

Wilson Asset Management Global Q&A Webinar Transcript

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Speakers:

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Catriona Burns:

Good morning everyone and thank you for joining us today for the WAM Global (ASX: WGB) FY25 Interim Results webinar. This is your company, and we're pleased to provide you with an update on the half year results and the opportunity to ask us questions. I'm Catriona Burns, the lead portfolio manager for WAM Global. With me today is Nick Healy, Portfolio Manager and Senior Investment Analyst William Liu. Before we begin a disclaimer is displayed on screen. What we talk about today is general in nature and shouldn't be considered financial advice.

In terms of agenda for the call, as I said, I'll run through the half year results, give a bit of an update on the portfolio and the general market outlook before handing over to Will and Nick to give some more specifics around key topics in the markets at the moment and some more detail on some of the stocks that we have in the portfolio. Let's turn now to the half year results. So in terms of the half year results for the half year to 31 December the investment portfolio was up 13.4%.

Now pleasingly, the strength continued into the month of January with the portfolio increasing another 4.9% which outperformed the MSCI World Index by about 2%. In the calendar year to 31 December 2024 the portfolio was up 23.7% and the strong investment performance has enabled the Board to declare a 6.5c fully franked interim dividend and an additional special fully franked dividend of 4c a share.

In terms of the yield that's equivalent to, pre that special dividend, the fully franked dividend yield is 5.4%, grossed up 7.7%, and including the special 7.5% grossed up 10.7%, which is significantly higher than the global equity market yield which is 1.7% and then the US market yield which is 1.3%. In terms of where the share price is trading relative to net tangible assets (NTA) we are at about a 10% discount which there has been a bit of a lag in terms of we've had that strong investment portfolio performance, but the share price has lagged that and particularly with that additional 4.9% performance in January, it has lagged but it has come in since we've announced the results which is pleasing and that special dividend. We'd expect it to continue to narrow as we commence now an additional call campaign out to shareholders and do our national roadshow. So yeah, we are working on continuing to close the discount and actually see it as an opportunity right now. If we turn

to the next slide in terms of dividends, as I said pleasingly, we have consistently increased the dividends since inception in June 2018. And that special is an extra reward to shareholders and possible because we do have that accumulated profit reserve and had accumulated enough franking to be able to fully frank the dividend yield. So the profit reserve, you know, is very high and we have got over six years dividend coverage. But what we do over time is pay the tax that enables us to be able to fully frank those dividends.

Let's turn to the next slide in terms of the big picture topics. For the markets over the six months, it was really all about Trump and artificial intelligence (AI). Leading off with Trump, clearly we had that election win in November and it was an interesting time to be in the US, lots of bifurcation and polarisation around media, et cetera. But ultimately markets reacted positively to the certainty of the result. No debate around ballots being counted, et cetera. So the market has continued to be relatively strong since that win.

In terms of his policies, he very much ran on an America first candidacy and that centered around areas such as immigration, deregulation, the potential for tax cuts, and a focus on trying to drive American manufacturing back onshore. So for us in terms of the portfolio and how we thought about it, going into the presidential race we very much were identifying that tariffs would be another topical issue under Trump and had the portfolio very much tilted away from companies that we think would be affected by those tariffs.

As we look at the portfolio now, we're kind of thinking, we've thought through other beneficiaries and I'll talk to it in a little more detail later but have at the margin tilted the portfolio to be even more benefited from a Trump presidency. In terms of the portfolio, as you can see from the slide here around the sector and geographic exposure, we do have a number of U.S. listed stocks. Some of them are multinational in nature, some are more US centric.

And we do think that the stocks that we have will ultimately actually be beneficiaries and extremely well positioned under a Trump presidency. Now, the second big topic of the six months was artificial intelligence. Once again, AI. But unlike a year or 12 to 18 months ago, there is a lot more debate now around winners and losers, a lot more focus on these very high levels of capital expenditure (CapEx) that are being spent by the big tech companies and more volatility as seen through the DeepSeek announcement on the 27th of Jan. In terms of 'how' - Nick will actually go into some more detail around that topic and some of the winners that we have in the portfolio from artificial intelligence.

Aside from Trump and AI, interest rates and inflation continue to be key topics and hotly debated. Throughout that first half of FY25 we did have rate cuts through the US, Canada, Europe, and the UK - whereas in Japan they've been slowly increasing. Inflation has been coming down but now the topic of debate is what happens with the tariffs and does that lead to inflation remaining sticky and harder to get down from here or ultimately does it end up being deflationary because of the negative effect on consumption?

If we look further afield in terms of Europe and the UK, growth more generally is relatively sluggish. In Europe, German manufacturing has been a particular weak spot and in the UK policy missteps and immigration challenges have continued to weigh on that economy. For the WAM Global portfolio, Europe is still a very fertile hunting ground though for ideas. When I look at our European exposures, they're nothing to do with European, it's not European manufacturing centric, it's not geared into the UK economy. It's very stock-specific, catalyst-rich ideas where they can grow whether it's via penetration, or just because they're extremely strong market positions which enable them to have very strong pricing power. So we have a number of stocks still in Europe for example, even though we think the European macro backdrop isn't particularly strong.

China, again a debate, top debate country in terms of what will happen with growth going forward. Will was on the ground there in October and can answer any questions you have in the Q&A on what he saw on the ground. But more generally the consumer has been weak. House prices have been under pressure and stimulus from the government thus far has been relatively underwhelming. And our view on that is there was clearly the possibility of Trump getting in.

So the Chinese government didn't want to... One, they're trying to crack down still on corruption but secondly, they didn't want to shoot all their bullets before Trump came in to give so have some still firepower depending on what happens with tariffs. So we do have limited exposure in the portfolio to China directly but for us the Chinese consumers are a really interesting opportunity still because it is massively a market where consumption as a percentage of GDP remains very low relative to places like the US and that rising middle income consumer still has huge potential. But right now, has been under enormous pressure.

So still an area we watch but yeah, haven't dialed up the exposure at this point. I mean the broader point on talking about the macro is to update but in terms of the actual process for WAM Global we are geographically unconstrained. We do hunt actively for ideas wherever they are from a geographic standpoint. And if I talk more specifically on markets, I mean the markets have been very strong the last couple of years.

The MSCI World Index is up over 20% a year for the last two years with the US really being the amazing outperformer there. Again, it is 70% of the MSCI World Index now. The next best performing market's been Japan and then Europe and then the laggards being the UK and China. Nick will give some extra context around this a little later. But what's talked about frequently and is the reality is just the concentration of the market, particularly in the US where those big tech stocks have really, now, make up a very high percentage of the market.

So yeah, Nick will go into that in a little more detail soon. In terms of the outlook and what we expect going forward, we do think with Trump and the announcement, I guess what's going to come in terms of announcements from him, there will be ongoing volatility whether it's around tariffs, whether it's around fiscal, the Musk commentary on Twitter around cutting fiscal deficits, et cetera. There is going to be a lot of noise and on the

geopolitics, likely to be ongoing noise. There'll be retaliation from certain countries, et cetera, on these tariffs.

Fiscal deficits more generally will be a topic and you've seen that through Bessent's 333 plan. And again, once again, as has been the case over the last few years, that central bank policy around interest rates will be a topic that will repeatedly come up because now the debate in the U.S. for example, is what I referenced around stickiness of inflation - and can the Fed keep cutting with that backdrop?

For us, when you look at the market, it has been very momentum flow driven but ultimately fundamentals are what matter over the long term. Our view is that returns will spread beyond that very narrow subset of companies that have driven the market in recent years, which should be really positive for the portfolio which is largely positioned outside those big tech names. We have a range, as I said earlier, of businesses that have pricing power and durable earnings that we've really bought with valuation discipline and are confident that the fund is really structured to perform well going forward.

Onto, I mean we always put the next slide in around the process and nothing's changed there in terms of how we hunt for ideas and what we focus on. It is really those companies with strong industry positions, competent management teams, sustainable and durable earnings growth bought at reasonable valuations and then where we've identified a catalyst to drive the share price. The team and I spend an incredible amount of time traveling around the world visiting the companies that we invest in. We see over 700 companies a year and we are always just hunting for new ideas and opportunities, and that hasn't slowed down in the last half year. The team and I have been across the U.S, Europe, China and that won't slow down as we go forward.

When I think about the portfolio, as I said, we're excited for the growth opportunities that the companies in the portfolio have ahead of them. In terms of the last six months and the positioning of the portfolio, we haven't made dramatic changes. But one of the things we consciously did going into the presidential race is took a view that the tariff, you know, debate and risk would once again increase under a potential Trump win. So we positioned away from companies that we thought might be at risk there. We also continue to hold and think will be beneficiaries the exchanges like Intercontinental Exchange (NYSE: ICE) and CME Group (NASDAQ: CME) because they actually benefit from volatility as people trade through around volatility. So we think they will actually win as that volatility continues, which is how we think this presidency will continue. Other than that, in terms of the tilt to the portfolio, more recently we have started to add some more cyclically exposed businesses, companies that we think will benefit from US reshoring renaissance of industrial activity in the US and Will will talk to some more detail around that as when he's speaking a little later.

In terms of that AI space, we do have some concerns around the hardware layer and the build out, but continue to see AI as a real technology and a massive breakthrough, and have a number of names that are exposed to that. And then lastly, as I mentioned earlier, we do own a selection of really individually catalyst-rich names that we think will continue

to grow regardless of the macro backdrop. And that's companies like Hemnet (STO: HEM), which is the REA equivalent in Sweden, CTS Eventum (ETR: EVD) which is the Ticketek equivalent in Europe and Expedia (NASDAQ: EXPE) which is the travel booking platform.

So with that context, why don't I hand over to Nick and Will who will dig into some of the topics that I've talked about and then other things that are going on in the market now and then a lot of specifics around stocks.

Nick Healy:

Yeah, absolutely. Thanks, Catriona. And thank you everybody for joining in today, we really appreciate your time. Catriona did a fantastic job of running through what we're seeing in the world. Why don't I just double click on a couple of the topics in particular, artificial intelligence and I'll do the small and large cap disconnect.

So, if we start with the artificial intelligence story, clearly, it's a high news flow environment. With Deepseek in January as well as the Hyperscaler (NYSE: GPUS) CapEx, there is a lot going on. In our opinion, in periods like this it's always useful to take a step back and maintain perspective. And I think the perspective here is artificial intelligence is going to be a real meaningful technological breakthrough in the world that drives productivity gains very broadly. The news around DeepSeek for me was most interesting around seeing a leading-edge model that's able to be used at over 90% cheaper cost.

This is great for AI. In fact, if we're thinking about mass adoption of AI, these kinds of technological breakthroughs are critical: we expect more to come. However, it really does lay into, or drive our view around the fact that we think the software AI winners are going to be increasingly interesting as we move away from that hardware space as the focus. The Internet's a perfect analogy here. Hardware providers like Cisco were first out of the gate, but with the benefit of time, we've seen the software layer captured a lot of value. Now we feel really well positioned for this. We hold a number of AI infrastructure and software winners. Let me take you through a couple today. So the first one, SAP (ETR: SAP). SAP is a fantastic business in its own right. It's the leading choice for enterprise resource planning software globally. Now the story with SAP is a very successful shift from on premise software to cloud software.

However, as you make the shift, you un-silo a lot of data and unlock the potential for AI use cases. Their recent result really built confidence for us that they will be an eventual, they will be an AI winner. They grew their total cloud backlog higher than prior quarters at 40% and they actually highlighted the fact that they had found AI solutions including \$300 million euros in saving in 2024 and that would grow through time. So this results combined with their positioning, we're very confident SAP is an AI software winner. And if we can just go to the next slide for these two.

The other AI software winner I want to discuss is Alphabet (NASDAQ: GOOG), also known as Google. The first thing to note, obviously Alphabet/Google is one of those magnificent seven stocks we do talk about a lot. The fact that we hold it reflects the fact we are willing to hold any size company in the market from small to large, it just has to offer the most

compelling risk return. Now for me, the risk return is compelling in Google for two reasons. So if we start with valuation, firstly. So the primary reason we're not invested in the other six of the magnificent seven today is simply around valuation and because of these valuations, seeing better opportunities elsewhere. Google's different. It trades at over a 50% discount to the group and is in fact over 25% cheaper than the next cheapest of these seven stocks.

So Google is very much undervalued today. But that's not enough for our process. We need catalyst, growth and quality and we think Google has this because we see it as an AI winner. Now, Google's AI advantages I think are almost too long to go into, so I'll really just hit the high level.

They have a wonderful industry position as one of the three scaled cloud software providers alongside Amazon and Microsoft. They also have great internal silicon with their TPUs. This will lower the cost to serve. For me with the DeepSeek news, it's all around cost to serve AI. We think Google's really well positioned there. They also have a leading LLM in their Gemini 2.0 models. Again by not having to go to a partner that reduces cost to serve and positions them fantastically, and lastly, we think data is absolutely critical in AI. We think Google's fantastically positioned here as well with Search, YouTube and Android and other properties giving them a really strong data mode. So putting it all together, very undervalued company, clear AI winner in our mind: we think it's a great holding in the fund.

If we turn to the next slide. So the second topic I want to touch on, and Catriona mentioned it, but we've talked about this in the past, but it is just an incredibly narrow market that we see today.

The two charts on the slide demonstrate this. The left one showing how much of the market's made up of those top seven stocks. The right one showing that the valuation disconnect is historic. Any way you look at it, we think that there is a compelling opportunity in SMID cap stocks today. Now, our process as I just ran through with Google, is to hold any size company. However, with this valuation disconnect in play, it's not surprising to us that we do have a fund that is predominantly in the SMID cap side of the world at over 60% versus the market at 27%.

Now to be fair to get to this point, it has been a headwind being overweight smaller companies. Since we launched the fund, SMIDCAP companies have underperformed the broader index by 4.6% each year. Our view is as this headwind abates or turns into a tailwind, we actually think our exposure here is very compelling and should benefit the fund. I'll briefly give you a couple of our smaller company investments that we think are fantastic. I know Will will give some as well, so I'll keep these brief.

We hold JTC (LON: JTC), a fund administrator that provides compliance tax accounting for funds globally. JTC are a leader in the industry, and it really comes down to their people. Founder and CEO Nigel and his team, he's built a great team around him. He believes in equity ownership. So he's ensured that every employee of JTC has equity in the company. And in an operational industry like this, this creates better performance that leads to higher

retention and higher organic growth. I now have met with and talked to Nigel and his team many times through our holding. The most recent conversation confirmed the fact that this is just a very well positioned business set to grow at good rates, particularly thanks to the opportunity in the U.S. JTC have actually more than doubled their earnings over the past three years in U.S. dollar terms, the stock price hasn't moved. They've set out a credible plan to more than double earnings over the next three to five years. And we do love these situations where businesses are growing their earnings, they're getting stronger, they're a better business and yet they're becoming more undervalued. So we think that's a great holding for the fund.

Stroer (ETR: SAX) are the leading provider of out-of-home advertising in Germany. Out-of-home advertising is simply billboards at train stations, at bus stops, on roadsides. They have over 60% share. Similar to JTC outgrowing the market, creating value, but not seeing it reflected in their share price. Now they've actually had outside interest approach them late last year for a bid for the out-of-home assets. This bid may or may not result in a deal, but the prices being discussed by this private equity buyer are in excess of the market capitalisation of the company despite only talking about a portion of their assets. So we think that clearly, sophisticated buyers are reflecting the fact that there's underlying value here and we see this as a potential catalyst to unlock value for us as shareholders.

So, a couple of stocks on the smaller end of our holdings. Why don't I pass over to Will to take us through a few more stocks and a few more themes in the market today.

William Liu:

Great, thanks Nick. As Catriona mentioned, it is clear Trump has an American-first economic trade and foreign policy agenda. So we position the portfolio to take advantage in a number of ways. First one being leading into the election, we reduced areas exposed to risk such as tariffs and potential reduction in government spending and we increased investments in companies poised to benefit from deregulation and improvement in the US

Being on the ground and speaking to various management teams, I would characterise the sentiment as being relatively optimistic with confidence improving. On the slide, you can see a recent uptick in small business optimism and the US.. manufacturing PMI's post-election outcome showing some green shoots.

We believe there are parts of the US market that are poised to recover in 2025 and they're incredibly exciting opportunities. Some of the key areas include industrial activity, household construction, and mortgage activity. RB Global (TSE: RBA) and Ferguson (NYSE: FERG) are two stocks that we own and we believe are set to benefit. Starting with RB Global, the company is a leading global marketplace for buying and selling heavy equipment, commercial assets, and salvage vehicles. One of the great qualities about this business is that it delivers steady earnings growth even with a weak industrial end-market demand which we have seen over the last little bit.

Importantly, earnings accelerates in an upcycle. This is because RB Global is an auctioneer of secondhand equipment which is driven by inventory availability to generate

its unit economics. In a weaker environment such as the period we have just seen, sellers have excess equipment they need to move on and buyers may choose to purchase secondhand equipment. On the flip side, in an environment where industrial production improves, RB Global also benefits from demand for new equipment flows and higher prices realised through its auctions.

In a similar vein, Ferguson is another name that we own and is poised to benefit from a pickup in industrial activity and residential housing. Ferguson is a plumbing and heating distributor and occupies leading positions in fragmented end-markets. Ferguson is positioned to capitalise on structural tailwinds including aging and underbuilt single-family housing in the U.S, multi-year mega project demand, and pent-up waterworks demand.

We expect Ferguson to outgrow the market because of Ferguson's size and scale. This allows them to access better products with advantageous pricing and terms while they're still investing in key competitive differentiators such as value added services, delivery capabilities and omnichannel selling. So there are two names which you think we're really constructive on the earnings outlook and we think they're leveraged to a U.S Economic recovery.

One of the other changes in the market dynamic that we're excited about is the prospect for more merger and acquisition (M&A) activity which we believe will help close the small and mid-cap valuation discount and serve as a potential positive catalyst for the companies that we invest in. In fact, I recently attended a Fireside Chat here in New York with a commissioner from the Federal Trade Commission (FTC), which is an independent government agency whose mission is to enforce antitrust law and consumer protection, and I'm excited to share with you some of our feedback.

Under the Biden administration, the FTC chair was Lina Khan, who had adopted a highly litigious stance and made efforts to block deals across almost every sector. This discouraged activity and led to a loss of confidence from corporates and the financial community. You can see on the slide the M&A as a percentage of nominal GDP is at its lowest since 1995 as a result.

This tone has since shifted. The Trump administration has appointed FTC Chair Andrew Ferguson and we believe the Commission will be more pragmatic in exploring remedies, providing better transparency, and communication in an effort to regain the trust of the market. We expect M&A activity to recover and an increasing number of transactions which typically carry an acquisition premium, which will help improve sentiment in the small mid-cap part of the market.

So I wanted to share with you some examples of exciting small and mid-cap companies in our portfolio as well. Sportradar (NASDAQ: SRAD) and Genius Sports (NYSE: GENI). In fact, I recently met with the management team at a small and mid-cap growth conference here in New York and I believe they have a fantastic earnings outlook. Genius Sports and Sportradar are two B2B technology companies that have the exclusive data rights to the sports leagues such as the NFL or NBA and they're commercialising this content with the

sports bookmakers including the likes of Sportsbet in Australia or FanDuel and DraftKings here in the US.

Our investment is really centered on three key things. Firstly, online sports betting is an incredibly attractive industry, particularly in the U.S. We have seen the states legalise online sports betting and it's driving a double-digit compound annual growth rate. Secondly, the industry structure is increasingly becoming a duopoly. Genius Sports and SportRadar are the dominant industry leaders with the rights to the major sports leagues and are taking share from the rest of the market.

Finally, we expect a period of significant operating leverage with the market is under-appreciating. Both companies experience double digit revenue growth and have very high incremental margins as the major sports data rights costs have largely been locked in. So those are a couple of examples of stocks that we own in the portfolio. I hope that gives you a sense of what the team is looking at, and the work we are doing on the ground finding some really interesting names with attractive growth prospects potentially also less discovered by the market. And with that I'll pass back to Catriona.

Catriona Burns:

Thanks very much Will and Nick. So to summarise before we start the Q&A, we do, as I said, think there may be ongoing volatility with noise from the Trump administration, but we think the portfolio itself is really well positioned in those high quality undervalued growth companies and do see a number of positive catalysts ahead for the portfolio, including that U.S. industrial resurgence, very carefully chosen AI exposures and beneficiaries also of volatility like CME and ICE, the exchanges, and then those other individually catalyst rich companies that really aren't dependent on the macro, such as CTS Eventum, such as Hemnet, et cetera, we think will continue to do well. And then lastly, as Will pointed to the potential that M&A activity picks up should benefit a number, could potentially benefit a number of our companies and make them takeover targets.

In terms of the fund itself, as I said that we are still trading at about a 10% discount to NTA, but we see this as an opportunity and because we have now issued the results and announced the special dividend, have commenced a call campaign to focus on informing shareholders of that discount and the portfolio performance, et cetera, to work on closing it. We have the national roadshow coming up which will be followed by a regional one. And so we're actively continuing to engage with you as shareholders and are really excited about the prospects for the portfolio. With that, why don't I hand over to April to facilitate Q&A?

April Lewis:

Thanks Will, Nick and Catriona for your insights and thank you to everyone for joining the webinar. We have quite a few questions coming in from the audience, so I'll kick right off. First question comes from Deborah. Which stocks in particular led to the recent outperformance? What was the catalyst the team are now seeing play out in these stocks? And then the third part of the question is which stocks were exited as a result of underperforming expectations?

Catriona Burns:

Sure. In terms of the contributors to the performance, it was quite wide. In terms of the names such as MSCI (NYSE: MSCI), TransUnion (NYSE: TRU), Expedia (NASDAQ: EXPE), Quanta (NYSE: PWR) as examples of contributors, SAP (NYSE: SAP) has been very strong. So we had a number of contributors that really led to this strong investment portfolio performance and. Sorry, what was the second?

Nick Healy:

Yeah, I'll touch on that. So I think Deborah asked about stocks that had underperformed expectations and being exited. I'll, I'll kick off and then anyone can add. So I think two jump to mind. So we held a company called ICON (NASDAQ: ICLR). They're in clinical research, outsourced clinical trials. We held it for a number of years and frankly we're very happy with the holding. Great management team integrated the PRA acquisition well.

Around the middle of last year we started to think that potentially there were headwinds impacting the business. Organic growth was slowing and the catalyst with PRA had largely played out. So we started to take the view that this would be one we would look to reduce or exit. As part of the work, we do some deep dives and some travel and some meetings. We came to the view that this wasn't catalyst rich anymore and actually exited that holding in September. So that's kind of like that brings to light how as the Catalyst play out, we look to exit holdings.

Another one briefly. So we actually held a company called Ashtead (LON: AHT) frankly for only two or three months. We invested in I think September. They are a rental equipment company primarily operating in the U.S. The thesis for investing there was a lot of build out of data centers and infrastructure, an improvement in U.S industrial activity like Will to talk to. So it would be a good winner off the 2025 themes we were viewing.

The challenge for them is so we follow results from the likes of Cats and Deer and AGCO and Komatsu very, very closely. We could clearly get the sense that this was a company where there was just too much product in the market. The actual manufacturers of this equipment were reducing production to try and soak up some of the excess supply. Now if you're Ashtead (LON: AHT) or you're United Rentals (NYSE: URI), too much product is not necessarily a good setup.

We actually think this is probably a better industry than people think it is. And we do think at some point, this is extremely interesting. But after a few results from other companies that we didn't think were the strongest and some real time data we weren't overly impressed with, we took the view that the thesis had shifted sufficiently and so we exited that one in I think early December. Just a couple of companies that come to mind around just making sure that if the thesis isn't holding and if the catalysts aren't rich, we are exiting the holdings.

April Lowis:

Thanks, Nick and Catriona. The next questions come from Kenneth and Philip on the

profits reserve: It looks like we have six to seven years of profits reserve, why is this so high?

Catriona Burns:

Yes, so as we generate investment performance we can allocate money into the profit reserve and so that's built up as the performance has been strong. What the reality though is that money still sits in the portfolio. It's not sitting there unused as profit reserve. It's just part. It's an accounting treatment for how you realise recognised profit. It is still invested the part in terms of. And I'm guessing this will be the next part. Well, why don't you pay it out?

Catriona Burns:

And that's because we don't have franking alongside that. So we pay to generate franking. We pay tax, company tax because WAM Global is a listed company in Australia. And so it's not like we have the six or seven years of coverage on the franking side to be able to fully pay it out as fully franked dividends. So it accumulates as we continue to perform and grow the NTA but there isn't the associated franking that gets accumulated over time.

April Lowis:

Thanks Catriona. You've mostly covered this but just to clarify from Philip's question, do you have the intention to declare any further special dividends?

Catriona Burns:

Look, that's a board decision ultimately and at this point we had, we did have, we had accumulated franking of 13 cents. So that enabled us to pay the six and a half and then the four and then we haven't fully got the franking tax paid to be able to fully frank the second half dividend. But that will cut, that will be able to be paid little while so that we will have that accumulated. So the special for now was because we did have, the performance had been strong, the NTA had gone up a lot. We did have both the franking and the profit reserve there. But in terms of what we'll do going forward and whether there will be additional specials - that's ultimately a board decision based on those factors.

April Lowis:

Thanks Catriona. Rod and Peter have asked why is the share price at a discount to NTA and what is being done to address this?

Catriona Burns:

Sure. So it's interesting, the NTA discount. We did a big core campaign shareholder engagement program like last year and it was really pleasing. The discount narrowed from about 18 to I think at the low about 6% percent. But it's just been such a strong period for markets. So the NTA has gone up quite, you know, quite a lot and there's just been a lag in the share price. And it was pleasing even, you know, when we announced the January NTA, I mean, we were. It was, you know, we did add another 4.9% performance in the January month alone. So the share price is getting there. It's just a bit of a lag between announcing the NTAs and that share price catching up. And then also it's that engagement piece which is crucial to Wilson Asset Management and what part of our DNA is engaging with

shareholders. Now that the results have been released and the special announced, another call campaign has begun. We'll have the national roadshows in April and then, as I said earlier, the regionals after that. So I think for us, it's really important to engage with shareholders to keep them informed in terms of where the NTA is. But there is often a lag because people don't know where the, you know, the NTA is at until we release it. And the markets have just been incredibly strong.

April Lowis:

Thanks, Catriona. The next question comes from Elizabeth and it's for Will. Can you give us some more information on your trip to China, including some insights from the trip? And in terms of the portfolio, how exposed are you to the region?

William Liu:

Thanks for the question. So I was in China in October and we met a whole range of companies. I was in three different cities, Beijing, Shanghai, Hangzhou. And so it was really insightful to be on the ground because I think the market was a little bit excited that stimulus was coming and then potentially we'd reached a bottom in terms of sentiment, valuation and earnings expectations. I think the feedback is that demand continues to be weak.

I think the tone was quite cautious over there. A lot of excess supply because demand has been weak and obviously with potential tariffs in the US and competition is incredibly fierce. So where we think it's a potentially interesting market to keep a close eye on, but we don't have much exposure at all. We have 1% position in Alibaba (NYSE: BABA). We think there's some idiosyncratic opportunities here with their cloud business, with the recent announcements of DeepSeek helping that as well, but also shareholder returns. So we don't have a lot of exposure to China. We keep keeping watch of it closely.

It's just finding that positive catalyst to have enough consumer confidence rebound for the property market to stabilise and for investors to be comfortable investing in that region. So we're staying cautious, but keeping a close eye on that region.

April Lowis:

Thanks, Will. The next question comes from Daryl, and it's for Nick and Catriona. How regularly is the Portfolio turned over?

Catriona Burns:

Sure. In terms of the average turnover for the portfolio, it's about 0.4, which says that we on average hold stocks for a bit over two years, but that really within that, that's an average. And so, as Nick said in the example of Ashtead, we owned it for a few months, whereas some of the stocks, like Thermo Fisher Scientific (NYSE: TMO), for example, we've owned over the life of the fund. So it really depends on the individual stock. But the average turnover is 0.4 and it's really dependent on that - just following our process. Does the company continue to have catalysts? Do we continue to see strong earnings growth? Is the thesis still continuing to play out which will determine how long we own a stock for?

April Lowis:

Thanks, Catriona. And Will has asked how could the ripple effect of a potential Bitcoin or cryptocurrency crash impact the portfolio? And is there a way to protect against this?

Nick Healy:

Yeah, I'll start us off. I think there is. I guess so. First and foremost, we would feel very confident in the companies that we hold in the fund performing very well through that type of scenario. We do come back to our process as the way we choose to invest. Undervalued growth companies with a catalyst. We really like sustainable, proven business models, high quality management teams. This hasn't historically led us into having significant crypto exposure.

I am aware of the fact that I think both of our exchanges, ICE and cme, given they want to be markets that enable the trading of commodities and financial securities, they do have crypto markets, so they do stand to benefit. However, this is really at the margin. So, yeah, I think that would be how we would expect to navigate that type of scenario, but we don't.

Catriona Burns:

The fund doesn't invest per se directly in crypto at all.

April Lowis:

Thanks, Nick and Catriona. The next question comes from Noel. Earning season is underway. What have been some key takeaways from the team and how are you applying this to the investment portfolio?

Nick Healy:

Yeah, look, I guess I'll kick us off on that. Earnings season certainly is underway and I think we've probably seen the majority of companies report their results. There are some themes continuing to play out that we think are broadly consistent with themes in prior quarters. I think McDonald's and other companies called out the fact that the consumer is very value conscious and is seeking out deals.

Certainly, Target in the last earnings season made that comment. We don't think that's changed. That would come back to a preference for holding companies that offer need-to-have products first over nice-to-have. Because if the consumer is just a little bit more tight, it's those at the margin products that would be less favored. Some other thoughts from earning season so clearly tariffs is something a lot of investors are trying to get their heads around.

Everybody's asking the management teams what the impact of tariffs will be on their business. I think management teams broadly are punting on that question, choosing not to specifically answer. However, you can do the work to understand where they manufacture, do they import goods into the US and so do your own work to see whether they will be impacted. I think one that comes to light, e.l.f. Beauty (NYSE: ELF) imports a lot of beauty products from China, clearly had a bad result and was impacted by tariffs.

So it matters and we feel really well positioned. We're still in a position of trying to, as a market, fully figure out the ramifications but we feel strong there. I'll give one more and then I'll pass it on. AI CapEx spend remains a huge focus for the markets. Broadly that is going to be a very strong set of numbers this year. Although I think both Microsoft and Google mentioned the fact that from these higher levels, they now expect to sequentially maintain the number rather than grow the number which unless something shifts, and they have talked about supply and demand reaching balance in one to two quarters... So unless something then shifts, you're talking about 2025 being the big growth year and potentially lower growth CapEx numbers after that. But look broadly we're very happy with how our companies are performing through earnings season and that's just some of the things we've noticed. I know it's a fairly long answer so hopefully that helps.

April Lewis:

Thanks Nick. The next question comes from Geoffrey and is for Catriona. Has it ever been considered to convert WAM Global to an active ETF and would this eliminate the discount?

Catriona Burns:

It hasn't in terms of I mean we look at what other funds are doing etc. The genesis of you know of the LIC structure for WAM was research Geoff had seen out of the U.S back when, you know, when he was when we were doing our first LIC WAM Capital (ASX: WAM) around closed end structures and how they over time outperform open ended structures, just because with an open ended structure you have the risk that money, you know, at the lows money's running out the door because people are fearful, and at the highs, money is running in and so that over time closed end structures outperform by about 1% a year.

So that was why you know, we like the LIC structure and I guess his core belief also is that he loves the idea of Premiums and discounts because sure at a premium you should be sell, you know, reducing exposure but at the fact that LICs do trade at discounts gets gives you the opportunity to, you know, buy a dollar for 80 cents. And you know, we try to, when our, when our funds are trading at discounts we are very active unlike you know, some other, there are other managers that aren't so active but we definitely, you know, actively try to close the discounts and as I said via things like the call campaigns, via constant engagement and with shareholders to close those discounts. But we do think the LIC structure is a preferential structure, and we do in terms of, when we look at our investor base, it's about, we think about 65% of our investor base is self-managed super funds who - in particular with the franking, etc., and the ability to stream dividends over time, do benefit from the LIC structure. So no, we haven't considered turning the fund into an active ETF

April Lewis:

Thanks Catriona. The next question comes from Peter and it starts very well with Wilson Asset Management needs five Catrionas. Why did you sell Microsoft a few years ago and how do you see Trump and Musk affecting the portfolio?

Catriona Burns:

Thanks, Peter. So in terms of why we sold Microsoft, it was really, it's a wonderful

business, amazing, you know, products and exposures both in terms of their cloud exposure etc. It's. So it's nothing in terms of the quality of the business. We just took a view that there were better opportunities elsewhere given where the valuation had got to and where we were finding other ideas.

So it's not to say that we wouldn't own it again, but it was just a, you know, where we, we hunt for ideas. We only want to have a certain number of stocks in the portfolio and we were finding better opportunities elsewhere and, and then. Sorry April, what was the second bit?

April Lowis:

How do you see Trump and Musk?

Catriona Burns:

Sorry, so in terms of Trump and Musk, I mean noise, lots of noise. Anyone who's on X, you know, it's highly entertaining if not, you know, whatever else. You know, following Musk on Twitter and look some of what he's actually saying in terms of going after efficiencies in the government, etc. There's a lot of validity in that. Having lived in the US and dealt with the health system, with the IRS, etc. There is no doubt that there is fat to be cut and lots of layering and that the America, for example, is funding the rest of the world in a lot of areas in particular healthcare, for example.

So I do think there is opportunity, but the reality will be what can he actually cut out? Because when you look at the big buckets of Social Security and defence, these are incredible. When people are given something, it's incredibly hard to take it off them. And particularly through Covid, the problems have increased even more because people have been gifted, you know, given even more. So it's, I mean, it's an absolutely valid and heroic goal to cut out 2 trillion from the fiscal deficit. But let's, let's see what it can actually achieve.

And, potentially given his knowledge base around AI, etc. There are various efficiencies that might be able to be driven out of some areas of government, but the big numbers that are being thrown out, it'll be very interesting to see what he can actually achieve. So, yes, I guess to summarise in terms of: there will be ongoing noise as I spoke about earlier in terms of Trump and just whether it's tariffs, whether it is around the fiscal deficits, et cetera, and from Musk. But we think the portfolio itself is well positioned, as I said, those exchanges which benefit from volatility, the fact that we're very cognisant around the tariff risks, when we look at the exposure and the other factor being that we actually think with a potential U.S renaissance in the industrial side, that we have some exposure there that should benefit the portfolio.

April Lowis:

We have a few questions on currency. The first one is from Sean. The USD has been very strong compared to the Aussie dollar. Does the strength influence your investment strategy? And he says thinking specifically about your currency exposure and hedging.

Catriona Burns:

Sure. So the portfolio itself is unhedged. I mean, going back to when we started the fund, one of the reasons for starting the fund was that a lot of so many of our shareholders are very Aussie dollar and very Aussie stock heavy in terms of their asset portfolios. And so the idea was, you know, to do a global fund to get exposure to both global stocks and by virtue of those holdings to foreign currency.

So it is unhedged. Managing currency per se, we don't, we manage it more broadly in terms of aligning with the index for where our cash is held, but we don't like, we're not trading currency picking whether the US dollar is going to go up or down, etcetera. At real extremes we could hedge if we wanted to, but our general policy is to keep the portfolio unhedged as the US dollar has been very strong.

I mean it's obviously benefited our U.S investments but then you've got to go another layer down in terms of the individual businesses and where their earnings come from. So I mean, that's one topic that's come up in earnings season is depending on companies, individual earnings and revenues and where they come from, what impact that's had on underlying earnings. But our general view in terms of FX is we do have an unhedged portfolio. I mean in terms of the risk around the U.S dollar going down from a relative to benchmark perspective, we would actually benefit because we're slightly, we're slightly underweight the U.S and overweight Europe.

So we would actually benefit. But as you see from the performance it hasn't been a big detractor, being underweight the U.S market more generally.

April Lewis:

The next currency question comes from Philip. Has the low Australian dollar affected share valuations either positively or neg for overseas shares in the portfolio?

Catriona Burns:

Yes. So look, as the Aussie dollar goes down all our international relative to depending on which currency it is, the value of our holdings go up if you know whether if it's the cross from Aussie to U.S or Aussie to Euro etc. So yes, as the Aussie dollar has gone down against particularly the U.S that has benefited the NTA.

Nick Healy:

And I'm not sure if this was kind of part of the thrust of the question, but I guess the valuations of businesses, if they're earning in U.S dollars and the price of the companies in U.S dollars, currency fluctuations in that sense wouldn't necessarily make the US market more expensive. But if that was the thrust of the question. But Catriona's point is absolutely valid.

April Lewis:

The next question is from David. How much of the performance is due to FX? I know you touched on it Catriona, but if you can add a little bit more color.

Catriona Burns:

Yeah, sure. So in terms of, as I said, the exposure to actually when I look at the entire portfolio relative to the index, we're actually underweight the U.S and overweight Europe. So currency has actually been a headwind relative to index performance.

April Lewis:

Thank you. And last one on currency, Denton has also asked: Do you think the U.S dollar will strengthen against other currencies, especially the Australian dollar? I know you mentioned it's a difficult one to predict.

Catriona Burns:

Yes, and look, we don't claim to be currency experts. We obviously have views and debates and not just within the broader investment team, around what will happen. But it's not driving our day to day, you know, decision making. We're focused on finding individual stocks. You can argue both ways because if the world economic growth was too slow, if China... And look, it also depends on what currency you're comparing it to. So is it U.S dollar strengthening versus Aussie dollar? And then you're looking at, you know, the Aussie dollar is somewhat of a proxy for China. So what happens in China? If China continues to slow and struggle? If interest rates get cut in Australia relative to the U.S that could drive the Aussie dollar down. If the US was to slow economically - there's so many variables that you can run through in terms of up and down.

I mean, Damien, who's our portfolio strategist, he thinks the US dollar is about 10% overvalued. But look, we could debate all day and there's reasons why it could go up and reasons why it could go down. But as a portfolio we'd put, we'd actually benefit more if it went. It went down. Yeah.

Nick Healy:

I mean, just, I mean just one interesting observation from my end. Certainly this isn't around trying to predict the direction of currencies, but I think Trump has a very interesting setup for himself where a lot of the policies he's trying to enact, like tariffs, actually drive a stronger U.S dollar. He is looking to reshore manufacturing activity to the US where you would arguably want a weaker U.S dollar. So you've got these forces acting in opposite directions and frankly I think it would be a bit of a conundrum for him and his team. And you can see that's why he's trying to jawbone down the dollar but inevitably which force is stronger and so on, that's the hard to predict thing. You can certainly understand what drives currencies in which direction.

And there's that also the link between fiscal deficits and so there's, there's lots of correlations to think about. But yes, he will be wanting to get it down, but let's see what happens.

April Lewis:

Thanks, Catriona and Nick. The next question comes from Dan. Both Quanta and Tradeweb (NASDAQ: TW) trade on high price to earnings multiples. They're high growth and it's a crude measure. But what do you think about this?

Catriona Burns:

Yeah, so I'll kick off on Quanta and Then Will you answer on Tradeweb. So on Quanta, look, it's a matter of what you think the earnings growth will be. So on consensus numbers the stock's on about 25 times, growing about 18%. But it just depends on what the earnings do. For us we think the company has done an incredible job in terms of getting a wonderful play on that rebuild and maintenance of the grid and energy infrastructure across the U.S.

They've continued to actually beat earnings and upgrade earnings over the last few years. And so for us the valuation relative to the growth isn't, you know, isn't a reason not to own it. But it has been a great performer and the management team have done a really outstanding job.

William Liu:

And I'll just touch on Tradeweb. So Tradeweb is an electronic platform that's electrifying predominantly credit and U.S treasury markets. So in fixed income markets the way they trade is quite archaic and it's not electrified. So when you're trading fixed income securities, dealers will call each other via the phone and settle a lot of the process manually. Tradeweb is digitising that process. So it has a really big runway for compound earnings growth.

Tradeweb's trending at 35 times but we're expecting a long runway of mid high teens EPS growth. And we think it actually surprises the upside, because the U.S treasury market is roughly 60% electrified, credit markets are roughly 40 to 50% electrified. Once you start reaching that 50 to 60% threshold you really get volumes accelerating. And so we think there's positive catalysts where earnings could surprise to the upside as volumes come in and you really get some torque in the system.

So it's a valid point. But Tradeweb's always been expensive and it's got some really attractive qualities where it's got a net cash balance sheet, it's done some acquisitions which it's integrating well, which could also be accelerant to the EPS growth. So we're comfortable with the valuation of Tradeweb.

April Lowis:

Thank you. We've got a few questions coming on geographical split and the first question comes from Rodrick and Rob. Do you have any plans to invest in Asia outside of Japan? And specifically, do you ever think about investing in Indian companies?

Catriona Burns:

Thanks for the question. So look, we will hunt anywhere for ideas, but it really comes down to our process and does it tick all the boxes? And that can be a number of, you know, we have the core of our process around industry position, quality of management, earnings growth potential and valuation and then a catalyst to drive a share price rerating. So we would absolutely look anywhere around the world, given prior experience over the years in terms of the different markets around Asia.

The governance question is really crucial, and you know, I've had good and bad experiences on that front, whether it's China, Indonesia, India and I think, yeah, you really have to know what you're investing in. You really need to trust management and have done the due diligence to understand what you're investing in. And you've seen that whether it's India, the Adani issues, et cetera. Like there's a lot behind the scenes going on there that you, you know, when you're a long way away you might not be fully on top of.

There is some great businesses in places like, like India, but often for us, you know, and it is a market we've looked at, and as I said, I've invested there previously, we haven't in the WAM Global portfolio had investments there and instead we've directly, because our view has been around valuation and quality not linking up at this point. So look, there's some wonderful quality businesses but they've tended to be extremely expensive and the cheaper ones, the quality hasn't been there.

We've instead got exposure through some of our multinational businesses. So TransUnion, for example, owns the largest credit bureau in India. So we've had, we do have exposure to India, but it hasn't been expensive through direct holdings. But absolutely, we look everywhere for ideas and if it fits our process, we will invest.

April Lowis:

Stephen has also asked on this topic, I notice you have no significant investments in Asia or maybe outside of Asia, Japan or Canada or in Asia, Japan or Canada. Sorry, any specific reasons?

Nick Healy:

Look, I guess just to round out what Catriona mentioned. So I guess if you take a market like Canada, we're probably much more focused on what's the quality of the business, what's the growth opportunity of the business and where does it trade on a valuation basis versus is it domiciled in Canada or the U/S? That broadly would hold throughout all geographies. Japan was mentioned - I won't go into, there's a stock that we're currently looking at doing work on. It's a great business since but we haven't bought it, I won't say the name. The challenge with Japan or other markets is often what you find is these really good businesses, India and Japan in particular come to mind. They're just a little bit more expensive than what you would want to pay. And so the broad statement like a certain market is cheap in our experience doesn't really hold when you go into a stock-by-stock analysis and you look for those things we like, like quality and growth. Anyway, the big point is, you know, happy to invest anywhere just has to be sufficiently compelling to make it into the fund.

Catriona Burns:

And in that vein, it's the same with a market say like the U.K, which has been an incredibly tough economy. But we're happy to own a name like that. Nick mentioned for example before, like JTC because we think the individual stock stacks up the management team's outstanding data.

Nick Healy:

So and to your point prior, so more than a third of JTC's business is in the U.S so domiciles can be kind of quite a misleading way of thinking about a business. Sorry to interrupt.

Catriona Burns:

And I guess more specifically on a market like Canada. Absolutely. There's some like TMX, the exchange in Canada, is a great business for us. The valuation relative to what we were getting at ICE and CME led us to say no, let's own ICE and CME over TMX. But it's a wonderful business. A lot of the other, there's a lot of resources and mining companies on the Canadian exchange per se. That isn't necessary where we hunt for ideas. But that's not to say that we wouldn't invest in companies in Canada. There are some great businesses, it's just always hunting for that and marrying up that valuation relative to quality and where we can identify catalysts.

April Lowis:

Thanks Catriona and Nick. And the next question comes from Michelle. Which stocks can benefit from AI and are the team hunting for more AI focused stock stocks?

Nick Healy:

Yeah. Oh look, thank you for the question, Michelle. I, I'll kick us off. So we've run through, I ran through a few during the more prepared remarks section. We think there are a number of other companies that we hold in the fund like Intuit (NASDAQ: INTU) or Adobe (NASDAQ: ADBE) or on the smaller end Alphawave (LON: AWE), that we think will win. Broadly, the structure for us on AI is: do you have differentiated data? Are your management team, you know, investing and do they have the right people and are they pushing forward the R&D required to actually develop the solutions in AI? And do you have use cases that suit artificial intelligence and can be monetised over time? So that's the setup. I think we are very much on the lookout for those, for any, you know, for additional AI software winners given we think AI is a multi-year theme, we think that shift to the software focus is going to play out. So we think it's a great place to be invested, feel very well invested, but absolutely we would look to add at the margin.

April Lowis:

Thanks, Nick. Rob has asked in your monthly reporting you should show EPS and the amount of franking credits. Would you consider this, Catriona?

Catriona Burns:

Yes, so we do, we put the franking credits in the annual report and we do show the tax paid so you can back solve to work out the franking. But the franking, you know, it is a cash balance and can, so we don't want to mislead in terms of that, as that fluctuates up and down. And so we do choose to just put it in, in the annual report and, ml mean I mentioned it earlier, at the moment it's tracking about 13 cents, but yes, that's kind of the thinking around, around disclosing the franking balance.

April Lewis:

Thanks, Catriona. Rob has also asked, do you ever sell an investment sooner than you want in order to get the franking credits?

Catriona Burns:

No.

April Lewis:

Quick answer. Very good. The next question comes from Saranjit. If the tariff wars escalate and affects global trade, how will the portfolio be managed?

William Liu:

Maybe I just kick it off in terms of we're a bottom-up stock picker. So during our fundamental analysis in the names that we pick, we look at where suppliers are coming from, where customers are coming from, what is the tariff risk and we make an assessment there. Generally we've tended like even pre-Trump coming into power, we really, we tended to avoid names overexposed to tariffs. So we think we have limited exposure in our portfolio companies. I think if tariff war escalates, there's potential to impact sentiment on the names. I think by sticking to like bottoms up, making sure our companies individually aren't fundamentally overexposed to tariff risk, then we can position ourselves to outperform. So that's where I'd start. I'm not sure if you had anything else to add, Nick.

Nick Healy:

No, I think that's great. Yes. I think broadly a lot of investing comes down to where's the expectation set. First reality we've observed coming into the Trump presidency, that there was a lot of complacency around the potential for tariffs, which is great if nothing happens. But then if there are tariff impacts, you're not really pricing that into the stock. But I think Will absolutely nail that, we're bottom-up stock pickers. So should that change, we'll change our approach.

April Lewis:

Thank you. The next question comes from Stephen who says you have about 10% in health care, are these companies in the U.S. and do you see any risk there with the health policy?

Catriona Burns:

Yes. So in terms of the names that we have within the health care bucket, there's Thermo Fisher Scientific and Avantor (NYSE: AVTR) which are very much selling medical equipment and consumables across the world. We've got Edwards Life Sciences (NYSE: EW) which is in the heart area. And then we have, we've had HCA Healthcare (NYSE: HCA) which is the largest private hospitals operator in the U.S. In terms of risk from the Trump presidency and RFK Jr in particular, it'll be really interesting to see, like Musk, in driving out government efficiency, what actually happens in the health care space and whether RFK Jr. has to choose between going after food and agriculture or health care and vaccines, et cetera. And, and because history shows that it's hard to get everything done in a four-year period. So there is some belief that actually he'll probably go after food and agriculture more and

the food chain rather than health care, but we're not betting on that, you never know. In terms of direct concern around Trump and healthcare space, HCA we have been reducing because they've had a fantastic run in terms of the health of the underlying population. They are wonderfully positioned in terms of the states that they are which have net migration into them. So great business with great exposures. Where we have a little bit of caution is just around, with Obamacare coming in and the growth in participants in the health exchanges, so access to health care has improved for the US population but it was only possible for some of the population to access these health exchanges and health care because of government subsidies. So we are a little bit cautious in terms of what may play out there. If subsidies were to get cut. It is only 7-8% of their business. So not like a disaster. But at the margin we had reduced our holding in HCA Do you want to talk to the?

Nick Healy:

Absolutely. And I think one thing worth pointing out is our healthcare exposure is not - we hold no pharmaceuticals companies. So if you're not, you know, to pick on any individual company, but if you're thinking of like a Novo Nordisk or an Eli Lilly, most favored nations change to US drug pricing, that will materially impact the company that owns the IP and produces that drug.

We tend to hold, you know, the proverbial 'picks and shovels' to an industry which is the Thermo Fisher and the Avantor side of the world. So long as these drugs are being produced, you need the chemicals and the single use products that go into producing them. So we think that's a much more sheltered place to be. You're simply betting on, you know, a continuation of advances in the, in the sciences here and the technology here, which we think is extremely exciting.

Maybe last, last thought is. So I mentioned ICON who do outsourced clinical trials. One of the proposed changes is potentially speeding up the process by which drugs get to market. We've talked about this in the past, so this is over a decade. I think people throw around the figure of about a billion dollars to take a drug from coming up with the molecule through the clinical trials and getting it into the commercial space.

That's very costly and that's very onerous. There have been talks of trying to make that quicker and cheaper. Clearly that wouldn't be good for an Icon or a person who runs the clinical trials. We're not exposed there. But actually that would be fantastic for companies, actually for the pharmaceutical companies and for the companies that help them make those products because you'd see more drugs coming to market.

So I think there's risks, I think Catriona is right, we want to be very cognisant of those risks. But it is still a space where it's evolving quite rapidly and there are potential upsides. So, we feel quite well positioned amidst that.

Catriona Burns:

And I guess the last, only other point I'd add is just on where we are in the cycle for a company like Avantor or Thermo Fisher. So coming out of COVID these companies had an incredible run in terms of huge investment in vaccines and adding capacity and so forth

and had done really well. Then as we exited Covid, there was some inventory unwind and stuff. And we think we're actually at a really interesting point for these businesses where we've kind of get worked through the inventory overhangs and demand should actually be picking up going forward.

So we actually think they're actually in a well-informed position from a cycle perspective.

April Lowis:

Thanks Catriona and Nick. And while we're in the U.S. Peter has asked: what companies do you see could benefit from the Los Angeles rebuild?

Catriona Burns:

Good question. And I mean, horrible, the fires in LA. I think in terms of companies that we have that would be beneficiaries, Quanta, whenever there's emergency service, whether it's hurricanes, fires, anything like that, Quanta, you know, you have to rebuild energy and grid infrastructure and so they're always as the biggest player in the market in the U.S. there, they always benefit. So they would be a beneficiary. The other one would be Ferguson, which you might want to.

Nick Healy:

Yeah, yeah, absolutely. So I guess, you know, a half residential, half nonresidential industrial exposed company. They would be a beneficiary of the rebuild both on the residential side and on things like infrastructure and, and commercial buildings. I mean, I fully echo Catriona's thoughts. This is, you know, a horrible event for people to have gone through, but nevertheless, you know, these are well positioned companies.

One quick thing I'd mention at the end, so the losers from this situation, from a company perspective would be insurers who are directly exposed to losses here. We're not, we don't hold those kinds of companies. So this is not a potential risk on that side.

April Lowis:

Thank you. The next question comes from Saranjeet and is for Will, is WAM Global being socially responsible by investing in Genius Sports?

William Liu:

Yeah, it's a good question. I guess when I look at Genius Sports and Sportsradar, they're B2B technology companies, so they're buying exclusive data rights from the sports leagues and selling them to the sports books. When we invested these companies, we do look for red flags because we look at whether they're having predatory behavior, whether they are doing things that aren't socially responsible. And we came to the view that like part of the reason why the U.S is legalising sports betting is because the sports leagues want to engage the sports fans more closely.

But also it takes away from a lot of the gray market black market sports betting and so it raises tax revenue for the individual states. So when we look at the specific role of Genius and Sportradar within the broader ecosystem, we're relatively comfortable. If we saw signs of predatory behavior, then we would be concerned. But these businesses, they've

operated in numerous betting markets. They've operated in Australia, they've operated in the UK and there's plenty of regulation around them. So whether that's disclosures limiting how much people can bet, they're all compliant to that. So if we got the sense that there was risk there, we would reconsider our position. But we think they're being fairly responsible players in the ecosystem.

April Lewis:

Thanks, Will. The next question comes from Ian and then another similar question from Tony. Given the positioning of the portfolio, is there any likelihood of a share purchase plan to grow the WAM Global market cap? I suppose that's for Catriona.

Catriona Burns:

So look, while we're trading at a discount, which is about, as I said, about 10%. No, we won't be doing an SPP. Over time, we could do that if we were trading at NTA or a premium but no, no intention while we're trading at a discount to do a SPP.

April Lewis:

Thank you. And the next question comes from Tony. Do you own unlisted assets and if so what percentage of the portfolio is unlisted?

Catriona Burns:

So we've got one holding in an unlisted company called Expansive which is an exchange business. So has on exchange things like carbon, renewables, natural gas et cetera. The plan is for that business to list so it's kind of in the pre-IPO bucket and it's about 2% of the portfolio.

April Lewis:

Thank you. The next question comes from Wally and is for Nick. Google's advertising model is linked to their search engine. Is this at risk due to Google's performance given people can do ad free searches on AI models such as chat gpt?

Nick Healy:

Yeah, great question Wally. So I think there is a lot of debate around that question at the moment in the market. What has given us a lot of confidence on this front is actually Google have been really proactive in rolling out this thing they're calling AI Overview such that when you can search, you get an AI solution as well. The other thing they've talked about is monetising. They talked about it on the most recent call. This isn't a problem in terms of how it's monetising relative to search. It's simply a shift of channel of how people are consuming information or gathering information.

The other thing to point out is so if OpenAI are one of the leading other offerings of AI in the market, Sam Altman has been fairly clear that he will introduce ads to this product at some point in time. So I don't think we're seeing a situation where we have a channel with ads competing with one that doesn't. Both will have ads and we've been quite impressed with how quickly Google's been willing to innovate against themselves in a sense and make sure that they're still well positioned despite this new technology.

April Lewis:

Thanks Nick. And while we're on this topic, Bill has asked what's your preference? GOOG or GOOGL?

Nick Healy:

Yeah, look I think that's a great question Bill, but I think we're fairly into the weeds here. GOOG and GOOGL, they both have the same economic interest. I believe they have slightly different voting rights. Our holding of GOOGL really won't enable us to become activists in the company. So I think you know, functionally we're talking about equivalent exposure. Both are very liquid given how big the company is. But yeah, I think it's a fascinating question because it means you're certainly thinking about the investment.

April Lewis:

Thanks Nick. The next question comes from Shane. Will the U.K market ever recover from the self-inflicted wound of Brexit?

Catriona Burns:

Yeah, look it's been very tough, I mean having lived - both of us have done extended periods living in the UK and love it as a place and a country but it's been a really tough economy post Brexit with you know, immigration issues with the least trust. Yeah, overlaid with policy missteps, lack of investment like the, the list is long in terms of the missteps which is, for both of us having lived there, it's a sad state of affairs. But I think in terms of reaching a steady state and improving, that's yet to be seen in terms of whether they can get policy back on track whether they, I mean the additional issue has been obviously energy prices which have been a real headwind for the economy as well so resolution perhaps to the Ukraine war if we were to see that might alleviate some of the, some of that energy pressure. But and the other factor that's been really interesting is that the market, the UK stock market has really been decimated because valuation, the market has been incredibly cheap. But the market fund managers have seen outflows so they've been net selling of stock so they've got cheaper and cheaper and as a result you've seen a lot of M&A from offshore buyers and the pound has been low. So you've had the market just get picked away at. So lots of the better-quality companies that were on the UK stock exchange have been taken out or taken private by the management MBOs by private equity.

Nick Healy:

Or relisting in the US.

Catriona Burns:

Yeah, that's been a massive factor as well. So they've chosen, they've realised, that the valuations, their management teams that they can get in the U.S is just so much better than in the U.K. So I mean Ferguson's (LSE:FERG) a great example.

Nick Healy:

Ferguson relisted in the U.S. Yeah and at some point this year to enter the S&P 500 which

will drive buying. Yeah and look when we're over there, Ashtead one of the things I talked to them about, they were, you know, fairly clear that even though nothing was announced, this was certainly something they were thinking about doing. Any U.K company with significant U.S exposure and I think, the line is at north of 50%, is thinking about relisting in the U.S.

Catriona Burns:

So yeah, it's been a tough place both economically and from the stock market perspective of what you can invest in. We do absolutely hunt though for ideas. The team will be over. There's some great conferences coming up next month in the U.K in the small mid space and there is still some interesting businesses there. So it absolutely still is a hunting ground for us and we do own JTC, Alphawave, et cetera in the two stocks we have right now in the U.K and we have owned various other ones over the life of the fund. Biffa (LON: BIFF), which was the waste management company that got taken out. Entertainment One (LON: ETO), which was the owner of Peppa Pig which got taken out.

So we've had been a beneficiary of some of that M&A in the U.K and yet we'll continue to hunt there. But, but the underlying economy, as I said, and you're absolutely right, has been, has been very tough and at some level at some point we'll reach a base but yeah, we need some better policy and yeah, some, some other decisions from government, et cetera that might be help drive the growth there.

April Lewis:

Thanks Catriona and Nick, that is fascinating. Michael has asked, he said great result team and I think we've covered this a little bit before in the prepared remarks but he's asked can you disclose the main contributors and detractors?

Catriona Burns:

Yes, sure. So I mean we talked, yeah, we talked to some of them before but things like contributors to the fund MSCI in the last six months is companies like TransUnion, MSCI, Tradeweb, Quanta, SAP, absolutely. Visa's (NYSE: V) been strong so they're probably some of the bigger contributors and yes, some of those names. Oh and actually, sorry, one that I missed before was Genius and Sportradar, which Will talked about before, have been great contributors to Portfolio and to the portfolio in the last six months.

Nick Healy:

On the detractor side and Catriona can mention so, you know, I think Avantor was certainly a detractor in the six months, and we mentioned that stock before when talking about healthcare. That can be a situation where certainly it's going through a cyclical end-market recovery that is taking longer but nevertheless we believe in the drivers of the stock. We think it is very attractively valued. We think that has latent potential going.

Catriona Burns:

Stroer (XETR: SAX) would be another.

Nick Healy:

Yeah, absolutely. Stroer which I touched upon that's a situation where they're building value and it's just not getting reflected in the markets and so takeouts come into play.

April Lowis:

And while we're talking about Avantor, Greg has asked, could you please provide an update on your view on the medical supplies company Avantor?

Nick Healy:

Yeah, look Greg, thanks for the question. Look, I think and happy to have a call on this, but I think we've, we've covered it decently to this point. You know, Avantor provides a lot of the chemicals, excipients, single use products that pharmaceutical firms need to actually commercially produce the products that they sell. So they kind of go into that, helping them produce the product side of things.

Nick Healy:

It has been a tough industry actually coming out of COVID. A lot of the COVID work went to zero. So that was a headwind. And as interest rates went up, we had a situation where funding actually reduced, IPOs reduced of these pharmaceutical firms. If you take a step back, actually the FDA approval of kind of new therapies like monoclonal antibodies and cell and gene therapy are remaining really strong. So they are great product, great drugs moving through trials going to hit commercialisation that will drive demand for the, for Avantor's services and products.

And actually we saw this in the most recent result of this buyer process recovery occurring. I think probably the conclusion though it is taking longer than I had thought it would and this is a market that wants to see that definite recovery occurring before it moves the stock up. So I think it is a little bit of a hurry up and wait situation. But we think the underpinnings of the investment remain really strong, certainly undervalued. So we think it's very attractive holding. It'll just be around seeing that recovery.

April Lowis:

Thanks, Nick. Greg has asked, are you still holding for private hospital company HCA Healthcare?

Catriona Burns:

Yes. So this, that was one I referenced earlier about where we have reduced the holding just because we in terms of the subsidies that have come through from government that have really helped drive volumes onto the health exchanges, that's one area where you know, with, with Trump going after cutting costs and that potentially there's a they will be hit if the subsidies were to get reduced. As I said, it's only 7 to 8% of the revenues of the business. So not a ridiculous game changer. The company is not expensive, trading on about 13 times PE with an incredibly high-quality management team with exposure to immigration in some of the fastest growing states in the US and, and so we think, you know, fundamentals of the business are absolutely fine. And it's a great, you know, great business with this incredibly strong industry position as the largest private hospitals

operator in the US but we have reduced our holding just on the short-term risk around noise about Trump going after subsidies, etc.

April Lowis:

Thanks Catriona. The next question comes from Nava who has asked what is the downside risk on the WAM Global portfolio?

Nick Healy:

That's a great question Nava. It's a very broad question which is why I think we're taking a moment to think it through. Look, I guess probably it's not a downside risk. Just one thought that pops to mind and then I'll pass to Catriona and we'll love to get your thoughts. So broadly we are very, very disciplined around sticking to process. So we do love investing in high quality businesses that are growing their earnings not paying too much for them.

Look, candidly the market over the past two months has been very willing to bid up the price of companies that we saw bid up back in 2021. Some of these are going to prove to be fantastic businesses but some of them won't. Some of them will prove to be more promised than reality. We are quite disciplined. So I think there is a world in which to take the crypto question. Certain assets go up quite a lot and we would the steady strong businesses at good prices we think we would do well but potentially not as well.

So that's a thought that pops to mind. It's a broad question so I think it's a really great one.

Catriona Burns:

Yeah and I guess look as Nick pointed to earlier, one of the headwinds on the portfolio has been that we do tend to hunt in in the small mid space which has been a headwind for the last seven years that nothing to like the valuation now is it? 20 year lows of smalls versus large but that doesn't mean it can't continue. So that could potentially be a headwind to performance relative to the index if that continues.

Also with the concentration risk again the market is at extremes in terms of top 10 stocks in the S&P MAG 7 the components of the index that they now make up. But that doesn't mean that that can't continue for the time being. So again, if that phenomena continues to get worse and worse that's a risk to performance relative to the index. As we saw from the DeepSeek January 27 fall of stocks like Nvidia 17% wiping \$600 billion of market cap off.

We tend to do better in those days because we just don't, you know our portfolio is more diversified in nature. It is a more you know we do have a lot of those steady Eddy sustainable earnings growth stories. So yeah, if the high fliers continue and it's like spicy unprofit, it's unprofitable like names that you know, don't fit our process that whether they, if they continue, if they outperform relative to the stocks that we have, we would underperform.

But we think how we're investing the portfolio is incredibly prudent in terms of wider, you know, less concentration risks, great companies that have sustainable earnings. So you know with that backdrop of wanting to be able to sustainably pay great dividends over time, use the profit, continue to build the profit reserve, et cetera. So that's probably some of

the, you know there's many potential downside risks to you know from the, you could, whether it's wars or, like there's lots of different things you could throw out there. But I guess that's some, some broader thoughts that I'd have. Will anything you wanted to add?

William Liu:

No, I, I agree with what you said. I think for the broader market, if inflation comes back, I think that's going to be a headwind to the market. But then we're looking at companies with pricing power. We're looking at companies which aren't trading on very high valuations, relatively more immune. So there's like, there's headwinds - equities come inherently come with risks. So there's always going to be downside risk. But I think our focus as a team is really to minimise those risks where we can see it and maximise the returns while doing that.

April Lowis:

Thanks team. There's also a lot of tailwinds there as well. George has asked is WAM Global open to buying Australian companies with shares listed on the US stock market but that have global operations. For example ResMed (NYSE: RMD) which is dual listed. And then would you buy ResMed on the U.S exchange or the ASX exchange?

Catriona Burns:

Good question. We own ResMed and actually bought it into when there was all the sell off around risk from GLP1s. I mean I've covered the Aussie market for a very long time pre doing Global. Know Resmed very well and when so we like the GLP1 products are fantastic in concept in terms of comorbidity reduction et cetera. But for a business like ResMed which is dealing with a huge problem, sleep apnea, that is under penetrated in terms of the patient population we thought that this, we took the view that the selloff in Resmed on GLP1 fear was overdone. So did take a position in the stock and in terms of whether we own it in the. We have bought it on the Aussie Stock Exchange. I mean, it's fascinating. We were Talking about ResMed, forever, is an extremely volatile stock around quarterly earnings. And even now the difference between how U.S and Australian investors react to results is fascinating. Like the last result, the Aussie market saw the result, thought it was great. Then the US opens the next night and whacks it because it has concerns. So it's always a volatile stock around quarterly results. But yes, we do have an investment in ResMed right now and it's been a good performer in terms of buying into the fear around GLP1s and absolutely.

Nick Healy:

Happy to hold Australian stocks more broadly. Same statement with regards to them just being compelling vis a vis the other opportunities in the world.

April Lowis:

Thanks, Catriona and Nick. And the last question we have is a bit of a macro question to end on. Nava has asked what is the likelihood of the world shifting away from the U.S dollar as the reserve currency? And do you think how long will it be to remain the dominant currency for global trade?

Nick Healy:

Look, I'll kick us off Nava. Look, I've loved all the questions that have come in, but you're. You've sent in a couple of crackers. I love questions like this and I love thinking this through. Certainly go back to Catriona's point around. You know, we're not FX traders. We are looking to make our money through applying our process of investing in stocks. Nevertheless, look, I think I think of currencies as a very relative game and I think when people talk about weaknesses in the U.S, they're not necessarily highlighting to the extent they should some of the challenges we flagged in the UK.

Europe's got some challenges. China has some growth challenges as well. My view, and we're not investing on this view, but it's just a view is probably the U.S actually looks like the cleanest shirt, if you will, in the world in terms of a different current. And look, they just dominate global flows. Global trade is priced in USD predominantly, and we're not really seeing that shift despite efforts from China to build kind of an alternate option.

So broadly, I would say you can kind of keep an eye on this, but not necessarily go jumping at shadows on a U.S. loss of reserve currency.

Catriona Burns:

But yeah, no, I'd echo the same as in what it's hard to think of a valid alternative. So, yeah, we wouldn't be betting against the USD no longer being the reserve currency.

Nick Healy:

Sorry. And just to add like, it's fascinating watching even in the crypto space, the stable coins that the two large ones are pegged to the U.S dollar. So you know, even when people start talking about crypto as an alternate form of currency, even those, those stable coins are pegged to the USD. So yeah, further reiterate, I think it's probably a risk you shouldn't stay up at night thinking about too much.

April Lewis:

Thank you. So that's the end of the Q&A part of the webinar. Some great questions came in and lots for us to think about over the coming months and years. So thank you very much to the WAM Global team for the insights today. For more of the team's market views and stock picks, please make sure you subscribe to our newsletter on our website and follow us on social media. And I'll pass back to Catriona for any final remarks.

Catriona Burns:

Thanks April, and a big thanks to you and to Nick and Will for joining me today on the webinar. But most of all, a big thank you to all of our shareholders who've joined the call and prospective shareholders. This is your company as we said at the start, and pleased to answer any questions you have and a big thank you for your support. We look forward to updating you again soon. Please come through, as I said, with any follow-up questions that you do have, and we look forward to speaking to you again soon.