



John Cole Scott provides welcoming remarks to open the 2020 AICA Summer Summit.

Thursday, August 13, 2020

John Cole Scott, Founder and Executive Chairman of the Active Investment Company Alliance opens the 2020 AICA Summer Summit with opening remarks. Read the transcript below.



John Cole Scott

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<https://aicalliance.org/aicasummersummit2020/>

John Cole Scott: Good morning and welcome to the AICA Summer Summit. For those of you that don't know much about AICA, we actually turn one year old next week on August 19th. We are a 501(c)(6) nonprofit trade association, and when I was forming it last summer with a small work group, we decided to focus on listed closed-end funds, BDCs, interval funds. We wanted to broaden the base so it included both the fund sponsors as well as the institutional investors, the analysts, the product sponsors, but also the service providers. And we felt that broad universe gave it a great breadth to connect people together, to tell the complete story, and to help educate individual investors and the advisors that serve them.

If you think of the mission and vision for AICA, that really is what the key is. Creating high-quality content, a place to go on AICAlliance.org with webinars, events, articles, videos. This of course, is a virtual event, it's a follow on to the November 2019 event we did in New York, which was a very successful one-track one-day event. We had hoped to gather in New York in June, we were making plans in March, but of course like all of our plans and many of your plans, they were punted into a different world and into a different way.

The reason why I felt comfortable starting AICA is because I've been serving on my college alumni board, the William & Mary Alumni Association, I'm currently in my second term. I really wanted to create an environment where we could create content and we could select who would be able to produce it for you, our viewers and our constituents. And so the invite-to-speak model was our mantra and we've been very successful at creating dynamic, quality, and diverse content.

We've been doing *The NAVigator* podcast with Chuck Jaffe, who's one of our moderators today, for almost a year. We've recorded 50 episodes and they are a representation of what AICA's about. We have people in *Seeking Alpha* that write about closed-end funds, we have analysts, we have other data providers, my firm's data source. We have fund sponsors, institutional investors, index providers. Essentially everyone we can think of across the spectrum to support and educate you, and that's available on the AICA website every Friday morning or wherever you find great podcasts.

So we are also working on some other ideas for AICA and that is articles. And we've been tinkering with it for a little bit, but September 1st we'll be releasing an article called 'The Products of Closed-End Funds'. It will cover both two of the open-end funds in the space, two of the closed-end funds in the space, two passive and two active ETFs. And the idea is to have an interesting place to start to understand the firms behind the products, the style of management in each of those products, and also the structural differences between owning an open-end fund or a passive ETF of closed-end funds. So keep an eye out for that, and we do hope to have the author Jonathan Waggoner, who's an exceptional financial journalist on the podcast soon to kind of give a primer to that coverage.

I also thought it'd be worth giving a quick state of the closed-end fund, BDC, and interval fund universe. And so I can tell you that as of August 11th, on our CEF Data there are 192 closed-end equity funds, they're at about a 10.6% discount versus a 10-year average of 6.4%. There's 154 taxable bond funds, about a 5.9% discount versus a 10-year average of 3.2%. And there's 145 muni bond funds with a 4.8% discount versus a 10-year average of 3.3. There are 45 debt-focused BDCs, that's the largest bucket of listed BDCs, currently at a 21.7% discount versus a 10-year average of negative 1.5%. All in all, the listed closed-end fund universe is 541 listed symbols and average weighted 8.8% discount versus a negative 4.6% 10-year average discount.

We also thought it might be useful to give some quick sector stats, where we are. Obviously, well maybe not obviously to you but closed-end funds had their relative premiums and height on February 20th. I remember I was in the Aberdeen offices in New York recording a podcast, talking about 'be careful about narrow discounts to small premiums because you've got to be thoughtful about what could happen this year.' Of course, having no idea what was going to happen this year.

Equity interval funds, currently there's 27 of those, they're down 5.2% total return year to date. There are 46 credit interval funds. And if you don't know a lot about interval funds, you're actually in for a treat. Our keynote is covering interval funds and we have an interval fund track in the afternoon, but hopefully it'll be a great source of information for you. And if you want more educational stuff, again, look into our podcast where we had some intro sessions on interval funds last November. All that content is available on the AICAlliance.org website under the 'Events' tab.

We also have equity tender offer funds, there's 36, they're down about 2.1% year to date. And we have tender offer bond funds, 59 of them, and they're down about 8% year to date. So there's total 168 non-listed closed-end funds between a tender offer and the open-end funds.

And so let's look at this poll that we're doing now. So today at the event, this is part of the functions we're excited to bring you, is some polling topics. So please, if you have a chance, what topics are you most interested in today? And so we can take that information to help continue to create good event content for you going forward. So please, take a moment to text this to the address above and you will find these polling features throughout the day.

All in all, I'd just like to say there's 709 current closed-end funds in our AICA universe, which is \$335 billion in assets. And so while that in some ways is a large number, it is still a niche and we are excited for these sponsors, and investors, and users to understand these structures better so that this universe can grow. There's more options, there's larger options, and more liquidity for everyone.

So today I want to cover some of the nuts and bolts, the housekeeping details for this event. Hopefully if you're seeing this, you know how to get into what will be the introduction and the keynote session. But we have speaker bios and headshots on the AICAlliance.org event page. So if you have a second screen, feel free to go there, click the events tab. And just like you can review last November's conference, you can see all of the headshots and bios for today's events. It's also where we'll be posting the replay content once it gets through production and compliance approval. We would estimate that to be around October 1st.

Between 12 and 1, and 4 to 5, we have what I hope you find as a special treat. We have actually some software that'll allow you to connect with each other. It's on a platform called the Remo platform. If you go down to the page below this presentation, you'll see the timeslots and the agenda, a blue link where you can actually login to and at a six-top table. There's sponsor tables, there's topic tables, there's a couple of free tables. You'll be able to join a conversation with up to five other people to discuss what you're seeing today or anything else on your mind in this current market environment. Thank you for the first person using our system.

The afternoon breakout sessions are run by the Zoom platform and you can get to those links by going to the track on the events and then selecting the panel you want to see. That's a great way to choose your own adventure for the afternoon sessions. Again, we have two closed-end fund tracks, a BDC track, and an interval fund track.

We need to thank our sponsors, without them, because it's an invitation to speak model we would not be able to host this event to day. Griffin, Aberdeen, New Tech, Angel Oak, and then my firm Closed-end Fund Advisors for being sponsors of this event. We also couldn't get this done without the operations and logistics. My assistant for almost a decade, Jenny Campbell, most of you probably know at this point. Teresa Barrows, who works part-time for AICA in support of our content, and David Carter in my office as well has been very helpful.

We also need to thank the moderators because they're really in charge of the content you're going to consume today, and truly appreciate their efforts. We also want to thank the IMS staff, they've been wonderful to work with. It's my first virtual conference on this end of the screen, and it's been challenging but enjoyable and they've been wonderful to work with.

So we want to know what you like to see. We hope you like what you've seen so far in our first year of life as a nonprofit trade association. We are so excited about this conference, we've already planned the next one November 10th. We're expecting the same agenda structure and the same content platform but we need your feedback from this event, so please take the time after the event, if you get a survey, please take it. Let us know what you liked, what we can improve on, it will be very, very useful for what we're doing.

Apparently went through this a little faster than my prepared remarks, so I'd just like to say that we'll probably be starting the keynote session a few minutes early if that's okay with everyone involved. But this day is awesome, I'm glad that you're here. I do miss the physical interactions. We do hope to throw live events in some capacity going forward but it's just really hard not to take advantage of the ability to create and curate content, and engage people where they are, wherever they are, without requiring an airplane or hotel stay. And so with that, I'd just like to say thank you for being here. We really hope that you enjoy what we put on for you today and we'd like to see your continued support and feedback for the closed-end fund, BDC, and interval fund universe.

And with that, apparently I was so excited I spoke much faster, let's go ahead. And if Collin is ready, we'll get started very soon with the keynote. Good, he can hopefully hear me. So Collin, maybe you'll do the same with your presentation, you'll be too excited and get through it a little faster. And if that's true, we'll be fine, but it is so good to have you here.

When we were thinking about the keynote for this conference, it was, "How can we think of a topic that people want to hear about?" But also through the lens of our universe, because that's been the mission and vision for AICA, is what can we do to support the structure and highlight the users of that? And so we'll learn about it in your talk, you're involved in the interval fund side of Goldman Sachs. Goldman Sachs had closed-end funds before, and obviously all the structures involved. And so it's really fun way to take a well-known asset manager and highlight the lesser known structures and hopefully engage with our audience of advisors, and our audience of investors, and our audience of other fund sponsors and the press. And so a really wonderful format.

So this will be your official introduction. Collin, you're the global head of client portfolio management - and I am reading it because you have a long title - of fundamental equity within Goldman Sachs. It's a large platform and your background really is in the private/public real assets, and you can go into more details of your unique experience to that effect. But it is great to see a long-term member of the Goldman team here and we welcome you to present to our folks. Can't wait til the Q&A sessions.

That reminds me, if you're attending this conference and you want to submit a question for this or the next general session, use the 'Submit a Question' box on the screen in front of you. I will see the email and will make sure we get the questions to Collin. So with that, Collin, we're going to start with your presentation a few seconds early if that's okay with you. Thank you for being here, and can't wait to hear what you say.

Recorded on August 13, 2020.

Click the link below to go to the home page of Active Investment Company Alliance to learn more:

<https://AICalliance.org/>

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