

CASE STUDY



COMPANY SPOTLIGHT



Market capitalisation at time of purchase	Market capitalisation at time of sale	Industry Sector
\$260m	\$503m	Software & Technology Services

CITADEL GROUP (ASX: CGL)

The Citadel Group is a specialist technology and software company focused on secure enterprise information management in complex environments such as health, national security, and defense. Citadel's software enabled critical information to be securely accessed, stored, and analysed by organisations with high compliance requirements. Key verticals included pathology, clinical information systems, and secure communication networks.

WHY DID WE INVEST?

- **Mission-Critical Software & Sticky Clients:** Citadel's software underpinned essential services for government, defense, and healthcare clients, creating long-term contracts and low customer churn.
- **Strong Industry Dynamics:** Ongoing digitisation in government and healthcare services, coupled with heightened focus on data security, drove sustained demand for Citadel's solutions.
- **High Recurring Revenue Profile:** A growing proportion of revenues came from long-term software subscriptions and managed services, improving earnings predictability.
- **Attractive Valuation and Growth Potential:** We saw upside in Citadel's expansion into new verticals and further SaaS adoption across its client base, underpinned by a scalable business model.

ENTRY PRICE

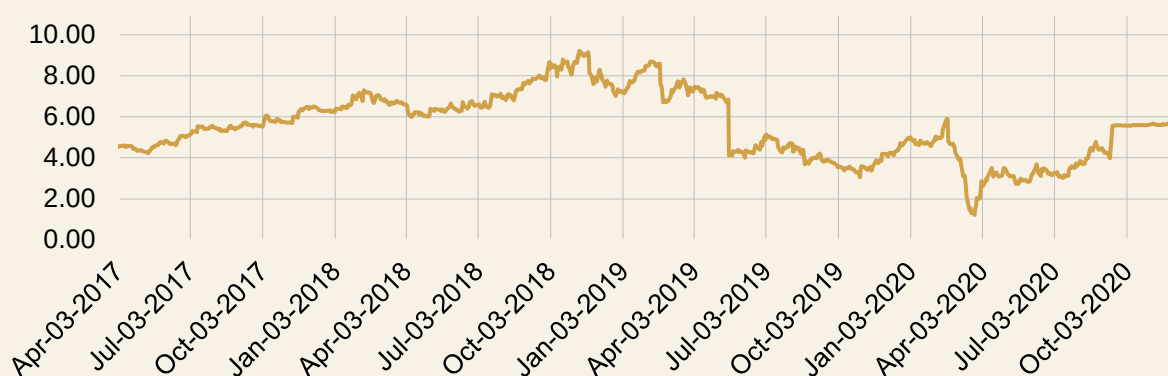
- Began initially purchasing shares in early May 2017 at \$4.33 and continued to purchase over time with an average purchase price of \$4.46.

*Past performance is not indicative of future performance. This is general information only and should not be construed or relied upon as legal, financial or professional advice. Accordingly, the recipient should seek independent professional advice as to the risk, financial, taxation and other implications of investing.

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The Citadel Group Limited (ASX:CGL) - Share Pricing



Source: S&P Capital IQ

WHY DID WE SELL – Acquisition by Pacific Equity Partners (PEP)

- In October 2020, Citadel Group entered into a Scheme of Arrangement to be acquired by Pacific Equity Partners (PEP), a leading Australian private equity firm.
- The offer price of **\$5.70 per share** represented a **43% premium** to the last closing price.
- We chose to exit and redeploy capital into other opportunities.

INVESTMENT OUTCOME

- Began purchasing in early May 2017, and over time purchased at an average purchase price of \$4.66.
- Received dividends over the investment period.
- Sold at an average sale price of \$5.68 with the last sale in December 2020.
- Gain (including dividends received) of 32.7% on our investment over the period, equating to a money weighted IRR of approximately 31.3%.

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