

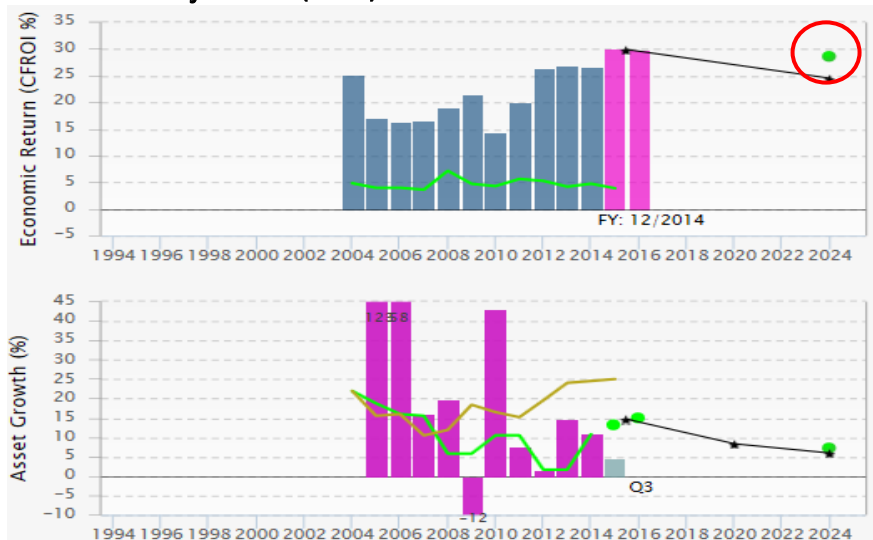
Small Cap Blue Chip: Selling Heartland Payments on confirmed bid from Global Payments

January 2016

For Existing Investors Only: The portfolio management team discusses the sale of Heartland Payments (HPY) to Global Payments (GPN).

- **Heartland Payments was added to the Small Cap Blue Chip portfolio in December 2013.** The company is facing significant industry challenges such as a high merchant churn rate and price competition. Heartland has been buying non-paying services to differentiate its product mix and recently announced that the company will be going from a direct sales force strategy to an outside sales representative model. This is a major change to the company's business.

Heartland Payments (HPY)

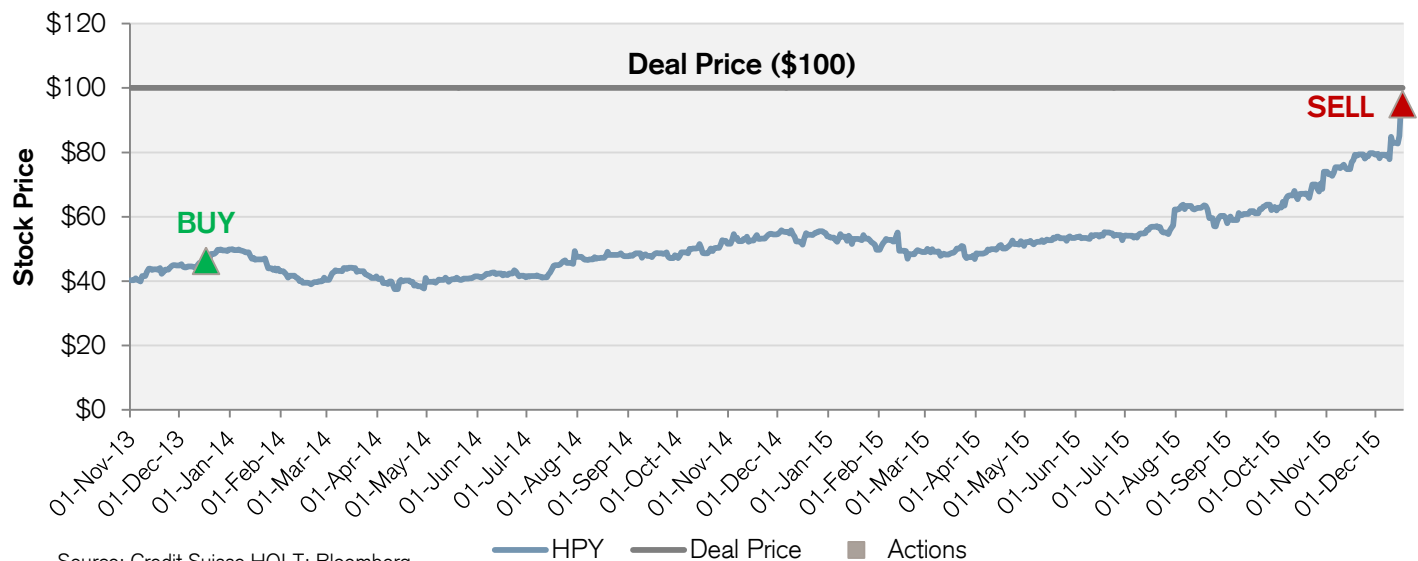


Source: Credit Suisse HOLT

Valuation

Price USD	94.97	downside -25%
Warranted Price	71.51	
Dividend Yield	0.4%	

- **The shares currently embed ~95% of the deal price.** Given the limited additional upside to the deal price we are taking gains in the name.



Source: Credit Suisse HOLT; Bloomberg

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