**WAM Capital, WAM Microcap, WAM Research and WAM Active FY2025 Interim Results Q&A Webinar**

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Speakers

Oscar Oberg – Lead Portfolio Manager

Tobias Yao – Portfolio Manager

Camilla Jones – Corporate Affairs Manager

**Oscar Oberg:** Good afternoon everyone, and thank you for dialling in today. My name is Oscar Oberg and to my right is Tobias Yao. And together we're the portfolio managers of the four small cap funds that we manage here at Wilson Asset Management being WAM Capital (ASX: WAM), WAM Research (ASX: WAX), WAM Microcap (ASX: WMI) and WAM Active (ASX: WAA). Now, in terms of this afternoon's call, it'll be very similar to previous calls. I'll give you a quick overview of our results and then pass it over to Tobias. He'll talk about reporting season and then we'll both talk about four key stocks that we quite like over the next 12 to 18 months. So if you've got the presentation in front of you. And this is a snapshot of WAM Capital where microcaps results for the first six months of this financial year. We've come a long way over the last 12 months. I think it's fair, fair to say, I think when we were here 12 months ago, and I certainly can remember this because in January there was, board meeting and, this is January of 2024. And I think we all felt that potentially we have to cut the dividend.

And I think it was from the end of that, that month in January, the market took off and pleasingly, our performance actually followed with it. So if we look over the last 12 months, the market is up 15%. WAM Capital, the fund is up 33%. So we've outperformed by 18% over that period. So it's probably one of our best periods of performance ever. But most importantly, we've gone from a profit reserve that was close to empty in January of last year to now having about 25 cents in the profit reserve, which is about, call it the next three and a quarter dividends.

For context, as we said back in, we had a conference call in December. It's probably the best visibility we've had on the dividend really since 2021 and 2018. And for context, WAM Capital in both those periods was trading at a 20% premium to its net tangible assets (NTA). And today we're trading at a slight premium to its, to its net tangible assets. Just quickly on WAM Microcap look, similarly, it had a great half up close to 9% on the S&P/ASX Small Ordinaries Index.

It's been a tough period for Microcap through January and February, so we have lost a bit of that performance. But we're still outperforming by about 5% or 6% or so. But given the strong performance again over the last 12 months and the franking that we have built up over time in that fund, the board decided to slightly increase the dividend from 5.25 cents to 5.3 cents. Now, just quickly on the next slide, we've got WAM Research and WAM Active.

WAM Research has probably had its best period of performance, I'd say almost ever over the last 12 months. In this half, we're outperforming by 16%. Had some great stock picks through that period. Sigma Healthcare (ASX: SIG) an example. We're lucky enough we had the SG Fleet (ASX: SGF) takeover. So we've had a lot of good stocks through that period, which has been fantastic. Team's done a great job there and then as well, which is pleasing.

Again over the last year, the dividends. The dividend coverage there has come a long way and we're also outperforming there. If we turn to the next slide, it gives you a snapshot of January, how we went. If you can remember, markets did quite well through that period. We outperformed in three of the four funds. WAM Microcap had a tougher month. Pleasing in February. All four funds have outperformed the market, which has been great because it's been a very tough February. Very highly volatile, as Tobias will talk about.

But I think the most pleasing thing for us versus last time we spoke to you is we do take a lot of pride where the share prices are across the list of investment companies that we manage. And we know that shareholders have been doing it tough in terms of the share prices and how that's performed. And pleasingly, when we last spoke to you, I think it was in December. WAM at the time was at a 7% discount to its net tangible assets. And actually all four funds were trading at discounts at that period of time, I'm pleased to say, as it stands today and look and change pretty quickly, as we know in these markets. But all four funds are now at a premium.

So look, there's been a concerted effort internally to really drum home the message and the visibility that we have with dividends. And look, that will certainly continue going forward, but I'll leave it at that and pass it over to Tobias, who'll give you a snapshot of reporting season.

**Tobias Yao**: Thanks, Oscar. Look, it's probably been one of the most volatile reporting seasons we've had in a long time. And the volatility comes from the intraday movements and the reaction to the share price reaction to some of the reports that's come out. The results and I Think it's partly because post the U.S. election the stock markets had a really good run, particularly some of the momentum or high beta stocks.

So going into the reporting season many of these companies have had a very strong run to January and February. If they didn't deliver a perfect result with strong outlooks, the share prices come off. So in the small to mid cap space, over 60% of the companies actually fell. In the month of February, 40% of the companies actually fell by more than 5%. So it was a very challenging reporting season for the overall market.

In terms of our portfolios, I think it really emphasises the importance of having a very balanced portfolio. While some of the higher beta companies that we have, we saw a pullback. However, we've had a lot of the unloved companies that saw a pretty sharp increase in the share price when the results came out and wasn't as bad as expected. Companies like EML Payments (ASX: EML), A2 Milk (ASX: A2M), Event Hospitality (ASX: EVT) and the likes of that or Eagers Automotive (ASX: APE) for example. So if you turn to slide 6, hopefully that gives you a bit of a color on what's happened over that two month period.

A lot of the sectors that's exposed to the Australian economy and we've spoken about this the last couple of times and that's how we've been positioning the portfolio for and those companies outperformed and obviously some of the high beta names have come back on the back of the recent sort of tariff uncertainty in the U.S. and the general risk off environment. So for us with the interest rate cut it really supported the thesis for many of these consumers or discretionary type companies which we've benefited in terms of our focus. Now with the pullback in the market we are revisiting all the companies that's really come off some of the high-quality businesses where slowly going back into or adding to the positions.

We believe that it's a great time to be investing in some of these businesses and we're finding new ideas every day. So really looking forward to the next six months and obviously continuing to do the work on the ground to find these undervalued growth companies. Perhaps I could start by talking about two stocks that we like. The first one is a company called A2 Milk. Now they are a milk company number one, but also an infant formula business with the majority of its revenue and earnings coming out of China.

They had a hiccup in August last year when they had an issue with the supply chain. But the management team has delivered a very, delivered a very strong result in February after overcoming the supply chain issues. And what we realised is that they're winning market share in China at a very fast rate. And so we're very positive on this business because as with infant formula there are three stages for the infant. Stage one, stage two and stage three.

Particularly for their customers, if a baby is on the stage one formula, they will naturally transition to stage two and stage three, which are larger part of the revenue because of the ability for them to attract new moms. And putting many of these infants on the stage one formula over the next 12 to 18 months we see the natural progression of many of these infants progressing through the stage two and three, which supports the revenue.

The other thing that's really changed for this company, it used to be really a one product company or it was infant formula and obviously milk. They're now using the IP to expand into multiple geographies and also multiple products. So they launched the seniors product, they launched a super high end product and they will be launching many other products that will come to the market.

So for from our perspective, with over a billion dollars of net cash for this business, it's very well positioned over the next 12 to 18 months and is a key holding in our funds. Another company which we've owned is Beacon Lighting Group (ASX: BLX). Now it's more than 50% owned by the founders, the Robinson family, which has done an amazing job growing this business. Beacon Lighting, what we think is unique for this business is over the last few years they've grown the trade business or the commercial business at about 20% per annum. Now that's over 40% of the revenue for the overall business now.

Now the trade or the commercial part of the total addressable market is two times that of retail. And given the success they've had, we think that's been missed by the market. And so we quite like the growth profile of Beacon Lighting. Obviously they have that commercial, so they have the consumer part of the business, but it's really the commercial part that over time we believe can continue to drive the growth for the overall company. So that's another company that we like.

**Oscar Oberg**: Yeah, thanks Tobias. Next company I'll talk about is Event Entertainment. EVT is the ticker and these guys run event cinemas which is I think the second largest cinema operator in Australia, the Thredbo ski resort and also Rydges Hotels and QT Hotels. Now this business has a lot of property and it's always had a lot of property. It's always been a frustrating stock for the investment community over a period of time because you never, ever saw the value of that property properly reflected in the share price.

Sometimes you get little snippets in your career and you run with it. And basically we just. All we were doing, all we did was read their annual general meeting (AGM), which occurred in November. And there was just a one sentence that said the company is reassessing its property holdings. And that was code for us in terms of making asset sales. And they have a significant asset in 501 George Street, I think it's on the books for about $150 million to $200 million.

They came out at their result and said they're actually looking to sell that asset by the end of the financial year. What's more is their cinema business, which has been struggling since COVID and that's largely because there's been a number of strikes in Hollywood and so it's impacted the content lineup. You had a very strong Christmas and the management team has always said that the way that they've changed that business is that they can achieve the same level of earnings with 30% less attendance today compared to before COVID And they had a very strong Christmas and they actually came out and showed the market that. And for context, the analysts following the stock had assumed 30% lower earnings in that cinema business in the next couple of years. So those earnings have subsequently been upgraded, coupled with the view that the company will sell some assets. And so the share price has done incredibly well. I think it's about up 30% or 40% since we started buying the shares back in November.

The last company is an old favorite of ours. We've probably talked about it to death. We actually in the end did incredibly well out of the stock is (ASX: MYR). And we're back in and we've got probably the most bullish we've ever been on this stock. And the reason is that Solomon Lew, who we would regard as the best retailer in the country, he's personally got a very large holding in this business.

He's assembled an A class board led by Executive Chairman Olivia Wirth, who's ex-chairman or ex-head of Qantas, Qantas Frequent Flyers, which is probably one of the best businesses in the country, coming to run Myer. And she's got a strategy of using Myer One, which I think is the fifth or sixth largest loyalty scheme in Australia, and using her experience at Qantas Frequent Flyers to really drive membership into that and use the acquisition that Myer has done of Premier's apparel brands.

Increase the customer base and return Myer to where it was which was a company that used to grow sales 3 or 4% a year and given it's got such a large cost base we really should see significant operating leverage to the bottom line. Now we would regard Solomon Lew is probably one of the smartest people we've dealt with in our careers to be perfectly honest. He's done that acquisition or that merger at the worst possible time in retail and since the business has come together we've just had an interest rate cut.

Certainly we think there will be more interest rate cuts and so if Myer get it together we think earnings can effectively more than triple in the next three to five years. So we're very bullish the company. I think we're sitting at just over 4% of the company and really want to back management over the longer term so see a lot of upside there. Thank you Camilla.

**Camilla Jones**: Thanks Oscar. Thanks Tobias. We'll go to questions, we've got a lot coming through and we did have a lot submitted before the webinar began. So we'll just start with some stock questions from James. Can you comment on your holding in Bravura (ASX: BVS) and the outlook for this company over the next six months?

**Tobias Yao**: Yeah, Bravura had a really good result. The share price went up quite a bit. It's sort of come off a little bit last week or so. That's with the market sort of sell off, very strong result. Look one of the things that they've done really well is to be able to grow the top line and we think there are a couple of opportunities, potential contract awards that , if they were successful the revenue top line growth could continue at a pretty healthy rate. So we're quite positive. Bravura.

**Camilla Jones**: Thanks Tobias. Eagers Automotive had a good result recently. So what are your thoughts following that?

**Oscar Oberg**: Yeah, great result. Beat earnings expectations by I think 15% to 20%. So management's very confident in the long term margins of this business and given their strong market share in Australia and industry leading margins and returns that they generate in their business we think they're looking potentially taking this business offshore. It's got one of the best founder led individuals, I guess you could call it Nick Politis leading that business with Keith Thornton the CEO. So now we're, we're very much long with stock. We really like it.

**Camilla Jones**: Thanks Oscar. This next one I don't think we've had a call where it wasn't mentioned. Tobias, are you still positive on Tuas (ASX: TUA)?

**Tobias Yao**: Yes, still positive on Tuas. It continues to be our largest position. I'd say, the what's changed as they've continued to deliver without going back to the sort of history of the businesses and what's probably surprised us as investors, it's been the ability for the management team to have opened up new opportunities or new areas of growth along the journey. When it first started, as , it was just a mobile operator in Singapore and over time they've been able to add additional revenue streams, additional products to the well oiled machine which is the mobile business and they've continued to gain share in Singapore and now the products effectively have started to expand outside of Singapore and so these total addressable markets got a lot larger. And very excited to see how David Teoh and Richard, the founder and the CEO can take the business over the next few years.

**Camilla Jones**: Thanks Tobias. You've both been involved recently in the Founders Fund launch just a few weeks ago. How is that if it is going to impact the portfolio at all?

**Tobias Yao**: We believe the Founders Fund will definitely help the existing leaks. The ability to access management, ability to really pick their brains, we think will help our existing positions in, in the current leaks. So it's given us an opportunity to obviously meet with a lot of these founders and CEOs as we've raised the money for that fund and being able to understand these individuals a lot better, the aspirations and their headspace and what made them successful. And I think that's quite important part of our investment process is to understand the people behind these businesses and backing the management team. So that's really given us an added level of insight for many of these individuals and it's really helped, for us as well.

**Oscar Oberg**: And thank you to those listening as well, obviously who participated in the fund. We're ecstatic with how it's gone and we started on Monday but in the end we had over, what was it close to 80 founders or CEOs, CFOs or founders of companies participating in the race, which we were blown away by. So thank you very much, really appreciate it.

**Camilla Jones**: Fantastic. Thanks. Both the next question is around artificial intelligence (AI) and how the recent advancements in AI influenced your investment strategy and are there any new small cap companies in this space that you believe are going to benefit?

**Tobias Yao**: Yeah, I mean the AI is very topical. Obviously a lot has happened even since ChatGPT and obviously Deepseek, I think it would have been a month ago now, like for us, in Australia, in terms of the investable universe or the opportunities in Australia, it's really not backing a specific, leader in AI. It's understanding how AI could filter through these different organisations and how these organisations are using AI to get ahead of their competitors.

So that's been a lot of the work that we're doing in terms of understanding exactly, how these businesses are benefiting. Our view is, when done correctly, AI does lead to a huge improvement in efficiency. So for some, for a company like Temple & Webster (ASX: TPW), using AI frees up a lot of their time to focus on other parts of the business, to focus on the revenue generating parts of the business. So we see the AI impacts and the various organisations and how they've adopted AI come through a lot of the conversations we've had.

**Tobias Yao**: It gives us an opportunity to also judge just how digitally savvy some of the organisations are. Obviously the ones that really the early adopters that has the right mentality and investments and happy to invest for the future, otherwise that should outperform over the longer term. So that's been good for us in terms of sort of AI pure place. There's a company, it's very small company called AI Media (ASX: AIM).

They do captioning for a lot of the large media companies globally. AI for the first time, I think 12 months ago is now more accurate and obviously faster than human annotated captioning. So they're using the efficiency and the quality of AI to effectively replace captioning. What does this mean? The cost goes down by a significant margin which makes the product a lot more accessible to more content which should open up the total addressable market.

And so it's a global business, the founder owns a very large part of the company and obviously it's something we're quite bullish on. So AI Media, for example, is an AI company that we have. But across all the companies we invest in, we talk about how they adopting AI and how they're adopting AI within the processes and going through tangible evidence of that happening.

**Camilla Jones**: Thanks, Tobias. This next question is from Olivia and she says what are your thoughts on the Collins Food (ASX: CKF) result recently?

**Oscar Oberg**: Yeah, thanks Olivia. Look, Collins Food result was back in late November and we own quite a decent holding in it. And Collins Foods like the whole fast food industry really across Australia and it's actually like a global Issue, to be fair, is just through rising costs, McDonald's, KFC, number of the chains have put prices up too much. You've got a cost-of-living crisis and simply the foot traffic is just not there from what it used to be.

They had a tough half for us. We've added to our position since that period in time. It's the cheapest the stock has looked at probably ever. They've got a very, very strong balance sheet. The Australian business is an excellent business. Yes, it missed expectations, but it's a very, very strong business, generates great cash flow. So we think the business is in a great position to make acquisitions.

The market is starting to come back, which is great. So, yeah, it's one we think looks good. Get an interest rate cut like we've had, maybe get a couple more. That would be excellent for it. So it's a decent position for us.

**Camilla Jones**: Thanks, Oscar. I will stay with you. And just note we've got a couple of questions on dividends and franking, so we'll address it right now in the upfront WAM Capital, WAM Research. They were recently partially franked. Can't you pay more tax to generate more franking?

**Oscar Oberg**: The answer is we can and we do, but the level of that we can is still not enough to get it to. And I'm speaking for the board here, so just remember I'm not on the board. We still need the market and our performance to be stronger, for the remainder of the financial year and the cut off is the 30th of June, so that there's greater visibility on that franking. We're getting closer, there's no question.

But we're not there yet because the last thing we want to do for both funds, and again, I'm speaking for the board is put it up to 100% and then six to 12 months later bring it back down to 60%. That would create a whole heap of uncertainty. So and I'm speaking for the board here, but the board wants to put it up, back up to 100% when there's greater certainty. And look, certainly our performance has been, well you couldn't have asked for more from our end. It's great we've gotten back some of that reserve, but it's still not enough is what I'm saying. So look, we're looking a lot better, but I can't promise when that will occur. You need markets and our performance to keep going higher.

**Camilla Jones**: Thanks Oscar, Maya has said you mentioned that it was a mixed reporting season but you came out okay. Could you talk us through some of the companies that disappointed and why they disappointed?

**Oscar Oberg**: Yeah, well we had plenty and it was funny. On Friday I sort of got out of it battered and bruised and I looked at our performance. We outperformed and I can't believe we outperformed, but we did and it was, it was quite a decent number actually. So where do we start? I said to Tobias and it's a comment Tobias made to me a year and a half ago about another stock where he said to me going to the result, I'm so bullish on this stock. I think I can be. I'm probably wrong.

I made a joke and said I'm going to say that same quote and that stock was AMP (ASX: AMP). Turns out I was wrong and that was probably our worst stock over reporting season. It actually beat expectations. The result itself was fine. The stock had rallied too much. We got too excited on it. I got too excited on it and we probably misread the share register. I think a lot of people were still there for capital returns and dividends and so forth where the business is transitioning now back to growth which is great, that's fantastic but you need a transition of the shareholder register and yeah, it wasn't at that stage yet so unfortunately that was a bad one for us. But we have been buying it lately. It's now actually trading below net tangible assets (NTA).

Another stock was Integral Diagnostics (ASX: IDX). Again we're still buying the stock so we've become a big shareholder of IDX from Capitol Health which they took over back in June of last year. We own 10% of Capitol Health. Integral Diagnostics the bigger listed company acquired it. We folded our shares into Integral Diagnostics and we have a big shareholding now in Integral Diagnostics. Now as you often see with mergers and acquisitions there are some teething issues and some timing issues.

In this instance they actually didn't even see that the actual Capitol Health business been going well actually very management team is very confident synergies. It was as simple as there's the first half wasn't as good as the market thought. There was a second half wait and it was a terrible reporting season in terms of volatility and the stock fell 30 odd percent. To give you an example of how volatile reporting season was we.

I went to the. I think we had one of the first meetings of Integral Diagnostics after their conference call and just before I left the conference call, the shares were trading at $1.94. They'd fallen 33%. And I said to Chris, who does our dealing, I said, oh, can you buy a few here? This is nuts. This is crazy. I then had three meetings and I got back to my desk and it was 10 minutes to 4 and the shares were $2.50.

So in that two and a half hour period from the time we bought that shares $1.94, the shares had increased 30% and we actually sold them out at the end of the day for a little profit. Now, we still got hurt on the stock because we owned a lot more, but that gives you an example of how volatile it was. And there's a lot going on in the macro at the moment and we suspect it'll continue to be quite volatile.

**Camilla Jones**: Thanks, Oscar. Liam is asking about merger and acquisition (M&A) activity. He says, do you think we'll see more small cap companies getting involved in mergers and acquisitions?

**Oscar Oberg**: We want to see it. It's the right time to be doing it, particularly with the rate cut. We're certainly encouraging our companies to do it. Look, we're not kidding ourselves. The last three weeks has been very volatile. What we do expect to happen, as we were lucky enough with SG Fleet just before Christmas, is we continue to see value across small caps. And we think acquisitions from private equity coming into in the list of markets will continue. Like for instance with SG Fleet, which is a company we've talked about here before, it was trading on a price earnings multiple valuation of seven times. That is very, very cheap. That's like a third of what the market trades on.

And it got bought out by private equity, I think at about 11 times earnings, which is SG Fleet really should be trading at 11 or 12 times earnings in a normal market. So look, we think M&A will continue. We just think it'll be private companies buying public companies. You need stability in markets, probably need another interest rate cut, get through this tariff noise. And then we do think probably in the second half of this calendar year we will see some initial public offerings (IPOs), some M&A activity, because certainly when I got back from my holiday in Japan, not that it was a holiday, I don't think you had one either.

But anyway, when we got back, all the investment bankers were speaking to us about the pipeline and what they got and it's at really, really high levels. So look, companies are just waiting for the noise to settle.

**Tobias Yao**: We've had two M&A during February.

**Oscar Oberg**: That's a good point. Yep.

**Tobias Yao**: Dropsuite (ASX: DSE), which is a big position of ours. I think we're 12,000 shares away from 5% of the company business we saw less than 12 months ago and got acquired. And our points bet that was another one that got acquired. The big one in a small cap space is domain obviously made a lot of news there. So we do, yeah, to Oscar's point, we do see it happening and potentially during periods of market volatility some of the other asset owners will come in and look for some of these beaten down companies.

**Camilla Jones**: Great, thank you both. We've mentioned volatility quite a few times on this call and we've had a few ask how do you handle volatility when investing in small caps?

**Oscar Oberg**: It's very hard. It's like impossible to be honest with you, and particularly we don't focus as I think a number of our shareholders know, we don't really focus on resources. I mean, that's what hurt us a lot in Russia, Ukraine when that war happened and inflation started increasing. Like, we could see it ourselves. We'd love to buy all these resources stocks but it's not our expertise and that's really only, that's the only thing you can really do.

So to answer your question is yes, we get periods of volatility and that is very tough for us. I think on the upside though is what we saw in 2022. This always provides opportunities because you're, and particularly in that microcap space, as I said at the start of the call, where Microcap has been hit in the last two months, hit pretty hard. We're still up outperformed by 4% or 5% but we were outperforming by 9%. So that's a big move in two months. But, but yeah, look, you see that really small end dislocation between what's really, what's the true value of companies and the share price. And that's when we like to strike.

So you just got to look through the noise, focus on the process. That's the number one thing, the investment process. Is there a catalyst? Does it fit the investment process? Is the balance sheet strong? Are they the best company in their sector and where do we see the long term upside? So our greatest defense mechanism in the fund is cash. The problem with cash is if you go to cash and you get it wrong and you have to get back into the market, it is very, very difficult and you can lose a lot of performance.

So, since Tobias and I've been looking after the portfolios, it has really only been Covid where we upped the cash, we went to about 40% but even then we were lucky with like if there weren't a number of those capital raisings in that March, April period which allowed us to quickly get back into the market, we would have lagged some way because the market went up a lot in that period.

So yeah, look for us, to go high in cash we would have to be very, very negative about how we're seeing things.

**Camilla Jones**: The next question we've got here is from Sophie. Interested in the Australian small cap landscape and how it compares to the global market. Are there unique opportunities or challenges here?

**Tobias Yao**: Yeah, I think in a lot of ways it's sort of similar. Like for us we, I think, it's a, it's a really good question.

**Oscar Oberg**: It's a great question.

**Tobias Yao**: I think for us, we know the Australian market really well so we feel like we have the advantage perhaps in many instances to be able to visit the thesis of some of these companies and obviously meet these management of these companies by being here. So there's an advantage from an information perspective and the overall understanding, understanding of the market. I think one thing that's pretty unique to Australia is if they, there are high quality tech companies in Australia.

There is a scarcity factor where, in the U.S. there are so many tech companies and often it gets lost or gets compared to the, thousands of other technology companies there over here. If it's a high quality growth business it often, particularly if it's liquid and we've been seeing that quite a bit over the last few years. It's sort of larger liquid growth tech companies, they get a higher premium to the valuation.

So the payoff through the journey of a company going from something that's unloved to going into the index and therefore coming out of the index and being in either the S&P/ASX Small Ordinaries or the S&P/ASX All Ordinaries or the ASX100 there is this opportunity to see very strong outsized returns over that period. We've seen it across a few companies that's, obviously Tuas being one Regis Healthcare (ASX: REG), Generation Development Group (ASX: GDG), the ones that's really sort of languished for a few years and then obviously delivered operationally and then, then the market discovered these businesses and it went on and run. So that's, that's quite interesting for us perhaps quite unique for the Australian market. And so these are the type of opportunities we're looking for.

**Camilla Jones**: Great, thank you. Next one is from Matt. Are there any small cap companies in the renewable sector that you're keeping an eye on?

**Tobias Yao**: Yeah, I mean, there's a couple. I mean one of the ones we have in the Microcap fund is called GenusPlus Group (ASX: GEN). So it's the exposure renewable sector. They effectively build the poles for the transmission lines and rewiring Australia and having to effectively three times the amount of transmission within Australia given the renewable energy coming online is a massive tailwind for this business which effectively helps rebuild these power lines across long distances. So GenusPlus would be one, Lgi (ASX: LGI) would be another one that's exposed to renewable space and they do biomass biogas and accuse as well. So they have monopolies in landfills, effectively turning the landfill biogas into energy and electricity and winning projects. That gives them the opportunity to expand the network and expand the number of sites. Those are a couple of stocks we have in the fund.

**Camilla Jones**: Great, thank you. Next question, Rick Taylor. He says can you sell the position in Light and Wonder (ASX: LNW)? He understands all the arguments about strong fundamentals, good management, strong shareholder returns, but believes it's not an ethical investment.

**Oscar Oberg**: Thank you, Rick. I think you've probably argued we probably say the same thing. Light and Wonder is effectively a poke machine operator. And for us, if we're going to invest in a company like that, which, would be low on the, on the ethical guidelines, let's call it, we'd have to be very certain about the outlook for the company. Look, I would say that we only recently just bought into the company.

Our reasoning is the management team and the board is looking to actually delist or get out of the U.S. and 100% list in Australia. And why that's important is its largest peer or competitor is Aristocrat. That trades on a much higher valuation than Light and Wonder. So we think that'll be very positive for Light and Wonder. They've also had some issues around one of their high quality games called Dragon Train.

We think that's now washing through the numbers and we think that the business is primed to upgrade earnings. So the answer to your question is, look, when we started WAM, in terms of the way we invest started back in 27 years ago. We're not going to change our process of investing, given that's what shareholders have always been used to over that period of time. But I can assure you, Tobias and I on the team, if we get a business such as this, we've got to be doubly sure that in our work because we know that given it is low on the ethical standards, let's call rules out quite a lot of the other investors. So, the work we do on stocks like this is very intense and we want to get it right.

**Camilla Jones**: Thank you. Next one is from Dennis Castino. He says why is WAM trading at a large discount to NTA and what can be done to reduce the discount? Oscar, if you just want to mention we're at a premium at the moment.

**Oscar Oberg**: Yeah, sure. But I would say look, yeah we were at a point last year, October, November, after we paid the dividend we were trading at 7% or 8% discount and I think that was the highest discount since 2011 or 2012 maybe. So look, and clearly we got on the front foot as a business and have been calling and it was, the difficulty we've had, through this last three year period has been the lack of profit reserves. So we haven't been able to do that.

Now we've got the profit reserve and we can because we've got more confidence in the visibility of the dividend. But how do we get it back to a premium? As Camilla said, we are at a slight premium at the moment. We were at a 20% to 25% premium. Some may argue, unfortunately that was probably unsustainable. Certainly Geoff was selling stock in that period of time, but that's where it was. Look, Tobias and I think about the share price every second of every day.

We'd love to get it back to where it was but we need markets to keep going up. We need small caps to get back in favour. Like yes, we've had a great year, 12 months, but small caps still are not in favour with investors and we need to keep building upon that, that profit reserve and the dividends. So look, all I can say is that we're working as hard as we can to get the share price back to where it was, let's call it $1.82 or $2. But we need some things to go our way is what I'd say. Some interest rate cuts would also help.

**Camilla Jones**: Thanks, Oscar. Peter Dixon on WAM Microcap. He said the profit reserve is approximately $0.40 per share. Is this value in addition to NTA? And then he's also asked is it already valued part of the NTA? So is it in the NTA or not?

**Oscar Oberg**: Yeah. So it is in the net tangible assets. Think of it as like retained earnings of a business. And when we pay out that retained earnings, which is a profit reserve, which you're correct in saying we pay out that retained earnings as a dividend, the value of the net tangible assets will fall. Now the problem we've had over the last three years, which we talked many times on this call, is while we've done well, the portfolios increased and we've outperformed. The amount of dividends has actually been higher than the performance that we need to more than offset that. And so because of that we've eaten into our capital or the capital of the net tangible assets.

Pleasingly, last 12 months our performance has been much greater than what the dividends have been. So the net tangible assets has actually grown. So as we said earlier in the call for us to keep maintaining dividends and to also get back to 100% franking, we need the markets to keep going up and we need our performance to keep being strong.

**Camilla Jones**: Great, thanks Oscar. The next one is from Tim Farley. Is WAM starting to increase its defence stock exposure?

**Oscar Oberg**: Look, we're not just because there's a lot of stuff going on in the world, we're not just willy nilly buying defense companies. It's got to fit our investment process. I think what's probably what's more important is there is a lot of defence expenditure coming into, well Australia is spending a lot of money, particularly in Western Australia at the naval bases and so forth. And , we do own hostile boats in WAMP Capital, which is a stock we've owned for many a number of years ago, which has record high levels of order book and probably most importantly a change in their contracting model. So it's a little less risky than what it used to be.

And then another in the Microcap portfolio we have a company called Duratec (ASX: DUR) which also does a lot of maintenance and contracting for the defense sector. So look, I wouldn't necessarily. I assume that's where the tone of the question came from is oh, there's a lot going on at the moment, is that why you own, is that live up the defence exposure in the portfolio? The answer is no.

It's probably more just what we see in terms of overall defence expenditure in the country and those, those companies poised to benefit from that.

**Camilla Jones**: Great, thanks Oscar. The next one is from David. What effects on WAM are being anticipated given the breakdown of governance and economic order in the U.S. if you want to call it that.

**Oscar Oberg**: For us, there's not much we can do. It's very, very volatile at the moment. We have a lot of companies that are really in their own little subsectors, whether it be a, radiology company in Australia or an automotive parts distributor in Australia. It's very nuanced and it's very niche. There's not really many companies that we own. There was only one on the day when the tariffs began.

We're running around the weekend, speaking to each other on WhatsApp thread. What do we do? And then you sit down, take a deep breath, look at the portfolio. And out of two and a half billion dollars that we run, we had one stock that was impacted, which was Fisher and Paykel Healthcare (ASX: FPH). But the reality is when you get uncertainty, it's very tough for small cap companies. And unfortunately, it's been like this really since COVID So look, what's happening to us right now is nothing new.

We knew this would happen with Trump coming into power, it was always going to happen. So we just got to ride it through, stick to the process, stick to fundamentals and stocks. And once this normalises, as we've been saying many times on these calls, we think small cap companies will outperform the broader market. The underperformance has been around 26%, 27% since around September 2021 is a big number. And once we get some easing conditions, hopefully some interest rate cuts, we think that gap will close.

**Camilla Jones**: Thanks very much, Oscar. Stephen notes that in a previous webinar, Tasmea (ASX: TEA) was highlighted as a top stock pick. Has your view on the company changed since their result was announced?

**Oscar Oberg**: No, not at all. I mean, there was a good result. They upgraded earnings. Like this happened a lot through reporting season. A lot of companies that had done well, and Tasmea is one of them. The share price has doubled since listed back in June. They're very, very high expectations for it. And it didn't do anything wrong. It just saw selling after the result. We saw that with many, many companies we had.

There's a lot of companies we had that upgraded earnings. And that's our job, is to effectively find that and to deliver on those catalysts that we see prior to earnings results. Bega Cheese (ASX: BGA) was an example of that. It upgraded earnings, I think, by 30%. And we got to the end of the month, it was down 17. So, it was a funny reporting season again as the last question, these are abnormal times.

And so when it comes down to it, when things settle, fundamentals will always come through. You can't just think in the next day or the next week. It's, what's the, where's this thing going to be in the next two, three, five years? And that's how we, that's how we invest. The worst thing you can do in these situations and we found that through 2022 is panic and go to cash or. Because as I said earlier, it's very hard to get back into the market in 2022 when the sell off happened, yes, it was a hard, hard year for WAM Capital. We would have been on this call.

We underperformed by 11%. Since that point in time, we've way more than offset it. And it was a lot of the reasons why we did that was because we bought well through that downturn. And who knows what the markets will bring in the next few months. It's going to be volatile. Whether or not it's a 22 situation, I don't know. But if it is, that's an exciting time for us because that's when you find stocks that are very, very cheap.

**Camilla Jones**: Thanks, Oscar. Just back on the U.S. Veronica has asked, what is your investment focus with Trump as president?

**Oscar Oberg**: Look, Trump, again, very hard for us to make a call given the style of stocks that we invest in. But I will say, yes, there's a lot of noise going on at the moment, but when it comes down to it, take a step back. Trump was very good for business in his first term in power and Marcus did very well. So he's very liberal, wants to get rid of bureaucracy and, I think make it easy to do business in the country. And that is a good thing.

Yes, there's some volatility at the moment, which isn't good for us. But we feel like as his presidency goes on in his first term, things will start to hopefully quieten down and then we go back to it and go take this uncertainty out of it. The actual U.S. economy is actually doing quite well at the moment. Once again, you return to fundamentals. We think you're going to find very interesting ideas, and the last thing we want to do now is panic, is tough. We don't know what the market's going to do. Every day we wake up. Got no idea, to be perfectly honest with you. But we just got to keep sticking to the process and that's what we'll keep doing.

**Tobias Yao**: I think what's important is it's during periods of volatility or operating environment. Volatility in the operating environment. What we have typically found, is the fact that many of the higher quality companies actually outperform because they've been able to navigate the uncertainty a lot better, make decisions quicker. And so, our view is if we can, invest or hold on to these businesses, they should be able to outperform versus the competitors that they're in and therefore win market share. So that's, that's I guess a tangible sort of mark in the sand where that's how we sort of judge how these guys are going. And so it's quite important for us to not lose sight of the fundamental, I guess, intrinsic value of some of these businesses.

**Oscar Oberg**: I mean, I'll give you the best example. In April, May, June of 2022, this is when inflation was rampant. We made a decision in the portfolio to invest in companies such as Nick Scali (ASX: NCK). We did that at about $5 a share. Temple & Webster we already own through the downturn, but we, we actually bought more shares at what, four? Yep, $4 a share. Premier Investments (ASX: PMV) would have been $15 a share. Lovisa (ASX: LOV) would have been at the time, I'm guessing probably $15, $16 a share. Now if we go through these companies now, I mean Lovisa got to a high of almost $40.

Nick Scali today is sitting at $16, $17. I think Temple & Webster is at $16 and it's with this has been like up until a few weeks ago, inflation's been going up and interest rates are being high, going higher. And you're like, well, how do these retailers effectively, how do they get stronger? Well, the answer is they got the scale, they got a high-quality management team and they've got a long term vision.

And so as I said, it was very easy at that point in time to sell those companies, but we chose to buy when everyone was selling and, as you can see three years later, they've done incredibly well and been a big contributor to our performance. So you're always looking for opportunities like that in our seats.

**Camilla Jones**: Thanks, Oscar. Thanks, Tobias. Just staying on the influence of politics on the portfolio. John says at this stage it looks as though there will be a minority government federally in Australia. What are your thoughts for companies or sectors that will be winners and losers from either a Labor or a Liberal minority government?

**Oscar Oberg**: Yeah, I haven't seen the odds for a while. I thought it was looking like it was a majority liberal win, but I could be, could be completely wrong there. Look, Labor, I think has been incredibly good to healthcare in particular. Like for us, aged care has been fantastic. Childcare as well, there's been a big increase in the subsidy, the government's funded award, wage increases, etc. So I would say out of those two sectors on the aged care side, I don't think the liberals will probably do anything given the problems and the issues you have structurally longer term in that space. Space, childcare, potentially they could water down a few things, but they've rushed through a lot of the key policies prior to the election.

I think if the liberals win, I think just broadly, if Dutton gets in and there's a liberal majority, I do think you'll see contraction in public sector spending. And I think if you looked at that, I think it was the labor, the employment statistics, the growth is all in the public sector. It's actually private sectors going backwards. And you'd argue the private sector's in a recession right now, so there's a lot of employees getting taken away from the private sector into the public sector. So generally public sector spending could get pulled back. That would be bad for any company exposed maybe to the NDIS, any potential software contracting business that comes into, if that gets hit in IT spend.

On the other side, we think the liberals will spend heavily on defense and we talked about that previously. So companies like Austal (ASX: ASB), Civmec (ASX: CVL), Duratec could benefit. But either way, I think like we saw in the us you just want certainty. A minority government's not a good outcome. We want certainty. So majority either way, that's all we would like. And certainly as we've had interest rates being cut in February, you get a majority government gives you certainty in the second half of this calendar year. It could be very, very good for that cohort of stocks Tobias talked about earlier, which are those stocks, which is about 30% of everything we invest in that's exposed to the economy in some way, the Australian economy. So hopefully that gave you a semi good answer.

**Tobias Yao**: Yeah. And I would say maybe before the election, obviously there's going to be a budget, but the budget could be pretty supportive in terms of spending, etc. That's good for the domestic economy. So obviously, if the election happens after the budget, we could potentially get some positive news on government spending prior to the election as well.

**Camilla Jones**: Thank you. Marion has asked if you can go through the differences between the future generation products and the four LICs that you guys look after. And is there a compelling reason to invest in one over the other?

**Oscar Oberg**: Thanks, Marion. Look, I mean again it comes down to your personal circumstance. The four listed investment companies that Tobias and I run look at small cap companies and obviously the management fees and the performance fees that we earn from managing your money comes back to Wilson Asset Management. The business Future Generation is slightly different. The management Future Generation is a fund of funds product, which means there are multiple funds like Wilson Asset Management contributing to the overall portfolio, but the fees that normally would go to the fund manager actually donated to various charities. So again it depends on what style you like. There's Future Generation Global (ASX: FGG) which focuses on global equities. There's Future Generation Australia (ASX: FGX), which has a mixture of value funds, growth funds, large cap funds, small cap funds, et cetera. It's probably a good cross section of the overall market.

And then you have us, Tobias and I, and obviously we're a for profit business and we largely focus on small cap companies. Now if I take a step back, as I said, I don't have the numbers on me so I apologise if I get this wrong, but the four listed investment companies that we currently manage at the moment are at slight premiums to the net tangible assets. I can't remember where FGX and FGG are. I think they're probably low single digit discounts.

**Oscar Oberg**: So again if you take that view, hopefully I'm right there. Apologise if I'm not. If you take that view that you like buying a dollar of assets at $0.80, then maybe, perhaps Future Generation is for you as well as the fact that obviously it's a charitable organisation so very differences between the funds. And again Marion, happy to have a chat after the call if I didn't answer your question properly.

**Camilla Jones**: Thank you Oscar. If we can just quickly duck back to Trump, this one's from Gary. If you can talk about the impacts of U.S. tariffs on ASX companies please.

**Tobias Yao**: Yeah, I think the key we're bottom up stock pickers, the key for us is really the quality of the product because if you remember the last time it happened, companies or the products with pricing power really didn't see much of an impact. I mean it could be different this time. Obviously there's a lot of uncertainty and even with tariffs in terms of what's in the news and what ends up getting agreed afterwards, there's a lot of noise and a lot of uncertainty that happens and it really depends on the exact supply chain many of these businesses have set up so there's a lot of noise.

So for us if we just focus on the key, the core which is the product, the ability for that product to have pricing power in the market they're in hopefully gives us some sort of margin of safety on whatever happens on exactly. On the tariffs and the countries that are impacted by the tariffs as well.

**Oscar Oberg**: But like in our portfolio is really only Fisher and Paykel Healthcare which has manufacturing facilities in Mexico that was impacted. Clearly at the larger end of the ASX there's plenty of companies that will be impacted. I think it probably best, best to ask Matt and John and Anna and Hailey and the team in their call which I think might be tomorrow, be companies like Bluescope (ASX: BSL) as an example in steel which would be impacted but for us it's very minimal. But what's more of an impact is just the volatility on small cap companies.

**Camilla Jones**: Thanks Oscar. And that's correct. The WAM Leaders (ASX: WLE) call is tomorrow at 3pm. The next one is from Simon. Could you please give your outlook for energy stocks?

**Oscar Oberg**: Energy is not, I would say our strong point because we invest in industrial companies. Global volatility and tariffs I would say is probably bad for global growth and I think oil prices are currently at lows at the moment. If I'm telling you that it's weak, it's probably an opportunity to buy energy stocks because it's not my forte at all. I was looking at, I was just looking the other day Woodside (ASX: WDS) and Santos (ASX: STO) are really low levels so look and they pay great dividends. So look there's probably one for Matt and John and Anna and Hailey tomorrow but I think in the near term it would be tough for energy stocks.

**Camilla Jones**: Thanks Oscar. Jocelyn's asking are you still invested in Cettire (ASX: CTT)?

**Oscar Oberg**: No, haven't been for a while.

**Camilla Jones**: Thank you. Brad, what did you make of ServiceStream's (ASX: SSM) earnings and do you expect them to make acquisitions?

**Oscar Oberg**: It was probably one of the best results of reporting season and the most positive thing for that was that there was a lot of noise around going into the result. They've got a significant contract that they have with NBN which is doing a lot of the maintenance, servicing work with NBN connections across I think it's in Victoria is their largest region and that contract was up for renewal and they actually increased their market share went from four providers to two.

And what that means is there's now a lot of certainty around service streams contract book for at least the next five to seven years. So yeah, what we think will happen is the shares can re rate higher, valuation can go up a lot more. And yes, the answer is once that that occurs the management team and the board can use their higher share price and potentially, do an acquisition which if they do that we think it'll go into the ASX 200 which would be huge for the company. They're doing a fantastic job.

**Camilla Jones**: Thanks Oscar. This one's from George. He noticed that you are really positive on Myer. However he says why was Myer sold off so drastically in January and February 2025?

**Oscar Oberg**: Yeah, so we thankfully in the case of Myer it helps being an active fund manager and at. Yeah we were buying a lot of Myer into the merger with Premier's Apparel brands and we went substantial the company at around sort of and substantial means we own over 5% of the shares at around 80 cents now the share price went way ahead of itself and it got to about $20, $25 and thankfully we sold a lot at that point in time which I think was in November, December and basically my like every other retailer had a very tough Christmas obviously with the cost of living pressure,  and they had an issue at their new distribution center and this is probably something we misread was after the merger a lot of the Premier shareholders right were left got Myer stock and the problem is that Myers not in the ASX 200, it's in the ASX 300.

So if I'm a large or mid cap or large cap investor I've suddenly have these Myer shares and what ended up happening was a lot of them sold out and that that process has been going on for probably about six weeks now. We think it's finally cleared. But look, I think it's fair to say probably we probably misread that and but in saying that though our average entry price as I said is around 80 cents anyway and thankfully we sold at a much higher price at

$1.20, $1.25. So for us it's fine, we're taking long term view but as I said earlier in the call we think the stock price share price can triple from here. They've done this merger at the bottom of the market. You've got Solomon leading the company, got a fantastic CEO, a lot of synergies to come through. So yeah, we're very bullish the company.

**Camilla Jones**: Thank you Oscar. Probably for Tobias here from Hung. Have you bought any Tuas shares through the Founders Fund?

**Tobias Yao**: Yes.

**Camilla Jones**: Great. And the next one is from Adrian. We might just do a couple quick stock questions, but you can add as much detail as you like. BCI Minerals (ASX: BCI), Macmahon Holdings (ASX: MAH) and SRG Global (ASX: SRG).

**Oscar Oberg**: BCI. I'm sorry, I don't have any idea on apologies, Macmahon. We own it. The Microcap portfolio again, it was a weird one, that one. Result was fine, nothing wrong with it. It's fallen 20%. The reason why we own that one is they made an acquisition of a company called Decmil. Decmil owns an Accommodation Villages up in Gladstone in Queensland. We think the company will sell that asset and which will effectively pay off the acquisition itself and reduce debt on the balance sheet. And operationally, business going well.

SRG is another contracting business done fabulously well at sort of diversifying into services and maintenance over the years through acquisition and organic growth. Look again, stock upgraded earnings at result quite handsomely and the stock has fallen about 15%. So we've been buying the stock still and we think that stock will go into the ASX 300, which I think the announcement is tomorrow. So we'll wait and see what happens there.

**Camilla Jones**: Thank you. Next one is from Joseph. He says can you please give some examples of companies that you'd invest in for the Founders Fund? He notes that he's very interested and keen to invest himself.

**Tobias Yao**: Thank you for the question. Look, I think the key reason we launched the Founders Fund is to. For many of these companies to have that alignment of interest with the founders of the management team. So some of the companies, I've talked about, Tuas, obviously Temple & Webster, where the founder owns a substantial holding in the business and continues to drive the business very, very hard. And many of these business have navigated the last five or six years which has had extreme volatility both in the operating environment and as well as the share price performance and have come out, come out the other end a lot stronger.

So for that it will be a higher, it's a higher risk product to the listed investment companies that we run. Given the turnover will be a lot lower and it's more of a buy and hold and being that patient capital with the founders and co investing with some of these founders over the long term. The key for us is obviously doing the work that we have many of these, pretty much most of these business we have in existing funds already. And so there is quite a high level of overlap.

**Camilla Jones**: Great, thanks, Tobias. A couple more stocks coming through. So let's do Pro Medicus (ASX: PME) and ImpediMed (ASX: IPD) and Maas Group (ASX: MPH).

**Tobias Yao**: Yeah, Pro Medicus, we have it in the fund, we continue to like it and particularly given the recent share price pullback, it's a great opportunity. I always talk about Pro Medicus as one of the highest quality companies in the world. If you look at it objectively from a financial metrics perspective in terms of the growth they've delivered as well as the margins. So the growth over the last 10 years has been something like 30% and the margins being 50% margins. It's something that's quite unique globally from a business. Now we look at Pro Medicus from the perspective of a global company.

Even though it's a very large technology company listed here, the market that they're in, it's particularly in the U.S. and it is global and the currently About I think 10%, 11% of the market in the U.S. we think the market share gains will continue. They've had I think the strongest 12 months in terms of contract awards they've ever had. So the momentum strong. Their product is very unique and is winning a lot of shares. And that is just in the space they're in, which is radiology. And we think, over time they get into cardiology and on to one of the earlier questions in relation to AI. They are effectively the gatekeepers to some respect from an AI perspective for the radiology industry, given they provide their software that , service radiologists. So that's one we quite like. ImpediMed, not too sure on that one. It hasn't been something we've looked at recently, but it's definitely, after this we'll have a go and just revisit the story. And the last one was Maas.

**Oscar Oberg**: So Maas was a disappointment that we had, over reporting season clearly which we talked about earlier. Maas was a miss. I mean the interesting thing was, the frustrating thing was that they actually guided to a big second half weight in there when they raised some money back in November. But it was like the market had forgotten that. And so the share price has been hammered.

We've been buying the stock. You will not get a better beneficiary to lower interest rates in this company. As a reminder, it does a lot of construction work in regional areas for the housing market. It does residential developments as well. It's got a big Melbourne exposure. Melbourne's been the weakest property market in Australian, weakest economy for well, Victoria has for some time. So they've got great leverage there when you get a recovery and they've got a little bit of debt in the business as well. So any, any cut in interest rate for them is very, very positive both operationally and from an interest expense perspective. So we've been buying a lot of the shares since the results.

It's very, very cheap, asset backed, great founder. So look we're just, it's been a frustrating one for us over the last few years and no doubt because it is a big position but look we're back in the founder Wes and we think ultimately that the share price once it gets it all together is worth $5.50 $6.

**Camilla Jones**: Thanks Oscar. From Charles on Pointsbet Holdings (ASX: PBH), Blue Bet Holdings (ASX: BBT) has just lodged a higher bid. What are your thoughts on this?

**Oscar Oberg**: Yeah, so look our thoughts on it are, is that, look it's, it's, it's great. We, we are shareholders in Pointsbet and we own quite a lot of it. I think it's fair to say when this all happened a few weeks ago that was in a different market to where we are today. So look there's a lot of conditions for the Blue Bet takeover if it was to occur at the current where, where the, the Japanese have bid at A$6 and where Blue Bet has actually bid right now if you have a normal market we think the Blue Bet takeover probably looks better and the reason is because like we talked about earlier with Capitol Health and Integral Diagnostics you get one company plus one company almost equals three and you see the ability for this company to grow over time, get into the ASX 300, maybe in the ASX 200 etc. Etc. So but however I will say the markets are tough right now and There is a $6 cash bid on the table so how about I leave it at that?

**Camilla Jones**: Thanks Oscar. From Bill, thoughts on Duratec and GR Engineering (ASX: GNG).

**Oscar Oberg**: Duratec yeah, talked about before contractor exposed to an engineering company exposed to the defence sector doing very well, had a great result. We like that in the Microcap fund. GR Engineering we don't own in the Microcap fund but it's run by very good management team, founder led which is stock we probably haven't thought about for the Founders Fund and have a very strong exposure in gold and also lithium in terms of processing plants. So look for various reasons we don't own the stock but yeah, always one we'd revisit if the share price got low enough.

**Camilla Jones**: Thanks Oscar. We'll hit you with a couple more stocks. Perenti (ASX: PRN) Austin Engineering (ASX: ANG), Domino's (ASX: DMP).

**Oscar Oberg**: Okay, so Perenti. We're a no, we don't own it. It's very cheap. There's still just a lot of moving parts in the business around Africa and Australia. So it's just not one for us at this point in time. We also didn't really like the DDH acquisition that they did a few years ago. So look, we just think there's better opportunities elsewhere in mining services such as Austin Engineering. Literally. I caught up with Austin Engineering just before this call.

We are big shareholders in Austin engineering, close to 10% of the company, led by David Singleton, who used to run Austal. Look, we think that business is really building to be a very big business and is doing so this year and we'll see the benefits next year. And certainly their North American and South American business effectively is doubling capacity over this period. So it's a bit of a transition year this year.

That's why the shares have fallen. But we're very bullish on the long term of the business and think it's materially undervalued. I think it's trading at a price earnings multiple of 5 or 6 times earnings. So we think it should, if they get it all together, we think the share price can double from here.

**Tobias Yao**: Yeah, we have a, have a small holding in Domino's, I think for us, the founders obviously come back and there's a new CEO that's trying to turn around the business.

Domino's has been a very successful company for a very long time and they've had to go through some of the challenges recently. And as they've expanded globally, we've seen initial signs that that's stabilising and they're trying to really rationalise the network that they've had and sort of focus on some of the more quality part of the network.

When I talk about network, I mean like the stores. So it's really just taking a wait and see approach and just see how that turnaround is progressing. We think there's obviously a lot of value to the brand name and the franchise network they've built. And so we just sort of backing the management and the founder there to turn the business around.

**Camilla Jones**: Thanks, Tobias. John has asked about Idp Education (ASX: IEL). Do you think immigration will affect the share price and the opportunity with the company going forward?

**Oscar Oberg**: The answer is yes. And that was probably an area I should have talked about in terms of if the Liberals get a majority where it could be further targeted. It has been very hit, hit very hard and it's not just in Australia for Idp Education, it's Canada, it's in the UK. So yeah, you feel for them actually they're getting hit from all angles. So the  result missed back in February, I suspect it's probably going to come back into their small cap land which would be great because it is a great company. So look, is it a buy now? I don't think so, but it's always a company we're talking about internally because in the next 12 to 18 months there will be a time to buy.

**Camilla Jones**: George has asked, can you comment on HMC Capital (ASX: HMC) after the recent sell off.

**Oscar Oberg**: Been brutal and it's still happening. So, HMC Capital has been one of our best stocks the last two years. Again, the heat of the market back in November, December got to unsustainable levels and we're thankfully we were selling quite a lot through that period. There's nothing they weren't doing, it was just the valuation got ahead of itself. Look again, one of the best founders we think in the market and David Di Pilla at the moment, everything he touched turned to gold for two years, there's no question.

And now he's got something that isn't which is Healthscope (ASX: HSO) and the REIT that owns Health Scope, although the assets there, which is Healthco Wellness (ASX: HCW). So if anyone can fix it it's him and the team who we speak to a lot. But that's certainly impacting the sentiment towards the stock. So we have actually been buying the stock since the result. We actually sold on the result day, it went up a lot and we took the opportunity to sell some cause we just sensed that the market was getting a bit tough and this is very much a high, very volatile company, let's call it just the way it trades.

So look, but in saying that it's been down pretty much every day since its result, which was an excellent result and unfortunately that's the market that we're in at the moment. So we've been buying back very slowly. But yeah, as I said there's one issue that they're going through at the moment which is in Healthscope and it's in the press most days at the moment. But as I said, he's a very high-quality individual and the team around him is excellent.

**Oscar Oberg**: So yeah, we like the business.

**Camilla Jones**: Thanks Oscar. Next question is from Dennis. Not one we've spoken about. But do you have any thoughts on DroneShield (ASX: DRO)?

**Oscar Oberg**: Very popular stock in retail for retail shareholders, the drone shields. Look, we don't, we don't own it. We haven't through the, through this whole period. I think, look, we see stocks like DroneShield come and go a lot. They have their time in the sun for six to 12 months and they come back to reality. It raised a lot of capital last year as well and that's usually what happens. They spike up, they raise capital and then things get delayed and they start falling and that's exactly what's happened there. So look it's, look it's always one we'll keep an eye on but for us we want sort of sustainable earnings and clearly Russia, Ukraine, war has been a boon for it and so, at some point hopefully that will end. So look, I'd say just at this moment when it's not one we're looking at.

**Camilla Jones**: Thank you. Next one from Barry. Do you have any exposure to uranium?

**Oscar Oberg**: No.

**Camilla Jones**: JK has said, do you ever short stocks during a market crash?

**Oscar Oberg**: The answer is no. We can tell you a funny. Can I tell a funny story? No, I can't. I'll put it this way, there was a couple of days where we did and because we can, that's that. And I'll put it this way, afterwards I think it lasted a day and we're like, this is not what we do. So we stopped, we never did it again. So this team will never short and we haven't done it since and we won't do it. It's a different game.

**Camilla Jones**: Thank you. Russell has said, is Viva Energy (ASX: VEA) one of your investments and do you see them getting approval for a gas terminal at Geelong?

**Oscar Oberg**: It is one of our investments. We reduced our holding thankfully and look, there's no question we believe in the company and the long-term plan for it, which is effectively they bought a company called On the Run. Highly successful founder led business in South Australia, basically dominated the market there in terms of service stations. They're going to change a lot of the Coles Express service stations to On the Run across Australia.

**Oscar Oberg**: The problem with Viva Energy and which we always say internally it's like the Titanic, it is a big, big business and things go wrong from time to time and I think the rollout's gone a little bit slower than expected. They've also been hit by a lot of the illegal cigarette or nicotine, I guess industry that's black market, that's developed over the last 12 months, just because cigarette pricing has gone through the roof.

**Oscar Oberg**: And I think it's fair to say the government hasn't done much to stop it. That's a big part of their business. And also refining margins have been very weak as well. So everything's hit them all at once. They had a very poor result. It's probably the worst result, I think, in the ASX 100. I would think it would have been. Thankfully, we were a small position, didn't hurt us too much. But we are keeping it because the shares today are they $1.80.

**Oscar Oberg**: It's just so cheap for the company. We'd be mad to sell it here. If they get it all together, it's a $5 stock every day of the week. So look, and they've got a great team internally there, led by Yasser on the run and Javon in the convenience segment and Scott as CEO. So look, we're backing them. We'll hold a small weighting. It'll be a tough period for the next 12 months, but they'll come through it all right.

**Camilla Jones**: A couple stocks coming through. Codan (ASX: CDA) and Alcoa Corporation (ASX: AAI).

**Oscar Oberg**: Alcoa. No, no View. That's one for the leaders, guys. Codan, yeah, Big holding for us. Been a cracking stock. We saw them this week. They're amazing what they've done, really. It's a very underrated company in ASX, about five years ago, just the gold detectors and had a small tactical communications business in the defence sector. And I should have said that this is probably one of the best defense companies actually in the market. So I'm sorry for that, for the previous questions, but in the space of a couple of acquisitions and some very smart investments, this business is now growing at over 20% a year, has a great balance sheet and is primed to do more acquisitions. So it's a company's done very, very well and we own it in WAM Capital. We've owned it for a few years now.

**Camilla Jones**: Okay, some more stock picks. McMillan Shakespeare (ASX: MMS) and PYC Therapeutics (ASX: PYC).

**Oscar Oberg**: McMillan's I saw this week as well, and it's been a big week. It looks very interesting. Very high dividend yield, very low valuation. There's no risk of the dividend being cut. Where the market's worried about it is there's a change in the electric vehicle legislation that's going to happen the end of March where hybrids will no longer get effectively a subsidy. And then also they have a small business exposed, the NDIS.

**Oscar Oberg**: It's not that big in the company. But it's enough noise to keep investors away. So it's one we're doing the work on. Good management team, it's good business. So I think at the moment you would say if you looked at our portfolio, we own AP eagers, we own a motive in the automotive space. So for us, we'd have to sell one to buy it. And we're choosing obviously to keep those two. So at the moment I'd say, look, it looks interesting, but we don't own it.

**Tobias Yao**: And yeah, PYC, we do have it in the Microcap fund. It's a biotech company which we historically don't have a huge exposure in. The technology itself, I'm going to get this wrong. But, effectively it addresses rare genetic diseases where they effectively change part of the RNA to address these genetic diseases. We think the technology itself from, from the research we've done there's a few ways to effectively use it. That it's a technology platform that we are attracted to. The ability to leverage that platform to address various diseases is hopefully the focus.

**Tobias Yao**: And it's something that we're looking forward to. It's a small position in the Microcap fund.

**Camilla Jones**: Thank you. Question from Peter. Does the fund concentrate on large 5% to 10% holdings in the companies you invest in and do you take on board seats?

**Tobias Yao**: It's not so much the positions or size of positions in the companies themselves, but more the size of the position in a fund. So sometimes we have a very large, say 10% position in a company, but it's a very small company. So the dollar value contribution or the holding size in the fund, it's perhaps not as large as some of the other companies that we're not substantial shareholders in, but it actually makes up a much larger part of the fund.

And so in terms of the board seat, the answer is no. Obviously, we try to back management and existing boards to deliver. If we don't like the strategy or if we don't agree with the strategy, we will exit the position rather than trying to implement change. And it's not what we do, it's not our skill set. And so we don't ever ask for board seats.

**Oscar Oberg**: And I think just for our investors, the shareholders listening as well, like we get a lot of questions around our substantial holdings and that's when we go over 5% of a company. Just because you see that, it doesn't necessarily mean we are very bullish on the company. Just remember That I think that's very, very important. That's just because we're a pretty large fund. If we're buying a small company and perhaps it's been weak, we're trying to buy the stock and sometimes we can end up over 5%. So I guess the point I'm trying to say is just because you see us come out substantial in a company doesn't necessarily mean it's our highest conviction bet in the portfolio. Because there's various sizes of companies that we invest in from time to time.

And so they're the most public stocks that we have because they get renounced to the ASX. What you're better off doing is just keep looking at our top 20 that comes out every month and noting the changes, the ups and downs in that top 20. And that'll give you an idea of the things effectively that we're buying and the things that we're selling.

**Camilla Jones**: Thanks for that and thanks for explanation, Oscar. Tobias, we'll go to you from Joseph. He says you touched on Tuas, but what do you expect the result to be like?

**Tobias Yao**: Thanks for the question, Joseph. I hope it's not Joseph from Morgan Stanley that covers the stock. But look, well, we've been in the stock for a while, it's very hard for us to, we don't know what the results will look like. But the company and the management has continued to deliver and so we're looking to gain a better insight into, some of these strategies and thinkings of how the market's evolved in two weeks time.

**Camilla Jones**: All right, thanks. That Tobias. Another couple stocks, Brickworks (ASX: BKW) and Cedar Woods Properties (ASX: CWP), please.

**Oscar Oberg**: Brickies. We own in on the trading in WAM Capital. Why do we own it? I think we're trying to work out why we own it at this result, I think it's fair to say, I think our issue with the stock and you won't get a better long term company or long term shareholder than Sol Pattinson. And I think they themselves will say, Brickworks has probably spent a lot of money over the years in their building products business and they'd probably like to see some returns come back in that business.

So we're sort of looking for this result for signs of that and that's why we own it. We think, it couldn't get worse conditions right now in building products business. But we think, once we get to a normal environment, they've invested a hell of a lot of money in that space. We think it can earn a lot more than what consensus is saying, the analysts are saying. With lower interest rates, you should get a revaluation upwards in the property division which will be very positive for the share price. So again, it's a stock that's largely been forgotten about by the market and so it is a great play on lower interest rates. But there's a lot of work we need to do when the result comes out in a few weeks.

Cedar Woods, again, a great company, really exposed to Western Australian housing market, which is doing very well at the moment. We don't own it. I think the frustrating one with thing with that one, it does swing around from half to half in terms of developments and that's the frustrating thing with the stock. You can have these big swings in it. So look, we don't own it at the moment, but it's always one that we're looking at.

**Camilla Jones**: Thank you, guys. The next one is from Greg. Do you have a view on John Lyng Group (ASX: JLG), particularly in light of the impending cyclone risk bid?

**Oscar Oberg**: Yeah, look, I mean that they'll benefit, no question. The issue with JLG has been. And we, feel sorry for the guys, a good bunch of guys. But look, we did, we sold out of that a couple of years ago and, and look, our view on the stock at that point in time was, just gone into the U.S. and they had also just gone into a few new sectors and, and a very simple business had suddenly become very, very complicated and that was the reason why we sold out. So I think there's just a lot going on in the business.

Unfortunately, they had a period of now dry weather and had one of their divisions in the Australian business not performing and it's really, really hurt the share price. But look, we're staying very close to it. We've got a great relationship with management. Look. Yeah, we just still think there's probably some downside there in earnings. And it's a hard one this one because if you get a cyclone like this, yes, they'll make a lot of money out of it, no question.

But the share market wants to see recurring earnings and so you've had a period now where that's what the market really cares about. When it was a very small stock, they only cared about cyclones. When it was like a $2 a share, but it's a lot bigger now and it's also carrying a bit of debt. So the market really needs to see evidence that the recurring business is Doing a lot better and then it will start the share price will going up so you've got to be careful just buying the stock just because it's. It's. There's a heavy cyclone so hopefully that was. That made sense that answer yeah thank.

**Camilla Jones**: You Oscar let's do couple more stocks CSR and Korvest (ASX: KOV) the ticket for that.

**Oscar Oberg**: CSR is an easy one because it's been acquired at the end of last year and then Korvest and end up doing if it and that's another reason why we own a number of those building material companies because you saw CSR get acquired Adelaide Brighton get acquired look at our portfolio in my Boral by Seven Group (ASX: SGH) so there's clearly a view from these big global companies that Australia's a good place to be right now and potentially could benefit from an interest rate cut so obviously we participate in borrower 7 group in WAM Capital it's been fantastic yes we've been hurt by Maas Group this reporting season but we've been buying it since and then Wagner's in the Microcap portfolio's done very well for us so yes CSR is not there anymore but there's plenty of other ways to play it and the other one what was the other one? Korvest, we don't own it's done really well we should have owned it in the Microcap fund, it had a great result we need to see them.

**Camilla Jones**: Right thank you the next question is from David. Was the Bega sell off after a strong result mainly due to the multiple it trades on.

**Oscar Oberg**: A bit of everything and look we probably misread it in hindsight we did sell going into it and it was a funny result like the shares went like honestly the earnings per share was upgraded by about 30% that's how much it beat by. It's a huge number huge number and I think it's fair to say the valuation got ahead of itself and the market was expecting much more so we have seen the stock get aggressively sold off We've seen this with a number of stocks over this reporting season Codan was another one that did the same thing again ultimately fundamentals would come through we still like the business it's actually it was so puzzling to us because its best division was the reason why it upgraded and usually when you see sell offs like that's because the inferior division beats expectations actually the best part of the business speed expectations so it was a confusing one for us but look in the end as we said earlier in the call, fundamentals will come through.

It's now trading at a very attractive valuation. They're probably looking at an acquisition of Fonterra which would be huge and there'd be a lot of synergies. So like for us, yeah, we still like the stock we've been buying.

**Camilla Jones**: Great, thank you. Okay. Buy, hold, sell, Mesoblast (ASX: MSB), Orthocell (ASX: OCC). And then on the topic of founders, WiseTech (ASX: WTC).**Tobias Yao**: The first two is easy. We're not really across it. Wise Tech would be a great question to ask WAM Leaders tomorrow. They're much closer to the story than we are. It will be a buy for me.

**Camilla Jones**: Thank you. John has asked for your outlook on travel stocks, please.

**Tobias Yao**: Yeah, we think it actually looks quite interesting. The valuation for many of these travel companies have come back now. The operating environment, it's still very uncertain as we've seen with some of the reports that's come out. We own Webjet (ASX: WEB) and Corporate Travel (ASX: CTD) in the funds right now. Corporate Travel had a good reporting season and we really backing that. We're not looking for a huge amount of growth but we're just looking for that steady growth as they continue to expand the market or expand their market share.

Webjet, it was out of cycle, they didn't report but, we think they are past some of the challenges operationally and over time, they've set out the longer term targets for their business which I know the management's very focused on getting to and they've, they've had a very long track record of delivering for the shareholders. So, we're really backing them to get the business back on track.

And obviously. And so this is the Web Travel Group, the B2B part of the business. And so we're shareholders of them as well.

**Camilla Jones**: All right, thank you. We've got a few people asking about your view on the Paragon Care (ASX: PGC) result, please.

**Oscar Oberg**: Yeah, we were very happy with the result. It's very complex transaction and acquisition that was being made that really only closed back in June. So we think the management team is doing a great job there. We're there for the long term in that business. We see, once this merger is done, so many opportunities for them on the acquisition side of things as well. And , founder led business. I think 70% of the shares are held by founders.

So it's a big business in our Founders Fund. So yep, like the stock, it's come off a little bit since the result for various reasons. But for us it's a very much a long term play and that's why we're there.

**Camilla Jones**: Okay, this one's from Dean. He says, why are LICs like WAM Capital not reaching their previous share price highs? He bought in at $2.25.

**Oscar Oberg**: So Dean, obviously we feel terrible that you bought in at $2.25 like that, straight up. I guess the issue back then was we were trading at a big premium to our net tangible assets. Our net tangible assets at that point in time, I'm guessing was probably around $1.80, $1.85. We're trading at 20% premium. You had the sell off in 2022 and it wasn't just us. I think it's fair. If you have a look at AFIC, I think they're trading at a 10% discount right now and they've never really traded at a discount since and they started in the 1950s.

So it's taken a long time for the lick sector to recover. It's taken a long time, you could argue for some of our LICs and as I said earlier in the call, it means a lot to us now that we're trading at a slight premium to our NTA and we want to keep it that way. So how do we get back there? It's hard to say. As I said earlier in the call, there's a lot of things need to go right for us. Like when, when in 2021, interest rates were close to zero.

Today, they're a lot, lot higher. There's a lot more alternatives for retail investors and for shareholders. I mean, they can either take risk on the market and get a nice yield like they do with us right now. But, markets might fall and the market falls. Even if we outperform but we're down, our net tangible assets will fall. Or you could just put it into a term deposit. So look, we think interest rates has definitely had an impact.

You could argue potentially the rise in private credit has also had an impact. And you could probably argue that ETFs have also had an impact. So to Boston, I've done a lot of meetings with the Founders Fund over the last two months. I think it's probably fair to say, like, I think the LIC industry as a whole probably needs to talk about the benefits of an LIC, the franking benefits in particular.

And I think on that note, it's actually worth saying that, you can't for us in WAM Capital because you pay such a big dividend, you can't just look at our share price and compare it to the share price that you bought at and then look at the market. Like the, the dividend we pay is almost more than double what the market pays you now. Yes. Even if you did that, we would have underperformed because the premium's gone from a 20% premium to today a 1% premium. So a 19% contraction, but that's just something worth thinking about.

But yeah, I mean, those days were when they were at a 20% premium. If you go through the history of WAM, Geoff was selling the stock and he was probably buying WAM Global, which was trading at a discount at the time. So unfortunately, look, we feel terrible about it and as I said earlier in the call is in the second diverting day that we don't want the share price to get back to where it was and we'll keep working as hard as we can to hopefully get it back there.

**Camilla Jones**: Thanks, Oscar. Daniel has asked, a few other people have asked this as well. Will the WAM Capital dividend be increased given the profits reserve?

**Oscar Oberg**: I got to answer for the board here and I'm not on the board, so putting that out there like I usually do. But look, I would say the answer is no. We pay 7.75 cents each half at the moment we have 25 cents. So we have visibility up to testing my brain power here, but I think it's the October 2026 dividend. That sound right Tobias, I think. So, yeah, so we can partly pay the October 2027 dividend as it stands right now. Now, if we get a market that falls 20% in the next, I don't know, year or so, even if we outperform and say we're negative 10% and the market's negative 20% like, we'll be happy here sitting here because we've outperformed the market, but we haven't generated any profit.

And when you don't generate profit, you can't use that profit to pay a dividend. So look, I'm speaking for the board here, but, I think it's highly unlikely that the dividend would be increased. And it's worth noting that even though the share price has rallied on a grossed up dividend yield, which I think includes franking, it's currently WAM Capital currently trading at 12%. It's a huge number.

So, if we increase the dividend, it eats away at our capital. So the answer, I think from the board's perspective, and I'm answering for them, is probably no, unlikely.

**Camilla Jones**: Thanks, Oscar. Back to a couple stocks. Can you please share your thoughts on Bellevue Gold (ASX: BGL) and Southern Cross Gold (ASX: SX2)?

**Oscar Oberg**: Gold's not in our wheelhouse. We did own some Bellevue Gold about a year or two ago and it did well for us. But like most gold companies are going through going from that phase from exploration to development, they've had a few issues around development and ramping up that mine. And thankfully we did sell out before a number of those issues happened. So it's a high quality gold mine, very high grade.

Again, it's one we've done a lot of work on. As I said earlier in the call, resources really is in our space, but we do have a little bit of expertise in the team. That's one company we've done work on historically. So it is something we do say close to, but we don't own it at this point in time.

**Camilla Jones**: All right, thank you. Nick has said, have you ever considered quarterly dividend payments and maybe you can touch on a product that would pay more frequent dividends.

**Oscar Oberg**: One for Geoff. And I think if I was answering for Geoff, it's to try and say, and it's definitely one for Geoff at the road shows. I think it's probably not getting investors focused on the short term and taking a long term view. And yes, this is probably the reason, actually this is definitely the reason. As in our long term shareholders will know often the shares get bought into the ex dividend date and then the dividend happens and there's some selling pressure after that.

So people buy just before the dividend gets paid, they get the dividend and then they sell. And if you have a look at the gyrations of the share price over the last five or six years, you see that every six months. If we went to a quarterly dividend, that would happen every quarter. So I think that's, I'm just trying to think on the spot there, to be frank. And I think that would be Geoff's answer if he came back. I'm not 100% sure, but I reckon that would probably be his answer. You'd have four periods in the year where there's extreme volatility in the shares instead of two.

**Camilla Jones**: Thanks, Oscar. I think Geoff would also encourage viewers to register for the WMX webinar which on the 21st of March, which is a monthly income product as well. Back to the market from George. Do you see ETFs as a competitor?

**Oscar Oberg**: They are a competitor, but I think you got to be realistic here. There's room for active funds management and passive funds management in a portfolio. Passive works in periods, there's no question. But when you get periods of dislocation like now or a reporting season like we just had passive, I'm looking if you look at some of the worst performers over reporting season, the banks had a major slip up over reporting season with their earnings outlooks and passive funds or ETFs would have held a lot of the banks, whereas a lot of the active fund managers such as I'll give you now that WAM Leaders are actually underweight the banks so would have outperformed. So having a diversified portfolio is probably what it's all about. There's room for active funds management, there's room for ETFs. Have the ETFs been better at probably marketing the benefits of their products over the last five or six years? I think you would say yes. But in our view there's room for both.

**Camilla Jones**: Thanks, Oscar. We'll do a quick round of stocks. Lindsay Australia (ASX: LAU), Kelsian (ASX: KLS) and Southern Cross Electrical Engineering (ASX: SXE).

**Oscar Oberg**: It's probably me, isn't it? Lau? Yeah, just a bit tough at the moment. Balance sheet a little bit stretched. It's a good business, but it's a hard business in logistics. So look, not one for us at this point in time. Southern Cross Electrical is doing very, very well. We don't own it. We sometimes unfortunately as a fund manager we did own it. It was a great stock for us last year but we own Genus Plus as well. And sometimes you don't want to own both. I just rather own one. And we made the call to sell. Southern Cross had a really good result though. So you could argue we shouldn't have.

Kelsian, a tough stock. Yeah, it's a great example of small cap stocks in the last three years. Unfortunately it's a capital intensive business focusing buses and ferries. It's had a lot of headwinds of COVID still hang out. They still got a hangover from COVID and finding drivers and the penalty rates that they're getting. And look, but when it comes down to it's very. It is a good business, but it's again, it's got too much leverage.

It's just snuck in and hit earnings numbers. But then as you flow all the way down with depreciation and interest, you get big, huge downgrades at the earnings per share line, which is all that matters. So, look, they'll get it right. I would not be surprised if I woke up tomorrow and there was a takeover bid for the company, I'll put it that way. But look, we can't own it for that reason. At the moment, we don't see any catalysts, so we don't own it. But it's always one worth looking at. A bit like Idp Education.

**Camilla Jones**: All right, from Victor. Does WAM Capital have any ethical screens, including for fossil fuels and gambling? And if not, why is that?

**Tobias Yao**: I think, yeah, I think maybe just going back to what Oscar was saying earlier in regards to the question around Light and Wonder, obviously it's part of our investment process to look at all aspects of a company, but in terms of what we've been doing for our shareholders for the last 27 years, and you were sort of sticking to looking for these undervalued growth companies with a catalyst, the ones that you've talked about, obviously the hurdle for it to go into the fund will have to be a lot higher given a large part of the market wouldn't be looking at these type of businesses, but we want to maximise shareholder returns or shareholder value and that's what we do and we're happy to look everywhere for those opportunities.

**Camilla Jones**: Let's go for Premier Investments and Supply Network (ASX: SNL) please.

**Tobias Yao**: I'll do supply networks. The business being around for a very long time, it's done incredibly well for a very long time. We really rate the management team. They effectively just heads down running the business, growing market share. And so this is a business that does truck parts and they have the best service in the market, hands down. And they've been able to grow their market share, I think currently about 12% of the market.

We think over the long term they could double their market share, taking a lot of the share away from the expanding the network that they currently have in Australia. It's very specialised. There's a lot of pieces of kit that needs to be distributed and moved around every single day. And the management team has that laser focus and they've just quietly, I guess one of the quiet achievers that people don't really talk about, but they've just done a wonderful job on growing that business. And so we do really like Supply Network and it's a big position in our fund.

**Camilla Jones**: Great, thank you. We've mentioned the Founders Fund, Premier.

**Oscar Oberg**: Yeah. So Premier looks a lot different now post the Myer merger. So they've gotten rid of the apparel brands that's now with Myer. But now today it's just Smiggle, Peter Alexander and their shareholding in Breville and a lot of cash. And so I'd say operationally Smiggle and Peter Alexander, I would say Peter Alexander is still growing very well. Looking at offshore distribution. Smiggle's doing the same, but it's probably going through transition period. Probably needs some, some management to settle down, the new management team to settle down, I should say.

But again, look, with Solomon Lew behind the business and a huge cash balance, we think they're priming themselves potentially to do another acquisition. So yeah, we own a smaller weighting in Premier than what we do in Myer. But yeah, certainly very bullish the long term outlook for both stocks.

**Camilla Jones**: Thank you. Are you both personally invested in the Founders Fund?

**Oscar Oberg**: Yes.

**Camilla Jones**: Okay, that was our final question. So we'll close the webinar there. A reminder to all the viewers that we can, that we post regularly on social media and across our emails. More stock stories from Oscar and Tobias. So please subscribe, subscribe and follow. Oscar, any final words for viewers today?

**Oscar Oberg**: No, just the usual. Thank you for your support. Obviously we're only just a phone call away, so if we didn't get back to you on any of the questions and we missed them by accident, just, just please call in. Always happy to chat. But yeah, thanks again for all the support just generally and also for the Founders Fund. Really appreciate it. Certainly it'll be a long journey, the Founders Fund, but we're very excited and we think the synergies within the existing funds that we run will be quite large. Probably larger than we thought. So yeah, look, I mean for all funds really. We just need the markets to settle. Some IPOs would be nice, some earnings accretive acquisitions would be nice. We haven't had them for a while and we still haven't seen that small cap rally occur. But I can assure you the team's doing a great job and so is the wider Wilson Asset management Team. So thank you Camilla, and thanks to everyone for dialing in.

**Tobias Yao**: Thank you.