



PERMANENT
EQUITY

Invisible Ties & Fun Rides

People look at Permanent Equity's portfolio and often ask, "What's your thesis?" From pools to airplane parts to luxury matchmaking, there is no obvious thread tying our investments together. We're diversified by industry, geography, how much we own (though always a majority), partner type, and so on.

And that's why investing in a Wichita-based amusement rides manufacturer made so much sense...

See, what ties all of our investments together is they are each into a business with a durable value proposition that is excellent at its core business – but that might benefit from a little bit of help around the edges in terms of marketing, hiring, capital allocation, and even risk management.

Moreover, every one was sold to us by a person or small group of people who genuinely cared what happened next to the company, employees, customers, and entire value chain. In short, they wanted to see it not only survive, but thrive, for many more decades to come.

So, setting financials aside, here's why we became "roller coaster tycoons," or at least an illustration of how invisible attributes tie together our family of companies:



Heritage

Chance Rides has a rich heritage. The company's novel portfolio includes a [C.P. Huntington train](#) system based off of the 1863 locomotive. Your family likely has a photo riding on one at a zoo or amusement park (and we remembered it immediately from the [Saint Louis Zoo](#)). Chance Rides, the company, was founded in 1961 and gained a lofty reputation for custom, artistically crafted [carousels](#). To this day, Chance artisans create and hand paint gorgeous and distinct illustrations onto various animal and character shapes for major park operators.

The company has also followed trends within the amusement industry. From the 1970s to the 1990s, they were the premier producer of traveling carnival rides. Like us, perhaps you recall a ride on a [YoYo](#) or Zipper from your younger days.

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And as thrill seeking became a cornerstone of theme parks, Chance developed capabilities in roller coasters and other adrenaline-spiking ride types. If you were to walk around the Wichita campus, you'd find massive track pieces that encourage a new appreciation for the scale of engineering feats involved in coaster creation.

Today, Chance Rides produces a broad range of custom rides and attractions, all developed in Kansas, aimed to thrill and delight families around the world. From trams and trains to move people to coasters,

carousels, and giant wheels to make memories, Chance Rides makes the world more fun. And there is no more durable value proposition than that.

If that all sounds heartwarming, it is. But it also exhibits a business that has been able to evolve with the industry and customer expectations. When you're investing for decades, that prior record (including highs and lows) is invaluable.

White Hot Core

You may have heard us talk about one of our foundational principles: do no harm. What do we want to avoid doing harm to? Most critically, the team and the white hot core. Drive, experience, institutional knowledge, and relationships reside in the team, so, even discounting human decency, common sense prevails on avoiding harm there. The white hot core takes a bit more explaining.



In reviewing any business, we're looking to understand what, how, and to whom they serve. These are the main ingredients of a value proposition. And the clarity around that purpose is often directly reflected in the quality of the business and its paths to future growth. If the proposition is too narrow, the business is capped. If the business serves all people all things, it lacks focus. It needs a white hot core to which every decision or action can be tethered.

In Chance's situation, the white hot core is delighting families through serving up the highest quality American-made amusement rides to amusement industry players around the world. It's not complicated, but it is hard (that's "moat," as the investors reading would call it). And they have the heritage to prove it.

While there's inherent durability in family fun, the amusement industry can be volatile. Individual parks and locations do not have a predictable investment pattern, and new development is intermittent. Scale and theme preferences vary from city to city, let alone continent to continent. In part due to the manufacturing intensity, large portions of the industry are now overseas. Over decades, Chance has carved a reputation as a partner and leader.





The organization is known for incredible quality and commitment to its customers and suppliers. "So much of what we do is bringing IP and visions to life. Our customers want to wow their customers in unexpected ways, and ways that keep them coming back for more," as Chance CEO Aaron Landrum put it.

But there are easy paths to screwing up that reputation and by extension, relationships. What happens if all manufacturing moves offshore to save costs? What happens if we decide to go into video games instead of in-person entertainment? If a business can't be somewhat predictable in its paths to grow, it risks losing its identity.

Fortunately for us and Chance customers, there's a lot of capability still to be harnessed at the home office.

Confidence in Capabilities

If you've only flown over, Wichita is the "Air Capital of the World," and that's reflected in the precision engineering talent throughout town. But even among aircraft assembly plants, the Chance campus stands out. Walking through the plant is exactly what you imagine: grand ride structures in various stages of development, engineers designing and stress testing, artisans bringing creative ideas to life, and ride systems undergoing testing. While the purpose is rooted in fun, there is no shortage of talent at work.

One pattern we recognized early in the process is both how the organization has adapted talents to trends, and how that's reflected in the offering assortment. Some of the projects are big and, outside of replacement parts and maintenance, one-time in nature. Revenue concentration may shift from year to year, but adds up to relatively consistent demand among all types of organizations that want to thrill, delight, and move people, from theme parks to zoos to commercial developers.



Creativity in both product assortment and sales strategy (read: strong customer feedback loops) is key to harnessing capability in a sustainable way. And then reliability – doing what you said you were going to do when you said you'd do it – rounds out a critical pairing in ensuring customers will keep calling.

Our early reception by industry veterans has been: "You are the lucky ones." And that's both encouraging and a strong relationship record from which to build.



Leadership & Stewardship

Three generations of the Chance family have built the company into what it is today, not to mention the family name on the door. Bringing on an investor was not an ambition as much as it became the method by which to ensure that the brand, team, and operations could continue for decades to come. So, in short, Dick (G2), son of founder Harold, and John (G3), Dick's son who loves the business but also wanted some help, cared deeply about what happened after any deal was signed.



Over the past decade, they knew that hard-earned industry trust needed to be transferred. Internally, the Chances recruited and promoted tenured employees to create a strong, expertise-driven executive team that leads day-to-day operations. And that team has been functioning as such for several years now.

When we were all introduced, it was clear that everyone was in favor of long-term planning and support, but no one was in favor of "transforming" or "starting over." The team respects and believes in the core.

At Permanent Equity, we often use the term stewardship to describe our role. As fun as it sounds, no one at the firm should design or build a wheel or a coaster for anyone, anywhere. Know your talents, as they say. But we do know how to recognize elements of a business, brand, and team that deserve to achieve many future milestones. And we believe our role is to provide the backend support that gets teams there: a stable home and expert resources to jump in when things get tough or when opportunity knocks.

We are thrilled to be partnered with the Chance family and the team at Chance Rides. Like the rest of our investments, we believe in the people and the value proposition, and our intent is to continue to build upon the credibility and capability that's been built in the business by three generations of Chances. Because that's what it means to keep a good thing going... to steward well.

And if you happen to be in the market for a coaster or carousel, now we can help. Don't ask about pools though. There's still a waiting list.

