Panelists speak during AICA Boot Camp and Round Table about Diversified Retirement Income Solutions: Balancing Economic Risk, Taxes and Interest Rates

Wednesday, November 6, 2019

Bill Meyers, Senior Managing Director at Nuveen, Patrick Shaddow Director of Index Operations at S-Network, and Chuck Jaffe, Host of MoneyLife were panelists at the AICA Boot Camp and Round Table held on November 6th in New York City. The moderator of the panel was John Duggan, Vice-President CEF and ETF Research at Morgan Stanley. Read the transcript from the discussion below to hear the insight from the panelists.

John Duggan

Bill Meyers

Patrick Shaddow

Chuck Jaffe

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John Duggan: I think beyond just income and all the choice of managers, one of the things that makes closed-end funds great is all the variety in terms of categories, some large, some small. And the focus today, at least how we're going to start out on, there's three key ones when it comes to taxability. Those being, one obviously muni's, but also preferred's. And then the somewhat scattered group of quote/unquote "tax advantaged" equity income funds, sometimes

they're called tax managed. Often just in an equity income category, maybe with leverage, but sometimes also grouped with covered call funds. And the first panelist to tackle the issues now will be Bill Meyers, he's going to give an overview of those three groups. Thank you, Bill.

Bill Meyers: Thanks, John. Thanks everyone for the forum today. John Cole Scott had mentioned earlier, different vintages of closed-end funds and how they change over the years. With respect to closed-end funds though, we see one pervasive characteristic of closed-end funds that has remained the same over the entire period of time; that's income, that's cash-flow. So as we think about retirement, and as we think about investors trying to fund retirement portfolios, at Nuveen we think closed-end funds have a critical reason to be included within retirement portfolios. If you think about retirement portfolios, people are trying to replace income that they once had when they were working, and it's become more and more difficult to do that over time as interest rates have fallen. You see worldwide there's 17 trillion dollars of debt that's at negative rates. So how do investors generate income in retirement with that backdrop of the negative yields overseas? And then the treasury bill, I think at 1.85 today, it's tough to get that income. So we think closed-end funds are very appealing for that. With respect to closed-end funds, other characteristics just beyond the income and cash-flow, the asset classes. So John had mentioned different asset classes, we see closed-end funds frequently are viewed as an asset class, unfortunately without looking underneath the hood at the various asset classes within it. If you look beneath the hood, closed-end funds have a lot of different appealing asset classes that are income-based securities, so fixed-income. You have municipals and corporate bonds, both high yield and investment grade. You have preferred securities, which is another income investment that has a pretty important role within closed-end funds. You have real-estate securities, so these are interesting asset classes that can serve to diversify portfolios, create strong

cash-flow, and yet also at the same time in the case of some of those asset classes, tax advantaged or tax exempt cash-flow. Another characteristic I think about with respect to closed-end funds, is just the diversification benefits of closed-end funds. And I think of diversification a couple ways. One, within the closed-end fund themselves, it's a diversified portfolio of securities within the target asset class. So if you look at investors, a lot of investors are buying individual securities to fund cash-flow. So there's a lot of straight preferred stocks that are bought on a retail basis, some fixed-income investments are bought. It's really not a good way to create a diversified exposure to that asset class. I think another way to think about diversification, and a way that I think is critical for the use of closed-end funds, is if you look at an overall asset allocation that an investor may have across a portfolio, so there might be different sleeves of fixed income, different sleeves of equity.

Within the research that we've shown internally at Nuveen, we've found that if you take just a regular portfolio allocation that an advisor, an investor might have, and if you slice off segments of that allocation and include just a sleeve of closed-end funds that might be dedicated to that given asset class. So for example, if an investor had a 25% allocation to corporate fixed-income, take 2.5% of that 25%, put it into closed-end funds that are focused on that asset class. What our research has shown is that there's a material increase in income with just that small reshuffling of the portfolio. There's a material increase in income without a huge pickup in standard deviation of that portfolio. So you see the sharp ratio improve for the portfolio, and you get a meaningful improvement on the income of the portfolio. So again, it's taking a pre-existing allocation and tweaking it a little bit, and we see very good outcomes. So again, thinking about closed-end funds as a means to increase a portfolio income, that's becoming increasingly more challenging to get in the current rate market, and it's tough for retirement investors to generate those incomes.

So that's a creative way to think about the use of closed-end funds. John had mentioned muni's, preferred securities, and other closed-end funds and the taxability of them. Again, if you look at the closed-end market, the biggest sector within the closed-end market is muni's. Nuveen has 60 billion dollars of closed-end assets, about two thirds of those are in muni's, so we see continued strong demand. We've seen in the market, the discounts shrinking across the board. And they've been shrinking in a pretty pronounced way for municipals, so we're seeing a lot of demand for muni's. With preferred securities, people don't necessarily look at those as maybe the most tax-advantaged investment. Certainly it's taxable income, but within our suite of preferred closed-end funds, we see probably 80 to 90% of the income is QDI income. So it's taxable, but it's taxed at a lower tax rate than say, pure corporate debt. There are other asset classes within the closed-end space that have varied levels of taxability. As the funds become more multi-sector, you might have some tax advantaged income, but certainly it's not as pure as muni's.I think the final comment I have about the closed-end funds is while thinking about the benefits of diversification of where they fit in the portfolio, you also have to think about the risks. So I had mentioned while we could see material pickups income for investors, it doesn't come without risk. So the majority of closed-end funds are leveraged, there's risks of leverage both on the NAV side but also on the income side. We think in the current market with rates having headed down at the short end, and because a lot of the leverage is funded through the short-term floating market, we think that risk is not as great as it was say, a year and a half ago. I think if we had this conference a couple of years ago, I think the expectation most everyone in the room would have had is that rates are moving higher. I think that's all shifted lower, so we think that's pretty appealing to closed-end funds. We think that's also helped the IPO market, because again the concern about

sharply higher rates, which is a big risk for closed-end funds, might not be as much at the forefront as it was before.

John Duggan: Bill, I think one of the thing that's kept muni funds appealing to investors, although they've gone below five percent, distributions rates have stayed solidly over four. However I know there's a lot of callability upcoming, supply and the demand and the underlying's been kind of mixed. What do you think the prospects are of staying in that four to mid-four range for the group?

Bill Meyers: That's a tricky question to answer. So you have two variables within the math of a closed-end distribution that are working in opposite directions. The portfolios are seeing a fair number of bonds that are being replaced at current coupons, so a lot of the premium bonds are being called as you mentioned. At the same time, the funding on the leverage has seen the rates drop a fair amount over the last year, year and a half. At Nuveen, we think that the Fed's going to be on pause for a while. Chairman Powell said that the Fed seems to be in a good place right now, so the I think the benefits that we see on the leverage costs falling going forward, we're not going to get that tailwind in the future. What I think everyone should do, is you should be mindful of call risks. You should look at the portfolios and see what exposure there are, because there can be material differences in call exposure from fund to fund. So be mindful of that. There will be earnings pressure just from the portfolio level as bonds get called, but again we're not seeing the circumstance where the leverage costs are moving higher while the earnings are falling for the fund. So again, I think from a funding perspective, it's a good story. From the portfolio perspective, it's probably on a case-by-case basis. One other comment, John, with respect to just muni's and the income. I look at muni's as closed-end funds really a longer term

allocation. So again, thinking about closed-end funds within the overall portfolio framework that investor has, think of it as maybe a longer term allocation within that overall broader allocation.

John Duggan: Thank you, Bill. So staying on the topic of closed-end funds and taxability, I think a phenomenon that's really stuck with the industry and was a really big one last year, is seasonality. And that seasonality obviously is around tax swaps, late year tax-loss selling. As we've gotten a little bit of growth in listed fund of CEF products in various wrappers, I think that has kind of come to the floor as a product that can be useful as a tool in implementing some tax swaps, specifically on the buy side. Two of the largest there in the ETF wrapper are PCEF, and XMPT. And Patrick Shaddow at S-Network was heavily involved in the development of the indexes for those products, and he's going to discuss those with us now.

Patrick Shaddow: Yeah, absolutely. Thank you first of all, and Bill and John have covered a lot of good stuff here and we can get into it. If you look at the headline up there, it says "Excellence Beyond Indexing", but we can achieve excellence through indexing. And indexing in general, specifically as it relates to the closed-end fund space, I think has been captured by S-Network fairly well. Our two indexes, the S-Network Composite Closed-End Fund Index, as well as the S-Network Municipal Closed-End Fund Index serve as the basis for close to a billion dollars in investments in the closed-end fund space. PCEF sponsored by Invesco, and XMPT sponsored by VanEck. PCEF yields currently around eight percent has a duration closed to four percent, and is currently trading at a discount of 6.5%. XMPT on the other hand, yielding roughly around five percent, a little under five percent, 4.8%. Discount around 6.5%, but the duration is significantly higher around eight percent.I think as we get into developing products and developing indexes, we do so mindful of specific rules, right? Minimum size, minimum average daily trading values and volumes, maximum expense ratios, maximum premiums. What Bill has gotten into is

individual types of asset classes that are included in closed-end funds. Our closed-end funds indexes are specifically municipal and corporate investment grade, high-yield and option income closed-end funds included in our indexes. All told, we calculate close to 44, 46 individual closed-end fund indexes covering equity closed-end funds, fixed-income closed-end funds, municipal closed-end funds, and commodity closed-end funds. Of the entire closed-end fund market, roughly around 280 billion dollars. I think Bill covers a little over 60, so I think you've got a good group of individuals up here representing the closed-end fund space.As we set off to create our indexes, we did so with an idea to out preform the market and create yield. Yield is king. And when people retire, they get to supplement their income that they used to have with investment products. You can do that with closed-end funds. And it's also important to diversify rather than get into one closed-end fund, which might potentially cut its dividend. And when it cuts it's dividend, the price goes way down and you kind of just lose a lot of money, not to mention you lose your income. So it's important to diversify. And through diversification you get access to different managers, different manager groups and companies, and then obviously different types of asset classes as a whole. As we created our two flagship closed-end fund indexes, we did so on the primary basis of weighting them upon net asset value, as opposed to market capitalization. And we increased the allocation to funds that are trading at discounts relative to the peer group, and decrease allocation to closed-end funds that are trading at a premium to the relative peer group. I think as you get into looking at how you do that, what you want to look at is what percentage above the universe discount premium, each individual closed end fund is trading at. So you look at a couple closed-end funds and you say, "All right, there's a 144 closed-end funds that I'm going to put into my index. Of these closed-end funds, X percent of them are trading in excess of seven percent, six percent above the average. So I'm going to

bump up that weight that I'm attributing to these closed-end funds. And likewise, I'm going to decrease the weight that I allocated to closed-end funds that are trading at high premiums relative to the broad market."

It's a very sound story. Our indexes have been in the market since 2010, the products have been on the market since 2011. All told, listed around $25, currently trading around $22, $23 but have paid out over eight percent per year since the inception of the product. And same story with our municipal closed-end funds. The tax equivalent yield of that 4.8% since they are federal tax exempt, is a little over 6.5%. So you're getting really solid exposure, really solid income through a diversified product that maintains a standard distribution year in and year out.

John Duggan: Patrick, with XMPT, one of the things that's a little bit striking is some top-heaviness. Has that led to any liquidity issues? Can you tell us how the index has handled that?

Patrick Shaddow: Yeah, certainly. So one of the underlying rules that we have to get included in the index, and we pay attention to this very, very, very strongly, is the average daily trading value of the underlying closed-end funds that are included in our index. Now once a fund is included in our index, we wouldn't necessarily drop it if the ADT goes way, way, way down. We would drop it, but we wouldn't drop it if it's right on a buffer. So we install buffers, right? So on average a closed-end fund asset trade in excess of five hundred thousand dollars a day in order to get into the fund, but in order to say in the fund it has to trade in excess of three hundred thousand dollars. So what we try to maintain is an idea of if the closed-end fund is in the index, what's the total fund capacity in relation to the allocation that would be given to that one particular closed-end fund?It's important to look at the weight that you attribute to the closed-end fund, and then the average daily trading volume of that closed-end fund. Because the weight is reflective of the dollars that would be invested in that closed-end fund as a whole of the ETF that

tracks it. So if you have a 150 million dollar fund, you have a top-heavy portfolio, 10% say. You have 15 million dollars, you want to look to make sure that that fund is trading at least seven, eight million dollars a day, so that you can get in and get out within a few days. That's more of a story for Wallachbeth who I think is here. That's more of a story for the portfolio managers and the capital market makers over at VanEck and at Invesco. But we do our best to make sure that underlying constituents that are included in these closed-end fund indexes represent the best in class.

John Duggan: Thanks Patrick. So unlike a lot of us that are trapped in our offices day in and day out, Chuck is in direct contact with a whole host of investors pretty much around the year, and has a great feel for what induvial investors are doing with their income allocations. Chuck, can you tell us what the reception has been lately on the closed-end fund side among institutional investors, or rather retail? And also in a world where there's such a hunt for yield, are you seeing any crazy things out there that concern you?

Chuck Jaffe: Well, I am, and I can put it all together. So first thing's first, let me apologize for being late. I caught my five a.m. train this morning thinking it was going to get me here in time, and Amtrak had different ideas for me. But different ideas is kind of what a lot of my audience is going through, so I do two things. *Money Life* and my column are my primary things, but within *Money Life*, which is my daily show, we will sometimes have segments that function as standalone podcasts. So if you've been to this website here in the last few weeks, you could have seen something called *The NAVigator*, which is the new podcast for the AIC Alliance. You can listen to that as a part of my show or you can listen to that as a standalone, and among our first guests, Patrick Shaddow was on the show. So here's what Patrick couldn't know, and kind of brings it in.

So my audience, they are not average investors. If you're listen to an hour of financial talk a day that can go anywhere, and my guests in the last month have ranged from a Nobel Prize winner to the head of Merck investments on this morning show, we are totally across the board. And we started just within the last eight weeks or so, *The NAVigator*. So on the day that Patrick was on the show, I get a letter as I do almost every day, from a guy named Tom. Tom is a police lieutenant in Louisville, he is one of the seven guys that I don't want to call them my biggest fans, they're now my friends. These seven guys on average send me four emails a week, covering all of my shows. They talk to me about every guest. They are bloodthirsty shut-ins desperately in need of getting a life. But Tom from Louisville is a police lieutenant, and I know his background. Literally, I know everything about these guys because we talk so often and we share so much. Tom was born in Kentucky. Born in rural Kentucky, moved to Louisville. He's a veteran who's now a police lieutenant. He's about my age, which puts him in his late fifties. And he is distinctly in a spot in his life where he's looking to retire, wants to make sure that he can get what he needs out of yield. So I had Patrick on the show, and that's the day that Tom sends me a note and goes, "I really liked the talk about XMPT, and I'm looking at closed-end funds because you're now talking about them so much more on the show. But I also have to tell you, I'm really attracted to Worthy Bonds." Now I can see by the blank stares, none of you know what Worthy Bonds are. And I'm not recommending them, I don't endorse investments. But Worthy Bonds are a crowd-funded product that allows you to make business inventory loans, basically in $10 denominations.

You can look them up, it's Worthy Financial, and I want to say the website is just WorthyBonds.com. It is a grassroots, consumer oriented product that it promises to pay five percent. And to a consumer, "Oh, by the way," their interface with it looks like money market fund. Or they can go to it the same way they go to their internet savings account. But where your internet savings account, if you listen to other guys on my show and you go to get the best ones, it's paying you $2.25, this one's paying you five. I had tons of response when I had Worthy Bonds on. I also had tones of response when I had AcreTrader on. That's a way to crowd-fund investments in farmland, that are interest bearing and yield oriented. Also lots of interest with Fund That Flip, if you're not familiar with it. The differences by the way, Worthy Bonds, $10 increments, anybody can do it. AcreTrader and Fund That Flip, you have to be an accredited investor. But it's all at your computer, a couple of seconds, do whatever. What happens with Tom the police lieutenant? Well, he's talking about how safe it seems that Worthy Bonds sound. They're making small business inventory loans, okay? If you know what small business inventory loans are, you know that you make those loans at 13% on the short side, and 37% if somebody really needs that inventory tomorrow. And the consumer's going to get five, there's lots of cushion in case they default. And so they hear there's lots of cushion in case of default, there's lots of whatever, and they're going, "Yeah, business inventories, sign me up." Now we don't have any affiliate deals, we don't do any of that sort of stuff, and I'm agnostic to what people do. But what I know is that they're looking at Worthy Bonds and they're so starved for yield, that because they think they can understand them, they're ready to go. When it comes to closed-end funds, they don't think they can understand them, and that's why they put the brakes on. So if you asked me what my message in this to you, please for God sakes, take options that there's certainly are the risks, but they're not all the way out to Masterworks, "Let's invest in art,"

or whatever. They're not even remotely out there. And get it to where people can understand it. Because there is, if you can make it that they understand, they are intensely interested. The funny thing about *The NAVigator*, is that I thought, "Okay, well it'll be really interesting. It's really interesting to me. And I'll have a very small subset of my audience that cares, and some of the others will go off and do it." Because I thought, "Hey, they'll get more listeners by doing it through AIC Alliance for people that really want the closed-end fund." I get a ton of questions because people are starved for yield, and they want to be able to figure it out, and they want to have safe and reasonable options. And to me there is a disconnect because you've got an asset class that you can define in all of the right ways, that somebody thinks, "It's too complicated for me." Just the basic thing Bill talked about, some people think of closed-end funds as an asset class. I can tell you that I get this all the time, where people will read my columns where I'm frequently writing about mutual funds and they'll go, "You're an idiot. I stopped investing in traditional mutual funds ages ago. I don't use mutual funds, I buy ETFs." And I have to explain to them that an ETF is of course a mutual fund, right? You still have people at that level. Closed-end funds scare them because they don't think they're going to understand it, and that to me is the disconnect. If you can make them understand, if you're a financial advisor, they will go there and you can them better yield options. And that to me is the thing that has become so obvious in just the short time we've done *The NAVigator*.

Patrick Shaddow: Yeah, just to jump in here real quick. It seems like a worthy bond is consistent with what would be a bank loan, right? So essentially instead of going to the consumers and the crowdfunding to give loans to meet payroll, to get inventory to maintain your business. Most publicly traded companies, or privately, but larger organizations go to their bank and they get a bank loan. And so we at S-Network, we have a closed-end fund that specializes in

short duration, senior bank loans, that has a yield again, close to nine percent, importantly a duration less than three percent, around 2.6%. And of all things, trading at a discount of over 10%. So you can get ten cents on the dollar for everything that you're buying. You can get your nine, eight percent yield. You can have your duration less than three years. And you're doing so again, while investing in broad based, diversified closed-end funds wrapped up in one single index. That again, is consistent with rules that there is no discretion. These are rules based products. It's not up to how our analysts feel, it's up the rules and it's up the index committee to determine that those rules were followed. It's important.

John Duggan: Thank you, Patrick. Chuck, I hope that being a desperate shut-in doesn't impede your friend's policework, but I did have a question. Obviously term trust is very popular in closed-end funds now, among some seasoned funds, and certainly the newer ones. As far as *NAVigator's* been out so far, is that a topic that's come up? And does that provide some comfort to individual investors?

Chuck Jaffe: It hasn't come up yet. It's on our list of things that we intend to cover. And I'll be very curious to see. Because like I said, the thing that's been really interesting to me about *The NAVigator* as a segment on my show and as a standalone podcast, is that it builds on itself. One of my other bloodthirsty shut-in's, Rich in Orchard Beach, Maryland. Literally if you listen to my show, these guys are mentioned all the time. Rich in Orchard Beach, Maryland, we had just this week, Chris Oberbeck from Saratoga, so a BDC on. And Rich was talking about how he has invested in BDCs and likes them, and he basically puts, "And it beats the hell out of those Worthy Bonds that other people -." So my audience is kind of getting into with each other, which is great. But I think that eventually it's where we're going to go, and my hope is that everything resonates.

But right now, we're also trying to warm folks up to it. And it's about teaching them about opportunities right now, and teaching them about what's out there. Because once they're grounded, and this is again, what I think you guys get with your clients. Once you get them to where they're comfortable and they see how they work, and they're not bogged down in the jargon of closed-end fund, which immediately just closes them off. I think you can make it work. It's the same way of, what can you wrap your head around? We need to make sure that people are wrapping their head around, "You're trying to get more yield, here's a way to do it." And get away from, "What's the individual wrapper?" Get away from those innerworkings to, "Here's what you get out the door." And I think as an outsider to the closed-end fund industry, that to me is a huge stumbling block that I'm hoping we're going to see change.

John Duggan: Thank you, Chuck.

Bill Meyers: Yeah, I would just add, really it's all about education, it's all about trying to get people to understand the wrapper. Realize there's so much good information out there on various websites. Nuveen has a ton of educational information on closed-end funds. I know RiverNorth puts it out there, XMS puts it out there. A lot of places put it out there from a sponsor level. I think John has very good information on his website. So it's really just getting people to understand it. People will avoid what they don't know, and it's really just to get them to become aware of the features of closed-end funds. They're really not that complicated, but it's just getting them over the hump. That I think once they do that, they'll realize that they have strong appeal and they do have a place really across anyone's portfolio.

Chuck Jaffe: Well, it's very simple. Right now in terms of average investors, and again that may not be the clients of the audience here or what have you. But in terms of average investors, no one wakes up in the morning and goes, "Got to go buy a closed-end fund today." Nobody wakes up and goes, "Wait, it's a busy day, got to get some breakfast, buy some doughnuts, take those into the office. Buy a closed-end fund, figure out what I'm going to do when I get home. Get whatever for the kids." It's not in there. Whereas, "Oh, by the way, Worthy Bonds, put my money in the savings. How do I find it?" Those things get there much more easily, and that's what we have do. We have to make that somebody understands and says, "Yeah, I want this."

Patrick Shaddow: You've got to raise awareness. And specifically, awareness around discount premiums. If you remember what occurred back in December of 2018, as the market started collapsing going into Christmas, you saw a real widening of the discount of all the closed-end funds. And if you had a little bit of money just on the side ready to go, you pump that in, that's when you wake up in the morning and you say, "I got a buy some closed-end funds." Because that reverted back the mean very, very quickly. By the time February came around, the discount went from around 10% discount, all the way back up to around three percent. So there was a significant change, and I think raising the awareness and getting people to pay attention to that relationship, that discount premium relationship is what's important, is what to have this cash on the side ready to plow into these closed-end funds when appropriate.

Bill Meyers: Yeah, I would say I probably don't wake up every morning thinking about which one to buy, but I do think about it frequently on multiple mornings a week. Just one other comment I have about maybe people's lack of awareness in the secondary market. I think premiums and discounts are something that people are aware of, but in many cases I think they're overly concerned about it. Because it's, "Okay, what's the right level of premium or discount?"

Discount to buy, or premium to sell. If you look at it as a longer term holding, the vast majority of the return's going to be derived by the cash-flow that the fund pays out over time.

Chuck Jaffe: And in fact, normally when I'm giving talks, the person who I invoke the most is my father, who has now been gone for seven years. But my dad got to a certain point where he's like, "I've got a son who I doing this stuff in the market, come and help me." Whereas my mom who taught me how to invest, never came to me. They were always married, they just managed their money separately. And there came a point where my father said, "I'm looking for income. I want to be able to generate some income. I want to be able to do this preferably out of equities, build up something, etcetera." And we wound up putting him into a closed-end fund. And the first time there was some blip in the market and it went down he's like, "What do I do with it now?" And I said, "You bought this for income, right?" He goes, "Yes." I said, is the income still the same?" He goes, "Yes." I said, "Then you do nothing." And once he got it through his head that, "Wait, I'm not investing in an equity closed-end fund the way I do a stock," then he was fine and he never asked about it again. He just kind of looked, he goes, "Man, I just love watching that pile up." Yup, that's what he needed to know. But until he went through the questions, he couldn't get his head around it.

John Duggan: Thanks Chuck. Actually it looks like we do have time for one or two questions. Just wanted to mention for compliance reason, Morgan Stanly does investment banking business with PCF and XMPT. Does anyone have a question for Bill, or Chuck, or Patrick?

Bill Meyers: The question related to leverage levels. As I noted earlier, leverage is generally tied to a short-term reference rate. So on the taxable funds, those are tied to LIBOR, and on the muni funds, those are tied generally to SIFMA. We've seen both of those go down in reference to the federal funds rate. We think that they're probably toward the low end right now, unless the Fed

continues with another round of easing into next year. But right now, we've seen the SIFMA levels move pretty sharply lower, and costs of municipal leverage have fallen pretty sharply over the last year. Now when I mentioned cost of leverage relative to a reference rate, let's take SIFMA. So when we'd lever funds, we borrow at SIFMA plus a certain rate. If SIFMA, let's say it's bottomed out and it's not going to move anywhere from here, I think the only changes in the cost of financing are if we're able to secure leverage with a lower spread relative to SIFMA. We've seen that over the last couple of years banks are becoming more competitive relative to each other, so we've seen some narrowing of spread with what banks are willing to lend relative to SIFMA. That's also occurred on the taxable side. I had the misfortune several years ago of trying to secure financing after the recession in 2008, and you can imagine back then, spreads were very, very wide. And we've seen them come in a fair amount since then, so financing is more plentiful now than it was back then certainly, and the spreads relative to LIBOR have come in, versus where they were. But I think right now the spreads, maybe they're somewhat sticky relative to the reference rate. So think about the cost to leverage being really more tied at this point to what's the Fed doing? Is the Fed cutting rates or staying still?

John Duggan: Thanks Bill. Any others? Well, it looks like we're good then. Just about on time for the next panel. Thank you everyone.*Recorded on November 6, 2019*

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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