Okay, welcome everyone.

Today we're speaking with West Ferry Investment Group,

managing Director, Mr. Peter Johns.

Some of you may already follow Peter on Twitter, in fact,

under his handle, microcap Jesus, it's a must follow,

by the way, if you're interested in this space.

Uh, and it's also a really good

time to have, uh, Peter Long.

Uh, this, I believe is the five year anniversary

of the Westbury Fund, which launched in January of 2021.

Um, it's a fund that obviously we'll get into a lot more

of the detail here, but, um, you know,

I did notice a Peter Lynch, uh, quote when I was,

when I was having a look at the website here, the person

that turns over the most rocks wins the game.

And, uh, I think Peter's a good, uh, example, example of

that, you know, really looking for those unusual, unnoticed

and ignored opportunities,

which is why the fund focuses on the small

and the micro cap, uh, a SX listed company space.

Uh, it's interesting though

because in terms of the mandate, it's far broader than that.

So the fund's able to invest internationally,

even in fixed interest and bonds and,

and that kind of stuff as well.

I mean, of course, it's, it's the, you know, the, the, so

what is, you know, how's the returns been?

And the returns have been really good.

I've been nudging 12% CA since inception,

so outperforming the market.
So it's just really great time to catch up with Pete, um,
uh, find out what's going on and,
and learn a bit about how he, how he plays the game
before I welcome him to the screen.
Please remember, none of this is advice,
and if you do have any questions, just use that slider link
and, uh, I'll put it to, to Peter when we get the chance.
So all that is, uh, said
and done, mate. Thanks for your time today.
Thanks very much, Andrew. It's great to be, uh, back here.
I've, I've done one previous fun with you quite a while back
and, and yeah, looking forward
To it. Yeah. Gosh,
man, it's, it's time goes so fast.
Um, we'll, we've probably grown a bit since we first spoke,
and I've got a bunch of new members, so I don't want
to go over too much old ground.
But gi give us a bit of a background for those that
that might not be familiar with you.
You, you are a lawyer. Uh, originally
I was, yes, and I've come away from the dark side now,
but, uh, I was a lawyer by, by training and, and,
and practice for 15 years, um, in various areas,
criminal defense law, and I did some prosecuting
while I was living in London.
And then I ended up working for the Queensland State Coroner
as council assisting for, for many years.

And so it's a weird sort of, uh, lead into this life.

Um, but while there, I, I basically,

the GGFC was the sort of turning point in terms

of opening my eyes to, to the stock market and investing.

Hmm. Um, and from about 2008, I was heavily interested in,

in the stock market to the point that by 2016 I

had been trading my own money for quite some time, uh,

and started a, a fund, which is just a fund for friends

and family called 300 Capital.

Um, that over time, uh, developed into

what is now the Westbury Fund.

So in 2020, um, we got an A FSL

and, uh, and yeah, in January, 2021, we started the,

the Westbury Farm, which is a wholesale only fund.

Mm-hmm. Uh, and it's grown now to have about 24 million.

Uh, so, you know, it's not massive by any means,

but it's, um, it's allows us to, to focus

very sharply on the, the, the core areas we want.

And it's, I suppose, differentiated a little bit in

that it's, um, uh, all of my own investments are in it.

Uh, I don't invest in any other financial

product, uh, at all. Uh,

I love that.

And, and it's

because it's sort of developed organically through

that process since 2016.

It's not a, a fund that is particularly marketable.

I would have to admit, you know, if I was to start

and design a fund from scratch and wanted to market it

and get as much funds under management
as possible, I definitely wouldn't do this.
You, you would focus on a particular area,
and so you could market it as a, a market cap fund
or a, um, you know, an international fund or whatever.
Mine does have a mix of assets.
And I suppose the best way to explain it is
that I'm inviting people to invest alongside me,
where I invest in the things that I feel I have a, a,
a core interest in and, and an advantage.
And that does spread over a number of asset classes.
Yeah, love that. I mean, it really is a huge strength
that you, you're speaking to the choir here when it,
when it comes to sort of the, the small
and micro cap into the market.
'cause there is just, um, far less competition.
So it does, I think, again, I read this on your website,
it gives you the opportunity to sort
of be the smartest person in the room, uh Yeah.
When you're against some, some, you know,
some guy in his mom's basement, you know, following
Well. That's right. Yeah.
It is more, I suppose more against, I,
I very rarely ever would invest in a company
that has a market cap over 500 million.
The, the vast majority are probably under a hundred million.
Yep. And it's more of, I guess, avoiding the, the, um,
expertise that is in the, the higher end of the market.

I, I acknowledge I can't compete with the, the, the sort
of deep research, um, that are in the, you know,
that is across the larger companies.
And also a great, um,
advantage in my early days
and still now is the ability to, to move quicker and,
and make decisions quicker than the market.
And, and that can only happen in, in small caps.
Obviously some information comes out on BHP
or, um, you know, CBA
or any of the top 300 companies, really the market,
you know, there's hundreds of people immediately watching it
as it happens, even if it happens intraday.
Uh, and, and there's no advantage
to be made in, in micro caps.
There is informational advantage
because I am there watching all the time.
And that those little incremental things,
which might only happen once every month,
um, add up over time.
Yeah, yeah. Um, I've gotta ask you, what,
what was it about the experience of the GFC
that piqued your interests?
I think it made me realize a, I'm at,
at heart a value investor.
I just, that's how my brain works.
I love seeing things that seem cheap. Yeah.
Uh, I, momentum actually dis serves me,
and I, I find it hard to hold things as they're,

they're growing.

Yeah. And so the GFC, um, a just

because it was in the news, um,

I literally went from zero interest in, in financial things

to, you know, a hundred miles an hour Yeah.

Because of the, the news cycle.

But yeah, then actually diving into, well, you know, what,

what are the actual, um, fundamentals of some

of these things that are now seemingly very cheap and,

and the apparent, you know, yield that, that some

of these things were, were generating, um, you know,

still very naive in those days.

And there was things that, and there was some luck involved.

I probably invested in things that went well,

which in hindsight could have been disastrous.

But that, that, that really bo home to me that I'm,

you know, a value investor.

I love things that have gone down in price and,

and trying to work out whether it's

down for a reason or not.

Yeah. Yeah. I love that, that, that

that's gonna resonate for a lot of people.

Earlier in the week, we, we caught up with one

of our members who's had 40 year career in

as a professional investor, running, running some,

um, some big funds.

And one of the sort of things that we were touching on

with Sean, there was the, the challenge

of the value investing approach in an era where it just, we,
we might hesitate to use this term,
but it almost feels like a bit of a new normal in terms of
what the market accepts as a reasonable PE when,
when you've got like the likes of a Woolies
and West Farmers trading at multiples of, you know,
growth stock kind of multiples.
Yeah. Do you, have you noticed that?
And, and how do you sort of reconcile with that?
Be and, and it's, we've gotta be careful here with terms,
'cause they, they mean different things to different people,
but one definition of a value investor is just like,
you know, low pe it's gotta be super cheap.
The challenge with that is as well,
and I know, I know a lot of value investors
who have struggle with this, you're sort of waiting
for companies to get into what is
historically a reasonable valuation range.
You might be on the sideline for a, for a while
as the market continues to go up.
And it might not make any sense, but, but here we are.
Um, yeah, yeah. What are your thoughts on all of that?
Uh, well, I mean, it, it, I live it every day
and have for, for years, and it's been very frustrating.
And, and for probably the last few years I've suffered
by having our fund reasonably conservatively placed,
because I do feel, you know, some
of the opportunities weren't there.
Uh, and that's counted against me.

Um, uh, look, I've, I've been, it been

Hard watching meme stocks go to the moon, right?

Oh no. On nothing other than just, you know, vibes.

And here you are doing the hard work.

It is like, is life's not fair, right? Yeah.

I mean, one, one thing which, which I

I think is important is I think as you get older,

it's hard not to be more cynical.

Um, and that's a, that's a real danger. It's a real danger.

It's because you have to, um, you know, some

of my naivety in the early days is some

of the thing is the thing that led to me

to some of my biggest winners, right?

Yeah. Yeah. And now I'm, I'm, I'm

getting older, getting more cynical.

But, but yeah, it is important to realize that, you know,

the, the market, some success stories, great success stories

look weird or, or, or spbi or whatever in the early days.

And it, it's very hard.

But you can't just immediately, um, key everything out

'cause it's at a high model.

'cause the market loves it. And so there's a lot

of nuance there, and, and I've learned that over time.

Yeah. Not to, I'm, I'm certainly not a, a value investor

who immediately rules something out

because it's set up p over 10.

Right. Um, yeah. Uh, it's a lot of nuance.

What, what, what has sa been,

and, um, you certainly kept me in the game, is, is that that
meme stock that, uh, very high, uh,
quality at any price concepts Yeah.
Really hasn't found its way to micro cap Australian stocks.
Uh, so I've had plenty of stuff to play with.
Um, you know, there's not a,
I don't think there's a stock in the top 50
or top a hundred that I would go near.
I think they're just, I think poor risk reward.
I mean, yes, I've thought that
for years and it's counted against me.
Right. I've been wrong. Uh, 'cause they've kept going up.
But anyway, that's how my brain,
You, you and me both mate. Yeah,
Yeah, yeah. But, but there's
plenty, plenty in the, in the space
of, of Microcaps.
It's, it's really only the last six months that this sort
of general bull market has found its way
to Australian microcaps
and, you know, helped us for the last six months.
But for the two years prior to that,
it was very frustrating.
Yeah. And
eventually, yes.
I mean, once they start
to get at high multiples, I don't know.
Um, I suppose I worry about that and,
and enjoy it if it's, if it's happening, um, it's hard

to go fully out of the market, um, often go fully to cash.

You know, you, you, you try

and dance close to the door is is the main thing.

And yes. New normal, that's what it feels like.

Um, that's what's

But dangerous words at the same time.

Exactly. Yeah. So, yeah. Yeah.

Okay. Let's, I'm glad it's not just you trying

to reconcile with some of that.

It's the, you know, just me, I should say.

Um, so maybe, maybe give us a sense of, uh,

the broader investment philosophy here is you, you like

to be pretty constant, we know small, you like small.

Um, do what are, what are your thoughts in terms

of things sort of like, uh, uh, concentration

and, um, just the general sort

of strategy, uh, in that space?

Yeah, sure. Um, so concepts of concentration,

I have been very concentrated in some stocks.

Previously I wouldn't do it again.

I mean, at one point on a stock,

I'll probably talk about later, PTB, which is now delisted,

but was a, um, uh, airplane parts manu, um,

and servicing company.

I once had 33% of the fund in that, which,

and that worked out very well for me.

But in hindsight, I wouldn't do that again.

We, we mostly have, um, we don't have a hard cap, but by practice,

I've never gone over 15% in a single position since,

and probably wouldn't in future.

Um, our, our focus is very much, uh, bottom up.

Um, you know, I keep an eye on macro concepts, but I'm,

and not particularly, they're not that relevant.

Um, when I'm choosing, uh, stocks, I take,

I just a bulldozer approach to idea generation by literally

watching the A SX ticker all day every day

and reading a large amount of announcements.

And I'm really looking for things where there is some piece

of information that, uh, over time I've, I've,

I've got a good fundamental understanding

of maybe 500 stocks, right?

Um, yep. And if something come, some piece of news comes up,

obviously results are the main one, but,

but, you know, profit forecast

or whatever, I will generally look for something

where I think that is not just run of the mill where it's,

you know, a fundamental change in, in how the market's going

to conceive of that stock over the coming weeks and months.

Mm. Um, but,

but that, that's where the idea generation starts.

And then I rule out anything that's,

I don't tend to play at all in, in, um, mining resources.

Um mm-hmm. I don't tend to play at all in anything

that is not profitable or making money now.

Got nothing against that.

So the biggest winners come from that area. Right.

My, the core, um, uh,

approach, or the core to my philosophy is

that you need to have conviction, uh,

and confidence in your positions.

Yeah. Because you are constantly being bombarded with things

that will try and tip you out of a stock

that will batter your confidence.

And, you know, you should certainly listen

to it all and take into account.

But generally, you'll do better if you're able

to hold onto a stock through the noise.

Um, and you can only do that. There's two things.

You have to have done the work yourself.

You have to have done the, the fundamental research.

Um, you can't borrow conviction as they say. You can't. Oh,

One of my favorite sayings. Yeah.

Take a tip. And, and secondly, um,

so that, that's the, that's the, the,

the main thing in terms of Yeah.

Having, having that conviction, um, um, yeah.

When, when, when you, when you're following a stock.

So you really need to, um, uh, have that,

and then that's Yeah.

Central to my, my position. You can't, you can't borrow it.

Yep. I, I a hundred percent agree.

I mean, this is the, the, one of the things that,

that I like to remind myself of is, is

that when you retrospectively look back at all of the,

the best sort of investments that sort of emerged out
of the small micro cap space that went on
to be much bigger and better.
And so, you know, they,
they went from a few cents to many dollars.
One thing that you always notice is
that the drawdowns are pretty brutal
and long lasting along the way.
Yeah. You know? Yeah.
So if you are gonna be the kind of investor
that jumps at every shadow, you're just gonna miss out.
And, and I think when this is very common for me,
and I I, I know it's been common for other of our members,
is that when you look back over your investing career,
I don't think you, many of us lose too many sleeps over the
one that went down 50%,
or the investment that didn't work out.
'cause you, you're just gonna get a bunch of them, right.
Like that, that that's just par of the course.
The things that really make you regret it is when you locked
in a 20% profit only to look back three years later
and realize it was a 10 x if only you just held your net
and nothing changed except the price went up
and you thought you were clever.
And with, with I. So I'm just, just
to really hammer that point.
It's, it's so crucial to really have a clear idea of,
you know, what is it that I own?
Why do I own it? You know, and what's the potential here?

And also even on the fundamental side of things, recognizing

that success is never a straight line.

'cause all of these companies had hiccups, you know,

that they all, they all stumbled management,

maybe made a few bad capital allocation decisions.

Yeah. That's just business, right.

That's just, that's just what happens.

And that is very different from a company like a one

that might be in structural decline versus one

that had a bad quarter for some exogenous thing, you know?

Exactly. And we'll come to it later.

I'm on the inside now of a company being on the board

of AF legal, and I sort of can see the, the, you know, the,

the, the messiness, how the sausage is made.

Um, and you realize that, yeah, you need

to be a bit more forgiving perhaps of, of management teams.

But, but tying, sorry, what, what I meant

to say previously was tying back into my concept

of why don't invest into stocks that aren't making money.

Because that the, the second part of having that conviction

and staying with a stock is, um, if,

if a stock's not making money,

it just shortens your runway, right?

Yeah. So if it's not making money

and something goes wrong, a, the market's more likely

to panic and it's more likely to get smashed.

Yep. B um, it just means it's more likely to have

to raise capital and, um,

and dilute you. And, and that's the,

And during a time when the price is down

as well, so it's, you know.

Yeah, exactly. Yeah. Yeah.

Whereas if it's making money, sure.

Maybe it's not going well.

Maybe it's not growing as fast as you want it to,

but it's making money.

It's got time on its side. Um, yeah.

So that's, that's where I, while acknowledging that some

of the biggest winners come from backing a company

before it's profitable and,

and people that can stomach that

and Hold on. Have my admiration.

Yeah. Yeah, yeah. Horses for course.

That was the other thing that we, we

spoke about on Monday too.

There's really no one investment approach.

The bet, the investment approach you should follow is the

one that you are able to follow, right?

Mm-hmm. And the one that works, works for you. Absolutely.

Um, you know, so, um, what do you reckon, what do you reckon

would've changed since the early days when you started

running your own account, you know,

after the GFCI think we all evolve as investors,

and we all sort of find our own groove,

but what sort of something, well,

I guess two, two part question.

What's something that has remained consistent and is, you know, you're as firm a believer of on as

as ever, and what's something that you look back now

and maybe you cringe a little bit bit, it's like, God,

I used to do that, or I used to think that

Yeah. They, they're

tied together, I think,

and it's, it's the honesty of,

of management and a management that is in it not

for themselves, but, uh, for the

minority shareholders or, you know, those two,

they can be in the minority shareholders by accident as long

as they're, if they're a big holder, they're, you know, the,

the, the, the concepts align.

Um, and so that, that's always been my view.

And it, it is still the most important thing you have to,

and it comes back to the conviction.

You have to be able to trust

the people that are running the company.

Yep. As much as the, the good idea where, where I cringe

and look back is a, a, a naive belief in some, uh,

people in, in the early, early days as various companies

where I, you know, um, some which worked out really well

and I got out in time.

Um, but where I,

I was objectively wrong about these people, um, or yeah.

And, and I should've known.

And that's, I suppose one benefit of being more cynical

as you get older is, is, um, you test those things.

I like to think that, you know,

having cross-examine maybe a thousand people in, in my role

as a, as a in-house barrister at the coroners court

and stuff, you get a feel for who's honest and who's not.

And I, I do think I'm okay that,

but it's amazing the people in this game who, uh,

can tell an amazingly convincing story. And it's,

It's kind of a necessary skillset Right.

In a lot of ways. Yeah.

That's kind of the skillset, right? You know?

It is. Yeah. And I, I, I'm better at it now. Um, yeah.

But I, yeah, it's, it's, it's, it's hard

because it's, it's such a fine line

between an incredibly talented entrepreneur mm-hmm.

Uh, who's trying to tell their story and a,

and a conman. Yeah.

And a hundred percent right.

And, and particularly too, I mean, there, there's also

that third category of the person

who genuinely believes what they're saying.

You know, there's no con you're right, it's almost like

that Elon Musk kind of personality, I can do anything.

And it's sort of like MGA says,

never underestimate the person

who overestimates themselves, right?

Yes. Yes. Because every now

and again, they're the ones that

just knock it out of the park. So.

Exactly. Um,

Do you know what's really interesting with
what you've been saying so far, Peter, is, is that,
and this really comes up with a lot of the, the fundies
that we speak to, I think in the world, the,
the modern world with some really cool software programs
and all the rest of it, a lot of investors who are new
to the game think that, oh, I've,
I can build a scan engine, I can look for this.
There's this certain set of metrics that if I can identify,
puts me in a target rich kind of environment.
But, but when I speak to people, um, in your game, it,
it feels like, I know Matt Joss talks about this as well.
It's like, no, I just read a lot.
And it's, it's very frustrating, right? Yeah.
Because it's kind of like, well, how do I replicate that?
I wanna, I want to do that, but without all the work,
and is there just a shortcut way of doing it?
But it's this sort of like, particularly in small cap,
particularly in early stage, it, it's just sort of like,
a lot of the historical stuff ain't gonna tell you much.
And a lot of the quantitative stuff,
I ain't gonna, it, it's the quality.
Well, I shouldn't put words in your mouth,
but for me, I know that as I've aged,
it's the qualitative stuff that I really emphasize,
but I can't systematize that it, it, it, yeah.
Feels, it feels wrong to say,
but there's a vibe investing element to it, if you know

What I mean. There absolutely is. It's,

it is worth doing that.

The, the, the first part though, I, when I first started,

I developed my own, you know, systems and,

and I had spreadsheets everywhere and, and,

and, you know, putting in metrics and, and whatnot.

And it's way easier now, you know, I used start doing scan.

I'm sure you could find AI to do most of it yourself.

Do it more quickly now. Yeah.

Um, and yeah, going back, thinking about a story there,

so I, I recommend Roger Montgomery's book here, actually.

Um, uh,

And, um, yeah, what's It called? Called, um,

I'll do a Google It.

It's about 15 years old now.

Uh, but it, you know,

I I I'm not

Oh, valuable Value able. Yeah. Value able.

Yeah. Value able. Yes. Yeah.

So I, I'm not endorsing Roger.

I think he's, um, some of his media approach

and whatnot is more, uh, stolen substance since Mm.

But that book is really good as a fundamental

quasi mathematical even, but,

but easy to understand explanation of

how a company should work, how it should have, its,

you know, how you should be able to analyze a company

where the money comes in, seeing where the money comes in,

and how it's used in terms of capital management by the,

by the directors of that company, how it's reinvested and,
and why it's great to be in a company
that can reinvest at a higher return on investment.
Or, you know, it's fine to also be in those companies
that don't have anything to do with that money
and to, to, to pump it out as dividends,
but then how you value those things differently
in a mathematical sense.
And I applied that to, um, you know, to,
to everything at the time.
I remember coming up, um, with,
and it's an example of why, uh, that was very helpful,
and it is been in my brain since,
and I can now just do it without the spreadsheets, but, mm.
It's an example.
I remember there's two companies that jumped out in that, in
that, uh, at the time, one was a, um,
a construction company in Perth, which, uh,
you know, was disastrous.
But the other one that came out on top of that,
that whole exercise was, um,
jumbo interactive. JIN
Oh, okay. Yeah.
It was, it was trading at 40 cents at that stage. Wow.
Wow. Um, and so, yeah, I mean, I, and,
but there's an example of a few things.
One, I bought jumbo at 40 cents and, and, and held it to $2
and, and thought, wow, how good am I?

And it, you know, subsequently went to $20 an example
of why I struggle with the, the, the ability
to hold onto a stock as it gets more expensive,
especially in the early days.
Um, but secondly, yeah, well,
It did halve after hitting 20 bucks, so It did.
It did. Yeah. But I've been at it for a long time.
But an example of why, you know, the, the example
of why the Perth one didn't work was
because it was pretty, um, unsavory management,
and it was relying on inputs that, you know, were clearly,
um, one-offs, I suppose.
Yeah. And you really have to know the company
and dive into the history of the company
and know who the people are to realize why those inputs into
that model were one-offs.
Uh, but yeah, it's good to have that basis.
But yes, the vibe, unfortunately, is a,
is a huge part. Yeah.
Um, what is it for, what is it for you
that usually triggers a thesis break where you can just go,
look, I got it wrong.
I'm out, you know, is it a breach of trust
or is it something more quantitative? Or
It can be both breach of trust if there's, if,
if I think management of putting in on an announcement
that is deliberately, you know, devoid of information, um,
you know, have a look at, I'm not in this, and,
and good luck to people that are,

but, um, findy in the last couple of weeks, fnd.

Oh, yeah. You know, there's an example of a company

that took four announcements,

and it still hasn't fully dealt with it,

it's still in a trading halt to, to set out the information

that was clearly a bit embarrassing to it, um, in a, uh,

in relation to a transaction.

You know, they didn't want to tell the market how much

of the, the, the underlying company they had sold.

So their initial announcement was simply that the, you know,

a company had invested $72 million into their subsidiary.

And the obvious question was, yeah,

but how much have you sold?

Yeah. Uh, you know, it's insane

that you wouldn't include that in an announcement.

Um, and that kind of, in that case, yeah,

what has to be an almost deliberate, um, leaving out

of information would, would be

a complete breach of trust to me.

Um, anything like that.

Uh, but, but then on a fundamental level, yeah.

If there's a, if there's a massive miss of,

of previously given, um, uh, targets or,

or guidance, that will be a real problem for me.

'cause it just, just to the company, you know, I,

I like companies that under promise and over deliver.

Yes. Yes. Um, and if they're, if they're, it,

it affects confidence

because, you know, if, if you ever put out an announcement,
and, and I'm very careful with this,
now I'm a director on a, a company myself.
Yeah. It's the worst thing you can do is put out a, a,
a target or guidance that you don't meet, I think, and,
and their excuses for it sometimes.
But if you miss it massively without a really good reason,
that's also a, a breach for me.
I, I think, I think the IR people have a lot to answer
for, honestly, because I think there is a lot
of pressure from management, particularly if you're sort
of new to the public space,
where it's like, oh, you've gotta do that.
Oh, do what? Is that what's expected?
Oh, the market wants to hear this, and you kind of, yeah.
It's not necessarily a nefarious kind of attitude,
it's just sort of like, oh, that's how we play the game.
And I, I've had a few examples of where there is a,
a genuine capable honor sort of management there,
and sort of between them as a, an IR firm that's sort
of more focused on what the share price is doing.
And it kind of, I mean, that,
that is ultimately the responsibility
of the board and the management.
I mean, they, they make the final say, but Yeah. Um, yeah.
It, yeah, it's, it's very hard to, yeah.
And I, and again, nothing's a hard and fast rule.
I'm, if, you know, I'll speak to management,
and if I, I think that's the case, you know, I'll,

I'll be fine with it because I, I know it is hard in there.

Um, yeah. When you've got those pressures and you do, yeah.

Once you're on a board, you have investors,

and I've been this person myself, investors screaming at a,

at a company to give us some sort of insight

or, or guidance.

And so I'm, I'm at fault for it too.

And, and now I'm on the other side.

You realize why it's hard to do that sometimes.

And, and Yeah, I get that for sure.

Everything has nuance and, and that's why Yeah.

You, you investing can't just be put into a spreadsheet

or there's never a hard and fast for all.

You're constantly weighing these things up.

You, it was funny, we was speaking of Findy before.

It's one, one of the things

that always surprises me about the, um, you know,

these companies that, that have this poor to sort

of disclosure sort of track record, is,

it never actually works. I mean,

Yeah, I would happen if the,

you know, I I would be okay.

It was like, you, you're a bunch of dodgy buggers,

but you know, you somehow trick the market.

It never, ever works.

And it makes you look, I mean, the, the news is bad, right?

Yeah. So you've just gotta put it out there and then own it.

And I'm not saying the market will love it,

but it's just like, they're gonna like it even less
if the news is the news.
And you've been shown to be a little
less than, you know, genuine. Yeah.
It might've worked 30 years ago, 20 years ago,
but now there's so many people watching even
smaller companies like that.
Yeah. It just causes an uproar on things
like hot copper or Twitter.
Yep. Which then inevitably filters out to the rest
of the investment community,
and it just attracts attention to the, to the issue.
Yep. Yep. Couldn't agree more.
Hey, let's talk about some specifics here.
Um, uh, by way of an example, I guess to elucidate some
of the, the themes we've been sort of talking about here,
is there a stock that's currently in the fund that,
that you think is a good example?
Well, that exemplifies sort of the, the, the process, uh,
well, and that, and that you think's got some,
and perhaps perhaps, uh, elaborate a little bit on
what it was that attracted you to
that business in, in the first place.
The real world examples are like sort of the best to sort
of go past the theory.
I was like, right. I get the philosophy.
How did you apply it?
Yeah. Okay. Um,
And it can be a good or a bad one too, by the way.

Yeah. No, sure. Um, so yeah,

I'll give you a good and a bad one quickly.

Um, so a company that we're in at the moment, which I,

I still recommend, uh, sorry,

I'm not making any recommendations,

which I still believe is a good, uh, position for us

is, uh, fiduciary.

Um, yep. And so here's an example of a company that's,

you know, would, we'd look at the nuance of value investing.

I mean, fiduciary is in a particularly low pe uh,

I think it's comparatively low price earnings,

but I think it's a, a company that, um, is attractive

to us in that it's profitable.

I think it's got really good, uh, honest management who are,

uh, who live and breathe the stock

and are heavily invested in it themselves.

Um, you know, I think they offer a, a, a, a good product,

um, and have, you know, very loyal, happy customers, um,

and, you know, which we follow for a very long time, um,

and been in and out of, again,

because it has done very well.

And, and again, like I find it hard

to hold onto things that are doing well.

Yeah. Uh, but, but we are in it again at the moment.

And so it's, it's an example of a stock that sort

of meets my, um, sort of bottom up approach.

I think it is, um, a stock where,

an example of where I'm not all about just, um,

low multiples, where, you know, it's all about the, the,
the, the multiple versus a, uh, the quality of the stock.
And, and it's one, you know, which also
ties into my style in that we've,
we've got our largest position
and we have for, for quite a while.
'cause I think there's a, a fundamental piece of news
where I think I have maybe some informational advantage.
I'm taking a risk. And that is that they've been sued
by the ACCC at the moment in relation to, um,
what they say is a breach of, uh, EESG, uh, marketing.
Mm-hmm. Uh, where they've held out, um, uh, an ESG fund
where a CC says, well, this wasn't actually, uh,
or you've sort of ignored complaints that these CSG funds
were investing in certain things that maybe they shouldn't.
Um, and that's one way, you know, with my legal background
and whatnot, I've done a deep dive into the complaint,
into the issues of being able to look at
what other comparative cases are.
I'm, I'm fully open to the idea
that these cases are very hard to defend.
Hmm. Um, even though I think in this case.
So, so two things where these things initially come out in
other companies, the phrase you'll rightly here is,
you know, is it one cockroach?
Meaning there's a whole cupboard of cockroaches?
And that is a legitimate concern.
Does it, is it a sign of a,
of a bigger problem in this case?

I'm, I'm done the work

and I'm confident it's not,

I believe it is a very much a one-off situation where they

rolled up to other funds that they did not manage, um,

didn't respond to investor complaints perhaps

as well as they should have.

Um, but one where, uh,

it will be dealt with, it's a one off.

I think they will, you know, I'm,

I'm assuming they'll cover a fine, uh, that, that they'll,

they'll lose, you know, great.

If they end up winning good.

You know, I hope they do, but I think they'll end up being

settled or they'll lose it.

And, and, you know, I think they'll probably have

to cover a solid fine, you know,

multi multimillion dollar fine,

but one where they've got 25 million in cash,

they can handle it, it won't make much of a dent,

and they will move on.

Yeah. And so it's a combination of a, a high quality stock

that's under a cloud for reasons that, you know,

because I'm able to, to put a bit more effort

and deep dive into that particular area,

I think I've got some informational advantage.

Yep. And I think it will come out the other side

and resume the momentum.

Meanwhile, the, the un, you know,

the underlying fundamentals,
and you saw this with the announcement from Hub yesterday,
there's still massive amounts of money streaming into, uh,
good financial planners and, and platforms.
Um, and I think their underlying funds under administration
management will continue to do really well.
And their, their whole system is such that they're geared,
um, as, as that goes up.
So yeah, that's an example of
that ties in a few different areas
where I look at. Um, yeah.
But that just quickly, I just, just
to elaborate on one part of what you said there,
I'm also a big believer in the idea that you don't,
if you wanna bargain, you know,
a rosy consensus is not gonna give you one.
You, you, that's right. Almost need, you know,
maybe this is a bit over egging the pudding,
but you, you almost need a company that
with a few hairs on it, that to give you the bargain,
it's just that you want those, you want those hairs to be
not existential.
Right. So it's like, okay, de no one's gonna make the case
that the, the legal issues with ASIC are good.
Like, yeah, it's no, no bad, right?
But it's like, but that's a difference between, you know,
it's bad and you're doing all kinds of other dodgy stuff,
or, you know, and the fine's gonna wipe you out.
It's, it's a very different story.

And that's, that I think is something that we
as investors have to sort of look past,
because I do, I do come across investors who just, like,
if there is one wrinkle, they're like, they're out.
And it's kind of like, well, you know, show me a company A,
that doesn't have any wrinkles.
And B, if it does, it's almost too good to be true.
And three, you know,
at the very least, you're not getting a bargain. Right?
Absolutely. And, and, and it's again,
the conviction thing when that announcement comes out,
you know, you feel physically sick a c suing the company.
Oh my God. Right.
And in other cases, that is a sign
of a really a broken culture, you know, and or,
or a much bigger problem where the, a
CIC is suing in relation to some of these trustee companies.
Although I have invested in equity trustees,
which is another thesis, but with HAR and,
and some of these other ones, that is a sign, not, not
that it's a problematic company, but where they really have
to overhaul their, their whole business model.
Because as trustees now, they need to throw way more, uh,
money and effort into, uh, vetting the underlying funds.
Right. So it's a, it's a clear ongoing cost issue, whereas
for fiduciary, it's a one-off stuff up that they, at worst,
you know, they would say they didn't even stuff up.
But yeah. The at worst, that, that's what I believe it is,

um, that doesn't have ramifications for the rest.

Yep. I, I, I interrupted your flow before too.

What was, what was the other example you were gonna give?

Yeah, so, um, I'm trying to think.

So, so the where, where, that's one where I think, you know,

things can go well and Yep.

Um, yeah.

But, but yeah, one, an example where the, the, uh,

the application of my process breaks down, uh, which is one

of the worst results we've had is, is, um, BSA, which is a,

uh, it still is an A SX listed, um, micro cap that, uh,

services, um, mostly telecommunications infrastructure.

Um, so it's, it's to an extent a body shop, um, that,

that has, you know, up to a thousand at one point,

contractors working for it

and contracted out to a number

of different people like Foxtel,

but crucially to, to, um, the NBN,

uh, well, it was Oh,

Yes. Yep.

And it, um, the issue there was, yeah,

my, my dig dive, it was one of, say,

five different contractors to the NBN.

Mm-hmm. Um, I did a lot of research here

with a number of other investors to work out that they,

their metrics were the best

of those contractors in many of the key areas.

Um, they were the smallest,

which I realized was potentially problematic,

but they were the best performing, um, in issues
of safety and responsiveness.
Um, and so it was a, a bet, I suppose,
on the renewal of that NBN contract, uh, which, you know,
spoiler alert didn't happen.
And what I probably didn't, that was a, a,
a problem of sizing.
So it was a five, 6% position in the fund, which, you know,
hindsight was too high.
I, I, I, I, I had a, I built up too much of a belief there
that these things would, would, uh, lead to renewal
of the contract, um, especially in situations
where the two largest, um, contractors were under a cloud
because they, um, were being sued
and still are being sued by the federal government for, um,
collusion and, uh, cartel behavior in relation
to a defense contract.
Mm-hmm. And I didn't feel
that the government would feel particularly confident about
taking work off these smaller contractors
and giving it to them, but that's what they did.
Yeah. Um, which I still think a disgrace. Yeah.
And, um, anyway, uh, yeah.
So that's a, that's a case of perhaps taking too much
of a large position on a binary bet.
Mm-hmm. Um, you know, I I, on the,
on the basis of the information, I still, it was a, a
reasonable risk reward because if they had had the contract

renewed, it would've been a massive upside for that company.
Yeah. Um, but yeah, that's, that's one where, uh,
yeah, I think the approach was, was okay,
and then I do that all the time.
It's, you know, you, you realize, you, you try
and take these situations where you're doing more
of a deep dive than others and having more information, uh,
but you're still gonna lose, you're still gonna be wrong 20,
30, 40% of the time.
And so it's, it's there for about position sizing,
and that was my mistake in that case. Yeah.
I, I really like what you said there too, be
because I, I think
too often we take the wrong lessons from investments that,
that don't work out.
Like there's just no process that's gonna have a
hundred percent strike rate.
So it, it's, it's, there's a couple things there.
The, the first is, is that, you know, no matter
how much due diligence do, you can't predict the future.
And this is a really weird game with investing
where you can do everything right and get a poor outcome.
And that's just a, it's a probabilistic nature of thing.
And the other thing, the other thing is really can wrong
foot new investors where you do really dumb stuff
and you get very rewarded at it, you know?
Exactly. It's like the person who starts investing,
you know, in 2005
and everything they touch just turns the gold

and they go, I'm a genius.

Yeah. And it's like, yeah,

but distinguish like the postmortem

after the fact, to be honest enough to sort of say, Hey,

it's actually a decent bet.

And, you know, if I'm, if I'm playing with a loaded coin

and I know it's gonna be 75% of the time heads Yeah.

And I flip five tails in a row, don't stop playing. Right.

Like Yeah. Keep, keep playing. Exactly. You know? Yeah.

Yeah. It's a weird profession in that, you know,

the best investors in history are still wrong heaps.

Like Yes. You know, maybe 30, 40% of the time, and Yep.

It's insane if you think like a pilot or a of surgeon.

Yes. Yeah. You know, it's, it's, um, it, it's, yeah.

Odd and then trying to, to work out, as you say,

what lesson to take out of it.

Was I really correct. Or,

or, you know, was I, was I wrong to, to take

that bet? Um, yeah.

Yeah. It's, it's, it's super hard.

I, I'd go as far to say, Peter, that if you are not,

if you're not suffering, uh, the occasional blowup,

you're not taking enough risk, you know?

Yeah. It's, it's a very hard term to,

it's a very misused term,

but risk does equal return in, in the, in the sense

that it's sort of like, you know, you look at some investors

and they've just got these incredible track records,

and yet when you look at the strike rate,
it might only be they get four or five or six out of 10.
Right. And you think it, it, it like the,
the knee jerk take on that, is that how that it's hard
to reconcile that you can get so many wrong,
but get such a good overall result.
And you Yeah. You touched on another theme
that I'm very passionate about.
I love that asymmetry.
It's sort of like, I'll, I'll make bets all day long.
If I'm wrong, I lose 30, 40%,
but if I'm right, it's a five x
or 10, you know, I was like, you should play that.
You should continue to do that. Right,
Exactly. Yeah. And
it's just, yeah, it comes to, to position sizing
and, and yeah.
How much, and again, that's why I'd never go as, as hard
as I did on something like PTB with,
with 30% of the fund in.
But yeah, I can, I can 10 to 12% of the fund,
we will wanna have, you know, have three
or four most high conviction positions, a couple
of unlisted positions and two listed positions, uh,
being a F League and CX Z.
Uh, that's where we do have those, um, yeah, we will go up
to that 10 or 12%, um, yep.
Yeah. That, that, that look horses for courses,
but that, that aligns with me too.

I, I feel very, very good ideas
that are very, for yourself, high conviction are rare,
and when they come along, you know, what's the point
of dicking about with one or 2%?
It's like, if you're right, it's sort like,
it just doesn't move the dial. Yeah. You know?
Yeah. Yeah. Um, that's right.
Uh, against that everything's nuanced.
Yes. You, no matter how much conviction you have,
you go realize that just there always inevitably
something you don't know Yes.
Can go wrong. And so, yeah. Yeah.
You just have to cater for that.
Let me, um, I've, I've got your December, uh, uh,
fund report up here,
and I'm just looking at the pie chart here.
So we, we've been talking a bit about the,
the listed equity space,
but it's only about half of the fund here.
And within that you've got unlisted property,
unlisted equity, some fixed interest, some cash,
and some foreign shares.
Um, up to you, where, is there any,
anything there you wanna sort of expand on terms
Of The, the why and the what is, you know?
Absolutely. So we're in, um, I'll touch the, the
most interesting perhaps is, I mean,
we in other managed funds, right?

Yep. So, um, why would you invest
with someone who's just gonna put money in another fund?
Well, the reason is that the, the funds
that we are in are ones that are
where I think I'm adding value by identifying good young,
up and coming fund managers.
So we're not putting money in ETFs
or some, you know, large fund.
We are in other very small niche, uh, up
and coming fund managers.
Yeah. And yeah, about 10% of our fund goes in into them. Um,
Uh, are you happy to name? I don't wanna push you, but
Yeah, no, absolutely. So,
um, uh, the biggest position is one called the, um,
the Snowball Fund, which is run by Sean Zang, who's a, um,
again, it's a wholesale only fund that's, I'd
Love to get him Along Brisbane.
Sean's Sean is great.
He is, uh, he's, um,
does incredible deep dive research.
Uh, he is far more aggressive than me.
Um, and his returns have been amazing over, you know,
a number of years now, uh, which is why
I guess you want someone who's different to you, right?
Absolutely. Yeah. And so we're not, and so some look,
there is a micro cap bent to the funds we invest in.
Sure. But it's, it's amazing how different they are. Yep.
Um, and so there's a, a,
a an an NSX listed fund called the Dawny, uh,

it's called Dawn and Co, where

I'm actually on the board of that.

Um, so we're, we're invested in in that company.

And that's good 'cause it, Mitch Doey who runs that is, uh,

um, has far more expertise in resource stocks than I do.

And, and he does the best resource, um,

micro caps predominantly, uh,

although he is across the board.

Um, there is another one, uh, called the Providence Fund.

It's just changed its name.

It was, it was ov uh, funds management.

Um, but, uh, lemme just double check that.

This is good. I'm gonna have to

line some of these guys up.

Yeah. The Providence Value Partnership by, um,

Victor OV is the, the fund manager of that.

Um, so that's another large position for us.

Um, and,

and finally, yeah, there's a, a, a, a really good, um, uh,

up and coming manager who's only got about 2 million under

management, uh, called, um, Jack Austin.

And he, he runs, uh, JC Equity.

Um, and again,

yeah, bit of a preview.

I'm hoping to, to bring Jack into the,

the west free fold actually.

Um, yeah. As something to, as a future.

Um, because yeah.

One of the, the criticisms

or concerns perhaps investors have is that,

you know, I'm a one man band.

The reality is that I've created this, um, ecosystem

of other fund managers, uh,

and through, you know, slack forums

or, um, other forums, I'm speaking all day every day

to other fund managers.

By investing in them, I feel less, uh, um,

sensitive or, or concerned, I suppose,

about shaking them down for, for information on ideas.

Yep, yep. Um, 'cause

and so this creates a network

of other really pretty hungry younger guys, predominantly

who are out there speaking to management,

um, generating ideas.

And as I say, you can't, you can't borrow conviction.

I don't copy ideas, but Yep.

You know, if they're out talking to the same sort

of ecosystem of management teams that I am,

are interested in, in my universe, it's just a,

a great information advantage without them being, you know,

employees or part of a, a wider fund. Um, it's like,

It's like scanning the market using a,

you know, a flesh scanner. Right. In a way,

It's, and I, and I don't feel awkward about asking them

for this because we, we generally have been one

of their biggest supporters as a, as an investor.

Well, that it's, it's about results.

It's not about, I think that that's, that it's that it's
so great to hear because our ego is
what undoes you in this game, you know,
and to sort of say, Hey, there's other people out there,
different skill sets, different talents.
Absolutely. You know, like, why not tap into
that if it can help move the dial
in the direction it needs to go.
Yeah, that's right.
So that's, I I'm not really proud of that part of the fund,
the, the other part list.
So unlisted our, on this positions we have, um,
this has been hit and miss for me.
I have to acknowledge, um, we've had some good successes
and a couple of failures.
So this is, uh, and, and,
and I'm moving the fund back more towards the,
the listed space.
I think having put yourself out there and,
and invested large positions in unlisted companies,
it opens your eyes to, you know, how hard
running a business is, um, and how messy it is
and how much benefit there is from the liquidity of a Yeah.
Of a, of a listed market.
Um, we had
one failure investing in a, in a, uh, a, a company
that was a sort of tourist marine boat based company, um,
brings home the idea

that you shouldn't invest in things that fly a float.

Um, anyway, there's

Another F in there, I'm pretty sure, but Yeah.

Yeah, there is, um, uh, you know,

ironically our best ever result was in PTV,

which is all about planes,

but our worst ever result was this boat company.

Yeah. Uh, we've had some really good

wins though in the unlisted space.

We invested in a, um, an unlisted, uh, uh, company that

provided, um, practice management software for legal firms.

Yep. Uh, Nebula, uh, and it did really well.

We, we sold that to a Canadian company, Diane Durham, um,

which is a big listed company, um,

for a, you know, really good result.

We made a million dollars out of that. Great.

Having said that, I don't know if I'd do it again,

because the whole whole path of that was, you know,

uh, characterized by really toxic, uh,

and shareholder relations.

Mm-hmm. Very different views on where the company should go

and what it should do, and, and Right.

You know, people calling meetings on each other and,

and the, the stress and the time involved in that was, yeah.

Uh, it really took my attention away from other things.

And so we did really well in the end,

but it just brings home, you know,

what, what do you really want?

Where does your, your skills lie?

And I think that is probably on the list space.

Having said that, we're left with two

really good large unlisted positions where we are both, uh,

shareholders and we've, uh,

lent some money to those companies.

That makes up essentially the, the unlisted debt

and unlisted equity on our Ah, yes.

And yeah, they're companies I'm really proud of

and very happy to be in for the long term.

Ones a company called Allain, which is a, a property

um, consultancy company.

In, in effect, though it, uh, is contracted to

very large financial institutions to, for large banks and,

and nearly all of the, the, the smaller banks

and building societies,

and also to, uh, large, um, uh, trustee companies.

And they manage property on behalf of those,

so those companies with the trustee companies, um,

there's about, you know, nearly a thousand properties where,

uh, all of the, the maintenance

and the, the dealing with the, the, the occupant and,

and, um, safety issues and sales

and purchases will be dealt with by this company.

And in relation to banks, it is situations

where the banks are repossessing houses, uh, or near there.

And this company provides assistance to, to people, um,

in terms of either selling them themselves, uh,

and making sure they, you know, at that point

are seeing the right people
and speaking to the right people.
Because a lot of people can now, if they're in trouble,
sell themselves and there's equity in the home
or where the banks do repossess.
And, and that's a small, very niche company.
It's not growing, but, but they're probably the only one in
the space that has a software overlay and,
and a, uh, you, you could appreciate the, the
importance of, um, information security in this
and being able to plug your systems into a massive
organization like a bank
and getting all the ticks and, and it's done that.
So yeah, it's a weird company in that it's,
um, count cyclical.
It's, you know, repossessions are at historical lows,
and so it, it's still nicely profitable for us,
but it's countercyclical in that it will do very well in,
in a, in a downturn.
Um, and the other company's an unusual one,
but if you have a look at, uh,
it's a Swiss space company called Red Whale.
Oh. Um, and it's a swim school company.
Uh, and it's an Australian, um, uh, guy who
with his, his Belgian wife who's lived in Switzerland
for 20 years, has developed an Australian style swim school
company because there's nothing like that there.
Yeah. And over time has really built up into something very
impressive where he is built now two

and building a third really large high spec, um,

specialized swimming pool.

Um, they've also taken positions in some swim schools in,

um, in the uk.

Uh, we were the, the third investor in that company.

It's, um, got big support from UBS, um, who has funded,

um, the, the pools.

And it's, yeah, getting some really good attention now from

a few other investors, private equity style investors.

So that is going very well, um, for us.

So yeah, it's interesting.

It's been painful, but we've ended up

with two great companies and I'll probably leave it there.

Yeah, yeah. No, for that is, is fascinating.

Although I do have to ask you in terms of the, that

what you were saying there with, with property, uh,

what's your views on property?

Do you, are you, do you feel as though I, we're Australians,

we have to, we have to talk about it at some point?

Absolutely. Yeah. You see there's a small,

a small sliver on the, on

that pie chart is commercial property.

Um, I have played in this space myself. I loved it.

I was some, my very first stock I ever bought back in the

GFC was, uh, a Macquarie, uh, commercial property trust.

Right. Um, which was trading at, you know, 20,

30 cents in the dollar in hindsight

for probably for good reasons.

And I got lucky. And, you know, things turned

around and, and it came good.

And they were, you know, 20 cents in the dollar,

but it was like 80% geared.

It was insane. Yeah.

Uh, and, you know, luckily it came good. Right.

So I, and, and, but I've had a lot of success in,

in REITs over time, um, invested, you know,

back in the day in, in some small commercial property.

I love it. I think it's very expensive at the moment.

I don't think it's a great risk reward.

Most of it, it's, you know, it's the, the,

the yields on industrial property are insane compared to

what I, you know, if you wanna buy a shed 15, 10 years ago,

you, you would demand double digit yield.

Right. And now they're all going at 5%.

Um, uh,

but we do, we, we have investments

through one particular manager, it's called Arcana, um,

A-R-C-A-N-A.

They're a very niche, uh, Brisbane based, uh,

commercial property syndicator.

I really like them because I think they,

they take a lot less cut than others.

They put all of their own money into it, like me.

So they, the managers always go

with their own money into each syndicate.

You dunno if they'll be successful,

but you know, they're trying, right?

Yeah, exactly. And we've done well out of them over time.

So we're in, we're in five of their syndicates.

It's only 5% of the fund. Um, that's the most it'll ever be.

Uh, and yeah.

But, but Dan, your question generally, again,

I've been saying it's bad value since yields were at like

7%, and if, you know, it's come

to five and everything's gone up.

So I've been wrong, but I I, I'm with you there.

Don't find it hard to believe, um,

that it's a great place to put money. Yeah.

Hey, we're coming up to the hour, Peter, what,

what didn't I ask you that

perhaps I, I should have asked you?

Or is there any, any areas we didn't go that you'd,

you'd like to sort of explore a bit more

before we we round it out?

Yeah, I think I, we've covered most of it.

I think, um, I was just going to indicate what, you know,

our, our most high conviction positions Oh yes.

Are, yes. So I've just fiduciary and,

and you know, naturally enough, I,

I feel most confident about our two largest positions

and fiduciary, um, two largest being AF legal and, and,

and CXZ, which are again, tiny

sort of idiosyncratic sort of companies.

But, um, yeah.

You know, in the case of CX Z, it's a,

it's a software provider, which is very out of,
um, favor at the moment.
You know, the, the idea that AI's gonna take over
software, the thing we've,
We've spoken to Aaron twice before.
Oh, right. Oh, great. Yeah. Yeah.
I gotta get him back. Actually, September
24 was the last time. So it's overdue.
So Aaron's great, and he's, he is an, an example
of someone who's got, you know,
he's the third largest shareholder.
We are the the second largest shareholder. Yep.
So he is got skin in the game.
He is really great, honest guy.
Um, and it's, it's, the reason this company's out of favor
and is, is so cheap is
because it's got one customer, essentially.
It's got a few more now, but it's, it's customer.
It provides software to General Motors in the us mm-hmm.
Which allows dealerships to, uh, essentially, uh, manage,
uh, vehicles when they, when people come in and,
and need to keep their vehicle in for the service
or for, for repair.
It provides the whole ecosystem where the person is replied,
provide with a replacement vehicle.
Um, and, and that's managed and monitored, uh,
or provides, you know, they, they're integrated with Uber
and, and, um, partner of Uber
and provides ride shares to and from.

So it's all a touch of a button for the, for the,

um, dealership.

Now the argument is, well, that can be replicated by ai.

Sure. But, and, and yes, they've only got one customer,

but the reality is that

that software is embedded in about 3000 different

dealerships through the us Right.

All those dealerships are owned by,

it is not like really Australia, where agers and,

and a few others own all the dealerships.

These are all family run, you know, that,

that all the dealerships are owned by groups

that may own anything from one to five of them.

The, the story that that ties me to the belief that this

software is embedded and the contract with

General Motors will be renewed, is

that it was only in the last six months that

through the help of CXZ, um, and,

and the software being developed in a bespoke manner

for each of these sort of, uh, dealerships that, uh, the,

these dealerships finally stopped faxing their

material into GM to get That's

Wild. Yeah.

But they literally only just came off fax. Right. Yeah.

It's, it takes that long to change the practice of each sort

of person in each of these 3000 different places.

Yeah. And so there's a, that's good and bad.

It means it's very hard to win other, um, yes.

Big, um, OEMs,

but it also in my view means that it's very hard hopefully

to, to, to lose this contract.

And, and one one said is renewed, I feel,

and if it is renewed, I feel that the market will, uh,

become a lot more relaxed to this company

that is really pumping out good money from this contract

and is, uh, using it in, in a, in a reasonable way.

It's buying back its stock at, at a good price.

So that, yeah. And I won't,

I won't go too much into af legal people can, can look at,

uh, um, AF Legal

and they'll see, uh, on the website plenty from me in terms

of investor updates videos,

and again, at the half year results I'll be presenting

with our CEO Chris McFadden about where that's going.

But yeah, that's one I'm very proud to be part of and,

and feel that, you know,

after a long hard turnaround that, uh,

it it's, it's doing really well.

AC Yeah. Uh, that's right.

That's, that's actually, that's right.

That's when we spoke to you. It was with Chris, wasn't it?

It might've been, yeah. May of 23. Yes, that's right.

Okay. It's coming back to me now. Um,

That might be right. So we,

we built Chris on who has previously, um, uh,

had been at other companies as, as CFO, uh,

had very much impressed me.

Um, and he is come on and become C uh, CEO.

And yeah, we've taken it over from previous management

who I think left a bit with a very poor morale.

And, and we are just starting to see,

and you'll see from the share price,

the last quarterly result was well received

and is a sign finally.

It's like turning around a massive ship.

But yeah, it, it's a sign that morale leads to, uh,

retention of lawyers, which leads to, uh, attraction

of new good lawyers, and that Yes.

Is the, the key as much

as it is attracting clients, you know?

Yeah. And, and that's just starting to play out now.

Yeah. I mean, another thing that I

very much observe in this space is it's the, there's,

there's, there's very much a phenomena of the,

the overnight success that's sort

of 10 years in the making, you know?

Exactly. Yes. You

Know, so like the, the, there'll, there'll be companies

that really just capture the market's attention.

All of a sudden there'll be people who are like,

we've been on the journey for five, 10 years.

Right. Yeah. It was always going well,

but it just sort of like, you,

you can look at a point in time

and go, well, we invested when it was this price, and now it's this price, and it looks as you, you,

the assumption is it's gone like that in the interim.

Yeah. More often than not, it does that or that,

and then there's this big leg up,

and then everyone sort of notices. I mean,

Ex Exactly. And

I suppose being on the inside, you see that,

I think people get freaked out by a stock going down

and think, oh, the market must know something.

Yeah. And sometimes it does,

but mostly it doesn't, most of the markets no idea.

It's just people, it

Got bored or impatient. Yeah.

Yeah. And there's no reason for, for it

to be moving in a particular way.

And you know that when you're on the inside.

And so that's helped my overall sort of approach, I guess,

is realizing Yeah.

Not to get, yeah.

Never think that the market knows those more than you or,

or you should be kicked at just because of price movements.

I mean, you know,

connection's probably a good example of that.

I'm looking at the, it is pretty illiquid,

but the share price is more

or less sideways for close to two years.

But, but I look at the presentation, you know, and,

and we've seen, gosh, we've seen revenue close

to double in that time.

Uh, exactly. Yeah.

You know, we've seen, we've seen net profit

before tax, I can't read the chart, probably.

We've taken a big jump up cash

and liquid investment, like all these bottom left,

the top right sort of charts here.

You wouldn't get that impression

by looking at the share price.

No. And, and, and it's the, yeah.

The fundamentals that coming are great.

The, the issue is the market fears

whether this contract will be renewed, which will happen

or won't happen in the next six months.

And so I get, get it's binary result.

I just feel, again, it's a, uh,

and, you know, I should learn my lesson with BSA maybe,

but, um, you know,

BSA was literally one customer, one contract.

This is a situation

where it is embedded in 3000 different businesses.

Yeah. Uh, so we'll see. Right.

That's interesting. I, look, I keep talking, you're off

for, for ages, but I, I do wanna respect your time.

Where, where should we, uh, hand people off

to if they wanna sort of follow your work

and keep up to date,

or maybe even invest in the, in the fund.

We've got some plenty of sophisticated investors here.

Where, where should they, where should they go?

Uh, indeed. The, the fund is open to, to, uh,

sophisticated investors and it's, uh,

west ferry.com au is the website.

Uh, and if you search West Ferry, uh, fund, uh,

or West Ferry Investment Group on, on LinkedIn or, um,

or yeah, LinkedIn's the main one.

Uh, you'll, you'll see us there and, and, uh, but,

but certainly with the, the website, we,

we provide a monthly update and a, and a video call as well.

So I do a video call Nice.

Um, each month, uh, which is, is again,

posted on the website for those

that don't wanna tune in on the day.

Yeah, right. Well, listen, um, uh,

it's been a fascinating conversation.

I, I think, uh, there's been a lot of resonance, you know,

things you've said and,

and, uh, thing a lot of the, uh, things that a lot

of our members consider important.

So, um, best of luck with it all.

We'll, we'll have to do it again in

the not too distant future.

But other than that, thanks for your time.

Brilliant. Thanks so much, Andrew.

Cheers.