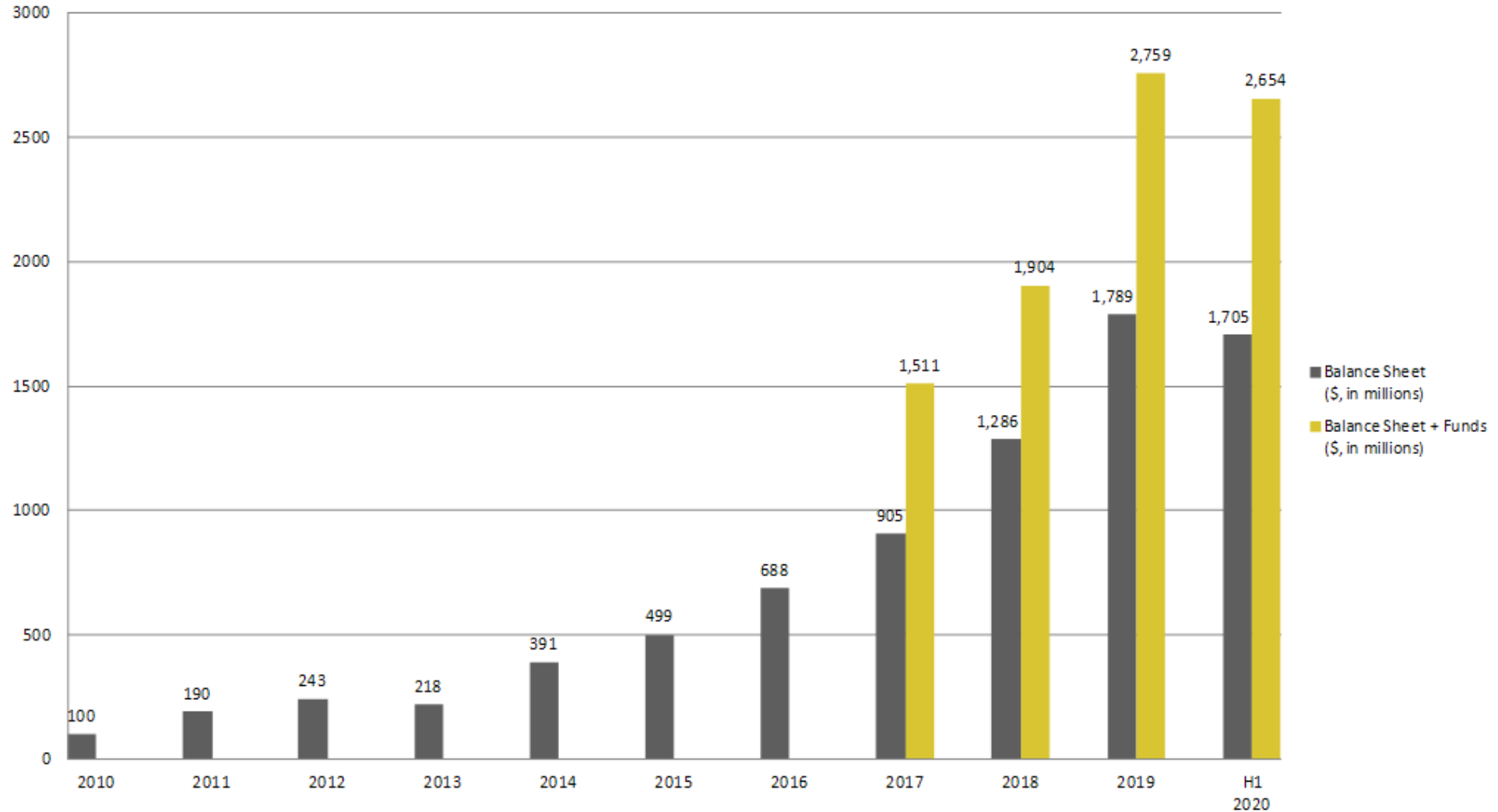
Growth – Past, Present, and Future

Balance Sheet Commitments and Deployments



Growth – Past, Present, and Future

Total Portfolio (Deployments + Undrawn Commitments)



Growth – Past, Present, and Future

What Does This Mean for Burford's Future?

- Step-up in commitments in 2014-2015
 - Average WAL of 1.8 years concluded; ~4-5 years overall
 - Results of increased commitments lag, showing up in 2017-2019
- New step-up in commitments in 2016-2019
 - Results should start showing in 2021 & beyond

Growth – Past, Present, and Future

Fund Management

- European Waterfall Structure
 - Years for performance fees to arrive
 - Will start hitting income statement in 2020/2021
- SWF (Sovereign Wealth Fund)
 - \$667 million from Sovereign, \$337 million from Burford
 - American Structure
 - Relatively young
 - Burford provides 33% of capital, receives 60% of profits
 - Incredible **42% (!)** performance fee
- Hidden gem
 - Not yet showing on Income Statement or Balance Sheet

1. Overview
2. What is Litigation Finance?
3. History and Competition
4. Performance of Litigation Assets
5. Growth – Past, Present, and Future
- 6. Financials Explained**
7. Valuation
8. Why is this Opportunity Available?

Burford Capital Income Statement 2010-2019

(\$, all numbers in thousands)

	2010*	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net gains on available-for-sale investments/litigation-related investments	\$ 5,138	\$ 14,927	\$ 21,273	\$ 31,594	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Litigation investment-related income/Investment income/Capital provision income	\$ -	\$ -	\$ -	\$ -	\$ 47,847	\$ 86,903	\$ 140,187	\$ 321,102	\$ 401,203	\$ 351,828
New initiatives income	\$ -	\$ -	\$ -	\$ -	\$ 222	\$ 3,484	\$ 8,849	\$ 2,968	\$ 9,529	\$ -
Services income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,133
Interest and other income from litigation portfolio financing/litigation-related activities	\$ -	\$ 1,757	\$ 11,184	\$ 7,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss on equity securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,953)	\$ (4,852)	\$ -
Insurance-related income	\$ -	\$ -	\$ 16,150	\$ 20,910	\$ 24,338	\$ 12,763	\$ 12,923	\$ 7,613	\$ 10,406	\$ 3,545
Investment management income/Asset management income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 647	\$ 14,458	\$ 11,691	\$ 15,160
Net interest income/Bank interest income	\$ 75	\$ 2	\$ 7	\$ 83	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net gains on cash management investments at FV through profit or loss	\$ 1,968	\$ 8,283	\$ 4,960	\$ 645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash management income and bank interest	\$ -	\$ -	\$ -	\$ -	\$ 1,093	\$ 671	\$ 555	\$ 2,650	\$ 1,801	\$ 6,703
Net foreign exchange gains/(losses)	\$ 197	\$ 1	\$ 661	\$ 175	\$ 8,534	\$ (814)	\$ 242	\$ 1,639	\$ (1,453)	\$ 1,992
Third-party share of gains relating to interests in consolidated funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (863)	\$ (3,348)	\$ (15,318)
TOTAL INCOME	\$ 7,378	\$ 24,970	\$ 54,237	\$ 60,960	\$ 82,034	\$ 100,007	\$ 163,403	\$ 342,614	\$ 424,977	\$ 366,043
Operating expenses	\$ (5,528)	\$ (9,077)	\$ (20,139)	\$ (18,146)	\$ (21,323)	\$ (25,840)	\$ (30,026)	\$ (53,641)	\$ (70,931)	\$ (91,402)
Amortisation of intangible asset arising on acquisition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (271)	\$ (11,703)	\$ (9,494)	\$ (9,495)
Banking and brokerage fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,838)	\$ (900)	\$ -
OPERATING PROFITS	\$ 1,850	\$ 15,893	\$ 34,098	\$ 42,514	\$ 60,711	\$ 77,167	\$ 124,106	\$ 273,432	\$ 343,652	\$ 265,146
Finance costs	\$ -	\$ -	\$ -	\$ -	\$ (3,652)	\$ (9,290)	\$ (14,108)	\$ (24,251)	\$ (38,538)	\$ (39,622)
PROFIT FOR THE YEAR BEFORE TAXATION AND ADJUSTMENTS	\$ 1,850	\$ 15,893	\$ 34,098	\$ 42,514	\$ 57,059	\$ 67,877	\$ 109,998	\$ 249,181	\$ 305,114	\$ 225,524
Non-recurring acquisition costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,945)	\$ -	\$ -	\$ -
Non-cash, non-NAV charge associated with the Reorganisation	\$ -	\$ -	\$ (11,135)	\$ (26,539)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reorganisation advisory fees	\$ -	\$ -	\$ (700)	\$ (1,479)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-recurring Firstassist acquisition impacts	\$ -	\$ -	\$ (5,886)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortisation of embedded value intangible asset arising on Firstassist acquisition	\$ -	\$ -	\$ (11,079)	\$ (11,179)	\$ (9,735)	\$ -	\$ -	\$ -	\$ -	\$ -
PROFIT FOR THE PERIOD BEFORE TAXATION	\$ 1,850	\$ 15,893	\$ 5,298	\$ 3,317	\$ 47,324	\$ 67,877	\$ 104,053	\$ 249,181	\$ 305,114	\$ 225,524
Taxation	\$ (357)	\$ -	\$ (2,556)	\$ (2,276)	\$ (2,906)	\$ (2,204)	\$ 4,817	\$ 123	\$ 12,463	\$ (13,417)
Deferred tax credit on amortisation of embedded value intangible asset	\$ -	\$ -	\$ 2,979	\$ 2,705	\$ 2,210	\$ -	\$ -	\$ -	\$ -	\$ -
PROFIT FOR THE PERIOD AFTER TAXATION	\$ 1,493	\$ 15,893	\$ 5,721	\$ 3,836	\$ 46,637	\$ 65,673	\$ 108,870	\$ 249,304	\$ 317,577	\$ 212,107
Attributable to non-controlling interests	\$ -	\$ -	\$ (67)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Attributable to contingent preference shares	\$ -	\$ -	\$ -	\$ 89	\$ 1,200	\$ 1,200	\$ 600	\$ -	\$ -	\$ -
Attributable to ordinary shareholders	\$ 1,493	\$ 15,893	\$ 5,654	\$ 3,747	\$ 45,437	\$ 64,473	\$ 108,270	\$ 249,304	\$ 317,577	\$ 212,107
OTHER COMPREHENSIVE INCOME										
Fair value change in available for sale financial assets	\$ 3,757	\$ 4,340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Exchange differences on translation of foreign operations on consolidation	\$ -	\$ -	\$ 127	\$ 212	\$ (15)	\$ 2,542	\$ 34,921	\$ (28,206)	\$ 24,701	\$ (17,525)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 5,250	\$ 20,233	\$ 5,848	\$ 4,048	\$ 46,622	\$ 68,215	\$ 143,791	\$ 221,098	\$ 342,278	\$ 194,582
Attributable to non-controlling interests	\$ -	\$ -	\$ (67)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Attributable to contingent preference shares	\$ -	\$ -	\$ -	\$ 79	\$ 1,200	\$ 1,200	\$ 600	\$ -	\$ -	\$ -
Attributable to ordinary shareholders	\$ 5,250	\$ 20,233	\$ 5,781	\$ 3,959	\$ 45,422	\$ 67,015	\$ 143,191	\$ 221,098	\$ 342,278	\$ 194,582
BASIC PROFIT PER ORDINARY SHARE, CENTS	1.92	8.83	9.59	1.26	22.21	31.52	52.89	119.72	150.7	97.0
DILUTED PROFIT PER ORDINARY SHARE, CENTS	1.92	8.83	9.59	1.26	22.21	31.52	52.89	119.55	150.3	96.6
BASIC COMPREHENSIVE INCOME PER ORDINARY SHARE, CENTS	6.74	11.24	9.66	1.36	22.21	32.76	69.94	106.18	162.4	89.0

Financials Explained

Adjustments

- Changes over time in accounting methods
- Consolidation of third-party funds into accounts
- Fair Value gains
 - IFRS mandated
 - Vast majority due to Petersen
 - Irrelevant, because we have redone accounting on cash basis
- Due from Settlements
- Firstassist acquisition accounting
- 2012 Reorganization accounting
- GKC acquisition accounting
- Other minor adjustments

Burford Capital Income Statement 2010-2020

(\$, all numbers in thousands)

	2010*	2011	2012	2013	2014	2015	2016	2017	2018	2019	H1 2020
Investment realizations	\$ 16,215	\$ 40,001	\$ 41,596	\$ 37,472	\$ 55,925	\$ 134,233	\$ 176,499	\$ 290,939	\$ 425,539	\$ 462,602	\$ 494,869
Cost	\$ (11,077)	\$ (27,741)	\$ (29,840)	\$ (26,794)	\$ (42,874)	\$ (74,145)	\$ (121,511)	\$ (168,279)	\$ (346,731)	\$ (246,981)	\$ (309,008)
Net realizations	\$ 5,138	\$ 12,260	\$ 11,756	\$ 10,678	\$ 13,051	\$ 60,088	\$ 54,988	\$ 122,660	\$ 78,808	\$ 215,621	\$ 185,861
ROIC	46%	44%	39%	40%	30%	81%	45%	73%	23%	87%	87%
Fair value gains	\$ 3,757	\$ 4,340	\$ 9,517	\$ 23,583	\$ 18,400	\$ 22,828	\$ 86,708	\$ 182,318	\$ 318,519	\$ 99,079	\$ 65,341
Total revenue from investments	\$ 8,895	\$ 16,600	\$ 21,273	\$ 34,261	\$ 31,451	\$ 82,916	\$ 141,696	\$ 304,978	\$ 397,327	\$ 314,700	\$ 251,202
Interest and other income	\$ -	\$ 1,757	\$ 11,184	\$ 7,253	\$ 16,618	\$ 5,520	\$ 4,895	\$ 1,341	\$ 674	\$ (4,367)	\$ (64)
Insurance income	\$ -	\$ -	\$ 16,152	\$ 20,910	\$ 24,338	\$ 12,763	\$ 12,923	\$ 7,613	\$ 10,406	\$ 3,545	\$ 623
Asset recovery fee-for-service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,951	\$ 2,445	\$ 1,872	\$ 1,650	\$ 2,133	\$ 180
Fund management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 647	\$ 15,626	\$ 15,799	\$ 26,130	\$ 7,629
Cash management	\$ 2,240	\$ 8,286	\$ 5,628	\$ 903	\$ 1,093	\$ (143)	\$ 797	\$ 3,754	\$ (6)	\$ 8,122	\$ (6,709)
Total revenue	\$ 11,135	\$ 26,643	\$ 54,237	\$ 63,327	\$ 73,500	\$ 103,007	\$ 163,403	\$ 335,184	\$ 425,850	\$ 350,263	\$ 252,861
Operating expenses	\$ (5,528)	\$ (9,077)	\$ (20,139)	\$ (19,317)	\$ (21,323)	\$ (25,840)	\$ (39,026)	\$ (56,107)	\$ (67,228)	\$ (82,069)	\$ (40,464)
Operating profit	\$ 5,607	\$ 17,566	\$ 34,098	\$ 44,010	\$ 52,177	\$ 77,167	\$ 124,377	\$ 279,077	\$ 358,622	\$ 268,194	\$ 212,397
Firstassist amortization	\$ -	\$ -	\$ (3,158)	\$ (3,789)	\$ (3,789)	\$ (3,789)	\$ (3,789)	\$ (632)	\$ -	\$ -	\$ -
GKC amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (765)	\$ (15,503)	\$ (15,503)	\$ (15,503)	\$ (7,751)
Finance costs	\$ -	\$ -	\$ -	\$ (89)	\$ (4,852)	\$ (10,490)	\$ (14,708)	\$ (24,251)	\$ (38,538)	\$ (39,622)	\$ (19,766)
Taxation	\$ (357)	\$ -	\$ (2,556)	\$ (2,276)	\$ (2,906)	\$ (2,204)	\$ 4,817	\$ 123	\$ 12,463	\$ (13,417)	\$ (36,422)
Net income	\$ 5,250	\$ 17,566	\$ 28,385	\$ 37,856	\$ 40,630	\$ 60,684	\$ 109,932	\$ 238,815	\$ 317,044	\$ 199,652	\$ 148,458
Net income without FV gains	\$ 1,493	\$ 13,226	\$ 18,868	\$ 14,273	\$ 22,230	\$ 37,856	\$ 23,224	\$ 56,497	\$ (1,475)	\$ 100,573	\$ 83,117
FX gains/(losses) on consolidation			\$ 127	\$ 212	\$ 8,519	\$ 2,542	\$ 34,921	\$ (28,206)	\$ 24,701	\$ (17,525)	\$ 33,436
Number of shares (Adjusted)	204,545,455	204,545,455	204,545,455	204,545,455	204,545,455	204,545,455	204,545,455	211,206,298	214,098,025	222,459,085	222,741,517
EPS (in cents)	2.6	8.6	13.9	18.5	19.9	29.7	53.7	114.4	149.5	92.3	68.2
EPS without FV gains (in cents)	0.7	6.5	9.2	7.0	10.9	18.5	11.4	28.1	0.7	47.8	38.9
ROE (Return on Equity)	1.8%	5.8%	8.9%	11.0%	10.9%	14.6%	21.6%	35.2%	30.3%	29.3%	19.6%
ROE (Return on Equity) w/o FV	0.5%	4.4%	5.9%	4.2%	6.0%	9.1%	4.6%	8.3%	-0.1%	14.8%	11.0%

1. Overview
2. What is Litigation Finance?
3. History and Competition
4. Performance of Litigation Assets
5. Growth – Past, Present, and Future
6. Financials Explained
- 7. Valuation**
8. Why is this Opportunity Available?

Valuation

Earnings-based

Share Price (1/15/2021):	\$8.78 (FCM purchased at average price <\$6)
Market Cap:	\$1,956 million
H1 2020 Earnings:	\$83 million
2019 Earnings:	\$101 million
Average 2017-2020:	\$80 million
	+ \$16 million of non-cash amortization annually
	P/E = ~20
	Growing rapidly
	+ Fund Management income in coming years
	+ Petersen option

Valuation

Assets-based

Simplified Balance Sheet:

Cash: \$262 million

Due from Resolved Investments: \$281 million

Litigation Investments, at cost: \$856 million (worth ~\$1,447 million)

Total Assets: \$1,399 million

Debt: \$626 million

Net Assets: \$773 million at cost (worth ~\$1,364 million)

P/NAV: ~2.5 at cost (~1.4 at worth)

IRR of 25-30%, ROE 20%+

1. Overview
2. What is Litigation Finance?
3. History and Competition
4. Performance of Litigation Assets
5. Growth – Past, Present, and Future
6. Financials Explained
7. Valuation
- 8. Why is this Opportunity Available?**

Why is this Opportunity Available?

- Complex accounting
- Fair value gains
- Petersen
- Muddy Waters
- Forced sellers
- Corporate governance