Panelists discuss pre-IPO and other private market opportunities during the 2021 AICA Interval Fund Boot Camp & Manager Spotlight.

Wednesday, March 31, 2021

Daniel Wildermuth from Wildermuth, Kevin Moss from SharesPost100, and Bob Long from Stepstone, were panelists at the AICA Interval Fund Boot Camp & Manager Spotlight held on March 31, 2021. The moderator of the panel was John Cole Scott from Closed-End Fund Advisors. Read the transcript from the discussion below to hear the insight from the panelists.

John Cole Scott	Daniel Wildermuth	Kevin Moss	Bob Long

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[Interval Fund Boot Camp & Manager Spotlight - AICA (aicalliance.org)](aicalliance.org)

John Cole Scott: Good afternoon, we're letting the last panel come onto the virtual stage. Okay, good. Bob's here, I didn't see him on the list. I'm glad it's working out. Kevin, okay. Hopefully Richard shows up. I didn't get a question from him, so maybe [inaudible at 0:00:21]. That's the one benefit of four panelists, three's still plenty. Two, one doesn't show up and you end up with a challenge, you have a fireside chat.

All right, so again, I hate to say it, I guess I loved all these panels. They each added their own tone. But what I really enjoyed and why I wanted to moderate this panel was, a, it has a tender offer fund, that does exist, it was talked about earlier. But mostly interval funds because that's where the growth is, that's where the access is. This is a lot of the more not regular credit stuff, not real estate that we find interesting and want to put a flashlight on. And so we're going to do a

panel talking about the various components that are here and hopefully just take some good Q&A. So please audience, we'd love some questions. We've got some great people here. We've already done a good prep call.

But first basically I've got a question or two for each of you. Just give a brief introduction about your firm, your fund, and your background as you're able to answer your question. Hopefully Bob gets back on shortly. But we'll start with Daniel, so Daniel, what are the benefits of your fund for my clients as an RIA firm or other folks in the audience? Why would they use WIFX?

Daniel Wildermuth: Well, we were an interval fund, obviously that's what the panel's about. We're also an endowment fund, so we have a lot of diversification in our portfolio. We offer a lot of those holdings out to individual investors. So we tend to specialize significantly in private equity and also to a lesser extent real estate. We provide those investors a very real way to participate in a very different part of the market that generally isn't available to them. Over our history we have the highest alpha of any fund in our category, that's despite a somewhat lackluster performance last year. Really we were impacted by Covid, caught up in the late stage venture capital. I won't steal anything from Bob, but they had a good year last year.

We were caught much more in the, a lot of firms are market disrupting, and so because they couldn't go out and talk to individuals, that slowed down a lot of their progress and a lot of their revenue kind of went sideways on the year. So we ended up with a year that wasn't great but it also means that this year we had a lot of progress in the technologies. And this year as the economy starts to open up we're expecting to have a very good second half of this year, potentially second quarter and into 2022. So I think we're extremely well positioned, especially too we've also had a fund that the alpha's really high and so is the beta's really low. So the combination of that tends to make us an appropriate substitute for all kinds of assets. We've got lower beta than most bond funds for instance, so we're much more along the lines of a bond fund. So that gives us a place we can fit into a lot of portfolios in a lot of different ways.

John Cole Scott: Great, and good start Daniel. Kevin, why did you choose the interval fund structure opposed to the BDC and others available to your firm? What's been your progress over time?

Kevin Moss: Yeah, thanks John, appreciate it. Yeah, so this fund was really predicated on the idea that companies are staying private longer. We were starting to see that back in 2010-2011, the average age of accompany used to be five years and they would potentially go into the public market in order to fund their growth. But today as we probably have all seen, companies are staying private for 10, 12, 13 plus years. So at the same time you're seeing the public market shrinking. There used to be 8,000 companies trading on the national exchanges, today there's probably about 4,000. So there's this real capital shift going on between the public market and the private space. And so the question that we began to ask, and we were approached by a lot of financial advisors actually, it was really kind of driven by financial advisors and RAs, is how do we get access to this growth?

Because the public investor of course has always had access in the public space, but in the private space these assets aren't really available to them, especially the unaccredited investor.

And they were asking a number of questions, one is how do I get access to a diversified approach to this asset class? How do we get liquidity in an asset class that has certainly at the time almost no liquidity? And how do I get access to all of our investors, not just the accredited and the institutional investors, but the regular investor in the public market? And that's what was really pressing question.

When we looked at the different structures, John, we looked at the BDC because some of them had early success, especially investing in late-stage venture, and that's what this fund does. We're not participating in the early space, we're really going after companies that have bubbled to the top of the valley and are two to four years away from an actual exit, whether it be an M&A or an IPO. And so we looked at these different structures and the early success BDCs actually ended up not doing as well because they were trading on supply and demand and not at NAV. So as a result they were trading at big discounts to NAV.

But when we looked within the 40 Act, we found the interval structure. And to be perfectly honest, I'd never seen the interval structure back then, we didn't know what it was. But we spent about a year investigating these different structures, and that really ticked all the boxes because we could build out a diversified portfolio, it had the interval piece which allowed us quarterly redemptions of 5% of net assets which allowed us to manage our cash and our liquid underlying assets. And as it fell within the 40 Act, it had the regulatory oversight, allowed all investors to invest. And so in the end that was what we went with, seven years later it's really worked out for us.

John Cole Scott: Yeah, I'll tell you being born owning listed closed-end funds and edging my way to interval funds a few years ago, I always had a trouble with a regular hedge fund allocation. Venture equity debt sounded interesting but I just felt even as an experienced financial advisor, how do I pick a good one? The overhang of regulatory transparency, I definitely think it's helpful. So thank you. Thank you, Kevin.

Daniel Wildermuth: I also might add to Kevin is you get access to different calendar years. You get all the vintages in an interval fund as opposed to only going in a particular year. So I think that's another advantage of the interval fund structure.

Kevin Moss: Yeah, 100% Daniel. That was one of the things we also looked at. And with the BDC you're raising all your capital at one time and you're deploying your capital, as opposed to the interval fund where we're constantly raising money over the years which has really benefited us. Because that's what venture is, you really want to have different vintages and that's really worked out for us.

John Cole Scott: Perfect. Bob is next, and again I'm new to tender offer funds but they're further along. One thing that really struck a chord with your firm when I met you was that you're very data driven, a lot of resources to understand the hedge fund market. And you are the tender offer fund, so let's give you a chance to chat about your actual firm, your background, the product you created, and why the tender offer fund versus just focusing on other feeder funds for hedge funds? But the overall question you asked me to ask was, how will you meet those

quarterly goals of your fund while limiting cash drag? So love the introduction because I'm learning the most about you today, but please definitely answer your question as well.

Bob Long: Great. I'm Bob Long, the CEO of Conversus. John, we've had tech troubles. Confirm you can hear me, I see heads nodding. Great, okay. Thank you. I'm the CEO of Conversus. Conversus is a wholly owned sub of StepStone. StepStone may be the largest asset manager not known even in the financial services community. StepStone manages over $300 billion in the private markets. We allocated over $53 billion to the private markets last year. We are one of the top five, if not the very largest allocator of capital to the private markets globally. And we do that on behalf primarily of about 100 large institutions, think of those as state pension funds, sovereign wealth funds, large foundations, and endowments.

So the goal of Conversus is to bring those institutional capabilities that span across the private markets to individual investors. And we've done that with our first fund which is called Conversus StepStone Private Markets, or we like to call it CPRIM, that's what it's known as in the market. And CPRIM will deliver the illiquidity premium of private assets in a package with quarterly liquidity, and do that in a way that is particularly convenient, efficient, and transparent. CPRIM's designed as a comprehensive solution for the private markets. So when one investment, accredited investors have access to private equity, private credit, real estate, and infrastructure, blended and managed by StepStone in the same way they would do for their largest institutional investors. We're the low-cost provider in our market with a 1.4% management fee and no carry. And we do all of that in a way that we think is particularly investor-centric and particularly efficient.

We think of CPRIM as your SPY, your core holding, your ETF for the private markets. And for smaller investors, it can be a single solution so it gives you access to all the private assets in one fund. And for larger investors who may have more alpha-seeking strategies, a venture fund here, a buyout fund there where they have a strong opinion, CPRIM can bet that core holding that allows them to reach their desired asset allocation more accurately.

So how are we going to do all this and offer quarterly liquidity? So we do it in the following way. So first of all as I mentioned, we invest across real estate infrastructure and private credit in addition to private equity, and so those assets naturally produce liquidity organically. Secondly, on the private equity side we're concentrated in secondaries. StepStone has one of the most distinctive capabilities globally in buying funds on the secondary market. So we buy those funds with expected liquidity from the underlying portfolio companies. And I should be clear, this portfolio's extremely diverse. We're already 250 portfolio companies, 25 general partners, numerous co-invests, etcetera. Highly diversified and that is our goal to have that diversified portfolio.

So first we buy assets that generally create liquidity naturally and then we buy secondaries which we know will have realization events in the near term. We then have a credit facility that will remain largely untapped, it's not planned to be a leverage fund. We have a credit facility available to meet liquidity needs for tenders when we need to. We also have a dividend reinvestment program. And then finally we of course could sell assets if we need to. And we raise cash on a monthly basis. So we have all those sources of liquidity to allow us to walk this

line of providing quarterly liquidity while generating 10-12% net returns with the illiquidity premium. Stop there.

John Cole Scott: Very good, Bob. Very well stated. This being the tender offer structure with hedge funds, you do the quarterly marks.

Bob Long: And John, I need to correct you. We don't do hedge funds. We do private equity, private credit, real estate, and infrastructure. Hedge fund is the one thing we don't do.

John Cole Scott: Thank you. Well you know Bob, I think the reason we're doing this event today is for everyone to learn, and sometimes that includes me.

Bob Long: Understand, not a problem.

John Cole Scott: Thank you. So Daniel, just dig in a little deeper. Another question for you is with your fund, the endowment style daily interval fund, how do people use it in their portfolios? I'd love to hear your answer, and then again if it's different than mine I'll give you ours as well.

Daniel Wildermuth: All right, yeah. We have a lot of people who use it, Bob kind of actually alluded to this already, we have a lot of people who use it as a core holding in their portfolio. We are somewhat more diversified than his holding having hedge funds, and infrastructure, and also public equity. We don't have a lot of public equity but we do have a lot of exposure in that category. So we're kind of a one-stop shopping. We do though have certainly a much higher overall allocation in the private markets. So certainly that's the majority of our holdings. So we're really a one-stop shop to the private markets. So we do have a mix of the other assets that are comprised of funds who are offering that standpoint.

And the other thing is we have a lot of people using one-stop because we can be a substitute for either equities or fixed-income. We actually have volatility that's low enough that we're lower than most bond funds, so we can actually substitute for a lot of bonds. And I think we're often used for somebody either a one-stop shop or somebody who's looking to take a 60/40 and possibly take it down to 55/35 or 50/30 or something like that, because we can tick off both of those, and we tend to increase returns in the portfolio while lowering volatility. So we tend to be a good complement to a lot of things or a core solution. So it's pretty straight forward on that but it works well. So what's your answer on that?

John Cole Scott: Well yeah, I'd say the way I found your fund and we have the interval fund database is I literally searched by one-year, and two-year, three-year, five-year total returns. Because we're thinking interval funds, these non-listed funds we need to be comfortable with the allocation, the sector, the manager, because we can't trade them after lunch as we can any of our listed closed-end funds. So definitely the composition of your beta, your correlation, and your NAV standard deviation, what was a piece of it. We were able to tell some of our clients that what we liked out your fund, and also similar to the SharesPost 100 fund which we invest in, that here's a great way.

If you think the equity markets are crowded, isn't it nice to have some things that aren't impacted by Robinhood? And the fact that there's so many pieces of the pie where I can do it in five, 10, 50, $25,000 allocations. Again, haven't done a tender offer fund yet. This conference will hopefully help with that. But that was really the piece, thinking about volatility and liquidity as I tried to in our initial session as the real concept for this structure. You should always have something very illiquid, but this is something that is transparent and regulated that is more liquid than other equity alt private investments but less liquid than of course SPY. But SPY I think we all know is 25% five stocks and you have to decide you want to be in those five stocks.

Bob Long: Or not.

John Cole Scott: Or not, right? Yeah, anyway I'm not presenting here, I'm just the moderator. So let's go back to the Kevin. Another good question for you, the proliferation of SPACs, how has it affected your fund? Is it negative, positive? I know I get more emails with SPAC content, SPAC data, random requests for SPAC from people that I didn't even know followed financial markets. If the other two folks want to add a piece after, I think SPACs are very timely. But Kevin, please lead us in a SPAC discussion. Good, bad, indifferent?

Kevin Moss: Yeah, I think it's a bit of everything. It's certainly topical, and timely, and really relevant to our portfolio. I think on the negative side, whenever you have so much of a craze in any one thing, it leads to a lot of bad actors. And so what you're seeing is, especially in the headlines, a lot of people are concerned and probably rightfully so that there's a lot of groups that are launching SPACs that have no business launching SPACs. And they're targeting companies that have no business being public companies.

That being said, there are some good managers of SPACs that are targeting companies that are on their way to the public market and this is a way for them to do it outside of the traditional IPO or direct listing. And so for our portfolio it's been an absolute net positive just because we believe of course we're investing in real businesses. These are all companies that are doing a $50, $100 million, $500 million, billion dollar plus in revenue that are on their way to an exit within the next year or two. And some of them that are closer to an exit have now begun getting targeted by SPACs, and it's in their opinion that this is a cheaper and quicker way to get to the public market and to take advantage of some fairly high valuations.

And so as a result we've benefited from that. We have companies like ChargePoint that is now a public company that went via SPAC, and we're sitting on a 5X based on the fact that they had a really nice valuation going into SPAC. 23andMe is going with Richard Branson's SPAC into the public markets. Hims is a company that's already de-SPACed and is now a public company. And SoFi, these are real companies, these are no pre-revenue companies that have no business being in the public space.

So I'd say it's negative and positive. Buyer beware when you're looking at these SPACs. The other probably issue that is a little frustrating for us is when a company, when it's de-SPACed and is trading in the public space, there tends to be a lot of overhang. You have the PIPEs investors, you have the SPAC investors, you have us as shareholders that are in lockup, you have those that are receiving free warrants, and that comes with a lot of overhang. And so you're

going to see some bad performance in a lot of these SPACs after they've de-SPACed, and that's just because there's people that are sitting on really high returns, they're just dumping their shares. And so we're not that group, so we have to kind of filter through that process. That being said, it's been a real net positive for us.

John Cole Scott: Very cool. It reminds me of the BDC market in a way, where it used to be some lesser known players and became far more mainstream. And so I think you bring up the it depends on who the SPAC is with.

Kevin Moss: Yeah.

John Cole Scott: I'm not going to suppose to know how to analyze Richard Branson's SPAC, but at least I understand the type of quality he brought to other parts of the economy and what he probably would be doing with this as my first impression of one of his SPACs, without giving any investment advice.

Bob Long: What's your first impression of Shack's SPAC?

Kevin Moss: Yeah, I was about to say when you start seeing celebrities and different characters like that launching SPACs, naturally you get nervous. And I don't think any one of our portfolio companies that have been approached by a manager like that would enter into that transaction.

John Cole Scott: And I imagine that you would probably be, if you guys invest in companies who are going to be approached by SPACs, you'd be helping them decide which SPAC to be on their dance card. I think that'd be part of your role.

Kevin Moss: Yeah.

John Cole Scott: One of the reasons to venture into your fund would be to have that professional due diligence of the underlying. Not just underlying portfolio holdings, but actually working. I imagine a little bit like a BDC, they're not part of the reg, you guys probably more closely in touch with these private companies than you would be if you owned Apple stock.

Kevin Moss: Well, that's true. And we've actually talked a couple of our companies out of going public via SPAC. They're 12-18 months away from potentially going public and it was our opinion that they weren't ready, that they're not going to get the right valuation today that they would get potentially in 12-18 months. And so they've, in our case we feel lucky and fortunate they decided not to. Especially since we were seeing quite the rotation going on right now anyway in the public market. So it's sort of choppy waters anyway, but yes, we're very close to our portfolio companies and they don't always listen to us but sometimes they do.

John Cole Scott: Perfect, spoken very well. Good, let's go onto another question for Bob. You alluded to earlier you have this large database, these large financial resources, you're a large, large organization. Or you're the retail sleeve of that organization. You must have so many things cross your desks, and how do you source these investments? How do you due diligence

them? How do you decide what makes the muster for the portfolio before you become the index of private investment?

Bob Long: Yep, really good question. That is a clear distinction between our firm. For better or worse if you think Dan's smart and Kevin's smart, I think they're picking the investments at their firm. I am not picking the investments at our firm. Our investments are made by the portfolio management team of StepStone. So we source thousands and thousands of opportunities per year, we run it through a funnel. We have 200 research people globally, 200 of our 500 are in research. We're in 13 countries, 19 offices. We use a database, which interestingly is called SPI; Stepstone Private Intelligence. It's cute name. It is the Bloomberg for the private markets. We believe we have the largest most comprehensive database globally.

Research, the academics they use our database to run their analyses. We have one of the largest databases and it's designed to allow us to have insight into a quality of general partners, the quality of coinvests, and also the cashflow profile of those. Because again, back to where we started, we are seeking to generate these 10-12% net returns but we're also seeking to do that with a liquidity profile that allows investors to tender up to 5% quarterly. So it requires all of that. We have in addition to those 200 research personnel, we have 30 people in data science and engineering who work on and create tools, algorithms, and apps, they literally call them apps, that allow us to bring all this data together. We have data on 60,000 private companies, 36,000 funds, 14,000 managers, it's just a massive, massive database. So we boil all that information down and then we select the assets that allow us to hit those goals of the target returns plus liquidity. And that's really the key to our process.

John Cole Scott: Great, anyone else want to chime in? In my head, and please correct me because I'm just a financial advisor at this moment, I really think of the SharesPost 100 fund as just pre-IPO investing, and then Wildermuth brings that balanced approach but in the interval non-accredit format, daily NAV and oversight. And then your fund structure, the tender offer, it's when those can handle the $50,000 minimum, those that are okay with the accreditation process and having a quarterly mark different.

Bob Long: And just private markets, as Dan explained, his fund is broader. So our fund is designed to be just the private market allocation. We expect to have no public securities, and as we mature to have very little to no liquidity, not be sitting on cash which has been the challenge in this space. And those that are familiar with our competitors, I know Dan and Kevin are, they have been challenged in their returns particularly because they've held too much cash in order to meet those liquidity needs. And we specifically designed CPRIM to be more cash efficient, and that's our goal to do it that way.

John Cole Scott: And I think it's an important time because I touched so lightly on the intro session, and I assume not everyone may be here all day long like we are. But your liquidity is not like a 5% quarterly with that 2% over by mandate. It's more the board driven, it's more thoughtful.

Bob Long: It is in the description of the board. Our board is independent so they control that. And our board has invested about $2 million in our fund which you don't typically see, the

independent directors. So it is in their discretion. We certainly expect and will recommend and expect them to do a full 5% tender every quarter, but it also true that they have the discretion to not do that. Which we think is critical that they have that flexibility, and that investors understand that so that we can walk that line between generating the illiquidity benefits and diversification benefits while having the liquidity over time.

John Cole Scott: Absolutely. So I just think one thing we're trying to do is make sure everyone understands what these funds are--

Bob Long: And what they're not.

John Cole Scott: And what they're not. There is reason to go to the grocery store and there's more than one type of pretty much everything.

Bob Long: Yep.

John Cole Scott: I think Wegmans here in Richmond has six different finishing butters. I didn't even know there were things called finishing butters until I found that part of the butter shelf. But the next question is my question, so if you're an audience member, would love to see a question pop up. But I would love Dan and Kevin to really just talk about, again pretend you have a crystal ball. How are you thinking about each of your investments with things like a lofty list equity market with interest rates, with possible pending inflation? If you could give us your opinion on what you think could happen based on the inputs you have and your best guess going forward for what might be 2021, how are you positioning the portfolio now and what are you looking for to make those nudges either for new investments or resizing the portfolio? And then if it makes sense at the end, Bob, feel free to chime in as well.

Daniel Wildermuth: I'll jump in first. I think for us the big thing is we're coming out of Covid, and as the economy opens back up we're expecting a lot of really good things to happen, particularly possibly second quarter but possibly third and fourth quarter, and then even 2022. We know we had a lot of sideways movement last year, where we've been averaging about double digits and last year we kind of went sideways. And a lot of that was because our investments weren't able to generate some of the revenue because we couldn't have meetings, we had trials that were shut down, we had various things where the companies just weren't able to act as they normally would have. But they were still doing things behind the scenes, so we had a lot of development going on in our medical companies an technology companies. They had a lot of great progress last year but they didn't have a lot of evidence to show for it.

So we expect this year as the economy opens up, that they're going to see a lot of snap back to valuations. I was in a board meeting this morning and that company's going to do fabulous this year. It's just really on track for a great number. But it's going to be third quarter before it shows up. We've got various other companies that are going to see things in second quarter, and third quarter, and fourth quarter. So I think for us, we're thrilled about our portfolio. I said it this year, I wasn't thrilled about our portfolio last year the same time. We didn't have a big downturn but we could see what was going to happen because we could see that we weren't going to have a lot

of progress on the year. We had a lot of thing were frozen, so we kind of pushed the revenue down, revenue recognition down six to 12 months, and that's bouncing back now.

So at this point we haven't actually added a lot of new investments over the last year, most of our money has gone into our existing portfolio companies. And it's one of the advantages of being in the private markets, you know your investments really well, you've got inside information on it, you can put the money where you want to put it. That's been a really good thing over the last year. I think we'll probably continue that route. I know we're considering some new investments, but I think by and large we're probably going to put most of our money into our existing investments.

And that's in private equity real estate we've got the same thing. We've had a couple of investments that were more direct development where we exited recently in mid-20's, and those are very good investments. We do have a couple of holdings that were effectively they're impinged in one form or another, we're going to see those exit here pretty quickly and that'll make a big difference. We even got some energy holdings that again last year they were in coal or some other things and they were affected by-- and they were small investments or blue coal, so they're not the coal industry but they're more metallurgical coal. But those were investments as well that were hit first by the argument with China because China's one of their big markets, and then secondarily by Covid. Effectively China was shut down, that's reopening so we've got a lot of good things happening with the portfolio. So we're real excited about what the year brings.

John Cole Scott: Great. Kevin?

Kevin Moss: Yeah, I would actually say that we're kind of on the flip side of Dan in that for this portfolio when you're building a diversified portfolio late stage venture, the heavy lift is in the first three to four years. You're investing in companies that you're expecting some type of exit, whether it be an M&A, IPO, SPAC, direct listing in two to four years. And so we spent the first two, three, four years building this portfolio so our returns in the beginning were a little lackluster because we're building the portfolio.

In 2018 we did reasonably well, but 2020 we really started to take off and we returned about 24% last year. In that case we were fortunate that Covid actually really helped us in that it accelerated the business models of a lot of our companies. We're invested in companies like ed-tech companies, education technology companies which really accelerated, some of their business models were accelerated by five years. One of our portfolio companies, when I asked what their biggest issue was with Covid, it was that they couldn't keep their website stable because so many people were coming to it and trying to reeducate themselves. You had digital health companies in the portfolio, one medical. Just absolutely exploded last year. And you had even digital advertising, which in many ways there's some sectors where you would have thought they would have been affected negatively, but instead they were not and they went in the opposite direction.

And I think the big surprise that you saw in 2020 was that these companies were raising capital in the middle of a pandemic, but not only were they raising capital but they were raising higher

and higher valuations. That was the big surprise to us. So that had a real positive effect. The companies that we invested in 2017, 2018 are really starting to come out today, and for 2020-2021. And what we do is we're going to continue to build that deep bench of portfolio companies so that every year we have exits from companies that we've invested in the past. That's not to say that every year we're going to have 24%, because these things ebb and flow and valuations get ahead of themselves sometimes. But as Dan pointed out earlier when new first started the discussion, this is very much about not just diversifying in the different sectors and the different types of companies but vintages as well. So every year we want to be consistent with what we're doing because you just never know. As much as they say the valuations are frothy, two years later they're even higher and we don't want to miss that.

John Cole Scott: I agree. It's definitely felt that way for the last half of my career. I'm 20 years in now and the last 10 have been challenging for valuation purposes.

Bob Long: There's a reason to that, John. We're all about the same age, I think you're a little younger. Interest rates have declined basically since I got out of college in the mid-80's, and so there's a reason why the world looks frothier and frothier.

John Cole Scott: I talked to some of our peers, one concept of driving markets higher is when treasuries yield nothing after taxes, you have to buy something.

Bob Long: It's called TINA.

Daniel Wildermuth: Yep, there is nothing else.

John Cole Scott: I feel like you guys know each other, but I feel like you also just met today. So it's fun to see this come together. I wrote down a couple other questions. There is one here I'm going to do first. Thoughts on potential trade issues with China or other EM nations. New administration, the world's ever evolving, how does globalization impact what you're doing and what you see?

Daniel Wildermuth: I'll go first. It doesn't really impact us too much. We've got one holding that's directly impacted by China, that's a very small percentage of the portfolio. But it really doesn't impact us too much. Our portfolio, we've got a fund that's also based out of Asia but that's in Southeast Asia so that would be affected potentially somewhat, but that would be potentially a way to take advantage of it. But we have almost no exposure directly to China outside of a small sliver in public equities.

John Cole Scott: Okay. Kevin?

Kevin Moss: I'd echo that, 85-90% of our portfolio companies are actually domestic based. That doesn't mean we wouldn't invest outside the U.S. because we do have some investments. We have no exposure at all to China. And the reason we don't typically go outside the U.S., first of all, we've got a big backyard here already. There's so much to choose from, really interesting companies. But it's also a little bit more difficult to get information, especially from a Chinese-based company. When you're trying to really analyze a cap table and get the financial

information, it's almost impossible. And when you do get it, you're not really sure necessarily if it's as accurate. It's hard to check those types of things. So we tread carefully when it comes to companies outside the U.S., and so we really don't have a lot of exposure there.

John Cole Scott: So is what I'm hearing is that you really love the 40 Act, the SEC, FINRA and all the compliance issues you have? No, but exactly.

Daniel Wildermuth: It's going to happen whether you go international or not. You're kind of stuck with it.

John Cole Scott: But the point is, think of the standards here, or even in markets like London which is another established market, or Toronto, versus these emerging markets. And we want to be there in some way but it's just not the same investment landscape. But we all hope I think it gets there so you have the transparency to grow your pie over time.

Kevin Moss: Absolutely. For us the structure, yes, it's come with a lot of the regulatory issues, the compliance issues, it has not been easy. But once you get that scale, you can really appreciate it. And it does come with a lot of features that you don't have in other structures; the transparency, the regulatory oversight. We talked a little bit earlier about the volatility, one of the things that our shareholders love about our fund is in periods of financial distress we're good. We went down 2% last year. The fact that we have private assets that aren't being necessarily priced every day by definition, there's just not a lot of volatility in our fund. And so a lot of our shareholders are only looking for absolute returns, but the fact that the relative returns are so good is very attractive.

Bob Long: John, let me jump in here. We've been talking for a while and we haven't mentioned the really important concept that we all share, which is that these are permanent capital vehicles.

So when you invest in one of these funds, you're not just committed, you're invested. Which I did not make up, one of our competitors made up that phrase. But that is really important to understand. You talk to investors seeking to access the private markets and they're routinely are frustrated by the minimums, by the lack of transparency, all the things we've touched on today. But a big thing is they commit to a fund, a regular way drawdown fund, a limited partnership, and their money isn't invested for years.

And in fact, if they commit a million dollars to a theater fund through a private bank, they may never have all those dollars invested, and certainly they're not invested on any predictable paths. So when I think about the benefits or the flipside of the structure as Kevin addressed, the benefits of permanent capital to us as managers allowing us to manage through that and invest consistently across vintages, something that's being mentioned. And also to keep our investors capital invested and not just committed, that to me is the critical advantage that justifies and overcomes the regulatory burden of being a 40 Act fund.

John Cole Scott: Perfect. We've got a minute or so left because I do want to give people to stay slightly on schedule, about a minute left to the 40 minutes. Are there any final thoughts, anyone wants to chime in? The only thing I often ask people is either a quick PSA or a quick swap idea?

"If you own this, you should maybe consider us." Maybe each of you take 20 seconds and speak quickly.

Daniel Wildermuth: I would say that Kevin's fund is very different late stage, ours is early stage, and Bob's has different assets. So I think they're [inaudible at 0:39:05].

John Cole Scott: Okay. For those that attended the real estate session, a lot of split ticket ideas. This is another possible. You can take $150,000, put it in three funds and have three different outcomes. Or more if you have it, your choice. Okay.

Bob Long: I'll just jump in here and I'll say that with more equity markets where they are, which have been described, I think universally it's understood that this 60/40 portfolio is not going to work longer and deliver for investors the results that they need. You have to move toward the private markets. We think along with the two other funds represented here, we've created good ways for people who are new to the private markets to get exposure in a package that can be prudently recommended and implemented by financial advisors. So it's really a good start on the path toward diversifying your portfolio with private markets in a user-friendly fashion.

Kevin Moss: I would echo that real quickly and say, where else can you find the ability to invest in private equity of the variety that we have here on this panel in a very easy way without paperwork at the touch of a button and with 1099 reporting? It's just something like that is like creating fire. That's what some of our financials are like, they've never seen anything like it before. They're like, "Are you kidding me?" So for us it's, the interval structure, we've been able to really bring that. With the regulatory oversight and the transparency, it makes it a really interesting way to get into private equity.

John Cole Scott: Good ending, Kevin. All right, if you guys want to turn off your cameras I'm just going to close from the stage so we can get back to mingling. Again, John Cole Scott, the Active Investment Company Alliance, thank you so much for attending our Interval Fund Bootcamp and Manager Spotlight, four panels, 13 managers. Thirteen out of 14 ain't bad, it's still an A in most books. Please take the survey, the survey link is in the upper righthand corner. Connect with us for an email distribution list on AICAlliance.org. Check out the weekly podcast, The NAVigator, with our partner Chuck Jaffe with Money Life.

And again please, we're going to do a BDC event in about six or seven weeks. Share this with your friends. We're trying to bring good diverse content to light. Give you options so that you have choices for your clients, and pull it all together. And remember, I believe I said this, we actually have an interval fund and tender offer fund screener on AICAlliance from our CEF database business. So if you're looking to screen a little bit, a great place to start. Be engaged with us, engaged with each other, and thank you so much for being with us all day. It's been a pleasure to work with you and hopefully you love this platform. Bye.

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