Tidefall Capital Management Inc.
Q2 2020
July 16, 2020

	Q1 2020*	Q2 2020	YTD
TIDEFALL *(after fees)*	6.88%	21.90%	30.29%
S&P	-22.05%	20.54%	-6.03%
TSX	-23.39%	16.97%	-10.39%

* Inception Date: January 21, 2020

Dear Partners,

At the end of Q2, **IAC** spun off its Match holdings. With IAC's ANGI Homeadvisor stock and cash, shareholders today are essentially getting the rest of IAC for free *(over 150 brands with $1.3b in revenue; Vimeo is particularly interesting)*. We readily acknowledge that it's common for stocks to trade below their net asset value, however, we believe this large discount with IAC shares is unwarranted. Since 1995, when chairperson Barry Diller took control, IAC has compounded capital at an impressive 14% per year. This outperformance has accelerated under current CEO Joey Levin who took over in 2015 with IAC stock appreciating 34% per year. IAC are not empire builders which is often why a stock will trade at a discount to its net asset value. Under Barry Diller's stewardship, 10 public companies, including Ticketmaster, Expedia and TripAdvisor have been spun out to shareholders.

We took a position in **Twitter**. Twitter's global impact is dramatically higher than its $23b enterprise value would suggest. The lockdowns have accelerated the shift of the world's conversations online and the company recently recorded an all time high in app downloads. Twitter's lack of profitability is partly due to an inferior ad product that had only seen iterative developments over the past decade. In early 2019, the company began a full redesign of its ad server which was recently completed and is likely to improve ad pricing. We have deep concerns about Twitter's part time CEO structure, but with no controlling shareholder, this undesirable situation is not required to continue. There is also ample monetization and adjacent business opportunities for this extremely powerful platform.

We took a position in **Wells Fargo** and **Bank of America**. These investments are somewhat opaque but are trading at multi-decade lows and have factored in some very pessimistic scenarios. We believe that the Federal government will end up carrying much of the financial responsibility of the pandemic. This action may lead to a steeper yield curve as long term inflation expectations increase, potentially improving net interest margins.

Covid fears may impact **Match**'s short term results, but with most large gatherings banned around the world, the lockdown has dramatically accelerated the acceptance of online dating. With an estimated 65% of all online dating revenue, Match is uniquely positioned to capitalize on this very promising future.

Thank you for trusting us with your capital,

Trevor Scott