NASDAQ: PWRL

Powerlaw Corp.

Investor Conference Call & Webcast

Transcript

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PARTICIPANTS

Mike Dinsdale, Chief Executive Officer
Ben Black, Chief Investment Officer
Nicole Bellefeuille, Vice President, Investor Relations

Operator:

Hello everyone, and welcome to today's Powerlaw webcast. Please note, this call is being recorded. If you have any objections, please disconnect at this time. I would now like to turn the call over to Nicole Bellefeuille, VP of Investor Relations. Nicole, please go ahead.

Nicole Bellefeuille, Vice President, Investor Relations:

Good afternoon everyone, and welcome to Powerlaw Corporation's conference call and webcast. I am Nicole Bellefeuille, Vice President of Investor Relations. I'm joined by Mike Dinsdale, Chief Executive Officer of Powerlaw, and Ben Black, Powerlaw's Chief Investment Officer.

Before we get started, I'd like to remind our listeners that remarks made during the call may contain forward-looking statements, which are not a guarantee of future performance or results and involve a number of risks and uncertainties that are outside the company's control. Actual results may differ materially from those in forward-looking statements as a result of a number of factors, including those described from time to time in Powerlaw Corporation's filings with the SEC. The company assumes no obligation to update any forward-looking statements. Please note that nothing on this call constitutes an offer to sell or a solicitation of an offer to purchase an interest in Powerlaw shares.

With that, I will turn the call over to Mike.

Mike Dinsdale, Chief Executive Officer:

Good afternoon everyone, and thank you for joining us today. I'm Mike Dinsdale, Chief Executive Officer of Powerlaw Corp. Ben and I are here live at the Powerlaw offices in San Francisco and excited to have you join.

As you may have read in our September 23rd announcement, we added a monthly dividend to PWRL, our flagship fund, and made some other important updates. We are here to give you the opportunity to hear directly from us about our dividend and also answer some questions that came in. Many of you know that our mission remains simple, unlock private market gains for public market investors. The announcements we made last week are a deliberate step forward in delivering that value. To recap, our board approved a monthly dividend program set at an annual rate of 6%, which is based on our August 31st NAV of 16.23 per share. Under this program, dividends will be paid monthly with the first payout October 30th. These dividends will be paid to all shareholders as of the October 20th record date.

Let's put the dividend in context. Based on our closing share price of 11.39 per share on September 18th, that monthly dividend works out to an effective annualized yield of roughly 8.6% on the market price. It's important to note that when we realize gains, we need to distribute those gains either in a one-time special dividend or through a monthly dividend. We think a monthly dividend is a better option to provide investors with consistent returns throughout their year. Going forward, our intention is to keep paying on a regular monthly schedule. That depends on generating enough cash from future portfolio realizations and it's not guaranteed. The board can adjust or end the program at any time.

One quick note on how you receive the dividend. All stockholders are automatically enrolled in our Dividend Reinvestment Plan, so unless you opt out, your dividends will be reinvested in additional PWRL shares. If you'd prefer to receive cash, you'll need to opt out ahead of the record date. You'll find full instructions in the Investor Relations section of our website. That was a mouthful.

Ben, a lot of questions we got ahead of today were about why we're doing this at all. Do you want to take that?

Ben Black, Chief Investment Officer:

Thanks, Mike. Happy to. The most common question was this. Why pay a dividend when your mission is to generate the highest possible return on investment? It's a fair question, and we think there's a good answer. The logic behind this policy is straightforward. When PWRL realizes gains from mature investments, we want our shareholders to participate in tangible returns. This is our realize-and-reinvest model. In fact, you are seeing our realize-and-reinvest model in action with the partial sale of our SpaceX position. On September 2nd, 2026, the Fund sold its first tranche of SpaceX shares and netted approximately $19.0 million. We're deploying a portion of these proceeds into our monthly dividend while also positioning for the reinvestment opportunities we see ahead. This strategic capital allocation is consistent with our primary objective of long-term capital appreciation.

That brings me to a follow-up question we've been getting about SpaceX. A few of you asked whether selling part of our position means we're less confident in the company. The short answer is, it doesn't. But it's a fair question and it really comes down to how we decide when to realize gains. First, it's about exclusivity and scarcity. We exist to give investors exposure to private companies during the steepest part of their value creation. Once a company can be bought in the public markets, the case for holding it inside Powerlaw gets weaker because anyone can own it directly. Second, our conviction in SpaceX hasn't changed. This sale isn't a call on SpaceX itself. It's about our mission, which is generating gains in the private markets. And third, we look at every sale on its own merits. If we see substantial value left in a public position, we may hold it. If it makes sense to trim, we'll trim. And if the right move is to sell before an IPO to lock in a big gain, we'll do that too.

Mike, I know there are a few more announcements from last week worth walking through.

Mike Dinsdale, Chief Executive Officer:

What you just heard is really the point. When you invest in PWRL, you're investing not just in a portfolio, you're buying a team that can work through a complex, fast-moving landscape and make the right calls for our shareholders. So, in addition to the dividend we announced on September 23rd, we've waived all remaining lockups for non-affiliated shareholders, freeing up about 13.7 million shares. That is roughly two months ahead of schedule.

Last, we know growing a team to support what's next is incredibly important. We are proud to announce that we have expanded the leadership team by adding three proven senior leaders. Aayush Phumbhra, co-founder of Chegg, with two decades of experience as an entrepreneur, operator, and investor, joins as SVP and Partner. Steve Blatney, former executive at Citi-ONE ATS and NASDAQ Private Markets joined as VP of Channel & Distribution, and our host, Nicole Bellefeuille, VP of Investor Relations, brings deep institutional experience at BlackRock and Farallon Capital. Their deep experience across technology, distribution, and capital markets will be key in scaling our operational platform. We will continue to bring top talent to our team as we grow.

Finally, being a public company means being publicly accountable. We want PWRL to be simple, transparent, and easy to evaluate on the facts. In that spirit, everything we've covered today is on our website. You'll find detailed materials on last week's announcements plus an FAQ in the Investor relations section of pwrl.com. And if you have additional follow-up questions after today, you can always reach out to our team directly at ir@pwrl.com.

Before we open it up, I just want to say we are really glad to be here with all of you today, and it's something we plan to do more of. We got a number of questions that go beyond last week's announcements and we're happy to take those too, so let's get into them. And stay tuned because there is a lot more to come from Powerlaw.

Nicole, over to you.

Nicole Bellefeuille, Vice President, Investor Relations:

Thanks, Mike. Let's dive right in with the first question we have for you, which is on the dividend. How is it funded and is it sustainable? Does the dividend program force Powerlaw to be a seller if cash is tied up?

Mike Dinsdale, Chief Executive Officer:

Great questions to kick us off. Between the size of our SpaceX position and roughly $63 million in realizations we've generated over the past year, we believe we have a strong foundation for a dividend. And as the portfolio matures, we expect to keep realizing gains, which we will keep feeding to the dividend. As to where the money comes from, distributions can be funded from net investment income, realized gains, and in some cases, return of capital. We publish the estimated sources with every distribution and you'll find a breakdown on your 1099 after year-end.

On forced selling, we built this program to be flexible. We have generated investment income and hold cash reserves beyond it. So, we don't anticipate being in a position where we would have to sell at a discount just to pay the dividend.

Nicole Bellefeuille, Vice President, Investor Relations:

Next, we've had several questions about share repurchases and specifically what investors saw in our September 25th filing. Can you please also walk us through that, Mike?

Mike Dinsdale, Chief Executive Officer:

Absolutely. Buybacks are another tool we have to return value to shareholders. Our board has authorized us to buy up to 10% of our shares through July 2027. We can use that authorization at any time our shares trade at a discount of 5% or more to NAV. As of August 31, we repurchased about 82,000 shares. Remember, like any public company, we're only able to buy during authorized trading windows. We feel the two work together. The dividend lets every shareholder share directly in gains we realize. Buybacks let us step in when the stock trades below what we think the portfolio's worth. Using them reflects our conviction and what we built and our future.

Nicole Bellefeuille, Vice President, Investor Relations:

Moving over to Ben. Many asked how we will use the capital to invest in the next generation of industry leaders. Who are these companies? How do you identify them before the rest of the market and are you actively deploying capital into them today?

Ben Black, Chief Investment Officer:

Great question. This is honestly the part of my job I love the most. It's where I spend a lot of my time finding what comes next. First, we are always looking ahead into the next generation. Right now, we are actively redeploying across the five frontiers of the economy where we see the opportunity for private companies to thrive: machine intelligence, space and defense, financial infrastructure, the future of work, and synthetic biology. Within each one, we will curate balanced, high-conviction exposure.

Second, NAV growth. We feel our portfolios built to grow NAV. And we have done this with the bigger names in our portfolio, getting in earlier and holding as valuation increases, not buying at the peak. That's a quick answer, but as the team knows, I could spend all day on this. It's what gets me up in the morning.

Nicole Bellefeuille, Vice President, Investor Relations:

Quick answer, but a great answer.

Mike, Ben talked about NAV. We have questions regarding our share price, specifically that Powerlaw is trading at roughly a 30% discount to its August 31st NAV. We've been asked why this discount exists and what steps you are taking to close it.

Mike Dinsdale, Chief Executive Officer:

Ben talked about what gets him up in the morning. For me, it's market price, market price, market price. I truly think about it day and night. As shareholders ourselves, we completely understand the question.

In the public markets, we can't control our share price. What we can control is how well we execute, and that's where our focus is. On that front, we feel the portfolio is doing what we want it to do and performing. We think two things are driving the discount: liquidity and how many people know about what we're building at Powerlaw, awareness. As CEO, I spend all my time on those two things plus portfolio performance. As a team, we're focused on four areas to help close that gap.

The first is people. And I've always believed that the team with the best people will succeed. We're adding experienced leaders like the three I mentioned and will continue to add to the team. The second is brand and awareness, getting PWRL story out in front of more investors. The third is the steps we've taken as a fund. The monthly dividend generates monthly income for our investors, waiving the lockup for shareholders removes an overhang and puts more shares in the market. Monthly NAVs and portfolio overviews on a quarterly basis give investors the facts, and we're working on structural changes to increase trading volume. And finally, we stay relentlessly focused on what we can control, building the best possible portfolio and continuing to grow NAV.

Nicole Bellefeuille, Vice President, Investor Relations:

This question came in overnight and it's following up on marketing and awareness you mentioned just now. Mike, can we talk about strategy for increasing awareness of Powerlaw and more actively communicating the portfolio, investment thesis, and fund developments to both retail and institutional investors?

Mike Dinsdale, Chief Executive Officer:

We've been investing in the team and infrastructure to broaden our reach with both retail and institutional audiences through marketing, media, digital channels, and investor relations. That includes bringing on talent like Nicole to support Investor Relations and Steve to lead Channel and Distribution with several additional hires in process, and we believe we have a very compelling story to tell. You should expect to see more from us as we continue to expand these efforts. Our goal is to make sure a broader audience understands what Powerlaw is, what we own in our portfolio, and what differentiates our strategy.

Nicole Bellefeuille, Vice President, Investor Relations:

Thanks. I'm really happy to have joined the team. I think we have time for two more questions. Can you please comment on the rationale behind the sale of our Anthropic position earlier this year?

Mike Dinsdale, Chief Executive Officer:

Absolutely. It was a successful investment for us. We generally don't comment on individual sales of private companies. SpaceX was the exception because it is our largest position. What I can tell you is

that we'll take gains in a private company when the valuation, the market, and the risk-reward all make sense for the portfolio as a whole.

Nicole Bellefeuille, Vice President, Investor Relations:

Understood, Mike. Thanks for the color.

As we close out the call, Ben, is there anything you would want to touch on?

Ben Black, Chief Investment Officer:

Sure, Nicole. I would like to add a few thoughts on the overall market. Let's start with some data. The U.S. startups raised more than $400 billion in the first half of 2026. That's more than any previous full year on record, and it's already more than all of 2025. First, we're seeing graduation of the icons. Major private companies like SpaceX, OpenAI, and Anthropic are moving into the public markets. We believe a big share of that capital will find its way back into the private markets, and that's why we're deploying now using the realizations we've talked about.

Second, there are two near-term trends we're watching closely. One is next-generation space and defense. These companies have tremendous momentum right now, both commercially and in the secondary market. Defense is going through a fundamental technology shift with capital flowing into autonomy, AI, and advanced systems. That's creating a new generation of category-defining companies and, we believe, a real opportunity for long-term capital appreciation.

Another, of course, is the AI value chain. We see that demand for compute keeps outpacing supply, and that's driving revenue growth all the way from the top of the stack, the applications, down to the bottom, the silicon and even the power. Valuations here, however, are a big challenge to navigate, so we're keeping a close eye on how open-source models and falling token prices affect gross margins across the sector. Last, I want to talk about next-generation discovery. We believe the future lies in finding the leaders and securing early access to them before they're obvious to the broader market.

Let me double-click on ‘securing.’ It's not enough to see where the world is going. You need a path into these consequential companies, and that's where our reputation and leadership in the secondary market is enormously valuable to our shareholders.

Mike Dinsdale, Chief Executive Officer:

Well said, Ben. This is why we make great partners and I love what we do. That pedigree is something we'll keep building on. Most of all though, I'd like to thank all of you for your time, your thoughtful questions, and your continued trust and partnership. Our focus remains firmly on executing our strategy, building a world-class platform, and compounding long-term value for every Powerlaw shareholder. We look forward to keeping you updated on our progress in the months ahead.

Operator:

This concludes our webcast. You may now disconnect.