Diversified Track Panel #6: High Yield Strategies: Non-traditional BDC Loans, CLO Exposure and Additional Strategies

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VLAD M. BULKIN: Hi, I'm Vlad Bulkin, partner at Katten Munchin Rosenman, I focus on BDCs and registered closed-end funds, and I'm joined here by an esteemed panel of four leaders of our industry. To my immediate left is Dana Staggs with ArrowMark, to his left is Michael Reisner with CION, to his left is Nishil Mehta with Carlyle, and to his left is Rushabh Vora with FS Investments. We'll start off from my left, go down, could each of you please give some more detailed introductions of yourself, including a little bit about your firm and the high yielding strategies that you guys pursue, including types of funds that you pursue them within and how those funds give access to investors to the strategy? We'll start with Dana.

DANA STAGGS: Good afternoon, my name is Dana Staggs, I'm president of ArrowMark Financial Corporation. ArrowMark Financial Corporation is a closed-end fund registered investment company that trades under the ticker symbol BANX. It's managed by a subsidiary of ArrowMark Partners, ArrowMark Partners is about a $22 billion asset manager. Today we have roughly about 55% of that AUM invested in credit and credit-like strategies, about 45% is invested in equity and equity-like strategies. We were one of the original TALF investors,

so some of you may recall the TALF program, that's one of the programs that the government enacted in 2009 as part of the Great Financial Crisis, and as a byproduct of being one of those TALF investors, we actually established what I would characterize as some very strong relationships in the banking industry. As a result, we've been investing in something called regulatory capital relief securities, we'll talk more about that later in the conversation, but in a nutshell it's an alternative investment, it's a floating-rate income product, it provides a very strong, probably somewhere around mid-teen distribution today. It's a solution that is provided to the largest banks in the world, so think of it as a Goldman Sachs, a J.P. Morgan, and so on and so forth, and so we've been doing that for about 14 years. Today we've got about $5 billion in the space, we've invested about $8.6 across over 100 transactions, so a pretty good track record in what I would say is a very niche alternative product that a lot of you probably haven't heard about and look forward to talking to more.

VLAD M. BULKIN: Next?

MICHAEL REISNER: So my name is Michael Reisner, I am a co-CEO of CION Investments based here in New York. We consider ourselves an open-source solution provider bringing innovative alternative strategies to the wealth management space. We currently have three different funds, we have a $2 billion business-development corporation which we originally raised through the wealth management channel and is now traded on the New York Stock Exchange, the symbol is CION. Our second strategy right now is a diversified credit strategy, it's a joint venture with Ares Management, it's called CION Ares Diversified Credit Fund, it's an interval fund, it has about $6.2 billion of assets under management. We currently raise about $100 million month for that strategy, it does about 60% private credit direct lending both here in the United States and Europe, as well as broadly syndicated loans, CLO debt and equity, some special sits, and bonds. Our third strategy, it's called CION Grosvenor Infrastructure Fund, or CGIF, actually it was just declared effective yesterday by the SEC, it's also an interval fund which is going to look to invest in various infrastructure assets both here in the United States and abroad.

NISHIL MEHTA: Good afternoon, my name is Nishil Mehta, so I am a senior member of Carlyle's liquid credit team. It's a team where we manage about $50 billion of capital and we are the world's largest CLO manager and I am focused on leading our third-party CLO investing strategy. I'm also the head of investor relations and capital markets for our direct

lending BDCs as well. Carlyle, as some of you might be aware of, it's a $450 billion platform today, global platform with three key areas of focus, private equity, credit and asset solutions. Within credit, which is where I sit, we're about a $200 billion platform, really with four key areas of focus, liquid credit which is our largest at $50 billion, we have private credit which includes direct lending and opportunistic lending, real assets which covers infrastructure, real estate, and aviation, and then lastly our asset-backed finance strategy as well. We've made a big push recently to really push our multi-decade strategy and make it available to the retail and wealth channels, and so we have a various number of products that we offer through these channels.

RUSHABH VORA: Hi, everyone, Rushabh Vora at FS. I lead our private capital solutions efforts in our global credit business. FS, just zooming out, we're an $80 billion manager based out of Philadelphia, firm is about 50/50 between private credit and private equity. On the private credit side we have a large joint venture with KKR called FSK, which is the second largest public BDC franchise behind Ares. And then we have a global credit business, which I sit in, and that business has four different products. We have a closed-end private BDC called FS Specialty Lending that we're looking to take public in the next few years. We have a publicly listed on the NYSE, closed-end fund that's a 40 Act fund, but not a BDC, called FS Credit Opportunities Corporation. We have an interval fund called FS Credit Income, and then we have a small but growing CLO franchise that gives us a look [inaudible 0:07:17] markets. And on the private equity side, which is complementary, it's much more sponsor complementary versus competitive, we have a very large fund of funds platform called Portfolio Advisors that invests in private equity funds. We are invested across 250 different private equity firms where we allocate for pension, endowments, sovereign wealth, et cetera, and so we actively have a team that goes to AGMs, talks to private equity firms, and have a really good pulse on what's going on. And so that gives us a unique insight in terms of how to back private equity firms, how to help them, and which ones we feel good about and which ones we don't. And so our global credit business, where I sit, really focuses on sponsor credit and non-sponsored credit, probably 60/40 sponsor and non-sponsor, we're really looking to go where others aren't, higher yielding things where we have to roll up our sleeves, which is the topic of today's panel, so thank you.

VLAD M. BULKIN: Thank you, everyone, for those great introductions. So each of you has mentioned some unique high yielding strategies that your firms pursue, can each of you please elaborate a bit more as to why such a strategy might be a good fit for an investment portfolio and an attractive alternative to traditional direct lending strategies? As you're discussing that, please think about the potential return profiles, the risk management, and the effort and expense it takes to pursue those unique strategies. We'll keep going in that order.

DANA STAGGS: Sure, hopefully I can remember all that. So what we do is we invest in regulatory capital relief securities, and regulatory capital relief securities, from an investor perspective, why do our investors want to invest in this? First and foremost, it's very strong income generation. The income generation is what we would call a good risk-return premium, and that's a result of the fact that it's not a commoditized product, and I can get into that. The second is it's a very stable net asset value. For one, it's underpinned by the strongest loans that we get, we do risk transfers from banks, and so it's underpinned by a very strong portfolio of loans, so think of these as probably BBB- to BB+, so strong credit quality, but it's also a floating-rate product, so changes in interest rates don't necessarily affect the net asset value of the actual underlying security. And finally it's a very non-correlated type of asset to other asset classes, it's a very unique product. It's different from direct lending, it's different from private equity, it's different than what you would typically find in the public markets, and as a result we think that a lot of RIAs that invest in this product like it because it doesn't have a lot of strong correlation to other assets. Stepping back, what is it? I mentioned it's a floating rate product, and what we do is we have relationships that we've generated over 14 years with the largest banking institutions in the world. We help them solve complications around regulations. So as a regulated entity, these institutions have to report regulatory capital ratios, effectively what they have to do is meet certain equity levels to the size of their loan book. There's a variety of different ways that they manage these quarter over quarter, year over year, they can issue common equity, they can issue preferred equity, they can sell assets. This is another tool that they use in their toolbox in order to make that happen. But the product itself, it's very customized, it's customized to the individual needs of the bank, and that individual need, for example, if we're doing something with Barclays, that would be the UK regulator, and the requirements in order to structure

something that's regulatory compliant, the regulators have blessed, is very different than something that has to be done with say, J.P. Morgan out of New York. And as a result, these relationships are built over, say 14 years for us, and our ability to adapt and be a very consistent investor in this space has allowed us to create this product with these banks and effectively get a good risk-return. At the end of the day, the banks, what they're not doing is they're not trying to drive an optimal return on a loan book, what they're doing is say, take a loan book of a billion dollars' worth of loans, we will transfer say $100 million, or we will risk transfer the risk off of that billion dollar book and take the losses, say on the first $100 million. But what it allows them to do is maintain the customer relationships with these corporate loans, so say for example, this loan book consisting of a bunch of loans to say a Pepsi-Cola or a General Electric, they maintain those corporate relationships, and as a result what they can do is then upsell into those corporate relationships, the investment banking business, the corporate credit card program, the Treasury management, and therefore it's really a value-add product. It's not about arbitrage into the interest rate, it's really a top-line revenue generating product, allows them to go out there and upsell and cross-sell a variety of different products that the bank offers that are actually the higher margin products. As a result, we think that the banks themselves pay our investors a premium in the form of a higher adjusted risk return.

VLAD M. BULKIN: Very interesting. All right, we'll move onto Michael, maybe you can talk a little bit about infrastructure investing.

MICHAEL REISNER: I was going to say, I'm not sure our strategies are as interesting as those, those sound great. Yeah, so two of our strategies are not really alternative, right? We have the BDC which middle market lending, average EBITDA of our portfolio's about $60 million give or take. Our diversified credit strategy, similar to CTAC, again, not that interesting. I think what's a little more innovative for us and exciting for us is the infrastructure strategy, there's a lot of white space out there. Infrastructure, you probably all hear about it all the time, it's in the news cycle. I think McKinsey estimates that the next five years there's a $3.2 trillion need for infrastructure globally, I think about $2 trillion of that is here in the United States. Think about datacenters, what's going on with AI, think clean energy transitioning, just the transportation grid, I think 40%, 45% of the bridges in this country are over 50 years old, so there's a big capital demand for infrastructure. Traditionally the governments have

supplied that, given what's going on with budget deficits around the world, there's going to have to be some type of private solution. We're coming up with a strategy, we think in an interval fund wrapper, we think that allows these investors to access this need in the private markets, which is really kind of what if you think about alternative investing is about, allowing these investors to take advantage of opportunities that heretofore have only been available for institutional investors, so that's our infrastructure fund that we think is potentially very exciting.

VLAD M. BULKIN: Why'd you pick an interval fund wrapper for that?

MICHAEL REISNER: So interval funds, and for those of you who heard a little bit in the prior panel, it's a pretty compelling wrapper, especially if it's an illiquid investment. I think what you don't want to see necessarily in an interval fund is liquid investments, because a liquid investment like a broadly syndicated loan probably belongs in a wrapper where someone can get in and out because it's a liquid asset. A lot of the investing we do are illiquid investments, you want to take advantage of the illiquidity premium, and in terms of raising money from the retail channel, it's a compelling product. RIAs have really gravitated towards it, it's not necessarily a mutual fund, but there is some of that functionality. Trades with the NSCC, there's a ticker symbol, there's very low minimums, and if it's managed right, the drag from having that liquidity to match the intervals for the redemptions versus the draw-down fund could be pretty negligible. So in terms of accessing retail investors, unique asset class, illiquid asset class, user-friendly wrapper, we went with the interval fund structure.

VLAD M. BULKIN: Nishil, maybe you could tell us a little bit more about the CLO investing strategy.

NISHIL MEHTA: So CLOs are essentially just diversified pools of first-lien senior secured loans to very large companies. These are companies that have an average EBITDA of $700 million, average loan size of a billion dollars, and some examples are Four Seasons, American Airlines, Uber, Formula 1, so you're talking about industry leading companies. And these diversified pools, you have diversification by each company, but you also have diversification by industry, typically max industry exposure of 12-13%, so when you're investing in a CLO, you're really getting broad exposure to the US economy. And I get a question a lot, so tell me about this niche asset class, well, it's actually a $1.2 trillion asset class, 25-year track record of performing through cycles. What makes CLOs necessary is CLOs represent 70% of the

buyer base for the broadly syndicated loan market, and the broadly syndicated loan market today is about $1.4 trillion in size, it's actually the largest financing source for some investment grade companies as it's bigger than high yield. So to have really a functioning US capital markets, you need a functioning broadly syndicated loan market, and to have a functioning broadly syndicated loan market, you need a functioning CLO market. Essentially the way that CLOs make money is they have a 20-year track record of producing mid to high-teens yields, and effectively a CLO is a way to finance the purchase of the 200-300 loans, and so you obtain long-term low-cost financing that has no margin calls, no liquidation events. And the beauty of the financing is both your assets and your financing are floating rate, and so the way that the CLOs generate income is really through the spread between the assets and financing. And so as we're currently in a declining rate environment, obviously there's a big focus on the yields on floating-rate products, but the beauty of CLOs is given it's largely interest rate agnostic, that 15-20% historical cash yield has been produced in both high-rate environments and low-rate environments. What we really bring to the table is given we are the world's largest CLO manager, we have a 70-person team, so we can leverage the credit expertise of those 70 individuals, do bottom's up fundamental analysis on each of those portfolios. So each portfolio has 200 to 300 loans, in our fund today we have exposure to about 2000 different companies, so we're talking about significant diversification, but you need a large team to be able to do the analysis on that number of loans and that number of companies. And the other expertise that we have is just leveraging the broader Carlyle platform and using the proprietary information that we get from our private equity side and asset solution side as well.

VLAD M. BULKIN: Thank you. So Rushabh, you mentioned you guys do a sponsor finance with a story, I'd like to hear what that means.

RUSHABH VORA: Yeah, I guess maybe I'll start with there's just been a tremendous amount of money that's been raised in the private credit side over the last two-three years, I mean, trillions of dollars, both sovereign wealth, Middle East based, domestically, and I think this amount of money to a lot of different managers has resulted in spread compression and effectively a race to the bottom in many respects on deal flow. And so what used to be a new LBO financing at SOFR 600 is now SOFR 500, SOFR 450, and so it's gotten very, very tight. I think someone on the earlier panel was talking about cov light, [inaudible 0:20:15] structure,

and you know, we participate in that market too, so I'll say we do that because that is the market and you have to be invested in the market. So we try to barbell that with some higher yielding things to generate a yield that our expectors expect of us, so low double digit type returns through a cycle is what we aim for. And so if a new LBO right now is SOFR 500, and SOFR is at four or 5%, sort of like 9-10%, you have fees that go on top of that fund, and so effectively you're only spitting out a return to your investors, whether that retail, institutional, whoever it is, of 8-8.5, 9%, which is okay but investors expect more of us. And so the way we achieve that is in a lot of these private equity firms that we partner with, a lot of their companies are what I would call clipboard companies, so a lot of financiers nowadays say, "Is it a 50% equity check?" Yes. "Is there a quality of earnings?" Yes. "Is there a market study?" Yes. "Debt to EBITDA of X?" Yes. "Okay, I can do it." So it's kind of like down the fairway easy, but probably 10-15, 20% of a private equity firm's typical investment cycle companies don't fit that neat clipboard and have some story to it. We saw a lot of this during Covid with shutdowns, but post-Covid we still see it. In the media space we saw it with the writer strikes and the artist strikes in Hollywood, so there was high-quality sound stage businesses that had just shut down but had a real reason to exist that we had to figure out how do we underwrite a business that has no cash flow right now but used to have $100 million EBITDA? What do we expect it to do going forward? We saw it in retail and high quality companies that manufacture things with shipping rates, where shipping rates just blew out where, hey, revenue's still there, but suddenly shipping rates have doubled or tripled and they can't pass it onto their customer right away, and so we have to really dig in. And so I think what we try to focus on is obviously we're going to be invested in the private equity finance market, I think everyone has to do that on this side, but trying to pair some of that up with some situations that require rolling up of the sleeves, and I think when you're willing to spend the time and dig in and roll up your sleeves, you're going to get paid a premium for that. And so our investors want us to do that, say, "Hey, this is how you're going to earn more yield," and in those sorts of situations we're getting SOFR seven, SOFR 800, sometimes warrants, things like that, and for high-quality companies that are sponsor-backed that have big equity checks in them, but maybe it's not a direct LBO right now, it's a re-fi of a company they bought a couple years ago, trying to do an add on or something like that. So we're really focused on that type of investing in this market, because as Nishil

mentioned, as rates come in, it's harder to make a certain yield for your investors, and obviously investors look through cycles, but that's kind of a nice spot for us where we can barbell that and the traditional sponsor finance to earn a 12ish percent type return for our investors.

VLAD M. BULKIN: Great. Staying on that yields coming in topic, now that the election is over and the fed funds rate is coming down, do you anticipate a significant impact on each of your respective strategies in the next year? Maybe we'll start backwards and continue with you.

RUSHABH VORA: Yeah, I'm very excited. I would say talking to private equity firms the last couple of years has been about the price isn't right just yet, "I'm not going to transact, price isn't right," and it could have been their marks were higher than where the current market was and they've had a couple years to claw their way back up, but it feels like post the election, now there's visibility, feels a little bit more pro-business, firms are really focused on trying to transact. There's been a lot of news articles out that institutional and retail investors are just demanding, "Hey, I want some money back. I've been getting capital calls, I've been getting capital calls, when am I going to be getting DPI back?" And so I think private equity firms have heard that loud and clear, they don't have any more delays, they have to start selling companies. On the flip side, you've got private equity firms that have raised a lot of money, sitting on a lot of cash, they're going to have start deploying that cash. You've got a nice match up of you're going to have to have sellers, you're going to have a lot of buyers, and the financing markets are relatively open. As I mentioned, there's been a lot of capital been raised, so I think 2025 is very ripe for, or at least I've talked to a lot, the amount of non-disclosure agreements that we sign on new deal close is probably at an all-time high right now in terms of how many things that we're actually seeing, and that's the front end of the funnel. So deal flow is very active, we think it's going to be a good time to invest, obviously you've got to be very meticulous on which things you want to invest in, but the big question is are we really over inflation and what's really going to happen? I think we mentioned the declining rate curve, I don't know, if you look at the rate curve it comes back up a couple years from now. So it's kind of unclear what's really going to happen, but I think either way the market is open for business and people are going to start transacting in 2025.

VLAD M. BULKIN: Great. Nishil, what about the CLO strategy?

NISHIL MEHTA: Yeah, I would largely echo what Rushabh just said, with the political uncertainty behind us, I think that's really going to allow very enhanced deal activity. Everyone we speak to, whether our private equity side, our capital market side, or even M&A bankers are just talking about how they've just become so much busier. You haven't really seen that in transaction volume yet, those typically have a three to six month cycle, and lot of that sponsor and private equity activity is financed through the broadly syndicated loan space that I talked about. And so the way that's really going to impact the CLO market is you're just going to have a huge increase in issuance of new loan activity, not just refinancings or re-pricings, but actual new loan activity, and really to support that volume you're going to need an incredible amount of CLO issuance since CLOs represent 70% of the buyer base. And that's going to be just beneficial to the CLO market, because as an investor that gives us incremental opportunity to purchase loans, but also incremental opportunities to make CLO investments as well.

VLAD M. BULKIN: Great. Michael?

MICHAEL REISNER: Yeah, I think there's no doubt in the short term a much more favorable pro-business environment. Now, I remain a little bit optimistic, I'm not sure how low interest rates are going to come down, and private equity for many years lived at a 1% base rate, and 3.5-4%, are they going to be able to get the same returns? But again from the more propitious regulatory environment, I definitely think the next six to nine months, you're going to see those animal spirits come, you're going to see an increase in M&A. From my perspective as well, not only in investing, in raising capital, we compete with the equity markets, if the equity markets continue to rip at 20-25% a year, the last panel they said SOFR at 5% plus a 500 spread, you get 10% senior secured, that's an equity-like return. In a normal market it's an equity-like return, but not in the last year, and quite frankly probably not in the last five to seven years. I've looked at that large of a sample. That's how we look at it, I think the short term there's no doubt it's a favorable investing environment, I think it's TBD whether the second half of 2025 remains.

VLAD M. BULKIN: Okay, Dana, what about you?

DANA STAGGS: Yeah, so the regulatory capital relief security performed really well in a near-zero percent interest rate environment, so for most of the decade between 2010 and 2020 rates were really low. Today rates being around 4.5%, I think interest rates are going to be a

bit stickier than people anticipate. I think inflation is a bit tougher, we're facing issues like reverse globalization, we're seeing inverted population demographic pyramids globally, and all of that's going to do is provide pressure on inflation and provider pressure on rates. Outside of that, our fund right now, last quarter we were 70 cents versus a 45 cent declared distribution. We took over the fund in February of 2020, so right before Covid hit, but even despite that we've outearned our distribution each and every quarter, so being at 70 cents versus 45 and being underpinned by about 90% floating-rate securities, I do think we have the earnings capacity to absorb a few rate hits. As a matter of fact, I think we have the earnings capacity to operate in a near-zero percent interest rate environment, which I do not think we're going to hit. Separate from that, that's the earnings power of the fund, what I think is just as important is to talk about the risk of the underlying asset itself. When we think about the risk, when we take one of these portfolios of loans that, let's just say a Goldman Sachs wants to risk transfer to our investors, these portfolio of loans are typically in the highest credit quality, so they're dollar averaged around BBB- to BB+, so they're either investment grade as a portfolio or near-investment grade type of credit risk. We will actually get these pools of loans, and we can see the individual borrowers of these loans, and do individual credit analysis on these, and so these portfolios can be over several hundred to close to a thousand names. We'll separate that across 11 different credit analysts who will go through and pick which loans we want in these reference portfolios and not, and we'll actually run scenario analysis as if some of the worst financial times have happened to these loans to ensure that we're, what I would say is, in a good spot with how we're structuring these portfolios. So as a result, even if we see a tough environment, whether that's through interest rates or credit hits, I think our product holds up pretty well in those environments.

VLAD M. BULKIN: Thank you. We're right on time for Q&A. Does anyone have any questions? Don't worry, I brought a back-up question. This one's a little bit geared towards capital raising and thinking about different types of 40 Act structures. When you're thinking about how you're going to sell, what your strategy is, how do you evaluate each different structure, for example, there's interval funds, tender-offer funds, non-traded BDCs, which are basically another option. Michael, maybe you can start with that. Since you just launched your interval fund, why didn't you pursue that as a non-traded BDC for example?

MICHAEL REISNER: You're the lawyer, you should be answering these questions.

VLAD M. BULKIN: Well, I can tell you why.

MICHAEL REISNER: No, listen, I think there's a lot of factors to take into account, as you can attest to. Does the asset manager want to take certain incentive fees? Which aren't necessarily allowed in the 40 Act unless you do a qualified purchaser. What type of income is the underlying investment generating? The diversification for the RIC tests, there's a lot of things to consider. Do you want to go after just ultra-high-net worth or do you want to play in the deep end of the pool and go after literally everyone, even below accredited investors? So there's a lot of things to think about. We were kind of focused, if you look at just the sales side, I think from an ease of use, what's the easiest to get a financial advisor to understand? That would be an interval fund. Then it's just a question of does it make sense for the asset manager, for the investment strategy that you're pursuing? It's not as easy as just yes or no, you've got to do a detailed analysis, how much money do you think you can raise, what kind of fees can you charge to still be competitive, is that enough given that strategy compared to maybe other pools of capital you have on your platform? So there's a lot of things to take into account.

VLAD M. BULKIN: Okay. Nishil, what about you? I know one of your funds is publicly traded, that's in the CLO strategy, others are not.

NISHIL MEHTA: Yeah, I think it also just comes down to your investment strategy for the fund, as we just talked about how it depends on really what the underlying assets is. If it's direct lending, then yes, BDCs, whether it's listed or private perpetual makes the most sense. For CLOs, they're actually limited to 30% of the BDC, they fall into the, what I refer to as the bad asset bucket. They're not bad assets, but they fall into the bad asset bucket.

VLAD M. BULKIN: Non-qualifying.

NISHIL MEHTA: The non-qualifying. There is a better marketing term, there you go. So you can't do a BDC for CLOs. Then it comes down to I think the underlying liquidity profile, even with an interval fund where you're limited to 5% quarterly, you still need some sort of liquidity sleeve. For CLOs, there's liquidity, it's CUSIP securities, but that liquidity can be fleeting in volatility, so we never want to be a forced seller. And by being in a listed fund, investors can get their liquidity just through daily stock price or daily stock, we don't need to be selling the assets or liquidating. And then I think we talked about it earlier, just interval funds, RIAs have really I think welcomed that structure and it's become probably one of the

leading fundraising structures within the 40 Act. So it really just comes down to the liquidity of your underlying assets, what your underlying assets are and the investment strategy, and ultimately what's selling right now? What do investors want? What's the fund wrapper they want?

VLAD M. BULKIN: Rushabh or Dana, anything to add? We still have five minutes.

RUSHABH VORA: The way we always look at it on our end is what's the return investors are looking for and how do they want to get to that? If you look at the traditional BDC market, they're sort of spitting out an 8- 10% yield, but the way they're doing that is they're deploying money at 8- 10%, then they have a bunch of fees, but then they're putting a bunch of leverage on it to get that. And so a traditional BDC can do 2:1 leverage, some actually take it to 2:1, some are 1.5:1, but that, we have a private BDC and that's how we run it. So you tend to run safer, higher quality credit, just more down the fairway, 50/50 debt equity checks, new sponsors LBOs, those types of things, and then you put more leverage on it to basically be able to spit out a yield that is acceptable to your investors. We have a publicly listed closed-end 40 Act fund that's not a BDC called FS Credit Opportunities Corporation, and in that product what we do is we use less leverage because we're not a BDC, so we have I think a quarter turn of leverage and we have some preferred equity securities, and we are more of an all-weather fund, we can go and do things that other funds can't, like a BDC, because we don't have those bad asset tests or less requirements, and so we can be a lot more flexible. So we might go a little bit higher up the risk spectrum, but then we do less leverage, so does an investor want to buy a really nice house and put a big mortgage on it or an okay house and not as much mortgage? It's just a different way of looking at it. The interval fund product, we have, it's about and $800 million interval fund and growing, and that one's kind of interesting because, at least the way we like to think of it is, it should be something that is more private, I agree with what Michael said earlier. We operate as also we do both liquid and illiquids, public and private credit, and so in that interval fund our team can pick what's some good interesting liquid securities that have sold off that we like, and then have private securities as well so we can manage that redemption mechanism. Because I agree, someone was saying earlier, at some point people are going to want redemptions, that makes a lot of sense. And I think the interval fund product makes a lot of sense for RIAs and investment advisors because you don't want to have to be looking at your daily stock price swings of the

market, it's just something where you're telling your client, "This should be a core part of your portfolio, you should buy it and forget about it, and you should earn a certain amount of yield." But at the same time, you can get liquidity when you want to, it's just a staggered way of doing that. And so I think the interval funds that have done well are guys that have big platforms, that can see a lot of different things, that can manage those liquidity requirements, rather than some smaller guys that may not be able to.

VLAD M. BULKIN: Great. Thank you, everyone, for your time, I think we're done.

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