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EP24 | Playing the plan: Mawer's U.S. equity portfolio

00:23 **Cam Webster**
On this episode, we speak with U.S. equity manager, Grayson Witcher. We discuss some team learnings over the past year, the sustainability of U.S. earnings, and some of the major position changes to the portfolio over the past two years.

00.58 **Cam Webster**
Grayson, welcome.

01:00 **Grayson Witcher**
It's great to be back Cam.

01:35 **Cam Webster**
On an annual basis, everybody in research reviews the year [to see what they learned] ... So, let's drill down into the U.S. equity portfolio from there. In the last 12 months—18 months—what changes to the process has the team tried out? What has worked best? And is there an example of something that didn't go right and you just shelved it?

02:14 **Grayson Witcher**
One of the things we tweaked more recently is looking at companies as part of an industry grouping. So, rather than when we're updating (looking at portfolio holdings again)—we do that on annual basis at the very least—rather than do that just randomly, we've grouped all the companies in the portfolio into buckets. ... We have one person look at all the companies in that bucket. A bucket could be payments companies like MasterCard, Visa, PayPal.

02:49 **Grayson Witcher**
What we found is, grouping them together and doing all that due diligence at one time allows you to go much deeper into the process and pick up on more themes that you may not have picked on before. ... It reduces duplication.
Whereas, if you looked at Visa now and MasterCard in six months—you may have to refresh yourself a little bit on some of the nuances. So that's been pretty helpful in that regard [and] something we plan to continue to do going forward.

03:15	**Cam Webster**	I want to pause you there because I know our model from a research platform standpoint is, "everybody's a generalist," right? So ... multiple industries. ... how do you retain that generalist knowledge but balance it with, what I'm hearing, is specifics?
03:36	**Grayson Witcher**	A couple of things we do: we rotate these industries every two or three years. ... Maybe Stanislav works on paychecks and other payments/payroll businesses for a couple of years, and then he'll rotate to Colin. So that gets a fresh perspective. It's a little bit of a "best of both worlds" where you want someone repeating a little bit so they can use that knowledge they gained last year and build on that. But then it's also helpful to get a fresh perspective; someone may come at it from a different angle and say, "I see where you're coming from here, but when I dig into it, I see these other opportunities or other risks."
04:11	**Cam Webster**	That's a good example. Thanks for giving that balance view! [What about] something that didn't work, is worth trying, but it didn't work and why?
04:20	**Grayson Witcher**	Well, one thing we tried was we had everyone on the research team look at a U.S. idea. This came out of a research retreat we had a little while ago—we decided that we'd like a little bit of extra help ... and given that our research team, as you know, uses the same process philosophy in every asset class and we speak the same language—it's very easy to share ideas and to look at companies. We were able to do this quite easily ... people in other asset classes like in equities or international equities helped out by picking a company that they were excited about, that they thought would be good for the for the portfolio/add value and took a look at it.
04:59	**Grayson Witcher**	And so like many ideas, there are positives and negatives. I don't think a lot of process [actually] changes. There are some things you can pull out that are positive and some that don't work. It's rarely just black or white.
05:11	**Grayson Witcher**	From something like this, I think what worked really well was that collaboration we don't always get between asset classes. I was able to sit on a call with Jim who works on Canadian equities [and is our] former CIO, and look at a company he was excited about, delve into it, and see what kind of questions he'd ask in a management meeting/what he

focused on. So that was very helpful to get that perspective. A lot of positives came out of it.

05:36 **Grayson Witcher** I think some of the negatives were, for example ... to get that follow up. When someone else—another asset class—looks at a company, they go back to their regular asset class after that. And so they may not follow that company as much after that.

05:53 **Grayson Witcher** You lose some of that institutional knowledge. [Yes,] they all wrote a report, so you have a 10, 15, 20 page report on that company ... [which] you can always reference and you can always walk over to their desk and ask them [questions]. But I think you do lose a bit of that knowledge ... the stuff that they didn't write down in the report ... So, when they're no longer in U.S. team meetings for example, you lose a bit of that knowledge.

06:20 **Cam Webster** I'm curious—from that process of asking everybody in research to do one U.S. equity idea, is there any holding in the portfolio now that actually came out of that?

06:32 **Grayson Witcher** We did end up buying a couple. One is still in the portfolio, PPG Industries. They're a paint and coatings company. That's actually one that Siying worked on. She's on the Canadian equity/Canadian small cap team and does a bit of work for the global small cap team more focused on Asian equities. ... She suggested PPG, came up with idea herself. It was actually one of those where we didn't put it in the portfolio right when the report was made ... We all sat down and decided that the price wasn't quite right. But we did add it several months later—the price dropped a little bit and we were able to buy it a more attractive valuation. Management and business model were still excellent, as they were before. And so, yeah, that was very helpful.

07:16 **Cam Webster** Switching gears now ... we're hoping to beat a benchmark over time on each of our asset classes. So, in parlance, [we're] trying to "add alpha" ... some variance above the benchmark.

07:35 **Cam Webster** For U.S. equity a benchmark is the S&P 500. My impression of that index is it has become highly concentrated over say, the last, well, more so over the last two or three years—which is where you get the acronym FAANG from. How do you go about beating the S&P 500 when the dynamics of the index are influenced by a few stocks?

08:03	Grayson Witcher	So maybe to step back a little bit and go back many years—many decades actually...I guess there's two parts to that. The good news about the S&P 500 is that it's one of the best performing asset indices over time. So, it's an outstanding place to start. I mean, you look at it over basically any time period—since 1980, '70, '90—and over every time period it's outperformed the global benchmarks. It's outperformed the Canadian indices. It's outperformed the international indices, so non-North American indices. And by a pretty wide margin.
08:37	Grayson Witcher	For example ... say if you invested $100,000 in 1990, and say you're 30 years old and you're just starting your career. You've got a little bit saved up and you want to put some money away. Today, if you'd invested in the U.S. indices, in the S&P 500, you'd have almost two and a half times as much money as you would in the second-best option in terms of other kind of global indices.
09:03	Cam Webster	So absolute returns on the S&P 500—
09:05	Grayson Witcher	—Yeah, absolute returns are much higher. So that can make a pretty big difference. Like I said, if you invested $100,000, you'd actually have $800,000 more in your bank account now than you would investing in any of those other indices.
09:18	Cam Webster	Man, I wasn't far off that! The only thing missing in 1990 for me it was $100,000 [laughs].
09:24	Grayson Witcher	That's right! [Laughs] that's all you needed.
09:27	Cam Webster	I guess I should've gone out and borrowed some. Anyway [laughter].
09:30	Grayson Witcher	Yeah it makes a big difference ... but to get further down the path on your question—great, great benchmark. So, some great companies in the U.S., I think. And the reason that's performed really well is because there are

really great companies there—great management teams, great businesses...they benefit from all these global trends. You're not just betting on the U.S. market but you're betting on some of these international companies—the Nike's of the world or Pepsi's, that sell products all over the world.

09:56	Grayson Witcher	How can we beat that? It really comes down to our process. I guess the simplest answer to it. We want to invest in the right companies and the right part of the forest, so that's a big part of it. ... Business models are important. When we think about what we can invest in in the U.S.—even if we can exclude the bottom third of the companies out there, the ones that don't make any money right now [and] that are less attractive, that should skew returns a little bit better. And I think our process does that.
10:29	Grayson Witcher	Investing alongside great management teams makes a big difference—especially for long-term investors like us when we're trying to think 10 years out—management makes a huge difference over that period because they're reinvesting that capital and making decisions for shareholders.
10:45	Grayson Witcher	As you know, we speak with between 250 and 350 management teams a year. And so that's one way we just get better and better at doing that. It's just another case of practice. Practice is 10,000 hours—makes you a lot better.
11:00	Cam Webster	Pretty much one a working day?
11:02	Grayson Witcher	Yeah, it's very close to that.
11:03	Cam Webster	Sounds like it.
11:05	Grayson Witcher	And then pay a reasonable price will be the last part of that. So yes, it's just comes down to our process philosophy and I think that enables us to strive to generate alpha.
11:13	Cam Webster	Okay, so, I mentioned an acronym, and based on your answer, I want to explain the acronym but also walk through a couple of them ... why we own it or why we don't. FAANG is Facebook, Apple, Amazon, Netflix, and Google.
11:30	Grayson Witcher	That's right.

11:31	**Cam Webster**	You could add an S there somewhere but...what are a couple of those you could pull out and say " we own this because it matches our process, and our process eliminated this one" for whatever reasons?
11:45	**Grayson Witcher**	Of the FAANGs we own Amazon and Google. I would say generally, in technology, our portfolio looks quite a bit different than the benchmark. I think that comes back to process. Google might be one example of one that fits our process better. Google generates a lot of cash flow right now. So that's great. That's what we're looking for. We're looking for companies that generate cash flow now and hopefully generate more in the future.
12:13	**Grayson Witcher**	A lot of tech companies right now do not generate any earnings or cash flow because they reinvest it back in the business. So, if you're investing in those type of companies, you really have to believe that they're going to keep those customers, one, keep that business. And two, they can then start to generate cashflow sometime in the future.
12:33	**Grayson Witcher**	Those are two big ifs. And so you'll see we don't tend to invest in a lot of companies where you have those two big ifs because it's hard to know 10 years out—is this company going to be able to keep all these customers? Technology changes quickly so it's not so easy to determine that. And then, are they going to be able to switch their business model so they can generate way more cashflow in 10 years than they do now?
12:56	**Grayson Witcher**	Take a simple example: go back 10 or 15 years ... a company like Yahoo would have been pretty dominant. It's kind of almost laughable now when you think about Yahoo. Probably nobody uses it. Their email, their Yahoo finance—
13:09	**Cam Webster**	Is that the "You've got mail?" [laughter]
13:10	**Grayson Witcher**	Right? AOL—all these companies. But they were pretty dominant at the time. If you go back then ... people have said very similar things about Yahoo. You'd probably "go to Yahoo for everything." You go to it for sports ... for football pools. You go to it for finance, for emails. So who's going to unseat them? But things can change quickly, so we like to keep that long-term perspective in mind and say, okay, people are pretty positive on some of

these tech companies now. Is that going to be the case in 10 or 15 years?

13:39	Grayson Witcher	We tend to invest in companies that generate cash now and hopefully generate cash flow in the future.
13:45	Cam Webster	That's a great segue into getting a little more granular in terms of cash flows in the U.S. market. I want you to comment on the sustainability of U.S. earnings—particularly in the face of, drops in-tax-rates-tariff-every-day type world. Share buybacks are at peak. How does the U.S. market keep that advantage that you spoke to earlier?
14:08	Grayson Witcher	Some of these factors are no doubt important. I think the main driver for the U.S. economy is going to be the economic cycle, the credit cycle...so things like lower taxes are going to help on the margin, tariffs are going to hurt on the margin. Tariffs are basically a tax on consumers. And, in many cases, it can be tough to move production around from China to other regions, so you just end up paying the tariff. As a consumer, if you buy a new suitcase you may end up spending 20% more for that suitcase.
14:43	Grayson Witcher	I think some of these factors—buybacks—are important. But the big driver is going to be the economic cycle and the credit cycle. So that's something to watch.
14:52	Grayson Witcher	To put it in context, I guess, reasons why the U.S. could continue to do well—it's really had to predict when it's going to be a recession. It's not something we think we're especially good at. It's just it's very hard to know. What you can know with, I think a little bit greater certainty, is some of the structural advantages of a market.
15:12	Grayson Witcher	The U.S. has some pretty significant structural advantages such as these clusters of knowledge ... things like Silicon Valley. It's very similar to...Canada might have things like the oil sector in Calgary, where there's a big congregation of oil companies and that knowledge there. Very similar to Silicon Valley. Many of the best companies in the world are based in Silicon Valley.

15:33	**Grayson Witcher**	You could say the same thing about healthcare technology, genetics, or biotech in the States. That's in Silicon Valley or in Cambridge, Boston area. These are pretty big advantages [and] long-term advantages when you have this knowledge base. The U.S. is an entrepreneurial environment, so that helps a lot. ... There are many long-term, structural advantages that the U.S. has that I think can lead to some pretty big advantages.
15:56	**Grayson Witcher**	One of the things to keep in mind too is the U.S. is—or at least has been in the past—a reserve currency. And it probably will be in the future. For Canadian investors, this can be a pretty big positive, where, in a big recession like you might've seen in 2008, people get very worried and they move their money to real safe havens like the U.S. [and] the U.S. dollar because they're worried about emerging market currencies or other kind of riskier areas of the world.
16:24	**Grayson Witcher**	For the [Mawer] U.S. Equity Fund that was a pretty big benefit. It was about 16 percentage points. While the local currency returns in an environment were about -30% (pretty similar to the different asset classes throughout the world), the returns for Canadian investors were just under 15%. And so that's a pretty big benefit and that can also help when you're investing in the U.S.
16:46	**Cam Webster**	You covered a lot in that response. That's awesome! Let's walk through some shifts you've made in the portfolio. I don't want to talk about last week or the last three months. Let's think a little longer term—go two years. I dug around a little. I'm a little bit of a researcher so—
17:06	**Grayson Witcher**	Two years is short term for us Cam—we'll stick with that though!
17:08	**Cam Webster**	Yeah, well I'm going to pin you on two years Grayson just because that's the only place I got the numbers from.
17:14	**Cam Webster**	Anyway, I pulled the top three positive position changes. So, this is just trades that you say: I want more of this stock or less of this stock, and the most negative changes. The top one is Kar Auction Services. Over the last two years you've added almost 200 basis points. So 2% to that one from a weight perspective in

		the portfolio. And then, maybe an interesting one to speak to on the bottom would be the largest one—over 300 basis points or 3%—out of Cinemark Holdings.
17:50	**Cam Webster**	Let's just compare and contrast those two business models. Why have you been adding to it over the last two years? Why were you trimming?
17:58	**Grayson Witcher**	Kar Auction is an auction business, so that's a great starting point because auctions have a real strong competitive advantage because the buyers and sellers have to come to one spot to buy and sell.
18:08	**Cam Webster**	And what are they auctioning?
18:10	**Grayson Witcher**	"Kar" Auction auctions...cars [laughs]. Different spelling though.
18:14	**Cam Webster**	Yes [laughs] I just wanted to point out to that the company name is spelled K-A-R.
18:20	**Grayson Witcher**	It's genius. Genius!
18:24	**Grayson Witcher**	They auction two kinds of cars actually. They auction new cars, so it could be things like a car rental company. If you think about a big fleet of companies...a car rental company might have thousands of cars that they need to sell every year. So they will use a company like Kar Auction to sell those cars. They also auction salvage cars. So if you've been in a car accident and your car is a write-off, they'll sell those and people will buy them—dismantlers will buy them because often there's some value left in them. It may be the front's banged up but you can take the engine out, part of the engine, or you can take panels off the side, or the wheels. So there's value to that. Or you can sell it for steel scrap.
19:00	**Grayson Witcher**	What's interesting about this business? I'd say a couple of things. One, we owned a competitor of theirs for a while—Copart—the other big salvaged auction company. (There's really only two of them.) We knew the industry pretty well, so that was one way we were able to find this interesting investment idea, especially given that it's a little bit off the radar screen. It's just not a well-followed, covered industry because it's kind of strange.

There's just not many car auction businesses—there's no obvious industry to group it into.

19:28 **Grayson Witcher** So that's something that's attractive to us. We're trying to find things a little bit off the radar screen where we can find great opportunities. That's how it came up. It also, interestingly, was part of our initial U.S. reverse-roadshow. As you remember, that's where we went through every company in U.S., a little over 6,000 companies, one-by-one. and screened them to try and find new ideas. ... And so, while we didn't invest immediately, we did invest in it not too long after that.

19:57 **Grayson Witcher** Why we added to our position over the last couple years? Pretty similar to what we've been talking about so far today: it's a great business. Like I said, auction business—there's a really strong competitive advantage. It's really hard for new entrants to get into that business and unseat them so we think it's a long-term, sustainable business model. Management is great in our mind—very high-quality management team. We've been impressed with them and what they've done over time. That's been another big positive. And we found the right valuation. So we've added to it over time.

20:28 **Cam Webster** That's a great description. Now, let's flip gears ... here's a holding [Cinemark Holdings] that's been reduced quite a bit. Why? What does the company do?

20:40 **Grayson Witcher** Cinemark is a movie theatre, kind of like Cineplex in Canada where you go and watch movies. They're one of the biggest in the U.S. and they also have a business in Central and South America where they do the same thing.

20:53 **Grayson Witcher** This idea originally came from a trip I did to Texas several years ago. Often when we travel to new places, we'll screen every company in that region. You probably heard Paul and others talking about this when they go to different parts of the world. We do the same thing in the U.S. I was going on a trip to Texas—to Dallas and Houston—and screening through other companies in that region and found this company that we hadn't looked at in-depth before.

21:18 **Grayson Witcher** So that's how it originally came onto our radar screen. Since then we've visited their management team several times and got to know them quite well.

21:27 **Grayson Witcher** The reason we've been trimming that over time, is a couple of things. To put it in context, there's always risk with movie theatres. If you think back many, many years—people were saying, "wow, there are now big-screen TVs. You can have a 30, 40, 50, 60-inch TV in your house, so why would you go to the movie theatres?" There are always things like this that pop up. Or, the original Netflix DVD rental business where I say, "well look, I can get a movie to my home and then play it, so why would I go to the theatres?"

21:57 **Grayson Witcher** I think it's good to put it in that historical context. There are always worries with these kind of businesses and they tend to get through them because people want to go out and socialize. That's a big part of it—you want to get out of the house and you want to see some friends. So it's good to put it into context.

22:10 **Grayson Witcher** Part of the reason we've been trimming over the last several months though, is they made a few changes, and I think those changes have been somewhat recognized by the market. The stock has done reasonably well over the last several months. Some of those have been putting recliners into their theatres—that's worked out reasonably well; being able to reserve your seat ahead of time so you don't have to go 20 minutes early and sit in your seat and watch ads for 20 minutes ... concessions have improved a lot. When I was down visiting them last time I walked through one of their theatres with someone from the company and you could see how much easier it is now to go to the movies. You can just pick up the popcorn and order the licorice yourself and quickly pay for it and it's not a production.

22:51 **Grayson Witcher** So they have done a lot of things that have made the experience a lot better over time. And I think that that's starting to be recognized by the market. And of course, the movie slate is always a factor. Movies people like watching—that goes in shorter cycles. But it's a combination of those several factors have led us to trim it as well as worries about Netflix and other kinds of threats to their business that may challenge them. So combination of valuation, market recognizing some of these benefits, and then some of the risks out there that led us to trim the position back.

23:22 **Cam Webster** Great context. I was just jumping right to the fact that I can just watch from my streaming service, invite friends over—and I know how to make

		popcorn—save a boatload of money and be comfortable...but people still go to the theatre, it just depends what the movie is.
23:37	**Grayson Witcher**	Your kids probably still go to the movie theatres to get out of the house so they don't have to—
23:40	**Cam Webster**	—They very well could do that just to get away from me. Yup! For sure. So we're getting more specific. You've given us some good examples. Why don't we close out talking a little bit about the top performer and the worst performer in the portfolio?
23:56	**Cam Webster**	Let's start with the worst one Grayson: LKQ is down almost 30% and it's currently a small holding at 58 basis points in the portfolio.
24:05	**Grayson Witcher**	LKQ used to be a much larger weight and we've been trimming over the past number of months. There've been a few reasons for that. One of them—one of the members on our team, Stanislav, was actually down in Chicago a few months ago and met with the management team—
24:21	**Cam Webster**	Pause you there: what does LKQ do?
24:24	**Grayson Witcher**	LKQ is actually a dismantler. So, we were talking about car auctions earlier on. Kar Auction will sell their salvage cars to LKQ. So this is, I guess, another example of how that kind of knowledge in a little niche industry has led us to other ideas. LKQ will buy those wrecked cars and they'll take them apart and sell them.
24:48	**Cam Webster**	So they sell the parts?
24:50	**Grayson Witcher**	Yeah, they sell them.
24:50	**Cam Webster**	It's largely a parts business?
24:52	**Grayson Witcher**	Mm-hmm (affirmative). So it's like pick-a-part. If you go to a pick-a-part kind of yard—they own yards like that so you can actually go off the street and buy a single part if you want. What they're using them more for now is if you get an accident, rather than buying a new part, you can buy a part from

a car that has been dismantled, is in good working order, and put it into your car. Your insurance company saves money doing that so they like that.

25:17	**Cam Webster**	Great. Good picture there, sorry—Stanislav went to Chicago management meeting...over to you! [laughs]
25:24	**Grayson Witcher**	He met with them and—this is part of our process as you know, we go on research trips relatively often to just learn more about these businesses—so Stanislav did that and came back with some great insights about the company. There has been a management change with the business several months ago. We thought the old CEO a high quality individual. The transition...we were a little bit worried about the transition to the new management team. Our management ranking was a little bit lower with the new management team, so Stanislav went down to try to learn a little bit more about it and speak with them and delve into different parts of the business.
25:59	**Grayson Witcher**	The combination of those two factors led us to trim over the past several months. And the valuation through luck or skill was, when we started trimming, was quite a bit higher so we were able to reduce our position substantially before we saw the drop off in share price.
26:15	**Grayson Witcher**	And we were cognizant of the business model. It's a bit of a roll-up business model—they've been acquiring a bunch of companies over time and so I think that's been a factor that's always been in the back of our minds. When we talk about this company in terms of risk, that's always come to the forefront. It's just a little bit riskier of a business model given that roll-up strategy. So I think we were a little more sensitive to some of these changes in terms of management evaluation.
26:41	**Grayson Witcher**	So you had those kind of two main factors—maybe two and a half factors combined—pointing us in the same direction that led to the sell decision.
26:50	**Cam Webster**	Let's switch it over. It's tough to talk about losers and maybe more fun to talk about winners. So the top performer on the upside is MasterCard. We've talked about this one a lot in past podcasts. We like this business model as a firm. But we also talked about position changes earlier in this

podcast. MasterCard was actually the third largest reduction in weight over two years. So, let's walk through that Grayson. It's still performing, but we're reducing.

27:21 **Grayson Witcher** MasterCard, yes, has been a been a great performer for us over the last two years. I think it's up around 35%. And actually, if you step back, we first invested in this business model back in 2010 when we invested in Visa. The original reason for investing is that we believed that the market didn't quite understand how Visa worked. Visa/MasterCard have the same business model.

27:47 **Grayson Witcher** They thought there was some kind of credit exposure to it—didn't realize it was just a payment processor and the banks are the ones lending credit to the individuals. So, I think that's a little bit better understood now, but the business model has played out fantastically well over time. We owned Visa only for many years and several years ago we added MasterCard as a running mate to Visa.

28:08 **Cam Webster** That's a pretty strong return—up 35%. How do you explain that?

28:12 **Grayson Witcher** So what's driving that strong performances is really the shift from cash to cards. That's what attracted us to that business model in the first place—that long-term theme. These are some of those themes we like to invest behind, or themes that play out over five, 10, 15 years. That's something that we saw with Visa earlier on, and we saw the same thing with MasterCard. That's why we've gone with Visa for over eight years and MasterCard ... a little bit shorter. But we like those long-term themes.

28:43 **Grayson Witcher** When you think about your own personal habits, probably 10 years ago you were using your credit card a little bit for different purchases, but now you probably use it all the time. For myself personally, most of the time I don't have any cash in my wallet—I don't need it. You think about that transition over the past five or 10 years—it's been massive! You really don't need cash to do anything in the economy now.

29:03 **Grayson Witcher** On top of that, you benefit from a theme of e-commerce. Obviously if you're buying something on Amazon or some other website, you can't pay

		with cash. And so, by default, you have to use a credit card and that helps MasterCard and Visa even more.
29:17	**Cam Webster**	The more transactions the better it is for Visa, MasterCard.
29:20	**Grayson Witcher**	Absolutely! So they get a little—they clip a little bit of each transaction. It's not a huge amount: probably twenty cents on a $100 transaction, so not a huge amount of money. But when you think about the billions of transactions that happen every day in the world—that's a good thing for them. And you think about even the number of transactions when you're buying lunch, or you're paying for parking...all these small transactions are just a big benefit for MasterCard.
29:43	**Cam Webster**	Okay, so why trim it? If it's that great a business model, the outlook looks good...everybody's going electronic, it's going to lead to increased transactions...revenue's going to go up, profits going to go up...why sell?
29:55	**Grayson Witcher**	Part of that's been a shift from MasterCard to Visa. Our weight in MasterCard was a little bit higher and we decided that from a relative value perspective, these companies are very, very similar. We just thought there's a bit of a gap in the valuation between the two that was unjustified so we switched between the two.
30:14	**Grayson Witcher**	The second part of that would just be to trim our exposure. We're always looking at these things from a risk management standpoint because we're very focused on risk-adjusted returns, not just flat out returns. And so when you combine the two of those companies together, they were a pretty big weight in our portfolio—over 6%. And partly because we've added to them—but mostly because they've done very well over the past five or so years. Just from a risk management standpoint thinking, okay, valuation is not that cheap right now. And ... just how much exposure we want to have? We want to think about it from, "how much risk do we want to put in this business model?"
30:52	**Cam Webster**	Thanks for all that detail on the portfolio! It's time for "One Mawer Thought." Hope everybody gets that pun now...but "One Mawer Thought." We started the conversation talking a little bit about team learnings. So

give us a final impression of where's the team at now? What's working? What's the team dynamic like?

31:15	Grayson Witcher	One of the things I like best about U.S. team is just the diversity in thought and background. I find that leads to great discussions around team meetings because everyone comes at things from a different perspective. You know, we have four people on the team that are fully dedicated to U.S. equities and each one of those people grew up on a different continent—which is pretty amazing when you think about it. We've had some great discussions at meetings, or even over lunches when we post some of our good discussions to talk about things. You just get a very different perspective. Stanislav grew up in Russia and Siberia ... a very different perspective on things than Colin who grew up in Asia or Amit who grew up in the Middle East.
31:58	Grayson Witcher	It just leads to different perspective on life and investing, and I think that's a big advantage for our team.
32:50	Cam Webster	Awesome! Thanks for sharing with us. I'm sure we'll have you on a third time. Or fourth or fifth.
32:11	Grayson Witcher	I hope so!
32:14	Cam Webster	Over and out on U.S. equity.