<u>Wilson Asset Management Founders Fund Q&A Webinar Transcript</u>

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Speakers:

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Bridget Thelander – Corporate Affairs

Oscar Oberg:

Good afternoon and welcome to the WAM Founders Fund Webinar that we're hosting today. With you, you've got myself, Oscar Oberg, and to my right, you've got Tobias Yao. We're the fund managers, the portfolio managers, for the four small-cap funds that we manage here at Wilson Asset Management.

So, in terms of how today's webinar will go, I'll just give a quick introduction and a history of how this fund came about, our reasons for setting it up, and the opportunities that we see not only for the fund but for the wider business. Then I'll pass it over to Tobias, who'll go over the presentation, and then we'll open up to the audience for questions and answers.

Like many other fund managers, every time we have a reporting season – and we'll do it again this year after the February reporting season – we catch up. Over the last few years, Tobias and I have been portfolio managers for the small-cap products for just on seven years now. And we've always done this probably two or three times a year: we catch up, have a bite to eat, and then go through our best performers and worst performers.

What was key – and it was a consistent theme that has been occurring for some time – was that our best performers were founder-led businesses, while our worst performers were either non-founder-led businesses or businesses where there was a founder who had sold a significant parcel or amount of shares. With that in mind, Tobias came up with the idea about 18 to 24 months ago around us setting up a founders-only product where we invest exclusively in founder-led companies.

And, you know, I'm on the management team at Wilson Asset Management, and I said to Tobias, "Why don't you do a mock portfolio for a year?" So we did that, and then around October last year, we presented it to the management team and, obviously, Geoff Wilson. In typical Wilson Asset Management and Geoff fashion, he was like, "Right, this is a great idea. Let's give it a crack."

So that was the origins of the fund. The second reason why we started the fund was that, over the last 25 years since we've been around, Wilson Asset Management has developed a lot of great relationships across the market. That's something that us as a team today are constantly focused on. It wasn't just our generation of running the funds, but Chris and Martin, Matthew Kidman, and Geoff before us. We've built a huge network of industry contacts, whether from listed companies, companies that have been acquired, or even unlisted companies over the years.

Through this period, we've had a number of people approach us saying, "We'd love to give you some money. We like the way you invest and how you do things." But what became apparent in these conversations with many company founders was that they didn't necessarily have the same agenda or investment horizon as a standard listed investment company shareholder. They wanted to put their money in at net tangible assets (NTA) and, if they wanted to redeem at some point, they wanted to receive NTA. That's one of the reasons we've opted for a managed trust.

The other reason was as well that many of the company founders, we spoke to prior to launching this were more focused on capital growth than fully franked dividends. This became apparent in conversations across various industries. We'd speak to these founders and they would say, "Oscar, Tobias, I think my business can grow at 15%, and my share price, if that's the case, should grow at 15%. We just want a simple product that reflects that."

So what you've got now is the Founders Fund product. It has been tailored to what company founders effectively want. Tobias and I launched it softly, sounding out interest around October and November. We had a certain number in mind in terms of company founders who would come into the fund. It's fair to say that over the last few months, we've been blown away by the support – the response has been about three times that number we initially expected.

We are very, very excited. It is a very different product from the four listed investment companies (LICs) we manage. As I mentioned earlier, it's a managed trust, not a listed investment company. It's focused on capital growth not fully franked dividends, so it attracts a different type of investor. It is also a different part of the market that we have been targeting in terms of new unit holders.

That's some background on the genesis of the product. I'll now pass it over to Tobias, who will go through the presentation.

Tobias Yao:

Thanks, Oscar. Good afternoon, everyone, and thank you for your time and interest.

On slide 3, you'll see the performance of the WAM Microcap Investment Portfolio (ASX: WMI) and the WAM Research Investment Portfolio (ASX: WAX) , the two LICs with the most similar traits to the WAM Founders Fund. Since inception, WAM Research has achieved 15.7%, and WAM Microcap has delivered 16.9%.

Moving to slide 4, this is the first time we've gone back, back-tested, and conducted an attribution analysis of all our positions. We found that founder-led companies, which comprised about 20% of our holdings, contributed 64% of total portfolio earnings. This has given us a lot of confidence in our ability to pick high-quality founder-led businesses.

One of the advantages we've had over the past decade – in my 11 years at WAM and Oscar's 10 years – is that, because we manage both a microcap and a mid/small-cap product, we've been able to go on a journey with these founders from when their businesses were very small. Over many years, we've met these founders consistently and gotten to know them, and we see a lot of similarities between the founders, even across industries. The drive that they have and the care they have for their own businesses. This resonates strongly with us at Wilson Asset Management, as WAM itself was founded by Geoff. The entrepreneurial spirit and dedication we see in these businesses align closely with our own organisation's values.

Another reason for launching this fund now is that we believe we're on the cusp of a resurgence in the IPO market. We've been speaking to brokers and investment banks, and we anticipate a strong IPO cycle ahead. The last time this happened, many high-quality founder-led businesses went public.

Founders typically use the ASX as a platform to raise capital and grow their businesses further. Launching the fund now allows us to back some of these founders as they enter the market. Additionally, having the WAM Founders Fund gives us a point of differentiation, helping us secure better allocations in sought-after IPOs.

Slide 6 outlines our investment process. It remains the same as in all our funds: we seek undervalued growth companies with catalysts that can re-rate the share price over the medium to long term. We're not changing what we do – we're sticking to the disciplined process we've followed for years.

On slide 7, we highlight our competitive advantages. You've likely read about the outperformance of founder-led companies. In our experience, the key differentiator is access to these founders. We're able to have candid discussions with them, understand their vision, the history of the business, and assess whether they can achieve their 'north star', identifying a company's long-term goal. Once we've established that, our job as investors is to go and do on-the-ground work to determine whether there is tangible evidence showing that their strategy is working.

We get the opportunity to meet many of these founders and hear incredible stories of the effort and dedication they put into their businesses. This is what excites us about investing in founder-led companies and what drives our passion for this fund.

So for example, we've heard founders who flew, you know, a long-distance flight between the US and London 52 times in a year. That, that is, that is commitment and obsession to us. We know founders that's absolutely obsessed on data and every decision has to be made on data. We know founders that make sure when they leave the office on a Friday night and the last one out of the office, they are turning the lights off.

So these are all stories that we've heard over the years as we've gotten to know many of these entrepreneurs. And this gives us an insight on the person that they are and also the manager and the DNA of the organisation because it really starts from the top. And obviously we see that at Wilson Asset Management. When we go to slide 8, you know, when we've spoken to many of the founders and management over the last couple of months, the word that's really resonated with these entrepreneurs is the word obsession.

You know there is this obsession within the organisation to achieve the goals. Now we've heard many great quotes but we see that obsession here at Wilson Asset Management, both within Geoff and the management team as well as the entire investment team. You know, I think Oscar and I, we text each other probably 200 times a day on the stock market throughout the day, different, different hours. We live and breathe the market, this is what we love, and we obsess with the market.

So we see that obsession in, in all the high-quality businesses that's been running. I think we had a really good call. We heard recently from the founder of -

Oscar Oberg:

We were in Perth last week and yeah, we've had some amazing conversations really haven't we? Over the last three months. But you know this, it was a mining company, it was a company we've never really owned in the fund and they contacted us after they saw that the fund get launched. We had a meeting, it was like 5:00 in the afternoon in, in Perth. We're probably a bit tired and jet lagged, and we asked the founder, we said oh, what's your obsession?

And he goes: "the relentless pursuit of detail." Which I thought was a great quote, great answer. So yeah - have learned a lot about through this process just in terms of the guys we're meeting.

Tobias Yao:

And it was a really good opportunity to get interviewed by these management and founders and you learn a lot about them as well and how they think and we've been overwhelmed with the support and obviously very impressed with the caliber of investors that's coming to the fund and co-investing with us. On slide 8 there's the big circle called the strong alignment of interest. Now for us and we see it in our organisation obviously we have over 130,000 shareholders and we live and breathe doing the right thing. So, it's not just about skin in the game. It's about having that alignment of interest. And we believe particularly in the small cap space, you know, having that alignment of interest is important to grow the business.

So, it's a symbiotic relationship between, you know, the founder with a lot of stakes as well as the minority shareholders such as, you know, the institutional investors that they need to do the right thing by us and we'll do the right thing by them. So that, that is Definitely a relationship that we think it's very important and how we assess these companies as well. And the track record speaks for itself.

When we go to the next slide on slide 9… So the investment strategy, as I mentioned, it's the same strategy we're looking for longer term catalyst. The portfolio itself will have 30 to 40 stocks in general, that's different to the LICS that we have. We have about 110 companies across the four LICS. So the fund itself would be more concentrated than our existing LICS and therefore the risk is going to be higher to be completely transparent.

And out of the 30 to 40 stocks in the new WAM Founders Fund, look circa 75% of these businesses will be the larger small caps or mid cap companies that you know really well that have delivered for us for a very long period of time. But it's 25% of the fund that we're trying to pick the next high performer, the next small cap, or micro-cap that goes into small caps and then it goes into the mid cap index and if they really succeed go into the large cap index. So that's the higher risk part of the portfolio but also the high return part of the fund as well. So we've really constructed this fund as a broad cap.

The turnover of this fund is also going to be a lot lower than the LIC's. So the LIC's turnover is quite high. With this one, the way we're trading it. And the turnover expectation is going to be quite a bit lower than 50%. When you look on the right of the slide on slide 9. That is an output or function of many of the mistakes we've made in the past, obviously buying businesses and it doesn't always work out well for us.

So, we've put in a few guidelines in there to help us as investors make the best decisions or increase the chances of success. So the founder owns more than 10% of a company or $20 million of a company. And that includes many CEOs or management teams that's been there for a very long time that's really grown the business and have, you know, obviously accrued quite a bit of equity in the business. They think like founders as well. And we didn't want to penalise that. We wanted to include them in the portfolio.

Founder has to hold an executive position so they need to have obviously influence and control on the business itself. And that's really important to us. And the third point which we've been very upfront with everyone we've spoken to and this stops us from falling in love with positions. And so if a founder sells more than 25% of his or her holdings over the last 12 months, we will sell out of the stock.

And it's just really following the money. And you know, we don't mind sell downs. You know, we've done really well out of specific sell downs in the past. I guess it's just the quantity and the timing of the sell downs that we are very wary of. Slide 10 and 11. Slide 10. It's the, it's the same investment team that is going to be managing this fund as the,

the four small mid cap strategies. You know we're going to be investing a substantial amount of our wealth into the strategy as well.

So we got, we have a few more slides on stock stories to hopefully give you a flavor of I guess some of the outperformance and some mistakes we've seen over the last decade. You know, Afterpay Limited (ASX: APT) is one you've probably seen us talk about. You know, when they were listed we were the IPO investors. We invested $4 million of the initial $25 million of the IPO capital raise. And you know the founders Nick Molnar and Anthony Eisen are amazing.

You know, they did incredibly well trailblazing in the buy now pay later space both in Australia and also in the US and while it performed really well for us, you know what really haunts us is we did take profit along the way and given the outperformance of Afterpay over, over many years we didn't leave a lot on the table. So with this fund, you know, if we hopefully find the next Afterpay or something that's similar and the founders obsessed and they're delivering, we want this fund to hold onto these positions a little bit longer and stick to the specific process of this fund.

Oscar Oberg:

Yeah. And then on slide 12 you've got Seven Group Holdings Limited (ASX: SGH) which is. We wanted to show that this is a stock that you wouldn't classify necessarily as a high growth stock by any means. It's an industrial services company. And initially when we bought those shares almost 10 years ago now, it was very cheap. I remember in... When would have been Tobias? 2011, 2012? When I was a sell side analyst I picked up coverage of Seven Group and I always remember, I did this detailed research report which would have taken me months and I came in to present it to everyone at that on the desk and I got blasted saying "it's the most confusing company of all time", "there's no liquidity" "there's no interest in the stock" and you know, to Seven Group's credit, no doubt, you know, that was the feedback on the market at that point in time. But you know, led by Ryan Stokes and you know, obviously one of the best CFOs we see in the market, Richard Richards. I mean they have done a tremendous job. So there's been many, many, many, many catalysts over that 10-year journey.

They sold WesTrac China, they bought Coates Hire (ASX: COA), they bought Boral at the bottom of COVID. They've reduced their debt levels at various points in time and we've owned that stock that whole 10 year journey and seen it going to the ASX 300, the ASX 200, the ASX 100. Now today I think it's, I think it's in the ASX Top 50. So it really is a success story, and you know, shows you the, you know, what can happen when you back a founder who's got a very consistent strategy.

Tobias Yao:

Thank you. On slide 13, it's probably one of our mistakes and you know, with this fund, you know, we will continue to make mistakes. And so the company was Atomos Limited (ASX: AMS). We had a very large position in the fund at the time. I think they've upgraded a few times. It was a founder led business. Now, the mistake we made was when the founders sold out of the position and exited the business. We didn't sell out, we should have.

And the share price subsequently fell by I think from 80 cents to 20 cents. And that's around when we sold out. And so when there is an incident where there's an aggressive amount of selling by the founder and clearly they know the business a lot better than us. You know, we, we needed to obviously review the thesis for us. And this is in addition to all the industry work and the company work and the modeling that we do. But you know, this is usually a red flag for us. And so in that case we've made the mistake and lost, you know, money, when we continued to hold this position. So obviously if this occurred again then we will be selling out of this fund straight away.

Oscar Oberg:

I think it's fair to say that was a scar that we don't forget.

Tobias Yao:

So these are scars of, you know, the last 16 years that we've been running or being the market. And you know, we go back to every single one of these examples to try to learn from them. And finally on slide 14 Tuas Limited (ASX:TUA) you've probably heard us talk about this quite A bit over the last three years. It's our largest position and the one we've, you know, followed.

So for Tuas Oscar and I, we've visited Singapore to do work, meeting the industry competitors and we've done a lot of work over the last three years to give us that conviction. For many of these founder led businesses, you know, you start off with initial position, you have conviction in the founder and the strategy. As the strategy comes to fruition, you know, we're adding to the position as our conviction level goes up and it's usually on the back of them delivering or hitting the hurdles, they've set themselves on goals. So Tuas is an example of a company that we have held on and we've kept holding on. It's delivered a lot for us in terms of performance across all of the funds.

And finally on slide 15, it's an example of many of the companies that we've backed over the last decade. And for us we see a lot of similarities between the founders, between the high performing management teams of these businesses and we just want to be able to find, you know, the new founder that's going to come into the micro small cap space that can take the business to a much larger, to a much larger size and maybe just to finish off again, thank you so much for your interest.

You know, there's a lot of synergies with our launching this fund with our existing LIC's. You know, over the last few weeks we've been on the road talking to financial advisors, new investors into the LIC space to not only talk about this fund, but also promote the listed investment companies that we have and having those dialogues at the same time. Having this fund will help us with allocations, with sought after IPOs that are founder led and that would benefit across all of our funds as well. So thank you very much for your time and yeah, looking forward to answering your questions.

Bridget Thelander:

Thanks very much Tobias and thanks for running through that. It's very exciting. We'll kick off with a few of the questions that have come through prior to the call. The first one is on if there is a minimum investment in the fund.

Tobias Yao:

Yep, the minimum investment is $10,000.

Bridget Thelander:

Beautiful, thank you. And this one is from Kathy and Margaret. Will the launch of this fund affect the performance of WAM Capital (ASX: WAM), WAM Microcap, WAM Research, and WAM Active (ASX: WAA). And does this mean split responsibilities?

Tobias Yao:

The answer is no, we don't think so. It'll be the same team that's going to be managing all the strategies. The reason why we don't think it would affect the performance of our LICs is because we are targeting a different group of investors. We are actually promoting to this different group of investors with different risk profiles and the focus on capital growth rather than fully frank dividends. As an example.

We believe this fund will benefit all of the LICs from an access perspective to management, to founders, to industry, and also, a better allocation of IPO once the IPO market really kicks off. So we think there are a lot of positive synergies that's going to help us be better stock pickers.

Oscar Oberg:

So as an example, we formally launched last week on Monday and we've had five or six random emails, I guess you'd call it, from past management teams or past CEOs we used to deal with who might be a chairman or a director of a very small company, you know, wanting to catch up, saying it's a founder led company. There was a few companies we'd never even heard of before. So this is, you know, as Geoff always says, the best information wins in this game. And you know, certainly, yeah, we've been surprised at how we think there's tremendous synergies with the existing products.

Bridget Thelander:

Fantastic. And Tobias, you touched on this one earlier in your presentation. But just in case this person didn't catch that, how many companies will be held in the portfolio?

Tobias Yao:

Typically, it's going to be 30 to 40 stocks in the fund.

Bridget Thelander:

Beautiful. And will investors be receiving dividends and will they be fully franked?

Tobias Yao: It's going to because it's a trust structure. It's not a LIC. It's going to be distributions. The distributions are going to be volatile every year and the distributions would be a function of the capital gains and the capital losses that nets out every year. And there'll be no franking credits.

Bridget Thelander:

Beautiful. Thank you. That leads well to this next question from Kathy. Why are you doing a unit trust rather than doing a LIC?

Oscar Oberg:

So when we did some sounding out the company founders that we wanted to participate in the fund and that was who we started with, we created this fund to suit their needs. They largely had minimal interest with fully franked dividends. It was all about capital growth. So certainly, doing it as a unit trust was the best sort of avenue for that. And that's why we chose that space.

Bridget Thelander:

Fantastic. And the next question is, could we see this model expanding internationally or is the focus purely on the local Australian market?

Oscar Oberg:

Look, from our focus, it's purely on the Australian market. That's what we're good at. I will also focus on New Zealand. So largely focusing on industrial companies within Australia and New Zealand given that's our specialty, let's call it across the four LICs. So we're not really changing anything or how we invest at all with this fund.

Bridget Thelander:

Fantastic. The next question is what has been the response from company founders? Are they interested in the fund?

Tobias Yao:

It's been very good. We've been very overwhelmed, very, very grateful with all the support we've had so far. We're getting emails every day and so we've been very, very happy with the support so far.

Oscar Oberg:

It surpassed our expectations by far.

Bridget Thelander:

Yeah, very exciting. And the next question, how has Geoff's influence shaped your decision to back founder led businesses? Touched on this earlier before but really good question.

Tobias Yao:

I mean, Oscar and I have both been at WAM for more than a decade so we see it firsthand. So, a lot of the similarities and obviously Geoff has grown the business of Wilson Asset Management over the last decade as well and so the focus and the DNA of the organisation influences the way we look at other companies and so that's really helped to be honest and it's really resonated with the founders of many of the companies that we invest in as well.

Bridget Thelander:

Fantastic. The next one's on interest rate cuts. Do you see potential interest rate cuts strengthening your investment thesis?

Oscar Oberg:

Look, I think what we've learned over the years, particularly last three and a half years, you know it's been a tough market for small caps. However we don't make excuses over here and you know, we definitely think there's always opportunities, there's always stocks every year that will go up two, three, four, five times. You know one of our best holdings, Generation Development Group Limited (ASX: GDG) as an example, there was a period where we held it for six years, did nothing, and in the last two years I think it's gone up by six times. So look there's no excuses. We think in the part of the space where we do have a competitive advantage where there's lack of competition is in that sort of smaller micro-cap space and you know, less than $500M in market cap and that know there will be a number of stocks in the fund that will be from that space and yeah look we're, we ultimately want this fund to cash in on their performance.

Oscar Oberg:

So look but no doubt lower interest rates would be fantastic for small and micro-cap companies. Small and microcap companies have underperformed large caps I think for four years now. So it's a long amount of time. You only have to look at Commonwealth bank today as an example of that which shows you. So look, we think the catalyst will be lower interest rates for small caps to outperform. We've seen that in the United States, we've seen in New Zealand. We think Australia will be the same and certainly our house view is that will occur.

It might be in February. If it's not February, we think it's coming March - April, but we're not going to make excuses here. We are very confident on this product irrespective of whether interest rates fall or not.

Bridget Thelander:

Fantastic. And will you be purely focusing on the small to mid-cap space?

Tobias Yao:

That's correct, with our focus but we're also going to be looking for obviously specific microcap opportunities. So it's going to be a broad-cap across the spectrum in terms of size.

Bridget Thelander:

Fantastic. And you've expressed confidence in a rise in IPO activity over the last five years. What's driving that belief and how will it benefit the fund?

Oscar Oberg:

There's a lot of negativity on IPOs at the moment but the reality is actually, the ones from last year have all done pretty well. Most of them trade poorly in the first month or two but they're actually well above issues. So that's companies like Tasmea (ASX: TEA), Symal (ASX: SYL), Redox (ASX: RDX) as an example. Everyone knows about Guzman and

Gomez (ASX: GYG) and how well that's done. So look, the market's there and I guess for us, and this has been consistent for over this last three or four years, been fortunate enough across the portfolio to have probably the most amount of takeovers that we've had for a very long time each year. And that's a function of the small cap market being so cheap. I mean we had SG Fleet (ASX:SGF) again, a founder led business that got taken over at the end of November and two weeks ago we had a technology company called Dropsuite (ASX:DSE) which would have featured prominently in this fund actually, you know, get a 35% premium and they got taken over as well. So look the these companies need replacing and you know, certainly, I was skiing in Japan with my family about two weeks ago and don't think I was, my wife was a bit angry with me because I was just getting call after call after call after call from investment bankers wanting to chat on this great pipeline of IPOs coming.

So we just need like the first one to go and to do well and I think we will see quite a few after that, because the market needs it, there's no question. And we think it's cyclical, it'll come back. It's a great place for these companies – the ASX.

Tobias Yao:

Agreed.

Bridget Thelander:

Fantastic. This is a really good question, the next one. What's your long-term vision for the fund and where do you see it in five or 10 years?

Tobias Yao:

Yeah, it's a really good question. Look, like all of our strategies, our vision for the fund performance - is to maximise the performance of the fund. You know, in terms of this fund, we are hoping that in backing some of the earlier founders that we will be able to pick the next stock that does really, really well. And we want to back ourselves to find these hitting gems, so to speak, and backing these founders from when they're much smaller and where we're seeing that inflection point or the catalyst occurring. So that is a longer-term vision for us.

Bridget Thelander:

Great. And the next question is on, are there any specific sectors or industries where you see the most opportunity for founder led businesses?

Oscar Oberg:

I think as you said before, the portfolio will be a mix between growth and, call it, high valuation stocks and low valuation stocks or value stocks. I wouldn't say there's a particular industry as such. I would say that probably the two industries where you like to see founder led companies, I would say would be the technology industry. Reason being a lot of these companies trade on very high valuations and the reason why they do is there's a very ambitious long-term target for a lot of these in terms of sales and earnings. And so when the founder sells, that's usually a negative sign as to whether they believe that or not.

Oscar Oberg: And the second reason, I would say the construction industry, like civil engineering companies as an example, because if they're founder led, you know, chances are they're not going to underprice and take on a fixed price contract, you know, they eventually lose a lot of money on. So I mean that would be my two sectors to us. I know, like, but I would say we're agnostic to sectors, really. It doesn't really...

Tobias Yao:

We are really trying to pick the winners in the different sectors, figuring out why, how the industry is structured. So as an example, if we see companies that's navigated the last five years, you know, with the trade war, with COVID, post-Covid, interest rates, you know, increasing cost, et cetera, and they've come out over the last six or seven years winning market share, then that's a really good business model. That's a really good management team. And so we are very specific about the types of companies we like and types of personalities and management that we like. So we won't dismiss the industries, and we will look for opportunities in every sector.

Bridget Thelander:

Great, thanks, Tobias. And just quickly midway through Q&A, we're having a lot of people writing in saying that they're really interested. Can you quickly share the easiest way for listeners to invest?

Oscar Oberg:

Well, thanks very much for your interest. I'm obviously grateful for you to join the journey. I mean, it's just simple. It's to go on our website and there will be a link which will take you to Boardroom as a retail investor. And the minimum investment, as we said earlier, is $10,000.

Bridget Thelander:

Fantastic. And we will be sending a link around to all the viewers after the webinar as well. So to continue with Q&A, the next one's from Colin, but a similar question from John. You say it's a restricted sized fund. What does this mean? And the management fees seem high compared to other ETF fees. Why is this.

Oscar Oberg:

Okay, so why is it a small fund? It's a very bespoke fund. It's very unique. The feedback we're getting is that there probably isn't a fund like this really in the domestic market, that it's only in the Australian market that's focused solely on founder led companies. I think potentially we could have done a LIC if we wanted to and raised more money if we wanted to. But look, we want to really get the right investors into the product and we feel we've done that because we've contacted a lot of the company founders and CEOs, so we don't want it to be too big.

And as Tobias said, you know, we want this fund to really participate in the next IPO cycle. All these companies that come to IPO are very small companies. So effectively, if we're taking a concentrated position in these companies, say like 5 or 6% of the company on day one. We want it to be a meaningful weighting of the fund and so that investors can fully participate in the upside as it grows over time.

You know, one of the great examples I think with Afterpay is, you know, we took $4 million of the $25 million IPO. So you know, we will see an, an Afterpay or Wisetech (ASX: WTC) or Pro Medicus (ASX: PME) in the next three or four years. And certainly, you know, with this fund effective, as Tobias was saying, if you know, as long as the catalysts all line and the north-star, as Tobias calls it, is maintained and the founder invests alongside us and doesn't sell too much stock, then we'll hold the stock and we'll maximise the upside.

Fees: so, the fees are no different from all of our Wilson Asset Management funds. We're an active fund manager and again with ETFs obviously generally lower in fees versus active fund managers. I guess as investors you need to make decision which sort of style of investing suits you. So as I said, heard Geoff say numerous times on calls and presentations, there's a place for both, both types of funds in a portfolio in his view. So how about leave it at that.

Bridget Thelander:

Thanks, Oscar. The next one's from Peter, you touched on before. But he's saying how can our self-managed super fund apply?

Oscar Oberg:

Yeah. So Peter, as we said, you'll get an email from our Corporate Affairs team. But obviously if you go to the website, also on Boardroom's website as well. Yeah, there's a link there and you can follow the prompts and apply there.

Bridget Thelander:

Beautiful. And the next question from Bernie, why can't these great investment opportunities be added to or increased within the existing funds? And you touched on this, Oscar, but just in case he joined late.

Oscar Oberg:

So there can be. I mean, a lot of these companies, well, the vast majority of the companies we already own. But again, you know, for different investors, our listed investment companies suit and other investors might prefer a unit trust. And certainly as Tobias before, in the listed investment companies we do trade a lot and that gives us the ability to pay fully franked dividends. This fund won't trade as much and will be really focused on capital growth. So again as a potential investor you've got to look at sort of your personal needs and background and so forth and whether, whether the investment suits you. Now, I guess the comment on the other funds, we think this would be huge for the other funds. It'll be massive positive in terms of the synergies. And we've already seen in the last few weeks, we think we'll get better access with the companies that we own in the fund.

Oscar Oberg:

We think companies will approach us because they want us in the fund and we think that we'll get better IPO allocations, which obviously helps the other funds as well. So do we run the risk of having too many products? We don't think so, because there's a lot of investors out there that simply don't like listed investment companies. And they might be advisors, financial planners, they might be high net worth people, there might be family offices.

Oscar Oberg:

And that's effectively who we've been targeting here. And it's not like the business has put out a huge broadcast, a massive email to all 130,000 shareholders. So we've been very, very targeted. And certainly the last thing we want to do is to impact the share prices of our listed investment companies.

Bridget Thelander:

Fantastic. And the next one's from Sean. Will you be allocating funds to unlisted opportunities?

Tobias Yao:

We won't be. So this is not a pre-IPO fund, so the investments would just be listed companies.

Bridget Thelander:

Fantastic. And the next one's from Peter. He said, why is the performance fee benchmark, not the ASX 200 or Small Ordinaries? If interest rates dropped 2%, does that mean that you would charge a performance fee for anything over 6%? Is this a low benchmark?

Oscar Oberg:

So the benchmark won't be for everyone. And you know, we construct, I said earlier, we constructed this fund to be what we call founder friendly. And you know, when we spoke to a lot of CEOs and CFOs, you know, their frustration, I'd say with the Australian market was fund managers and stockbrokers, et cetera, were too short term in nature and all really cared about their relative performance versus the market.

Oscar Oberg:

Now we created this benchmark to be an absolute return focused fund and that's what we're targeting here. And, and that was the benchmark that we created effectively, which, you know, with a high watermark, we won't take a performance fee in a negative market. So yeah, it is what it is, and you know, we're going to hide behind it. But you know, it might not be for particular investors, but you know, certainly the founders we spoke to, they quite like it because it's focused on generating consistent absolute returns.

Tobias Yao:

And I think it's based on your view on the interest rates as well. Obviously if the interest rate falls by 4%, it can also rise. But the, you know, if interest rate falls by 4%, hopefully the equity market, you know, reflects the, you know, the upside with, with that as well.

Bridget Thelander:

Great, thank you. The next one's from Mahavir. He says what is the fund's target amount to collect and by when, and when will you start investing?

Tobias Yao:

Yeah, so we start investing on the 1st of March. In terms of the target fund I think we're looking to soft close that $300 million but we can go live on the 1st of March regardless of the amount of fund raised.

Bridget Thelander:

Great. And does the fund have a target for the annual distribution?

Tobias Yao:

It doesn't. So the distribution and this is the difference with all the LICs. The distribution is going to be volatile and depends on the performance of the fund every year and depends on I guess the netting off of the crystallized capital gains and capital losses and obviously the dividends that's passed through. So the distribution, it's going to be volatile.

Oscar Oberg:

And it's going to be lower. A lot lower. Yes, lower. Can't emphasise that enough. Versus the other list investment companies.

Bridget Thelander:

Great. And from Mike, will you be investing in overseas companies? You've touched on predominantly Australia...

Tobias Yao:

No. So it's going to be Australia and New Zealand. It's our track record and the network that we've built and I guess we are comfortable investing in. So we're not going to be investing in overseas companies.

Bridget Thelander:

Brilliant. From Dennis. What is the benefit of investing now? Thus waiting for the fund to mature and show growth and distributions in a couple of years.

Tobias Yao:

It's an open ended structure. Monthly liquidity, you know, you can do both, you can invest now.

Oscar Oberg:

That to me sounded like someone. It felt like that's a question for an IPO of a listed investment company. You can't. The growth in distributions. Obviously we'd like to deliver distributions as much as we can but it is really dependent on the market and how much we're buying and selling and whether we're making profits on that buying and selling. So it will vary massively. It'll be, you know, it could be really high one year and it could be nothing the year after.

Oscar Oberg:

It's a very different product. Unit trust versus listed investment company where you have the ability to smooth your dividends through market cycles. So it's a completely different product and realistically it's not a product you should be relying on for income. It's for capital growth.

Bridget Thelander:

Great. The next one's from Saranjeet. How are you differentiating the Founders Fund from WAM Microcap.

Tobias Yao:

Yep. So the Founders fund will have a big part of the portfolio that's in larger companies, larger small caps and mid cap companies. So that'll be the difference.

Oscar Oberg:

There will be quite a bit of crossover though, there's no question.

Bridget Thelander:

Yep. Fantastic. We're having a fair few companies come through so I might Just list a few companies off Oscar and Tobias to see if these companies fit your investment thesis. The first one that's come through is Technology One (ASX: TNE). Would you be investing in that company?

Tobias Yao:

Yes. Well, it will fit our investable universe. Yes.

Bridget Thelander:

Great. Wisetech (ASX:WTC)?

Oscar Oberg and Tobias Yao:

Yes.

Bridget Thelander:

Premier Investments (ASX: PMV).

Oscar Oberg and Tobias Yao:

Yes.

Bridget Thelander:

Harvey Norman (ASX: HVN).

Oscar Oberg and Tobias Yao:

Yes.

Bridget Thelander: Reece (ASX: REH).

Oscar Oberg and Tobias Yao:

Yes.

Bridget Thelander: Yep. News Corp (ASX: NWS).

Oscar Oberg and Tobias Yao:

Yes.

Bridget Thelander:

You're considering Mineral Resources (ASX:MIN).

Oscar Oberg:
Yes.

Bridget Thelander:

Brilliant. Fortescue (ASX:FMG).

Oscar Oberg:

Yes. But just remember, I'd say that's a stock and same with Mineral Resources is a stock that's not necessarily our expertise, but technically, yes, we could invest in that. But you know, certainly over our time at Wilson Asset Management. We've never been in Fortescue. That's a large cap company. A large cap iron ore company, obviously, which is more in the domain of WAM Leaders (ASX: WLE). But technically, yes, we could invest in Fortescue.

Tobias Yao:

Our focus continues to be, like with the other funds, on industrial companies.

Bridget Thelander:

Brilliant. And Develop Global (ASX: DVP). That's the last one.

Oscar Oberg:

Yes. That's a company we own in WAM Microcap.

Bridget Thelander:

Great. Okay, the next question is from Michael. If a founder resigns or retires, and sells the majority of their shares, would that prompt an exit or a sell down?

Oscar Oberg:

Great question. Look, there's always exceptions to the rule. And we are going to be very open with companies when we see them, that if they are in this fund, we will say, hey, if you sell over 25%, you know, 99 times out 100, we're going to sell. Now there's always exceptions to rule. Like an example, there was a healthcare company that we own, the founder about six months ago sold stock. And the reason why they sold stock was there's a few personal kind of health issues, let's call it.

And so that was completely fair enough and understandable. So it's up to us to have a very good relationship with the company, a very good relationship with the board and understand the reasons. And if you look over our history, you know, we've done quite well out of founder sell downs. Like Pro Medicus for instance, has consistently sold down shares every year, for a number of years. Technology One, the founders used to do that too. Afterpay, I think we made money on every single sell down that they did. Except for the last one.

So look, it's a case-by-case basis. But what we're trying to remove, and particularly if we go into the next IPO cycle where we'll see really small companies come through, is the behavior when effectively companies just list on the IPO. And the sole reason to list on the IPO is to get a higher share price to sell. What we want to see is companies or management teams in there for the long haul with a long-term vision which effectively we want to be on the journey with them.

Bridget Thelander:

Great. The next question, is your investment process quite fluid? Would you be investing in manufacturing, technology, building, construction, all at the same time?

Tobias Yao:

Yes. So it's a bottom up strategy. As you know, with all of our LICS as well, we model the business, we try to work out with the target prices, obviously identifying what is the catalyst and within what time frame. And so all of that comes into making the investment decision. And ultimately it's just our view on whether we believe the share price will go up based on the catalyst. So yeah, we would look at everything.

Bridget Thelander:

Brilliant. The next one's from John. If during the whole of the period of my investment the fund has underperformed against the benchmark is the accrual reversal upon redemption.

Tobias Yao:

Sorry, we would love sort of clarifications on that question. We would, if it's possible, we'll give you a call just to understand the question.

Bridget Thelander:

Yep, definitely we can give John a call.

Oscar Oberg:

I mean the thing is it's the same as all our other funds so there's no difference. But yeah, it's a technical question. I think probably best if we get back to you personally.

Bridget Thelander:

Yeah, definitely. The next question is from Peter. Is there a maximum where you'll stop taking new applications?

Tobias Yao:

Yeah, so the current plan is to perhaps, I mean this is sort of what we're looking at now is to soft close at $300 million. But you know, obviously we want to be able to run a fund and see how the strategy scales as well. And you know that that could potentially change.

Bridget Thelander:

Great. And from George, how many founder led companies are in your investable universe? Approximately?

Tobias Yao:

Yeah. So in terms of our definition of a founder led company, so it's either founder or CEO that owns 10% of the company or $20 million in stock or effective equity. And you have to go back individually and look at the ASX 500. We've identified about just over 120 companies that fits the definition. Obviously there's a lot of companies that's outside of the All Ords or the top 500, but we also have a lot of stocks listed under NZX and obviously a lot of companies that's looking to IPO over the next few years. So hopefully that gives you a flavor of the investable universe.

Bridget Thelander:

Great. And another one from Peter. Will we be updated on the companies that the fund is invested in and if yes, how often?

Tobias Yao:

So there will be a monthly report that goes out very similar to all of our existing LICs where we provide some color on the position sizing and then the commentary on the stocks that we have in the fund.

Oscar Oberg:

We're working through that now, it will look different from the monthly reports that you see coming from the ASX and list investment companies. And given it's a more concentrated fund, I think it's fair to say there'll probably be a little bit more depth in terms of how we talk about the companies, given we're taking quite a very long-term view on the company. And so it's sort of a different approach, let's call it, than perhaps what you see with the WAM and the WMI updates that you see every month.

Bridget Thelander:

Fantastic. And will the fund be covered at your national shareholder presentations like the LICs are?

Oscar Oberg:

Yes, but again it's working through that at the moment, but yes, it will be. Yes.

Bridget Thelander:

Great. And from Todd, can you invest at any time or do you need to be in from day one.

Oscar Oberg:

This is from our perspective or as a unit holder? I think a unit holder. Yes, you can invest whenever, it's open-ended trust. So you know, if you, we're obviously pushing hard for the first round for the end of February but if you want to watch us and see how we go, then yeah, you can always put money in. And that's the difference I guess for open ended trusts versus close end listed investment company.

Bridget Thelander:

Great. The next one's from David. How can you assess the moral and ethical values of founders and does it really matter?

Oscar Oberg:

Oh, great question.

Tobias Yao:

It does matter because it matters for us internally how we run, or how Geoff runs Wilson Asset Management. So really, it matters to the people that we choose to partner with or the companies that we choose to partner with over the long term. We are patient capital here in this fund and we want a lot of the co-investors to be patient capital as well. So for us that does matter. In terms of assessing that, it's pretty much either track record that they've had in the past and the conversations and the relationships that we've built over the last few years and then that we sort of buildup that trust both ways.

Bridget Thelander:

Great. And from Margaret, have you asked the age of the founders and what their succession plans are?

Oscar Oberg:

We will be absolutely. It's a high bar for companies to get in this portfolio and we want to understand the generation below. And these founders at some point will retire. And it's probably worth noting that, you know, a good example is a company called Mainfreight New Zealand (NZX: MTF) where the founder's quite old and the CEO owns what is it, $300 million of the company.

Tobias Yao:

I think he's been there since 1994.

Oscar Oberg:

Been there since 1994, has founder values, lives and breathes the business. We classify that as a founder led company too. So yes, it's extremely important we understand the bench strength of the company.

Tobias Yao:

And that's consistent with how we look at all the LICs already. Like in terms of when we assess the companies that we have in the fund, we often not only just meet the CEO or CFO but they would introduce, whether it's investor days or visiting their offices, introduce many of the other senior managers in the organisations.

Bridget Thelander:

Fantastic. The next one's from Sean. How long will it take for the new fund to be fully invested?

Tobias Yao:

Should be fully invested on the 1st of March.

Bridget Thelander:

Fantastic. And Rodney has said congratulations, this product will do well. What hard rules do you have on selling a position and will you invest in mining?

Oscar Oberg:

Thanks Rodney. Yeah, as we said earlier, so their hard rule is the share ownership from the founder. But certainly there are exceptions to that rule. So it's up to us to get very close to the management team and the board to understand the reasons why. Mining - it's not our sweet spot. However, again there's exceptions to the rules. So you know, we have invested in mineral resources before, Develop Group we own in the Microcap portfolio.

Oscar Oberg:

Mostly we tend to focus on mining services and a lot of those mining services are founder led companies. But hey, we'll never say never. And certainly Emerald Resources (ASX:EMR) is a company that we own in the research part of the portfolio of

WAM which has done incredibly well. We know that stock very well. So never say never. But I'd say the vast majority of companies will be industrial companies.

Tobias Yao:

I think that's worked well for us over the 10 years we've been at WAM having that flexibility to I guess make those decisions and to not have limiters of ideas. I think there's a lot of ideas out there. So we just want to be able to objectively assess each of these ideas.

Bridget Thelander:

Fantastic. And Jim is saying can you please comment on the liquidity of the fund?

Tobias Yao:

Yep. So the liquidity of the fund is going to be monthly liquidity in terms of, I'm guessing the questions around as an investor. So rather than a LIC, which is daily liquidity. With this fund, you'll have to apply or if it's applications or redemptions, they happen every month. And so the liquidity of the fund itself is monthly. The liquidity of the holdings or the stocks within the fund, it's pretty liquid because we're obviously holding all listed companies and many of them are very large companies.

Tobias Yao:

So hopefully that answered your question.

Bridget Thelander:

Definitely. And from Debbie and James, they had a similar question. Would you invest in Sigma Healthcare (ASX: SIG)?

Oscar Oberg:

Yes.

Bridget Thelander:

Great. From Alan. If a guideline is to sell when a founder sells down, should we exit the founders fund if either Tobias or Oscar depart WAM.

Tobias Yao:

That's a good question.

Oscar Oberg:

That's completely up to you as a unit holder, I guess.

Tobias Yao:

Yeah.

Oscar Oberg:

Yep, and given we were the ones that came up with the product ourselves. Or should I say Tobias? Sorry, I'm taking your glory, mate. Yeah, like, I mean, I guess if we disappeared then I guess yeah, that's a decision you would have to make as an investor. All I can say is, you see us at every call and every roadshow, but there is a great team underneath us who will probably do a better job than us. If we got hit by a bus.

Tobias Yao:

Yeah, don't jinx myself. But you know, we love what we do and you know, we come in every day. Investing is our passion. And it is rare where you go into work every day and you're very happy and you're doing exactly what you love with a bunch of, the entire team, that's super supportive and that, you know, that are friends with you. So, you know, that's, that's what drives us as investors and why we've been at WAM for over a decade.

Oscar Oberg:

I'll tell you the one thing that's going to keep us like, you know, our shareholders at Wilson Asset Management, we think about them every second of every day. This is going to a new market where we're dealing with a lot of the CEOs and CFOs and boards and founders that we've been dealing with for a long time in the market. And you know, they've been kind enough to back us to give them us their own money.

These guys have been very successful in business and they're going to expect a lot from us.

Tobias Yao:

Yep.

Oscar Oberg:

And we don't take that for granted. So yeah, clearly, if, if you know, we launched a fund and then within 12 months one of us leaves or we both leave or whatever, then they're not going to be happy as you guys wouldn't be either. So, no, we're here for the long term and as I said, we are stoked and very excited about this product.

Bridget Thelander:

Thanks. The next question is from Geoff. Are distributions annual or biannual.

Tobias Yao:

Distributions are annual.

Bridget Thelander:

Great. And would the fund invest into Tuas at the current price?

Tobias Yao:

You'll have to find out when we launch the fund.

Oscar Oberg:

I think you know that answer to the question before you ask.

Bridget Thelander:

Beautiful. From Steve. Will performance figures net of fees be provided on an ongoing basis?

Oscar Oberg:

Look, we're working through that. I think we'll be consistent with the other WAM funds at this stage. But look, again, this is a unique product. We will take feedback and make a call, but we're working through it at the moment. I would say, look, it's something, to be frank, we haven't probably talked about as a team as yet because it's been mad trying to get the whole process underway. But I'd say at this stage we probably quote gross fees like we do with all the funds.

Bridget Thelander:

Brilliant. And another one from Rodney. Are there any sectors in your process excluded?

Oscar Oberg and Tobias Yao:

No.

Bridget Thelander:

Great. From Amy, please explain how the performance bonus would work.

Oscar Oberg:

The performance fee, I assume. So the benchmark we've got is the RBA cash rate plus 4% and there's a high watermark. So for instance, if the portfolio does 15% in a year, and let's call it when you count for management fees, the benchmark is 10%, we effectively take a 20% performance fee of that 5%, which is the 15 minus 10. Now if we get a situation where the portfolio is negative 5% and the market is negative 10%, so we've outperformed by 5% there, we don't take a performance fee. The performance has to be positive, which is the feedback that we got a lot from the company founders. They didn't want us taking a performance fee in a negative market, which is completely understandable given the way we structured this fund.

Tobias Yao:

And I think another scenario is if the fund's flat, we won't take a performance fee because the hurdle is therefore close to that 10%. And so for next year, we will have to make back that first 10% as well as the new circa 10% or 9% and a bit to be able to take a performance fee before we can take a performance fee. If that makes any sense. So that that positive benchmark compounds every year and so the performance of the fund needs to be higher of that compounded positive annual benchmark for us to get a performance.

Bridget Thelander:

Yep, that makes sense. From Sean. How much of the fund will come from founders and CEOs?

Oscar Oberg:

Good question. Look, we don't know is the answer because they're still going through the application form, so we can't sort of comment on that.

Oscar Oberg:

I can't really, but it's. It's material.

Tobias Yao:

Yeah.

Oscar Oberg:

It's more than we thought.

Bridget Thelander:

Great. And from Michael, would the fund invest in Dicker Data Ltd (ASX: DDR)?

Tobias Yao:

Yes, that's part of the investment universe. Yes.

Bridget Thelander:

Fantastic. And how is the unit price calculated from the 1st of March? We have a question. If I invest 10k, how many shares in the fund would I receive.

Oscar Oberg:

For that 10k? Well, assuming the unit price is a dollar, then effectively, you know, you get 10,000 units and then at the end of every month, if the market goes up. If our portfolio goes up 10%, then that dollar worth of units will go up 10%, effectively. And you'll get received that every month, when we get those reports.

Tobias Yao:

Yeah. I think the difference with the LICs would be that the NTA would be where you get in and then it's also where you get out, when you redeem the money as well. So it doesn't trade at a premium or discount because it's not a listed product.

Oscar Oberg:

And then again, that's one of the, I guess the disadvantages, let's call it, of a trust, is that you're only really seeing the unit price. That's called once a month.

Tobias Yao:

Yeah.

Oscar Oberg:

Whereas, you know, every day in the share market, you can look at the share price of the listed investment company.

Tobias Yao:

Yes.

Oscar Oberg:

And you can get, call it, instant liquidity if you want to sell. So you have. There is a holding period for you to get your cash back, but it's just that's the way a trust works. And so again, you've just got to weigh that up in terms of what your expectations are and your time horizon and your investment objectives are as to whether the product suits you.

Tobias Yao:

Yep. And it doesn't give you the opportunity, for example, when, you know, LICs are trading at a discount, to buy shares at a discount to the NTA or sell shares at a premium to the NTA. So it doesn't give you that opportunity, which, as we know is the benefit of the LIC structure.

Bridget Thelander:

Thank you. And this next question is from Hamish. He says what is the top founder led stock pick currently from each of you?

Oscar Oberg:

Oh, good question. I'll start. So there are a lot of founder led stocks that have done incredibly well over the period. And so the challenge for us in this fund is not to put all of the fund into a Pro Medicus which is up, you know. It will be featured in the fund. It's a great stock but you know, it won't be our largest position. But what we're trying to find is those really small companies founder lead, have a long-term objective and companies are probably right in our sweet spot of Wilson Asset Management, which is undiscovered. Got great catalysts. So my company is a company called Paragon Care (ASX:PGC).

The two founders and I think one other party owns about 70%, 70 of the shares on issue. These guys founded a business called CH2, which is the fourth largest pharmacy distributor in Australia and it had zero percent market share about seven or eight years ago and today it's got about 10%. So these guys did a backdoor listing of a company called Paragon Care, now that the ticker is called PGC despite CH2 being the dominant business.

They did that around November last year, on November 2023. And effectively they are a huge beneficiary of Sigma and Chemist Warehouse. And the reason is because there will be some leakage from Sigma for the independent pharmacies because they don't want Sigma to have their data, which is obviously now going to be shared with Chemist Warehouse. Well, not shared but you know, there's a conflict of interest, let's call it, with Chemist Warehouse. So we do think that Sigma will lose some independent pharmacies and they potentially can go to Paragon, or CH2, which is marketing itself as the distributor for the independents.

They also bought Paragon, which is a medical device business. They've got a hospital distribution business. They can put those medical device products into that distribution business that we think that'll generate tremendous synergy. So the stock's done very well. We actually think this could be, this could double from here and we own about five and a half, six percent of the company. We went substantial in the company I think in January.

So yeah, we're very positive on the company. We think it's a great play on what's happening in that industry which has obviously been changed a lot through the Sigma and Chemist Warehouse merger. So long answer, sorry.

Tobias Yao:

I'll stick to my Tuas. Obviously talked about the success they've had in Singapore over the last four years, winning market share and continuing to disrupt the market. I guess what's probably happened over the last, probably even six months, has been new developments that's adding additional growth drivers to the business. You know, they've launched a new product that's targeting the global market, not just the Singaporean market.

Tobias Yao:

Both Oscar and I have used it, actually tested it, so to speak. It works really, really well. It's an ESIM product that effectively reduces the cost of roaming when you travel overseas. You can download this SIM called the Goose ESIM Card in the App Store and effectively rather than paying your telco provider $10 per day for global roaming, the cost of downloads, is going to be a lot lower for this and it saves a lot of cost.

Tobias Yao:

But that's a brand new market, a brand new growth driver for this business. And the team there continues to execute and innovate. And also there's been some developments on the opportunity around free trade zones between Malaysia and Singapore over the last couple of months. And so, you know, we believe the total addressable market for TUA has expanded. Obviously share price has done really well based on the execution of the mobile penetration. You know, they've launched a fiber broadband product but you know, they continue to look at new growth drivers and new total addressable markets to grow their business for the longer term. So it's again its a high-quality business. We really like it.

Bridget Thelander:

Fantastic. Thanks, Oscar and Tobias. That actually wraps up the Q&A section, so I'll pass back to you both for any closing remarks.

Tobias Yao:

Well, look, thank you so much for your time and your interest. Feel free to obviously reach out to anyone within our organisation, visit our website and we're happy to answer any questions on this new Fund and really appreciate your support and your interest in the WAM Founders Fund. Thank you.

Oscar Oberg:

Thank you.