Collin Bell gives Keynote to open the 2020 AICA Summer Summit.

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Collin Bell, Managing Director and Global Head of Client Portfolio Management for Fundamental Equity within Goldman Sachs Asset Management gave the keynote to open the 2020 AICA Summer Summit. Read the transcript below.

Collin Bell

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Collin Bell: Great, thanks John. Want to send a personal thanks for having me here today and want to thank everyone for joining. Yeah, I would say just by way of further background on Goldman Sachs and what brought us here today to eventually enter the interval fund space. I think as many of you know, Goldman's had a longstanding commitment to asset management, we manage roughly 1.7 trillion of assets across fixed-income, money market, equity alternatives. And as part of that, have always had a commitment to providing access and distributing our product to retail investors.

It's fair to say that we've really sought to expand our footprint in retail, especially more recently. And as part of that, have been quite committed to leveraging what I'll call kind of alternative access vehicles to provide retail investors access to parts of the market that historically have been tough to access, on top of

access to our institutional capabilities at Goldman Sachs and really what we view as being our competitive advantage is. So as a means to evidence that we've been involved in managing money in the form of traditional 40 Act funds and separately managed accounts obviously for decades, but more recently entered this space and the topic of AICA and what your focus is on more recently.

So in 2013, we entered the closed-end fund space. In 2015, we listed our first BDC. And then as John noted, most recently we entered the interval fund space this year in May of 2020 in the form of a real estate interval fund. So yeah, the timing of today's conference is excellent and again very grateful for the opportunity.

So what I figured I'd cover is a few things. One is, why did we enter the interval fund space in the first space? And as part of that, why do we believe in the structure and why is it ultimately advantageous to retail investors? And then I think secondarily, I do also want to speak to our views on real estate, particular against the backdrop of distribution. And obviously, fair to say that disruptions trends, as well all know, have been accelerating and have gotten much more pervasive, much more pronounced over time.

So I do want to talk about real estate against that backdrop and particularly in a post-COVID world. And then also just want to talk about our views on how we think the real estate market has evolved, particularly how the listed market has evolved differently than the private market. And why as part of that we're so excited to have the opportunity to kind of piece the two together in an interval fund structure.

So with that all said, why did we enter this space? As I said, we think there are numerous benefits of this structure for retail investors. And just to level set the conversation for those of you who are somewhat newer to this space, you can really think of an interval fund as being very similar to an open-ended 40 Act fund in the sense that it's governed by the same governing body, they're priced daily, you can purchase the fund daily. The one nuance with an interval fund, and why they're called an interval fund, is that we have the ability to restrict redemptions to a pre-defined interval with the market standard being quarterly. And have the obligation to redeem at least 5% of the requested amount per interval, and in our case, per quarter.

So what all those collective features translate to are a few things that are advantageous to a retail investor. One is it provides access to illiquid private investments. And we think in the case of real estate, in the real estate market you can responsibly incorporate 70, potentially 80% of exposure to private within the structure without being overly concerned with the redemption feature. So access to privates is one benefit. The other benefit is, if you contrast this relative to other private access vehicles such as an LLC, you just get better liquidity.

So as I mentioned, you can buy this fund daily and redemptions are quarterly. You don't have to be a qualified investor. So you don't need to be an accredited investor, you don't need to be a qualified purchaser, you simply need to have the ability to buy a 40 Act fund. And as part of that the execution is extremely simple, the reporting is very simple, everything is accessible and reported through a 1099. There are no K-1s involved in interval funds. And lastly, the minimum is quite low. In the case of our fund, it's $2,500. So for all those reasons combined, we're very big believers in this structure and do expect a lot of growth as we look forward. Which is very much just a continuation of more recent trends that we've seen in this space.

So I think it's also important, since we made the active decision to enter the interval fund space, to contrast it to the non-traded REIT structure. As a firm, we certainly had the opportunity to do one or the other or both, but made the active decision to in fact do the interval fund instead of the non-traded REIT route. And again, for those newer to the space, you can really think of a non-traded REIT as something, as indicated in the title, is not traded on an exchange. And the spirit of what they do is they make direct

investments in properties, be it office buildings, multi-family buildings, etcetera. And the way they're priced and the way that they report is very idiosyncratic to the individual fund.

But ultimately why we believe the interval fund structure in the world of real estate is superior to non-traded REIT is really predicated on a few beliefs. One is we think the interval fund structure as a sponsor allows us to invest in a much wider opportunity set. We have the ability to invest not just in private but also listed, not just equity but also credit, and can implement our views both in direct ways and also indirect ways. The benefits of having the ability to invest in that wider opportunity set are several fold, but I think most importantly we just think it allows us to better deliver on our stated investment objectives. In the case of our fund, high sustainable yield, limited amount of volatility, and a high degree of diversification benefit.

I would also say the benefit of just having that wider opportunity set to work with does translate to greater diversification on every single level. So greater in the case of real estate, greater in diversification geographically, by property type, by tenant, by asset class. And that's particularly important as investors seek to invest in real estate interval funds partially for risk mitigation purposes. And then in the same spirit of being arguably lower risk, interval funds tend to have lower leverage than your average non-traded REIT structures. Interval funds do have the ability to apply leverage up to per the guidelines of the 40 Act rules, up to 33%. But most don't use a lot of leverage. In the case of our fund, we use zero leverage. But we do have leverage at the underlying security manager level but that translates to being typically much lower than your average non-traded REIT.

So lower risk in the form of greater diversification for interval funds, lower risk in the form of lower leverage. And then lastly just lower risk in the form of having greater liquidity on two levels. One, interval funds, and because you have that wider opportunity set and as part of that greater incorporation of listed, the underlying portfolio is more liquid. And then per the guidelines of the 40 Act rules, interval funds don't have the ability to gate, they are contractually obligated to pay out at least 5% of the requested amount per interval. Which is very different from a non-traded REIT structure that can in fact gate. So for all those reasons combined, this is why we're a real big believer in the interval fund structure and why we particularly find it advantageous relative to the non-traded REIT structure.

And then I would just say that the last reason we chose to enter the space was really predicated on our view that we had a real competitive advantage in the space, and that ultimately can inure to the benefit of the shareholders of the fund that we now manage. And those benefits and I guess those advantages really relate to the fact that we like the competitive dynamics here. While we've seen a lot of growth in interval funds and in real estate interval funds, there really are only three major players in the space. None of the real large well recognized real estate players are in fact in the space. And we do think we just have the benefit of having a tremendous amount of resource and scale advantage in a space where arguably it really matters.

In the case of our real estate interval fund and what we recognize is we have all the necessary investment pillars in-house across our security selection, both equity and debt and our manager selection team focused on the private side. And that translates to a team focused on this fund of over 22 investment professionals where we manage about 15 billion across various flavors of real estate. And it's also an experienced team where we have the four lead PMs averaging 19 years of experience. And so by having those wealth of resources that we have, and experience, and the fact that they're all in-house, that allows us to do everything ourselves. We don't have to outsource it like a lot of our peers do. And as part of that, it allows us to manage the portfolio in a much more integrated way, and we think the power of integration in the world of the interval fund space, particularly in the world of real estate is an extremely exciting opportunity.

It ultimately allows us to really put the pieces of the puzzle together in what we really view as being a more complimentary way. What we witnessed over time is the listed market has evolved very differently

than private by way of asset exposures, and now 46% of total market cap is in what we define as non-core property types that are difficult to access in the private market. So we like to amplify those inherently complimentary aspects in the interval fund structure and think we have the ability to do that better by managing the portfolio in an integrated way.

And then also an interesting dynamic in the world of real estate is that listed real estate, these are companies that as indicated by the title, they're real estate. They're focused on real estate but the nuance being is that they're listed. And as part of that they're being priced on a real-time basis and they're part of the stock exchange which is this massive forward-looking discount mechanism. So as part of that, the listed real estate companies tend to overshoot private pricing on both the upside and the downside. And that presents quite an attractive opportunity to arbitrage the mispricing between the two, and something only possible when you're managing the two sleeves together. And we think again, better exploited when you're managing the portfolio in an integrated way.

So that's what really excites us, is again this resource advantage and what it means for investment success over time. And then the other thing we're just very committed to leveraging here is the benefit of our scale and scale provides a few benefits. One, it ensures corporate access and manager access to allow us to make more informed decisions. Two, it allows us to resource our effort as robustly as we now do. And three, I would say it just allow us to be competitive, and arguably even more competitive on pricing over time. The management fee in our fund is only 125 basis points and we think we can manage down those other expenses by playing it and leveraging our scale benefits over time. So longwinded way of saying it but I would just say that for all those reasons combined, we really think we have an opportunity here to institutionalize the real estate interval fund space, and really excited about the forward look for this space in general and for our fund specifically.

The last thing I'll address here before moving onto views on the market, as per the request of John, I just wanted to touch upon the rational for why we chose to acquire rather than build in this space. And in our case why we chose to acquire the real estate interval fund from Resource that has roughly 300 million of assets in it. And the decision was predominately driven by the recognition that it was just very difficult to get the necessary and I would say desired investment exposures when you manage a small amount of money just given the diversification and liquidity requirements that come with the fund. And so I would say that's the primary reason and the fact that they have $300 million, that overcomes that issue pretty quickly.

The other reasons is we have a lot of respect for what the resource team had delivered. We believe in their philosophy, that we think they're long seven plus year track record really is a testament to that philosophy and something that we intend to remain intact as we now manage it. And we obviously like the real estate angle to it because it's one of the biggest categories within the interval fund space. And as I described before, we think just aligns with where we think we have a big competitive advantage. So that's why we entered the space.

What I figured I'd do now is just spend a little time on our views on how the real estate space has evolved over time, and as part of that, how the listed real estate market has evolved differently than private and vice versa. There's this sort of hot topic debate that's always existed in the industry around what's better, private real estate versus listed real estate. I would say the private contingency will always criticize listed real estate and say that it's too volatile and too equity-like. And the listed real estate community will criticize private for being too illiquid, and too opaque, and too expensive. And many often take the view that they're very different when you look at it through the lens of investment results and don't adjust any of the data. It does optically appear that indeed they're very different.

However, we do think they're more similar than different. And as part of that view, we think it's appropriate when comparing the two to make adjustments for differences in leverage, differences in frequency of pricing. Obviously, listed real estate, as I mentioned before, is priced on a real-time basis

because it's listed. Whereas in the case of private, pricing is far less frequent, so less marked to market naturally translates to lower volatility. And then there are also some differences in composition, notably listed having much more non-core. So there are a variety of ways that you can adjust for those differences, but regardless of how you do it, post those adjustments, the correlation between the two asset classes goes from like a 0.5 to a 0.9 once you do that exercise. So for all these reasons combined, we think they're more similar than different.

Intellectually speaking, we figured that if a building that's located in the same place with the same kind of base generating the same amount of cashflow, if that asset, if those underlying cashflows are identical, why should the wrapper ultimately be different? Whether again you own that building directly, or if you own it directly through a private real estate manager, or if you own it indirectly through a listed company. And again, post that exercise, the conclusion is that indeed they're really not all that different.

But the caveat here is that all being said, there are differences but those differences is really what gets us excited and we think can be best exploited through an interval fund structure where you can incorporate both of them. So I would argue the benefits of listed real estate relative to private is you get greater diversification, you get greater liquidity, you get a higher degree of transparency, and arguably get lower fees. And lastly, I would argue you get access to property types that are difficult to access in the private market.

The benefits of private real estate, we'd argue, is that you get naturally lower volatility, you get greater control, you have the ability to be much more pinpointed and targeted with respect to your investments. And also you can get access to property types that are difficult to access on the listed side. So as I said before, we really think it's not, you should do one or the other, we think the answer rests in doing both, and that the two indeed are extremely complimentary by way of how they fit together through the lens of asset exposures.

And as I said, the listed market has evolved quite differently to the private market, and the growth of these non-core property types has been extraordinary. Where it represented only 10% of the listed market's cap 10 years ago, and today it represents nearly 50% of total market cap today. And what do I mean by non-core property values by the way? These are property types that sit outside of quote/unquote "the core property types", so all property types that are not retail, office, multi-family, or industrial. So we're talking towers, digital storage companies, manufactured housing, life signs office, self-storage, healthcare, all that sort of stuff.

So we've seen that proliferate on the listed side, and when you look at the private market at least in the ODCE index, it represents the core income generating managers, you get zero percent non-core property type exposure. So again, that's the benefit of listed, is access to non-core that we think are in the right side of disruption. And as part of that, offer higher growth that are also by the way, difficult to access in the private market.

And in the case of private, there's a lot of attractive stuff that's difficult to get access in the listed market. We'd argue a lot of the lower tax states, geographically the Sun Belt, where we're just seeing a lot of incremental job growth that arguably has been accelerated post-COVID, that generally is easier to access in the private market. So they're very complimentary by way of how they fit together, and they're also very complimentary by way of how they trade relative to each other.

So as I mentioned before, listed real estate by its nature tends to overshoot private real estate both on the upside and the downside. We saw the extreme of this in the first quarter when you saw listed real estate down 27% and private real estate as represented by the ODCE Index, up roughly 1%. Those extremes present an extraordinary opportunity to arbitrage that, what we really view as temporary mis-pricing.

And using history as a guide, when listed real estate is traded at a 15% discount or greater than private as we saw in the first quarter of this year, the subsequent access returns of listed versus private had been roughly 15% over the next three years annualized. And the same could be said when listed is trading at a premium to private, it's advantageous to lean into private relative to listed, and similar excess returns can be had. So that's really what we get excited about as I said, is because of the inherently complimentary aspects of the two, the different asset exposures we can get married with the fact that they trade very differently relative to each other really, really is what makes us excited for having the ability to put these two together vis a vis the interval fund structure.

So the next part of my comments, I just want to spend a little time before we open it up to Q&A, just on our views on the real estate market. Year to date it's been a tough sled for real estate, listed real estate, equities were down 14%, private real estate is up just over 2%, so a difference of 16% between those two. A lot of that we attribute in just the differences in the frequency of pricing as I described before. But regardless of what metric you use, both of those proxies for real estate, listed and private have underperformed broader equities that are up now roughly 4% year to date.

So unlike past downturns, real estate actually underperformed equities, and we really attribute this to the idiosyncrasies of what the pandemic brought to the world of real estate. And really the big transition here was the transition from the physical to the digital, and real estate for the most part is the purest manifestation of the physical and as a consequence has been a real victim of this big transition that we've seen. And really the biggest victims were the companies that had the highest amount of leverage. Clearly leverage is a key metric of survivability, so more leveraged companies got hit hard. Areas where demand has become more uncertain, whether it be retail, lodging, hotels were hit hard, and/or where property types where the lease term is particular short, i.e. like in hotels.

So that's a quick review of real estate. Our view on is we do think that while clearly there are stresses in the world of real estate that have increased post-pandemic, we do think that the world of real estate has been painted with a fairly broad brush, and that the general view of real estate right now is definitely quite negative leaning for the reasons that I mentioned before. And while certain aspects of this viewpoint indeed are true, such as in areas where hotels are down 45% because no one's travelling or where retail is down in similar order of magnitude because of accelerated online spending trends and the implications of what that means for bricks and mortar retail.

There are a whole host of other property types that have in fact have benefited from the post-pandemic world; towers and digital storage that have benefited from the proliferation of data, increased needs to transport it and store it, life science office that are benefiting from innovation trends that have accelerated post-pandemic, manufactured housing, self-storage. All these sectors in fact have arguably benefited from this backdrop, and then all the other property types that I didn't describe kind of sit in the middle of those two.

So against this backdrop of, again, accelerated disruption, dispersion of return at the individual property type is absolutely massive, probably the widest we've ever seen in the industry. And that just provides a very exciting backdrop for us as active managers really to exploit the opportunity that we now see. I would say just big picture, our view on real estate is there's a very compelling case to be made to invest in real estate today that's predicated on the fact that you get very attractive yield against a relatively low rate backdrop. So if you just look at listed real estate equities, you're getting a 4% yield. The payout ratios are 74%, which is much lower than the historic average, which means those dividends are arguably safer than they were before.

We did see some dividend cuts in 1Q, but most of those were concentrated in retail lodging and senior housing. We think that the worst of those cuts are very much in the rear-view mirror. We still think that there's growth in this sector, consensus estimates are 5%, so you get 4% yield with 5% growth. And look, valuations are exceedingly cheap on every metric. We look at real estate through a variety of lenses in

order to judge valuation, but if you look at it implied cap rates in the listed side which is our freshest data point, you're looking at a cap rate of 6.1%. And that type of yield relative to the risk-free rate, the 10-year corporate credit, it's a spread that is at or quite near a historic wide. So very cheap relative to fixed-income, and also cheap relative to equities with a four multiple of 16x versus equities that's well north of that.

There's also just a lot of capital that's sitting on the sideline. There's been about over $300 billion of capital raised in private real estate that hasn't yet been invested in real estate. And to the extent that we see listed trade at meaningful discounts to private where they're arguably dislocated like we saw in 1Q, we think that private capital will come in and arbitrage that gap, and that's a similar dynamic that we'll try to take advantage of in our interval fund. And we also think that the inflation hedging benefits of real estate will be increasingly more appreciated by investors, particularly in a world where inflation is in fact beginning to tick up. So generally speaking, we're constructive on real estate but the caveat being that we think the need to go active against this backdrop of accelerated disruption and widening dispersion of return is again never been more important.

So how are we positioning our portfolio against this back and where have we seen the most attractive opportunities? On our real estate interval fund today, we're generating yield at 6.3% annualized, that's using our last distribution as of the end of June and annualizing it. The mix of private versus listed is roughly 70/30 on our fund. The mix between credit and equity is roughly 42% credit and 58% equity, so we do have a healthy amount of exposure in credit. It's a well-diversified portfolio across numerous different property types. We really like the protection that we get on the credit side today, particularly against this more stressed backdrop. Offering lower volatility, but on the return front, very equity-like returns.

In terms of the REIT preferreds that John asked me to reference, and these are frequently incorporated in closed-ends, and interval funds, and other structures because they are less liquid investments, but also quite attractive, at least at certain times in the cycle. But they're also quite quirky. Preferred equities are technically equities but they really trade like bonds. In the REIT space they tend to be defined as perpetual preferreds, which just simply means that you can think of them as a bond with a maturity date of never.

And the benefit of owning these, particularly today right now, is they're higher up on the cap structure than equities, so you have greater safety from that vantage point. You get yields of anywhere between 5 to 7-ish percent depending on the issuer. And when you look at spreads in this space, they're at a spread that's almost close to two standard deviations above the long-term average. And if you contrast that to other parts of the fixed-income world, most of them are trading more in line with their long-term averages. So we do think they're somewhat dislocated and it's a bit of a head scratcher for us, and part of the reason why we find them so attractive.

And also just when you look at how these listed real estate companies are capitalized, unlike broader equities, the listed real estate market really massively delivered post-global financial crisis. And so you get good spread and you have companies that still have quite solid balance sheets that have to pay out ratios that are lower than the long-term average. All that combined, we think, makes this part of the market quite attractive.

On the equity side, as I said before, it's very much a mixed bag and very idiosyncratic to the property type. The stuff that we really like right now are all the property types that are on the right side of disruption and as part of that are exposed to secular growth. And some of the secular growth is innovation secular growth, other parts of it are more demographic driven secular growth, but that's the side of disruption we're obviously seeking to be on. So just to give you a few examples of that, we really like industrial real estate right now. These are the companies that are building the logistics to get the box from

the warehouse to the end consumer. So industrial is on the right side of the Amazon trade as opposed to retail real estate on the wrong side of it.

These companies really have benefited from accelerated e-commerce trends, where pre-pandemic e-commerce was 15% of total sales, it's now accelerated to be roughly 25% of total sales today. So that's pulled forward a lot of demand. You're seeing a lot of traditional bricks and mortar retailers trying to play catchup and building off their own logistics to do that, which is another tailwind for this sector. Interestingly, Amazon's market share of total e-commerce declined post-pandemic, which is a good sign of just more players in the space and that's just good for logistics in general. And then on top of that, post-pandemic many companies are seeking to domesticate their supply chains and be less reliant on other countries to supply their respective businesses, and all that again is an incremental benefit for industrial real estate. So a lot of exciting trends happening in this part of the market that we really like.

Other real powerful trend at play right now in a world of disruption is what's happening with respect to data, and we're just seeing a proliferation of data. Whether it be through the Zoom calls that we're doing, whether it's through streaming content through Netflix, increased telemedicine, increased online

ducation, the continuation of the trend of Internet of Things too, as you look forward, autonomous cars. All this simply means is that data is going to continue to proliferate and there are real estate companies that benefit from this trend, specifically towers that transport the data and the digital storage companies that store that data. That is a powerful secular growth trend that we believe will continue and something that we continue to be quite excited about.

In the office sector, we are I would say generally negative in office, and I'll get into the details around that but there are few exceptions to that general viewpoint, ne of which is in life science office. That it really is benefiting from accelerated innovation trends around biotech, particularly post-pandemic. Companies and real estate particularly located in lab clusters where the intellectual capital resides particularly in the Cambridge, Massachusetts' of the world are seeing very strong growths.

We like life science office, we like manufactured housing, think RVs, think trailer parks, quite an unglamorous form of real estate here. You're definitely not going to see sovereign wealth funds come in and buy these assets but they're quite exciting to us for a couple of reasons. One of it is that the demand driver here is quite stable. What's driving demand here is aging demographics, the desire to trade down once you become empty nesters, and the more stressed economic backdrop is also accelerating that trend. And supply is quite restricted here simply because no on wants a trailer park in their backyard and most plots of land that are located by a body of water or a warm client or are owned by two of the listed companies that exist in the listed markets.

We like that, we like single family rental that are benefiting from families moving from the cities to the suburbs. We like self-storage that really benefit from people being more transient than the norm. Be it for job reasons, be it for changes of life circumstances, divorce rates, whatever it is, that's all good for self-storage. So all these property types that I just mentioned here, most of them I would define as non-core and all them are really exposed to strong secular growth that we think will persist and has only accelerated post-COVID.

The real victims of this backdrop, the obvious victim really has been retail. We didn't like retail pre-pandemic. Post-pandemic, we even like it less. Clearly retail has suffered from increase online sales, and as part of that, that's translated for less demands for bricks and mortar retail real estate, and so that's generally been hit hard. In the case of office, it's a mixed bag here but generally it's negative, there's two opposing forces. I would say on the negative side, the WeWork effect has just created more efficiency to how office space is being used. And as part of that, that's translated to just less demand for commercial office space. But the other negative here obviously is the trend around increased telecommuting.

Those have been the two big negatives, the one kind of near-term positive is companies need to deidentify in a post-COVID world, at least pre-vaccine. But the net of all that is generally negative and is most pronounced in high tech states, particularly in high tech cities that are facing pretty significant fiscal problems, and as part of that are presenting quality of life problems. And so really our focus is on niche office space in the suburbs, in low tax states, or in places like life science office as I described before.

I want to be sensitive to time here and maybe I'll just stop there. Hopefully that summarizes our views and again I think really underscores the exciting opportunity we think that exists in the world of real estate. But really it's imperative more than ever to take an active approach to really cast a wide net and as part of that include all forms of real estate, equity, debt, private and listed. To wrap it all up, we really think the interval fund allows us to do that, and this backdrop that we're presented with really excites us, particularly given the interval structure and what we can do with it.

John Cole Scott: Good. And so reviewing some of the questions that were coming in while you were speaking, and so I hope I didn't miss any of the important stuff. But one of the major things are, it's real simple, they just want to know where interest rates are going, who's going to be the president, and when's the vaccine coming? Those are the main three questions everyone's asking.

Collin Bell: All right. I like it.

John Cole Scott: And so I would frame that in as how do you think of those three issues in the construction and management of the portfolio? And I assume you're thinking and planning for all the possible outcomes.

Collin Bell: I think that's fair. Our investment thesis isn't predicated around political events or what we think the Fed is going to do, but as you've noted there are variables that also may impact what we do so it's something we're still quite aware of and conscious of. On the rates side, look, the Fed's committed to keep rates lower for longer, so as part of that the Fed's rates could easily remain flat for the next one to two years. We do think that the tenure will slowly grind higher but it'll remain at historically low levels.

And look, that backdrop is exceedingly powerful for the world of real estate. It makes financing costs cheaper. One of the nuances of real estate is it's a very capital intensive sector. Because the cashflows tend to be more predictable, they use more leverage than your average company. And in order to garner the tax benefit of being a REIT, you need to pay out most of what you earn. So all those reasons combined make real estate disproportionately sensitive to the financing backdrop and to changes in access to capital or cost to capital.

And so when rates are low, that makes your capital more cheap. So that's a good thing for the world of real estate, and it also forces investors to look outside of traditional bonds to find yield for investors that rely upon that yield. And we do think that real estate really is and can be a great provider of that. And as I said in our fund, our distribution yield as of 6:30 is 6.3% relative to the tenure that's providing you 70 basis points today. So that's our view on rates, so just expect lower for longer.

On the vaccine front, what I'll say here is again it's tough to say when exactly we'll have a vaccine, but we're quite encouraged by the progress that we've seen globally. We do think that there's a high probability that the world can be sufficiently vaccinated by the end of Q2 of next year, and so it is indeed somewhat right around the corner. Of course we hope it to be sooner than that. But why is that important for the markets and ultimately important for the world of real estate? It's just a friendly reminder that this backdrop that we're in that clearly is more stressed will hopefully prove to be more temporary and less structural. And that the quote/unquote "V shaped recovery" that everyone is hoping we'll see, we may begin to see that. We're already seeing a recovery in the market in the second half of this year and hopefully that will continue largely with the expectation of that playing out.

Why is that meaningful to us on the real estate side and how are we incorporating that into our views? I would just say that it's very important and something we frequently debate on our team, we definitely don't want to overstay our welcome in parts of the real estate market that clearly have proven to be more resilient and more defensive over time. And that it is prudent to take a measured exposure in parts of the market that have been hit harder, but the caveat being only in areas where we think the demand driver has been only cyclically impaired, not secularly impaired. So said another way, retail's gotten hit really hard but we think the demand driver there is secularly impaired.

Whereas in the case of hotels that are down about the same amount as retail, we do think that demand will pick up over time. We do think that we'll travel again, and we do think that this generational shift that we're seeing in the millennial generation of valuing more experience over things, all that translates well for hotel demand over time. So areas like that, areas of senior housing that really have been hit hard by the pandemic because clearly their tenant base is at the highest risk part of our population. As part of that, they've seen occupancies go up and their costs have been inflated because while we've seen job loses.

Healthcare forms of labor have remained strong so they haven't seen any deflationary pressures there, so they've kind of been hit by a double whammy. But again as we look forward, we see limited new construction married with aging demographics that we think will drive secular demand for that part of the market. Areas like that we are finding quite interesting, and so a longwinded way of saying, I think with this vaccine likely around the corner sometime in the middle of next year, we think it's important again not to overstay the welcome in these defensive sectors and lean into parts of the market that have been hit where we think the demand will pick up as the pandemic normalizes.

And then lastly, what do we expect of the election? Look, I would say probabilities here are there's a 61% chance that the Democrats win the presidency, the Senate, and the House. The markets are already discounting that outcome already. I'd say that many have the consensus view that a Democrat win is negative for the markets given the expectation of more regulation and higher taxation and things of that sort. But I think to be seen, there's certainly an argument that our standing with the rest of the world, and how we engage with the rest of the world may shift. That may be good for the U.S. economy, that may be good for the U.S. dollar.

So there's obviously many moving variables to the outcome of the presidency and what they ultimately implement. But I would say on the real estate front the reality is taxes are going up, we know that on the personal level and on the corporate level. We don't know exactly how much and ultimately the details of how they'll be implemented. But in the world of real estate I would argue this is-- again, there are many variables and undertenancies on how it'll be implemented, but we do think real estate stands to be a relative beneficiary of increased corporate taxes simply because if you're structured as a REIT and as part of that you pay out the majority of your income, the benefit of that is you don't pay corporate taxes.

So if you're not paying corporate taxes and corporate taxes are going up, you're a relative winner. So if you looked at how the listed REITs traded in 2017 when the tax cuts were really being baked into the market, what people called the Trump Bump, REITs massively underperformed to the broader equity market. We would argue you might see the reverse of that, again depending on how taxes are implemented. There are other variables at play with respect to what are they going to do with 1031 exchanges and things of that sort, so we'll see. But that's one of the potential silver linings of higher corporate taxes for real estate.

John Cole Scott: Perfect, and we are at time Collin. There's one quick question I saw just came in that I can even help answer. It's what is the symbol of your fund and is it listed? I'll say there are two interval funds that are currently, predominately are unlisted, and I believe you have six share classes for your fund. We have on the AIC Alliance website, a fund screener for all non-listed funds, and they can look for your fund by sponsor and then click to it. And then on our profile page is a link to the part of your website with your fact card and your other information. So anyone interested more in your fund can either find it

on your website or go to our website and find it for any of the different interval funds. So thank Tom, I believe you're in Florida with that question.

So with that, thank you so much, great presentation. Had a couple questions we didn't get to but you covered a lot in your remarks and we unfortunately have to try to stay on schedule. Hopefully you'll get a pop-in to the Remo room to connect with any of the attendees for a few minutes at the lunch hour if you're able to. That would be awesome to connect with anyone who'd love to chat with you. Maybe they can find you at the interval fund table, that makes sense.

Collin Bell: Great, thank you. Thank you, John. Thank you everyone else, appreciate it.

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