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Otter Creek Long-Short Opportunity Fund Q3 2018 Webinar Transcript

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Transcription:

S1 00:03 Good day, and welcome to the Otter Creek Advisors Q3 2018 Webinar. After today's slide presentation, we will take some time to review topical questions that have come up in recent conversations with our prospects and clients. I would now like to turn the conference call over to Mr. Tyler Walling and Mr. Mike Winter, Portfolio Managers for Otter Creek. Gentlemen, please go ahead.

S2 00:26 Thanks, Tim. This is Tyler Walling speaking. We are going to begin today's call by providing a brief overview of our firm. We will then discuss attribution, our investment process, frame the macro and market environment. We will then discuss current themes in the construction of the portfolio. Turning to slide two. Otter Creek Advisors is a fundamentally focused, value-oriented alternative fund manager. We have managed the strategy in a mutual fund construct since December 2013. The firm is 100% employee-owned. At the end of the third quarter, the fund had 116 million in assets. Turning to slide three. The goal of our long-short mutual fund is to generate absolute risk-adjusted returns with below average volatility. And historically, as shown in the tables, we have delivered absolute returns. We have also experienced low correlation and less than half the volatility to eh S&P 500. Turning to slide four. Here, we show attribution for our 2014, 15, 16, 17 and year to date 2018. At the end of the third quarter, the fund was down 2%. But as many of you know, that has changed fairly significantly during the month of October, which I will discuss in detail in the remaining slides. Turning to slide five. Here, we discuss the fund's attribution for the third quarter of 2018. As you can see, the gross return from the long book was 4.4%. The gross return from the short book was minus 4.7%. In the context of the S&P, up almost 8% during the quarter. On the long side, information technology and the healthcare sector were our largest contributors to performance, and on the short side, the largest detractors were within consumer discretionary and also within the industrial sector.

S2 02:31 Now, I'm going to turn to slide six to discuss the individual underliers in detail that were contributors and detractors for the fund. On the left-hand side, you can see our largest five contributors. All of those contributors were longs during the quarter. In most cases, all of these names benefited from the appreciation of markets, but also, all these names reported in-line to better than expected earnings during the second quarter, which in most cases was in the July and August months. All of these names have actually sold off during the recent sell-off in October, and we have been adding to all of these names. Lighthouse, Zimmer, Fleer, and Aramark continue to be top 10, and Trimble remains a top 15 position for us. Turning to the table on the right of the top five detractors, these were primarily shorts during the quarter and one long. Proto Labs was a large detractor during the quarter. This was primarily driven by a pretty large surge in US domestic gross names. Proto Labs is a manufacturer and does prototyping and we did cover a modest amount of the common stock position but did add puts. And our core belief Proto Labs has been that they have been an unsustainable beneficiary of CapEx being pulled forward due to the tax cuts, which drove a re-rating in Proto Labs' stock almost ten times sales. We continue to trim some of that position, vis-a-vis the puts and the latest selloff in October, but we do maintain a short position in puts as we continue to view both earnings growth and valuation as unsustainable. In addition, Nvidia was a detractor during the quarter. Again, this has become a large contributor during the month of October, largely driven by the decline in semi-stocks. We do continue to be short Nvidia stock, and we do own puts.

S2 04:34 This is primarily driven by our view that the semicycle continues to be in a downturn. Also, we believe that Nvidia will face more increased competition as more of its customers potentially insource their chips. And also we think increased competition out of China will also be a growth overhang as we look into 2019. Snap-on was our third largest detractor during the quarter. However, again, it was a large contributor during the month of October. This is primarily driven by the fact that Snap-on reported weaker than expected third quarter earnings, and in addition offered weaker than expected fourth quarter guidance. We have trimmed some of our position, primarily vis a via the puts, but we do still have a common stock short and puts and Snap-on. Ollies was another detractor during quarter. Again, similar to Proto Labs, we believe this is primarily driven by a strong bid to US domestic gross names during the entire quarter. We do continue to have roughly a 1.5% common stock short and puts and Ollies. Our thesis continues to be that we believe this is a company that does not have a differentiated business model, being a discount retailer, and we think that as we go into 2019, the best deep discount environment for Ollies has happened, as far as buying deep discount cheap inventory, and we believe that's going to change in 2019, which isn't reflected in valuation with the name trading around 40 times earning still. In addition, we would add that insider selling continues to accelerate over the last several months in this stock.

S2 06:19 Lastly, E-Trade was the largest detractor from a long perspective. This is primarily driven by a selloff in financials, but also, E-Trade, as we've talked about, was in a process of an independent review of their business, and potentially selling the business. That obviously did not happen. However, given the decline in the stock, combined with where valuation is, in addition, the company has recently announced a very aggressive capital return program. We have continued to buy that stock on weakness, as we think it offers a favorable risk rewards as we lookout. Turning to slide seven. Now for those of you who may be new to Otter Creek, I will briefly discuss our investment process. Our portfolio is fairly concentrated relative to our peer group, with 30-35 longs and 30-35 shorts. In addition, we will express a portion of our short exposure in individual names via put options. This typically represents 2 to 3% of capital. This does serve a twofold purpose for us. One, as a risk management tool, as we know the amount of capital at risk. And two, it allows us to leverage our best short ideas. We do find ourselves as bottoms up stock pickers that implement a macro overlay, where we frame the macro market environment, which can help us generate thematic ideas. Thematic ideas, combined with individual idiosyncratic ideas, make up the portfolio. So as an output of the investment process is a portfolio that will experience tracking error, relative to the indices. But also, it does tend to lead us to a portfolio that has a lower correlation for our return strength.

S2 08:08 Turning to slide eight. Here we go into the fund attribution for the month of October so far. As you can see, the long book has a gross return of down 9%, but that's more than made off by the short book attribution of 14%. And really, in our view, the big change is, as we've gone through a little bit more volatility in the market, combined with earning season, the environment has clearly become more favorable to single-stock shorting in our deal. On the right hand side, you can see the largest contributors to performance. As I discussed in a previous slide, both Snap-on and Nvidia and Proto Labs actually have all reversed and are now large contributors during the month. In addition, Ellie Mae, which has been a name we've talked about in prior webcasts. Ellie Mae is a mortgage originator, vis-a-vis their platform services, their technology SAAS platform. This company reported last week very disappointing fourth quarter guidance, as the mortgage origination market has continued to slow. We have covered the entire common stock position and sold all of our puts in that name. In addition, BlackRock reported disappointing third quarter results in guidance as well. As many of you know, we've talked about BlackRock in the past. It's been a very large beneficiary of the bull market that we've witnessed, largely driven by very favorable monetary conditions, but also the growth is passive investments. The third quarter was the first quarter in a while which did show a pretty material deceleration in BlackRock's fund flows. We have covered some of that common stock position, but we still do remain short BlackRock.

S2 10:02 Turning to slide nine. Here are some charts that we show as we think about framing both the global macro and US macro environment. The table on the upper left shows the really unprecedented acceleration in growth that we've seen over the last two years. When you look back, this is actually the longest period that we have found of accelerating real GDP growth. And clearly, some of that has been favorable low-interest rate environment combined with tax cuts, but we think this highlights, really, what we believe is kind of a peak acceleration in US growth. Really kind of ended what we believe this summer of 2018. The chart on the right highlights a change that's happened relative to the last 12 to 18 months. And this is really the fact that the IMF has now begun to start cutting their global GDP forecast for 2018 and 2019 and this is very different than what we've witnessed the past year and a half. The growth forecasts were primarily driven by downshifts in expectations in Europe, China to some degree, and also EM. And this is also highlighted by the table on the bottom left, which does show leading indicators suggesting that you're going to continue to see a gradual deceleration in global growth as we go into 2019. Lastly, the table on the bottom right highlights, again, some of the macro dynamics that are occurring. And really, since the beginning of 2016, you have seen a really historic positive global earnings estimate revision stories around the world. And as we look what happened in the early part of 2018, we have now-- that was really the start of global estimate revisions being downward, and based off of third-quarter earnings, it does appear that this negative estimate revisions continue to happen.

S2 12:08 On slide 10, we discussed the US micro environment, here on the table on the left, we show the US housing data that continues to soften. While this is well known, we are having concerns of the trickle effect to other end markets as you go into 2019. The table on the upper right shows RevPAR for the hotel space. As you can see, that's actually dipped negative for the first time since the great financial crisis. And the tables on the bottom show the potential peak in the manufacturing growth. And while manufacturing growth continues to be a bright spot, there are incremental signs that we will be going through a deceleration phase as we go into the year-end.

S2 13:38 Turn to slide 11. Here we highlight the rate environment, also the Federal Reserve. The table on the upper left really shows the magnitude of bullishness that the Fed is showing relative to the last several years. Here it shows the number of times the Fed has mentioned strong, stronger, or strongly within the Fed minutes. And as you can see, it's really accelerated since the end of last year. However, what's interesting is that's happening at the same time some of the more microdata points are showing a slowdown as we look over the next six to nine months. The table on the upper right is a table we find interesting, simply because we think there's some misperception that the low rate environment continues to be very conducive for growth. However, what we found is, and as shown in this table, it's actually the rate of change in rates that truly matter. So here you can see the rate of change in the two-year Treasury yields over time. And really any time you've seen the magnitude that we've witnessed recently, the majority of time, it does indicate a recession is on the horizon. The outlier is the mid-'90s, which that was not the case. We are not making a call there's going to be a recession, but we just think it's something to be very aware of as the rate of change in Treasury two-year yield has been fairly significant. Lastly, the bottom two charts just show the change in financial conditions. As most people are aware, global yields now are rising. This most likely will continue with Powell and the Feds continuing to increase rates, and also the ECB starting to pull back on some of their quantitative easing. The table on the bottom right just shows the magnitude of change in financial conditions. And as many of you are aware, since the beginning of 2016 has been very favorable, and we now are in an environment where it does continue to be tightening as we go into year-end.

S2 15:29 Turning to slide 12. Here we just highlight the fundamentals of the market right now. The table on the upper left just shows one common theme throughout earning season, and that is cost inflation. Here we show the number of times cost inflation has been mentioned in S&P 500 companies' transcripts. And as you can see, the mentioning of cost inflation is now up four times relative to the end of 2016. The table on the right highlights the areas companies are highlighting, and that is primarily compensation, which is labor, and in addition, transportation costs. And on the bottom left, it shows a leading indicator of wage inflation, and it does appear, by all measures that we follow, that wage pressures are only going to continue to rise as we go through year-end. The table on the bottom right highlights 2019 estimates, and our overall view here is estimates continue to look fairly high as we look up to 2019. And as we discussed, the macro environment does appear to show a deceleration in growth. In addition, it does appear margin pressures are most likely not going to go away in the near term. That has made us focus much more on companies with pricing power, companies that have high margins that we think will be able to navigate this environment.

S2 16:54 Turning to slide 13. Here we just show valuations, on the table on the left. I think one thing that is notable is despite some of the market sell-off that we've seen in October, valuations from a price to sales perspective are still at historic levels. These are still at levels that we have not witnessed since the late-'90s. In addition, the table on the right highlights something that we've kind of talked about in the previous slides, and this highlights S&P trailing 12-month price to earnings ratio relative to real effective Fed Funds, so that is Fed Funds, less CPI. And what you can see since the early-'90s is as real Fed Funds increases, so as rates rise, it typically is negative for valuations. So I think our overall view is, we are becoming increasingly more cognizant of names, especially on the long side, of paying reasonable multiples, but not paying too high, considering valuation compression is more likely than not if the Fed continues on its path.

S2 18:00 Turning to slide 14. Here we highlight market observations that we think are relevant. The first is of the table on the left. And this shows that we are now witnessing record buybacks by any measure, we are now approaching levels well above 2007, and this has largely been driven by the tax cuts, which have allowed tax repatriation to come into the US, which has led to a surge in buybacks. However, what we think is interesting is the table on the right. The table on the right shows negative EPS revisions increasing. So after several quarters of very positive earning growth in revisions upward, we're now starting to see negative revisions downward, despite record buybacks. And lastly, we think one of the more notable things that we believe investors should be keeping an eye on is the slow change in credit spreads. They are still very low on a relative basis to the last several years, but we are now witnessing both corporate spreads and also the high-yield CDF market starting to break out to year-to-date highs from a spread perspective, which we think is going to be very notable, potentially, as we go through a more modest growth environment over the next 6 to 12 months. And with that, I'm going to turn it over to Mike to discuss the portfolio and individual names.

S3 19:24 Thanks, Tyler. Please turn to slide 15. On this slide, on the left, we show our gross exposure delta adjusted since we've lost the fund at the end of 2013. As of September 30th, we are roughly 171% gross exposed. On the table on the right, we show the net exposure of the fund, since inception. As you can see on the far right, our net exposure at the end of the third quarter was roughly 7%, 89% gross long and 82% gross short. And again, that 82% includes the long-put component. We would not that, since September 30th, with the market selloff, our net exposure has drifted upwards slightly. As of this morning, we're probably about 15% net long. And that's a function of us adding to our highest conviction long ideas and selling some put exposure. Please turn to slide 16. On the top half of this slide, we show our current long investment themes. On the bottom half of the slide, we show our current short investment themes. The names highlighted in red were new for the quarter. Within the America First theme, our longest position, our biggest position in the portfolio continues to be Leidos, at roughly 6% of capital. Leidos is roughly nine and a half billion in market cap. It's a government IT services company that provides technology and engineering services in the defense, intelligence, civil, and health markets. We think there's a significant upset in the stock, as the company has several potential contract awards upcoming. Leidos declined recently and some contract award wins have been pushed back later into this year next. We added on a weakness, as Leidos trades were roughly 14 times earnings, which is a significant discount to its peers. It currently maintains a 2% yield.

S3 21:23 FLIR remains a top position as well. We continue to believe FLIR is a market leader, with a pristine balance sheet, with an opportunity to meaningfully expand its margin profile as defense spending increases. We note that the company reported this and the stock fell on weak topline guidance. In our opinion, there's no change to the thesis and we've been adding to the position on weakness. A new position within defense is Harris. Harris is roughly three and a half percent of capital. Harris is a $16 billion market cap defense company that sells communications equipment to the US and international governments. Harris has high teens operating margins, low leverage, sales growth in the mid digits, and is run by a well-regarded management team that came from United Technologies. We believe the company will be a beneficiary of the government's defense modernization programs within military communications equipment over the next several years. Earlier this month, Harris announced a merger of equals with L-3 Communications. We believe the merger should accelerate cash flow growth, the accost savings, and the potential for cross-selling opportunities. Management is targeting 3 million in free cash flow in year 3 of the merger, relative to the 1 billion pre-cash flow Harris currently generates. The stock is currently trading at 18 times earnings, despite the company's double-digit free cash flow growth outlook.

S3 22:49 Within financials, we continue to have exposure to Seacoast, Ameris, and CenterState. We'd note that on a weakness over the last several weeks, we've been adding to each of the names, but the overall exposure has remained relatively static. Within hard assets, we continue to have exposure to Archer-Daniels-Midland and Nutrien within the agg space. We think both have reasonable valuations pay nice dividends, add value-creating opportunities via share buybacks and delivering on merger synergies. We have added long exposure to a few water-related names. I will go into more detail on those in a later slide. Within a demographic changes theme, we remained long Thermo Fisher, Abbott, and Zimmer Biomet. We continue to have some exposure to Calavo, but we have reduced it on recent strength. On the bottom portion of the slide, we highlight short themes. Within the interest rate risk theme, several of the names work during the quarter. And as Tyler mentioned, Ellie Mae and Snap-On were notable winners during October. We have been adding to a short in Aaron’s. Within restaurants, I will talk about the names on a later slide. Next, we continue to have short positions in semiconductors. Over the past few weeks, we have covered our position in Skyworks and rolled down Nvidia and Broadcom puts. We have also added a short in Qorvo, which is tied to the smartphone market.

S3 24:20 Finally, profitless growth continues to be a theme. Names in this bucket have shown significant revenue growth, but have not generated any profits. Zillow, Tesla, Shopify, Wayfair, Netflix fall into this bucket. We think a rising rate environment will be a significant headwind to valuations of companies with high sales growth and no profits. Please turn to slide 17. Here, we show the composition of our invested capital on both the long side and then, also, the short side. On the left, you can see the America First team represents the largest portion of capital at 18%. On the right, we show our short themes. Notably, our short book is primarily concentrated in the Other category, which are really idiosyncratic ideas and not theme related. Let's turn to slide 18. A new theme we have in the book, in the most recent quarter, is Water Infrastructure. Demand for fresh water is rising rapidly globally on the back of population growth, industrial expansion, and increased general consumption. Water consumption is estimated to double every 20 years. We have long valued the need for capital spending in both the water utility and industrial markets. Markets within water that we see as having a tailwind are in areas such as transport, treatment, tests, smart metering, and leak detection. The most notable investment idea in our long book, currently, is Xylem, which is a $12 billion market cap global water technology company. Xylem has fortress brands with leading positions. It trades for 20 times earnings and yields roughly 1.3%. Xylem is currently about a 3% position for us. We also have positions in American Waterworks and SJW.

S3 26:18 Please turn to slide 19. We have initiated short positions in the US stock exchanges, specifically NASDAQ and ICE, with NASDAQ being the largest short position of the two. In our view, the exchanges have become an oligopoly, with ICE, NASDAQ, and the CBOE as the three remaining players. As asset prices have risen over the years, the exchanges have seen explosive growth, mainly through price increases and their market data businesses. We show that growth in the bottom right chart. This pricing is being passed on to the large players in the industries, such as Fidelity, Goldman Sachs, JPMorgan, and others. We think there's meaningful regulatory risk as the SEC, which is the primary regulator of the exchanges, has publicly vowed to address the exchanges price increases. We would note that the SEC hired an executive from JP Morgan, Redfearn, as the head of the SEC's trading and market division. He took the position in October of 2017. Shortly after taking the position, he stated his main goal was to reform the exchanges and lower prices. We think the likely result of these regulatory actions will be lower earnings power and lower multiples for the exchange businesses. We also find these shorts very interesting as they're highly correlated to the overall equity markets. Both NASDAQ and ISE are close to 94% correlated to the S&P 500. We view these shorts as both good idiosyncratic ideas and nice market proxy hedges.

S3 27:59 Please turn to slide 20. During the quarter, we initiated a short positioning Cambrex. Cambrex is a supplier of active pharmaceutical ingredients to the pharmaceutical industry. Has roughly a $1.8 billion market cap. Gilead has been Cambrex's largest customer, representing roughly 35% of Cambrex revenue and close to 50% of Cambrex EBITDA. The main driver of Cambrex EBITDA growth, which we show in the top right table, has been Gilead's Hepatitis C franchise. Gilead's Hep C franchise became one of the largest drugs in history in 2015. However, it's seen a rapid decline as a result of both competition and a shrinking addressable market as the drug cures the disease. With Gilead's Hep C business now falling significantly we expect Cambrex's EBITDA margin to rebase lower as their Gilead business shrinks. We would also note the heavy insider selling of CBM stock in the lower right table. We're short the common stock in Cambrex and we are long puts.

S3 29:05 Please turn to slide 21. We continue to have short exposure to the restaurant space. With our largest two positions being Dine Brands, BJ's Restaurant. From a high level, we believe tax cuts created a temporary improvement in sales at the casual diners. Survey work we have studied shows that restaurant sales likely peaked in the third quarter of 2018. Input cost and wage inflation continue to rise. We expect sizable negative revisions and very difficult comps in the first half of 2019. Dine Brands parent of IHOP and Applebee's continues to be a very high conviction short. As a highly levered restaurant franchise and a challenge casual dining space, we are short common and long puts. BJ's is also a casual dining short position. We’ve added out of the money puts as we've witnessed insiders heavily selling stock.

S3 30:15 Please turn to slide 22. On this table, you can see our sector gross exposures as of September 30. The dark bars at the top shows the long sector exposure and the light bars on the bottom show the short exposures. The diamonds show the net exposure per sector. As you can see, our heaviest gross exposure weightings are in financial and information technology. The next largest sector exposures were in consumer discretionary, industrials, and healthcare.

S3 30:48 Turn to slide 23. On this slide, we show the weighted average market cap in a long portfolio versus the short portfolio. As you can see, the average weight market cap of the long book is presently $60 million and the short book is presently $35 billion. Our longs maintain a weighted average PE of roughly 15 times with a PE of 28 times. The bottom table show our top 10 positions as a percent of net assets the end of the third quarter versus the end of the second quarter.

We would note that KLX was recently acquired by Boeing and is no longer in the book. Turn to Slide 24. On this slide, we show each of the S&P 500 drawdowns of 3% or more since their inception, and the performance of the Otter Creek Long/Short Opportunity Fund during those drawdowns. As you take a look at this table, what we would like to point out is there were no drawdowns at 3% or more in 2017, yet we've had multiple drawdowns in 2018. October, in particular, has been a violent market. We are pleased the market environment seems to be changing which should bode well for our strategy going forward. With that let's turn to Q&A.

S1 32:24 Thank you, gentlemen. Throughout our conversations this prior quarter, we've been fielding numerous questions from our prospects and clients and thought it would be helpful to share those responses with you on the call today. First question, has the portfolio performed as designed?

S2 32:43 Yeah, and listen. I think over the last month or so we're reasonably happy with the portfolio. I think the third quarter was clearly a little challenging, it continued to be challenging on the short side considering it was clearly a very, very favorable market environment with the market up 8%. But as we've kind of highlighted in the past, we usually get a lot of names right as they go through events, and currently October there were a lot of earnings events combined with some modest volatile markets. So I think overall, we're reasonably happy with how the portfolio's kind of shaking out, given the market volatility as we've gone through earnings.

S1 33:24 All right, Thank you so much. Second question is what ideas or sectors are emerging from this recent bout of selling?

S3 33:32 Sure. I'll take that one. I think from a high level we were absolutely too early shorting various consumer discretionary names, and as we approach the end of the year and into the first half of next year, we think some of the ideas that perhaps hurt us the most in the first half of 2018, might be some of our biggest winners really going forward. If you think about the consumer discretionary environment, as Tyler mentioned, we had sort of a temporary tax increase to consumer spending levels in the first half of this year and into the third quarter. And for that restaurant survey data that I mentioned, we think that it may have been as good as it gets in the first six to nine months of this year, and we are looking for idiosyncratic consumer names that could be highly profitable in the short side into next year.

S1 34:35 All right. Thank you so much. Third question, will you take net exposure higher?

S2 34:43 Yeah. I think as we've talked about in the past, we do not target our net exposure. We're just trying to find where we can find the best absolute ideas, both on the long side and the short side. So actually, in this recent sell-off, we have continued to monetize some of our put exposure, and we've clearly covered some of the names that I've mentioned have worked. And we actually have been adding some really, what we think are good high-quality businesses on the long side. So our net has drifted up a little bit recently kind of into that low double-digit range from being closer to market neutral a month, month and a half ago. But again, our net is not targeted; we're just trying to find opportunities on an absolute basis, both long and short.

S1 35:34 Thank you so much. Fourth and final question. Are you still short Black Rock?

S3 35:40 I'll take that one. The answer is we have a small exposition left. I will say it's been interesting being involved in the name because we've gotten a fair amount of discussion surrounding it, specifically why would you want to be short, a passive manager when that is the secular trend for the future? Our thesis surrounding Black Rock has always been a multifold but one. As it approached north of five trillion in assets, the question we asked was how much bigger can it get? And it had no takeout risks but two. The multiple on Black Rock had expanded from low teens to almost 20 times, and what we see now is the stock is traded down from the high 500s to the high 300s as the multiple is 14 times. The rest of the asset management space trades from anywhere from 8 to 12 times, and some cases even lower than that. So at 14 times, it's not as attractive on the short side, but we do think it's still an interesting short, and we have roughly a 1.5% short position today, down from 5% delta-adjusted.

S1 37:01 All right. Thank you, Tyler and Mike. That concludes our question and answer session for today. I would like to turn the conference call back over to the two of you for any closing remarks.

S2 37:11 Again, just thanks for everyone for listening to the webcast and again, we're available. So if anyone wants to reach out to Gordon and set something up with the team, just let us know. We're here. Thank you.

S1 37:25 All right. Thank you again to Tyler and Mike for your time today. I will now read through some required disclosures. Mutual fund investing involves risks, principal loss is possible. Funds may use certain types of investment derivatives. Derivatives involve risks different from, and in certain cases, greater than the risk presented by more traditional investments. Derivatives may involve certain costs and risks such as liquidity, interest rates, markets, credit, management, and the risk that a position could not be closed when most advantageous. Investing in derivatives lose more than the amount invested. Performance data quoted is past performance. Past performance does not guarantee future results. The investment and principal value of an investment will fluctuate so that an investor's share when redeemed may be worth more or less than their original cost. The current performance may be lower or higher than the performance data quoted. Performance data current to the most recent month-end may be obtained by calling 855-681-5261. Performance data quoted does not reflect the 1% redemption fee on shares held for 60 days or less. If reflected, total returns would be reduced. The Otter Creek Long/Short Opportunity Fund is distributed by Quasar Distributors LLC. The webinar has now concluded. Thank you for listening