

A large, stylized, light blue letter 'M' logo is positioned on the left side of the slide. The background is a solid teal color, with a darker teal diagonal stripe running from the bottom left towards the top right.

Mikhail Capital

NOTE

If you have previously held a full-time job in investment banking or are an MBA student of an elite institution, please reach out to me separately about potentially serving as a mentor for the Fall interns.

A large, light gray, stylized letter 'P' that serves as a background element for the title.

Program Overview

Program Benefits

Become Industry Experts

- Focus the Fall months on an industry you are passionate about
- Learn about what gives certain companies competitive differentiation in an industry (i.e. sales practices, CRM systems)

Grow In Key Areas

- Learn about all the aspects of what makes businesses successful (operations, marketing, finance, IT)
- Develop specialization areas as internship progresses

Gain Potential For Major Impact

- You can find and lead the effort to purchase a company for \$10-\$15 million
- Work in an environment with complete ownership and responsibility for actions, failures, and successes

Work In A Collaborative Environment

- Work with groups in a secondary specialization area
- Grow your leadership abilities through consistent mentorship from leadership
- Gain complete availability over weekends with leadership team to focus on personal growth

Summer Intern Highlights



Jarvis Yau

Brigham Young University
(Law School Graduate)



Kristina Matysik

University of Southern California



Laurie Lai

University of Washington,
Seattle (Grad Student)



Graham Witort

Notre Dame University



Tinsley Zhu

UC Berkeley



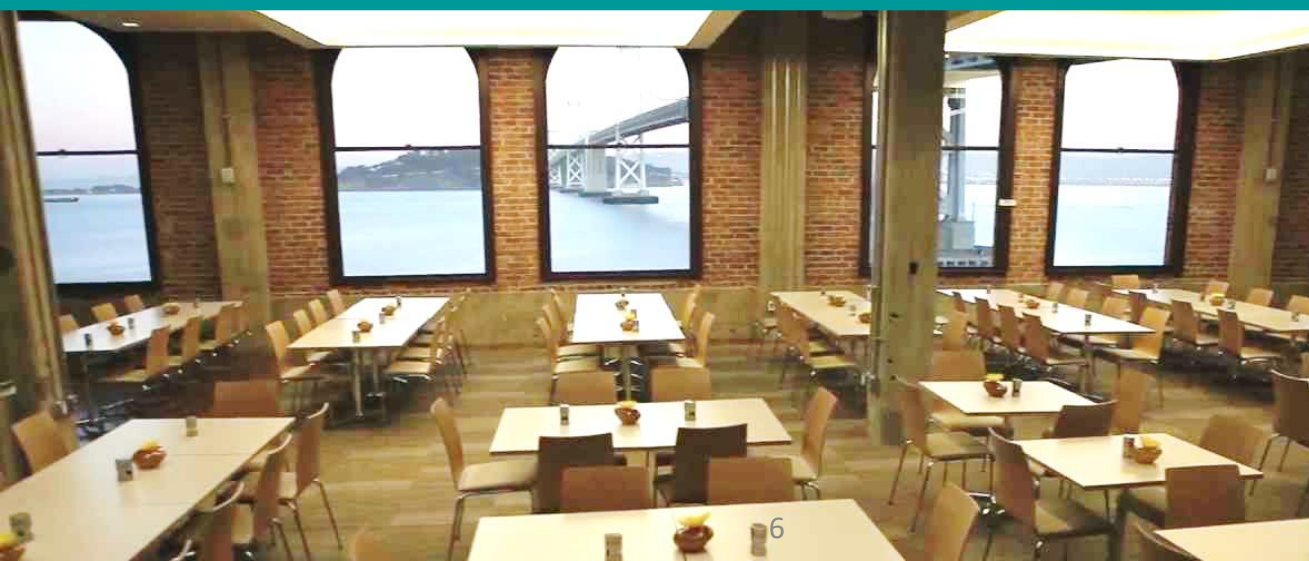
Stephen Everest

Duke University

Mikhail Capital Office



Summer 2017 Class 6



Guest Speaker Conversation

Example Schedule

Monday - Thursday

- Find contact information and identify company highlights of prospective acquisition targets
- Work with a group of fellow analysts on a secondary industry
- Manage relationships with brokers and other intermediaries
- Interview employees at prospective businesses as part of diligence process

Friday

- Work on side projects of your own creation to improve the search process, create a competitive advantage, or test a new strategy
- Access proprietary resources on financial modeling tutorial videos, sales optimization, and leadership training from top sources (Wharton MBA library, Y Combinator private vault)

Weekends

- Guest speakers will present over various business topics and how their search experiences led to professional career success
- Ronald will make himself fully available to help analysts plan future career steps and build on professional skills.
- Mikhail Capital mentors hail from investment banking, economic consulting, global investing, etc.

Full company lists for multiple weeks will be available, meaning interns can take multiple weeks off if they finish primary activities early. In addition, interns will have full flexibility on work location. Interns expected to work 15-20 hours a week minimum.

Educational Resources

Multiple Case Studies

Search Fund Books

Custom-created Video Tutorial Series (example: <https://youtu.be/6N-ZQPaAfvQ>)

Performance Resources

Company Briefs

Industry Diligence Sheets

Outreach Templates

Mikhail Capital provides a robust training program with constant, peer feedback to iteratively improve intern performance.

Shared with me > Search Funds > Master Directory - Mikhail Capital > Other Resources >

The screenshot shows a web page titled "Other Resources" with a navigation bar at the top. The main content area is a grid of document thumbnails. The thumbnails include:

- Search Funds: Death and the Afterlife** by Benjamin Endler, Author, Professor Jon Dill, Advisor.
- 2013_search_fu...** (PDF)
- ces-search-fund...** (PDF)
- 120907-Search-...** (PDF)
- Mt Auburn Partn...** (PDF)
- INNOVA-ENKON...** (PDF)
- Montebello Capi...** (PDF)
- Buying A Small Business** (Book cover)
- Think big Run small** (Book cover)
- Search fund lea...** (PDF)
- Booth+study-Ev...** (PDF)
- Paul-Thomson-S...** (PDF)
- Wiley Angel Capi...** (PDF)
- Angel Capital** (Book cover)
- How to Raise Early-Stage Private Equity Financing** by Gerald Benjamin, M.S., Joel Margulis.

Food Mart

Industry Attractiveness Score

3.9

Investment Attractiveness Score

4.6

Industry Attractiveness

Macro Trends	20%
All macro trends create tailwinds	5
Majority of trends are tailwinds	4
Mix of headwinds/tailwinds	3
Majority of trends are headwinds	2
Significant headwinds from macro trends	1
	4
Commentary	Your Score

Market Growth	20%
20%+ CAGR	5
15-20% CAGR	4
10-15% CAGR	3
5-10% CAGR	2
< 5% CAGR	1
	2
Commentary	Your Score

Barriers to Entry / Competitive Adv	20%
No competitive entrance possible	5

Competitive Intensity	15%
Highly fragmented competitors, no major companies	5

Assessment Overview

All analysts at Mikhail Capital will spend the fall:

- (1) Researching potential acquisition targets
- (2) Communicating with target companies and maintaining relationships with their senior level executives
- (3) Performing rigorous analysis of acquisition targets (financial modeling, industry research, operational research, market trend analysis)

This assessment serves to analyze the breadth and depth of research capabilities of prospective interns. It also screens for tenacity, creativity, and critical thinking abilities in the face of ambiguous problems and scenarios with no defined path to solutioning.

While prospective analysts will only be performing one of these two assessments, tasks from both will be expected over the course of the fall (September – December).



Breadth Assessment

Analyze a List of Companies

- You be assigned a list of companies from a specific SIC code or set of SIC codes
- You will identify the owner, that person's contact information, and analyze acquisition viability

Example Industry

4953 Refuse Systems

The Process

I will give you a list of at least 200 companies. Not all of them are relevant, so pick 100 companies from the list and fill out the database for those. If you want to go beyond 100, that is more than welcome and will be factored into the assessment. However, quantity is not a substitute for quality (both in terms of the information and the analysis). I will check the accuracy of these email addresses by actually emailing the owners and checking bounce rates.

Notes

Useful tools for finding and validating someone's email address. You are not limited to these tools, but they provide a good starting point:

<https://name2email.com/> + combo'd
with <http://bit.ly/2ooQHuC>
<http://verifalia.com>
<http://emailgenerator.io/>
<https://hunter.io/>

<https://email-checker.net/check> -> to see
if email address is valid

(You can also look at the owner of the website domain registration, often times same as CEO of small businesses)

TUTORIAL VIDEO

<https://youtu.be/6N-ZQPaAfvQ>

Notes

- You shouldn't say that every company on the database list is compelling, because not all are.
- I only care about the contact info of the owner / CEO. No other person in the company matters.
- If you don't have a finance background, this is probably the easier assessment to complete. There is zero preference over which assessment you choose to complete.
- You should test email accuracy by actually emailing this people (make up a reason. For example, say you're a student with some questions.)
- info@company.com is not a valid email address for this assignment. And remember, I factor in accuracy rates for your email address lookups.

Deliverables

Extensive Completed Database

Fairly straightforward. Fill in the gaps in the spreadsheet for the 100 companies generated from your preferred list. All 100 must have a textual description of why they would make a good or bad investment.

Note that if your database does not meet the threshold listed here with accurate contact information, I will not evaluate your industry analysis.

Light Business Model Analysis

Perform the same business model analysis as in the depth assessment, but without the same level of detail.

About a 1-2 page analysis would be sufficient, enough of an investment thesis that would simply compel our evaluators to research the topic more in depth themselves.

This selection has no relation to the companies in the database. You can choose any business in any industry.

Notes

This Youtube tutorial video shows a more holistic sourcing process, but within this video it gives an example of how you would go about completing the database.

Note, the tactics for completing the database are much more robust than what is shown in this video, and you will need to show the necessary creativity and critical thinking to figure it out.



Depth Assessment

Find A Specific Opportunity

- You will find and recommend a specific business model in the market.
- Find a specific business model (not a high-level industry analysis) that is either underfollowed in the market right now or that is largely misunderstood.

Quality of Cash Flows

- Recurring, high margin, growing
- Diverse (customers, products & markets)

Financials

- A company type with EBITDA between \$0.5 - \$3 million (*source how you attained this approximate information*)
- EBITDA margin of >15%

Quality of Industry

- Growing or stable industry that is not cyclical in nature
- Fragmented competitive landscape
- Low threat of external shocks – technological, regulatory, legal, environmental, fashion, etc.

Quality of Operations

- Simple, understandable
- High returns on invested capital
- Identifiable areas of improvement

Underfollowed

- Find a specific, niche area that is underfollowed or misunderstood in the industry where opportunity exists

Examples

Overly Broad Examples

Do not give a broad recommendation. Your recommendation must translate into specific companies that can be targeted using only the arguments you detail in your recommendation.

- **Self-storage**
- **Rehab centers**
- **E-Learning**

Better, Specific Examples

- **B2B Self-Storage**
- **Teen Addiction Treatment Center**
- **Early Education E-Learning**

Boring But Effective Example Targets

Specific, niche, low customer concentration, simple, underfollowed, high margin

- | | |
|---------------------------------|---------------------------------------|
| • Street sweeping | • Sleep clinics |
| • Rooftop maintenance | • Printer rentals |
| • Hair salon CRM systems | • Casino promotional materials |

Please surprise me with your depth assessment area and do not choose from the “good examples” list. There’s hundreds of interesting, underappreciated business models with room for opportunity.

Deep Business Model Analysis

No page maximum. Doesn't matter which format you choose to complete in (Word or PowerPoint). Whatever information you feel will lead to the most competitive entry.

Your analysis should reflect a level of depth that sufficiently answers all of the major initial considerations when evaluating an investment opportunity. A go/no-go decision should be feasible based on the depth of this analysis.

Light Completed Database

You will perform the same activity as the breadth assignment except you will only source a list of 40 companies instead of 100.

You business model analysis is not restricted to the same industry as your given database. **They are two separate activities.** Regardless of outcome, this process should teach you uniquely differentiated skills in sourcing and research.



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