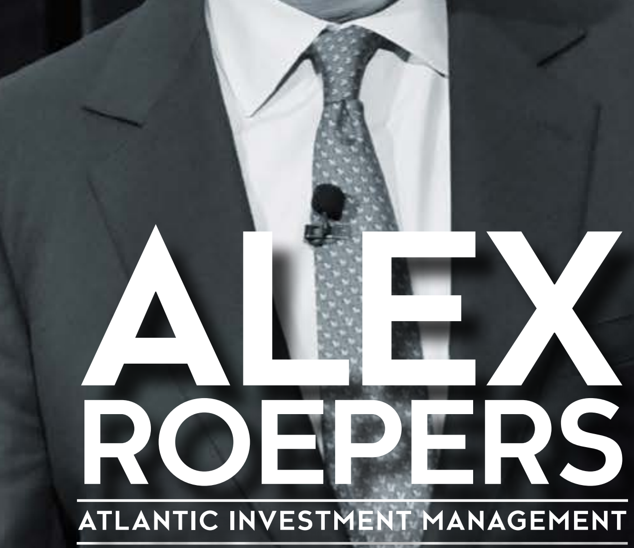

ALEX ROEPERS

ATLANTIC INVESTMENT MANAGEMENT

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An Interview with Alex Roepers

CAPITALIZE FOR KIDS: Can you walk us through how Atlantic Investment started and how the firm has been able to generate attractive risk-adjusted returns over a period that spans almost three decades?

ALEX: I spent six years in the 1980's working for two conglomerates in New York. One was Dover Corporation, a publicly traded industrial conglomerate and the other was Thyssen-Bornemisza Group, a European privately-held conglomerate. In both cases, I was involved in corporate development, mainly the buying and selling of companies.

I learned a few things while working for these companies: number one, the importance of due diligence and the analysis that comes with it; secondly, I learned to dislike paying premiums to gain full control – which you have to do if you're an industrial buyer or private equity group. I also disliked the inability to trade positions and not have the liquidity to sell. So, I took my toolbox into the public market by starting Atlantic in 1988 and focusing on a well-defined universe of mid-size industrial and consumer companies. Atlantic was started with a single purpose: to achieve a long-term record of superior capital appreciation using a concentrated value investing approach that was rooted in my experience with these two companies.

What gives an investment management firm like Atlantic the right to exist is the generation of superior capital appreciation over time. To get there, you need to concentrate capital. If you look like an index, you are unlikely to outperform in a significant way. Concentration of capital is a key ingredient needed to be able to provide superior outperformance.

But if you concentrate capital, you need some rules of the road because you have to be careful to avoid any significant losing positions. In venture capital, people expect that some investments are write-offs. If you have ten investments, you can expect the majority to be failures while a few winners should not only make up for the failures but also provide the overall return. Even in the private equity space, you can expect to have some complete write-offs. If you're in the public equity market on an unlevered basis and you put together a concentrated portfolio, which in our case is six stocks for our flagship U.S. fund, any write-off on one of those positions would be a disaster that can put an end to your fund or business.

How do you avoid losses in a concentrated public equity portfolio? We start with carefully defining our universe. Think of a pyramid of all public companies from small to large-cap. The bottom part of the pyramid represents all firms with market caps below one billion, which we avoid as we seek adequate liquidity in order to be able to get in, to get out and to properly size positions during the holding period. The top of the pyramid represents companies with market caps of over $30 billion, which are not of interest to us either.

Our reason for excluding large-caps is that we are seeking to have multiple catalysts for unlocking value. Corporate action, activism, and takeovers are three ways to unlock value. For over $30 billion market caps, activism is less prevalent and/or productive and takeovers are typically stock-for-stock deals that yield less upside than cash deals that are often seen in the mid-cap range where we invest.

With regard to unlocking value, we focus on the corporate action side, as an actively engaged shareholder to help management define and implement all the various ways we believe they can enhance shareholder value. This ranges from corporate development activities and uses of cash to improving operations, working capital management, corporate governance and the makeup of the portfolio – it's a broad range. Regardless, these actions are usually both easier to implement and more meaningful at medium-sized companies.

Our target companies often generally need to improve their operations. When we get

there, they are typically trading at a historically low valuation level and they need a sense of urgency to improve their results and valuation in order to get out of what we call the “vulnerability zone”, where they are potential takeover candidates, trading at just 6x EBITDA, 8x EBIT, or 10x forward earnings on lower-than-normal potential earnings.

At our initial CEO-level due diligence meeting, we discuss with top management the steps they intend to take to improve shareholder value. We will also follow up with our own recommendations for the initial actions the company should undertake to get the stock up 20% to 25% near term and out of the “vulnerability zone” and of course actions that create sustainable long term shareholder value over time for much more upside in the shares.

In our chosen mid-cap range, we seek to be a substantial minority shareholder, typically owning 2% up to 7% of the shares outstanding, which gives us the best of both worlds: credibility and access to top management as well as reasonable liquidity to trade and get out of the position.

If you look at any top 20 shareholder lists of publicly-traded companies in our universe, you will see that 2% ownership typically puts you in the top 10. Examining the top 20 shareholders a little closer reveals that we are in a world of passive investing, a world of widely diversified investors, including massive mutual fund complexes, ETFs, custodians and index funds. Typically 17-18 of the top 20 shareholders of almost any public company are these largely passive shareholders.

We feel being concentrated and a top 10 shareholder gives us a tremendous edge, because when we talk to management, they appreciate that this commitment separates us from just about any other large shareholder. Company boards and management teams don’t often get to talk to large shareholders that are as deeply knowledgeable about their company and industry as we are given our focus, concentration and almost three decades of investing in this space. Additionally, there are only a few investment firms that are as concentrated as we are. Fact is, virtually all professionally managed public equity portfolios hold more than 30 stocks. Most of the highly concentrated funds that make up the small minority are activists with varying styles along the typically used spectrum of “hard to soft” activism. We use a different spectrum, namely, “illiquid to liquid” activism. We see most activists as “illiquid activists” due to their overt public campaigns, waging proxy battles and obtaining board seats. If you think about the purpose of activism, which is to enhance or accelerate shareholder value creation, what really matters is that you will be able to capture the value created. We stay away from illiquidity for the simple reason that we want to

Alex Roepers Presenting at the Capitalize for Kids Investors Conference in 2016.

be able to trade our positions and size them properly.

This active sizing of positions has generated nearly 20% of our gross returns, and almost 40% of our alpha, over almost three decades. We see active sizing, which is rarely discussed when analysing investment returns of public-equity investment managers, as the second most important alpha generating tool, behind superior concentrated stock picking.

If you are highly concentrated, you don't just have six stocks and let each one of them be 15-16% of capital. You have one or two at 20%, two or three at 10% and one at 15%. Let's say one of the top positions at 20% of capital runs up right after you establish a full position. We will start clipping it almost right away because we want to maintain it at 20% of capital initially. The moment it goes up say 30-40%, while not yet at target, the risk reward has become less compelling, so we may bring this position down from 20% to 15% or 12% of the portfolio. We are still solidly exposed to this name, but we have taken a lot of money off the table, clocking big gains and, in case this run happened in 3-4 months, a triple digit IRR on part of the position.

Most activists can't actively size, because they're illiquid as a result of their public activism, proxy battle and/or Board seat. So, we feel that Atlantic is quite unique in its positioning. We didn't set out to do that, we set out to put up superior capital appreciation over time with a differentiated value investment approach within a specific investment universe.

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CAPITALIZE FOR KIDS: Has your philosophy and strategy changed over time at all?

ALEX: Since the inception in 1992 of the Cambrian Fund strategy, our flagship fund, almost 25 years ago, there have on balance been six positions at any given time. So, we have remained highly concentrated all along. Our cumulative net return over the past almost 25 years is almost 4,400% versus the S&P 500's total cumulative return of 860%. Cambrian Fund is solid proof that stock-picking can outperform over time.

CAPITALIZE FOR KIDS: You should be very proud of that Alex – that's remarkable.

ALEX: Thank you. Compounding at a superior rate is our number one objective at Atlantic. I am nowhere near done and we plan on making this a much longer record.

CAPITALIZE FOR KIDS: How do you see the firm evolving? You know there's obviously a lot of conversation right now on how hedge funds are incorporating big data and machine learning. Are you making use of any of that technology and if not, do you see your firm evolving in different ways?

ALEX: We are not likely to use big data as we don't see much use for it with our investment approach. We are industrial owner types performing extensive due diligence. We call ourselves "industrial tourists" as we conduct over 500 on-site company visits worldwide per year, seeing offices, plants, talking to managements and making judgments along the way. Other than our proprietary screening and signalling software and systems, which we have had for years and which allow us to focus on the areas and companies that are the most compelling, we do not computerize our stock selection or due diligence.

As far as evolving as a firm, we have grown, adapted and thus evolved over time but from an organizational and ownership structure we have essentially remained steady for most of our history. We have a long tenured research, trading, IR and finance team. Since the beginning of Atlantic in 1988, I have continuously been the CIO, spending most of my

time on due diligence, doing company visits, and working closely with our research team of eleven senior analysts.

When we started in 1988, we only focused on U.S. equities. By 2003, the firm was at about $1.5 billion in AUM with strong marketability. As we felt the need to control our AUM in order to protect our ability to generate superior returns over time, which involved maintaining a high degree of concentration, our mid-cap focus and reasonable liquidity, we temporarily closed our U.S. flagship fund, Cambrian and the long/short fund AJR/Quest.

Cambrian Fund, the long-only six stock fund, and AJR/Quest are joined at the hip, as the long/short is long about fifteen names with the top six made up of the same stocks that make up Cambrian Fund. These top conviction positions make up 60-70% of AJR/Quest's gross long exposure. In addition, we have another 9-10 other longs that add diversification on the long side. AJR/Quest has a typical gross short exposure range of 30% to 50% and 90% to 100% gross long so we are typically running a 30-60% net exposure. That fund has averaged about 11% net for almost 25 years, outperforming the S&P 500 total return despite having half the equity market exposure. Cambrian's net CAGR over that period is almost 17% net.

I am giving you since inception numbers because for us it is all about the long term. There are clearly growth and value investment cycles. We have just come off a 10-year growth and large-cap investing cycle. Early last year, we made the call that as of February 2016 a value investment cycle had finally started. We believe it will take time before it becomes more obvious to more people. Our paper "Rotation to Value", the main subject of my speech at the Capitalize for Kids Investors Conference in October 2016, was published in Institutional Investor in September of last year, and we continue to see proof that the value cycle is alive and well.

> We also made it clear that as a Harman shareholder, we were displeased with the low valuation they received.

That has only become clearer to us. Now we are a year and a few months into that new value cycle, and it's still a market where people are flocking to ETFs. It is a strong sign if value managers like us are able to outperform the main market capitalization-weighted indexes that are still getting major inflows on the growth side and the large cap side. The moment that inflows stop to these indexes and shifts to value, you are likely to see another four or five years of outperformance by active value managers over large cap and growth ETFs and funds.

CAPITALIZE FOR KIDS: Earlier in this conversation, you talked about how when you're involved with some companies, there is an urgency for them to do something given how susceptible they are to being taken over. The presentation you gave at our conference on Harman International fits that bill to a certain degree, so we're curious if you could provide some of your thoughts on that name and what transpired after the presentation.

ALEX: Harman has been a phenomenal investment for us and has been in the portfolio multiple times over the past 20 years. Having sold out of Harman in early 2015 as high as $140/share at a huge gain on a 20-month investment, we rebuilt the position by mid-May 2016 as low as $75/share. When I presented to your Conference in October 2016, Harman shares were at $79 or $80. Shortly thereafter, Samsung agreed to buy the company at $112/share, which resulted in a 40% return in a matter of about six months for us. The day the news of the deal came out, we spoke to Harman's CEO, congratulating Samsung for getting a fantastic company at an attractive valuation, congratulating him personally for crystalizing a $50 million change-of-control package (although we later learned from the proxy that, in addition, he got a $40 million retention package from Samsung), congratulating Harman's employees and customers as the combination

with Samsung should benefit both constituents. However, we also made it clear that as a Harman shareholder, we were displeased with the low valuation they received. Given that Harman traded at $145 just 18 months before the deal was announced, the $112 offer was too low in our view given solid operational performance in the past year as well as credible growth projections that Harman management presented in August 2016. We felt that $145/share should have been the minimum price for a sale. We also were critical of the fact that the Board hadn't engaged in a proper auction of the company and the fact that they agreed to a no-shop provision. After communicating our displeasure about the deal to the CEO, we reached out and spoke to the lead Director and then wrote to the Board. We got nowhere with that. Eventually, we were left with no choice but to vote against the deal, protect our appraisal rights and prepare for pursuing a higher value through either a settlement with Samsung or a lengthy legal process.

As part of this process, we went to the final shareholders meeting in Stamford, Connecticut in February of this year. It was a true reflection of the passive investing world we live in that this proud and storied $8 billion company, at its final public shareholder meeting, had only four shareholders show up. I used the occasion to read a statement of our opposition to the deal, even though we knew this would be to no avail. The deal was going to get approved regardless of our opposition, but we wanted to have our opposition and our reasoning on the record. In the end, Samsung reached out at the eleventh hour to us and we settled at a higher value for our investors as a result of our proactive opposition to the deal. We are not allowed to disclose the details of the settlement, but we were pleased with the outcome.

Overall, the investment was a great result for our investors and also for any attendees of last years' conference who bought Harman shares after our presentation, as they made a 40% gain in less than two months!

CAPITALIZE FOR KIDS: Exactly. That is something we are sure everyone appreciates. The other idea you discussed at the conference was Owens-Illinois. We know that you still have a significant position in that company, so we would be very curious to hear an updated view on your thinking.

ALEX: Owens-Illinois, or OI, is still our largest position today. During last years' conference, it traded around $18; today it is at $24/share, 33% higher in 9 months. OI is still recovering from when its shares sold off from mid-2014 to early 2016, as the strength of the U.S. dollar caused a decline in EPS from $2.60 in 2014 to $2.00 in 2015. Total glass tonnage was steady, but as 70% of their earnings are from Europe, Latin America and Asia Pacific, the EPS impact was unavoidable. During this time, the P/E went from over 10x to 6x EPS, whereas historically OI has traded between 10-15x EPS. Since early 2016, the shares have been recovering as operational performance continues to improve under new leadership, as debt and asbestos liabilities have come down and as the U.S. dollar has stabilized and now is weakening.

With headwinds turning into tailwinds and OI shares still trading at about 9x our 2018 EPS estimate, a significant discount to peers Ball Corp. and Crown Holdings, we see OI trading at $34/share in the next 12-18 months, based on 8x EV/EBITDA.

We think the probability of OI shares reaching our target is high. Our primary concern is renewed dollar strength. However, we see the Mexican Peso having returned to the level where it was pre-Trump. The Real has been stable recently and the Australian dollar, which is largely tied to the fortunes of China, has also stabilized. The Euro is still at a depressed level, but the moment ECB's Draghi eases off his QE program, we are likely to see the Euro appreciate up to the €1.20 level pretty quickly, which should be supportive for OI shares.

OI is also an under-appreciated self-help story that will continue to play out over a multi-year period. We had been urging the company to adopt a tighter, more rigorous operating focus, as well as improve supply chain and working capital management. The new CEO and CFO took their positions in the past eighteen

OWENS-ILLINOIS - OI (NYSE)

months and they have been making great strides, appointing other key executives, transforming the company into a much more focused and disciplined enterprise. We believe those efforts will lead to consistent improvement in margins and cash flows over several years. In addition, we have urged a strong focus on debt repayment to allow the company to redirect a preponderance of the free cash flow to the initiation of a dividend and meaningful share repurchases. We think this will be likely in 2018.

The combination of the low valuation, steady end-markets, high barriers to entry and ongoing business improvements also makes OI vulnerable to an unsolicited takeover. Back in 1988, OI was taken over by KKR and combined with another leading glass bottle maker, Brockway. The subsequent almost thirty years of industry consolidation has led to OI being by far the biggest glass container manufacturing company in the world. Glass containers, i.e. glass bottles, are the preferred and most sustainable package for "luxury in a bottle", serving the leading beer, liquor and wine makers as well as branded soda and bottled water companies. OI makes 25% of all the glass containers in the world. This is a unique franchise with solid pricing power and stable end-markets.

A quick word about OI's asbestos liability, which has long been a reason for the firm trading at a discount to peers: this liability stems from operations that were stopped in 1958. So a new claimant has to prove they were hurt by products OI stopped making more than 50 years ago, which is an increasingly high bar. At this point, the average new claimant is in their 80s, hence new claimants have dropped off dramatically, while old claims are being dismissed or settled. Outstanding claims have dropped from 2,080 to 1,400 in the past year and the remaining liability should be less than $600 million by year end. Since most people consider asbestos debt in their enterprise valuations, we have successfully urged OI to exclude the payments reducing

The combination of the low valuation, steady end-markets, high barriers to entry and ongoing business improvements, also makes OI vulnerable to an unsolicited takeover.

the asbestos liability from their free cash flow calculation. This was important because sell-side analysts are looking at free cash flow yields to value the packaging companies and now OI's free cash flow yield reflects on-going operations and not the drag from a legacy liability.

CAPITALIZE FOR KIDS: We certainly appreciate the update on OI. Moving on to the broader market, in your opinion, how would you characterize today's market environment?

ALEX: From a 40,000 foot level, you know the 10-year treasury yield is around 2.4%, while the S&P 500 dividend yield is around 2.1% and the earnings yield is about 5%, based on an index P/E of 17x. So we see the market as not overly cheap for sure but also not overly expensive. The continued low interest environment remains supportive for the overall market.

Within the market of course, you have many different pockets – it is a bit of a barbell, bifurcated market. On one hand, you have Tesla and the other story stocks that have a cult following and valuations that we think make absolutely no sense. On the other hand, you have many overlooked but solidly profitable companies who have little or no top-line growth, such as General Motors, automotive suppliers, airlines and retailers.

We would say the market is full of interesting opportunities, long and short. It is ok on balance as long as rates remain reasonable. We don't expect the Fed to raise rates too much beyond what is currently envisioned. With short term rates in the 1-2% range, which we see as healthy for the economy and an improvement for savers, we also see a supportive environment for our rotation back to value thesis. Growth stocks in many cases are valued on a discounted cash flow model, which include a terminal value that's determined by a discount rate. The higher the rate, the lower the terminal value and therefore, the lower the target value for the stock. We don't use discounted cash flow models. We are more private equity, bottom-up analysts. What's important to us is the cash flows in the next couple of years, what multiple on Enterprise Value (EV) that we are paying based on EBIT and EBITDA. That's what matters to us. Inside of the EV, we include unfunded pension liabilities, which are driven by pension benefit obligations, which are also determined by a discount rate. Here we have the reverse effect: the higher the rate, the lower the present value of the obligation. The zero interest rate environment that has been created by the last few Fed chairmen and the '08 crash has caused tremendous pain for companies with legacy liabilities, such as GM, Goodyear Tire and Owens-Illinois, i.e. quite a few companies in the value space. They had to use a lot of excess cash to fund increasingly underfunded pension plans, again, the result of the zero interest rate policy that resulted in low discount rates to calculate 30-40 year liabilities on the retiree pool. Clearly, rising rates are positive with regard to reducing pension liabilities, which reduces the EV and thus the valuation of many value companies and also frees up cash flow for share buybacks, acquisitions and dividends for these companies. Conversely, rising rates creates a headwind for growth companies that are largely valued on discounted cash flow models. So we see the current equity market dynamics as supportive of an upward bias as well as a rotation back to value.

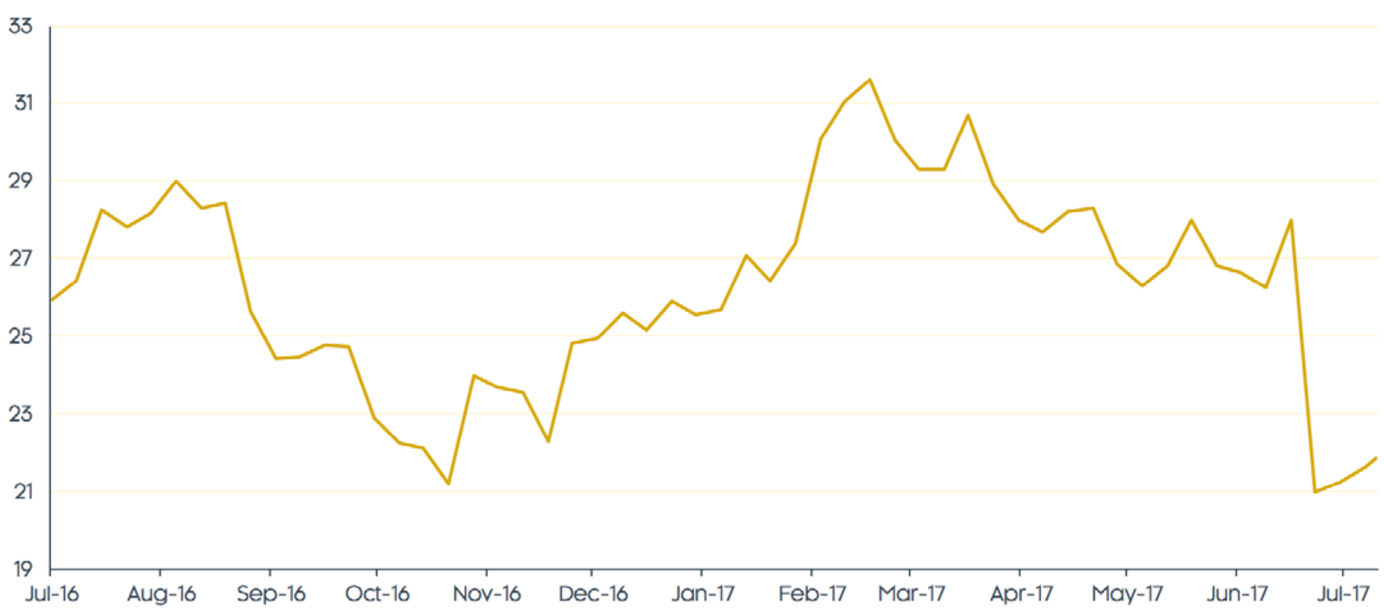
CAPITALIZE FOR KIDS: You talked about the market being bifurcated and how there are still pockets of value. Do you find that industrials and mid-caps in particular are areas that are looking attractive relative to the market?

ALEX: Industrials and mid-caps are obviously each large sub-sectors of the market that have undervalued and overvalued names. In general, we find most names in these two sub-sectors either fairly or overvalued at this time. However, for a concentrated investor like Atlantic, there is a sufficient number of attractive companies within our mid-cap universe to be fully invested at all times and still have a pipeline of 20-30 companies that are close enough in terms of attractive valuation that merit additional attention. Industries that we view as particularly undervalued at this time include home builders, car manufacturers and automotive suppliers. Traditional retailers also look cheap, but the fundamentals there do not look

COMMSCOPE - COMM (NASDAQ)

attractive. Wherever there seems to be value, one needs to be mindful to avoid value traps. We look for multiple catalysts to be present to unlock value, including self-help corporate action, which is where we, as constructively engaged shareholders, get involved to push an agenda to have management get on urgently with a comprehensive list of shareholder value improving actions. Other catalysts that we want to be present include vulnerability to other more overt activists and takeover by both strategic and financial buyers. For instance, we pass on investing in an automotive manufacturer like GM or Ford, for the simple reason that we are missing one of the key catalysts to unlock value – a potential takeover. Instead, we would focus on an automotive supplier, such as Magna International, the $40 billion Canadian company that we see as an attractive value play here, trading at less than 5x EBITDA.

Another solid value name, which is currently one of our top holdings, is CommScope Holdings, a $5 billion integrated manufacturer of end-to-end solutions connecting wired and wireless networks, including networking equipment like antennas as well as coaxial and fiber optic cables. Solid secular growth is rooted in increased use of streaming data, video and movies and increased use of smart phones and internet mobility in general. Foreign sales are 50% and increasing due to growth in less mature markets, both developed and emerging, which require improved bandwidth and connectivity. We see it as a solid business. Key customers include Comcast, Verizon, AT&T, Charter Communications, Anixter and Liberty Media. We started scaling into CommScope last October around $30/share. From there, the shares rallied to $42, up by 40% within 6 months. We were trimming along the way to keep the position in check as a percentage of capital. Then, in early May, due to a reduced forecast for Q2-2017, for reasons we deem to be transitory, Commscope shares were knocked down to $35, where we added back the shares we had sold on strength previously. We see the shares reaching $50 in the next 6 to 12 months on reasonable earnings and valuation assumptions. Given our analysis CommScope has solid downside support here, compelling upside on its own and also takeover potential.



DIEBOLD NIXDORF - DBD (NYSE)

CAPITALIZE FOR KIDS: It sounds like we might have to follow up with you on that name in 6 to 8 months.

ALEX: Another overlooked and misunderstood value play at this time is Diebold Nixdorf, the result of a recent business combination that has now $5 billion in sales. They are a leading maker of automated teller machines (ATM) as well as electronic point-of-sale (EPOS) solutions for the retail market. In ATM's, NCR and Hyosung are key competitors and in the retail vertical it is IBM-Toshiba and NCR mostly. There are some 3.3 million ATMs installed worldwide, one third of which are Diebold Nixdorf's. A key concern is that the proliferation of electronic payments will cause a reduced need for the use of ATM's. We believe that this concern is overblown as cash transactions and notes in circulation continue to grow even in the United States and Europe. ATMs remain a productivity tool for banks and an integral part of their customer interaction. While there has been a lot of consolidation of bank branches, the total ATM count in mature markets has actually been stable and now we see the overall banking sector is improving which bodes well for new and upgraded ATMs. The installed base is an important barrier to entry and key driver of business. About 60% of Diebold Nixdorf's sales come from maintenance services and software.

In the past two years, Diebold shares had fallen from $40 down to the low twenties. Besides a recent earnings warning in what is "year one" of a transformational merger, another key reason behind the share price weakness was a spell of declining capital spending by banks. The transformational deal was to buy a key competitor called Wincor Nixdorf out of Germany. Wincor, which was sold by Siemens to private equity in 1999, and subsequently listed in 2004, generates $2.5 billion in sales, $1.5 billion from ATMs and $1 billion from retail point of sale systems (POS) used by retailers like Ikea, Zara and H&M. The cross-border deal took a year before it closed in August of last year, during which NCR and others took advantage of the uncertainty and inability by the two merger companies to react.

We see significant potential from combining the complementary footprints and capabilities. Wincor is number one in retail EPOS in Europe, with a 30% market share, and a close second in ATMs. On the other hand, their presence

in both verticals in the U.S. was negligible, because they lacked the servicing network, which was too expensive to build out. The combination with Diebold, which has a leading service organization in the U.S., instantly created the largest ATM manufacturer in the world – bigger than NCR. Add in the promising potential for the combined company to attack the U.S. EPOS retail market, where check-out automation and an omni-channel presence are driving big investment. Diebold Nixdorf has leading technology, that is already proven in Europe and they just hired a key executive from competitor IBM-Toshiba to run that effort.

CAPITALIZE FOR KIDS: It sounds like a very contrarian idea.

ALEX: Perhaps at this time it is. Fact is, it is a $5 billion company targeting $240 million in synergies on a $4.5 billion cost base in three years by merging sales and service and going to market together. The $240 million target has a clear road map, which in our view will lead to earnings per share of $3.50 by 2020. Trading at $21/share now after announcing softness in sales and earnings during this first year of the business combination, we see Diebold Nixdorf share reaching over $40/share in 18-24 months, based on 11-12x our 2020 EPS target.

CAPITALIZE FOR KIDS: Because you've been following these companies and these sectors for such a long period of time, it seems you're able to sniff out opportunities where others can't. Is having an office outside of the U.S. a big advantage when looking at international opportunities?

ALEX: Yes. We believe we have an edge by having a global research organization. We started investing in European and Japanese stocks in 2004. In May of this year, our Asian team and I did another one-week trip to Asia, which is an important universe for us, visiting 35 companies collectively. It was my 28th Asian trip in 14 years since we started investing there. Our Tokyo office was opened in 2006 and serves our due diligence efforts in Japan and the rest of Asia. Our Asian research team has four seasoned members, two Japanese, one Chinese and one South Korean. In addition, we have three dedicated European analysts, located in our New York office; however, they go to Europe probably 10 times a year on extensive due diligence trips. Our U.S. team consists of four NY-based senior analysts. The global reach of our research gives us tremendous credibility in our conversations with managements everywhere. Having met regularly with key peers, customers and competitors of our target companies allows us to exchange valuable info and perspective which creates a two-way street during these conversations, making them mutually beneficial and productive.

CAPITALIZE FOR KIDS: It probably helps that you're referred to as 'The Gentleman Activist'.

ALEX: This is the reputation we sought to achieve from the outset in 1988, yet it was a 2008 Alpha Magazine cover article that labelled us as such. We are not interested in being in the press or engaged in other liquidity restricting activities, such as proxy fights or legal battles, as we want to retain our ability to trade and sell at will. We also prefer to be respectful and transparent with the managements we work with as it is a more pleasant and productive way to do business, and also because we don't want to burn any bridges, as we intend to do this for a very long time and we know it is a small world.

CAPITALIZE FOR KIDS: Just switching gears a bit, your team has been unbelievably supportive of our efforts here at Capitalize for Kids. You're one of the founding speakers that helped get the conference off the ground a few years ago, and since that time we're happy to report that we've raised over $4 million for children's brain and mental health. We're curious how your philosophy towards giving may have changed or evolved over time as you had a lot of success with your firm and how you think about philanthropy in the first place?

ALEX: Philanthropy is the opportunity to give back. I have been a long-time supporter of Robin Hood, the NY charitable organisation. In 2002, I set up a charitable foundation, which focuses primarily on making grants to help improve education,

healthcare and for fighting poverty. With education, the focus has primarily been on institutions, which my children and I attended, supporting those not only monetarily but also by serving in various capacities on their boards. At Atlantic, we encourage involvement with charitable causes, both monetary and through volunteering for events and on boards. We instituted a matching program for each individual at the firm and invite all team members to the annual Robin Hood gala event to get further exposed about the opportunities in philanthropy.

We have been very impressed with everything that Capitalize for Kids has accomplished, and are grateful for the opportunity to continue to be a part of your exceptional efforts!

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