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River Oak Capital Investment Philosophy and Process

June 2017

Cornerstone Principles that have formed our philosophy

- **Buffett – Be content with moderate gains.**
- **Marks – Second level thinking**
What is obvious to everyone is not profitable. If you want to do better than the average, you have to do something different than the average. Always ask yourself if and how you are adding any value. Everyone is a good downstream swimmer.
- **Buffett – Ignore the macro**
“I wouldn’t change a thing if Janet Yellen whispered in my ear what they will do with interest rates over the next year.”

Unless your last name is Soros and first name is George, I think you should focus your time on studying businesses and business models rather than interest rates, inflation, consumer confidence, currencies, unemployment etc.

- **Fisher – Forego the small profits; confine all efforts solely towards finding the really big opportunities.** He called this the “most valuable decision in my business life”.
- **Lynch – Scuttlebutt**
Go out there and try different products and services. One of the best ways to get an edge is to invest in areas that you are very familiar with, preferably in your own industry or other areas that you are interested in.
- **Munger – Make fewer and bigger investments**
Investing successfully over time is very hard, but you can beat the averages by making fewer and bigger investments.
- **Buffett – Power of compounding**
His record is astounding because it's so long but there are many other investors that have had higher returns in specific years and during specific periods. The key is consistency.
- **Dorsey – Understanding of moats.**
- **Things that are obvious to me today meant nothing a couple of years ago. It takes time to become good at filtering between important and unimportant information.**

(One of the best living examples of this is Buffett that now makes multi-billion dollar decisions in under an hour.)

Investing essentials

a) **Understand that the market goes up and down but mostly up**

Accept that you can't predict the moves, don't spend much time and energy thinking about those things. The market does go up over time as productivity and humankind advances. If either stops to advance permanently, we will all have bigger problems than our investment portfolios.

- Do you know anyone that successfully predicted the last three big market drops – and, did not predict ten other big drops in years between that never materialized?
- Forbes list – no one has title 'market timer'. There are primarily entrepreneurs and investors.
- Markets over past 200 years: i) Stocks are by far the best asset class ii) The market has mostly been going up but if you missed the 7% best days your returns would have been close to zero.

b) **“Offense wins games, defense wins championships.”**

Never expose yourself to the risk of going broke, be humble and flexible, and learn to be content with moderate gains. If the downside is ok, all the remaining alternatives are good ones.

c) **Know your Circle of Competence**

Work on expanding your Circle of Competence but only invest inside of it, no one cares how many things you put in the “I don't know” basket. Most companies are not great investments for you. This is crucial to understand. (e.g. Isaac Newton South Sea Company bubble)

d) **Make big investments, but not too often**

Berkshire Hathaway's record without their 10 best and biggest investments would have been average.

e) **Always get the facts**

Sometimes the important facts are not conveniently served up to us – that doesn't make them less important.

Sometimes the facts falsify our previous conclusions and we badly want to reject them – this is when recognizing them becomes even more important.

f) **Focus your time in areas that you find interesting and fun**

This will speed up your learning, improve your understanding and more importantly, improve your life.

We are here to have fun and to spend our time in areas that we find interesting and fascinating. No amount of money will outweigh a boring existence.

Process

- You need to decide on a couple of basic things regarding strategy: Do you want to do the macro and invest top down or do you want to focus on companies and invest from a bottom up perspective? Do you want to be concentrated or not? Do you want to be short term or long term? What types of businesses do you like and don't like?

But then: Focus on the actual investments prospects.

There are thousands of articles out there on investment process. Once you have decided on the basic principles, we don't believe all these articles are the best use of your time anymore.

There's no substitute for sitting down, focusing and doing the real hard work on your investment prospects, which means reading a lot, thinking a lot, perhaps do some modeling and then forming a conclusion.

- We should always evaluate how we spend our time. Time is much more valuable than money, it's not even close. Time is our life currency. Investors worry very much about permanent loss of capital. We have permanent loss of time every day.
- ***At the end of a year, ask yourself which activities helped your returns and made you a better investor. During which activities did you learn the most? Which activities made you feel good?***

The type of companies we look for

Before putting in even one minute, a requirement is that I can roughly understand the essence of the business right away. If it feels like Chinese to you at first glance, it will most often feel like Chinese after a month of research as well.

1. Companies with a sustainable competitive advantage that we can understand well. The competitive advantage will usually come from one or more of the following:

Switching costs, Network effects, Brand/mindshare, Proprietary technology, Economies of scale, Low-cost operator, Regulatory, Dominate a local niche market.

2. Companies that can handle tough markets, i.e. if times get really bad the company will still survive, and possibly even thrive if some of its competitors go bankrupt during downturn.
3. Companies that we believe will have a greater earnings power in the future than they have today. To accomplish this, our preference is for companies that have a highly scalable business model and/or are market leaders, but we will also invest in the occasional low-cost operators which are often able to achieve profitable growth.

(side benefit: earnings growth is often accompanied by multiple expansion)

4. Companies where we are paying a good price based on our estimate of future earnings power (free cash flow).
5. Companies with management that we trust. Our preference is that the people running the company have sufficiently large stakes to make a difference in their lives if the company is successful. Running a business is very hard and sometimes grueling; it's never going to be a very successful business unless the people running it are highly motivated.

Finally, to decide weighting, I basically go through 4 steps:

1. What do I believe free cash flow + net assets will be in 2 to 3 years?
(I don't put much weight on div. yield, never do DCF or other advanced modeling)
2. Multiple on FCF based on how strong the moat is and how long the company's growth runway is. The more confidence I have in the moat and the growth runway the higher the multiple.
3. What CAGR will the investment return if the lower boundary of my intrinsic value estimate is reached?
4. **"How sure are you?"** I always prefer a 20–30% return where I am very sure vs a potential 100% return where I'm not sure at all.



River Oak Capital

Uppsala, Nov 2017

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Agenda

1. Övertyga er om vilket som är det bästa sättet att investera under en livstid.
2. Förklara hur River Oak tillämpar det.
3. Er möjlighet att vara med.

Kort bakgrund om mig

- Investerare och egenföretagare sedan 2010
- Sambo och 2 barn (4 år & 1 år)
- Fd elitidrottare och landslagsman i badminton
- Civilingenjör Teknisk Fysik med inriktning Optimeringslära
- Exjobb Optimering av Cancerbestrålning vid University of Gainesville i Florida, USA

Hur fastnade jag för investeringar med denna bakgrund?

- Frågade min chef om hur man värderade företag. Hans svar: Titta på PE-talen.
- Började fundera lite mer själv, 2 år senare bad en kompis om hjälp, jag hjälpte, fastnade.
- Hade flera lockande alternativ under dessa år:
 - *Stående jobberbudande ViewRay Inc. i USA Optimering av cancerbestrålning
 - *Chef KI-projekt med mål att korta vårdköerna
 - *Satsa fullt ut på Nutris som hjälper dig äta rätt och gå ner i vikt
- På all ledig tid och semestrar satt jag och läste om företag och investeringar.
- 10x bättre resultat när man gör något man verkligen tycker är roligt och fascinerande – lätt val i slutändan.
- Jeff Bezos (Amazon's grundare) fick frågan varför han spenderade en massa tid och miljarder på att bygga rymdraketer i sitt andra företag Blue Origin:

"You don't choose your passions. Your passions choose you."

Aktier, Obligationer, Guld eller Kontanter??

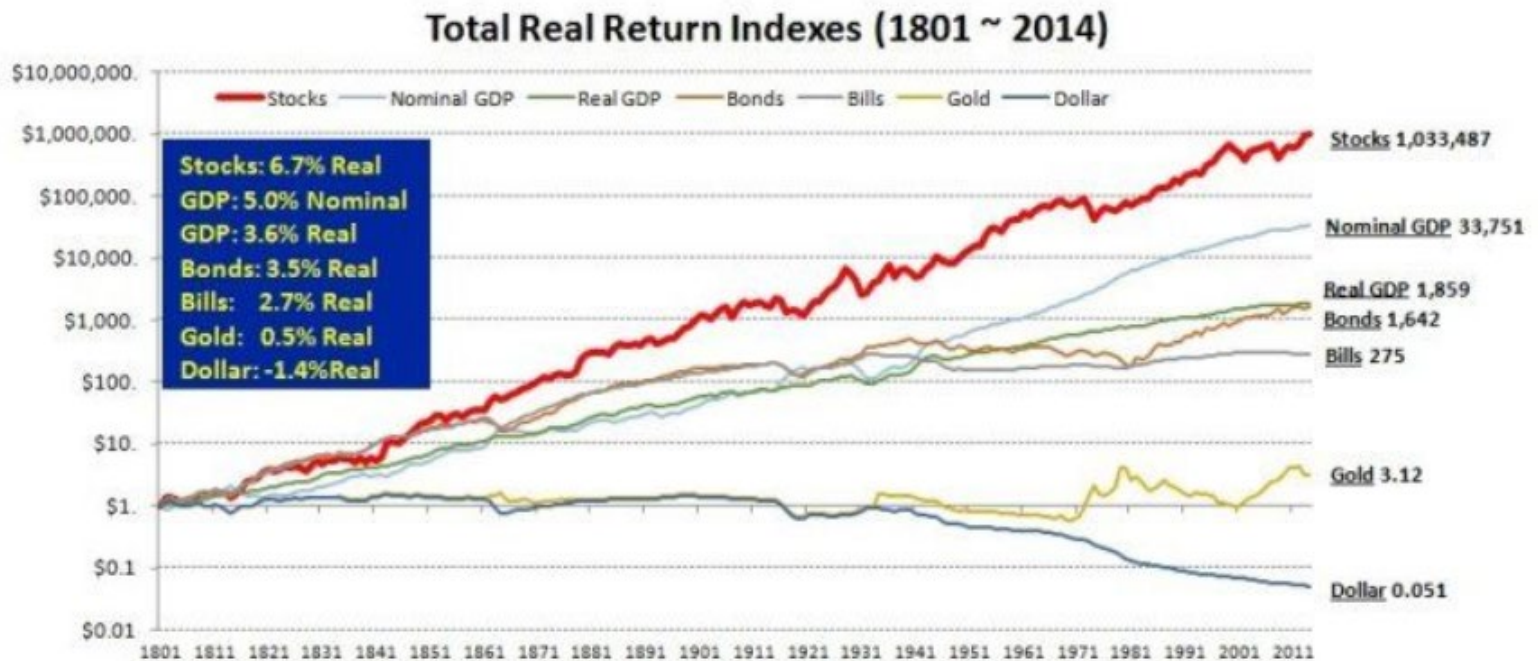
Performance of Financial Assets in America from 1801 to today



Source: [Jeremy Siegel, Future for Investors \(2005\)](#), [Bureau of Economic Analysis, Measuring Worth](#)

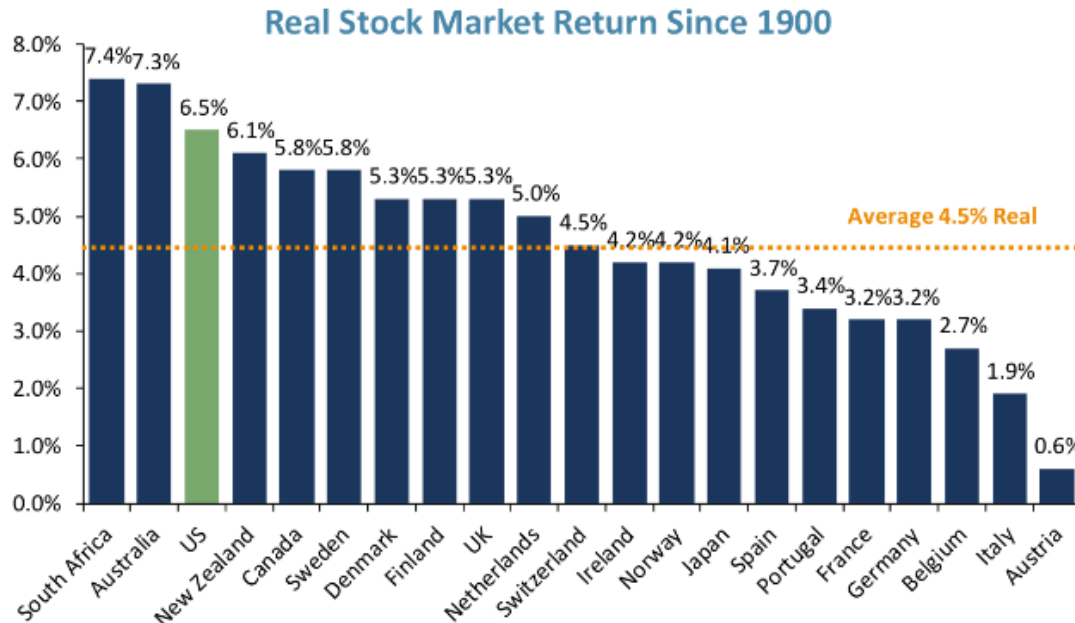
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Source: [Jeremy Siegel, Future for Investors \(2005\)](#), [Bureau of Economic Analysis, Measuring Worth](#)

1900 - 2002: Senaste 100 åren



Source: [Dimson, Marsh, Staunton, Triumph of the Optimists: 101 Years of Global Investment Returns](#)

- Norden & USA där River Oak främst investerare har gett en årlig avkastning på 7-10% sedan 1900.

(*varav ca 3% BNP-tillväxt, 3% inflation, 1-4% förvärv/aktieåterköp mm)

Ränta-på-ränta effekten ger enorma resultat

Årlig avkastning	4%	8%	12%	24%
10 år	1,480,244	2,158,925	3,105,848	8,594,426
20 år	2,191,123	4,660,957	9,646,293	73,864,150
30 år	3,243,398	10,062,657	29,959,922	634,819,933

*baserat på 1 miljon investerat

- **Men om man time:ade maximalt illa och köpte precis innan finanskrisen då?**

Okt 2007 – Okt 2017 har gett 5% genomsnittlig årlig avkastning.

*“Compound interest is the eighth wonder of the world.
He who understands it, earns it... he who doesn't... pays it.”*

- Albert Einstein (enl rykte)

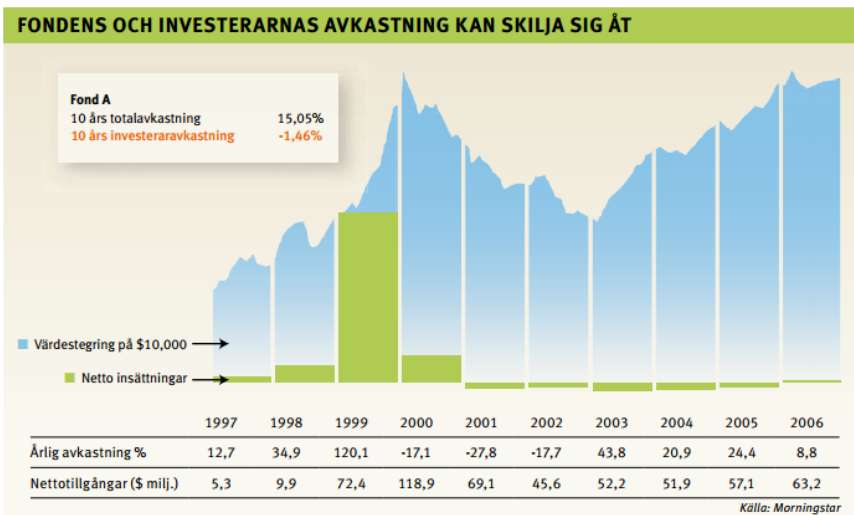
Aktier, Obligationer, Guld eller Kontanter??

Svar: Aktier. Men...

- Index i Norden och USA har alltså gett en genomsnittlig årlig avkastning på 7-10%.
- Men det svänger mer:
Den genomsnittliga årliga skillnaden mellan högsta och lägsta nivån på index har varit 23%.

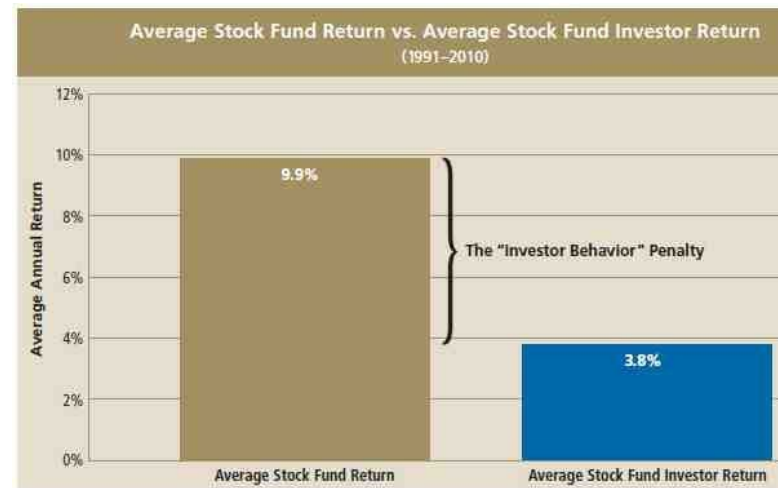
Ska man försöka time:a svängningarna?

Skagen Fonder



Source: [Morningstar](#)

USA fonder 1991-2010



Source: Quantitative Analysis of Investor Behavior by [Dalbar, Inc.](#) (March 2012) and Lipper. Dalbar computed the "average stock fund investor return" by using industry cash flow reports from the Investment Company Institute. The "average stock fund return" figures represent the average return for all funds listed in Lipper's U.S. Diversified Equity fund classification model. Dalbar also measured the behavior of a "systematic equity" and "asset allocation" investor. The annualized return for these investor types was 3.2% and 2.1% respectively over the time frame measured. All Dalbar returns were computed using the S&P 500® Index. Returns assume reinvestment of dividends and capital gain distributions.

*"Jag har en kollega som förutspådde kraschen 1987 och sålde allt.
 Han har suttit likvid sedan dess."*

– Filip Weintraub

Vad säger affärsvärldens Michael Jordan & Scottie Pippen?

*"Microeconomics is what we do.
Macroeconomics is what we put up with."*
– Charlie Munger

*"I never have an opinion on the market
because it would not be any good and it might
interfere with opinions that are good."*
– Warren Buffett

*"If Federal Reserve Chair Janet Yellen came up
and whispered in my ear what she was going
to do for the next two years, it wouldn't make
any difference to what we do."*
– Warren Buffett

*"I think not reading much macro
is very beneficial."*

– Howard Marks
(Oaktree Capital, förvaltar 100 Mdr USD)



Till vänster: Warren Buffett, Chairman & CEO
Till höger: Charlie Munger, vice Chairman

Berkshire Hathaway's värde har ökat från 15/aktie
1965 när Buffett tog över till 275 000/aktie idag
(dvs 10 tkr investerat 1965 hade blivit 183 Mkr idag).

Försök inte förutsäga marknaden

- Du kan göra en briljant och korrekt analys av räntorna men ha fel om den globala tillväxten, inflationen, dollarn, Kina, Indien, Trump.

→ helt oanvändbart för att förutsäga marknaden.

- Var det någon härinne som för 5 år sen förutspådde:
 1. Negativa reala räntor i Sverige, Norge, Danmark, EU och USA?
 2. Oljepriskraschen från \$110 till \$40 tillbaka till \$60 idag?
 3. Brexit?
 4. Trump?
 5. Att börserna idag skulle vara på sitt 10e uppgångsår trots Brexit och Trump?
- ***Om man inte lyckades förutspå de senaste 5 årens stora händelser, varför skulle man ha bättre lycka kommande 5 år?***

Det är viktigt att vara med..

- Du vill vara med på världens långsiktiga uppåtgående trend!
- Kan ni tänka er en elitidrottare stå över 2 år pga oro för skaderisken?
- Marknaden har varit fantastisk över de sista 100 åren – men om du hade missat de 7% bästa dagarna så hade din avkastning varit nära noll.
- Mycket pga ovan som River Oak har en till naturen mer permanent kapitalstruktur.

Slutsatser Del 1

- Aktier är fantastiskt att vara investerad i över tid.
- Min bästa gissning är att marknaden kommer ge 6-10% årligen även framöver.
- Ge upp dina förhoppningar om att kunna time:a marknaden.
- Alla framtida krascher ser ut som risker, alla historiska krascher ser ut som möjligheter.

Del 2 - Hur gör River Oak Capital?

Index vs River Oak

Index

- Index = en samling företag

T ex svenska OMXS30-indexet utgörs av de 30 största noterade företagen i Sverige.

Tänk på index som genomsnittsföretaget av dessa 30.
- Genomsnittsföretaget (som överlever och fortsätter ingå i index) har gett 7-10% per år.
- Index är inget dåligt investeringsalternativ.
- Under perioden 2001-2016 så var index bättre än 82% av alla amerikanska fonder.

River Oak

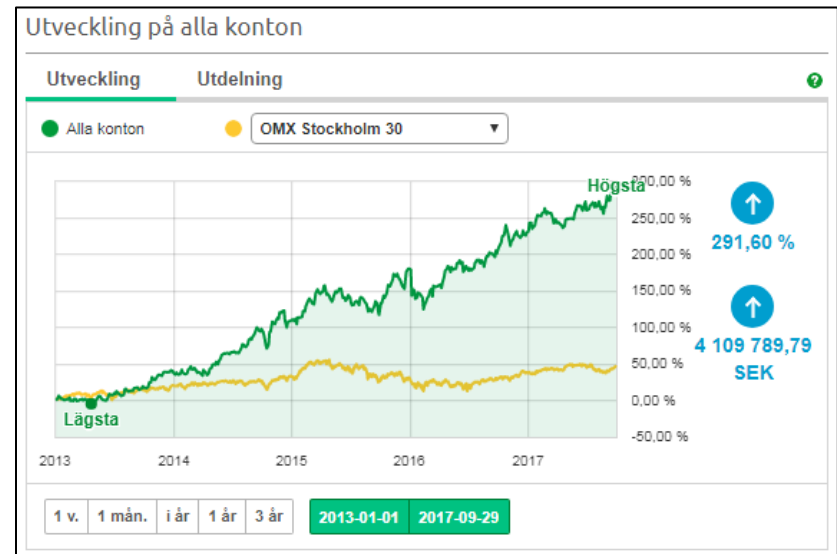
- Hitta företag som är bättre än genomsnittet och/eller som handlas till ett lägre pris.
- För att uppnå målet så investerar vi i regel i företag utanför index.
- Om vi lyckas så kommer vi över tid att nå en högre avkastning än index – hittills har vi lyckats.

Resultat

Jan 1, 2013 – Feb 7, 2017: Zen Capital Family Partnership

Feb 8, 2017 – Sept 30, 2017: River Oak Capital AB

	Brutto avkastning	Partners ² inkl. utd.	OMXS30 ³ inkl. utd.	Skillnad
2013	41.0%	30.8%	25.4%	5.4%
2014	45.0%	33.8%	13.6%	20.2%
2015	35.1%	26.3%	2.5%	23.8%
2016	20.5%	15.4%	9.1%	6.3%
Sept 30, 2017 ¹	19.6%	14.0%	10.6%	3.4%
Total avkastning	298.1%	190.6%	76.1%	114.5%
Genomsnittlig årlig avkastning	33.8%	25.2%	12.7%	12.5%



* Till vänster före skatt, till höger efter skatt.

Skatt

- Företag:**
 Om ett aktiebolag äger andelar i ett onoterat aktiebolag så kallas de för näringsbetingade andelar. En kapitalvinst från en försäljning av näringsbetingade andelar ska enligt 25a kap. 3 § och 5 § Inkomstskattelagen inte tas upp till beskattning hos aktiebolaget.

*Mer specifika skattefrågor hänvisas till respektive persons/bolags egna juridiska ombud och skatterådgivare.

- Privat:**
 Finns möjlighet att investera via Kapitalförsäkring Danica Pension (kostar ca 1% per år).

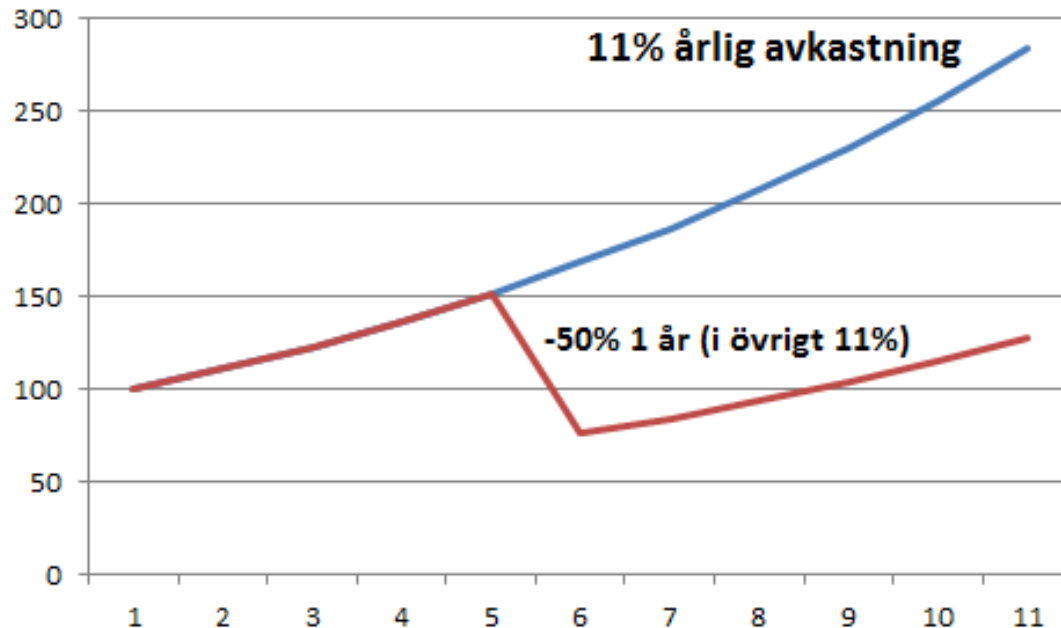
Mål

1. Förlora inte pengar – vi kommer alltid att tänka på nedsidan först.
2. Tjäna 15% (före skatt i SEK) på vårt kapital *i genomsnitt* per år över tid

--> Bolagets värde efter alla kostnader att öka sitt värde med ca 11% i genomsnitt per år över tid.

“Offense wins games, defense wins championships.”

- Vi tänker alltid på nedsidan först.
- Om du förlorar 50% av ditt kapital i en investering så måste du ha en efterföljande uppgång på 100% endast för att nå breakeven.



Vi håller oss till det vi förstår bra

- Inga minuspoäng i investeringsvärlden att säga “Jag vet inte”. Tvärtom.
- Om du inte förstår vad du investerar i, hur ska du då kunna ta framtida beslut?
- 1711 South Sea Company, Isaac Newton
 - 1) Dubblade initialt sina pengar, sålde pga att han såg för stor spekulation.
 - 2) Köpte tillbaka långt högre pga den vilda entusiasm som rådde kring bolaget.
 - 3) Slutade med att han förlorade mer än 3 miljoner USD i dagens pengar.

Ryktas att han förbjöd alla sina vänner att nånsin nämna orden “South Sea Company” i hans sällskap.

"I can predict the movement of the stars but not the madness of man."

...och investerar stort när vi väl investerar

- Bra möjligheter är sällsynta.
- Om man väl tar sig tiden att vara aktiv och välja ut aktier så ska man se till att man får betalt om man har rätt.
- Meningslöst att välja ut 50-100 st aktier, då blir man i stort sett = index! (många banker/fonder gör precis det och kallar sig för aktiva förvaltare)
- Det är visat att fler än 7-8 aktier ej ger någon märkbart ökad riskspridning.

Vi fokuserar på enskilda företag

”Vad har vi för strategi i en nedåtgående marknad?”

Lite förenklat så finns det 3 huvudscenarion:

1. Det finns många undervärderade företag som jag förstår väl.
2. Det finns några undervärderade företag som jag förstår väl.
3. Det finns inga undervärderade företag som jag förstår väl.

När 1) gäller så kommer vi ligga så gott som fullinvesterade.

När 2) gäller så kommer vi troligen ha aningen högre andel kassa.

3) har jag ännu aldrig varit med om men om det skulle inträffa så kommer vi ligga med 100% kassa.

Vilka företag letar vi efter?

Innan jag lägger mer än 5 minuter: Vill kunna förstå verksamheten hyfsat vid en första anblick.

1. Företag som har en stark konkurrensfördel (eller flera).
2. Företag som har en god ekonomisk grund – balansräkning och affärsmodell.
3. Företag som jag tror kommer tjäna mer pengar i framtiden än vad de gör idag.
4. Företag där vi betalar ett attraktivt pris baserat på vårt estimat av företagets värde.
5. Företag med en ärlig och kompetent ledning.

Föredragsvis har ledningen ett tillräckligt stort aktieäggande för att göra en skillnad i deras liv – att driva ett företag är tufft och ibland gaskramande – motivation behövs.

Hur värderar vi företagen?

- Uppskattar kassaflödet och nettotillgångarna om 2-3 år
(inte på något sätt avancerade modeller)
- Sätter multipel baserat på hur stark konkurrenssituation företaget har, tillväxtmöjligheter, förutsägbarhet i vinsterna
(mkt erfarenhet som används här)
- *Investing is as much art as science.*
- *You don't need to know a man's height to know he is tall.*

Hur väljer vi?

- Vilken årlig avkastning får vi om den nedre gränsen av mitt uppskattade företagsvärde nås?
- Ibland är det svårt att skilja två företag åt: Vi tar alltid det mer försiktiga alternativet.
- Jag föredrar alltid ett alternativ där jag känner mig väldigt säker på 20-30% årlig avkastning än där det finns en chans till 50-100% avkastning men där jag inte alls är säker.
- ***“How sure are you?”***



FORTNOX

Småföretagens bästa vän

Investering 2014:

- Fiat hade precis förvärvat sista delen av fd Chrysler och ägde nu Ferrari, Maserati, Jeep, RAM mm
- Bästa VDn i bilbranschen Sergio Marchionne men värderades ändå extremt lågt i förhållande till nästan identiska Ford och General Motors.
- Uppbyggd efterfrågan på bilar i USA efter finanskrisen.
- Hela Fiat-koncernen värderades till 15 miljarder när jag investerade.

Jag uppskattade att Ferrari ensamt var värt 5-10 miljarder och samtidigt gjorde hela koncernen ett EBIT-resultat på 3 miljarder.
- Idag värderas hela koncernen till 48 miljarder. (Ferrari har delats ut till ägarna)

Investering 2015:

- Från Fortnox 2014 ÅR:
“Endast 15% av de större företagen och 11% av de mindre som köper molntjänster för bokföring, redovisning och ekonomistyrning. Den vanligaste orsaken till att företag inte använder molntjänster är bristande kunskap, visar SCB:s undersökning.”
- Kollade upp att Fortnox hade ca 100k kunder och att det fanns ca 1M företag i Sverige varav 99% småföretag.
- Stark nätverks- och inlåsningsseffekt
- Stora möjligheter till merförsäljning → intäkt per kund
- Betalade ca 8x 2018E vinst
- Handlas idag ca 25x 2018E vinst
- Lite förenklat ser jag att ett noterat genomsnittsföretag handlas till 10-16 ggr årsvinsten – Fiat till 18x årsvinsten vore väldigt dyrt, Fortnox till 8x väldigt billigt.

Kan de senaste årens höga avkastning fortsätta?

- **Argument för:**
Som investerare blir man bättre och bättre för varje år med ökad erfarenhet.
- **Argument emot:**
Sunt förnuft.

Om nuvarande takt fortsätter...

Årlig avkastning	4%	8%	12%	24%
10 år	1,480,244	2,158,925	3,105,848	8,594,426
20 år	2,191,123	4,660,957	9,646,293	73,864,150
30 år	3,243,398	10,062,657	29,959,922	634,819,933

- Vad tror ni världens bästa investerare genom alla tider Warren Buffett har haft för genomsnittlig årlig avkastning?

31.6% brutto i 12 år när han var ung, ca 20% de senaste 50 åren.

- Jag tror det är möjligt att fortsätta ha en riktigt bra avkastning åtminstone upp till 50-100 MSEK i kapital (om än inte lika bra som hittills).

Sammanfattning

DEL 1

- Marknaden går upp över tid i takt med att produktiviteten och mänskligheten går framåt. Om det slutar så kommer du ha större problem än dina aktier. ***Aktier är fantastiskt att vara investerad i över tid.***
- Försök inte time:a marknaden.
- Alla framtida krascher ser ut som risker, medan alla historiska krascher ser ut som möjligheter.

DEL 2

- River Oaks mål är att nå en högre avkastning än index genom att investera i företag som är bättre än genomsnittet och/eller lägre prissatta.

En investering i River Oak kan vara intressant för dig som:

1. Har överskottskapital du ej kommer behöva kommande 2-3 år. (t ex pensionsundansättningar från ditt företag) Se till att ha marginal – en god nattsömn är viktigare än att tjäna några extra kronor.
2. Vill ha en väldigt låg nedsida över tid och samtidigt chans till en god uppsida.
3. Tror på vår investeringsfilosofi och litar på mig och vår styrelse.

Emissionen

Teckningskurs

100.5% av Bolagets substansvärde på Likviddagen.

Bolagets substansvärde per den 30 september 2017 var 108.35 kr per aktie vilket då skulle ha motsvarat en teckningskurs på 108.90 kr per aktie.

Teckningsperiod

1 november – 1 december 2017

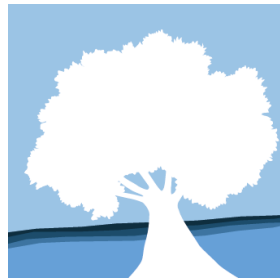
Likviddag

8 december 2017

Tack för er tid!



River Oak Capital



River Oak Capital

Streamsong, Dec 2017

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Background

- Investor since 2010, small business owner since 2013
 - Fiancée & two kids (4 yo & 1 yo)
 - Former athlete, Swedish National Team in Badminton 1992-2006
 - M.Sc. Engineering Physics; Specialization in Optimization Theory
 - Master's Thesis: Fluence Map Optimization for Cancer Radiation Treatment Planning at University of Gainesville, Florida
- => My supervisor founded ViewRay, Inc. in 2006; listed on Nasdaq in 2016

Why investments?

- Asked my boss if he knew how to value companies. His answer: Compare P/Es.
- I thought some more about it, read Snowball & Security Analysis, 2 years later a friend asked for my help valuing a special situation company, I got hooked.
- Had other tempting offers:
 - *ViewRay, Inc.
 - *Karolinska Institutet
 - *Family-owned business Nutris
- On all vacations and spare time I was reading about companies and investments.
- 10x better result if you do something that truly fascinates you.
- Had doubts quitting all help-people-with-their-health projects – Interview Jeff Bezos on why he spent a lot of time and billions on Blue Origin:

"You don't choose your passions. Your passions choose you."

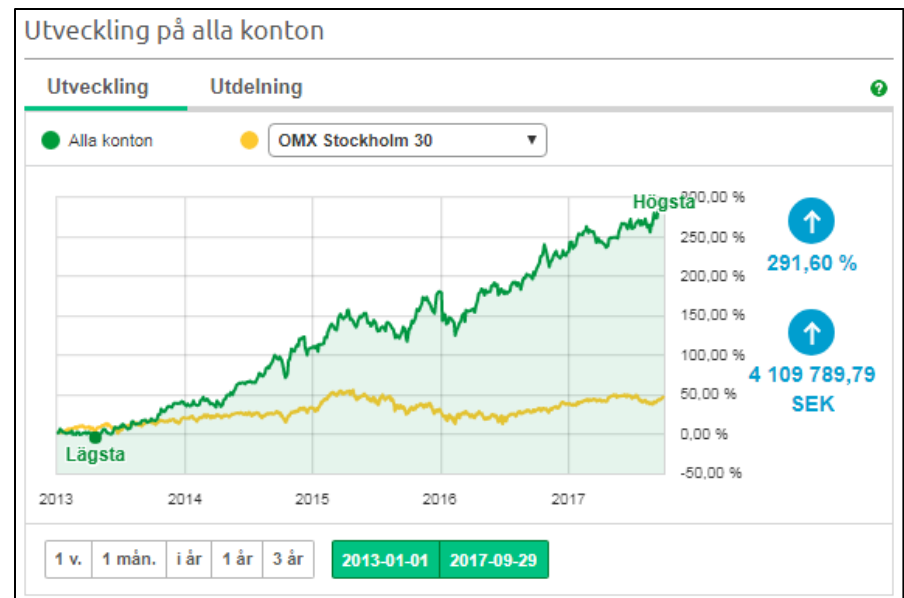
River Oak Capital

- River Oak Capital AB started operations in Feb 2017.

Structured as investment company, 11 initial shareholders, will be close to 20 shareholders after Nov 2017 equity raise.

- Jan 1, 2013 – Feb 7, 2017: Zen Capital Family Partnership.
Feb 8, 2017 – Sept 30, 2017: River Oak Capital AB.

	Gross Return	Partners incl. div.	OMXS30 incl. div.	Difference
2013	41.0%	30.8%	25.4%	5.4%
2014	45.0%	33.8%	13.6%	20.2%
2015	35.1%	26.3%	2.5%	23.8%
2016	20.5%	15.4%	9.1%	6.3%
Sept 30, 2017	19.6%	14.0%	10.6%	3.4%
Total Return	298.1%	190.6%	76.1%	114.5%
Compounded Annual Return	33.8%	25.2%	12.7%	12.5%



* Left: Pretax. Right: Aftertax.

* Currency effects on gross returns positive 7% in 2014, positive 2% in 2016, negative 8% per Sept 30, 2017; other years <1%

Goals

1. Don't lose money – always consider the downside first.
 2. Earn 15% (pretax in SEK) on our capital on average per year over time.
- => Book value CAGR ~11% per year after costs (mainly salary).

We are long only

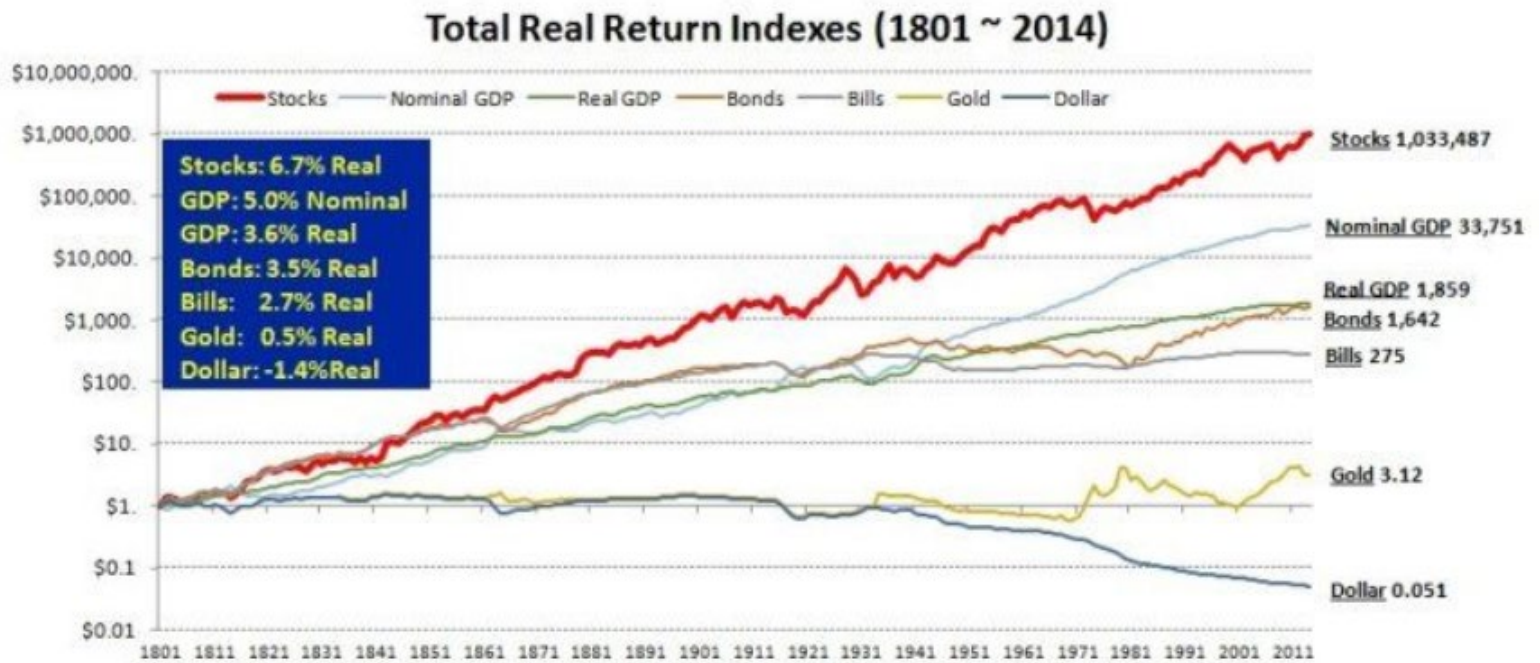
Performance of Financial Assets in America from 1801 to today



Source: [Jeremy Siegel, Future for Investors \(2005\)](#), [Bureau of Economic Analysis, Measuring Worth](#)

We are long only

Performance of Financial Assets in America from 1801 to today



Source: [Jeremy Siegel, Future for Investors \(2005\)](#), [Bureau of Economic Analysis, Measuring Worth](#)

We primarily invest in the Nordic countries and the US

7-10% (nominal) return per annum since 1900 – we're in a very favorable game!



Source: [Dimson, Marsh, Staunton, Triumph of the Optimists: 101 Years of Global Investment Returns](#)

We don't try to predict the market..

- Brilliant analysis of interest rates but wrong about global growth, inflation, China, India, Trump.

→ Useless when trying to predict the market.

- Did anyone here foresee:
 1. Low/Negative real interest rates for so long?
 2. Oil price?
 3. Bitcoin?
 4. Brexit? Trump?
 5. That stocks would be on 9th up year despite Brexit and Trump?
- ***I know I didn't predict past five years, and see no reason why I would have better luck with next five.***

However, I did roughly predict the earnings growth of a small number of companies.

WB & CM put in combined ~140 years...

*"Microeconomics is what we do.
Macroeconomics is what we put up
with."*

– Charlie Munger

*"I never have an opinion on the market
because it would not be any good and it
might interfere with opinions that are
good."*

– Warren Buffett

*"If Federal Reserve Chair Janet Yellen
came up and whispered in my ear what
she was going to do for the next two
years, it wouldn't make any difference
to what we do."*

– Warren Buffett

*"I think not reading much macro is very
beneficial."*

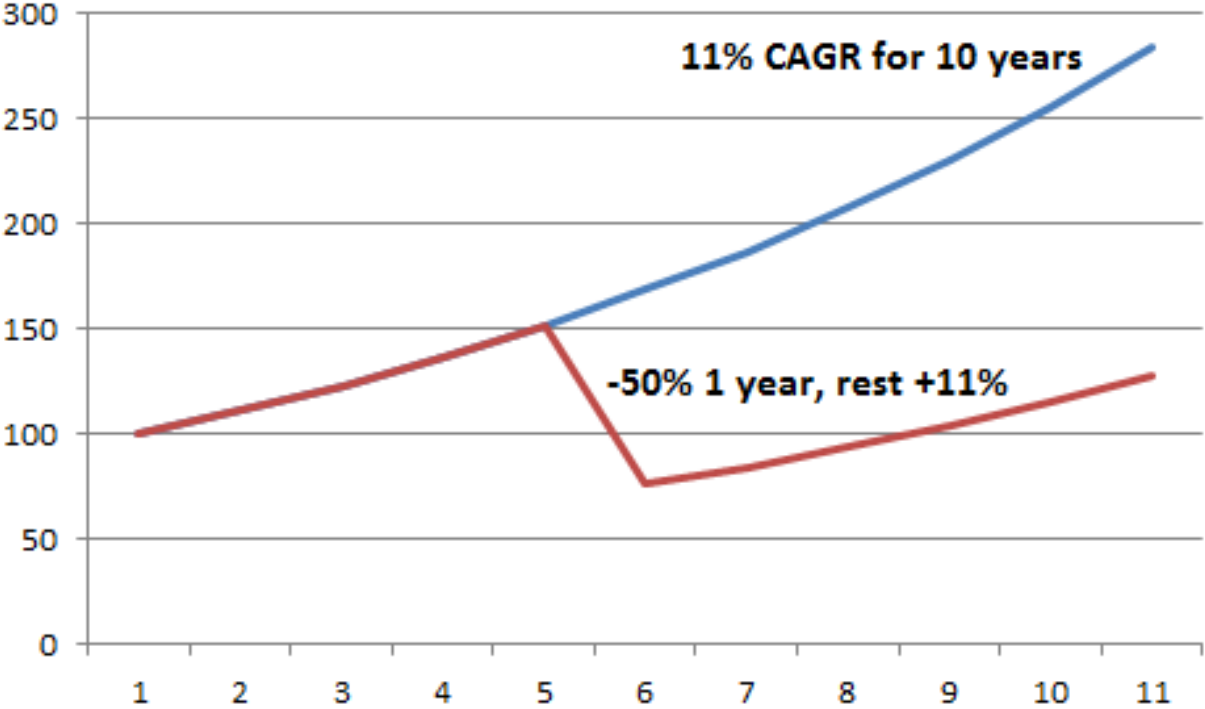
– Howard Marks



It's important to be in the game..

- Can you imagine an elite athlete skipping two years because he/she is worried about injuries?
- Market has been fantastic over past 100 years – but if you'd missed the best 7% of days in the market, your return would have been close to zero.
- One big reason why River Oak is structured as an investment company.

Offense wins games, defense wins championships



High concentration

(5 to 8 holdings, top 5 usually >75% of portfolio)

- If you make decision to be active investor – make sure you get paid if you're right.
- I believe high concentration and few losers are main reasons for our good results so far.
- Portfolio with 30+ stocks becomes almost impossible to know well.
- More than 7-8 stocks does not give meaningful volatility reduction.
(Source: [Concentrated Investing by Allen Benello, Michael van Biema, Tobias Carlisle](#))

TABLE 4.1 Effect of Diversification

Number of Stocks in Portfolio	Expected Standard Deviation of Annual Portfolio Returns (%)	Ratio of Portfolio Standard Deviation to Standard Deviation of a Single Stock
1	49.24	1.00
2	37.36	0.76
4	29.69	0.60
6	26.64	0.54
8	24.98	0.51
10	23.93	0.49
12	23.20	0.47
14	22.26	0.46
16	21.94	0.45
18	21.20	0.45
20	21.68	0.44
25	21.20	0.43
30	20.87	0.42
40	20.46	0.42
50	20.20	0.41
400	19.29	0.39
500	19.27	0.39
1,000	19.21	0.39
Infinity	19.16	0.39

High concentration

I encourage you to:

1. Take note of your 6 highest conviction ideas at the beginning of next year and decide on appropriate weights.
 2. Take note of your 15 highest conviction ideas at the beginning of next year and decide on appropriate weights.
 3. At end of the year compare the results.
- Personally I saw a very clear improvement (it's possible you won't).
 - I want to own as few holdings as possible but enough to sleep like a ~~baby~~ teenager.
 - A potential downside to high concentration is a black swan event in one of your largest holdings, harder to keep your poise when it's a 20% position than a 5% position.

What companies do we look for?

Before putting in >5 minutes I want to roughly understand the business right away. If I don't, one month of studying usually won't help (enough to get high conviction).

1. Companies with competitive advantage that I understand well.
2. Companies with solid base to survive downturn – balance sheet and business model.
3. Companies that I believe will make more money in the future than they do today.
4. Attractive price.
5. Honest, capable and competent management.

Prefer if management owns enough stock to make a difference in their lives if all goes well – running a business is tough and sometimes grueling – you need to have a management that really cares.

* Exceptions can be made, think it's a bad idea to religiously try to fit all your holdings into the same checklist.

In particular we like:

- Software & Online based businesses
- Business services
- Market leadership in niche market
- Cost of product/service small in relation to customer's total costs
- Low ARPU, prefer many customers
- Simple companies – want to be able to understand main drivers/risks well
(Focus is always on the big picture, don't spend much time diving into details.)

How do we value a company?

- Estimate cash flow and net assets in 2-4 years.
(usually back-of-the-envelope, no advanced models in any way)
- Multiple based on business model, competitive position, growth runway, predictability of cash flow.
- *Investing is as much art as science.*
- *You don't need to know a man's height to know he is tall.*

How do we select?

- Want to see a healthy FCF today or a couple of years hence. FCF doesn't need to show up in reported numbers (e.g. Amazon) if I know it's re-invested well in the business.
- If two companies are hard to separate and promise similar return we always lean towards the more careful choice.
- Always prefer to be very sure of 10-25% annual return than possibility of 50-100% return where I'm not sure at all.
- ***Key question: "How sure are you?"***



FORTNOX

Småföretagens bästa vän

Investment in 2014:

- Fiat had just acquired last part of Chrysler; owned Jeep, RAM, Ferrari, Maserati, etc.
- Best CEO in the car business Sergio Marchionne
- Pentup demand after financial crisis, average age of cars highest ever (deemed big SAAR downturn unlikely)
- Initial thesis: Fiat to be valued more in line with GM, Ford plus Fiat had Ferrari & Marchionne
- Thesis evolved: Jeep, 5-year plan became bigger factors
- Paid: 15B plus 10B debt
- Today: 50B, almost no debt (Ferrari spun off)

Investment in 2015:

- Fortnox 2014 Annual Report:
“Only 15% of large companies and 11% of small companies buy cloud services for accounting and financial control. The most common reason is lack of knowledge, SCB's survey shows.”
- Fortnox had ~100k customers, 1M companies in Sweden whereof 99% are small companies making them ideal for Fortnox.
- Very strong network effect and switching cost
- Many add-on modules → believed ARPU would grow
- Paid: ~8x my 2018E EBT
- Today: ~25x my 2018E EBT

Be different

- ***To get better than average results you need to do something different than the average.***
- At any given time, ask yourself:
 1. Is my portfolio really unique?
 2. Is it a reflection of my interests and ideas?
 3. Do I truly have any insights about these companies and its future that many people don't agree with or see yet?
- Our biggest winners over past 5y have been ideas where I came up with the thesis pretty much from scratch (opposite would be to regularly invest in something like Sohn Conference ideas).
- ***Being yourself goes a very long way towards being different.***
- If you know anyone that own or has owned both Fortnox and Fiat – please let me know!

Thank you for listening!



River Oak Capital

Contact:

Daniel Glaser, glaser@kth.se, +46 (0)70 496 3114

River Oak Capital AB
Seminariegratan 26
752 28 Uppsala
Sweden



River Oak Capital

Annual Meeting

April 25, 2019

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Q1-2019 Results

- River Oak book value per share +30.7% vs OMXS30 incl. div. +12.5%
 - Price of share issue March 31: SEK 134.77 per share
(Price of share issue = 101% of book value SEK 133.43 per share)
 - Large drop in share prices in Q418 despite good business performance by our companies
- => Generally results in strong future returns (although normally not as strong as in Q119)

Q4-2018 Historical comparison

There have been 21 bear markets since 1929:

S&P 500 Forward performance after strongly negative quarter: (excl. 1930s Depression)

S&P 500 Bear Markets (defined by 20% Peak to Trough Decline): 1929 - Present					
Bear Market Period	NBER Recessions	Length of Recession (Months)	S&P Start	S&P End	% Change
Sep 2018 to Dec 2018			2941	2347	-20%
May 2011 to Oct 2011			1371	1075	-22%
Oct 2007 to Mar 2009	Dec 2007 to Jun 2009	18	1576	667	-58%
Mar 2000 to Oct 2002	Mar 2001 to Nov 2001	8	1553	769	-51%
Jul 1998 to Oct 1998			1191	923	-22%
Jul 1990 to Oct 1990	Jul 1990 to Mar 1991	8	370	295	-20%
Aug 1987 to Oct 1987			338	216	-36%
Nov 1980 to Aug 1982	Jul 1981 to Nov 1982	16	142	102	-28%
Sep 1976 to Mar 1978			109	86	-20%
Jan 1973 to Oct 1974	Nov 1973 to Mar 1975	16	122	61	-50%
Dec 1968 to May 1970	Dec 1969 to Nov 1970	11	109	69	-37%
Feb 1966 to Oct 1966			95	72	-24%
Dec 1961 to Jun 1962			73	51	-29%
Aug 1956 to Oct 1957	Aug 1957 to Apr 1958	8	50	39	-21%
Jun 1948 to Jun 1949	Nov 1948 to Oct 1949	11	17	14	-21%
May 1946 to May 1947			19	14	-28%
Nov 1938 to Apr 1942			14	7	-46%
Mar 1937 to Mar 1938	May 1937 to Jun 1938	13	19	9	-54%
Jul 1933 to Mar 1935			12	8	-34%
Sep 1932 to Feb 1933	Aug 1929 to Mar 1933	43	9	6	-41%
Sep 1929 to Jun 1932	Aug 1929 to Mar 1933	43	32	4	-86%
Average Without Recession					-29%
Average With Recession					-42%
Average All					-36%

Pension Partners
THE ADAC ROTATION MANAGER

@CharlieBilello

Source: [Charlie Bilello, Pension Partners](#)

S&P 500 Since 1940		Forward Performance		
Quarter Ending	Quarterly Performance	One Year	Three Years	Five Years
Sept 1974	-25.2%	38.13%	72.74%	117.46%
Dec 1987	-22.6%	16.81%	48.82%	108.97%
Dec 2008	-21.9%	26.46%	48.59%	128.19%
June 1962	-20.6%	31.16%	69.20%	94.84%
Sept 1946	-18.0%	6.45%	24.47%	115.41%
June 1970	-18.0%	41.87%	57.39%	56.30%
Sept 2002	-17.3%	0.26%	26.96%	66.32%
Averages	-20.5%	23.0%	49.7%	98.2%

Source: [Ben Carlson, A Wealth of Common Sense, awealthofcommonsense.com](#)

Q4-2018: -14.0%

December-2018: -9.2%

- Worst December month ever for S&P 500 except Dec-1931
- Largest monthly loss since Feb-2009

Results since start: Feb 7, 2017

- The most relevant evaluation of investment results is always to measure over the longest available time period.
- **Feb 7, 2017 – March 31, 2019:**
River Oak book value per share +33.4% vs OMXS30 incl. dividends +10.0%
(adjusted for startup costs our net result is +34.5%)



* River Oak gross investment return

- OMXS30 is not your only alternative to River Oak...

Comparison vs best funds and best investment company

Selection

Four of the most well renowned fund companies in Sweden: Didner & Gerge, Carnegie, Lannebo, Spiltan

Their respective best performing fund from Feb 7, 2017 – March 31, 2019:

1. Carnegie Indien +29.3%
2. Spiltan Aktiefond Dalarna +27.9%
3. Didner & Gerge Global +26.8%
4. Lannebo Småbolag +25.6%

Best listed investment company in Sweden from Feb 7, 2017 – March 31, 2019:

1. Latour +47.0%

Latour has done great over 35 years (Assa Abloy, Fagerhult, Securitas, Sweco, TOMRA etc.)
Controlled by one of my favorite business people in Sweden: Gustaf Douglas.

River Oak +33.4% (gross investment return: 48.6%)

The best performing funds and Latour were selected in hindsight. As investors we need to pick in advance.

Which one should you choose? Don't ask the barber if you need a haircut...

Latour book value SEK 83 billion

River Oak book value SEK 25 million



River Oak Capital

Questions?

Contact:

Daniel Glaser

daniel@riveroakcapital.se

+46 (0)70 496 3114

River Oak Capital AB

Lägerhyddsvägen 2, Hus 38

752 37 Uppsala, Sweden



River Oak Capital

Finding that elusive 10-bagger

Daniel Glaser

Cyprus Value Investor Conference

Sept 2019



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Background

- Wife & two kids (5 yo & 2 yo)
- Former elite athlete, Swedish National Badminton Team 1992-2006
- M.Sc. Engineering Physics; Specialization in Mathematical Optimization 2000-2005

Master's Thesis: Built software to optimize cancer radiation treatment plans at University of Gainesville, Florida 2005-2006

Supervisor founded [ViewRay, Inc.](#) in 2006; listed on Nasdaq in 2016

- ... 2006 – 2010
- Investor since 2010
Small business owner and operator since 2013
Started investment family office in 2013 and River Oak Capital AB in 2017



River Oak Capital

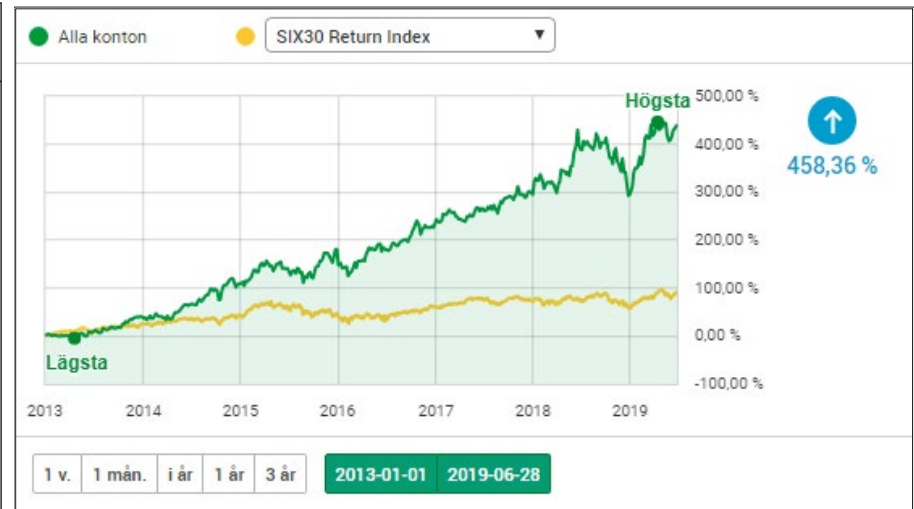
- River Oak Capital AB started operations in Feb 2017.
- Ten co-founders, all friends and colleagues.
- Private investment company: 11 initial shareholders, 33 shareholders today.
- Absolute focus on businesses, not stocks.
- Highly concentrated 5 to 10 holdings, long-only, no leverage, **keep things simple.**

Historical pretax returns

Feb 7, 2017 – June 30, 2019: River Oak Capital AB

Jan 1, 2013 – Feb 6, 2017: Zen Capital Family Partnership

	Investment return	Net return	OMXS30 incl. div.	Difference
2013	41.0%	30.8%	25.4%	5.4%
2014	45.0%	33.8%	13.6%	20.2%
2015	35.1%	26.3%	2.5%	23.8%
2016	20.5%	15.4%	9.1%	6.3%
2017	19.6%	14.0%	7.0%	7.0%
2018	0.0%	(5.6)%	(7.2)%	1.6%
2019 (per June 30)	40.1%	36.2%	19.3%	16.9%
Total gain	457.7%	273.7%	88.6%	185.1%
Compounded annual gain	30.3%	22.5%	10.3%	12.2%



Approx. currency effects on Investment returns :

2014 +7%, 2016 +2%, 2017 -10%, 2018 +5%, 2019 +2%, other years <1%.

Investment criteria

Always focus on the big picture, never spend much time diving into details.

(If I feel the need to read 10K footnotes and research CEOs pets, I'm in the wrong place.)

DG's 5 minute rule:

If I don't roughly understand the business in first 5 minutes, I almost never spend more time on it as one month of study won't help me get a high enough conviction.

1. Companies with competitive advantage that I understand well.
2. Companies with solid base to survive downturn – balance sheet *and* business model.
3. Companies that I believe will earn more in the future than they do today.
4. Honest, capable and competent management.

Prefer management that owns enough stock to make a real difference in their lives if all goes well.
Running a company is tough and oftentimes grueling – you need management that really cares.

5. Attractive price.

Value investor?

- Definition has become so wide these days.
- Often confused with low valuation metrics. In Sweden I've seen it described as investors looking for high-free-cash-flow, high-dividend-paying companies.
- What Ben Graham advocated for investors was to:
“Capitalize upon a favorable difference between price and appraised value.”
- Whether a company:
 - 1) has high or low free cash flow *today*
 - 2) has high or low valuation metrics based on *today's* numbers
 - 3) elects to pay a dividend or not

... clearly has nothing to do with the ***difference*** between price and appraised value.
- Correct appraisal of value is all about the future!

It's all about business

- Fast-growing companies in markets with winner-take-all characteristics can be just as undervalued. (Microsoft 1990s, Amazon 2000, Google 2004)

Degree of undervaluation often magnitudes larger than beaten-down “value stocks” in tough industries.

- Ben Graham said so many smart things that some have gotten less attention than they deserve:

“Investing is most intelligent when it is most businesslike.”

- At River Oak, I and the Board of Directors consider ourselves businessmen and women.
- We will look at anything that makes good business sense.
- Instead of looking for beaten-down stocks to revert to the mean, I look for companies with above-average performance that I believe won't.
 - i) These companies operate in industries with strong secular growth, and/or
 - ii) Have a culture that breed and foster above-average performance.

Investment idea for this conference?

- **I never make stock recommendations.**

I've always found broader lessons to be much more helpful, so focus will be on those.

- *Give a man a fish and you feed him for a day.
Teach a man to fish and you feed him for a lifetime.*
- Took a look in our portfolio: Which holding is most interesting to talk about in Cyprus? Fortnox.
- Out of courtesy to River Oak's shareholders I generally don't talk publicly about our investments.

However, I've written many times about Fortnox in my letters to shareholders.

If you're 1 of our 40 monthly visitors you already know all about it so...

FORTNOX

Småföretagens bästa vän

- Online-based software for Accounting and related business management services
- Market leader and operates only in Sweden

Initial investment in 2015

- *“Only 15% of large companies and 11% of small companies buy cloud services for accounting and financial control. The most common reason is lack of knowledge, SCB's survey shows.”*
 - Fortnox 2014 Annual Report
- Fortnox had ~100k customers – There are 1 million companies in Sweden of which 99% are ideal size for Fortnox services.
- Accounting firms cooperation – virtuous cycle
- ARPU likely to increase as customers add more modules like Salary, Invoicing etc. over time in addition to Accounting module.
- Culture entrepreneurial and sports team like; positive and shared happiness in each other's success, but they want to win.
- (See 2015FY Letter to partners)

Today

- Main thesis points pretty much the same
- 286k customers
- ARPU +45% since 2015
 - Should continue to increase over time as long-time customers subscribe to more modules than recently acquired customers.
- Launched many new modules and also new services like insurance, financial services etc. in the past few years
- Potential international expansion

FORTNOX

Småföretagens bästa vän

Earnings up ~11x since initial investment

11-bagger for family office, 5-bagger for River Oak

Lessons?

- Difficulty not in seeing attractiveness, product stickiness, network effect etc.
- But in buying in at optically high price: I paid 800M EV for 2015 Earnings of ~20M.
- What did I really pay? 5x 2019 Earnings
- ... and in holding

Dare to be different

- Most investors don't aim for 10-baggers ... and thus don't tend to own them.
- If you want above average results ***you need to do things differently than the average.***
- Focus your time and energy where you see a 2x to 10x upside over time. If all you see is a 25% upside, move on to the next one.
- All 10-baggers will become optically expensive from time to time.
- Focus on the big picture.
- Focus on your personal strengths and areas of interest – goes a very long way towards being different.

This is where you will find your edge vs the market.

Qualities of multibaggers? My observations:

- Optically expensive on today's numbers.
- Simple-to-understand business.
(no sum-of-the-parts, discount to book value stories)
- Market leader in its industry/niche.
- Its products and services are a very natural part of its customers daily lives.
Their customers literally can't live without it.
- Company culture is positive, innovative and focused.
(few distractions)
- Main thesis points remain roughly the same over time.

Why look for 10-baggers?

Most Obvious Question of the Year Award



But really, do I want to spend my time trying to find 10-baggers when they are so rare?

Example 1

Ten 10% positions that all go up 50% over 5 years

Sounds pretty good, right?

---> **Compounded Annual Gain 8.5%, i.e. market return**

Example 2

90% cash

10% in one company that becomes a 10-bagger over 5 years

Effect on your overall portfolio returns?

---> **Compounded Annual Gain 13.7%**

Imagine if you are able to find two ...

Questions?

Except whether I think Fortnox will be another multibagger from here.

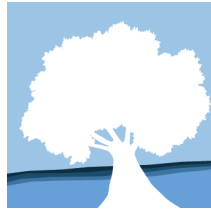
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Founder & CEO
daniel@riveroakcapital.se
+46 (0)70 496 3114

River Oak Capital AB
Lägerhyddsvägen 2, Hus 38
752 37 Uppsala, Sweden



River Oak Capital



River Oak Capital

Annual Meeting

May 9, 2020

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“Have a good time. Enjoy life. Life’s too short to get bogged down or be discouraged. You have to keep moving. You have to keep going. Put one foot in front of the other, smile, and just keep on rolling.”

—Kobe Bryant

“When something bad happens you have three choices. You can either let it define you, let it destroy you, or you can let it strengthen you.”

— Theodor Seuss Geisel

River Oak shareholders in March

“Do we have a capital raise soon? Finally some sales.”

“I look forward to our next capital raise.”

“Daniel, I definitely would like to participate [in the capital raise]. When can we have a call?”

“Is now a really good time for you to get some extra liquidity?”

Q1-2020 Results

- **River Oak Investment return -11.0%**

OMXS30 -15.7%

S&P 500 -20.0%

MSCI World -21.1%

*all including dividends

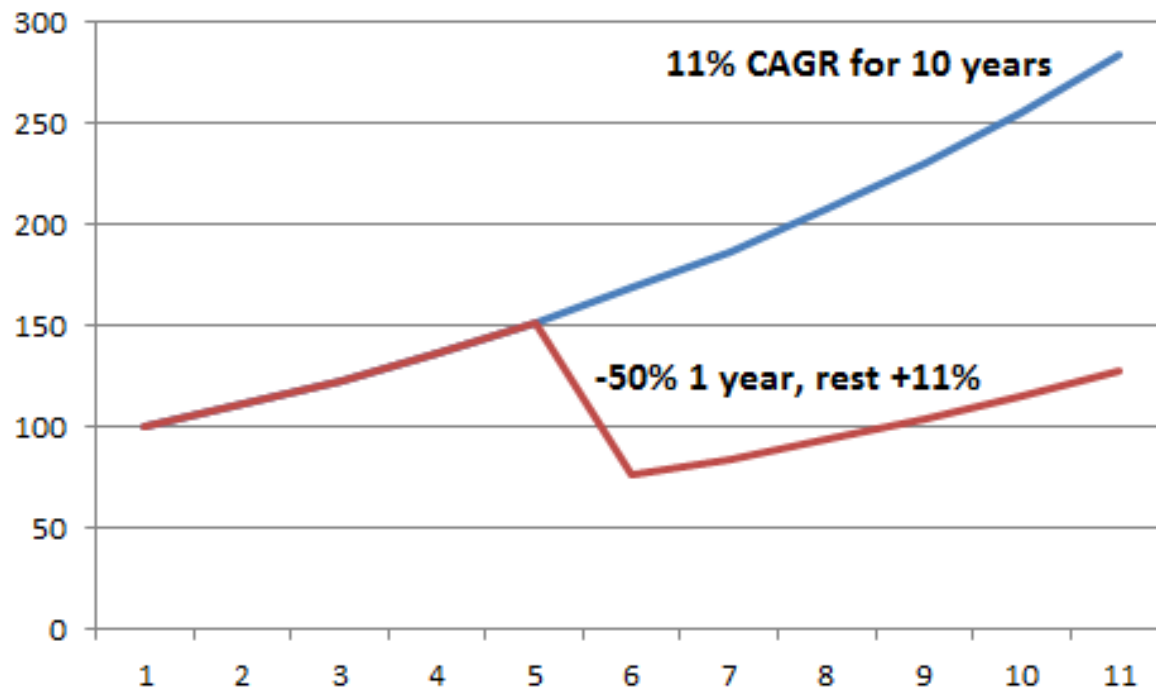
- **Our results since inception Feb 7, 2017 – March 31, 2020:**

Book value per share +35.4% vs OMXS30 incl. dividends +8.0%

Hidden asset: Prepaid salary costs worth 4.5% due to our High Water Mark setup

River Oak Investment return positive for the year per mid-April

- 2020 YTD positive >> 2019FY Investment return +61.7%
- Offense wins games. Defense wins championships.
- Remember this?



River Oak #1 goal: Don't lose money

What does this mean in practice?

- If I think an investment is too risky, I don't care what the upside is
- We are *always* conservatively invested
- Business model, Balance sheet & Valuation
... in that order

Key success factors

- **#1 Goal: “Don’t lose money” mindset makes us well prepared**

Normally no extra points for this – only good sleep

- **Demand for our companies’ services stable (so far)**

Hard to think of a larger demand shock

Bias towards business infrastructure/essentials

Our companies will likely grow quite substantially in 2020

- **#2 Goal: Earn 15% average annual return on capital over time**

Too mellow given track record?

We don’t want to revise goals in every unexpected tough period.

- **Goals designed to encourage calm behavior in all situations**

Key success factors

- **Private company & Great shareholder base** ★

Peter Lynch Fidelity Magellan fund open to public 1981-1990:
Returns 22.5% per year, Average Investor in fund ca. 7% per year

Investors withdrew capital after periods of poor performance and added after periods of good performance.

- **High concentration in few holdings**
- **Minor portfolio adjustments before pandemic became mainstream focus**
- **Invested available liquidity in late March at good prices**

In no way based on pandemic prediction – but at River Oak we like good prices!

“You don’t need to know a man’s height to conclude that he is tall.”

What is this?

43.8%	5.2%	-10.0%	31.2%	10.9%
-8.3%	5.7%	23.8%	18.5%	4.9%
-25.1%	18.3%	10.8%	5.8%	15.8%
-43.8%	30.8%	-8.2%	16.6%	5.5%
-8.6%	23.7%	3.6%	31.7%	-37.0%
50.0%	18.2%	14.2%	-3.1%	26.5%
-1.2%	-1.2%	18.8%	30.5%	15.1%
46.7%	52.6%	-14.3%	7.6%	2.1%
31.9%	32.6%	-25.9%	10.1%	16.0%
-35.3%	7.4%	37.0%	1.3%	32.4%
29.3%	-10.5%	23.8%	37.6%	13.7%
-1.1%	43.7%	-7.0%	23.0%	1.4%
-10.7%	12.1%	6.5%	33.4%	12.0%
-12.8%	0.3%	18.5%	28.6%	21.8%
19.2%	26.6%	31.7%	21.0%	-4.4%
25.1%	-8.8%	-4.7%	-9.1%	31.1%
19.0%	22.6%	20.4%	-11.9%	
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S&P 500 Returns (1928-2019)

S&P 500: Total Returns (1928 - 2019)									
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Source: [Charlie Bilello, https://compoundadvisors.com/](https://compoundadvisors.com/)

S&P 500 during World War II

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in the past month ...**

**... and here are the
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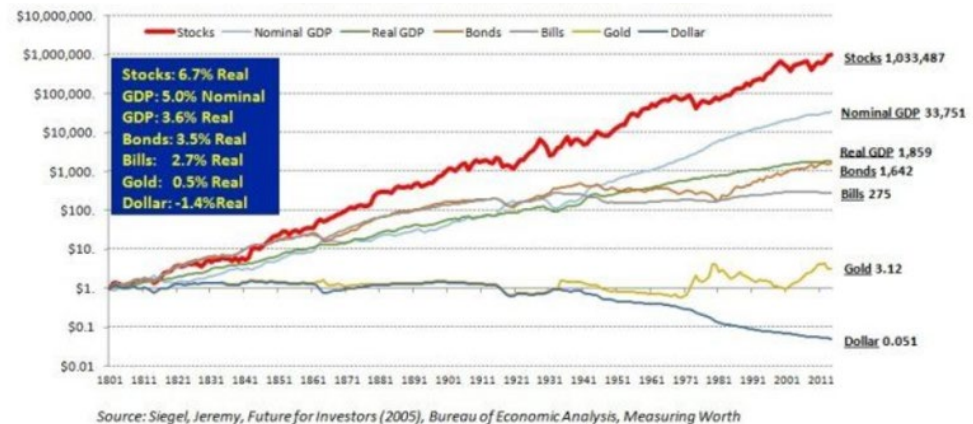
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... and as always we show you the results
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Financial Assets in America Total Real Returns
(1801-2014)

Source: [Jeremy Siegel, Future for Investors \(2005\)](#), [Bureau of Economic Analysis, Measuring Worth](#)

"I am an old man and have known a great many troubles, but most of them never happened."

— Unknown old man

Questions?

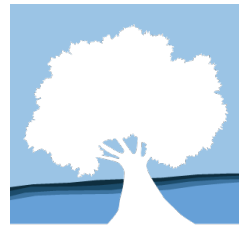
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River Oak Capital AB
Lägerhyddsvägen 2, Hus 38
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River Oak Capital



River Oak Capital

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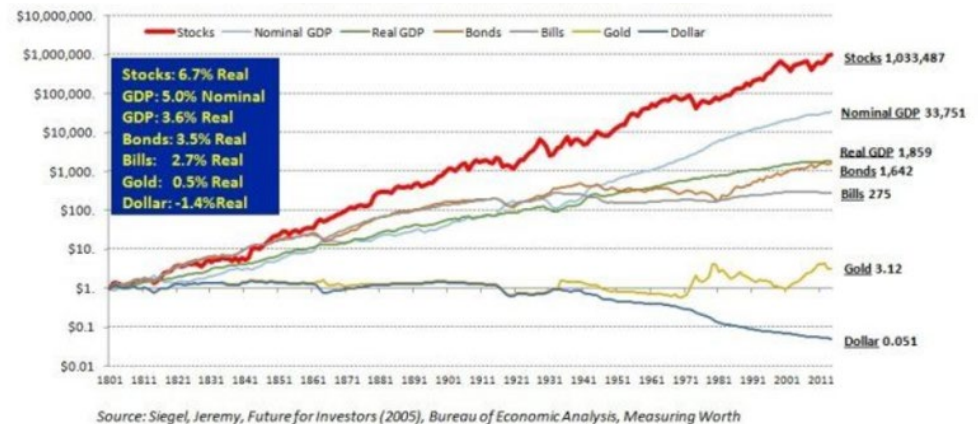
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— Theodor Seuss Geisel

Results are in..

- Optimists have been right far more often

	Investment return (pretax)	Change in Book value per share	OMXS30 incl. div.	Difference
2017 (from Feb 7)	13.2%	8.6%	5.4%	3.2%
2018	0.0%	(6.0)%	(7.0)%	1.0%
2019	61.7%	50.1%	30.7%	19.4%
2020	104.0%	74.3%	7.4%	66.9%
2021 Q1	14.6%	11.5%	18.0%	(6.5)%
Total gain	327.8%	198.0%	62.5%	135.5%
Compounded annual gain	42.0%	30.1%	12.4%	17.7%

Key success factors

- **#1 Goal: “Don’t lose money” mindset**
Positive returns is the only other thing you can get if you manage to avoid losses.
- **Concentrated portfolio with less than 10 investments**
- **Long-term**
- **Focus on micro (not macro)**
- **Keeping things simple**
- **Global**
- **Permanent capital**
- **Great shareholder base**

River Oak has been designed to encourage calm behavior

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Concentrated portfolio more risky?

- Our goal is above average results – which *requires* being different.
- Being different no guarantee for above average results ...
... but it gives you a fighting chance
- So - is a portfolio of 8 holdings riskier than one with 50 holdings?

Exercise: Pick a team you can't change for the next 5 years

If your goal is to minimize risk, what would decide your picks?

- Trust each person 100%
- Your respect for them
- Behave well towards other people
- Believe strongly in their future

Team

- Husband/Wife
- Mom & Dad, brother/sister, kids
- 5 best friends/colleagues

How about your best friend #28?

- What was her husband's name again? What did he work with?
- Does she even have a husband?
- Do they still live in Stockholm or did they move to Australia?

Exercise: Pick a team you can't change for the next 5 years

- **Your family and your best friends are on your team for very good reasons.**
- **There is a reason they are called “best” friends.**
- **Most of us simply don't have the time and energy to have 30 or 50 best friends.**

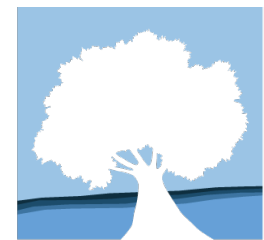
If you are minimizing risk:

- **Going with #28 only makes sense if you are so unsure about your family and your best friends that you feel the need to hedge your bet on them.**

River Oak will keep being different.

Thank you for listening.

Daniel Glaser
Founder & CEO
daniel@riveroakcapital.se
+46 (0)70 496 3114



River Oak
Capital



River Oak Capital

Uppsala
Mars 2026

Middag med Kajorna

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Agenda

- i. Bästa sättet att investera överskottskapital under en livstid
- ii. Förklara hur River Oak tillämpar det
- iii. Hur påverkar AI finansbranschen?
- iv. Frågestund

Kort bakgrund om mig

- Investerare och egenföretagare sedan 2010
 - River Oak sedan 2017
 - Investeringar professionellt sedan 2013
- Fru och två barn (12 år & 9 år)
- Fd elitidrottare och landslagsman i badminton 1992-2006
 - Ett antal SM-guld samt internationella titlar bl a Junior-NM Herrdubbel
- Civilingenjör Teknisk Fysik med inriktning Optimeringslära på KTH 2000-2005
 - Exjobb vid University of Gainesville i Florida, USA
 - Utvecklade algoritm strålningsoptimering för cancerbehandling som bidrog till uppstart av ViewRay, Inc., listades på Nasdaq 2016

Hur fastnade jag för investeringar?

- Frågade min dåvarande chef hur man värderade företag. Hans svar: Titta på PE-talen.
- Började fundera mer själv, måste finnas mer än så. På all ledig tid (och även arbetstid) läste jag om företag och investeringar.
- Hade flera lockande alternativ under dessa år:
 - ViewRay, Inc. i USA, Optimering av cancerbestrålning
 - VD Karolinska Institutet startup, Mål att korta vårdköerna via Kömiljarden
 - Familjeföretaget Nutris som hjälper dig äta rätt och gå ner i vikt
- Avgörande insikt:
10x bättre resultat när man gör något man verkligen tycker är roligt och fascinerande
- Jeff Bezos (Amazon's grundare) fick frågan varför han spenderade en massa tid och miljarder på att bygga rymdraketer i sitt andra företag Blue Origin:

"You don't choose your passions. Your passions choose you."

Aktier, Obligationer, Guld eller Kontanter??

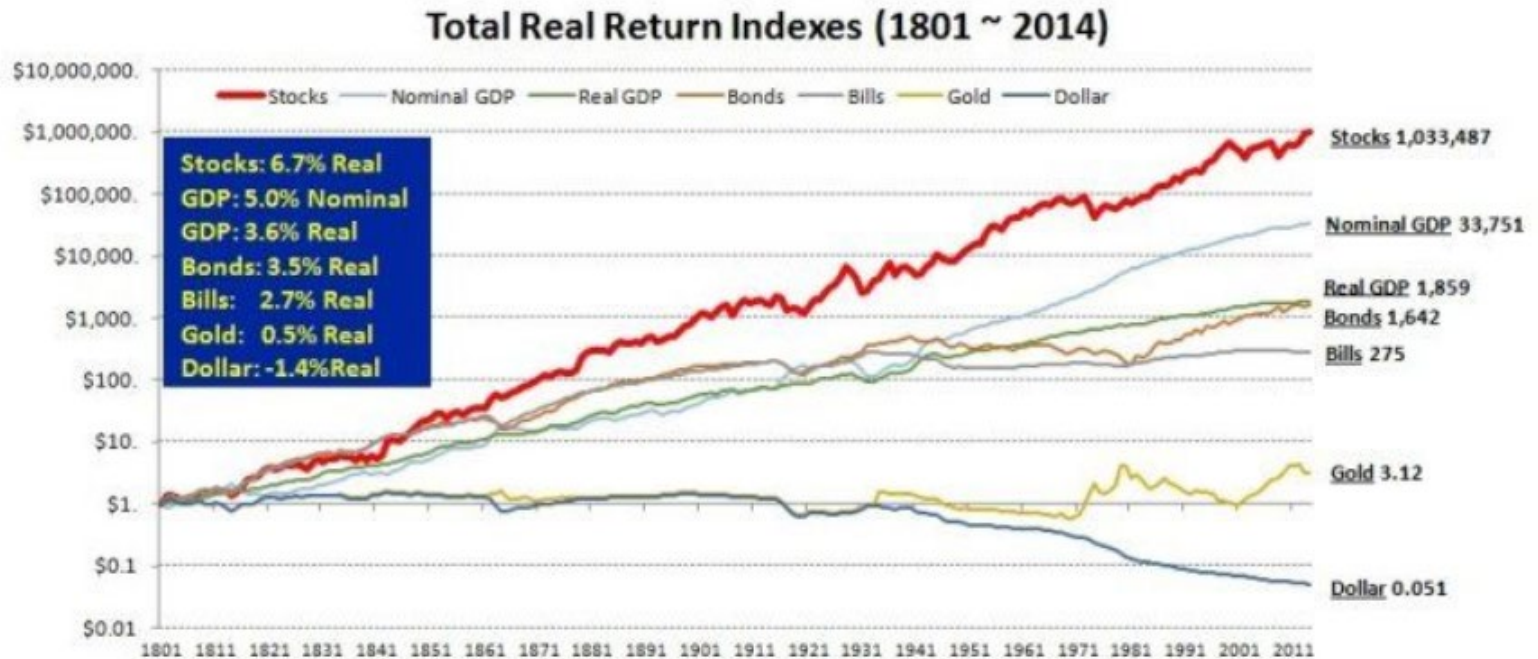
Performance of Financial Assets in America from 1801 to today



Källa: [Jeremy Siegel, Future for Investors \(2005\)](#), [Bureau of Economic Analysis, Measuring Worth](#)

Aktier, Obligationer, Guld eller Kontanter??

Performance of Financial Assets in America from 1801 to today

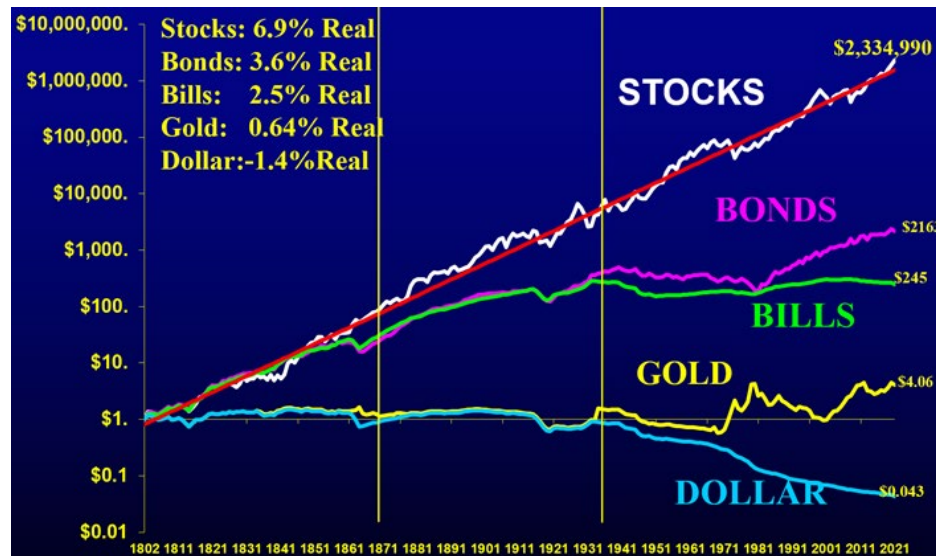


Källa: [Jeremy Siegel, Future for Investors \(2005\)](#), [Bureau of Economic Analysis, Measuring Worth](#)

Ränta-på-ränta effekten ger otroliga resultat

Årlig avkastning	4%	8%	12%	24%
10 år	1,480,244	2,158,925	3,105,848	8,594,426
20 år	2,191,123	4,660,957	9,646,293	73,864,150
30 år	3,243,398	10,062,657	29,959,922	634,819,933

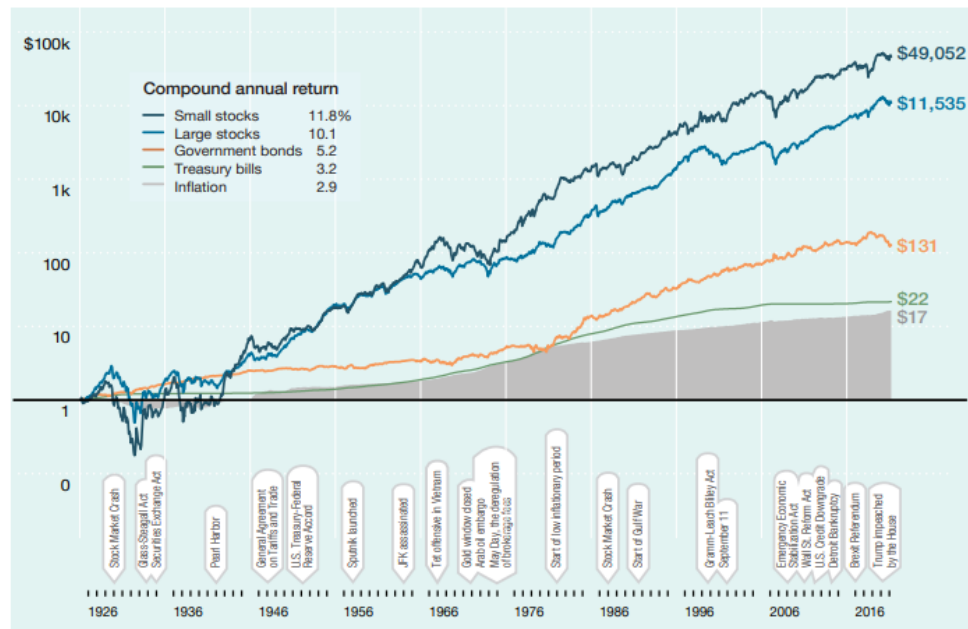
* 1 miljon investerat



Källa: Jeremy Siegel, Stocks for the Long Run (2014) with updates to 2021

Småbolag vs Large caps

- Stor del av överprestation för småbolag kom 1975–1983 med CAGR 35% vs 16%
- Stor överprestation för Large caps 2016-2025 (grafnen slutar 2022)
- Aktier bäst avkastning men Småbolag vs Large caps går att diskutera



MORNINGSTAR®

Past performance is no guarantee of future results.

Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1926. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an Index. © Morningstar 2023 and Precision Information, dba Financial Fitness Group 2023. All Rights Reserved.

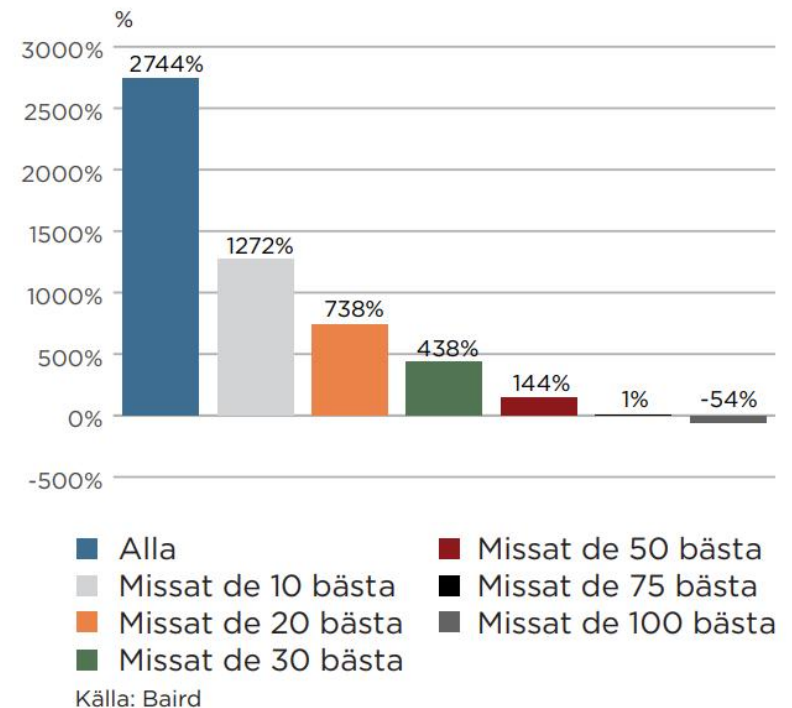
Källa: Ibbotson / Morningstar SBBI (Stocks, Bonds, Bills & Inflation) dataset

Det är viktigt att vara med

- Du vill vara med på världens långsiktiga uppåtgående trend
- Kan ni tänka er en elitidrottare stå över 2 år av tävlingar pga oro för skaderisken?
- Marknaden har varit fantastisk över de sista 100 åren – men om du missat de bästa dagarna så hade din avkastning varit nära noll
- **Maximalt dålig timing med köp precis innan finanskrisens topp 2007/08?**

Okt 2007 – Okt 2017 gav 5% genomsnittlig årlig avkastning
- Mycket pga ovan som River Oak sattes upp med en till naturen mer permanent kapitalstruktur

50 års avkastning på S&P 500 om man missat de bästa dagarna



Ska man försöka time:a marknadens svängningar?

Vad säger affärsvärldens Michael Jordan & Scottie Pippen?

"Microeconomics is what we do. Macroeconomics is what we put up with."

– Charlie Munger

"Over the years, there have been four times when Berkshire's stock has fallen by about 50%. If you can't handle a 50% decline in your investment, you shouldn't be invested in stocks. That's the price you pay for long-term returns."

– Warren Buffett

"I never have an opinion on the market because it would not be any good and it might interfere with opinions that are good."

If Federal Reserve Chair Janet Yellen came up and whispered in my ear what she was going to do for the next two years, it wouldn't make any difference to what we do."

– Warren Buffett



Charlie Munger, fd vice Chairman, Berkshire Hathaway



Warren Buffett, Founder & Chairman Berkshire Hathaway

Varför inte försöka förutsäga marknaden?

- Du kan göra en briljant och korrekt analys av räntorna men ha fel om den globala tillväxten, inflationen, dollarn, Kina, Indien, Trump
 - Helt oanvändbart för att förutsäga marknadens rörelser
- "Alla framtida krascher ser ut som risker, alla historiska krascher ser ut som möjligheter." – Morgan Housel
- **Om man inte lyckades förutspå de senaste 5 årens stora världshändelser, varför skulle man lyckas bättre kommande 5 år?**

Slutsatser DEL 1

- i. Aktier är fantastiskt att vara investerad i över tid
- ii. Min bästa gissning är att marknaden kommer ge 4-12 % årligen kommande 100 år
- iii. Ge upp dina förhoppningar om att kunna time:a marknaden
- iv. En investering i dig själv eller starta ett eget företag > Aktier

DEL 2

Hur kan det tillämpas?

River Oak Capital AB

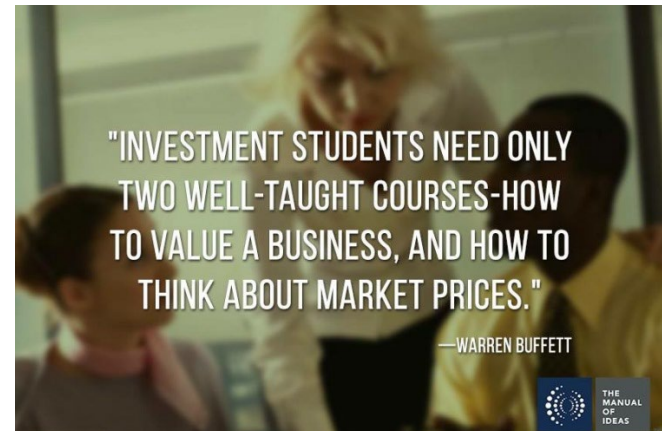
- Privat investmentbolag grundat Februari-2017 i Uppsala
- **2017:**
 - 10 aktieägare vid starten
 - Startkapital 4.4 mkr varav 0.5 mkr från undertecknad
 - Betalade advokatbyrån nästan 1% av startkapitalet Dag 1, jag var tillräckligt ung och naiv då för att tycka att det var en bra lösning med goda odds
- **2026:**
 - 74 aktieägare från åtta olika länder
 - Kapitalbas 90 mkr

Uppfattning vs Verkligheten

Vad vissa tror att jag gör:



Vad jag egentligen gör:



Index vs River Oak

Index

- Index = en samling företag

T ex svenska OMXS30-indexet utgörs av de 30 mest omsatta företagen i Sverige.

Tänk på index som genomsnittsföretaget av dessa 30.

- Genomsnittsföretaget (som överlever) har gett 7-10% per år
- Index är inget dåligt investeringsalternativ.

River Oak

- Djupgående företagsanalys av enskilda företag
- Hitta företag som är bättre än genomsnittet och/eller handlas till ett lägre pris.
(Vi investerar i regel i företag som ej är en del av index.)
- Långsiktighet som utgångspunkt
- Vi håller det enkelt – komplicerade strategier ger sällan bra resultat

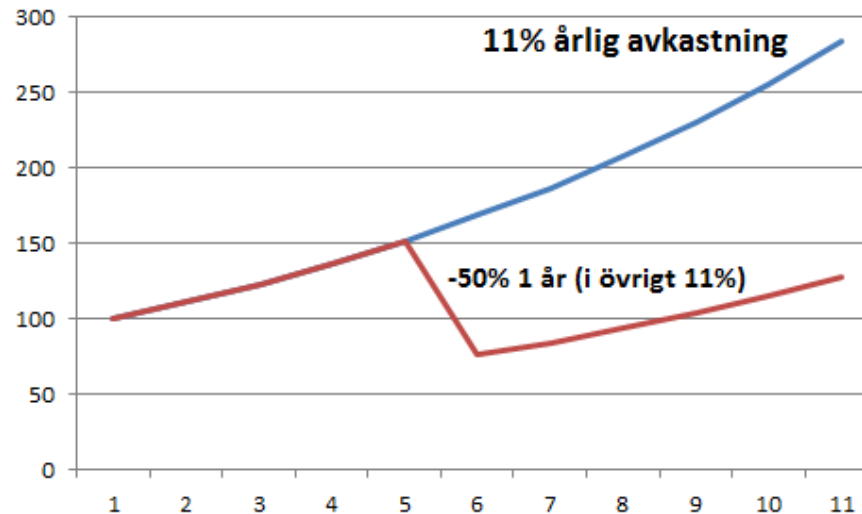
Våra mål

1. Förlora inte pengar – vi kommer alltid att tänka på nedsidan först
2. 15% genomsnittlig årlig avkastning på vårt kapital över tid (före skatt i SEK)

=> Bolagets substansvärde ökar med ca 12% i genomsnitt per år över tid

Offense wins games, defense wins championships

- Vi tänker alltid på nedsidan först.
- Om du förlorar 50% av ditt kapital i en investering så måste du ha en efterföljande uppgång på 100% bara för att nå breakeven.
- Stor påverkan på långsiktigt resultat:



Vi håller oss till det vi förstår bra

- Isaac Newton & South Sea Company år 1711
 - 1) Dubblade initialt sina pengar, sålde pga att han såg för stor spekulation
 - 2) Köpte tillbaka långt högre pga den vilda entusiasm som rådde kring bolaget
 - 3) Slutade med att han förlorade flera miljoner USD i dagens pengar. Ryktas att han förbjöd alla sina vänner att någonsin nämna orden "South Sea Company" i hans sällskap.

"I can predict the movement of the stars but not the madness of man."

- Inga minuspoäng i investeringsvärlden att säga "Jag vet inte". Tvärtom. Bara att gå vidare till nästa möjlighet.
- ***Om du inte förstår det du investerar i, hur ska du någonsin kunna ta bra framtida beslut?***

Bra möjligheter är sällsynta

- De bästa 4% av alla listade aktier står för 100% av nettoavkastningen på USA-marknaderna (1926-2016)

Övriga 96% sammanslaget ekvivalent med avkastningen på amerikanska statspapper

Källa: Hendrik Bessembinder (2018) "Do Stocks Outperform Treasury Bills?"

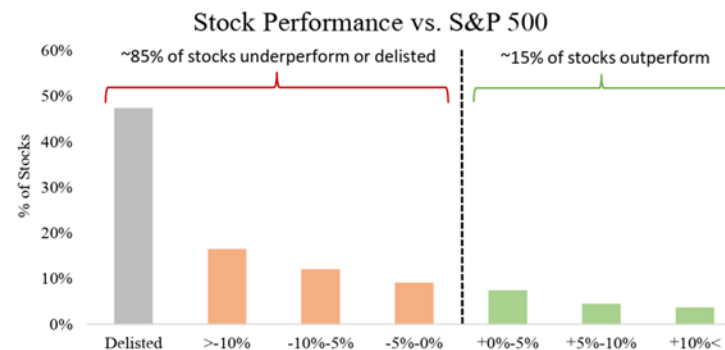
- Globalt: De bästa 2.4% av aktierna står för 100% av nettoavkastningen (1990-2020)

Utanför USA: De bästa 1.4% av aktierna

Källa: Bessembinder, H. et al. (2023) "Long-Term Shareholder Returns: Evidence from 64,000 Global Stocks"

- Endast 15% av alla aktier presterade bättre än S&P 500 (1980-2025)

Källa: FactSet, Saga Partners



Note: The black dotted line represents the S&P 500's performance. Orange and green columns represent relative under/outperformance relative to the S&P 500 over rolling 10-year periods. Data consists of stocks publicly traded since 1980.
Source: Factset, Saga Partners

...så vi investerar stort när vi väl investerar

- Om man väl tar sig tiden att aktivt välja ut aktier så vill du få betalt om du har rätt
- Meningslöst att välja ut 30-100 st aktier, då blir man i stort sett = index!
(många banker/fonder gör precis det och kallar sig "aktiva förvaltare")
- Det är visat att fler än 7-8 aktier i en portfölj ej ger någon märkbart ökad riskspridning

Vilka företag letar vi efter?

Startkriterium: Vill kunna förstå verksamheten hyfsat vid en första anblick.

1. Enkelt att förstå: Ska kunna förklara idén för mina barn på 5 minuter
2. Makro-oberoende i så hög grad som möjligt
3. Stark konkurrensfördel(ar)
4. Företag jag tror kommer tjäna mer pengar i framtiden än vad de gör idag
5. God ekonomisk grund: Balansräkning & Affärsmodell med begränsade investeringsbehov
6. Attraktivt pris
7. Ärlig och kompetent ledning:
 - Föredragsvis har ledningen ett stort aktieäggande som gör en skillnad i deras liv
 - Att driva ett företag är tufft och ibland gastkramande – motivation behövs.

Hur värderar vi företagen?

- Uppskattar vinst, kassaflöde och nettotillgångar om 2-3 år (inte på något sätt avancerade modeller)
- Vilken multipel är jag beredd att betala?
Utgår från förutsägbarhet i efterfrågan och framtida vinster, konkurrenssituation, tillväxtmöjligheter, mm (mkt erfarenhet som används här)
- *Investing is as much art as science.
You don't need to know a man's height to know he is tall.*
- Hur väljer vi mellan två bra alternativ? Svarar på frågan: ***"Hur säker är jag?"***



FORTNOX

Småföretagens bästa vän

Investering 2015:

- Fortnox 2014 ÅR:

“Endast 15% av de större företagen och 11% av de mindre som köper molntjänster för bokföring, redovisning och ekonomistyrning. Den vanligaste orsaken till att företag inte använder molntjänster är bristande kunskap, visar SCB:s undersökning.”

- Fortnox hade ca 100k kunder och det fanns ca 1M företag i Sverige varav 99% småföretag
- Stark nätverks- och inlåsningsseffekt
- Stora möjligheter till merförsäljning och högre intäkt per kund
- Vi betalade ca 8x 2018E vinst 100 miljoner
- Köptes ut 2025 av EQT & Olof Hallrup för 55 miljarder (vi sålde våra sista aktier vid värdering 38 miljarder, genomsnitt ca 31 miljarder)



Investering 2022:

- Tydlig marknadsledare i Sverige
 - Missförstås ibland att Nordnet ligger nära pga fyra nordiska marknader vs Avanza som fokuserar endast på Sverige
- Räntorna kraftigt upp => Positivt för Avanzas ränteintäkter, från 160M 2019 till 600M H2-22
- Antal kunder dubblades under covid men de handlade nu mindre
- Perfekt hedge mot högre räntor / låg aktivitet
- Fin uppsida när aktivitet återkommer med 2x användarbas & högre räntor än tidigare
- En av Sveriges top-10 mest blankade aktier
- Vinst konstant nära all-time high sedan dess
- Aktiekurs ej utvecklats så bra som jag trodde givet företagets operativa utveckling 2023-2026

Resultat

“However beautiful the strategy, you should occasionally look at the results.” – Winston Churchill

Jan 1, 2013 – Feb 7, 2017: Zen Capital Family Partnership

Feb 8, 2017 – Dec 31, 2025: River Oak Capital AB (Ny struktur gäller sedan 2025)

Tabellen visar River Oak’s resultat sedan start inklusive resultaten för grundare och VD Daniel’s familjekontor mellan 2013 – 2016 som låg till grund för både bolagets start och strategi:

Årlig förändring i %	Avkastning (före skatt)	Substansvärde per aktie	OMXS30 inkl. utd. (före skatt)	Substansvärde per aktie Ny struktur
2013	41,0%	30,8%	25,5%	35,6%
2014	45,0%	33,8%	14,0%	39,1%
2015	35,1%	26,3%	2,2%	29,9%
2016	20,5%	15,4%	9,4%	17,2%
2017	19,6%	14,0%	7,7%	16,5%
2018	0,0%	-6,0%	-7,0%	-1,5%
2019	61,7%	50,1%	30,7%	53,6%
2020	104,0%	74,3%	7,4%	92,3%
2021	14,3%	10,8%	32,7%	12,9%
2022	-26,9%	-28,8%	-13,0%	-28,3%
2023	5,7%	4,0%	21,0%	3,7%
2024	20,1%	17,5%	6,8%	18,0%
2025	-13,4%	-15,1%	19,7%	-15,1%
Total Värdeökning	1105,6%	485,2%	301,5%	718,4%
Värdeökning per år	21,1%	14,6%	11,3%	17,6%

Valutaeffekter:

2014 +7%, 2016 +2%, 2017 -10%; 2018 +5%, 2019 +3%, 2020 -6%, 2024 +4%, 2025 -9%

Övriga år < 2%

Hur påverkar AI finansbranschen?

- En bra investerare har ofta följande egenskaper:
 - Bra på att ta in stora mängder information
 - Jobbar hårt och effektivt
 - Duktig på att analysera och jämföra alternativ
 - Dra slutsatser och Agera med övertygelse
- En AI kan jobba 24/7/365 helt utan känslor (?)
- Redan idag bättre på flera faktorer, dock ej den – ofta avgörande – subjektiva bedömningen
- Om dagen kommer då det är helt uppenbart att man inte tillför något värde så får man överväga en ny karriär
- Tills dess kommer River Oak fortsätta försöka

Generativ AI som accelerator

- Än så länge är AI en accelerator
- Möjlighet att bygga egna modeller inom den LLM man använder, t ex Claude/ChatGPT
- Automatiserade rapporter på viktiga nyckeltal för enskilda företag och branscher
- Ralphs båtar
 - 1 dags jobb tar nu sekunder
- Jag kan jobba 10-20x snabbare nu och den siffran lär fortsätta uppåt
- Demo

Generativ AI: Exempel

Exempel: Alfa Laval

Alfa Laval AB (STO: ALFA)

Shares O/S 413.3M

MCap SEK 216.6B @ SEK 524/share

Cash SEK 7.8B

Debt SEK 17.2B

EV SEK 226.0B

Business Description

Alfa Laval is a Sweden-based global leader in heat transfer, separation, and fluid handling, founded in 1883 and headquartered in Lund. The company manufactures highly engineered equipment used across energy, food, marine, pharmaceutical, and industrial sectors, serving customers in approximately 100 countries with around 23700 employees. Alfa Laval operates through three divisions: Energy (HVAC, data centers, clean energy, process industry), Food & Water (dairy, pharma, biofuels, protein, water treatment), and Marine (ship systems, offshore, cargo pumping, environmental solutions). Service constitutes approximately 30% of group revenue. The largest owner is Winder Holding AG (Switzerland) with 29.5%.

Revenue Breakdown

By product

Heat Transfer 41%, Fluid Handling 27%, Separation 17%, Other 15%

By geography

Other EU 22%, China 19%, USA 16%, Other Asia 16%, South Korea 7%, Other Europe 7%, Latin America 6%, Other 7%

By division

Food & Water 37%, Marine 34%, Energy 29%

By revenue recognition

Mix of percentage-of-completion for large project contracts and point-in-time recognition for transactional and service sales. Capital sales ~70%, Service ~30%.

2025FY

Revenue SEK 69.7B (SEK 67.0B), +4%

EBIT SEK 11.7B (SEK 10.4B), +13%

EBIT Margin 16.9% (15.6%)

Cash from Operations SEK 9.2B (SEK 12.8B), -28%

CapEx SEK 2.7B (SEK 3.3B), -20%

FCF SEK 6.5B (SEK 9.4B), -31%

FCF Margin 9.3% (14.1%)

EV/FCF 34.7x

EV/EBIT 19.2x

2024FY

Revenue SEK 67.0B (SEK 63.6B), +5%

EBIT SEK 10.4B (SEK 9.3B), +13%

EBIT Margin 15.6% (14.6%)

Cash from Operations SEK 12.2B (SEK 9.2B), +33%

CapEx SEK 3.3B (SEK 2.5B), +33%

FCF SEK 8.9B (SEK 6.7B), +33%

FCF Margin 13.2% (10.5%)

EV/FCF 25.4x

EV/EBIT 21.7x

Sammanfattning


DEL 1 Bästa sättet att investera överskottskapital

- Aktier är fantastiskt att vara investerad i över tid
 - Marknaden går upp över tid när produktiviteten och mänskligheten går framåt.
 - Om det upphör kommer vi alla ha större problem än våra aktier.
- Ge upp dina förhoppningar om att kunna time:a marknaden
- En investering i dig själv eller starta ett eget företag trumfar alltid Aktier

DEL 2 Hur kan det tillämpas?

- River Oak investerar i företag som vi ser är bättre än genomsnittet och/eller handlas till lägre pris
 - Djupgående företagsanalys av enskilda företag & Koncentration i våra bästa idéer
 - Långsiktighet som utgångspunkt
 - Vi håller det enkelt
- En investering i River Oak kan vara intressant om:
 - Överskottskapital i ditt företag du ej kommer behöva kommande 2-5 år (t ex pensionsavsättningar)
 - Koncentrerad portfölj med fokus på begränsad nedsida över tid och samtidigt chans till god uppsida
 - Tror på en enkel investeringsstrategi där Grundare och VD med familj har investerat hela sin likvida nettoförmögenhet (till skillnad från många slipsklädda rådgivare i fina lokaler 😊)

DEL 3 AI inom finansbranschen

- Dagens AI bättre än analytiker på många plan
- Idag en otrolig accelerator där en veckas jobb kan automatiseras i stort sett helt
- I framtiden: 

Skatt för aktieägare & Bolagets kostnader

Skatt för aktieägare

- Via Företag
 - Skattefritt upp till bolaget.
 - En kapitalvinst från en försäljning av näringsbetingade andelar ska inte tas upp till beskattning. (25a kap. 3 § och 5 § Inkomstskattelagen)
- Privat
 - 25% skatt på realiserad vinst, eller
 - Kapitalförsäkring med årlig schablonskatt plus ca 1% avgift per år (rekommenderas ej)

Bolagets kostnader

- Årligt OpEx hålls under 1 % av kapitalet vid årets start
 - Inom detta så har VD en nuvarande månadslön på 35 tkr som är avsedd att täcka endast grundläggande levnadskostnader.
 - Det ges inget semestertillägg och det görs heller inga pensionsavsättningar.
 - Grundare Daniel Glaser har rätt till utdelning på 10 % av årets vinst via sitt ägande av A-aktier, om och endast om:
 - i) Bolagets substansvärde per aktie vid årets slut överstiger tidigare högsta substansvärde per aktie,
 - ii) Bolagets resultat efter en utdelning på 10 % överstiger OMXS30 inklusive utdelningar.
- Skatt ca 1% av kapitalet vid årets start
 - Bolagets skattesats är gällande skatt på en svensk kapitalförsäkring som för 2026 är bestämd till 1,07 %
 - Observera att Bolagets skattesats varierar från år till år.



River Oak Capital

Daniel Glaser
Grundare & VD
daniel@riveroakcapital.se
+46 (0)70 496 3114

River Oak Capital AB
Eklundshovsvägen 5
752 37 Uppsala, Sweden

Tack för er tid och
sällskap!

Frågor?



River Oak Capital

Uppsala
March 2026

Dinner with Kajorna

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Agenda

- i. The best way to invest surplus capital over a lifetime
- ii. Explain how River Oak applies it
- iii. How Does AI Impact the Financial Industry?
- iv. Q&A Session

Brief Background About Me

- Investor and entrepreneur since 2010
 - River Oak since 2017
 - Professional investing since 2013
- Wife and two children (12 years & 9 years)
- Former elite athlete and national team player in badminton 1992-2006
 - Multiple Swedish championship titles and international titles incl. Junior Nordic Championship Men's Doubles
- M.Sc. Engineering Physics, specializing in Optimization at KTH 2000-2005
 - Master's thesis at University of Gainesville in Florida, USA
 - Developed radiation optimization algorithm for cancer treatment that contributed to the founding of ViewRay, Inc., listed on Nasdaq 2016

How did I get hooked on investing with that background?

- Asked my then-boss how to value companies. His answer: Look at PE ratios.
- Started thinking more on my own, there must be more to it. In all my spare time (and work time too) I read about companies and investments.
- Had several tempting alternatives during these years:
 - ViewRay, Inc. in the US, Cancer radiation optimization
 - CEO Karolinska Institutet startup, Goal to reduce healthcare queues
 - Family business Nutris helping people eat right and lose weight
- Key insight:
10x better results when you do something you truly find enjoyable and fascinating
- Jeff Bezos (Amazon's founder) was asked why he spent so much time and billions building rockets at his second company Blue Origin:

"You don't choose your passions. Your passions choose you."

Stocks, Bonds, Gold or Cash??

Performance of Financial Assets in America from 1801 to today



Source: [Jeremy Siegel, Future for Investors \(2005\)](#), [Bureau of Economic Analysis, Measuring Worth](#)

Stocks, Bonds, Gold or Cash??

Performance of Financial Assets in America from 1801 to today

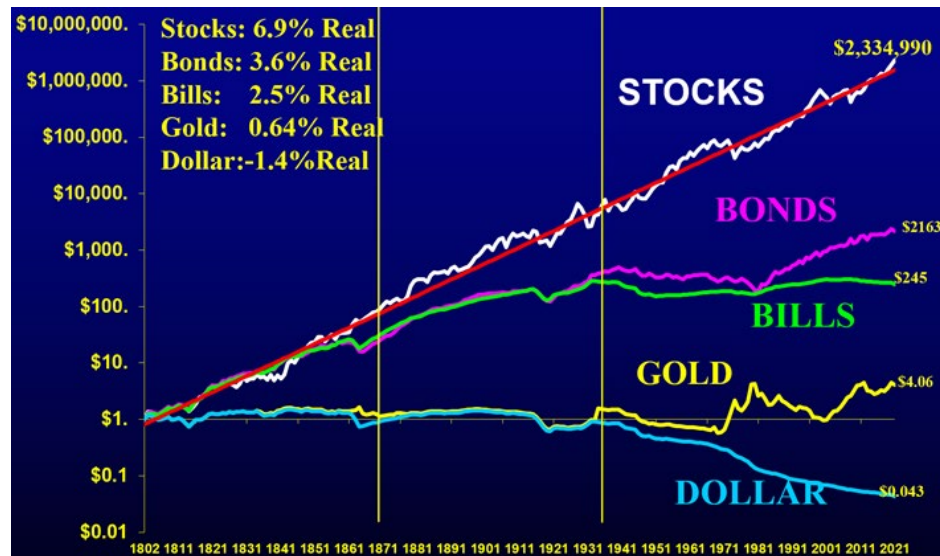


Source: [Jeremy Siegel, Future for Investors \(2005\)](#), [Bureau of Economic Analysis, Measuring Worth](#)

The Compound Interest Effect Yields Incredible Results

Årlig avkastning	4%	8%	12%	24%
10 år	1,480,244	2,158,925	3,105,848	8,594,426
20 år	2,191,123	4,660,957	9,646,293	73,864,150
30 år	3,243,398	10,062,657	29,959,922	634,819,933

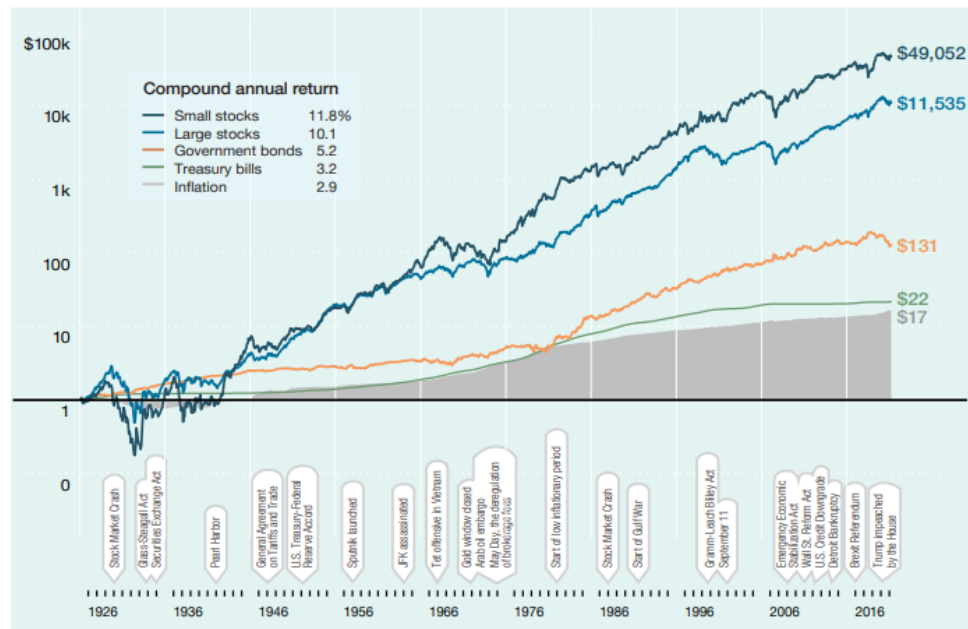
* 1 million invested



Source: Jeremy Siegel, *Stocks for the Long Run* (2014) with updates to 2021

Small Caps vs Large Caps

- Much of the outperformance for small caps came 1975–1983 with CAGR 35% vs 16%
- Large outperformance for Large caps 2016-2025 (the graph goes to 2022)
- Stocks give best returns but Small caps vs Large caps can be discussed



MORNINGSTAR®

Past performance is no guarantee of future results.

Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1926. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an Index. © Morningstar 2023 and Precision Information, dba Financial Fitness Group 2023. All Rights Reserved.

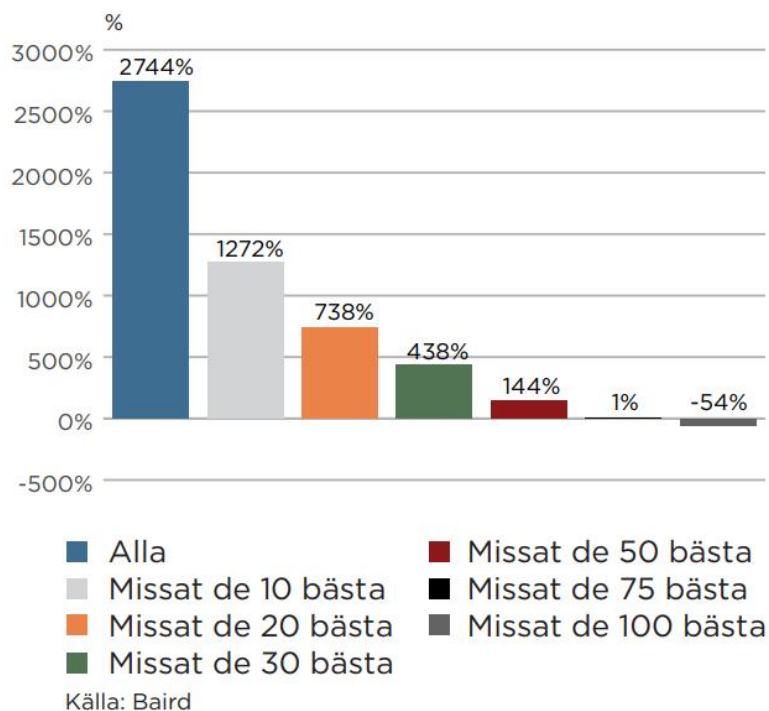
Source: Ibbotson / Morningstar SBBI (Stocks, Bonds, Bills & Inflation) dataset

It's Important to Stay Invested

- You want to participate in the world's long-term upward trend
- Can you imagine an elite athlete sitting out 2 years of competitions due to fear of injury?
- The market has been fantastic over the last 100 years – but if you missed the best days your return would have been close to zero
- **Worst possible timing buying right before the financial crisis peak 2007/08?**

Oct 2007 – Oct 2017 yielded 5% average annual return
- Much of the above is why River Oak was set up with a more permanent capital structure by nature

50 års avkastning på S&P 500 om man missat de bästa dagarna



Should You Try to Time the Market?

What do the business world's Michael Jordan & Scottie Pippen?

"Microeconomics is what we do. Macroeconomics is what we put up with."

– Charlie Munger

"Over the years, there have been four times when Berkshire's stock has fallen by about 50%. If you can't handle a 50% decline in your investment, you shouldn't be invested in stocks. That's the price you pay for long-term returns."

– Warren Buffett

"I never have an opinion on the market because it would not be any good and it might interfere with opinions that are good."

If Federal Reserve Chair Janet Yellen came up and whispered in my ear what she was going to do for the next two years, it wouldn't make any difference to what we do."

– Warren Buffett



Charlie Munger, former Vice Chairman, Berkshire Hathaway



Warren Buffett, Founder & Chairman Berkshire Hathaway

Why Not Try to Predict the Market?

- You can make a brilliant and correct analysis of interest rates but be wrong about global growth, inflation, the dollar, China, India, Trump
 - Completely useless for predicting market movements
- "All future crashes look like risks, all historical crashes look like opportunities." – Morgan Housel
- **If you failed to predict the last 5 years' major world events, why would you do better the next 5 years?**

Conclusions PART 1

- i. Stocks is amazing to be invested in over time
- ii. My best guess is the market will return 4-12% annually over the next 100 years
- iii. Give up your hopes of timing the market
- iv. An investment in yourself or starting your own business > Stocks

PART 2

How Can It Be Applied?

River Oak Capital AB

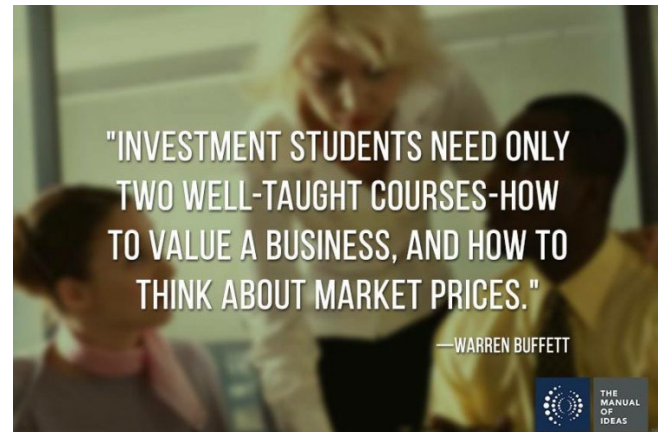
- Private investment company founded February 2017 in Uppsala
- **2017:**
 - 10 shareholders at inception
 - Starting capital SEK 4.4M of which SEK 0.5M from yours truly
 - Paid the law firm nearly 1% of starting capital on Day 1, I was sufficiently young and naive then to think it was a good solution with favorable odds
- **2026:**
 - 74 shareholders from eight different countries
 - Capital base SEK 90M

Perception vs Reality

What some people think I do:



What I actually do:



Index vs River Oak

Index

- Index = a collection of companies

E.g. the Swedish OMXS30 index consists of the 30 most traded companies in Sweden.

Think of the index as the average company of these 30.
- The average company (that survives) has returned 7-10% per year
- Index is not a bad investment alternative.

River Oak

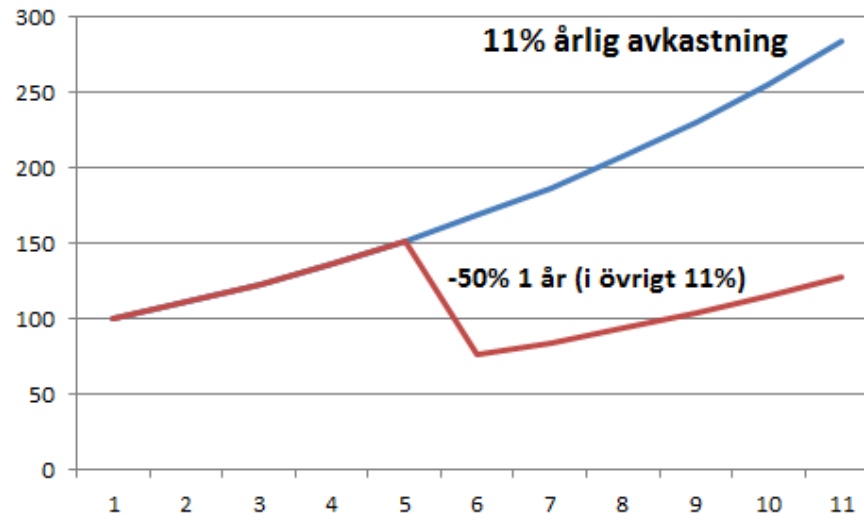
- In-depth company analysis of individual companies
- Find companies that are better than average and/or trade at a lower price. (We generally invest in companies that are not part of an index.)
- Long-term perspective as a starting point
- We keep it simple – complicated strategies rarely produce good results

Our Goals

1. Don't lose money – we will always think about the downside first
 2. 15% average annual return on our capital over time (before tax in SEK)
- => The company's NAV increases by approx. 12% on average per year over time

Offense wins games, defense wins championships

- We always think about the downside first.
- If you lose 50% of your capital in an investment, you need a subsequent double just to reach breakeven.
- Big impact on the long-term result:



We Stick to What We Understand Well

- Isaac Newton & South Sea Company 1711
 - 1) Doubled his money, sold because he saw the crazy speculation going on
 - 2) Bought back much higher due to fear of missing out
 - 3) Lost several million in today's money. Rumor has it that he forbade all his friends to ever mention "South Sea Company" in his presence.

"I can predict the movement of the stars but not the madness of man."

- No penalty points in the investment world saying "I don't know". Quite the opposite. Simply to move on to the next opportunity.
- ***If you don't understand what you're investing in, how can you ever make good future decisions?***

Good Opportunities Are Rare

- The best 4% of all listed stocks account for 100% of net returns in US markets (1926-2016)

The remaining 96% combined are equivalent to returns on US Treasury bills

Source: Hendrik Bessembinder (2018) "Do Stocks Outperform Treasury Bills?"

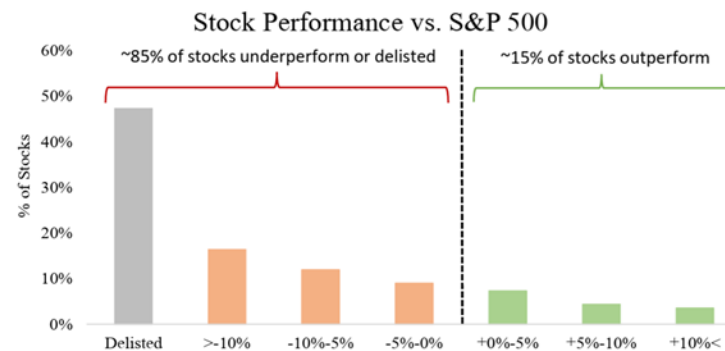
- Globally: The best 2.4% of stocks account for 100% of net returns (1990-2020)

Outside USA: The best 1.4% of stocks

Source: Bessembinder, H. et al. (2023) "Long-Term Shareholder Returns: Evidence from 64,000 Global Stocks"

- Only 15% of all stocks outperformed the S&P 500 (1980-2025)

Source: FactSet, Saga Partners



Note: The black dotted line represents the S&P 500's performance. Orange and green columns represent relative under/outperformance relative to the S&P 500 over rolling 10-year periods. Data consists of stocks publicly traded since 1980.
Source: Factset, Saga Partners

...so We Invest Big When We Do Invest

- If you take the time to actively select stocks, you want to be rewarded when you're right
- Pointless to select 30-100 stocks, then you essentially become = index!
(many banks/funds do exactly that and call themselves "active managers")
- It has been shown that more than 7-8 stocks in a portfolio doesn't provide any noticeably increased diversification

What Kind of Companies Do We Look For?

Starting criterion: Want to reasonably understand the business at first glance.

1. Easy to understand: Should be able to explain the idea to my children in 5 minutes
2. Macro-independent to the greatest extent possible
3. Strong competitive advantage(s)
4. Companies I believe will earn more money in the future than they do today
5. Strong financial foundation: Balance sheet & Business model with limited investment needs
6. Attractive price
7. Honest and competent management:
 - Preferably management has significant share ownership that makes a difference in their lives
 - Running a company is tough and sometimes terrifying – motivation is needed.

How Do We Value the Companies?

- Estimate profit, cash flow and net assets on 2-3 year time horizon (not by any means advanced models)
- Multiple I'm prepared to pay
Based on predictability of demand and future profits, competitive position, growth opportunities, etc (a lot of experience applied here)
- *Investing is as much art as science.
You don't need to know a man's height to know he is tall.*
- How do I choose between two good alternatives?

Answer the question: ***"How sure are you?"***



FORTNOX

Småföretagens bästa vän

Investment 2015:

- Fortnox 2014 Annual Report:

“Only 15% of larger companies and 11% of smaller ones purchase cloud services for accounting and financial management. The most common reason companies don't use cloud services is lack of knowledge, according to Statistics Sweden's survey.”

- Fortnox had approx. 100k customers and there were approx. 1M companies in Sweden of which 99% small businesses
- Strong network and lock-in effects
- Great opportunities for upselling and higher revenue per customer
- We paid ca 8x 2018E earnings of 100 million
- Acquired in 2025 by EQT & Olof Hallrup for SEK 55 billion (we sold our last shares at a valuation of SEK 38 billion, average approx. SEK 31 billion)



Investment 2022:

- Clear market leader in Sweden
 - Sometimes misunderstood that Nordnet is close due being active in four Nordic markets vs Avanza which focuses solely on Sweden
- Rates sharply up => Positive for Avanza's interest income, from 160M 2019 till 600M H2-22
- Number of customers doubled during covid but they were now showing lower activity
- Perfect hedge against higher rates / low activity
- Nice upside when activity returns with 2x user base & higher rates than before
- One of Sweden's top-10 most shorted stocks
- Earnings consistently near all-time high since then
- Stock price has not performed as well as I expected given the company's operational performance 2023-2026

Results

“However beautiful the strategy, you should occasionally look at the results.” – Winston Churchill

Jan 1, 2013 – Feb 7, 2017: Zen Capital Family Partnership

Feb 8, 2017 – Dec 31, 2025: River Oak Capital AB (New structure in place since 2025)

The table shows River Oak’s results since inception including the results for founder and CEO Daniel’s family office between 2013 – 2016 which was the basis for the company’s founding and strategy:

<i>Årlig förändring i %</i>	Avkastning (före skatt)	Substansvärde per aktie	OMXS30 inkl. utd. (före skatt)	Substansvärde per aktie Ny struktur
2013	41,0%	30,8%	25,5%	35,6%
2014	45,0%	33,8%	14,0%	39,1%
2015	35,1%	26,3%	2,2%	29,9%
2016	20,5%	15,4%	9,4%	17,2%
2017	19,6%	14,0%	7,7%	16,5%
2018	0,0%	-6,0%	-7,0%	-1,5%
2019	61,7%	50,1%	30,7%	53,6%
2020	104,0%	74,3%	7,4%	92,3%
2021	14,3%	10,8%	32,7%	12,9%
2022	-26,9%	-28,8%	-13,0%	-28,3%
2023	5,7%	4,0%	21,0%	3,7%
2024	20,1%	17,5%	6,8%	18,0%
2025	-13,4%	-15,1%	19,7%	-15,1%
Total Värdeökning	1105,6%	485,2%	301,5%	718,4%
Värdeökning per år	21,1%	14,6%	11,3%	17,6%

Currency effects:

2014 +7%, 2016 +2%, 2017 -10%; 2018 +5%, 2019 +3%, 2020 -6%, 2024 +4%, 2025 -9%

Other years < 2%

How Does AI Impact the Financial Industry?

- A good investor often has the following qualities:
 - Good at absorbing large amounts of information
 - Works hard and efficiently
 - Skilled at analyzing and comparing alternatives
 - Draw conclusions and Act with conviction
- An AI can work 24/7/365 completely without emotions (?)
- Already today better at several factors, but not the – often decisive – subjective judgment
- If the day comes when it's completely obvious that I add no value, then I'll have to consider a new career
- Until then, River Oak will keep trying

Generative AI as an Accelerator

- So far AI is an accelerator
- Ability to build custom models within the LLM you use, e.g. Claude/ChatGPT
- Automated reports on key metrics for individual companies and industries
- Ralph's boats
 - 1 day's work now takes seconds
- I can work 10-20x faster now and that number will likely continue to increase
- Demo

Generative AI: Examples

Example: Alfa Laval

Alfa Laval AB (STO: ALFA)

Shares O/S 413.3M

MCap SEK 216.6B @ SEK 524/share

Cash SEK 7.8B

Debt SEK 17.2B

EV SEK 226.0B

Business Description

Alfa Laval is a Sweden-based global leader in heat transfer, separation, and fluid handling, founded in 1883 and headquartered in Lund. The company manufactures highly engineered equipment used across energy, food, marine, pharmaceutical, and industrial sectors, serving customers in approximately 100 countries with around 23700 employees. Alfa Laval operates through three divisions: Energy (HVAC, data centers, clean energy, process industry), Food & Water (dairy, pharma, biofuels, protein, water treatment), and Marine (ship systems, offshore, cargo pumping, environmental solutions). Service constitutes approximately 30% of group revenue. The largest owner is Winder Holding AG (Switzerland) with 29.5%.

Revenue Breakdown

By product

Heat Transfer 41%, Fluid Handling 27%, Separation 17%, Other 15%

By geography

Other EU 22%, China 19%, USA 16%, Other Asia 16%, South Korea 7%, Other Europe 7%, Latin America 6%, Other 7%

By division

Food & Water 37%, Marine 34%, Energy 29%

By revenue recognition

Mix of percentage-of-completion for large project contracts and point-in-time recognition for transactional and service sales. Capital sales ~70%, Service ~30%.

2025FY

Revenue SEK 69.7B (SEK 67.0B), +4%

EBIT SEK 11.7B (SEK 10.4B), +13%

EBIT Margin 16.9% (15.6%)

Cash from Operations SEK 9.2B (SEK 12.8B), -28%

CapEx SEK 2.7B (SEK 3.3B), -20%

FCF SEK 6.5B (SEK 9.4B), -31%

FCF Margin 9.3% (14.1%)

EV/FCF 34.7x

EV/EBIT 19.2x

2024FY

Revenue SEK 67.0B (SEK 63.6B), +5%

EBIT SEK 10.4B (SEK 9.3B), +13%

EBIT Margin 15.6% (14.6%)

Cash from Operations SEK 12.2B (SEK 9.2B), +33%

CapEx SEK 3.3B (SEK 2.5B), +33%

FCF SEK 8.9B (SEK 6.7B), +33%

FCF Margin 13.2% (10.5%)

EV/FCF 25.4x

EV/EBIT 21.7x

Summary


PART 1 The best way to invest surplus capital

- Stocks are fantastic to be invested in over time
 - The market goes up over time as productivity improves and humanity moves forward.
 - If that stops we will all have bigger problems than our stocks.
- Give up your hopes of timing the market
- An investment in yourself or starting your own business always trumps Stocks

PART 2 How can it be applied?

- River Oak invests in companies we see as better than average and/or trading at a lower price
 - In-depth company analysis of individual companies & Concentration in our best ideas
 - Long-term perspective as a starting point
 - We keep it simple
- An investment in River Oak may be interesting if:
 - Surplus capital in your company you won't need for the next 2-5 years (e.g. pension allocations)
 - Concentrated portfolio with focus on limited downside over time and opportunity for good upside
 - Believe in a simple investment strategy where the Founder and CEO with family have invested their entire liquid net worth (unlike many tie-wearing advisors in fancy offices 😊)

PART 3 AI in the financial industry

- Today's AI is better than analysts in many respects
- Today an incredible accelerator where a week's work can be almost fully automated
- In the future: 

Tax for shareholders & Company costs

Tax for shareholders

- Via Company
 - Tax-free up to the company
(25a kap. 3 § och 5 § the Swedish Income Tax Act)
- Private
 - 25% tax on realized gains, or
 - Endowment insurance with annual flat-rate tax plus approx. 1% fee per year (not recommended)

Company costs

- Annual OpEx kept below 1% of capital at year start
 - Within this, the CEO has a current monthly salary of SEK 35k intended to cover only basic living expenses.
 - No vacation supplement is given and no pension contributions are made.
 - Founder Daniel Glaser is entitled to a dividend of 10% of the year's profit via his ownership of A-shares, if and only if:
 - i) The company's NAV per share at year end exceeds the previous highest NAV per share,
 - ii) The company's result after a 10% dividend exceeds OMXS30 including dividends.
- Tax approx. 1% of capital at year start
 - The company's tax rate is the applicable tax on a Swedish endowment insurance which for 2026 is set at 1.07%
 - Note that the company's tax rate varies from year to year.



River Oak Capital

Daniel Glaser
Founder & CEO
daniel@riveroakcapital.se
+46 (0)70 496 3114

River Oak Capital AB
Eklundshovsvägen 5
752 37 Uppsala, Sweden

Thank You for Your
Time and Company!

Questions?