Robbie Robertson (Personal Assets Trust) – Trust Matters

Tom Yeowart: Robbie, welcome to the podcast. Thank you very much for coming on. Thank you. So to begin with, I would love to understand how you got into the investment industry in the first place? So I believe you have been in the investment industry for around 40 years, but what attracted you to the investment industry when you were getting going?

Robbie Robertson: Well, I guess the first thing to say, Tom, is that looking back in the early eighties, it was a very different world, obviously. And the City was a very different place pre Big Bang and culturally it was quite different. It was a world of old fashioned letter writing and top hats and long lunches and so on and these old venerable partnerships. And for my part, I had been studying English literature for years. I had done two degrees, and in my wisdom, I thought, I want to leave this sort of art side behind and go for something that has definite answers, scientific objectivity and all of that kind of thing. And so you can imagine that after a couple of weeks, I thought, oh dear, this is not quite what I thought it would be. But, I persevered and I just loved the whole environment. It is an environment that is beautifully summed up by Philip Augar in his book The Death of Gentlemanly Capitalism, which is well worth a read.

Anyway, for my part after a while I was hired by Wood Mackenzie and started working with Hamish Buchan and Robin Angus, who were leading analysts at the time. And they had, and their various colleagues in Scotland, had developed a much more modern type of research using computer power and seeking to combine really high quality numerical research with really interesting writing and I joined them to form a kind of trio and I was based in the actual physical market, in London, with a lot of the actual investors to actually find out what they were thinking. And so that was how it began and continued in that very enjoyable vein.

Tom Yeowart: And you spent much of your career studying the investment trust sector, being an investment trust broker. At a very high level, it would be great to understand some of the lessons learned from your career, observing and analysing the investment trust sector.

Robbie Robertson: I was first hired by one of these old sort of paternalistic partnerships and just happened to end up on a small investment trust desk. So I got an initial training there. I really enjoyed it. And then Hamish Buchan and Robin Angus, they were specialists in investment trusts. And so when I got the call from them, it was a kind of natural progression. And although there were lots of opportunities along the way to veer off into other unrelated areas, the investment trust sector because it itself evolved so much and was constantly changing, I just found it continually fascinating and satisfying over the almost four decades that I worked in it.

It is often said that investments they are sold, they are not bought. That is something one is always very aware of, because in the latter stages of my career I spent a lot of time with product development teams and the number of new ideas, new issues that potentially one could have created, they were coming thick and fast. And the kind of lesson from that was that on the one hand, you have to retain an open mind. You want to be alive to new ideas; otherwise, the industry does not evolve. But there is a balancing act. And at the same time, one had to kind of think about quality control. And myself, I was very fortunate always to work with a very good group of colleagues and we used to try to think about the longer term reputational issues.

And so it was balancing the willingness to take risk and do new things with that kind of, what is this thing going to look like in three years or five years or might it not even dare I say exist. I guess the second thing, and a lot of people will say this, is that you do detect a form of cyclicality in the sector, in the market. And in investment trusts, that takes the form of expansion and then contraction. And those phases are driven by different things. Obviously, investor sentiment, market events, interest rates, cost of capital, as that waxes and wanes that inevitably has an effect on this sort of cyclicality. And that is what we have very much been seeing the past couple of years in the investment trust sector.

And within that cyclicality people do forget about history, because people are optimistic, they want things to be different this time. But that sometimes leads to painful disappointments. And I guess the final thing I have thought quite a lot about over the years is, beware of investment management ego. Ego can take over, cause bad decision with investment managers and with brokers and advisors. Beware the cult of the individual. Blind faith and charisma can simply be fatal. And I think over the long term, the investment managers we always admired were those where success and discipline was combined with a degree of old fashioned common sense, humility, a recognition that luck can play a part along the way. That it is the real world rather than something that the marketers would like you to think it is.

Sebastian Lyon: You've met a lot of investors over your time, particularly when you were doing analysis of the investment trust sector and you met a number of great investors, Michael Hart and others like that. Everyone is different; I just wondered if you felt there were any consistent characteristics or attributes that you have seen in those investors in terms of their qualities?

Robbie Robertson: I think a clear idea of what the investment manager is trying to do, and an attempt to try and keep that as simple as possible so that it can be articulated well. It sounds like an obvious thing, but it is sometimes forgotten. And if it is kind of wilfully forgotten, it leads to style drift and so on. So I think just a clear focus on the idea. And also having the strength and the courage to stick to it and be consistent. I think that is really important.

One of the investment managers that we were most impressed by was, I think it was at the end of the nineties, we went to see Yale University and we met David Swensen, who was one of the pioneers of diversification, but diversification into real assets, hard assets. And that was something not exactly new to us, but at that scale and with his success and that really got us thinking, in terms of pooled investments, investment trusts and portfolios generally, what could be achieved through diversification into different asset classes. And that was really at the back of my mind and my colleagues minds as we turned the century and we went into the development of new parts of the investment trust sector.

Sebastian Lyon: And you sit on one investment trust board, Personal Assets Trust. How did you get involved in that and why, PAT?

Robbie Robertson: Throughout my career, I had always admired the company, I guess from afar. Obviously, I had worked with Hamish and Robin and they were very involved with the company. Hamish as chairman at one point. And I had always admired the company because within the sector it was regarded quite rightly as kind of like a thought leader and an influencer in terms of the way it thought about some fundamental things like share buybacks and so on. And after I retired, I was very pleased to be invited to meet with the current chairman and his fellow directors. And what struck me about them was their unerring focus on shareholders' interests. And so I was extremely pleased to join them.

Tom Yeowart: Taking a step back, it would be great if you could talk about the advantages of the investment trust structure and why the closed end structure remains relevant and advantageous for both fund managers and their clients.

Robbie Robertson: The first investment trust was launched in 1868, Foreign & Colonial, with a prospectus that said that the company wanted to provide the investor of moderate means the same advantages as the large capitalist. And that idea of democratizing and making available investment management skill is as relevant today as it was then. And of course with the growth of investment trust issues, which in turn are investing in hard to access assets, real estate, infrastructure, and so on, I think that has taken on a new lease of life in recent years.

And, of course, investment trusts are not the only way to achieve readymade diversification. But there's no doubt in my mind that the structure has some inherent advantages above that of an open ended, which probably comes down to the fact that the fund manager in turn does not have to run the money with one eye on inflows and outflows. And on top of that, an investment trust as a company can put in place long-term debt, which, it can cut both ways, but over the long term, I think it’s right to say it has added value.

That is all very well in theory, but if you look at the evidence of equity, specialist equity sectors, open ended versus closed ended over any sensible period of time; I think it is certainly true to say that, empirically, this structure has been a good thing for investors. There are other things that as a PLC, a board working with a manager can do to enhance shareholders experience. For instance investment companies that are trying to provide steady rising dividend income to shareholders, they can manage those revenue reserves intelligently to smooth the experience and hopefully give investors some sort of certainty as to their dividend income in the future, which is so important for so many types of investor.

And I guess an obvious point you have real time pricing and dealing. We can come on to questions of liquidity perhaps later, but that real time ability to deal is so much more attractive than an open ended company where you don't really quite know, well, I never really know, I don't know what I've paid. To be fair, I think the investment trust in the future is going to probably face stiffer competition from exchange-traded funds, ETFs which is clearly a growth area, simply because they too can offer real time pricing.

Tom Yeowart: And you mentioned that over your 40 years observing the investment trust sector, there has been a lot of change. Could you just outline the main aspects of that change and how the investment trust sector has evolved?

Robbie Robertson: Looking back on it, I see four phases at a kind of top down level. And the first one was my first few years in the sector. The sector in the eighties was just simply owned by the wrong people. The insurance companies had diversified out of fixed interest into equities in the late fifties and they had bought investment trusts to do so. In turn, they were building their own equity teams and so the extent to which they really needed investment trusts was becoming more and more questionable. And so the first phase of my career was really struggling with this lack of demand. And it meant takeover after takeover, culminating in the takeover of Globe Investment Trust in 1990.

Second phase, I guess, maybe the answer is in the structure. Let us create split capital structures to offer different elements of return to different investors. I will not dwell on that because there is a lot that has been said and written about this already, but suffice it to say that it had its own momentum, which finally began to unwind in 2002 because of dividend cuts and the knock on effect.

And so that was kind of like a false start. But around about that time in coming back to what I said about David Swensen and so on, this idea of putting different things into a portfolio, which could achieve that kind of Holy Grail of equity -like returns with bond type risk. That was talked about a lot at the time and the answer in the investment trust sector was, or one of the answers was the launch of funds of hedge funds. So the third phase I would say was leading up to the financial crisis, was the great growth in that. And people forget that there were over 40 of these things in the market. It was about 8 billion pounds which was quite a lot of money back in that period and they grew like mad. What they were trying to do was a valuable aim. And even the cynics who regard Hedge and everything about Hedge as a kind of a compensation scheme masquerading as an asset class, even the cynics agreed that this could be useful.

2008-9 those companies came under immense pressure and only a handful survive today. And then finally, I would say that the final phase and the one we are still sort of living through was what I call the post GFC rebuild and there diversification took the form of issuance of more hard asset companies: infrastructure, social infrastructure, renewable energy companies, and related themes.

And when we came to 2021, which was, I think, a record year for issuance, about 15 billion of new issuance in 2021, those themes and a greater variety of sometimes-experimental ideas were coming more and more into the market. And post the financial crisis with unusually, unnaturally low rates, what was driving all of that was, not surprisingly, a search for yield, diversification, some way of insuring against inflationary trends, if that was achievable. And with rates so low and discount rates so low, the issuance came thick and fast really.

Sebastian Lyon: And primarily yield driven effectively because post-financial crisis we entered a world of zero rates that stayed stubbornly zero for a decade. That explains the huge growth in that particular part of the market, because not only was there that huge demand which needed to be sated of investors desperately wanting four or five percent. The equity market increasingly was not really offering that and so investors had to go elsewhere.

Robbie Robertson: That is absolutely right. To generalize, the typical business model would be that there would be enough recurring, predictable, hopefully contractually based, if possible, revenue being thrown off which would satisfy the demand for yield and excess revenue would be used to build out the fund to buy more assets and thereby replacing early investment assets, whose lives would eventually mature.

But what most of these companies had in common was to get the kind of yields that the market was demanding, which was six percent, around about that or north of that, then the various types of new co would typically buy long maturity assets in order to achieve those yields. And that's where we are today with a lot of these companies where, now that the interest rate has changed radically, a lot of these companies are now left with these assets which are long maturity which just simply means that the underlying liquidity, which was always challenged is particularly challenged today.

Sebastian Lyon: And do you think that is very much an end of a cycle thing? How do you see the next three to five years in terms of investment trust issuance? I remember hearing an investment trust broker, corporate broker, say that the investment trust corporate broker's life is to hatch, match and dispatch investment trusts. Do you see the next three to five years actually quite a lot of consolidation needed in those areas where discounts have blown out, where there was very material issuance and ongoing issuance as well not just new issuance, but secondary issuance as well. It would appear that the issuance party's come to an end and the next step now will be the sort of the matching and dispatching part.

Robbie Robertson: I think consolidation, it is a current theme and it will continue to be. I think of it in two ways. One sector analyst commented recently that he counted almost over 90 investment companies with, I think it was market caps of sub a hundred million. Now often these are investment trusts investing in equities, the underlying is relatively liquid. And why will boards have to think about consolidating within that part of the market? And that is down to different factors.

I think if you look at the wealth management sector, wealth managers have been, continue to be, and will continue to be important shareholders in the sector. The sector does an awful lot for them but the wealth management industry, as we know, it is consolidating and what that means is that if these groups want to put a a decent unit size of say 25 million into a company to spread across all their clients and at the same time they have a sensible percentage ownership limit on their holdings, say 10 percent, then you need a quarter of a billion pound market cap to even pass go and I can see a number of investment trust boards beginning to think about these questions. Should we merge? Is there an obvious partner? Should we be trying to do something to improve liquidity?

You also hear boards sometimes say, well, maybe we can survive without wealth managers. Maybe self-advised investors who, since the RDR, the Retail Distribution Review, have become hugely important to the sector. Maybe that is enough. But when I speak to friends, ex colleagues, investors, who own some of these small market caps, they are very frustrated because it is not just the market cap or the tradability; it is the volatility around end of day pricing. It's the bid offer spreads, you have kind of got to make 5 percent to stand still. It is not right. But I think that part of the market is undergoing a kind of sort out which will last.

Coming to your point, Sebastian, quite a number of the new companies which have been raised, the money's been raised, the net asset values were valued on DCF, discount cash flow valuation. As rates have gone up and discount rates have gone up, the valuations have become compressed. There has been an adjustment in price as the risk-free rate has gone up, prices have fallen, discounts have widened. These companies can no longer add to their portfolios of assets.

And to say some are encountering teething troubles is an understatement. It comes back to something that one should think about some of these new investment companies. Are they investment trusts in the conventional sense or are they really operating companies? And some of them are clearly more like the latter. Even today, there is the biggest battery storage fund. It has been encountering difficulties with revenues because of connectivity to the grid. Some things it frankly, it cannot wholly control itself. And so they have announced a series of what they call capital allocation measures to deal with the circumstances they are in, hopefully in the short term. And these capital allocation policies usually mean picking from a menu of selling some assets to prove that NAV is what you say it is and using that cash to buy back because on these discounts the accretion is kind of obvious; rescheduling debt, trying to reduce debt so that your ongoing costs are reduced; and painfully, sometimes having to reschedule dividend payments or adjust dividend policies. This particular company has chosen everything on the menu. They are putting together a combination of all of the above in order to try to stabilize the company in the short to medium term. These are issues that are much more familiar with operating companies.

Sebastian Lyon: And it is that ambiguity of the NAV, isn't it, that is really the key because in investment trust land before the post financial crisis period, the NAV was calculated every day, liquid assets. With these operating companies, as you say, the NAV can be quite subjective and we've seen quite a lot of news around that subjectivity and you know, how accountants actually and the boards actually agree the NAV.

Robbie Robertson: Within the sector, the private equity direct investors and private equity fund of funds, they've been a longstanding and important part of the wider investment trust sector for years, and so one's become fully familiar with ways of thinking about their net asset values, reading across to secondary market deals and so on, to try and get a fix on that. Real estate as well. Again, there are more conventional established means of assessing real estate values. But some of the new more experimental issues which have been launched on the basis of creating revenue streams from relatively new parts of the market, like music royalties for instance, I get the sense there's still quite a lot of work being done as to, whilst that itself is settling down, how do we actually monitor and value these streams? It is a process really.

Tom Yeowart: Do you think the investment trust structure is appropriate for these newer alternatives? I say newer, but I remember in 2008, a lot of my colleagues at the time bought a global timber investment trust, believing that it provided an uncorrelated return stream, only to find, of course, that the discount blew out to 50%. So there is this interesting dynamic where the permanency of capital provided by an investment trust is suited to some of these alternative asset classes, but the way the actual shares behave in times of crisis actually means that you are not really getting an uncorrelated return.

Robbie Robertson: That's a really, really good point, Tom, and that is something which is in the current climate being discussed a lot. And I think the answer is that there is no simple answer. The investment trust structure is definitely suited to owning illiquid assets. And relative to what? Well, if you look at property funds, which are trying to do the same thing within an open-ended structure, they have issues. They cannot let people out. They have gatings. People literally can get trapped for periods of time. So that is not ideal. And so, whether it is timber, real estate, or long contract infrastructure assets, the investment trust structure is an appropriate structure. And I think, as an optimist, that that will continue to have value for investors.

What it comes with is the discount issue, which you have highlighted and again, coming back to the example I just cited, that cannot be wished away. There are measures boards can do to try and mitigate these issues, but they cannot disappear altogether.

Sebastian Lyon: I have a nostalgic question about the future of the trust sector to some extent, which is that when I first started in the late eighties, early nineties, there was a lot of issuance. Equity trusts I am talking about here. Clearly the last decade, decade and a half, has been very much about infrastructure and alternatives. Can you see, after this period of consolidation, equity trusts being issued again? Or is that for the birds? Is that something that is just not really pragmatic? I cannot think of many straight equity, global equity trusts being launched really for a very, very long time indeed.

Robbie Robertson: I think coming back to this period of consolidation, I think that will continue, but the optimist in me says that as that sort out continues, at some point rates will come down, inflation will be controlled. And it is very easy to be influenced by yesterday's bad news. You know, we will get through this. And I think that the investment trust sector will, I think, be in a stronger position to deal with that next phase. In terms of your question about equity issuance, equity funds, there is new product in the equity space coming out, and increasingly I see that in the ETF space with thematic ETFs, which like WisdomTree AI fund, where you take popular on trend investment themes and you create a sort of an ETF around it.

Sebastian Lyon: So it is more ETF baskets rather than active equity managers launching trusts.

Robbie Robertson: Yes. It tells me Sebastian that there is demand for equity. Thematic equity funds. That demand is not going to go away. And I would be surprised if the investment trust sector does not capture some of that. And perhaps in a way that plays to its strengths again where the investment theme is executed, not just with a balance of listed companies, but also with perhaps some pre-IPO companies and unlisteds as part of the mix so that one can access a broader sort of entry point into an investment theme.

Tom Yeowart: Robbie, you mentioned the number of sub-scale investment trusts and just interested in hearing your thoughts on I guess the common pitfalls for why some of them fail to gain size and conversely how the ones that do gain scale, how they sort of capture the imagination to raise that capital in the first place. Are there sort of common lessons for people to learn?

Robbie Robertson: Thinking about IPOs, which didn't reach sort of take-off velocity, there have been a few and if there's something common to them, the demand has been from perhaps a handful of like-minded, incredibly enthusiastic investors, who have got the IPO up and running with maybe a 20 percent holder here, a 50 percent holder there. The next two to three years, I think the challenge has been to broaden out the register clearly. There are cases where that has not happened. And that is fine. Not all ideas are going to take root and flourish. But there I think boards need to say, let's be honest about this, if this is not growing and it's not going to have viability in the long term, we need to be fair to shareholders and especially minorities and say, two, three years down the line, you will have an exit opportunity at NAV without any undue costs.

I can think of a couple of cases where that has not happened, and I think that is simply wrong. I think if an IPO idea is not working and it's not gaining momentum, I think boards should actually be honest about that and do something about it. Those which have grown I think it is where the fundamental returns and the nature of the returns that the company has been offering is just generally very valuable.

Sebastian Lyon: Your experience as a market maker and a broker, you have seen a lot of investment activity by people investing in investment trusts. Are there sort of common mistakes within the sector that you have seen time and time again that you would sort of advise to avoid?

Robbie Robertson: I like to look at accounts and I sometimes get anxious if I see the manager taking up the first few pages of the accounts and then the chairman almost writing a bit of a footnote afterwards. You want to get a sense that the board is ultimately in control and is independent and is looking out for investors.

From an investing point of view, I think that lack of patience is probably the biggest mistake. If you look at one of the smaller real estate companies until recently, you might be looking at a discount of 50% assets which, you do your work, the assets are fine, they are producing income, but the company is never going to grow. Its sub scale, it is not really viable and then you lose patience and you sell. And then the next day, as has happened recently, the board merges it with another larger real estate company. Price goes up to meet the acquirer's price halfway, you are up 10 percent, and you are still in a bunch of assets which are reasonably high quality and perfectly good.

And trying to remind yourself of why did I buy this in the first place? I think that's a mistake people make. They just lose patience.

Sebastian Lyon: Do you think there is a bit of a habit, a fashion to trade, trade discounts rather than actually think about the underlying assets to some extent. We have seen obviously discounts widening very materially in the last two years or so. There's always a temptation to see that discount and think that's very tempting, but actually in the long term, it's the underlying asset value that really, really drives the returns rather than trading in and out of trusts at discounts and hoping that they're going to narrow.

Robbie Robertson: Two things I would say on that. You can look at some of the investment trusts today, investing in alternatives and you think what a fantastic bargain. But to your point, you know, what is the NAV? Have you done your work? Apply a higher discount rate to it? What does that do? What are you really buying? If a portfolio is not marking to market, you simply have to do more work to convince yourself that it is a bargain.

On buying investment trusts for the quality of what they are offering as opposed to just trading discounts. Coming back to the retail distribution review back in 2013, we found that that was a real watershed for the industry and maybe for the wider industry insofar as, if you remember, the RDR it enabled investors to say, you know, what am I paying my advisor for? And when the investor unbundled the payments, they thought, well, I am paying a little bit to the underlying fund. I am paying this to my advisor and this to the platform. But hey, I can do this on the platform myself, at very little cost. So around about that time more retail investors began to make their own decisions and it coincided with shifts in discount, which we had not seen before.

I remember the best performing Japanese equity investment trust at the time. It had typically traded from a like a 3 percent discount, to a 10 percent discount, and it would go in and out and trade up and down. But after the RDR, it went to a premium and stayed there. And I think that was a swing in terms of demand from investors who were really looking at the discount and could they make a quick buck to investors who were looking at the long-term historic record saying this is a good company. They know what they are doing. I will buy it and I will stick with it. And so that was the beginning of a change of mind-set.

Tom Yeowart: Investment trusts are distinctive in that they are overseen by a board. You are clearly on the board of Personal Assets I would love to hear your views on what makes a great investment trust board versus a merely average one.

Robbie Robertson: I think if you ask investors in the sector, they will say independence. Independence is probably the first thing that they would they would want to see. And with that comes a clear focus on shareholders' interests. It sounds obvious, but it is something that investor's value.

And one can be critical of boards, of course. Not every board gets it right every time. But on balance, I think boards have done a good job and you can see that happening during this consolidation phase we are seeing at the moment. What makes a good board? I have looked at investment bodies' attempts to rate boards and assess them and their quality and so on. And some of these kind of board assessments are okay when you are looking at kind of obvious things. Do they meet regulatory requirements and so on, where you can tick boxes? We can all do that. I think a good board; it is about more than that. And here it becomes a little bit subjective. What do investors really value? I'll try to answer it by saying that there's one of the music royalties funds has just been through and is still going through a very convoluted and difficult governance saga, which has involved the company losing its continuation vote and the chairman being ousted and so on.

A long saga, which I will not go into now. This debate, shall we say, became very public and one of the dissenting shareholders wrote a very interesting public letter saying, you know, this is what we do not like. But when it came to what kind of things did they want from their non-exec directors, they cited capable legal and accounting skills along with good commercial judgment. Now, difficult to tick a box saying these people have good commercial judgment. It is difficult to define, but I think that is what people want to see.

Sebastian Lyon: Moving on to Personal Assets Trust, and your involvement there, you mentioned that you worked with Hamish Buchan and Robin Angus, who were very much the gurus of the sector. I am sure you learned a lot from them. I suppose, what role do you see Personal Assets playing in an individual's or wealth manager's portfolio?

Robbie Robertson: When I was first invited to talk about going on the board, I asked myself, if this company did not exist, would one want to invent it? For me, it was a resounding yes. Because what the investment trust is trying to do, it looks simple but it is not. And without becoming too rhapsodic about it, I think the company has a worthwhile aim. It is taking on a challenge, which is very much worth pursuing, which is to try to protect value in the first instance. And in the longer run, to try and grow assets in real terms. And looking at the investment proposition that way around, gives a key to where it sits in portfolios.

And I see it as being really valuable at both ends of the investment journey. Those who have been fortunate enough to build up some funds for retirement, I think they value the idea that that money is being looked after and hopefully preserved in real terms. And to that extent, they can afford to put quite a large cornerstone of their portfolio. Not all of their portfolio, obviously, but it can form a large cornerstone part of their retirement funds. But equally at the other end of the spectrum, I look at my own children who are not kids anymore, you know they have started their investment journey and they cannot afford to lose money if they are saving for life goals. They want to have, again, some, if not quite a large part of their funds invested in something which is going to be hopefully predictable and reliable base around which they can do other things.

But I think Personal Assets therefore provides an excellent core investment that can be built round. And also, I think investors are very, very price conscious. And I think Personal Assets Trust is competitively priced.

Sebastian Lyon: It's interesting that you mentioned your children, because I was probably about in my late twenties, it was probably the same age as your children are now, when I first met Ian Rushbrook and became a shareholder in Personal Assets, and it was one of my largest holdings in my, what was then my PEP, now my ISA. And when I started talking to Lord Weinstock when Troy was being established, I actually went to Lord Weinstock when we were talking about the vehicle and also the approach of what we should be doing for his family from an investment perspective, having been disappointed with an industry that had effectively over promised and under delivered and was always trying to maximize the upside and not think about the downside. I actually handed Lord Weinstock a copy of the Personal Assets report & accounts and said, this is what we should be doing.

This is the future. It was a very appealing approach, not just necessarily for the older generation but the younger generation, the saver that wants to build up a savings pot, does not necessarily want to take a spectacular amount of risk. One might argue that they could take a large amount of risk and certainly they have a long time horizon. But they might still have a low pain threshold which means that actually investing in something like Personal Assets Trust, as you say, as a core, we never say to people invest all your money, it's particularly an appealing offer. Certainly, I think the board thinks, and, and certainly at Troy, we think, and that, and that is ultimately how the whole thing came full circle and we became investment advisors back in 2009.

Robbie Robertson: It is very kind of you to say that my children are in their late twenties, they are marginally older than that. In fact, we were just celebrating the birth of our first grandson now and I am sure he will become a shareholder in due course as well. But coming back to what we were saying earlier about the way the market will inevitably shift and when inflation does become more under control and central banks can lower rates. Again, busy people with busy lives, are they really going to be able to time that perfectly move from deposit into equities? I mean, come on, people have got lives to lead. Yeah. Quite and that is our job. And I think it is your job. Yeah. And I think that in itself is very valuable indeed.

Sebastian Lyon: One thing that is not unique about Personal Assets, but certainly from a starting point back in November 1999 was Robin Angus and Ian Rushbrook putting in place the first discount control mechanism. Discount freedom day as Robin used to call it. And a number of trusts have followed including STS but back then it was a real novelty, to step in, to offer liquidity, to increase the number of shares in issue and decrease the number of shares in issue, obviously depending on supply and demand, making sure that the shares never traded at a meaningful discount more than say two percent or a meaningful premium, so the market didn't get over excited about it.

Personally, I find it quite interesting that there are lots of investment trusts out there with liquid portfolios. Clearly, those with illiquid portfolios, this would not be appropriate for, but boards have been reluctant to embrace discount control mechanisms. But I would be really interested in your thoughts as a retired analyst as to, whatever we are almost 25 years on the DCM is still going, your thoughts on that?

Robbie Robertson: I think it is a valuable aspect of what Personal Assets is doing. The hard discount control means that our shareholders will receive the performance of the manager without the added volatility of changes in the discount and premium. So that is, I think, something that shareholders, they value. It also means there is enhanced liquidity from time to time when the market is under pressure, which happens, and it is NAV accretive.

But there are other aspects to this and just responding to your point, Sebastian, I think it is further indication of the acceptance of shareholders' primary importance. It is a kind of obvious public way of saying we are putting the shareholders first. And there is no ambiguity about this. We're never going to have the debate about whether we should have bought back a little, we should have shrunk, and you know, is that bad for the managers AUM, assets under management.

I've spoken to a number of non-execs about the hard discount control, and it is a troubling challenge for them because they feel like it's like crossing the Rubicon, it's fraught with anxiety for them because it's facing up to the difficult question, if you have appropriate liquidity and your policy isn't going to change and it's not going to mess up your balance sheet, then the question is why are you not doing it? And that is actually quite an uncomfortable question for some directors to face.

Sebastian Lyon: So others would prefer to choose tender offer and go down that route if they are under pressure for liquidity purposes, rather than constantly provide the liquidity and have no discount widening.

Robbie Robertson: It comes back to scale and that is a reasonable thought. The answer is often, yes, we could do it, we are liquid enough to do it but we are just reluctant to commit because if we went through a phase of having to buy back, and that might be for reasons outwith our control, we will shrink. And most often one hears, in turn we will become too small. But that in a way is not necessarily a reason to do nothing. And to what extent is it kicking the can down the road and just not addressing another fundamental question? But these are issues that I know boards tussle with, and more often than not, they come out in a kind of halfway house position where they kind of try to fudge it, fudge it, you know, not talk about it. Over five, five to 10%, they think we ought to be doing something. Over 10%, you know, really why not? And any higher than that, all the broker's analysis shows that the benefits are non-linear, why not buy back and make money for your shareholders immediately?

Tom Yeowart: Turning to our closing question, what piece of advice would you give your younger self at the beginning of your career?

Robbie Robertson: Well it is quite a long time ago now but if I could advise myself back in 1982 I would say take your first pay packet, and immediately go out and apply for an Arsenal season ticket. And that will give you, hopefully, lots of fun and enjoyment for a long time. Enjoy yourself. You have been fortunate to work with fantastic people, meet excellent people over the years. I have had some fantastic colleagues along the way and enjoy yourself because it is over very quickly.

Tom Yeowart: Thank you very much, Robbie.

Sebastian Lyon: Thank you, Robbie. Thank you.