



Newsletter – December 2020

Season's Greetings to you!

It has been a while since we formally communicated to the broader community so we thought we would take this opportunity to do so, before the end of year festivities commence and our minds look to 2021.

2020 – A year like no other...



- The Australian Searcher community has now grown to an extent where we believe there is a both a need and opportunity for an Institutional Funder of Search Funds and searcher led transactions.
- In December this year Ak & Lui from Second Squared and Nima Sedaghat from HWL Ebsworth founded WayFinder Capital Managers to raise the WayFinder Search Growth Fund.
- Many of you already know Nima as an active participant in the Searcher Community calls and through his involvement in the drafting of many of the agreements for searchers.
- Targeting a first close at \$10M in the first half of next year and final fund size of up to \$25M WayFinder is targeting investing in ~16 Search Funds (and the follow-on acquisitions) plus 7-8 self-funded search acquisitions in the five years from First Close.
- For more details please contact Ak or Lui.

Congratulations – Search Funds Raised and Successful Acquisitions

Congratulations to [Greg Green](#) on the launch of his Search Fund [Single Trail Capital](#). We are excited to support Greg as he searches Australia for one great business to buy and contributes to the overall Searcher Community.

Congratulations to [Jack Lancaster](#) for his investment in [Evolution Surgical](#) after a 7 month self-funded search.

Getting Search Ready (GSR)

In 2019 we devised the 1-day GSR program for those seeking clarity in Search Fund options. This program encompasses the first part of getting yourself ready to search for a business to acquire, develop a plan, and define parameters for search frameworks.

But given isolation and lock-down, rather than postpone the program we are developing it as a series of on-line modules and self-assessments. This has just been launched.

To register your interest in participating in the on-line program please contact [Trish](#)



Second Squared Team

Throughout the year we welcomed a number of interns who worked with us in researching the Australian Mid-Market sector, the Search databases, etc.

[Justin McGee Odger](#) joined us part-time as an analyst and has provided a wealth of knowledge and skill helping us developing a working model of our WayFinder Capital fund analysis tools.

Trish Mason – our ever reliably Executive Assistant and ‘she who must be obeyed’ in the office accepted a permanent full-time role with us going into 2021. We are very excited to have her working with and supporting us as we move into the next stage of growth as the Search Fund community begins to develop further.



Growing the Community

The monthly Community Connect Zoom calls continue to create amazing conversations with Searchers across the country. The Searcher-led agendas have covered a variety of topics including:

- Valuations during and post-Covid19;
- Debt funding and personal guarantees;
- Business price vs. value and how that is different for a self-funded versus funded searcher; and
- Lessons learnt from Searchers who have now acquired.



2020 Global Research

The key findings of most recent research on Search Funds by Stanford and IESE was released in a webinar in September and October with representatives of Stanford GBS and University of Navarra IESE and Search Fund Investor community.

The panel presentation and discussions were high value and well worth watching.

Click on the logos to the left to access the YouTube recordings of the *2020 Search Funds Studies – Review of Findings Paned Discussions*.

Catch up over the holiday season...

For your reading pleasure:

A variety of publications and interviews happened throughout the year including:

“I - Searcher...”

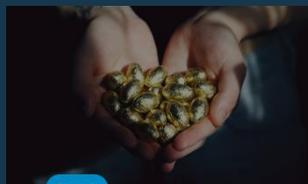
It never surprises us that the best wisdom comes from within the community. Spurred on by a question raised at a Community Connect call, we interviewed 4 Searchers on their approaches to selling the concept of Search to investors in a sceptical market like Australia. The outcome was a 4-part series of short blogs, linked here:



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I, SEARCHER – SELLING SEARCH TO SCEPTICS PART 1 (BLOG 1 OF 4)

If you are passionate about becoming an acquisition entrepreneur, committed to the search fund model...



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I, SEARCHER – SELLING SEARCH TO SCEPTICS – SELL YOU NOT THE MODEL PART 2 (BLOG 2 OF 4)

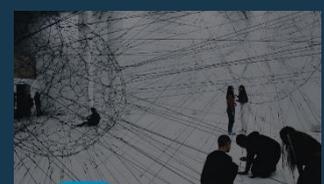
In our first blog on this topic we explored the need to put the thoroughbred...



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I, SEARCHER – SELLING SEARCH TO SCEPTICS – FINDING THE ‘RIGHT’ INVESTORS (BLOG 3 OF 4)

The Searcher Value Proposition to an investor balances both commercial and cultural considerations. Investors who...



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I, SEARCHER – SELLING SEARCH TO SCEPTICS – YOU’RE BUYING TOO! (BLOG 4 OF 4)

In our series of Selling Search to Sceptics blogs we have explored that the ETA...

Smart Company online magazine published an opinion piece by Lui on how Aussiepreneurs will drag Australia out of the recession.

The magazine published another opinion piece by Ak on succession in mid-November.



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AUSIEPRENEURS WILL DRAG AUSTRALIA OUT OF THE RECESSION — BUT THEY’LL NEED A HAND-UP TO DO SO (SMART MONEY ARTICLE)

This opinion piece written by Lui Pangjarella just released by Smart Money explains we may...



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SUCCESSFUL SUCCESSION: AN EIGHT-STEP APPROACH TO PASSING THE BUSINESS BATON (AK SABBAGH) SMART COMPANY ARTICLE

The average age of a mid-size company owner in Australia is between 57-75 years old...

“Business Valuations Post Covid-19 the impact of fear, uncertainty and an economic downturn”

A series of 5 blogs exploring the impact of Covid-19 on Australian business valuations from a buyer and seller perspective. Check out the series:



News

BUSINESS VALUATIONS POST COVID-19, THE IMPACT OF FEAR, UNCERTAINTY AND AN ECONOMIC DOWNTURN – POST 1 OF 5

This is the first in a series of 5 posts exploring the impact of COVID-19 on...



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BUSINESS VALUATIONS POST COVID-19, THE IMPACT OF FEAR, UNCERTAINTY AND AN ECONOMIC DOWNTURN – POST 2 OF 5 – THE OBJECTIVE PERSPECTIVE

In the first of this blog series we proposed that the impact of COVID-19 on...



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BUSINESS VALUATIONS POST COVID-19, THE IMPACT OF FEAR, UNCERTAINTY AND AN ECONOMIC DOWNTURN – POST 3 OF 5 – THE SELLER’S PERSPECTIVE

In the first blog in this series we proposed the impact of COVID-19 on the...



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BUSINESS VALUATIONS POST COVID-19, THE IMPACT OF FEAR, UNCERTAINTY AND AN ECONOMIC DOWNTURN – POST 4 OF 5 – THE BUYER’S PERSPECTIVE

In the first blog post in this series we proposed that the impact of COVID-



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BUSINESS VALUATIONS POST COVID-19, THE IMPACT OF FEAR, UNCERTAINTY AND AN ECONOMIC DOWNTURN – POST 5 OF 5 – WRAP UP AND CONCLUDING THOUGHTS

In the first blog in this series we proposed that the impact of COVID-19 on...

“Investing in Patience...”

Our analyst Justin McGee-Odger wrote a great 4-part series on patient capital and playing the ‘long game’ as an investor and an entrepreneur.



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INVESTING IN PATIENCE

Justin McGee-Odger, Second Squared “The two most powerful warriors are patience and time” – Leo...



News

THE LONG GAME: INVESTOR PERSPECTIVE

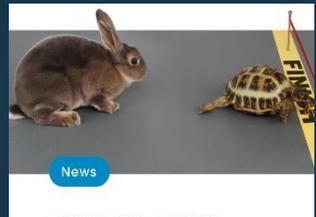
Justin McGee-Odger, Second Squared In the previous post we described patient capital as a way...



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THE LONG GAME: ENTREPRENEUR PERSPECTIVE

Justin McGee-Odger In the first two posts of this series, we explored how patience and...



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THE PATIENT CAPITAL ECOSYSTEM: SEARCH FUNDS

Justin McGee-Odger, Second Squared Published 29th October 2020 Throughout this series, we have explored that...

For your listening pleasure, podcasts and radio interviews:



Podcast

WHY BUSINESSES SHOULD BE IGNORING GDP NUMBERS (6PR INTERVIEW AK SABBAGH)

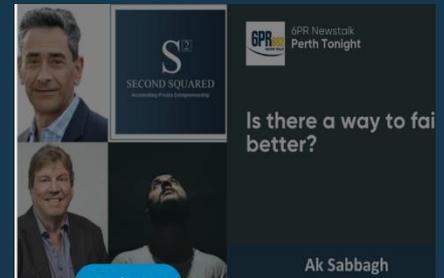
GDP numbers for the quarter ended 30 June showed a 7% decline over the March...



News

SECOND SQUARED – CRIISP PODCAST ON ETA AND SEARCH FUNDS (AIRED MAY 2020)

It was a pleasure to be interviewed by Patrick Hamid of CRIISP back in December...



Podcast

IS THERE A WAY TO FAIL BETTER? (6PR INTERVIEW – AK SABBAGH)

Is there a way to fail better? (6PR Interview – Ak Sabbagh) Are we a...

Into 2021...

Who knows what 2021 will surprise us with! Regardless, we are looking forward to a full and enriching year where we work with the Search Fund Community to build further on the work done to date, grow the community, build further interest in a far more inquisitive investor base, and meet some really smart, talented and motivated CEOs of the future.

But for now, it's time to rest, recreate, reconnect, and recharge. Go well. Stay safe.

Lui, Ak, Trish, & Justin.

