

# The Israeli Litigation Funding Fund



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# Disclaimer

# General

- The Israeli Litigation Funding Fund specializes in assisting its clients, to realize their rights in legal procedures with no financial limitation.
- The Fund invests in financing a wide verity of legal procedures including, claims, arbitrations, company dissolutions and other disputes.
- The Fund finances legal expenses including, attorney fees, tolls, professional opinions and other expenses relating to the legal process.
- The Fund's return of investment is gained from the claim's income.
- The Fund employs professionals, lawyers, economists, and is aided by external professionals and/or top legal experts who help vet potential investments.

# Transferring the Financial Risk of Funding Litigation from the Claimant to the Fund

- In the event that a claim is dismissed, the Fund absorbs the financial loss, not the claimant.

## Who Do We Fund?

- Potential claimants are those who are unable to fund or have limited funds to cover the complete cost of litigation.
- Claimants who would like to limit the financial risk of a dismissed case and loss of funds during legal proceedings.
- Private and public companies who would like to avoid burdensome expenses that encumber their balance sheet.

# Partnering with Law Firms

- The Fund does not replace the legal representative of the claimant and does not provide any legal representation itself. The Fund only provides funding for legal proceedings.
- The Fund works with leading law firms in Israel and select firms abroad.
- Funding legal proceedings is mutually beneficial for the fund and for law firms and allows for growth of both parties.
- There is no conflict of interest between the Fund, as a financial entity, and the attorneys representing the claimant.

# Who We Are (1/2)

## **Ido Neuberger, Chairman**

Mr. Neuberger is a businessman and a seasoned CEO with extensive knowledge of the Israeli capital market. He has over 20 years of experience in managing private and public companies. Since 2013, he has served as the Co-CEO of the Value Base investment firm, the Fund's partner. In 1993, Mr. Neuberger founded the Apex investment firm and in 2010 led the sale of the Dash-Apex, which under his management had grown into one of Israel's leading investment firms with over 60 billion NIS in managed assets. Mr. Neuberger completed his term as CEO of Dash-Apex after guiding the successful merger with Meitav, thus creating the second largest investment firm in Israel. Mr. Neuberger holds a BA and MA in Economics with Honors from Tel Aviv University.

## **Avi Basson, CEO**

Mr. Basson is a seasoned CEO with over 25 years of experience in the Israeli capital market as well as in the fields of banking, insurance, and investments. Before joining the Fund, he held several upper management positions. Most recently he served as the Executive Vice President of UBank for the FIBI Group, He had previously served as the CEO of Clal Finance Amitim for the Clal Insurance Group and as CEO of Investec (Israel) Mutual Fund Management.

Mr. Basson holds a MBA and a BA in Economics with Honors from Tel Aviv University

# Who We Are (2/2)

## **Omri Sarig, Adv., General Counsel:**

Mr. Sarig holds extensive experience in the fields of corporate law, cross-border M&A's, securities regulation and commercial litigation. Prior to joining the fund, Mr. Sarig practiced corporate law and commercial litigation for more than six years at Israel's leading law firms, including Goldfarb Seligman, Shibolet and Yigal Arnon, where he represented several multinational corporations in some of the largest M&A and financing transactions in the Israeli market. Mr. Sarig holds an LL.B and LL.M (in Corporate Law) from the Hertzlia Interdisciplinary Center (IDC).

## **Lior Kaver (CPA), CFO:**

Mr. Kaver has over 17 years of experience in the field of finance and accounting including managing IPOs, raising capital, as well as company mergers and acquisitions. He has served as CFO of several private and public companies, including Dash-Apex. Previously, Mr. Kaver served as Audit Manager at Ernst & Young. Mr. Kaver holds a BA in Business Administration and Accounting from the College of Management Academic Studies and a LL.M from Bar-Ilan University.

## **Yair Ephrati, Director:**

Mr. Ephrati has over 20 years of experience in the field of investment banking, including mergers, acquisitions, raising capital, and management buyouts. He serves as the CEO of Investment Banking at Value Base investment firm. Previously, he served as CEO of Meitav-Dash Mergers & Acquisitions, a leading investment banking firm in Israel. Prior to this, Mr. Ephrati served as senior advisor to McKinsey & Co. in London and New York. Mr. Ephrati holds a MBA with High Honors from the University of Michigan and a BA in Economics from Tel Aviv University.

# Investing benefits

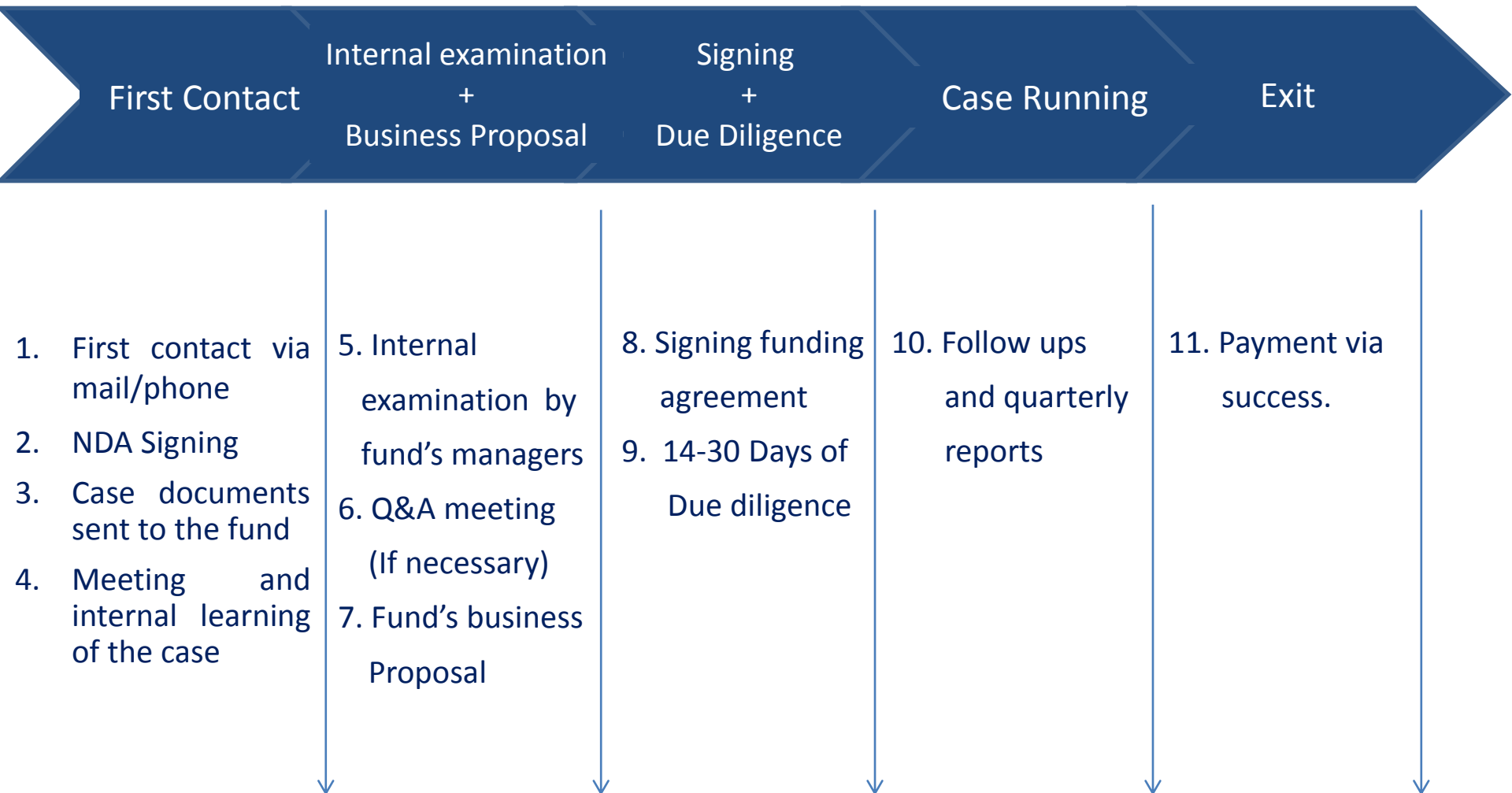
- High yield potential
- Short average duration - up to three years
- Lack of correlation to financial markets and capital markets
- Investment widely dispersed (dozens of lawsuits) - reduces the risk
- A growing market and limited competition in Israel - the first fund began its work in the field during 2015

*"In the law, the only thing certain, is the expense"*  
(Samuel Butler. 1855 - 1902)





# Investing In Case - Process



# Litigation funding – The International market

- Highly developed market, showing very high growth rates
- The scope of the claims financed estimated amount of approximately - US\$ 15 billion.
- Some funds have formed a successful public companies in the UK, USA and Australia.
- International public companies in the area of present rates are very high return on equity over time: For example, the reports of 2015 shows the company Burford , a British listed company on Aim, growth of 26% in revenues, the main growth comes from funding claims and - IRR of 28%.

# Litigation funding – The International market



AUX Listed company  
Market Value –\$AUS 225M  
Portfolio Value –\$AUS 2.07B



AIM Listed company  
Market Value – £ 387M  
Portfolio Value – £ 500M



May 2015 – Raised £200M



Jan 2011– Raised £40M  
Jan 2014– Raised £30M



Mar 2010 – Raised £60M  
May 2012– Raised £120M  
Mar 2015 – Raised £230M  
Portfolio Value – £ 2.5B



Jan 2011– Raised £125M



AIM Listed company  
Market Value – £ 48M  
Portfolio Value – £ 150M

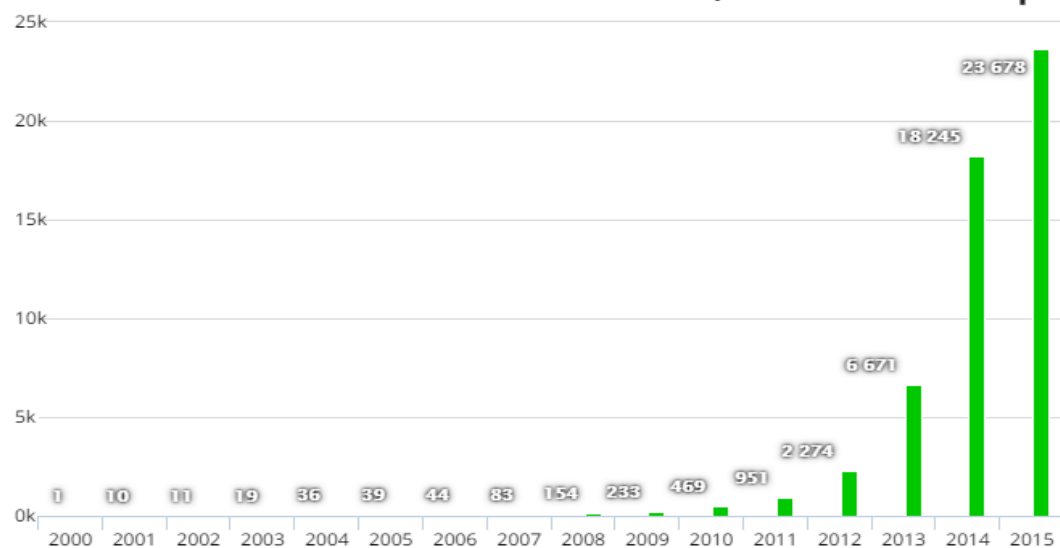


Apr 2013– Raised \$US 100M  
Feb 2015 – Raised \$US 450M  
Portfolio Value – \$US 800M

# Litigation funding – The Israeli market

- 39,902 civilian Cases (In Israel's district courts), were filled In 2016.
- Israel's claims number is growing by - 8% per year.
- Approximately 67% of the cases in Israel ended up as settlements within an average time of a year and a half.
- The average case lifetime duration in Israel - 571 days from the opening of the procedure.
- The court administration, majoring efficiency and rapid closing of cases.

תיקים פתוחים במחוזי, לפי שנים





\*Open cases in the district courts in Israel, by years the case was filled, The marker magazine, 14.2.2016 – from the Israel court administration.

אורך חיי התיק בבתי המשפט המחוזיים

הליך	אורך חיי התיק (בחדשים)
אזרחי	20.1
מעצרים	0.5
נוער	4.8
עניינים כלכליים	9.4
עניינים מנהליים	5.3
עניינים מקומיים	3.5
ערעור אזרחי	6.2
ערעור פלילי	3.7
פירוקים ופשיטות רגל	18.1
פלילי	11.6

\*Average case lifetime - 2015 Annual report, Israel court administration.

# Fund structure

<b>The Fund</b>	<ul style="list-style-type: none"> <li>• The Israeli Litigation Funding Fund - LLP</li> <li>• The General Partner – The litigation funding fund management company Ltd.</li> <li>• Fund launch – 1.9.2016</li> </ul>	
<b>General Partner</b>	<p>The litigation funding fund management company Ltd..</p> <p>Major equity holders: Value Base Ltd. (70%), Avi Basson (20%) .</p>	
<b>Fund lifetime</b>	<ul style="list-style-type: none"> <li>• Closed fund for 5 years</li> <li>• Investment period of three years and two years of managing open proceedings.</li> </ul>	
<b>Fund Initial Closing Size</b>	40 million NIS	
<b>Accountants</b>		
<b>Legal Advisors</b>		
<b>Management fee</b>	<ul style="list-style-type: none"> <li>▪ 2% of the liabilities (Fund size) in the first 3 years.</li> <li>▪ 2% of managed investments in years 4 and 5.</li> </ul>	
<b>Success fee</b>	<ul style="list-style-type: none"> <li>▪ 20% + VAT of the net profits of the fund, over 6% yield.</li> <li>▪ "Catch Up" Mechanism .</li> </ul>	



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