

COMPANY OVERVIEW

Pershing Square Holdings (PSH) is an investment holding company acting as a closed-ended fund. This company focuses on concentrated investments in public North American companies. Unlike an open-ended fund, PSH benefits from permanent capital.

INVESTMENT SUMMARY

Management Team

Bill Ackman is the investment manager in charge of PSH's capital allocation decisions. He is a very competent investment manager with a terrific track record. Over the past 16 years, he has been able to return 16.2% net of fees. Bill has shown no signs of slowing down and can be reasonably expected to return 15% net of fees going forward.

Liquidation Value

As of June 30, 2020, PSH had \$1,411,188,401 of cash on hand, marketable securities valued at \$6,811,196,777, and total liabilities of \$2,157,886,651. As such, PSH has a liquidation value of \$6,064,498,527, or \$31.00 per share. The company is currently trading at a 32% discount to liquidation value.

PSLP/PSH Net Return*	
2004	42.6 %
2005	39.9 %
2006	22.5 %
2007	22.0 %
2008	(13.0)%
2009	40.6 %
2010	29.7 %
2011	(1.1)%
2012	13.3 %
2013	9.6 %
2014	40.4 %
2015	(20.5)%
2016	(13.5)%
2017	(4.0)%
2018	(0.7)%
2019	58.1 %
Six-month period ended June 30, 2020	28.9 %
Year-to-date through August 25, 2020	44.1 %
2004–August 25, 2020 ^(1,4)	
Cumulative (Since Inception)	1,112.5 %
Compound Annual Return	16.2 %

} Pershing Square, L.P.
 } Pershing Square Holdings, Ltd.

Intrinsic Value

Assuming worst-case scenario, Bill Ackman will have \$6,064,498,527 of capital available to deploy. Assuming he can generate a 15% net of fees, the earning power of the company is as follows:

Revenue:

\$6,064,498,527 x 15% \$909,674,779

Additional Overhead:

15% Overhead Cushion For
Remaining Expenses (\$136,451,217)

Conservative Estimate of

Earnings Power: \$773,223,562

Earnings Power Per Share: \$3.95

PSH has earnings power of \$3.95 per share. Using a conservative discount rate of 10% against the earnings power, PSH's intrinsic value would be approximately \$39.50.

Poised For Growth

As the company's capital base grows, so will its earnings power and liquidation value. In addition, management also believes that their stock is cheap and have been repurchasing shares. Over the past year, management has repurchased 10% of public shares outstanding on the open market. I suspect that management will continue to repurchase shares as long as the stock trades below the company's intrinsic value.