Katie Potts

Tom Yeowart: Katie welcome to the podcast. Thank you very much for coming on. So I'd like to begin by asking you about your formative experiences before Herald. What motivated you to found Herald in 1993/94. And also, how you came to be, in your own words, an evangelist for smaller companies?

Katie Potts: Well, I started my city career on the investment management side as an analyst at Barings. And after five years moved to Warburg's on the sell side and became a technology analyst. In those days, it was called telecoms and electronics. But it was essentially technology companies that interested me. And I said at the time, I started Herald for rather negative reasons, the challenges I had at Warburg's. And I said it quite publicly at the time, because the sector I was covering when I started was STC, which was taken over, Plessey, which was taken over, Ferranti, which went bust. And all that was left was GEC, Marconi and the Telco’s, BT, Vodafone and a raft of smaller companies. And I thought it's a very uninteresting role. Do not think BT et al will give you good returns. If you're going to make money investing. You've got to invest in smaller companies. And I also had an idealistic belief that if we found enough small companies, it will be the next generation of larger companies.

And I think it's certainly been true that we've demonstrably outperformed BT, and Marconi has disappeared, but it's a slight sadness that although we've made good returns, so many of the UK tech companies have been taken over and actually the same has been true in our US portfolio. But I fervently believed that technology opens up new markets and its often entrepreneurial players that are attracted to these opportunities. So, there is a rolling raft of new companies that are continuing to appear.

Tom Yeowart: And when you set Herald up, did you purposefully want an investment trust because you thought that was the appropriate structure for investing in smaller companies?

Katie Potts: One of the problems I was aware my clients had with smaller companies is there wasn't enough liquidity and they couldn't get a unit size in small companies. So, the obvious solution was to set up a collective vehicle that meant they could have a unit with an exposure to a raft of companies. And there's no doubt, smaller companies are more risky and there's a big divergence between the ones that have done well. Not many of have gone bust, but there's a long tail of indifference. But the simple maths works, the ones that work you make more than 10 times your money. And you can only lose a hundred percent. And I'm glad to say we've made 10 times our money in more stocks than have gone bust, so the maths works. So, it's a way of people getting exposure to a slightly higher risk class with the risk spread over a number of holdings.

And as far as I'm concerned, it's very necessary to have it in a vehicle that's closed-ended because in small companies, you do not want to be a forced seller. And even better, you can actually be a buyer when other people are forced sellers.

George Viney: Did you have your investment style, your plan, figured out at Herald's inception or has it changed significantly as the trust has grown?

Katie Potts: I started with companies below 300 million market cap and that's crept up to $3 billion. And right at the beginning it was, we don't feel compelled to sell if it rises above the threshold, but we don't buy more. So, we've now got a number of companies that do have a market cap above 3 billion, but those holdings are sort of an ATM, we can take profits in those and feed it into smaller companies.

We've always had the philosophy of not investing more than 10% in any one company. One or two by exception we have, because we thought they deserved funding and other people weren't willing to step up to the plate. But it's a tiny portion of the fund in terms of assets. So that stayed the same.

Initially the remit was at least 75% UK and Europe. We removed that, at least 75% UK and Europe back in 2000 when the UK market spiked up quite a lot. And the UK dipped down to about 38%, I think at the low point, and I never thought it would rise again. And in practice, the UK did go back up to 70%. There was a particularly vicious correction in the internet bubble, and there were bargains to be had in 2002/3. In the US, the tech companies there tended to have stronger balance sheets and they could buy back shares to relieve the forced sellers. So, they didn't fall as precipitously as the UK companies. And then similarly there was another wonderful buying opportunity in '08/'09, when there was more of a meltdown in the UK than elsewhere.

The second most important market for us has been the US. And I think people expect us to have had more in the States because of the big companies being so concentrated in the US. But I think one of the trends is they've got a fantastic venture capital industry in the States and the VCs have been selling their stakes at IPO's at much more advanced stage of a company's life. And a lot of the recent IPO's have been above 3 billion and I haven't been tempted to raise the threshold. Whereas, in the UK, AIM has continued to be quite vibrant and it tends to be companies wanting to raise development capital, not providing an exit for sophisticated investors. So, I think that's why we've still got the slightly surprising skew to the UK. We are very much bottom up. And if three companies come through the door, one from Taiwan, one from the UK, one from the US, we invest in whichever company seems to have the best value.

Tom Yeowart: How else have you evolved as an investor? Because one of the things about investing in technology is there is always change and adaptation. I'd love to hear you talk more about the characteristics you look for in companies and how they've evolved over time.

Katie Potts: Well I suppose there've been some big trends haven't there. Before Herald's existence, it was IBM mainframes. And then in the eighties it was the PC, Microsoft and IBM coming out with a PC in volume. And then the nineties was about networking PC's and the big companies were the networking companies. And then the next decade was the wide area network and the internet and mobile phones with the internet. And I suppose the more recent trend is it's a sort of reversal. It was a temporary aberration to have dispersed computing power with PCs on one's desk. We're moving back towards centralized computers with more and more in the data centre.

And one of the exciting things about the data centre is you've got the fantastic companies, and in our larger cap fund both Amazon and Microsoft are core holdings because we do think Microsoft Azure and Amazon Web Services is a fantastic recurring utility type stability without regulatory caps on returns on capital and with growth. For a long time, I've argued that they're probably safer than Treasuries or Gilts. But that's at the large end of the market, but why is it relevant to the small end of the market? Well, it's hugely relevant because in the old days, companies would go out and buy an IBM mainframe or whatever. But it was a big capital investment. And you've now got these giants who've squeezed the supply chain and crushed the cost of processing power, storage, databases. The significance of that is it means the capital investment for a small company is so much less. You can start a business in your bedroom renting processing power from Amazon.

And I don't think it should be underestimated. We all know that lowering oil prices is a stimulant to the world economy. And likewise, rising oil prices is a drag. I actually think it's significant enough to say it is a stimulant to the world economy, how cheap processing power has become. Very crude analogy I've used before is that when electricity was first installed into our homes, there was an electric light bulb and maybe a fan heater on the end of it. And now we've got personal computers, you know a plethora of devices that hadn't been thought of. And I'm sure the internet will be the same.

One of the features of a new market is there are lots of players, it tends to be fragmented. I think in the 1920s, there were a thousand car manufacturers in the UK and obviously as a sector matures, it consolidates on the big players. And the same is true in software, in other technology markets, that there is a consolidation process. But normally there's an aggregator who consolidates. The people who don't win do get absorbed into another company.

One of the constraints is not capital as much as people. And I think there's a tight labour market in the world at the moment, which is very much a talking point when people can't even find waiters, but it's actually been a tight labour market for a number of years, for people with digital skills. It's not a recent phenomena. And I mean, that's one of the appeals is that, that constrains the market to a degree.

To me the number of investment opportunities is not the constraining factor. It's the number of people and capital. In a world awash with capital, it's amazing how companies that are loss-making can still find it difficult. But that's where you can't use conventional metrics like P/E ratios or dividend yields. It's amazing how consistent it's been. We've always had about 17% of the portfolio in unprofitable companies, but those unprofitable companies, some of them are now our biggest holdings because they'd become profitable. But I think the market is much more inefficient when looking at loss making companies, because you don't invest on the back of historic financials. You're investing on what potential market size can be, how much do they have to grow to become profitable?

Tom Yeowart: Katie, can you talk to some of the differences between investing in small cap companies in the UK and the US? Is one market more efficient than the other in valuing up and coming businesses?

Katie Potts: I'm glad to say, I think, at the year end, we'd outperformed the US small cap index by a 1000%, since it started in 1st of July 1996. The returns of US small caps, haven't been that great. Which I think is the understandable illusion because a few companies have done really well, you think the whole sector has done really well. I think the problem with investing in small caps in the States is people are looking for the next Alphabet or the next Microsoft and are prepared to pay a much higher price. So, I would almost argue that the UK is better because just enough capital is raised and that's why the returns have actually been better in the UK than the US.

When we fish in the States, it's amazing how more often than not we've invested in broken IPOs because they come with a fanfare and great expectations and then don't quite deliver and then get a bit orphaned because the investment banks that have floated them lose interest and shareholder base is unhappy, don't like holding stocks that have gone down. And often two or three years after an IPO is a much more interesting time to invest in the States. Whereas in the UK, it's much more, you invest primary capital at sensible valuations.

Tom Yeowart: Is the flip side of the UK's greater capital discipline, the fact that it becomes harder to build the very biggest and most successful companies?

Katie Potts: I whinge like mad that there is a shortage of investors in the UK and there aren't enough fellow investors. There have been companies we'd have been prepared to put money in, but we didn't want to own more than 5% of a loss-making company, because if they need more money, we want to be able to double and go up to 10% without going more. But I shouldn't whinge too much because it's because there's a shortage of capital that valuations are sensible. The problem is the opportunity in the UK and it's vice versa in the States.

Sarbanes-Oxley in the States was a big dampener on smaller companies because it's so expensive to a public company in the States and people salivate over the valuations in the US and oh, why can't we go there? But you've got to remember that the directors and officers' insurances are an order of magnitude or two higher in the States and there are all sorts of costs that are incurred. So, there are trade-offs, but sadly the aggregators have been in the US so it's a real problem that we haven't got big companies left in the UK, because it means there isn't the skillset to be blunt about it. I know it was on the news about the UK trying to attract Arm to float here. It makes no sense at all for Arm to float here. We don't have any semiconductor sector. We have in the past, we had Arm, Imagination, Wolfson, CSR but they've all gone. So sadly, I think it will be a US float, but we're agnostic. We'll invest where we see value.

Historically the US has led the world in software and Asia has led the world in manufacturing and all my working life, people talked about moving production to Asia to reduce costs. And there was a trend in semiconductor companies not to have your own fab, but to outsource production to a foundry and the leading foundries are Taiwan, followed by Korea, and outsourcing IT to India. And it's amazing how all those three big trends post COVID have actually reversed. India has had a particularly difficult time with COVID because they haven't built a good enough internet network for people to be able to work from home. And there are all sorts of data security issues. So, we've heard stories repeatedly of jobs being repatriated from India back to the UK and the US. And now clearly it is a trend that manufacturing capacity is definitely, if it's still in Asia, it's not in China. China is still a very important market, but Apple are going to make the 13 in India, which is a first.

The mantra was just in time, lowest cost. And now suddenly security of supply is the mantra which is quite interesting. Wherever there's change, there's opportunity and strong management adapt to change and weak management don't. The strong management are on the front foot and expanding capacity in Indonesia or Mexico or Eastern Europe. And some companies even coming back to developed countries. And again, with automation, if you've got capital, then low cost labour isn't such a necessity.

Tom Yeowart: What are your thoughts, Katie, on the current environment, which is clearly a difficult one for many investors?

Katie Potts: We were up 19% last year, but have lost that this year. So, I think at the end of March, we were just ahead of where we were at the beginning of last year in the investment trust, but the P/E of the portfolio had fallen by a third. I'm really quite pleased by that because what I want is profits growth, not things just becoming more expensive. And I find it quite reassuring that profits have come through. There are some companies that have disappointed, but as many companies have exceeded expectations and for every company that's missed because of supply chain issues, another company has benefited because they've got pricing power in a way they haven't had it before. I suppose the issue is what happens next? Profits have been solid so far, are they going to continue to be solid going forwards? I often hear it in the air that the tech sector has been hit because bonds are going up and I scratch my head and think, hang on a minute, the companies that are really exposed to interest rate rises are companies with leveraged balance sheets. Tech companies don't have leverage. Technology was a Capex decision 20 years ago, but far more people now rent. The capital expenditure is being incurred by Amazon and Microsoft and people are paying monthly fees for hosting and increasingly it's an operating cost and not a Capex decision. And it's an operating cost that can't be taken away. Even if your assets under management fall by 30%, you're not going to turn off your systems. It's compulsory. So, I don't think that the tech sector is particularly vulnerable.

What is vulnerable is the stocks that were discounting too much future growth. And it's been really evident that one of the reasons why our portfolio has derated as much as it has. I wish I could say it's because it has been 30% growth across the board. I can't quite analyse the split, but an element of it is that some of the highly rated frothy things have de-rated in the correction and there was an element of us selling out. And the ones that were better value have rerated upwards. Particular area of frothiness was software-as-a-service, where valuations got to sort of unbelievable 30 times revenues. And at the end of 2020, I was kicking myself that we had taken too much money out of the sector and at the end of 2021, I was kicking myself because we hadn't taken more out.

By the end of January over half companies had corrected by more than 50% on NASDAQ. So, there was quite a big correction, but it was in the frothy valuations. And whereas in 2000 anything that was TMT was expensive. Now it's very much pockets. There was the frothy SaaS valuations. There was the frothy energy green stuff because the green movement has tended to make those things expensive and they have corrected most this year. Whereas some of the manufacturing companies have not been on high valuations or some of the service businesses haven't been on high valuations.

George Viney: Valuation is clearly one major risk for any investment strategy, but particularly in smaller technology-orientated companies. And you've highlighted the risks surrounding cash flows and the need to often to invest upfront and to run negative profitability for a time. Are there other things that you'd highlight that are common pitfalls with investing in your particular field?

Katie Potts: The pitfall can always be that in an emerging market somebody else can come up with something better, but that's our job as specialists to be on top of who's winning and who's losing. The other big variable is it's a long time since we had interest rates going up and we're trying to think through the impacts. It obviously means discretionary consumer spending is likely to be squeezed with people having to spend more money on their energy bills.

Consumer electronics is the flagship area to be vulnerable, but on the whole, they're dominated by big Asian names, not the small cap UK sector. So, we don't feel we've got too much exposure to the consumer. And the other area where we haven't got as much exposure as I'd like to have is defence. What's happening in the Ukraine shows the importance of technology rather than feet on the ground.

Tom Yeowart: And you manage risk essentially, as you say, by being on top of the trends and the companies, by having a diversified portfolio with a lot of underlying stocks, and also by managing the valuation risks. Are they the big risks you're trying to manage?

Katie Potts: Yes. We can't escape the fact that markets tend not to do well in rising interest rates. I've been around long enough to remember when the whole market was on a P/E of 10 and probably it's on a P/E of 20, but if our portfolio is around 20 I'd much rather be in that with growth than stocks with a P/E of 20 without growth. At least you've got the advantage that if there is a general de-rating, at least profits can grow into a higher valuation.

Tom Yeowart: Katie. I'd love to hear more about the psychology of being a small cap investor. And you mentioned earlier the importance of running your winners and letting that asymmetry play out. So, your 10, 20, 30 baggers, which it looks like a lot of your top 20 have been just that. But the psychology of doing that whilst maintaining some sort of valuation discipline, and also recognizing that smaller companies tend to have greater operational volatility as well.

Katie Potts: What's interesting, as you say, we do let our winners run and the top 20 holdings account for about 30% of the portfolio and the bottom 100, rather than less than that. And interestingly we did make an investment in 69 new companies last year, but the average book cost is only one and a half million. And some people say why is that relevant in a one and a half billion fund? And the answer is that some of our top 20 were micro caps when we first invested. And its very much part of the philosophy that we will put a million into an early stage company that might not seem to be material for us, but often these companies raise more money either because they need it or because they want to make acquisitions and they grow and they can become very relevant over time. I'm quite pleased at the fact we've only raised 95 million of outside capital. And I think we've now invested over 600 million in primary capital. So, we've recycled that quite a lot.

I think on average, we've owned our top holdings for over 12 years. But there's probably a bit more of a turnover at the smaller end because sometimes we decided that's not what we hoped it would be and cut our position, but we like it to be a size where you can cut.

George Viney: How do you know that you're pulling weeds rather than flowers. In planting so many saplings, how much time do you give to any one situation to demonstrate its potential?

Katie Potts: We have an awful lot of meetings. Historically we've normally seen about 1500 companies a year with one-on-one meetings and we have quite a large team and Fraser leads the team with Hao and Matthew on the Asian desk. And Peter's now leading on the States with Bob and Fati's help and Taymour is doing EMEA and I'm still doing the UK. So, we sort of run it as four portfolios in one. But the other important dimension is that it's a global sector and you've got to have the benefit of being a global fund and not being too regional as so much money is managed regionally. So, each member of the team also has a sector to cover. So, Fraser covers semiconductors globally, Taymour covers the media and internet stocks globally, Peter's software, et cetera. And it's that cross-referencing that's quite important. Even though we've made more money in the UK than elsewhere, we have actually made more money in all the overseas markets in the last five years.

But interestingly there was a much bigger rerating in overseas markets. The P/E for the fund in 2014 was 16x. And it went up to 30x by the end of 2020. But the rating in the overseas markets was all twice as expensive, whereas the UK was only up 55%. And likewise, on the de-rating side, the UK has come down less.

George Viney: And so, in having something like four or five meetings with company management teams on any working day, you're building up a vast knowledge base of who's doing well and who isn't. And who's on top of things. And who isn't. Is that the great benefit of having that velocity of meetings?

Katie Potts: Exactly. A little sub-sector of companies is e-billing and e-invoicing and sounds very good when you meet the first company and one or two in the UK. Company called Cooper in the States and some in the Nordics. But the one we liked most was in France. But it's helpful when you can meet a bunch of the same companies all targeting the same market. The other problem with the States is in that particular market, this company Cooper was very exotically rated, but it's come down very aggressively. And it has a common US problem, the tightness of labour. And one of the challenges is that the really successful companies, the Alphabet's, the Facebook's, the Microsoft's, they have so many millions of dollars turnover per employee. They can afford to pay the key employees an awful lot of money.

On the other end of the scale, you've got venture capital investors offering paper to people with entrepreneurial ambitions. You will know the stories of a secretary at Facebook becoming a millionaire. So small companies, to compete, tend to issue paper. 5% dilution is not untypical and it annoys me that they was report earnings adjusted to exclude stock-based compensation.

So that is one of the warning signs that although theoretically the US portfolio had come down to 24.5x, I would caveat that on forecast earnings, analysts don't forecast stock-based compensation. I mean I appreciate the world we're in, people have to be competitive and have to offer paper, but it makes it very hard sometimes to know the true profitability or the true cost of running a company.

It's not a problem in Europe or Asia. It's a smaller problem in the UK, but a huge problem in the States.

George Viney: In interviewing so many company management teams, you must be expert in reviewing management and asking the right questions. Can you give us a sense of how a typical meeting works at Herald? Is there a common approach or do you prepare in a particular way?

Katie Potts: Companies tell us we diverge from the script more than most investors. But it's one reason why we like to start small. We like to go on getting to know the management teams, and I can't tell you how different it is. Our turnover might be 10 to 15%, but half of that turnover is involuntary because it's takeovers. We are there for the long term and I think some investors at the other end of the spectrum are trying to trade over a set of figures. And we just don't think about being clever enough to outguess the market on a very short-term view. Unless there's some major macro reason why, oh, it's obvious they're going to be short of components because of supply chain issues. But we're always trying to think what can this company do on a five to 10-year view?

And we can probably be more sympathetic than some investors, if people trip up in a minor way, if we feel they've been straight with us. But it is a case of getting to know people and having faith that they've reacted to changed circumstances in an appropriate and intelligent way.

Tom Yeowart: It sounds like the people aspect of it is the most important consideration?

Katie Potts: I think it is. There are some companies that are sort of consumer orientated and you know what it does, but the biggest single sector as I alluded to is software and how can you tell whether a software products any good? It's a bit like judging a bottle of wine without opening it. So, you have to judge them by who their customers are, how sticky the customers are. What's the churn rate. I'd often ask them, what are they paying per square foot in rent? You might think what relevancy has that got to whether a software company is any good. Well, actually you can tell whether the business has been run commercially or not. Are they on top of the numbers? There are all sorts of things that doesn't matter that much. I just want to know they know what it is.

ESG frustrates me because I think it's a very big cost to shareholders and it's upset me when some people say it's a benefit to shareholders. It only is a benefit to shareholders in as much as it's a benefit to the wider economy, but I do think costs are totally disproportionate to any benefit. But equally, I'm much happier when the CEO says I chair the ESG committee. So at least they are taking it seriously because in this world you have to.

Tom Yeowart: Can you talk more, Katie, about the advantages of being a provider of primary capital and why there aren't more long-term investors providing primary capital like Herald is?

Katie Potts: I think the problem is that the shortage of capital is very much at the small end and a lot of money simply can't invest in the illiquid small end because they've got pressures from their own risk maps that if they've got an open-ended fund, they've got liquidity criteria to meet. And also, it's hard work. Not everybody is mad enough to meet as many companies as we are because it's a lot of work to run more holdings. I mean, I say it's a lot of work. We are very busy. On the other hand, some of the small companies, you could read all the public available information that's been on the company in the last year, in a day, whereas you could probably spend all day every day reading about Apple. So, it is nothing like as intensive for small companies.

Going back in history, but it was very easy for us to own Apple and not Nokia. When you could see the supply chain, the component companies that were supplying Apple were beaming and the ones that were supplying Nokia weren't. I sometimes wonder how on earth can you invest in large companies without covering small companies too, but you do build up a mosaic of information. If they're having a bad time, they probably will be too. There was a remark on the Today programme that I listened to first thing in the morning about how surprisingly good Apple's results were given the supply chain issues and actually bottom-up that was a daft thing to say, because we know from the smaller companies that we've owned over the years that Apple meticulously plan manufacturing capacity with their supply chain and force them to invest. So, they were only going to be short to the extent that their numbers were ahead of their own internal budgets.

The other advantage of small companies versus large companies is they tend to be much more real time. The chief executive that passes the sales desk every morning when he goes into the office is much more finger on the pulse, whereas with big multinational companies they're actually waiting for the monthly figures to come through.

George Viney: Do you do it differently today in terms of funding companies with fresh capital?

Katie Potts: We can be a bit braver because a million is what's needed to be relevant to a company and we can be braver because a million doesn't matter so much for us. And to me, that's part of the benefit of a long-term, closed-ended fund. We can afford to take a risk. There is a lifecycle that I think some fund management is much more what I call two dimensional. And we're much more three-dimensional, because it's those companies that we're seeding now will hopefully be the winners in five to 10 years' time. And when a company has struggled to raise money, we know its dead money for a year or two. And it's what we do. But obviously a lot of fund managers wouldn't think they want to have a portion of the portfolio that's dead money for two years.

George Viney: And with that attitude, have you found that the companies, their advisers have a different attitude to Herald? You're at the front of the queue rather than halfway down in terms of...

Katie Potts: Well we are, but it's at the micro end where lots of other people don't play, but I'm much more comfortable where, you know, you probably aren't getting value if an issue's incredibly oversubscribed. The marketing has been been too effective. The other challenge of new issues, why we dislike the larger IPO's is it's very hard to even have a one-on-one meeting. Often you get these net roadshow presentations, some of which are a bit like sort of advertisements for soap suds. I'm sort of quite shocked that we could think of spending a million or two of other people's money on such a shallow veneer of information. Whereas at the small end, you do have an opportunity to meet management and look them in the eye and see whether they know what the rent is per square foot or whatever it is.

It's very different from the days in Herald's life, when a US listing the first day of the roadshow was in London. I think it was about 2011, overnight it stopped. And one of the negatives of the regulatory pressure to drive down costs is it means it's no longer economic for overseas brokers to broke smaller companies in London. So that's one of the challenges that has put up our costs a lot in the sense that we have to travel more and we have to pay more to overseas brokers because overseas we do try and go to conferences, which are very expensive for brokers to put on, but they do mean you have a chance to see eight management teams in a day in one place.

George Viney: Your portfolio is a bit like Peter Lynch's. There's always going to be a part of it that's working and something to be excited about something to be worried about. Yes. Lots of things to be worried about, but always something that's working.

Katie Potts: The beauty of the tech sector is it supplies to the consumer, government, enterprise alike, globally. So, as you say, there are always winners and losers in the tech sector. The health of the economy is slightly secondary. I think there are all sorts of things to worry about. And I come back to the fact that you've got to have your money somewhere and you don't want to have it in bonds it seems with inflation as it is.

Tom Yeowart: As you meet all these companies, you build that grand mosaic. I'd love to hear what you think the big fundamental trends are, which are going to be increasingly important over the next decade?

Katie Potts: Well it has to be distributed power generation and it has to be centralized computing. Initially it was PCs on a desk, then it was network PCs, then it was network phones and now it's going to be network devices and electric cars, driverless cars. I think it's fairly evident what the roadmaps are, and it's not evident who will win on something like autonomous vehicles.

The other big change is this tightness of the labour market. When I started, I had a sort of idealistic zeal that small companies make jobs. And in the tech sector added-value jobs. I think I'm now going to rewrite that script and say technology can eliminate jobs. And the more expensive people are, the more there is the need to automate. Some jobs it's very hard to think can be displaced, but it's evident that more manufacturing can be done automatically.

Tom Yeowart: Turning to our closing question. What piece of advice would you give a young Katie Potts at the beginning of her career?

Katie Potts: I think you've got to be interested and enjoy it and have an appetite to enjoy meeting people and learning. And I think you can only really judge a fund manager in a bull market and a bear market It's easy to get carried away when everything's going up. But you've got to remember that things go up and down and not get carried away with fashion. And the tech sector is one of the worst for people getting over-excited.

Tom Yeowart: Thank you, Katie.