Equity ideas you believe should work out in good times or bad are relatively rare. Most investment theses require at least stable or returning-to-normal economic and industry environments, making those less reliant on that particularly attractive.

Chris Mittleman of Mittleman Brothers LLC believes he has an all-weather idea today in Aimia, a Montreal-based holding company whose main asset is the Aeroplan frequent-flyer loyalty program operated in concert with Air Canada. The company was spun off from the airline in 2005 and has since added part-ownership stakes in similar programs anchored by Aeromexico and Air Asia, and in two U.S. marketing firms, Cardlytics [CDLX] and Fractal Analytics.

In August Aimia agreed to sell the Aeroplan program for C$450 million to an Air Canada-led consortium. As a result, if the deal closes as expected by year-end, Aimia will be far more a collection of assets than an operating company. Therein lies the opportunity, says Mittleman, who believes the company’s current market value significantly understates the value of its remaining assets.

What are those assets worth? When the sale closes the company will have roughly C$700 million in net cash, after subtracting preferred equity and accrued dividends on the balance sheet, he believes Aimia’s net asset value at the deal close will be roughly C$1.15 billion, or C$7.50 per share. That’s nearly twice the company’s current share price of C$3.90.

What gets Mittleman particularly excited, however, is the potential to re-fashion Aimia as a value-compounding holding company modeled after those

### INVESTMENT SNAPSHOT

**Aimia**  
(Toronto: AIM)

**Business:** Holding company that after the sale of its primary asset closes by year-end will have the majority of its asset value in cash.

**Share Information**  
(@10/30/18, Exchange Rate: $1 = C$1.31):
- **Price**: C$3.89
- **52-Week Range**: C$1.49 – C$4.60
- **Dividend Yield**: 0.0%
- **Net Profit Margin**: (-13.5%)

**Valuation Metrics**  
(@10/30/18):
- **P/E (TTM)**: n/a
- **Forward P/E (Est.)**: 16.4

**Largest Institutional Owners**  
(@6/30/18 or latest filing):
- **Company**: Mittleman Brothers  
  **% Owned**: 17.7%
- **Burgundy Asset Mgmt**: 7.4%
- **Dimensional Fund Adv**: 1.2%

**Short Interest** (as of 10/15/18):
- **Shares Short/Float**: n/a

### AIM PRICE HISTORY

**THE BOTTOM LINE**
If the company’s board decides to liquidate its assets, Chris Mittleman believes the proceeds should be worth roughly double the current share price. His preferred path, though, would be for it to reinvest in existing and new businesses to compound long-term value.

Sources: Company reports, other publicly available information
in which he’s invested successfully in the past, including Leucadia (now Jefferies), American Real Estate Partners (now Icahn Enterprises) and Brascan (now Brookfield Asset Management). This strategy would have the further benefit of monetizing large tax assets, which post-sale will consist of C$650 million in tax-loss carryforwards that can be netted against future investment gains in Canada and $150 million in net operating losses that can shelter future U.S. taxable operating income.

Aimia’s board – on which Mittleman Brothers has two representatives – has yet to commit to a future course, but Mittleman is optimistic. “If they liquidate, there should be excellent upside from the current price,” he says. “If they let us help to reinvest, we think the long-term upside is even better. That’s not a bad choice.”

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