

## **WAM Global FY2025 Full Year Results Webinar Transcript**

Tuesday 23 September 2025

### **Speakers:**

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Will Thompson – Investment Analyst

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### **Catriona Burns:**

Good morning and welcome to the FY 2025 full year results webinar for WAM Global (ASX: WGB). This is your Company, and we're pleased to provide you with an update and the opportunity to ask us questions. I'm Catriona Burns, Lead Portfolio Manager for WAM Global. With me today is Nick Healy, Portfolio Manager William Liu, Deputy Portfolio Manager Will Thompson, Investment Analyst and Olivia Harris from our Corporate Affairs team who will be facilitating the Q and A.

Before we begin, a disclaimer is displayed on screen. What we talk about today is general in nature and should not be considered financial advice. In terms of the format for today, I'll start by running through the FY2025 results before the team and I discuss recent insights. We've been on the ground in every region around the world talking to hundreds of companies post reporting season and conference season across the world.

So we have lots of insights there. And then we'll turn to Q and A and we'll answer any of your questions. I'd like to perhaps lead off by just We've got a slide up in terms of shareholder presentations that we have coming in Newcastle, Gold Coast, Toowoomba and Noosa. We'd love to have you join us, so please come along if you can.

Now let's turn to the results themselves for the year to 30 June of FY2025 we were very pleased with the results.

The fund itself was up 19.4% which was ahead of MSCI World and MSCI Small Mid Index. In terms of the share price, we did see it go from \$2.21 at the end of 30 June 2024 to \$2.50 at the end of 30 June 2025. And when you put in the interim and final dividends and franking that did get to a total shareholder return of 22.1% which we think is a pleasing result. We look at the dividends you can see there on the chart.

We did pay a dividend of 6.5 cents per share and a final dividend of 6.5 cents per share and then were very pleasingly able to pay a 4.0 cent special dividend in July because of the

accumulated profit reserves and franking. So pleasingly all those dividends were fully franked and that dividend yield equated fully franked to 5.2%, grossed up 7.4% and when you include the 4.0 cents special dividend 6.8% and grossed up 9.8% dividend yield.

So very pleasing from that front, both from a capital standpoint and Then when you include the dividends, the next chart there is the dividends that we've paid since inception of the fund. Super pleasingly, you know, We've paid over 200, we've paid \$296.4 million out in dividends which equates to 91.4 cents a share in dividends and franking credits. So really got to add that onto the share price that you see.

I would highlight that we have had a really concerted effort in terms of the discount campaign. Since January 2025 the discount that the share price was trading at this NTA was at 18% and pleasingly today it's about basically at NTA it's hovering between a 1% discount and about NTA. So we have brought in that discount. It's been a really concerted effort as I said. I mean core to what Wilson Asset Management does is shareholder engagement and so we love exactly events like this where we're engaging with you giving the opportunity to ask us questions.

We've run call campaigns this year, we've done ASX Investor days. We've had an increased focus on promoting the team and yeah, we think, you know, it's super pleasing as I said, to have brought in that discount from that 18% to around NTA to today. With that, why don't I turn to some of the insights that the team and I have, you know, realised from traveling around the world. As I said, since the 30th of June we've seen hundreds of companies and I've, I was over last in the last couple of weeks over in the US and with Will Thompson.

Will Liu, who's over in New York with Will Thompson right now so he has just come back from Europe and Nick has been in Japan and China. So yeah, we've seen lots of companies across the various different regions of the world. From my perspective in terms of the US it was really interesting. I attended a global retail conference which was timely given all the tariff announcements and a tech media and telecom (TMT) conference in New York. So both those in New York and then headed over to San Francisco for one of the biggest global tech conferences of the year over there and very interesting feedback in terms of particularly in 'techland' it is all about artificial intelligence (AI) still that AI infrastructure layer spend is enormous and you have seen that through the big tech companies results enormous announcements of capex investment that's going on and really building out that infrastructure layer to enable AI to reach its full potential in terms of the technological breakthroughs there it was as I said, like in tech land it is all right. Now that hardware and infrastructure layer, we, we do think the next leg will be the application layer from the hardware side. We think we've got a really well exposed portfolio through Google (NASDAQ: GOOGL).

We think we spoke to senior engineering members of the team there and we think it's really unique in terms of what they've got from the silicon through to the agents, the tools and we think they're extremely well positioned there. We, we saw other companies that we hold in the portfolio like S&P Global (NYSE: SPGI), like Intuit (NASDAQ: INTU). I mean Intuit's a great example of we think a AI exposure that's sort of unappreciated.

Last week they had their capital markets day. They've sort of laid out the path to over 20% earnings growth out to 2030 and they really are, have inbuilt AI into everything that they're doing. So we think we've got lots of great exposures in the portfolio to that thematic and we do think there's another leg to come there and that some of the exposures that we have that have yet to fully benefit will see that come through in future in the, not so rosy into the market. I guess housing is an area which is interesting in the US you do have a significant amount of people locked into very low rate mortgages.

So housing turnovers very low at the moment and you've seen a lot of companies there that are talking about, you know, pressure in the housing market. But what is actually, what's interesting on that is that we actually think going forward that will be, you know, is creating a future supply problem. So look, we've, we've waited in there and have had exposures in the portfolio that will benefit as mortgage volumes come back.

But we think going forward there will be additional opportunities in that area. But it is at the moment it is bouncing along the bottom and so yet not quite as rosy today as, as areas like, like I, the other interesting area was the consumer. As I said, I attended a global retail conference and caught up with a number of companies in that space. And it's interesting. The tariffs are clearly working their way through and so you've got retailers trying to work out how to navigate that and with the view, I guess if you, if you say how, how should they adjust their business? It's been, oh, are the tariffs going to stay or are they going to be pulled? And so you've seen a mix of initiatives with trying to go back to their suppliers to negotiate new terms.

They have in some way, some parts, increased price. But it's not, not that easy when you, if you're exposed to a low end consumer that's already under pressure from inflation, that is a tougher ask. So for us, we haven't had big exposure to the consumer in the portfolio we have chosen. We do think it's, you have needed to choose very selectively your exposures. And where we have had exposure it's been to areas like online sports betting opening up in the US and we've seen those companies, we've owned the data providers there such as Genius Sports (NYSE: GENI) and Sportradar (NASDAQ: SRAD) and I caught up with both of those in New York and they're just seeing enormous demand as that opens up as it's legalised across the US and so as I said, the consumer, it's very mixed. You need to have pricing, power, differentiation to, to really win right now. And so as I said, our exposures in areas like online sports betting, where you've got an opening up market, you've got considerable tailwinds, we think are a great way to have exposure to the consumer or without necessarily getting in the way of tariffs and companies trying to work through that headwind.

**Catriona Burns:**

With that I've spoken a lot.

**Nick Healy:**

Just additionally, the mortgage market returning.

**Catriona Burns:**

Oh yeah, absolutely, Yep. That's a good point. In terms of, as I pointed out on the housing side. Good point, Nick. In terms of exposures we have there, we do, we've owned Intercontinental Exchange (NYSE: ICE) which owns the end to end mortgage platform. So, so as mortgage volumes recover, Intercontinental Exchange will benefit there, but it is a well diversified business so isn't just a play on mortgage volumes. And the other exposure that we have in the portfolio is TransUnion (NYSE: TRU), which again is one of the key credit bureaus in the US and again will benefit from mortgage volumes returning but as de risks in terms of numbers because they've basically pulled out. No any assumption of, of a return of volumes right now.

Good point, Nick, thank you. So with that, why don't I hand over to Will Thompson who is over in New York and then we'll pass on to Will Liu, who's also over there and then back to Nick.

**Will Thompson:**

Thanks Catriona. It's been quite a busy period here in New York. We did nine conferences over the past three weeks and I was focused really on the small cap industrial space. And as Catriona alluded to earlier, the housing, the manufacturing, the PMI turnover has been quite slow. But then on the other side you've had the AI winners and that's Capex. And then you've had the defence winners, which is the geopolitical reasons within the portfolio. The winners have been Quanta Services (NYSE: PWR), which is really exposed to the transmission and power lines and connecting data centres, connecting your solar panels, connecting wind and exposed to the ESG part of the market and the green energy. And then you've also got the defence. So Safran (EPA: SAF) is a French company and they've been exposed and they're in Europe, but then on the loser side, and this is why I was interested to go to this conference was to catch up with these companies that really haven't been going that well at the moment and see if there's any ideas. And to be honest, I was really surprised like a lot of these companies were doing a lot better than I expected with PMI is under 50 for nearly three years with housing turnover at full 4 million houses.

For reference, during COVID that was closer to 6 million houses turning over a year and maybe more. Normal market was around 5 million houses and it's been trying to get 4 million houses. So a lot of those housing related and manufacturing related companies haven't been doing particularly well. However, when you actually chat to the management teams, they seem to really be in control of their business and I think that's actually kind of a flow on effect from what we saw in Covid where supply chains were disrupted, you had capacity issues, you had price, which was out of control.

These managers are a lot more well equipped to manage their business through the cycle. And so there's an interesting environment right now where supply chains are actually looking pretty good. They're in control and understand where their costs are. You've then got the capacity piece. A lot of them are running under capacity. So probably I'd say on average between 60 and 70%. But to me that tells me they're under earning. And for these

manufacturing and industrial businesses there's a heavy fixed cost base. So as you start to see demand increase, they get the leverage to their fixed cost base.

And the last point on that was what they spoke about, which was really that if they do see demand increase, they're not going to bring suppliers straight away, they'll increase prices. And to me that's actually a pretty good setup. You've got a business, a management team that's in control of what their supply chain and in control of their business. And you've got potentially a rising price environment.

However, what's going to lead to demand? And that's the million dollar question, where are we going to see demand increase? It's hard. We're not really sure yet. And that's why we're not completely positioned with our exposure across these companies. We've been looking at quite a few different ideas, however, last week with rates being cut, rates being cut, when you've seen the economy growing and GDP being positive, is actually a really good environment for small caps because it means you're probably likely to see free cash flow growth.

And for small caps, especially industrial small caps, free cash flow growth is the best thing you can see. That's really going to help with both valuations and with earnings and that's a really good setup. So we're doing a lot of work and hopefully at the next presentation I can come and give you a whole lot of ideas of the stocks that we've been adding to the portfolio. But for now I'll pass over to Will to talk about Europe.

**William Liu:**

Thanks. Thanks, Will. So I just came back from a two week trip in Europe, meeting 50 companies across France, United Kingdom, Denmark and Sweden. And so it's been a great trip, a lot of valuable insights, meeting with management teams of companies that we both own and prospectively could own in the future. I'll characterise the overall macroeconomic environment as flattish. These businesses have been resilient and operating through some tough times, but at the same time they just need a little bit of help from the cycle to really drive earnings growth and for that to be an accelerator.

And we think that will come in time. Interest rate cuts, potential certainty on tariffs. So there is a bit more clarity in the decision making, a positive catalyst to come for that region. When I look, it is a little bit nuanced by geography as well. If you look at France, there's a heightened degree of political uncertainty there with the leadership. If you look at the debt to GDP ratios, they're a little bit more constrained.

Whereas in Germany you've seen announcement of fiscal stimulus in that region and that could be really positive. But there's a little bit of cautiousness in terms of how that filters through to the rest of the economy outside of the defence spend. So we're paying attention close closer to European markets. And despite the cautious tone, we're still seeing some really interesting opportunities. And today I'd like to highlight two of the names that we own in the WGB portfolio.

The first one being Allfunds Group (AMS: ALLFG) which is listed in Amsterdam, and the second one being JTC (LON: JTC) which is listed in the UK. So starting with Allfunds Group, it's the leading wealth technology platform in Europe. It has around 1 1/2 trillion euros in assets under advice on its platform and what it essentially does is it connects the fund houses with wealth managers and there's a secular trend of moving towards an open architecture because of regulatory burdens, because of greater demand and choice for the investor base and also technological capabilities which adds data and analytics capabilities.

So I met with the CFO of Allfunds, Alvare last week. We had a great discussion in terms of the business, what the longer term strategy is and the potential developments that we've seen. Whereas extremely convicted in Allfunds Group, we think there's amazing earnings growth opportunity for them. I think if you look at the business, firstly there's a shift towards open architecture that we've talked about.

This is exacerbated with the risk on mentality and flow of capital into Europe which are positive catalysts for the business. Secondly, you've got the alternative platforms business which we think is being underappreciated by the market. So they're connecting private market players with their wealth advisors and that's still under penetrated overall. Finally, valuation is simply too cheap for this business. It trades on 13 and a half times, it should do high single digit revenue growth. It has 65% adjusted EBITDA margins and has a net cash balance sheet. So very attractive financial metrics with a pathway of positive earnings catalysts going forward.

The thing that we're quite excited about is the capital markets day early next year where we'll see the new CEO Annabelle Spring talk about her role moving to the CEO. She has the pedigree in the background to really drive that business and we expect to see some strong communication on where that business could go and help educate the investor community which will be a positive catalyst. The second name I'd like to talk about is JTC.

JTC is funds administration services for private and institutional clients. So they help client services for funds, corporates and private client services and they're really strong player in that space. Probably one of the highest quality names. We have been attracted to JTC for several reasons. Firstly, JTC benefits from secular tailwinds including increased regulation and complexity of the nature of the work they do and the rising propensity to outsource this work to players such as JTC to do their administrative and fiduciary duties.

Secondly, JTC has a high degree of recurring revenue, so there's a really good line of sight to their earnings visibility. They're very deeply integrated to their clients. They have long term recurring client relationships and multi year contracts and this is evidence to their high retention rate and it shows the stickiness of their services. Finally, the industry has significant M&A opportunities. It's a highly fragmented market and JTC is poised to consolidate that.

Management historically has done very well executing on this strategy, consolidating smaller local players onto its platform, scaling it, driving the synergies and delivering

compound earnings growth on the back of that. So we think it's a really attractive asset underappreciated by the market. And this was validated recently with JTC coming out confirming that they had preliminary takeover proposals from two giant private equity players, Premier Advisors and Warburg Pincus.

It's great to see validation that the business was being underappreciated by the market and see our investment thesis play out to give you a sense of the magnitude. JTC was trading on 12 times EV EBITDA. Comparable transactions in the space for high quality peers were happening at 20 times EB to EBITDA. So it was clear that there's the smaller to mid cap portion of the market is being overlooked by a lot of players and we're starting to see capital markets activity pick up and that's serving as a positive catalyst.

We think this will help with the realisation of the value for small and mid cap players and that really positions the portfolio well going forward. And with that I'll pass to Nick to share his insights from Asia.

**Nick Healy:**

Great. Thank you Will. So as Will mentioned, I did take meetings with companies in the Americas and Europe this quarter, but I placed a particular focus on Asia with meetings with companies from China, Singapore, Japan and Korea. And I'd love to give you a few takeaways from those conversations. So if we start with the biggest market of China in the region, this was a similar update. I think from what you've heard from Catriona and the rest of the team Will in Europe, in that the economic backdrop was more mixed than outright positive.

However, there was also a lot of optimism around artificial intelligence. Now coming into these meetings, it is worth Remembering that from 2000 to 2019, China was just the most important thing for global growth. It accounted for over 30% of growth over that period. So if we did see an increase in growth from China, it would be really impactful globally. However, my conclusion was that we can't actually say that we are going to see that step up in growth.

From the meetings I held. There are challenges in the property market. The consumer is cautious and the business spending is also restrained. And so all eyes have been on stimulus and central government support. And actually a few companies told me that this was decreasing year on year. So from an economic Perspective, not bad, but not a high conviction. Growth will increase going forward. Now this has a clear spill on effect and I'm hearing about this from other companies, that there is excess capacity in China.

A lot of these Chinese businesses told me the most attractive opportunities for them were international markets. So this can be a really useful insight because if we're thinking about an investment in a US, European or outside China company, just being aware that there are these highly motivated, very impressive competitors can be quite useful just in making sure we're accounting for that risk if we pivot over to AI.

So the one takeaway I think that happens across all of my meetings with Chinese companies was just the incredible level of entrepreneurialism, drive and excitement that they have. And nowhere is this probably more in evidence than artificial intelligence and technology. A great example of that is even though they don't have access to the latest Nvidia (NASDAQ: NVDA) chips, they are innovating around this constraint as we saw with Deepseek earlier in the year, which was very strong performance at over 90% cost reductions.

And that's continued with the likes of the Kimi and the Qwen models more recently. Now Qwen is a model from Alibaba (NYSE: BABA; HKEX: 9988) and we do actually hold Alibaba in the fund. Conversations with industry leaders across search, autonomous vehicles, consumer facing content really form the view that Alibaba is a well positioned company within this ecosystem. They have the number one cloud offering, the number one AI cloud offering and the leading Chinese model at the moment with the Qwen 3 offering.

So we just think Alibaba is well positioned. But really the conclusion to these meetings was we do need to keep in mind the Chinese AI ecosystem. A lot of the headlines are dominated by the likes of OpenAI and Nvidia, but there is a ton of entrepreneurial innovation occurring here as well. If I turn to Japan and Korea now, these countries both have something in common which is that they are facing demographic headwinds.

The people are living longer, the birth rate is insufficient to be below the replacement rate and there aren't immigration policies in place to offset these phenomena. So the upshot is the workforce is expected to reduce. An example is for every 10 people who retire, only seven people join the workforce. Now I had many meetings across different companies, different industries, but barely one occurred where this difficulty in hiring didn't come up as a meaningful conversation.

This will be bad for some companies. I held a meeting with a leading baby products provider based out of Japan and frankly the headwinds are just too much for us to be interested in that name. But it will be a huge tailwind for other businesses. So specifically companies that can automate away workloads likely through the use of AI are just positioned to enjoy a multi year tailwind coming out of Japan.

So a couple of examples or one we already hold in the fund is actually SAP (NYSE: SAP) which Catriona mentioned. Now this often occurs even though it's a German listed technology business. They enjoy the position of having the leading expense management software for enterprise in Japan with the Concur offering. And this is just a great product that's going to see clear AI innovation and reduce the workloads across corporates in the country and it will stand to benefit SAP over time from a Japan listed front similar to other parts of the world. We are thinking that the back office business services suite is actually ripe for AI innovation.

We had a number of meetings with companies we think are going to be winners from this tailwind and we're in the process of building out those positions. So look forward to updating you on those in the future. So just closing out, as with all trips, really useful to get

in front of managements, just see how they talk to them about how they're seeing the world. It turned up some new ideas and then was a very useful trip and set of meetings to take.

So with that I'll pass back to Catriona.

**Catriona Burns:**

Great, thank you Nick and Will and Thommo, thank you. Appreciate all the insights. As you can see, we've all seen lots of companies and we're finding lots of new ideas. One thing I did want to point out in terms of thinking about the market more generally, it has been very interesting in terms of what's driving returns of late. It is a very narrow market that we've seen since the end of June you've had 60% of MSCI World returns driven by 10 stocks and that number's kicked up to 75% of returns in September have been driven by 10 stocks. So I mean our view on that is we are finding lots and lots of opportunities, you know, outside of that group and we think that we will get a broadening of returns and that there are certain pockets of frothiness in the market.

And so we did just want to leave the slide in terms of how we think about our process. We will continue in any market to remain extremely disciplined in terms of our invest applying our investment process. We look for undervalued growth companies from around the world and as I said are excited about the portfolio of companies we own and the new opportunities that we are seeing. But it is with that overlay of always Sticking to our investment process with that, why don't I hand over to Olivia to facilitate the Q and A section and we have got, I will say we have got a new system. So hopefully this all works very smoothly.

But yes, appreciate any of your any feedback on it at the end.

**Olivia Harris:**

Thanks, Catriona. And thanks for everybody for sending in your questions. We'll start with first one from Annabel. Can you give us your key takeaways on the recent US Reporting season?

**Catriona Burns:**

Yeah, sure. Why don't I kick off and then anyone else can jump in. So, in terms of report, it was a very interesting reporting season. We did have a situation where Liberation Day and the announcement of tariffs came at the end of a previous quarter where half the companies had guided ahead of Liberation Day and half guided after. And so you had some where they were factoring in tariffs, some where they weren't. And so it was a really interesting setup going into reporting season where, you know that you some had through the quarter then gone to conferences and kind of given indications of where they thought tariffs, but others just hadn't even updated.

So it was a very volatile reporting season and generally, again, there was a lot of focus on that AI tech spend, particularly from Big Tech, the retailer in retailer land. It was very mixed

with them trying to guess what the impact would be or just punt down the road in terms of saying, we'll come back to you with guidance once we know where tariffs land. So it very much depended on your sector in terms of how you fared.

But I would say the volatility through reporting season was very high and you were seeing moves that might have been a 5% normal, was a 20% like up or down. Yeah. Any other insights?

**Nick Healy:**

No, I think that's spot on. And I think, I guess, you know, we took the meetings relatively close to the end of the reporting season. So the themes you heard us talk about across US Europe and Asia are broadly reflective of the themes we saw in the reporting season. But absolutely, it was an interesting setup with some volatile price reactions.

**Olivia Harris:**

Thanks very much. We'll go to the next question. We'll stick with you, Nick. This one is from Greg. He says you can see we've sold out of Novo Nordisk (NYSE: NVO; CPH: NOVO-B). Have we bought into Eli Lilly (NYSE: LLY)?

**Nick Healy:**

Yeah. Great question, Greg. Thank you. We actually continue to hold very well a relatively small position in Novo Nordisk. Our view on that space is that the GLP1s are actually one of the most attractive parts of the pharmaceutical complex to be invested in. There is clearly just a huge amount of growth that's going to go into that space over the next five years just as adoption increases. However, we also hold the view that often you'll see pharmaceutical firms trade at relatively modest valuations.

That's probably appropriate. So actually, I would say our current view on the situation is Novo Nordisk is actually trading at a very attractive valuation today. They've just had some recent good data around their Wegovy oral pill. So probably between the two, it's Eli Lilly that looks more expensive, more filled with optimism, likely to be a winner as well. But I think it would probably be more Novo Nordisk. That's attractive today.

But again, this is, this is a relatively small position and it's just to make sure we have some exposure to GLP1s.

**Catriona Burns:**

And we only bought the position after the share price come up. It was just because it had already been hit. So it was a. It's a more. Yeah, recent position and as Nick said, tiny. But we've got to figure out. Yeah, we want to see that the catalyst that we're sort of buying into play out before we would even increase it.

**Olivia Harris:**

Thanks both. And we'll go to Will Liu in New York for this next one. It's from George. What do you think of emerging markets, given that they've underperformed developed markets? Are we invested in any emerging market companies? And then maybe, Nick, if you could touch on any Indian companies that we might be looking at.

**William Liu:**

Sure, that's a great question. I think we think about emerging markets in two ways. There's direct exposure and indirect exposure. Because we own global companies, they have very diversified revenue streams. And we have companies such as TransUnion (NYSE: TRU), which might derive revenue from India as an example, which I'm sure Nick will touch on on the second part of this question. In terms of direct exposure, one which we quite like, and Nick highlighted earlier is Alibaba (NYSE: BABA; HKEX: 9988).

They obviously have a really strong position in China with its e-commerce and cloud computing business. But they also have Lazada, which is a really strong presence in e-commerce in Southeast Asia. Their cloud business is actually very strong in Southeast Asia as well. So in Southeast Asia, they're not just using the Googles, Amazon's, Microsoft of the world. Alibaba is a viable option in, say, Thailand, Indonesia, those type of emerging markets. And Alibaba has a really strong presence there.

And then finally, they strategically invest and partner with different assets. So Tokopedia (IDX: GOTO) in Indonesia is a really great e-commerce business that they've partnered with and they have different bets across emerging markets. So Alibaba is one of the direct exposures and maybe I'll pass to Nick to speak a little bit about TransUnion and the Indian exposure.

**Nick Healy:**

Yes, absolutely. Thanks, Will. So I think interestingly we mentioned SAP (NYSE: SAP) prior. That was a company that although it's based in Germany, actually is fairly well positioned to benefit from part of the Japan AI thematic. You'll often have that time and time again where a US listed company or a European listed company will actually have great exposure in a different part of the world. TransUnion, which Catriona mentioned, it's a leading credit bureau in the US; it's really well positioned for the mortgage recovery in the US but they actually hold the leading credit bureau in India.

Although the US market is kind of a three player setup between themselves, Equifax (NYSE: EFX) and Experian (LON: EXPN), their CIBIL offering in India is just really strong. It's well north of 50% market share. It's just a great exposure to have to India through time that's been growing really fantastic rates north of 20% and actually we think it's a fantastic dynamic to play because as India increases their wealth and their income per person, it's a natural effect where credit markets will broaden out and you'll get more credit provisioning.

And so TransUnion's exposure actually is very attractive in terms of India. Now, broadly in terms of investing directly into Indian companies, we have found a dynamic through the years where you will find great businesses, you will find great growth within those businesses. But often the valuations have been somewhat of a limitation. If you take a TransUnion which is trading on about a 20 times forward multiple with a great exposure to India, that feels like a really clever way to gain exposure to the Indian market.

Catriona mentioned it. We will just maintain valuation discipline as part of our process and.

**Catriona Burns:**

Absolutely. And the only thing I'd add is like having invested in India historically, I mean you do right now, it is a really interesting time because historically you've had a lot of businesses like IT services listed on the Indian Stock Exchange and they are front and centre for AI disruption. So you just. Yeah, you've had a dynamic where there's been a lot of expensive stocks but could be great. You know, franchises like Hindustan Unilever (NSE: HINDUNILVR) for example, has always been a great business but super expensive.

You've had a ton of IT services which are front and centre for AI disruption. So yeah, our exposures to India are through in as Nick said in terms of. And, and as Will talked about in terms of. We love the idea of owning TransUnion and it being a play on credit growth, you know, and the credit bureau play, but without directly investing through the Indian stocks.

**Olivia Harris:**

Thanks, Catriona. And this next one is for you. Stick with you, Catriona, from Broderick. Given the US Administration's desire to lower the US dollar and the dominance of US equities in the portfolio, how do you manage that currency exposure?

**Catriona Burns:**

Yes, so the portfolio is unhedged. When we started the fund, part of the offering with WAM Global (ASX: WGB) was that our shareholders were very much invested in Australian stocks listed in Australia exposed to Aussie dollars. So in owning WAM Global, you are getting exposure to both offshore currencies as well as offshore listed entities. So in terms of the US listed companies that you are getting US Dollar exposure, a lot of them as we just talked about though, are very multinational in nature. So when they translate back their earnings, it's not just US Dollar exposure that you're getting. It is multinational multi currency in nature.

The other point is that we are underweight the US relative to the index, we are overweight Europe. And so as the US Dollar potentially goes down relative to the index, we are less exposed.

**Olivia Harris:**

Thanks, Catriona. And we'll go back to New York to Will Liu for this next question. Question from George. He says you had a positive write up on Tradeweb (NASDAQ: TW) in the August Investment Update. The share price has now fallen a further 9% in September. Could you provide further information about the transitory headwinds that were mentioned in that report? And could you discuss the view that we have now on the company? So over to you.

**William Liu:**

Sure. Yeah. That's a great question, George. So we still hold Tradeweb in the portfolio. It's one of our top 20 positions. We have traded around it a little bit. So we took some profits at \$150 and at the price it is today, we're evaluating whether it's an attractive addition in terms of adding to our weighting there. So the thesis for Tradeweb is they're going to be a beneficiary of the electronification of fixed income markets, particularly rates and credit.

And that largely is still the case. So when we talk about transitory headwinds, a lot of these exchanges do particularly well on volatility. As we know, volatility has been fairly muted over the last couple of months. The other key KPI for a lot of these exchanges is they released monthly data. And so last year Tradeweb was in a really sweet spot where the monthly data was accelerating. You saw some volatility debate on interest rates, credit spreads widening. And that was a really ideal environment for Tradeweb.

Currently, what you're seeing is credit spreads narrow a little bit, volatility subside and then market share gains that they've historically taken from other players in the industry has slowed a little bit. But at the same time they're still, if you look at their August numbers, they're growing average daily volume 11% a year. So while the surprise factor to the upside hasn't been as significant compared to the last year where Tradeweb was an awesome performer for us in the fund, we still think they're in a great position to win from the electronification of bond markets.

We expect some of that monthly data to improve over the coming months and we think now is a really interesting opportunity. And we're considering internally whether we should be adding to our position because the thesis is still intact. There is some transitory headwinds. We just need to be confident on the catalyst and the path forward from here. So still, still positive on Tradeweb and as I said, it's a position we own in the fund.

**Olivia Harris:**

Thanks, Will and Catriona. We'll go back to you for this next one from George. Are you more optimistic on European or US companies going forward?

**Catriona Burns:**

Good question, George. So for us, it is very much like Bottoms up. So it doesn't necessarily matter if it's a European or US company. It is about what we fundamentally think is, is it undervalued? Do we think the growth story is, is exciting? Do we think there are catalysts to drive the share price? So we are overweight Europe compared to the US, but that's just

because of the ideas that we've been able to find in Europe and actually the UK, I mean, the UK has been a fascinating market where it's just been like anything that is quality just keeps getting taken over and, you know, whether it was.

We've had numerous takeovers in, on the UK market, we had, you know, over the years we've had Biffa (formerly LON: BIFF), which was a waste management company. We had Entertainment One (formerly LON: ETO), which was in the media space. We had Alphawave (LON: AWE), which was in the chips and export, actually an AI beneficiary and a Broadcom (NASDAQ: AVGO) comp. And so. And then JTC in the, in the last, you know, couple of months. So it's a really interesting bucket where it's looked incredibly cheap and so we found lots of ideas but they keep getting taken out because the valuation discounts in the UK relative to the US have been so pronounced. So it's not necessarily a preference for the US.

Versus Europe. It's just where we find those individual ideas as we've all talked about in this webinar. We do see opportunities everywhere, but you know, the backdrop in terms of whether it's been that the US growth has been stronger than Europe, but you can always find interesting ideas, whichever the geography.

**Olivia Harris:**

Thanks, Catriona and Nick. We'll go to you for this next one. Do you have any views on Uber (NYSE: UBER)?

**Nick Healy:**

Yes, absolutely. So we do hold a view on Uber. I think it is a fantastic business. It has network effects. Clearly, if you are ordering either food or a ride, how much, how many drivers, how quickly you can get it to yourself, is absolutely a critical part of the business. And so you've seen what you would expect to see, which is, over time, Uber has outperformed Lyft (NASDAQ: LYFT) in the US. Interestingly, they gave up on some markets they weren't that strong in. I met with Grab (NASDAQ: GRAB) on my trip, who are based out of Singapore.

Uber did a deal with them to give up the Southeast Asian markets to stop the price wars and to consolidate on markets they were really strong in, which frankly was strategically extremely clever. So we're favorable on Uber as a business. I think the valuation is clearly a limitation today because it's had a significant run. And then whenever you're paying a very high valuation for a business, you always have to keep at least half your mind towards potential risks and potential disruption.

Now, there's a good chance they can navigate this, but the rise of Waymo (Alphabet subsidiary; not listed) in the US, Baidu (NASDAQ: BIDU; HKEX: 9888) in China, clearly autonomous vehicles are stepping into that next stage of development. We love that we hold Waymo through Google. Waymo is just a fantastically positioned company, but what they've done is really clever. They've used Uber for one market, Lyft for a different market. They've used their own app for San Francisco.

So they're clearly just trying to arbitrage away that consumer app layer. Now, again, I think Uber may find ways to address this, but when the valuation's really stretched, you may be not getting paid enough for that risk. So I think it would be more one we would potentially take an investment in at lower valuation levels.

**Olivia Harris:**

Thanks, Nick. And we'll go to New York for this next question. It's from Ian. He says he's read that some Chinese companies listed in the US don't comply with reporting standards. Is that your understanding? And if so, how does that impact stocks like Alibaba?

**William Liu:**

Yeah, it's a good question, Ian, and that has been a topic of debate over the last probably 10 years. But in recent history, it hasn't been as much up for debate. So firstly, Alibaba (NYSE: BABA; HKEX: 9988) reports according to US reporting standards, so they're in compliance. Debate historically was the Public Company Accounting Oversight Board would want to inspect the auditors of these Chinese companies and they weren't given permission to by the Chinese government to do these inspections and conduct these audits of the auditing company.

That's since been resolved. As of 2022, I think there was a bill passed called Holding Foreign Companies Accountable Act. And so the latest there is that the companies are in compliance with US regulations, reporting standards. Because, Ian, you're correct. In a few years ago there was commentary around potential delisting of Chinese companies because they weren't in compliance. But that's since been resolved. So they're in compliance with the Reporting Acts. Alibaba is the only Chinese name we own that's listed in the US so we feel relatively comfortable there. And obviously when we do encounter these issues with corporate governance, we take a close eye on making sure we dig into the financial statements, channel check that their reporting is up to scratch and make sure we risk weight proportionately as well. So thanks for the question, Ian.

**Olivia Harris:**

Thanks, Will. And thanks, Will. And we'll go back to Catriona for this next question from George. He's asked, during your last webinar, you said that you were positive on ResMed (ASX: RMD; NYSE: RMD). Is that still the case given the share price appreciation since then?

**Catriona Burns:**

Yes. Thanks, George, for the question. That's correct. We still do own ResMed. We bought into ResMed. It's a stock I've known for many, many years on all the GLP-1 fears. So the stock, you know, it was going to be the end of sleep apnea with GLP-1 solving obesity. And whilst we think the GLP-1 space is super interesting and, you know, got huge growth potential, we also took a view that that would not be the end of ResMed.

And pleasingly, since then they've actually continued, they've actually sized up the opportunity that they think will be driven by GLP-1s and how potentially they actually may benefit from the GLP-1s. We think these GLP-1s, you know, certainly reduce weight. But when you look at the statistics for obesity in the US, often they're bringing people within into a category that actually makes them an addressable market for ResMed.

So, ResMed has also benefited from their key competitor Philips (NYSE: PHG; AMS: PHIA) being out of the market. So they've had a double benefit there from the rhetoric around GLP-1s fading and then also that they've had a competitor out of market. So we still do like it. Look, the share price has had a good run, so yeah, in terms of weighting, that's something for us to think about. But we still do like the stock.

**Olivia Harris:**

Thanks Catriona. And we'll go to Nick for this next one. It's from Dave. He says a growing number of respected commentators have stated that we may be living through the greatest bubble the world has ever seen. If we see a crash or correction, do you think that we will live in the carnage for years or will it be business as usual the day after? He Sundays there are seven days left in September and people are getting scared and a lot of us are amassing dry powder.

**Nick Healy:**

Great. Thank you Dave, for the question. That's certainly a thought provoking and kind of like conversation starting question. I think if I had to kind of take a step back and summarise how we're seeing the markets today, it would be in line with what Catriona mentioned during the prepared remarks. Just around look, there are some signs of froth appearing in various parts of the market. We keep a close eye on credit spreads and those are at relatively narrow levels.

We are reading a lot of money is going into private credit. Now obviously we're in equity funds, so we're not investing in that. So I think, look, there are certainly things to keep in mind. There are reasons to be risk aware at this point in time. However, at the same time we're seeing interest rates are falling which would support valuations. We're seeing this effect Catriona mentioned where although the market at a headline level may look expensive, it's actually really a tale of two markets and you are getting significant opportunities because the market itself is so narrow.

There are a lot of investments that are very interesting at this point in time. And then the last thought is like with regards to artificial intelligence, which is a huge part of the strength of the market at the moment, we do take the view that this technology is real. This is genuine technological breakthroughs that will absolutely increase productivity. You only have to meet with so many CFOs, CEOs, talk to company management teams to realise they're very excited about this as well.

So again, signs of froth are occurring, but I would say it's probably more bounded optimism at the moment. But I think part of our job is to be risk aware. So certainly we're keeping a close eye on some of these risks that do exist in the market.

**Olivia Harris:**

Thanks Nick. We'll go back to New York for this next question. It's from Sam Deep. He says can you please give us your outlook on the market? We'll let both of you take that one.

**William Liu:**

Sure. Do you want to start?

**Will Thompson:**

I think as Nick and we've sort of talked about this a little bit. It is very narrow at the moment and we really do expect that to broaden out and that's how we're positioned because we think that the impacts of AI and also the impacts of rate cuts will flow through to the broader based economy. The stock market is huge in America. I feel like every time I go anywhere you overhear someone talking about it. And I feel like in the past you've always heard about when a taxi driver that you get in starts talking about the market.

That's a word of caution. But when you're living here and you see it, everyone is so exposed in their retirement funds, everyone is living and breathing it. And I think that's been part of COVID And the actual wealth effect from the stock market will mean that there's a broadening out and everyone feeling a little bit more confident. And then you've got rate cuts as well which should in time potentially help the housing market.

And so consumer wealth and the consumer financial pressures for inflation will come off and it will help broaden out the market rally because you'll start to see sort of the stocks like I alluded to earlier, like the industrials, the consumer, the retail and it might not be around the corner but it will be at some stage in the future where it will broaden out. And this sort of 10 stocks impacting the index will broaden out to the other within the S&P 490.

**William Liu:**

Yeah, I think we're reasonably optimistic, I think of the companies we own, they satisfied undervalued growth criteria. I think if you look at the performance in the infrastructure layer, names exposed to AI, they're benefiting from a demand supply imbalance. There's this huge arms race to build our capacity within the data center to connect it to energy, to connect it to electricity. But at some point that demand supply will balance and we're thinking about what happens next because you will have built the compute power, what other AI applications are going to be run on top of those data centers, the GPUs, where are they going to be applied, where the productivity benefits going to come from? Which are the AI ready companies to make the most new products and synergies from leveraging those capabilities?

That's what's really exciting. And so while this infrastructure spend is great and the sheer amount of money by the hyperscalers going to this build out has meant the stock market's been so narrow, we think with rate cuts, with certain clarity on interest, on tariffs, and where they ultimately will sit will mean that management teams will be in a position where they're ready to make decisions. A little bit of volumes for these businesses will mean significant operating leverage. And our job is really to find those, those exciting opportunities because we're out there meeting them in person, trying to find what's happening on the ground. And we think there's some really exciting opportunities which we've talked about on this call.

**Olivia Harris:**

Thanks, guys. And we'll go back to Catriona for this next question. It's from David. Can you talk a little bit more about how you reduced the discount to NTA given that some domestic links have widened?

**Catriona Burns:**

Yes, sure. So for us at Wilson Asset Management, we think the key to closing discounts is really about three things. It's performance, it's dividends, and then it's shareholder engagement. And I think with WAM Global (ASX: WGB), we've had a concerted effort on all three. Pleasingly, the performance has been good of the fund. We've had a really steadily increasing dividend and we have announced that special div. So that was super helpful, I think, in terms of providing that stable dividends and growing stream of fully franked dividends.

And we have been out of fully frank, which is terrific. And then that third piece is shareholder engagement. And that's been a huge effort across the entire business in terms of WAM Global. But then we do roll that across all the funds and we will continue to do that because as I said in the prepared remarks, shareholder engagement is absolutely core to what we do. And I think that's what really differentiates Wilson Asset Management as a business.

So for us, I think in terms of closing the discount for WGB, it has been those three elements, the performance, the dividends, and the ability to add in that special as well was helpful. And then thirdly, that shareholder engagement piece and you know, whether it's the webinar, you know, regular webinars, ASX Investor Days, the call campaigns that have been running underway from, you know, from the entire business.

**Catriona Burns:**

The road shows. Yep, there's been a huge effort in terms of shareholder engagement alongside the performance and the dividends.

**Nick Healy:**

And I guess, like. Absolutely. And just to add some thoughts, so, you know, the. We've built out the investor relations team with April and Tommy Marty and the distribution team has

done a great job and I guess as a company it is just great to run one of those campaigns to see results with regards to the discount and then to know then you can go to do that too across the business. So I think that's really positive and exciting.

**Olivia Harris:**

Thanks Nick. And we'll stick with you for this next one. It's from Ian. He's asked, is Alphabet (NASDAQ: GOOGL) the only one of the Magnificent Seven names that we own or are there any others?

**Nick Healy:**

Yeah. Great, thanks Ian. So I think if we take a step back and we think about the investments we're interested in, we have at times discussed the fact that the Magnificent Seven is expensive and there's opportunities in the small and mid cap end of the market. I think that's absolutely true and that's absolutely still a correct statement today. If we think of the investment in Google as illustrative.

Just because Google was part of the Magnificent Seven didn't mean it didn't trade on a valuation that was frankly just far too cheap for the value and the quality and the growth that it offered. So I think that the answer would certainly be we'll take a flexible approach. We also hold Amazon (NASDAQ: AMZN) in the fund. This is a relatively recent investment actually through Liberation Day. Amazon, which we know and have known for years, it's a wonderful company, great retailer, leading cloud provider in the US and Europe; now through Liberation Day, they actually put a lot of conservatism in their numbers around how much tariffs would impact them.

And we saw that as actually an opportunity to take an investment because they are just such wonderful operators. We took the view that they would actually be able to negotiate discounts here or shift the products they're selling or effectively find a way to work around tariffs. It's a company that frankly was just trading similar to Google, at a valuation that didn't reflect their intrinsic advantages.

So it is another holding in the fund. I think going forward, like we will just continue to apply that process whether the company is within the Magnificent Seven, within the small mid cap side of the market or just anywhere within the market. So yes, thanks for the question.

**Olivia Harris:**

Thanks Nick. And we'll go back to New York for this next one. It's from Denton. He's asked which industry sectors do you think will benefit the most from AI, for example, financials, insurance, electricity, utilities, data centers, et cetera?

**William Liu:**

I think we can try and answer that question, I think with artificial intelligence. Right now the flow of money, as I mentioned earlier, is going to chips and energy, which are the two biggest constraints of building a data center and building out this compute power. I think

over the slightly longer time horizon, the way we think about it is we think companies with a data advantage has a massive competitive advantage. So when I think of application software such as SAP (NYSE: SAP) or Intuit (NASDAQ: INTU), where they're most entrusted by their customers, the customer's most valuable data is sitting on their platforms. And they're going to be able to leverage OpenAI, Anthropic's capabilities with the large language models to build the right products and services.

And in fact, they're already getting ready to do that. Like their technology stacks are in a position to integrate with these large language models. They're testing productivity products, they're using it themselves internally. And we think that's a really interesting way to approach where the future winners could be. Will, I know you've spoken to a huge number of companies as well.

**Will Thompson:**

I think I mentioned this on the last call. CFOs seem to be the ones that are really bullish at the moment because they can go into their business and take out cost or increase productivity. I went to an AI breakfast a couple of weeks ago and then I went straight to a meeting with, it was like a healthcare insurance company. And I sort of said, I went to this breakfast, it was really interesting and learned a few bits and pieces. And this guy said, he said our business is full cost. We've got so many people trying to help with insurance and connecting from one insurer to the other insurer and you've got the customer calling in, trying to talk to the right person.

He said, that is ripe. Like that has to be disrupted by AI and there's so many opportunities. And this was a CEO saying this to me. He thinks, you know, there's two parts and this aligns with our thoughts. There's the customer experience piece which can help, you know, convert revenue and drive revenue growth. And then there's a productivity piece which can help lower costs. So, and that talks to increasing margin. So there's going to be lots and lots of winners and it's trying to delineate between who and who is going to be the biggest winner because there's this other underlying theme where people are trying to reduce their vendors as well. They don't want to be exposed to 30 different companies that are trying to offer them an AI solution. A lot of the time it's one, one company is doing the whole thing, is looking after it all. And there's been.

Pegasystems (NASDAQ: PEGA) is a company that we've met with and own a few shares in and, and that's one of them which is going up. Their biggest customer is actually Commonwealth Bank of Australia (ASX: CBA) and they're helping Commbank with the, with their AI transition as well, especially on the customer front and improving that customer journey.

**William Liu:**

Yeah. So it's interesting. It'd be across. Another question. We've had a number of industries as examples. I think it'd be across the broad industries because there's productivity gains to be had across every business who are leveraging AI to its maximum

capability. I think the interesting opportunity will be the ones that are innovative and find new revenue generation opportunities and really use this opportunity to build new products, build new services, create new lines of revenue and those, those would be the game changers going forward. And that's, that's what we're looking out for as well.

**Olivia Harris:**

Thanks, guys. And we'll go to Catriona for this next question. It's from Mark. Can you please talk about why the NTA fell in the month of August?

**Catriona Burns:**

Yes, sure. So the NTA was down a little bit and that was just underlying stocks. It was, as we talked about earlier, super narrow market. Even within our tech holdings, we saw it was really only the hardware layer that we're running. We have a strong view around that the application layer will be the next leg in terms of AI beneficiaries. So have lots of exposures there and lots of them just lagged in August. And a great example would be Intuit (NASDAQ: INTU), which I talked about earlier, which subsequent to the month has had their capital markets day, laid out 20% top line growth out to 2030 and was just a laggard during the month of August. So we used that as an opportunity to add more.

**Catriona Burns:**

And so yeah, it was really just the individual names that were working in a very narrow market. Yeah. Played into creating more opportunities than actually driving the NTA in the month of August.

**Olivia Harris:**

Thanks, Catriona. And we'll go back to New York for this next question again from Mark. He says that usually the market in the US and Australia comes down in the month of September, but that has not happened yet so far. Do you think that the market can still fall in September and October? So over to you guys.

**Will Thompson:**

It definitely can. I think the hard thing with seasonality data is it's often it picks points. So I think the September data, I was looking at it the other day, there's a few outliers in there. Like September last year was down, September 08 was down and it was down significantly due to the GFC crash. So when you look and all these reporters come and say, oh September's a tough month. There are, I think there were three instances over the past 20 years where September was down a lot and that actually brought the average down, which makes it look like September's an average month.

But in general, September's actually an okay month and usually isn't that bad. So we don't have a view of September and we don't have a view in October either. We don't look into the seasonalities and the presidential cycles and the rest of it. We try and find companies and look, if there is a pullback, that'd be great because there's lots of opportunities and

lots of stocks we want to buy. It's better to buy them when they're cheaper than when they're more expensive.

**William Liu:**

And then from a positioning standpoint, we've seen companies guide pretty conservatively just because there's been a lot of turbulence from geopolitics, politics, tariff uncertainty. And so companies are taking quite a prudent approach to guiding future earnings growth. And then obviously we've had a rate cut in the US as well. So the positioning plays an important factor where earlier this year, Liberation Day, management teams were highly uncertain. They took a pretty prudent approach to next quarter's and full year's guidance.

And I think that's kept the pace with many companies sort of keeping a degree of margin of safety in their full year guidance. So we still think long term, like share prices will follow earnings growth and we still think the earnings trajectory is pretty attractive across the different markets that we see.

**Olivia Harris:**

Thanks guys and Catriona, we'll go back to you. This next question is from Rob. Are travel fees paid by Wilson Asset Management or by WAM Global (ASX: WGB)?

**Catriona Burns:**

They're paid by Wilson Asset Management. So you pay management fees at 1.25% for WGB and that in turn is used to fund travel so there's not additional costs on top of the management fees that are funding travel for the team.

**Olivia Harris:**

Thanks, Catriona, and sticking with you. This next one is from Peter. He's asked, are you now based in Australia and can you also touch on succession planning?

**Catriona Burns:**

Sure. So, yes, I moved back at the end of January to Australia after four years in New York. And Will Thompson and so Will Liu had joined me the year before and Will Thompson moved at the same time, switched with me. The two Wills are based out of New York and I'm back in Sydney with Nick. So we think, you know, that's terrific in terms of the ability to see companies on the ground still in, in the US and we travel as well, all the time as well, obviously.

But yes, I'm based back in Sydney. In terms of succession more generally at WAM, I think it's been a really important focus for the business generally. I mean, for any position, we want to have backup, you know, you know, we apply that. It's a bit crude, but we apply the hit by the bus test in terms of anyone in the business you want to have backup. And so, you know, whether it's Geoff, obviously no one can replace Geoff as a person and he's an incredibly important, you know, integral to our business.

But in terms of running the funds, even for him, he's the portfolio manager on WAR, but has Marty and Jesse running that alongside him. In terms of me at WAM Global, I have Nick, Will and Thommo in the team. So if anything was to happen to me, it's the same process that we apply across all the funds in terms of the WAM investment process. So we have a very, you know, a process that anyone, you know, not anyone, but that can be applied and that's been in place for, you know, 27 years across the business.

So, yeah, look, we think succession is super important for every position in the business and try to have replacements for all of us. But yes, and really stick to process in terms of investing the money across any of the funds. And while we all might like to think we're not replaceable, the idea is to set the business up, you know, for the next 50 years rather than, you know, just for today.

**Olivia Harris:**

Thanks, Catriona. And we'll go back to New York for this next one. What are your thoughts on cryptocurrency and bitcoin? So over to Will.

**Will Thompson:**

Yeah, I was just at the Barclays Financials conference and there was a lot of talk on Stablecoin. You've got guys online like, I think it's Chris D and Tom Lee talking about million dollar price targets. So the cryptocurrency space is hot, but it depends on your view. You know, there's the fundamental and there's kind of like the infrastructure layer of how you can use cryptocurrencies and the blockchain, whether that's for payments, whether that's, you know, you see a lot of the time in times of political tension, like, I think the Argentinian bitcoin price relative is going quite high at the moment because of what's happening there.

You've also got the ability to use stablecoins for payment. And so it's a really disruptive space and it's really interesting space. Bitcoin, a lot of people view it as a digital gold, as a safe haven for maybe the younger generation. But it's been underperforming gold recently, which has been obviously having a good little period. So it's a really interesting space. Within the portfolio, XYZ is one of the companies we own which has always been one of the leaders in the blockchain and in the crypto market. They've got their own actually data mining, bitcoin mining rigs which they're trying to provide to anyone who wants them at a really low cost.

And there's probably no upside to that in the share price. And it's quite interesting what Jack Dorsey is trying to do there and then some of the other exchanges we're invested in actively looking at the opportunities for stablecoins as well.

**William Liu:**

Yeah, well, mostly integrating blockchain technology into the operations to see if it works better. But in terms of direct exposure, not a lot of crypto or bitcoin, I don't think.

**Olivia Harris:**

Thanks guys and Catriona, we'll go back to you for this next one. It is from Rob. He's asked why are dividends declared so far in advance of the payment date and what if there is a big market correction and franking credits are lost? He says a lot of potential increase in NTA is lost because of the high dividend policy. Can you please explain?

**Catriona Burns:**

Yes, thanks for the question, Rob. So there is always a balance in terms of how much is paid out in dividends and how much you get through the NTA appreciation. And I guess it's why we tend to across all the LICs try to very steadily either hold or grow the dividends over time. And you have seen that depending on the LIC at WAM, that some of the dividends are very high. Say for example for WAM Capital (ASX: WAM) with WGB.

And that was why one of the reasons why we did the special dividend for WGB rather than increasing the dividend by the 4 cents, because, you know, you then have a committing because we don't want to. The ideal isn't that you then cut dividends. So we wanted to reward shareholders by, you know, that because the investment portfolio performance has been strong, we have been able to drive the NTA up a lot. But we didn't want to hold the fund to having to pay out such a high ratio into perpetuity, you know, into perpetuity or potentially having to cut.

So we do have a very strong profit reserve. The other factor with whatever dividends we pay, as you rightly point out, you want to have, we've tried to frank and have been able to frank the dividends at 100% at the 100% level since the start of WGB. And so unlike the profit reserve which accumulates over time and is without having to actually realise and pay tax, the franking is only paid as we, as we sell the shares. So franking accumulates at a slower rate as we pay tax.

And whereas the profit reserve is, you know, is we can, you know, have very strong over 80 cents a share in profit reserve but only 10 cents in franking. So it's a, you know, and then every time we pay tax we put more into the franking balance so there isn't the risk once we've paid the tax that the franking's not there. So to your point, if the share price then falls, what we're trying to do always is have paid enough tax that we have the next couple of dividends covered in terms of franking.

So yeah, we do try to be prudent in terms of managing that balance between having the franking and whatever the profit reserve is over time. But yes, the profit reserve will also will change with, with, you know, what happens with the share market in general. But we feel pretty good in terms of the visibility we have over both the franking and the dividends. To directly answer the point on why we pay, why we announce the div and then have quite a long lag between when it's actually paid. I mean, Geoff's always had a strong view that you want to be trading as long as possible. And he says you should ideally always be trading cum dividend because the share price tends to trade better when it is cum a dividend payment.

And it's, you know, which is why even with WMX, the new monthly income product, you will always, you know, know that a dividend is coming. So his view has always been it is ideal to be trading cum dividend for as long as possible. And you tend to see that in terms of the discounts. And so it's an advantageous position to have a long lead time in terms of announcement of a dividend and when it's paid.

**Olivia Harris:**

Thanks Catriona. And we'll go to New York for this next question and then maybe bounce back to Nick and Catriona. George has asked, do you hold any European or US banks that are comparatively undervalued to the Australian banks, for example, Lloyds (LON: LLOY) in the UK or Bank of America (NYSE: BAC).

**William Liu:**

Thanks. Maybe I'll get started. Most banks in the world probably are comparably undervalued to Australian banks, given how expensive they are for the amount of growth that they achieve. So we don't own any banks. We historically have stayed away from that sector just because sectors such as banks and resources, they're more beholden to the macroeconomic environment. So the shape of the yield curve, what's happening with consumer bad debts, et cetera, they're quite leveraged by nature. So historically, when we think about our financials exposure, we're looking for companies with durable moats.

We've historically invested in exchanges, Allfunds Group (AMS: ALLFG), Intercontinental Exchange (NYSE: ICE), Tradeweb (NASDAQ: TW). They've had a really strong track record of compound earnings growth and we think those are better businesses to own over the long term. So we've historically stayed away from banks. I'm not sure if you have anything to add.

**Will Thompson:**

Yeah, there are so many banks in the US market. At the start of the year, I went to a banking conference and it was leading like the Bank of California, the Bank of Columbia, the Bank of Everyone. And like, they tell these amazing growth stories. But then you go and look and there's like, it's not as good as what they're telling you it is. And like, and then there's just so many, like, it's the banking. The banking sector is really hard and the risk that they have to take to continue driving returns. There's just so many better ideas outside of the banks. We find especially within financials with the exchanges that we own and other ideas that, yeah, we don't traditionally look at the sort of traditional banks.

**Olivia Harris:**

Thanks, guys. And we'll go back to Catriona for this next question. We have a question on cash from Ian and Mohan. Can you please discuss cash as a position in the portfolio and how much you hold for investing?

**Catriona Burns:**

Yes. Great, thank you, Mohan and Ian. In terms of the cash, we do tend to have the cash relatively low, so 10 from a kind of 1% to 5% level generally over time, just because we tend, even when we're getting more cautious on valuation, to then change what the holdings, the individual underlying holdings are within the portfolio and say the exchanges are a great hedge on volatility if we think the market's getting topy or will rotate into lower valuation stocks if we think the market's frothy.

So we have tended to try to stay relatively fully invested over time. The cash at the Moment is about 2.5%, so relatively low, but kind of in the band that we, that we, you know, tend to run it at and as I said we have things like the exchanges, which is which are a relatively good hedge on volatility.

**Olivia Harris:**

Thanks Catriona and we'll stick with you for this next one from Ben. What is the outlook on Hemnet (STO: HEM)? Are there any headwinds or a threat to the long term investment thesis?

**Catriona Burns:**

Yeah, sure. So Hemnet's been, is the equivalent of REA Group (ASX: REA) in Sweden and I mean Will's just actually met the CFO last week in Sweden. So you might want to add on but it's a story that, you know, we think is really interesting in that it's say 15 years behind REA in terms of monetising the opportunity they have. They have about 90% plus market share. They're a monopoly kind of. Whereas in Australia you've got REA and Domain (ASX: DHG), you know, they're the sole, you know, basically the dominant player in Sweden and under-monetised.

So that's why we liked the stock. It's been a very good performer for WGB over time but more recently has been sold off. And we think, you know, there's a number of things it's always easy when a share price is coming off to justify why it's coming off but often with reasons that aren't the underlying cause of the sell off. And why it's come off more recently is fundamentally listing volumes are down in Sweden because of the underlying housing market but people are compounding it to say it's more competitive threats that are causing the issues.

And we think, look, we still like the long term for the business. Sure there's some noise at the moment in terms of the stock but we still, you know, believe in the long term thesis and think there's a significant opportunity to monetise. And when you look at say REA for example, it's just been an incredibly strong compounder of earnings over a very, very long period. And we think, you know, that that is still the opportunity that Hemnet has.

**Nick Healy:**

Going forward and if Will, if you want to add anything by all means feel free to afterwards. I think an extra thought just from a competitive landscape is in the UK we saw Rightmove

(LON: RMV). There's a company called CoStar Group (NASDAQ: CSGP) in America who is attempting to attack them through OnTheMarket (LON: OTMP). Here in Australia we have Domain; again CoStar is being quite an aggressive company. Now if history is any guide, the network effects of these businesses are just so strong that you can really attack very aggressively, really spend a lot on marketing, try to build the business—the examples from Rightmove, the examples potentially from REA in a few years.

I know they tried to do it in the US as well with Homes.com versus Zillow (NASDAQ: Z / NASDAQ: ZG). Once you're a 90% market share company in these industries, you just have such a wonderful competitive position. So to Catriona's point, when the market does get concerned on the competitive side of things, that's likely a misunderstanding of the strength of these businesses. Yeah, Will, by all means, if you wanted to add anything, feel free.

**William Liu:**

Yes. So I met the CFO in their offices in Sweden probably two weeks ago and I had a really interesting discussion with the CFO. So I think some of these short term concerns, like we walked through some of those with the management team and really got a sense of comfort. I think the biggest thing right now is it's easy to paint a narrative when the macroeconomic situation is weak. The Swedish property market, there's a disconnect between buyers and sellers right now and so you're not seeing the volume of transactions that's happening in that market.

At the same time, Hemnet operates higher up in the funnel, so they're getting a few eyeballs. But we think the position of Hemnet is strongly entrenched and once volumes come back and you're matching buyers and sellers, you want as many eyeballs on the property, you want as many buyers looking at a house and they're going to have a very strong position at the end of that. So we're still constructive on Hemnet and we got—like part of why we travel and meet these management teams is to get a sense of what's happening in the business, what's competitive threats.

CFO is well aware of the narrative that's out there and he's assessing, I guess, all the different options, but from an earnings standpoint and the pathway for average revenue per listing to go up, they're still feeling very comfortable there.

**Olivia Harris:**

Thanks, Will. We've just had a follow up question from George. He says that you mentioned Rightmove in your Hemnet discussion. Do we own that one, Catriona?

**Catriona Burns:**

Yeah, sure. So we don't. I mean we know the space very well. We've owned Scout24 (ETR: G24), which is the equivalent business in Germany in the past. We prefer the model of REA and Hemnet than Rightmove and Scout. We still think they're all great businesses. As we talked about earlier, awesome network effects, et cetera. But the user pays model that is

used by REA and Hemnet we think has much better monetisation opportunities. So whilst we think Rightmove has been a fantastic business and actually I met two weeks ago the CEO of Rightmove in my travels. I think it's a great business but I think the better opportunity right now is Hemnet.

**Olivia Harris:**

Thanks Catriona. And sticking with you, this last one from Graham, I know we can't offer financial advice but he says he does hold shares in WAM Capital (ASX: WAM). Should he sell and buy more in WAM Global (ASX: WGB).

**Catriona Burns:**

Thanks Graham. So I would not provide financial advice but in terms of WAM versus WGB, they're very different in their underlying exposures. WAM, you know, as you well aware, invests in small mid cap companies in Australia. We invest in undervalued growth companies globally with only about, you know, 2 or 3% of the portfolio in Aussie stocks. So you're getting a very different set of underlying companies when you invest in WAM compared to WGB.

And you know, you get very strong dividends in WAM, I mean as you do as well with WGB. And I wouldn't give any advice. The only thing I'd say is always obviously look at the discounts and the premiums. But yes, generally I think you just got to decide what are the exposures you want. And both companies are great in terms of if you had both. They're very much a diversified portfolio of stocks where you're getting global and Aussie small mid and a fantastic, I mean the guys are fantastic in terms of the Oscar, Tobias, Shaun, Sammy and Coops like it's a fantastic investment team. So you know, you're getting a great investment team there and a great process that is the same at WAM Global. But you're just getting a different underlying portfolio of stocks owning WGB compared to WAM.

**Olivia Harris:**

Thanks Catriona. And that's all of the questions. If you have any additional questions always please write into us or give us a call and I'll just turn back to Catriona for some closing words.

**Catriona Burns:**

Great, thank you. So on behalf of myself and the team, a big thank you to all of you for joining us for fantastic set of questions. As we said at the outset, this is your company. We're here to answer your questions. If there's things you want to write in or call going forward, absolutely anytime, we welcome that. And as we said, we look forward to updating you very shortly. For those that can please come to our upcoming shareholder presentations and we look forward to updating you at the next webinar or the next time we see you, so thank you again.