ROBOTTI & COMPANY ADVISORS, LLC
ANNUAL INVESTOR MEETING 2020
DECEMBER 2, 2020 @ 1PM EST

Transcript edited for clarity

LINDSEY RUBINSTEIN:

Welcome to the Robotti and Company 2020 Annual Meeting. For those of you who haven't met me virtually or in person, I'm Lindsey Rubinstein, the Head of Marketing and Investor Relations for the firm. Last year I gave these remarks to a full room at the Yale Club where we've held the meeting for the past several years now. And, well, this year it's obviously different.

While we're not physically in the same location, we have the flexibility to be joined by a wider and more global audience. So, good morning, good afternoon, or good evening depending on where you are. We'll keep these opening remarks short since there's a lot to cover. We're going to start with commentary from our founder and CIO, Bob Robotti, and Portfolio Manager of our Ossia Strategy, Curtis Jensen, followed by Q & A facilitated by Senior Investment Associates, David Kessler and Theo van der Meer. The goal is for the entire dialogue to be conversational in nature.

As echoed in prior meetings, our success is greatly due to those here with us today. Both our existing investors, we thank you for your continued support, and the entire Robotti team who is also participating, your everyday efforts are very much appreciated. When we noted in our year-end letter that came out this past January that this new decade would be unlike any other, well, we did not know how true those words would be. ***The advent of COVID, though proving challenging, also has proven our resiliency with our business operations and investment strategies continuing uninterrupted and changing the way we've been able to communicate opening up new pathways and technologies for face time.***

This new world enforced the strength of our relationships with you as well as with the executive managements of our investing companies with whom we've been able to communicate

seamlessly, frequently, and consistently throughout the pandemic, underscoring the importance of the nature and the tenure of these relationships, especially these unprecedented and unpredictably volatile times.

Now before we get started, in terms of logistics, all participants have been hidden from view and placed on mute. Please use the Q & A icon below to submit any questions that you haven't done so already in advance. So, as I think you'll hear from the team today, ***when it comes to fundamental, timeless, rational value investing, we are very enthusiastic about the opportunities set at hand.*** And with that, I'll turn it over to you, Bob.

BOB ROBOTTI:

Thank you, Lindsey. And thank you all for being here with us, we appreciate it. As Lindsey highlighted, of course, the format's different, but the message is exactly the same. T***here's been a consistent message to our investment approach over the 35 years we've been around, and that is we are unabashed value investors, and that's across the firm.*** So, whether that's Curtis Jensen, who will be speaking later today about his Ossia investment approach, whether that's David Kessler and Theo van der Meer with me here today, whether that's next week Isaac Schwartz will be hosting our annual meeting for the Global Fund; there's a consistency of approach to investing across that entire universe.

So, that's what I'm going to start off giving you. ***What does that mean? What do we interpret being a value investor means? And we'll give you a view of the current environment and how that affects it. So, a worldwide pandemic, political and social unrest, and how potentially those things actually create opportunities.***

So, the first one I want to start off with is what is value investing. And, of course *Security Analysis*, the seminal work by Ben Graham, which kind of started that investment approach. And that's a key indicator of what it is: it is individual stock research, bottom-up investing is a critical element of our investment approach.

Now the way it's, of course, done today is different than when Graham first wrote his text. Back then, he wrote it in the middle of a depression. So, he bought stocks that had low price to book, low PE rations, high dividend yields, and that was the approach. But the intention all along was looking at individual securities, analyzing those companies, making determinations as to what a conservative fair value of that business is, and buying those businesses for less than what that value indicated. And, of course, why is that a potential opportunity?

So, Ben also spent a lot of time talking about investors, the rationality of investors, the emotion of investors, and how that affects security prices. So, ***a fundamental part of value investing is the disbelief in the idea that there's an inefficient market, that every security properly evaluates the future cashflows of that company discounted down to today.***

And an important behavioral bias that Graham spoke about was the idea of recency bias. What is today and what was yesterday is projected to be what will be tomorrow. And frequently yesterday and today are not the right indicators for the future opportunity. So, it's looking at businesses, understanding the businesses, and making conservative estimates of future values; that is a key determinant.

So, it's individual security analysis, the belief that securities frequently can be mispriced. The longer they're mispriced, potentially, the more they're mispriced. And if you've done that sober analysis by someone who's an experienced investor and made conservative estimates, that gives you the opportunity for both returns, and, of course, it mitigates the risk in it. So, the margin of safety that Graham also spoke about.

So, those concepts and precepts continue throughout our investment approach today. And we think that the world and the environment in which we're in today, the companies that we're invested in are particularly attractive on a go-forward basis. So, with that, I'm going to turn it over to Curtis. Curtis, why don't you give us your view on the markets.

CURTIS JENSEN:

Well, thanks, Bob, and good afternoon, everybody. Thanks for joining us. As Lindsey said, we really are grateful for your support. I'm Curtis Jensen, I manage the Ossia Partners Strategy. ***Whoever coined the phrase "May you live in interesting times" might have had 2020 in mind.*** I know it's been one of the more challenging years in my career, and I'm already looking forward to next year.

But I wanted to make two points this afternoon, and I'll start maybe by linking back to something I said at last year's meeting, and that was around ***these labels of value and growth. I think there's a little bit of an artificial distinction.*** And last year I made the point that there is no value without growth. And I think I would refine that a little bit.

I mean, ***the best investments that I've made in my career really have had elements of both growth and value***. So, if you think about this maybe as ***a Venn Diagram, where there's value in one circle and growth in the other circle, where those two circles overlap is what I think of as a rational investing approach.***

So, if you're allocating capital or you're thinking about making an investment, you might reframe the conversation and rejigger a bit. Think more about in terms of whether something is a rational approach rather than framing it in terms of growth or value. You know, our goal this afternoon is to give you really a sense of how we think, how I think, Bob, Theo, and David, and that you walk away with a sense of that what we're doing is indeed rational.

The second point I'd make relates specifically to the portfolio. ***Huge amounts of capital have been allocated by pensions and endowments, family offices into private equity.*** And that flood of capital is only really accelerated with the last decade of low interest rates. And I don't see that flood sort of ebbing anytime soon.

What I consider the Ossia Partner Strategy, ***what strikes me really is how much of the portfolio is very private equity-like. And the holdings really come with some important advantages over traditional private equity***. But the characteristics of the portfolio really create outcomes that are quite differentiated from the general stock market and therefore potentially create a valuable diversifier for investors. So, hold those two thoughts in mind; we can unpack them a little bit into more detail as the afternoon progresses.

THEO VAN DER MEER:

Thank you, Curtis. Again, as Lindsey said in the beginning, we really do want this to be an interactive meeting. And so we encourage you all to ask questions through the Q & A platform that's on Zoom here. We, actually, already have a couple coming in, which is great, and we encourage you to keep asking them. Hopefully we can answer all of them, and we're going to do our best to do that. But to start us off, I think I'll ask Bob a question that is probably on a lot of people's minds today, which is, Bob, when do you think that we'll get back to some semblance of normalcy?

BOB ROBOTTI:

Thanks, Theo. I guess the important thing, in my mind, is to emphasize the last part of question: ***"back to some semblance of normalcy." The key, in my mind, is the current situation with the pandemic is not the new norm, and that's frequently what we're talking about, is behavioral biases. People anticipate the current situation and project it into the future.***

And so we do think this is a transitory issue. We do think-- we don't know if it's six months or a year or two, whether there's a vaccine or some other solution. But this is not the new norm. So, the importance in thinking about the pandemic or political unrest and social unrest, all of those things, we're looking to invest in businesses and make estimates as to the future cashflows of that business, the present value of those cashflows, and how much will accrue to equity owners.

So, the important question is, okay, so what's the impact on the business, how does it change those future cashflows, how does it potentially reduce some of those cashflows in the short term, how long does that last, how big is that impact? But also, what things are unleashed? What trends that potentially were underway are actually accelerated in the process?

And in certain situations, we clearly believe that a number of our companies actually are quicker getting to a point where the businesses will have significant growth in those cashflows. And the size of those cashflows will be even enriched given events.

So, therefore, the important is not when do we get back to normal because it is estimating the impact of the current situation, how much of it is permanent, how much of it is not, and how that affects the valuation of the businesses we're invested in. And we'd also highlight that, of course, ***when the market gets that estimate wrong in its security price valuation, it presents a really opportune situation for stock pickers like ourselves.***

DAVID KESSLER:

Okay, thank you very much, Bob. I have a question for Curtis. Curtis, in your opening remarks, you spoke about the labels of growth and value and about this Venn Diagram where value and growth intersect or overlap leading to a philosophy you've often called rational investing. I'm just wondering if you can explain how this model of rational investing manifests itself in the Ossia portfolio.

CURTIS JENSEN:

Thanks, David. ***I think defining rational investments, there are really four key characteristics***. ***Number one*** is I'm trying to ***identify businesses with stronger improving fundamentals*** or economics and importantly ones where the management team has attractive reinvestment opportunities. ***Secondly***, I'm looking at the ***management teams*** and the executives. Not only should they be capable and properly incentivized, but they really ought to be thinking and ***acting like owners***; very important. ***Third*** is the balance sheet. ***The balance sheets needs to be able to sustain the business in a downturn*** and really ought to reflect the underlying business risks. ***Lastly*** is the ***delta between public market prices and intrinsic values conservatively estimated***. I think any one of those ingredients in isolation is a necessary, but not sufficient, condition for an investment. But when you put ***all four of them together, I think you have a really good recipe for what I think of as rational investment***.

DAVID KESSLER:

Thank you, that was very helpful. I have a follow-up: in this crazy year that we've been having, how has this philosophy of rational investing held up?

CURTIS JENSEN:

Well, one of the main points I was really trying make all year was that there was this huge divergence between public stock prices and intrinsic values. In March and April, for example, you had stock prices declining by 30% and 40% and 50% in a matter of weeks. It kind of made no sense and really just reflected total panic in the markets.

And I spent much of that period talking to management teams, trying to reassess intrinsic values. What I discovered was that even if you made very Draconian assumptions about the businesses, declines and earnings and cashflow, it didn't impact intrinsic values by nearly the same way that the stocks were reacting.

So, in effect, you had this widening spread between public market prices on the one hand and intrinsic values on the other hand even in the cases where intrinsic values declined a bit. Going into the downturn, our holdings didn't really include some of the hardest hit areas, and I'm thinking of things like retail, travel & leisure, and aerospace. But we did own industrials and materials companies. Of course, in those cases the customer bases were impacted, the operations were impacted.

But I was really impressed at how much was getting done by our management teams during the pandemic whether it was in the area of operations, whether it was executive recruitment, corporate finance, getting deals done, just forward progress generally in our companies. ***A lot of that business resilience and relative stability and intrinsic values, however, was not reflected in the public stock market prices even through much of October***. Now, some of that's turned around here in the last few weeks, fortunately.

I guess the last piece is we have a long-term investment time horizon and consistent with that our core holdings really didn't change that much. ***I did use the market downturn to add to our core holdings. And I also tried to take advantage of the short-termism and the panicky markets selling to upgrade the quality of the portfolio***. So, broadly that meant adding companies whose business models might be described as asset light or whether it was recurring revenue streams or fee-based revenues, and I'm talking about companies-- you know, two examples would be Morgan Stanley and Voya Financial.

BOB ROBOTTI:

Thanks, Curtis. I want to highlight one of the things you talked about. And that is in March and April securities markets radically adjusted. And yet, in many cases, the business values didn't radically change. Theo, could you talk about one of the investments we made in the quarter, what the market gave us as an opportunity, and what we seized on and how we thought about it? Thanks.

THEO VAN DER MEER:

Sure, absolutely. Thanks, Bob. Yeah, as Curtis mentioned, we weren't investing in aerospace either going into this. But the opportunities that were presented to us due to the emotion that was built into the market allowed us to make a new position in that over the last couple months here. And I think it's important to highlight because it does provide a base case of something that's indicative of our process overall.

So, we often look at out-of-favor industries, we find them to be fertile hunting grounds. And when the pandemic hit, there probably wasn't much more out-of-favor than travel and aerospace. So, how we started is we researched the entire industry. We looked at the airlines themselves, we looked at the booking agents, and we looked at the airline leasing companies.

And through that process a similar thread that happens a lot in our research process emerged, which is that we rediscovered a company that we had actually known for a few years leading up to that. And the company that we rediscovered was **AerCap Holdings**. And it’s the largest airline leasing company in the world. And basically what an airline leasing company does is they own planes and then they lease them out on long-term contracts to airlines. So, your typical airline has anywhere from 20% to 80% of its fleet leased out from a company like AerCap Holdings. So, chances are if you’ve flown on a plane in the last decade you’ve flown on probably a plane owned by AerCap Holdings.

So, to set the stage a little bit for how we came to the investment, before the pandemic we thought that this was a cheap company because the market wasn’t appropriately valuing the platform it had for buying and selling planes. They had also been making really smart capital allocation decisions, they had been aggressively buying back shares over the last few years, and they had been right-sizing their fleet and repositioning assets to move away from older planes that were flying on routes that were less popular and moving to younger planes that were flying the more in-demand routes. And so they would reposition their assets in a really intelligent way.

And so with that stage set when, the pandemic hit, the market priced AerCap and everything that touched aerospace in anyway as if it was going for bankruptcy. And it shows the manic-ness of the market. Suddenly, this was the new normal. And remember, at the beginning when there was the lockdown, ridership essentially fell to zero for a few weeks.

But ***what the market had done is said that that would be in perpetuity and that people weren’t going to fly again. And we fundamentally just didn’t agree with that.*** And this goes back to Bob’s earlier point about the time horizons. So, we didn’t know if a vaccine was going to be developed in three months or three years or if we were going to have some system of testing and tracing. But we did think that the eventuality of there being an environment where people would fly again was very, very likely.

And so while the timing wasn’t certain, the certainty of that happening we thought was pretty certain. And we’re already seeing some encouraging information in that. China’s domestic flights have surpassed pre-pandemic levels, there was a surge around Thanksgiving in the U.S. for domestic flights. And although we still have a ways to go, it shows ***that pandemic fear of "no one's ever going to fly again" is probably overblown***.

And we saw the manic-ness on the other side of things as well when there was some promising vaccine news. Suddenly everything related to airlines and hotels and all that shot up again. And it just goes to show the amount of emotion that's tied into these cyclical and out-of-favor industries and companies. And it's the reason it's even more important to focus on the fundamentals of the investment that you're looking at.

And with AerCap what we had was a company that, again, owned the physical assets that we were pretty confident were going to fly again. And they also had the balance sheet and the access to financing that would allow them to survive a prolonged downturn. ***And there's a saying in the industry which is that when times are good, airlines need planes; but when times are bad, they need financing. And financing is actually the better part of the business for AerCap.***

So, ***they're able to utilize their superior balance sheet to work with the more distressed participants*** in the industry to AerCap's advantage. And all of this is not to say that AerCap didn't face headwinds, they absolutely did. Ridership still has a ways to go to get back to the trendline it was on before the pandemic. They've written down over a billion dollars of assets. But that was largely from the part of the fleet that I mentioned earlier that AerCap had been systematically moving away from for years.

And so it just accelerated back a retirement program that already been in place. And this was all baked in when we made the initial investment; we expected there to be write-downs. And, in all honesty, we expect there to be more write-downs in the coming quarters. But as with all of our investments, it goes back to the valuation. And the amount that the market was marking down this company was really, really disjointed from what we thought even in extreme cases was going to happen to the actual write-downs and the actual fleet that they had.

And so ***all of this is to say that the importance of focusing on the long-term future cashflows of the business is paramount.*** And maybe before I kind of go on too long here, Bob, do you want to talk about some other ways in which that long-term time horizon has manifested itself in the portfolio?

BOB ROBOTTI:

Yes, sure, Theo. Once again, it's the market looking from the wrong time horizon thinking that today is tomorrow. Our investments in home building at an excellent example case study in how this has worked for us, the opportunities the market provides, and how this works.

So, in 2008, 2009, we were looking at the home building business and thinking, this is an interesting industry. The industry has imploded, worst ever post-World War II, lowest amount of new homes being constructed, there's a significant amount of oversupply, too many homes were built, the financing on that, people were getting foreclosures.

So, the oversupply was significant. Therefore, that new home building fell to very low levels, and there was no appreciation and no understanding and no timeline for when that would be corrected. So, we started to look around for businesses that were well-positioned, differentiated in terms of their business, had financial situations that ensured their ability to withstand the situation, to survive the downturn, and importantly, to thrive in the recovery because clearly those kinds of situations create great dislocations and for certain well-managed businesses that are financed, the opportunity for substantial expansion.

So, that's what we figured, that the 1 to 1.1 million single-family home number, which had been a 50-year average, and that's during a period of time when the population was half of what it is today and number of households was half of what is it today. So, to get back to that modest trendline we thought was almost a surety, the timing of it uncertain. So, we identified the companies to invest in.

Now, frequently, when we do invest in cyclical businesses like this and make estimates of when this recovery comes, often it doesn't happen as quickly as what we anticipated. But in the meantime, things are still happening in the business to those well-managed differentiated companies that are improving their competitive position and improving their earnings power even before the recovery comes. ***And the extension of it provides even a greater runway of opportunity***.

So, that's, we think, a classic example of something that you've already seen the manifestation of, and we think we're extremely well-positioned today interestingly because we still think ***there's a 10, 11-year period of significant underbuilding. And therefore that means you have 3 to 5 million homes we've underbuilt over that extended period of time. And we've gone from 67% homeownership, an all-time record, down to 62%, which is a long-time low***. And we think there's a lot of underlying trends that already had started to change, that already ***increased the demand for single-family homes, the interest for people to move out of urban areas, into suburban areas that we think COVID clearly has been an accelerant*** to that change and, therefore, the expansion of the earnings power and the timeline and the realization for these investments.

THEO VAN DER MEER:

Great, thank you. Do you want to talk about a specific example of a specific company?

BOB ROBOTTI:

Yeah. The best example of the investments we're talking about are our investments in the distributers to the homebuilders. So, **Builders FirstSource** in 2009 and **BMC** in 2010 post its bankruptcy we accumulated from a number of the banks who were the lenders a significant equity position in BMC. ***These businesses are better businesses with product and service offerings that are differentiated, the scale and scope of the businesses give them competitive advantages, the geographic spread of the businesses is another positive to the companies.***

So, the recapitalization of BMC gave a great financial position for the ability to participate in the recovery. And, of course, that's what's happened. So, ***back in August this year was kind of a culminating event. So, Builders FirstSource and BMC combined and are merging together to form by far the largest company.***

And it's not just this consolidation. In 2015, both companies participated in a consolidation event. So, therefore, you had a radical change in the structure of the business, the competitive offering of the company, its continued growth and value-added services. So, therefore, ***it's continued differentiation from its competitors***. The free cashflow generation of the business as it's less capital intensive. So, it's, we think, ***an excellent example how a patient investor in a cyclical business has an opportunity for an entry point and a long-term runway for opportunity that even today we think is still in middle innings of a very positive trend*** for us.

In addition to, as I said, we accumulated a large position in BMC so frequently, we also got very involved with the companies we're invested in. We have relationships with the managements that benefitted us in the current downturn because we access them to figure out what's going on in the businesses, how cashflows might change, but also to speak to directors and understand capital allocation and express our views and identify ourselves as long-term constructive shareholders.

So, therefore, ***we think that boards and managements take heed what we have to say.*** And this situation exemplifies others, too. ***I became a director of BMC from 2012-2015, and we think that was critical because it expanded our understanding of the business, the nuisances of the business, the differentiation, the service offerings, the people involved with the business, therefore understanding those dynamics and understanding all parts of the value chain*** in a home building business.

And we also thought that there was a number of suppliers that also were favorably affected by the consolidation trend. So, one of those is Norbord. And, David, you've done a lot of work on it and maybe you'd share with us our investment thesis and where we stand on Norbord.

DAVID KESSLER:

Thanks, Bob. Yeah, I agree. **Norbord** actually is a great case study for how we invest. So, Norbord is the largest producer of oriented strand board, or OSB, which is a replacement for plywood used in building homes. Now, interestingly, we spent a lot of time speaking about investing in cyclical companies, which is a dominant theme across our portfolio, and I think it's actually one that differentiates us from the majority of investors who list cyclicality at the top of their list of what to avoid.

Now, of course, or ***maybe ironically, the reason we often find bargains in cyclical industries is because there's less competition in such a large segment of the market. But that's just one of the tools or frameworks we utilize at Robotti to identify potential value***. So, we eventually found Norbord through a company it acquired because that company was raising capital through a rights offering which was backstopped by its largest shareholder. That's another tool we use to identify potential value.

But ***once we identified that, we were able to really quickly increase our conviction on the business because, as Bob said,***

his experience on the BMC board had given him this lens onto the industry to help us understand it holistically. Now, Norbord has experienced many of the same, most of the same dynamics as Builders in BMC that Bob just spoke about. And specifically, it's continued to see the benefit of a more consolidated industry over the past decade.

Now, with what's a somewhat fixed amount of supply currently available in North America, the survivors have become more dedicated than they've ever been in the past to producing only what they can sell. And this rational discipline production will eventually result in a more rational and less volatile pricing, which will favor the OSB producers.

Now, interestingly right now, we're in the midst of what Charlie Munger might call a lollapalooza effect. So, initially when the pandemic hit and we had to lockdown, Norbord's stock was hit especially hard because of its economic sensitivity. And management quickly responded imprudently by enhancing their balance sheet liquidity, but also by curtailing production capacity.

The curtailments that they took was on top of what had already been taken offline in the second half of 2019 as the business focused on matching production with demand. ***Now, of course, what I don't think anyone predicted is that instead of a pullback in housing demand, the pandemic would actually be the catalyst to unleash this previously dormant demand for new homes***, the one we initially identified that Bob just spoke about and that was one of our key investment factors underlying our investments in the home building industry.

And when this surge in demand for single-family homes met an even more limited supply of OSB, Economics 101 took over and the price of OSB skyrocketed to all-time highs. And we do expect that prices will moderate from the unusually high level thereat. But we also believe that the dynamics are now in place to sustain a disciplined pricing environment for a considerable period of time allowing Norbord to have an extended runway to produce significant amounts of free cashflow.

Now, the stock's up an astonishing 330% from its March low. It was currently up just over 45% year to date. But just 12 days ago, West Fraser, which is a Canadian-based producer of lumber and wood panels, made an all-stock offering to acquire Norbord in a transaction that, once it goes through, will value the company at $37.78 a share. And we're still in the process of doing our diligence on West Fraser so we can understand the impact of our unchanged thesis on OSB and Norbord, how that will impact the new business combination. And in fact, we look forward to speaking with West Fraser's CEO later in this week, which is an important part of the diligence we do. As we make sure we're invested in the securities of the business' or businesses' best position to take advantage of what we really believe is a tremendous multi-year opportunity.

One last thing I want to point out: Curtis, as you know, Norbord and the company that we originally invested in, Ainsworth, at the time were both more than 50% owned by the private equity arm of Brookfield Asset Management. Brookfield actually still owns 43% of Norbord. And remember you mentioned in your opening that many of our investments are very private equity-like. Here we have an example or evidence because it's still a public company of an investment that is clearly, based on their investment, private equity-like.

CURTIS JENSEN:

Yeah, thanks, David. Maybe I'll make a comment before I segue over to the private equity theme. I think the discussion with Bob and you and Theo is interesting in terms of that it really illustrates our investment process in so many ways. I can think of at least three aspects.

Number one, for example, is just ***how we search for ideas. We're not necessarily using quantitative screens to chunk out statistically cheap stocks***. ***We're looking at a whole industry, we're looking up and down the value chain in that industry and looking at the profit pools within the industry to determine whether or how or if we might participate***.

Secondly is ***how we engage with the management teams and boards***. Bob has been on a number of public company boards, I've been on two corporate boards. ***So, we have a sense of and some experience in how to engage management teams and boards and, importantly, how to engage them constructively.***

And thirdly is just sort of backing up and being aware of change within an industry and how it can affect the players. And here you have building materials industry going through consolidation and all the impacts that that can have on our individual investments. We're kind of turning the private equity theme, and as you mentioned, of course, Norbord is owned-- one of its largest owner is Brookfield, a preeminent private equity firm.

I suppose when you think of a traditional private equity company or a private equity fund, one thinks of a highly leveraged balance sheet where the owners are sweating the assets like crazy. I think our version of private equity is a massive departure from that template and one that offers some benefits over traditional private equity.

If you did a side-by-side comparison, our version of private equity with traditional private equity, of course you'd find a permanent capital base, you'd find engaged owners and executives. And there are important elements of control in each case, but ***our holdings have at least three or four advantages over traditional private equity***.

Number one is liquidity, and liquidity doesn't matter until it matters, ***but we're dealing with publicly-listed securities***. ***Our companies tend to be run with low overhead*** and, of course, they tend to have lower financial leverage, which means a ***different kind of risk profile***.

Lastly, ***when a traditional private equity firm wants to buy a publicly-listed company, they normally have to pay a significant control premium***. If you look at the ***Ossia holdings today, three quarters of the portfolio are invested alongside shareholders whether they be founders, groups of executives, or like-minded control groups*** that have at least a 20% economic stake or 20% voting stake.

So, they've got hundreds of millions of dollars, and in some cases billions of dollars invested in these companies. And, to me, ***that's real skin in the game***, and it's not other people's money. So, I've been attracted to these kinds of companies because their owners, their executives, and their boards really think about long-term wealth creation; they don't really care about quarterly earnings. They tend to finance the businesses very conservatively and they're reinvesting in the businesses appropriately to protect business and growth over the long-term. ***So, if you're like me and there's a sleep-at-night factor in your investments, then I think these kinds of companies and these kinds of investments make a tremendous amount of sense.***

THEO VAN DER MEER:

Thank you, Curtis. So, I want to make sure that we leave enough time to answer all these questions. We already have a lot rolling in and we encourage you all to continue submitting them, and hopefully we can get to every single one of them. But before we switch over to Q & A, Bob, Curtis, are there any final thoughts you'd like to share?

CURTIS JENSEN:

I'll take a first stab. I guess I'm reminded of something that ***I think David Swenson said or mentioned, and he really equated success in investing to doing something that's uncomfortably idiosyncratic. And I think our results ought to be much more tied to the idiosyncrasies of the individual companies, much more so than what's happening in the overall stock market***.

And I think a case that illustrates really both of the themes that I've mentioned today is **CPL Resources**. This is a temp staffing business that is 30% owned by its founder and CEO. I highlighted it at least year's meeting as being emblematic of our kind of investing.

In early November, the company agreed to be acquired at a 36% premium to its share price. So, our outcome is really a pleasant one, but it has nothing to do with the general stock market. The discussions in this case between the buyer and the seller were going on for many months with all the uncertainty surrounding it.

And ***I believe the owner-operators, the internal activists, as I think of them, within our companies will continue to create value irrespective of what's happening in the economy and irrespective of what's happening in the general markets***.

THEO VAN DER MEER:

Great. So, with that I guess we'll start to answer some of these questions here. We have several questions that are fairly similar, so I'm going to do my best to combine them. But a couple people have noted that we highlighted some of the opportunities COVID offered us in housing and aerospace, but they also noted that it's been a headwind to energy, and they're curious in how we're navigating that issue. They've also noted that BP's investment in green energy and how we think about that. So, maybe, Bob, if you want to start us off there.

BOB ROBOTTI:

So, we've been investors in energy broadly for 40 years, and the energy business has radically changed and evolved over that period of time, and it continues to evolve. So, when we look at the conventional oil and gas investments that we're in today and at one time the coal investments we were in, we look at what are the alternatives, what's the competitiveness of those things.

And so one of the things we did do in the downturn is, once again, had spent a lot of time looking at solar, understanding its increasing economic likelihood of participation. And we did invest in a company called Canadian Solar. Theo did a lot of work over the years and the market gave us an opportunity; so, there was an entry point.

I also note that ***a lot of our conventional oil and gas investments are service companies. We tend to want to invest with the guys with the picks and the shovels who have more sustainability, we think, in the business and more of an understanding as to what the earnings power of those businesses are.***

A lot of those companies also tended to be focused on off-shore oil, which we actually think -- off-shore oil and gas because gas is a growing component of that market, too. So, therefore, that's part of our business. And then, of course, the evolution of those companies is not only are off-shore oil and gas fields being developed, of course, off-shore wind is a growing business that clearly looks like it has a very long runaway of growth.

And, of course, one of our core holdings is **Subsea 7**, who clearly has been in that business, increased its participation, acquired related companies, extended its involvement. And so its core really has grown out, with relatively limited capital investment, an extra leg to that business, and, therefore, like a great opportunity.

At the same time, its core business is differentiated, it's consolidated, it's more differentiated than it was, and therefore, the earnings power of the core business, we think, is clear and positive. Now, the idea that BP and what BP is doing, I would suggest them 40 years of following major oil companies, a mistake that they frequently make is, well, if we're in the oil and gas business, we should get into the coal business or renewables.

And whenever they get into those businesses, it seems as if it's very difficult for them to be successful. I would think that BP would be better off making distributions, returning capital to shareholders, and reducing its investments if that's what they want to do, but not trying to reinvent themselves as a renewables company.

But I would observe that it is a clear-- I'll also digress here for a moment here, too: it's oil and gas, and gas clearly is a growing component of the business without regard to renewables; it's a part of the equation*. **Part of what enables the renewables is sustainable and predictable power generations. And natural gas is a low-cost way to do that, it's continuing to take share, and that's broadening out the opportunity in a lot of things that we're invested in.***

As for oil, which is the headline that everybody focuses on and the volatility, I'd suggest to you that the oil business is going through long-term trends that take time to unfold. And what you saw is U.S. onshore oil shale changed the equation in the last decade. Its continued growth for an extended period of time over supplied world oil markets. That was reflected in 2014.

So, this is a trend that's been underway, and that is with that correction, with the price decline, with that supply, oversupply, capital is being significantly withdrawn from the business. And where the capital did come back in was in 2017 and 2018 in onshore oil shale, which we did not believe was economic at the time.

Our sitting on the boards-- public companies that are in the oil and gas business led us to believe that that was not an economic activity given the price environment. And that's what you would think we'd see. And so where capital has come into the market in the last five years, we think, doesn't have sustainable production.

In the current situation, undeniably, the demand for energy has temporarily and unprecedently declined. That's accelerating corrective processes, that's reducing future supplies. So, I would suggest to you that the idea of peak oil, which is inevitable, irrefutable, will cause even, and as you see it in BP, less reinvestment in production today which will lead to declining production which sooner will lead to a shortage of oil before we reach peak oil demands. So, the likelihood in the next couple of years that we see shortages and higher prices, in my mind, seems almost a certainty.

So, BP is doing something that we think is accelerating the trend underway that's accelerating the opportunity for the investments we have in well-capitalized companies that are positioned with a differentiated business. And in the meantime, of course, there's no doubt the stock prices came down, therefore the value proposition improved today from where it was before. Thanks.

THEO VAN DER MEER:

Great. And I guess as a quick follow-up here, we have another question that was asking you to comment on Subsea 7's ability to compete in wind tower installation against some larger entities and high-end built-for-purpose installation vessels such as the ones Scorpio (Tankers) plans to build.

BOB ROBOTTI:

So, of course, Subsea 7 is not in the turbine installation business. There are four components to an offshore wind field. One is the building of the foundation, of course, historically, that's been on the ocean's bottom. Of course, the new trend is the potential to have that as a floating production platform.

Subsea 7 has been in that business since 2009 when they had an interest in Seaway Heavy Lift. They increased their position. So, they do foundation installation. The next piece of the business is to run the cabling between all of those wind turbines. In 2018, they acquired from **Siem Offshore** two vessels in that business. So, therefore, it made them competitive in running those umbilicals and today probably have over 30% market share in that component of North Shore Wind Farm.

The installation of the towers is not a business that Subsea 7 is in today. And, of course, turbines themselves is a business that Subsea 7 is not in today and will never be in. So, the components of the business they're in is not in tower installation, but is in the foundation installation and is in the cable lay business, which is probably around 50% of the capital spend associated with offshore wind.

So, we think they're well-positioned, we think their competitive offering of having an integrated service solution, which they do in the oil and gas business, has a differentiation between them and some of the competitors. And so we think that's a growing component of the business with relatively little capital that's gone into it. And even now they're growing the cable lay business with $25 million capital investment to repurpose one of their vessels out of the oil and gas business reducing capacity in that business and increasing their capacity in this growing business, and has a worldwide footprint because they’re in the North Sea where everybody else is in Europe, but they’re also in Taiwan and they’ve also done work here in the U.S.

So, therefore, ***it’s a growing footprint of business with a strong growth profile to it that is supplementing the core part of the business, which we still love and we think it’s underappreciated today. But the wind farm business, or their component in it, is actually a very interesting dynamic that we think you’re getting for free*** in that process.

DAVID KESSLER:

Thanks, Bob. I have a question for both of you. Perhaps we can start with Curtis, and I think it’s a very timely question. So, how do you respond to those who argue that the large move to passive investing over the last decade has made it harder to succeed as an active investor since investing’s a zero-sum game, and in order to buy, another investor needs to sell? So, perhaps the dumb money has moved to passive leaving the competition in the active space just too intense.

CURTIS JENSEN:

Yeah, it’s no secret that there’s been a tsunami of capital into ETFs and passive strategies. And if anything, the headlines over the past few years have ***really been the obituaries of hedge funds and mutual funds that are in the active space***.

So, ***if anything, there’s been sort of attrition in long-only long-term focused funds like ourselves***. And if anything, it means there are fewer participants who are actually involved in the exercise of price discovery. So, between that and the kinds of opportunities that the market’s always constantly turning up, and ***2020 was full of those kinds of opportunities, I think there’s plenty to do for someone with the right investment time horizon and someone with the right temperament and patience***.

THEO VAN DER MEER:

Great, thank you.

BOB ROBOTTI:

So, let me jump in on that one. So, passive investing, of course, is one of the things that sets up the opportunity for stock pickers. ***Valuation-- it really shouldn’t be value investing, it’s valuation investing. Valuation is a key part of every investment decision.*** It’s not wonderful businesses that have great growth or wonderful companies, the question is what price are you paying for that business. And so that's the question.

The universe we're invested in, we think the valuation, of course, is getting disconnected from what the underlying cashflows of the business are. Why? Because money is mindlessly going into passive investing and going out of the stocks that we're invested in. So, that's what's setting up the opportunity. The opportunity continues to grow.

When's the tipping point? I don't know. We all don't know. But the fact of the matter is by looking at those companies, doing our individual stock analysis, understanding the cashflows of the company, understanding the value equation, the stocks we own, we know are undervalued.

Many, many, many stocks today, it is a market-- it is difficult to find an undervalued investor. So, that's a key part: what is a value investor? What did Graham mean? Valuation matters! That's something we think a lot of the universe-- passive investing has forgotten because there's no regulator on the price they're willing to pay; the capital continues to flow until the point where there's a high risk in those situations and a very limited risk in the cashflows and the price we're paying for those cashflow.

THEO VAN DER MEER:

Great, thank you. So, again, this next question, we've gotten a couple that are similar, so I'm going to try my best to combine them. It wouldn't be 2020 if we didn't discuss politics a little bit, and we have several questions asking about our thoughts on a Biden administration, how that will affect our portfolio, and how we think about these administration changes.

BOB ROBOTTI:

So, in 2018, I remember being at an investor conference and a gentleman stood up and raised his hand and said, "I have a question, I have a question. How do you incorporate into your investment analysis the fact that Trump is going to implement tax changes and is going to have infrastructure spending?" And so I said, "Listen, the President of the United States is the most important person in the world. I don't think there's any dispute on that one." The fact of the matter is, those two things, one of those did not come to be. There is no infrastructure spending that came.

So, incorporating in speculative things about the president, administration, our government, those are all factors. ***The important person is not the President of the United States, the important person is who's the President of our investee company, how does he think, what's that company, what's the outlook of that business, what its competitive position, how does he adjust to government policies, economic realities, pandemics.***

All those things will happen. All those will have impact on the business and its future. So, the important person is not the President of the United States because we can't predict the outcome, the president can't predict the outcome. The president doesn't know if he's going to get something done.

So, therefore, to have that level of uncertainty, you can't speculate and make that a key part of your investment analysis because that's an unknowable. ***We are stock pickers, bottom-up. We are not macroeconomists because macroeconomics over time are very difficult to project. So, that's not the focus of our investment approach. Where it is is the president of our company, that business, its future cashflows, and how does he respond to outside events including who's the next President of the United States.***

DAVID KESSLER:

Great, thanks, Bob. So, another question actually I think for Bob to start with, the questioner says he agrees with Curtis' comments regarding value and growth being tied at the hip. So, does focusing on cyclical industries make it harder to find a long-term sustained growth story?

BOB ROBOTTI:

No. So, the homebuilding situation is a perfect example. So, I invested in 2009; today is 2020, almost 2021. So, we're 11 years into that process. The future of that business today with the combination between Builders Firstsource and BMC, the differentiation, the service offering they have, the long-term trends in that business which have had a decade where the economy has passed it by, we think is a very long runway of opportunity.

So, maybe in five years' time, six years' time, that will be long in the tooth and, therefore, investors will be wanting to invest in that business and then maybe something. But I'd say a 15-year timeframe is a reasonably long period of time; it's not in perpetuity.

So, ***therefore, investing in perpetuity in cyclical businesses clearly has a risk because there's some return to an oversupply situation and overpricing situation and over profitability. So, that's the cycle that does happen. However, frequently these businesses have a much longer period of time where that cycle plays out.***

And frequently it's also not just investing in a cyclical business because of the cyclicality, there maybe an idiosyncratic event that happens to a company that therefore makes the company misprice. For example, maybe AerCap could well end up being that kind of investment over time. You know, it was cheap before the market fell apart, it was very cheap when we got an entry point into it. The business over time has reasons to believe it's an extremely well-positioned, long-term business, and therefore we'll decide in time as that plays out do we want to stay invested, what's the market offering us for that company, how do we think about it in real time. And we don't know how that's going to play out yet.

But that could well be a cyclical investment in something. The cycle was a different thing, that pandemic. So, there's different things about cyclical businesses in terms of how do you define that.

THEO VAN DER MEER:

Great, So, our next question is probably for both of you, but one of our participants asked, "Do you have an opinion today on precious metals and the investment opportunity or not in the sector today?"

BOB ROBOTTI:

No, I have no view on it. It's not a market I've ever focused on. I don't have a core competency in it. A lot of the things we're invested in, there's a core competency. Clearly an entry point today into gold is problematic. Maybe there was one five years ago that probably there were things that were value components to it. But today I don't understand the business, and therefore I'm not an investor in something that has appreciated sum that may have a long runway of opportunity, but is not something that I really understand the dynamics of.

CURTIS JENSEN:

I think I'm in the same camp. I haven't really focused on precious metals. And I've just put it in the too-hard pile.

DAVID KESSLER:

Great, thanks. Another question we just got, again, for both of you is "Were there any names in 2020 that you sold as a result of the change in view of the fundamentals of the business?"

BOB ROBOTTI:

For me, I did sell some things, but it was not just to sell, it was to take some tax loss. So, I levered into something, I bought some more, the price came down dramatically. Therefore, there was a potential for me to realize an economic value and that was a tax loss in the process.

The fact of the matter is the business and the valuation came down dramatically more than the economic future cashflows of that business condensed. So, therefore, the value proposition got better in that process, and, of course, that happened with a significant portion of my portfolio; the valuation changed dramatically.

The future cashflows of the business as we looked at it at the time in certain cases came down, in certain cases it didn't come down, in certain cases it may have gone up. And so therefore, almost universally, there's not something that I sold off during the year given the outcome because that's what it was. The market would move much faster than the economic reality declined. So, therefore, that's a mitigating reason, again, selling something also.

CURTIS JENSEN:

I sold off one name in particular that I had held for a few years, and that was **Diamond Hill Capital**. We'll see in time whether that was a mistake or not, but Diamond Hill is a fine company, cash generative business model, it's an asset management. But the flows in the business have are sort of the life blood of the business, and the quality and the profitably of the flows are changing.

So, while the business will be fine, I think over time I was less sanguine about their prospects going forward. And when I sold it and I used the downturn in March to buy **Morgan Stanley**, ***which I felt was perhaps, more undervalued and more of a battleship, more aspects to its business in terms of durability. And so it was really substituting what I felt was maybe a higher quality franchise, a battleship over a speedboat.***

THEO VAN DER MEER:

Great. I'll just piggyback, actually, on those two things before I get to the next question, which is ***when the pandemic first hit, we took a deep dive on every single name that we held, and we looked specifically at the balance sheet, its access to financing, its survivability. That was one of the first things that we did at the onset of the pandemic to make sure that we were owning things that could survive however long the downturn would be.*** And with that, we did make a couple tweaks here and there in the portfolio.

So, the next question we have here is pretty open, open-ended. They're just hoping that we could talk about some of our other holdings that we haven't discussed today, some of the maybe smaller ones. They list a few here: **CNQ, UMH, Jefferies, Dana, PICO**. But if, Curtis, Bob, if you guys just want to talk about some smaller names that we haven't discussed yet today.

BOB ROBOTTI:

PICO Holdings is a water company-- the homebuilding business. We looked across the entire industry, and so therefore we think that land, water, certain key assets like that are in short supply, and there's an increasing likelihood of demand of those assets and they're mispriced and they're hard to figure out what they are.

And there's a lot of land companies, water rights, what is that worth? But it's a scarce resource that actually we think is significantly mispriced. In homebuilding something else that we see is, you know, **HomeFed** is something that we used to own an interest in. It's a Leucadia controlled company that owns real estate in a number of places, California being a key place, Southern California being a great location. They've done a great job of accumulating assets, positioning the business, and we think is a clear indicator.

We're on the right track that land and development that's likely to be developed in the short term is a very attractive asset because, of course, Jefferies was opportunistic and took that company private, issued shares in Jefferies.

We think it was a great indicator that there's something that highlights and affirms an investment idea. And I would also make reference, you know, Jefferies is something that we've owned for a long time, it's a great investment from the point of view of the investor apathy, disappointment, nobody wants to own the stock, it's underperformed, therefore, capital flows out of it, and yet the businesses, there are a number of people who own significant interest in the business, think about it on a regular basis are opportunistic.

The market gives you an opportunity, it's trading for significantly less than what it's worth. So, what have they been doing? ***The company has been buying in stock and buying in stock aggressively highlighting the fact the smart people who are not trying to boost the stock price to get a bonus for themselves but are looking at how to deploy capital to increase the value of the business and to do it at a price significantly less than what they believe the intrinsic value of the business to be. That's the kind of the thing that populates across our portfolio that we don't occasionally talk about.***

CURTIS JENSEN:

I guess one that I would highlight is **FRP Holdings**. Actually, this is the very first investment I made when I joined Robotti. This is a company that's in the real estate development business, they have a very interesting and beautiful business and it aggregates royalties business, and they've got a ton of cash on the balance sheet. And it's run by the Baker family out of Jacksonville; they are 35% owners of the stock, tremendous value creators and capital allocators, very conservative on how they approach business.

And the company really has, I think, a number of interesting growth drivers, new projects that are coming on in the next one to two years and beyond. And they have a lot of embedded options in the business, entitled land and things like that that will probably provide value in out years.

BOB ROBOTTI:

You did mention CNQ. So, CNQ is the symbol for **Canadian Natural Resources** because we do think that that highlights an investment theme that a number of us have, including Curtis. And that's mainly a Canadian oil and gas company. ***So, if you want to talk about the bottom of the barrel for the last number of years, that's it. Nobody wants to be in Canada, everybody's leaving Canada because it's the last guy along the line,*** the last guy to sell, he's the last guy at the marginal price and gets the lowest price.

But we think that that's a really interesting place. The commodities are there, they're significant, they're dramatic. The opportunities to develop them, better than most parts of North America. The fact is that there are new access points to get to the world market instead of selling to the United States, which you don't want to sell to us; we're oversupplied, and that's what we've been.

So, the Canadian business is one of which where you see capital outflow. And so Curtis has said this multiple times. That's what you want, you want an industry where there's capitulation and people are leaving. And who's buying? Canadian Natural Resources. They just bought another company again. They continue to extend their footprint, and they're buying opportunistically in a business where they have a knowledge, they have a core competency.

And why is that happening? Because there's a CEO of the company who's a significant shareholder who thinks about spending capital like it's his dollars. He's creating value on a constant basis highlighting that we do think that Canada is really interesting place for the oil and gas business for the next decade and significantly mispriced today, and on a risk-reward basis very attractive.

CURTIS JENSEN:

Yeah, I ***think if you want to know how we find ideas, another way is to look at industries where there's capital flight***. Bob's just highlighted Western Canada. There hasn't been a worse place to be in the energy business than Western Canada, and capital is just flowing out of there.

And who's buying the assets? It's the locals. It's the locals who know the business best. I have an investment in a Canadian midstream company called **Tidewater Midstream**, and it's really got some, I think, interesting prospects, a major de-levering event in the next year. And I think infrastructure assets in and around the Canadian energy space are very interesting.

DAVID KESSLER:

Thank you. So, we've received several questions; I'm going to try to combine them. It seems that people have noticed that we're all in different locations. So, the first question is working from home, how has that affected our research process? And second, you've talked a few times about how important it is to be in touch with different management teams. How has it affected your ability to be in touch with these different management teams with so many people working remotely?

BOB ROBOTTI:

So, ***I think actually it's very interesting. So, I think, of course, the workday is effectively extended***. It's no longer you come into the office at this time, you leave at that time***. We're all accessing our computers and our devices constantly.*** So, the fact of the matter is I would suggest-- what I see as my indicators, ***I see people working more than they did before***.

And our ability to communicate with each other, it's really not-- you do have all these new mechanisms. So, the fact that we didn't know, I didn't know Zoom before. And so today, not only is it something we've been able to use today to be able to stay close together and communicate with each other on a regular basis, but it's actually, of course, a tool that we'll have permanently.

So, there's some permanent improvement in terms of we got an extra mechanism. In terms of companies' managements, the managements have been universally making themselves available and they haven't been on the road being away from the office, which they were before. So, ***their accessibility is actually better today***, we would say in many ways, and their willingness to be accessible today is better than what it was.

S***o, in many ways, there's a significant improvement in our abilities to communicate among ourselves, our abilities to communicate with our companies' managements.*** There's some tradeoff, there's some negatives that come from that too. But I think there's a net positive and a net benefit, and I also think that there's a permanency of some of the things we've picked up and the new tools that we have that will continue to be with us to be able to communicate better.

CURTIS JENSEN:

It's good news for our investors, bad news for our spouses and significant others.

BOB ROBOTTI:

And I would point out that actually Curtis is in the office and that frequently since July, I've been in the office two to three days a week. As it turns out, I had my family down for Thanksgiving last week, and so my wife and I are isolating. Hopefully, of course, none of them gave us anything, but we don't want to be interacting with people in the interim.

THEO VAN DER MEER:

Thank you, all. So, we're just over an hour here, and I want to respect everyone's time. I know we have a ton of questions left here. We're going to try actually for anyone that we didn't get to, to reach out to you directly. But ***feel free to email us directly*** and ask us any follow-ups that you have. You can also email us ***at IR@Robotti.com*** if you don't have any of our specific email addresses, and we'll direct it to the right person.

But I'm just going to end with one last question here, which is-- there's actually of them, so I'll try and combine them, but generally with the market bouncing back and some of the rebound that's happened towards the end of the year here with the vaccine news, has the opportunity been missed or is there still more opportunity to be had?

CURTIS JENSEN:

I'll make a quick comment. One is ***I believe there's significant opportunity existing in the portfolio as it is today, and we're finding new things. That's kind of how we spend our time. And I would say that time in the market is much more important than climbing the market.***

BOB ROBOTTI:

So, I did see one of the questions that came up was, "Gee, when I hear the things that you own, frequently they are names-- I never heard of the company before you bought it. Why don't you own brands? Why don't you own names that I know? Why aren't those in your portfolios?" And so generally speaking, we do tend to be small-cap investors. And so, therefore, those are companies that are less likely to be household brands. ***Something that's a household brand by many is clearly thought as synonymous with what is going to be a large, successful company.***

What that normally means, of course, is those businesses also because of the recognition of the business and its success frequently has valuations that are indicative of the fact that it's a successful brand. So, the likelihood that we would own branded companies, the likelihood that we'd own largely successful companies-- and we've missed plenty of investments, clearly, in the last decades, we've missed plenty of investments not owning household names.

And today, you don't know what that opportunity set is there. ***What we do know is our companies, the competitive landscape of the people we compete with is a lot less, there are***

fewer people looking at them. So, the stocks continue to get cheaper. Our understanding and the ability to understand the dynamics in those businesses, we think we have a leg up, and therefore provides us insight into what are the future cashflows of that business and how is that different from the current trading price of the stock because that's the metric. ***It's not the popularity and well-known name of the company that matter to us in terms of investing, but it's the investment attributes that we've determined on these companies that determine what we own and what we buy.***

LINDSEY RUBINSTEIN:

Thank you, Bob, Curtis, Theo, David, and thank you to everyone participating and for all of your good questions over this past, just over an hour now. As Theo mentioned, we did not get to all of your questions, but please feel free to email IR@Robotti.com or any of us individually, and we will get those questions answered. We'll also make the recording and any associated materials available shortly after this presentation.

Please note, as was mentioned earlier, the annual meeting for the global strategy managed by Isaac Schwartz is next week, December 10th at noon Eastern time. Please RSVP if you haven't done so already. Or if you haven't received an invitation and would like one, please let us know.

In addition, we have a number of upcoming Fireside Chats with the executive managements of our core holdings in the coming weeks as well as upcoming interviews, podcasts, and articles, all of which will be announced or shared on ***social media, on the blog on our website at www.robotti.com, the Robotti homepage on LinkedIn, or on Twitter, the handle is @BobRobotti.*** Please continue to like, comment, and share so we can continue to tailor these postings to what you want to hear about.

Lastly, and importantly, as you've heard from the team today, COVID has provided a generational entry point. This includes the acceleration of trends in homebuilding and other segments that we've been noting for years along with consolidation activity amount our core themes in which we are active investors.

As Bob had mentioned in the past, what we are witnessing is a veritable stock pickers nirvana. The when is now, and we're uniquely positioned given our expertise and proven edge in navigating these segments over the past 40 years as active

investors in the space. We will follow up after this meeting with the necessary documents to invest or increase your investment with us.

And now for final thoughts, I'll turn it back to Bob. And we thank you again for your participation and continued support. We want to wish you and your families a happy and healthy holiday season. Until we meet again. Bob.

BOB ROBOTTI:

Thank you, Lindsey. And once again, thank you all for being here. We absolutely appreciate your long-term investment with us; it's critical in our investment process. So, again, ***we are value investors; we are unabashed value investors in a time where that label has been tarnished. We think that alone is an extra indicator of the fact that we're the right place to be today, with the valuations of the companies we're invested in***.

So, what do we do? It's fact-based research on individual companies, doing analysis, and that highlights the attractiveness of the investments that we're invested in today. ***I said our investment approach should be labeled valuation investment, valuation matters, valuation matters. There's a differentiator today between our investment approach and much of the market.***

And clearly, ***for Curtis to classify that as rational investment makes all the sense in the world to us. Of course it's rational, but think about valuations; that's a key componen***t. So, as I said at the start, that moniker, value investing, is something that we continue to and continue to hew to a process that we've done for 35 years, will continue to do, and do universally across the firm. So, thank you so much again. ***We think where we are investing is in the right place to be and at the right time.*** And we want to thank you. Best wishes to you, your families, good health, and we're all reminded of the importance of good health.

*** * *END OF TRANSCRIPT* * ***

Robotti & Company Advisors, LLC
Annual Investor Meeting 2020 Participants
(In order of appearance):

Lindsey Sichel Rubinstein –
Managing Director, Marketing & Investor Relations

Robert “Bob” Robotti –
President & Chief Investment Officer & Portfolio Manager, The Ravenswood Investment Company, LP & Separately Managed Accounts (SMAs)

Curtis Jensen –
Portfolio Manager, Ossia Partners Fund, LLC

Theo van der Meer –
Senior Investment Associate

David Kessler –
Senior Investment Associate