Panelists discuss risk and opportunity in public BDCs during the 2021 AICA BDC Investor forum.

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Mitchell Penn from Oppenheimer, Matthew Giordano from KPMG, and Kaitlin Bottock from the Chief Counsel's Office of the SEC's Division of Investment Management were panelists at the AICA BDC Investor Forum Event held on May 27, 2021. The moderator of the panel was Mike Taggart of Taggart Fund Intelligence. Read the transcript from the discussion below to hear insights from the panelists.


Mike Taggart


Mitchell Penn


Matthew Giordano


Kaitlin Bottock

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[BDC Investor Forum 2021 - AICA (aicalliance.org)]

Mike Taggart: Hello everybody, we're getting lined up for panel number two, so just give us a second, waiting for Mitchel. And there he is, okay everybody. Thank you so much for joining us today. My name's Mike Taggart of Taggart Fund Intelligence. I'll be your moderator on our panel for the 50 minutes. Our panel is "Assessing Risk and Opportunity in Public BDCs", and I have a great lineup, a great panel here to work with.

In the interest of time, I'm not going to take time to introduce them right now, I'll introduce them as I ask their questions. I just want to jump right in. So Mitchel, I'm going to start with you. Mitchel, you've been covering BDCs as managing director of equity research at Oppenheimer, do you have any additional color to add there?

Mitchel Penn: I would say that we're pretty optimistic because we're at the beginning of business cycle. And so credit should be really good over the next two to three years, and that means return on equity should be good. I agree that the debt markets are just beginning to learn about BDCs, and I think you've seen spreads come in quite a bit because their outlook on the economy is good and losses should be relatively low.

The only other thing I'd add is I think that BDCs have learned that they need to diversify their capital structure on the liability side, and I think we saw that during Covid. Where a couple of the BDCs that hadn't diversified their funding sources had to issue equity to basically create some liquidity. So I do think that BDCs have learned that they need to balance the unsecured debt with some secured debt.

Mike Taggart: Right, it echoes some of the sentiment we heard in the previous panel. Matt, I'm going to turn it over to you. You're the deputy lead partner in public investment management at KPMG. One of the things that's been going on with the growth of BDCs in the last few years has been an emergence of new tech focused BDCs. Are these just a fad? Are there unique risks that investors in these BDCs should consider? Can you help me out, figure this out?

Matthew Giordano: Sure, Mike, thank you for having me. I go back and forth as to whether or not this is a fad or not. I think if you look at BDCs in general, there were or there have been certain BDCs that did have a little bit of an equity focus. So these BDCs that are newly forming, that are around tech, a big portion of what you're looking for in that upside is really that warrant portfolio or the equity side as well. There are certainly some BDCs out there that are doing really well in this space and I think they'll continue to do well in this space. I think advisors in general are looking for new spaces to get into and tech has been booming for years and I think it is a space that will continue to grow and I think there's a focus on it.

So I don't think that this is the end. There's other BDCs that are being launched as well that are with the SEC right now that are trying to be launched that are tech focused or even focused on other things that have an equity component. I think when people buy BDCs they are focused on the yield. I think a lot of these are bought for the distribution. And there are pros and cons if you have BDCs that are weighted more towards equity or have some of these big warrant portfolios.

One of the questions that you asked is unique risks. I think that there are unique risks to some of these companies because some of these BDCs that invest in tech, there's not a positive net income, they're not generating income on some of their investments. So I think that that does have a unique focus. If I was an investor or if I'm putting my regulatory hat on, I used to work for the SEC as well, the focus area is really around those level-three investments. And are the values correct? And a lot of BDCs have significant level three investments. And I think when you get into some of these other companies or these other BDCs that invest in tech, there's different models that are being used, there's different assumptions that are being used, and just making sure that you understand the risks and making sure that they're valued correctly.

Mike Taggart: Different assumptions between BDCs. So you could have two BDCs that are tech focused and they're valuing their portfolios, they're early stage technology companies using completely different models. So it's not apples to apples?

Matthew Giordano: There's different ways to value these companies, so they could be using different models. But one of the things that I look at is if you look at your level-three investments in the financial statements, you can see the range of inputs and then the weighted average. So if you're looking at certain models, you can see, well, what's one tech BDC's range, their weighted average, or the range that they use compared to another BDC for similar models, and there might be reasons why they differ. I always found that as an interesting place to compare what BDCs are using.

Mike Taggart: Thank you. And then Kaitlin, Kaitlin is branch chief in the Chief Counsel's Office of the SEC's division of investment management. Kaitlin, do you have any further thoughts on these tech focused BDCs or just the BDC environment over the last few years in general?

Kaitlin Bottock: Yeah, and thanks Mike, really appreciate being here. Let me just quickly give my very exciting disclaimer, that the views that I will share with you today are my own and do not necessarily reflect the views of the Commission, the commissioners, or other members of the Commission staff. I'm sure Matt is very jealous that I get to give that disclaimer today and he no longer gets to. I'm sure he misses that very much.

I agree with the points that have been raised so far. I guess from a regulator's perspective, one of the risk considerations I just wanted to flag in respect to tech focused BDCs is loss protection. So with your tech focused BDCs, obviously the main assets of their portfolio companies that they're invested in are going to be technology patents. Which are much harder to value but also much harder to liquidate. So one thing just to think about is that as you're evaluating any tech focus BDC is to see what kind of disclosures they have about loss protection, what their plans on loss protection are. Obviously if the portfolio company bottoms out, it could be because that technology wasn't as good as what was once hoped or the patent isn't worth anything at all. So it just makes loss protection I would say of heightened importance with respect to the tech BDCs that we're thinking about now.

Mike Taggart: Gotcha. Okay, well thank you and I'm going to come over to Mitchel for a question. You know, Mitchel, in my experience as an analyst, when the economy's under stress like we saw during Covid and firms are focused maybe on just getting through a current crisis or whatever it is, some of them start to become less forthcoming or less transparent. And in your role, like I said, is covering BDCs, would you say I'm being paranoid about this or did some firms become less transparent over the past year? Or is everything good and everybody's being good actors?

Mitchel Penn: Yeah, so no, you're right to be skeptical. So during Covid, one of the things that we noticed, and so we spent a lot of time with BDCs portfolio, and remember, everything drives through the portfolio. So they earn money on the loans and that translates into profit. So when we look at the portfolio, we break it down by type, so first lien, second lien, sub debt, equity, and we want to understand that breakdown. And one of the things that we saw were a couple of firms grouped first liens and second liens into senior secured and they didn't break it out. And so that we found disturbing. And we actually went to companies--

Mike Taggart: Had they broken it out before, Mitchel?

Mitchel Penn: Yeah, they had.

Mike Taggart: Okay.

Mitchel Penn: And what's interesting to me is when we approached them we got the number, and you would have thought the numbers would have been immaterial, it was about 20% in second liens. And so it was material. And so we're always sort of wondering, how does it get by the accountants, the regulators? We get the numbers eventually, but we'd like to see it in the financial statements specifically against a particular company or borrower.

Mike Taggart: Gotcha. So that's interesting that some firms are doing that. The SEC must have a view on risk disclosures, especially in the BDC space. Kaitlin, can you tell us how the staff thinks about risk disclosure and just disclosures in general?

Kaitlin Bottock: Yeah, sure, happy to. It's a pretty broad category, maybe it's helpful if I kind of break it out. Well, there's probably a multitude of pieces I could break it into but let's try two for now. I would say we could think about it in terms of things that are technically labeled as risk and other factors that might not carry the risk title but may also present risk for investors. So let me take those pieces one by one.

The first, just generally about risks and how I think the Commission and the staff look at your traditional risk disclosures. So over the last couple of years there's been a big focus at the Commission and at the staff level on, the retail investor experience is what we've called it. We've taken a big aim at making sure risk disclosures are as helpful as they can be for retail investors. In that vein, we've encouraged disclosures to be clear and concise, to be timely and relevant. We've asked registrants to tailor their disclosures, to order them by relevance. We've also encouraged them to remove old risk disclosures and update those that are no longer relevant. So we've been really trying to make sure that investors have access to not just good information but I think importantly, concise information so that they can get pretty easily a full picture of the investment that they're choosing to make or an investment that they're in.

Now going back to that second piece, the risks that aren't always labeled as risks. As the lone regulatory voice on the panel, I should probably mention, there are a couple of elements of BDCs that are different enough from other fund investments that it's probably worth highlighting them as potential risks. One comes to mind is their fees, that BDC fees, fee structures are a bit different then what we see in the fund industry in general because they tend to both have an advisory fee and an incentive fee. The advisory fees are typically charged on gross assets which include leverage, that's pretty important, different from what you might see in a mutual fund per se. Incentive fees can be charged on income or cap gains, and depending on the fund's performance you could be paying an incentive fee even when you're seeing a decline in the NAV of the BDC.

Another example of this that comes to mind is leverage. I should mention that recent legislation raised the permissible leverage limit from a 1:1 to a 2:1 for BDCs. Obviously leverage can enhance returns but it can also enhance risk. And then just one more I just want to mention quickly is also deal flow. One thing that we see, it's not often labeled a risk in disclosure from BDCs, but one thing we often think about is what access to deal flow does the BDC have through its management team? And does that management team have access to sufficient deal flow to really make that BDC successful? So I just want to highlight that as well as another area for investors to consider as they're thinking about risk disclosures in the BDC space.

Mike Taggart: That last point's very interesting.

Matthew Giordano: One more thing to jump in, I love what Kaitlin said, I just want to piggyback a little. When I was on the Staff, we could get comments like Mitchel just mentioned, where you would have a BDC or a fund where you'd have an investor that came in and said, "Hey, we don't think the disclosure's robust enough." And it really isn't if you don't differentiate between first lien and a second lien. And this is an investor forum that we're talking to, so I would say that call the SEC. The SEC is very open to comments, especially when it comes to financial statements, and we would receive them every once and a while to say, "Hey, we don't think this disclosure's robust enough. Next time you reach out, could you reach out to the BDC or was there another venue to do so?" And I don't want to pile on the BDCs but those are different units of account. First lien is completely different then second lien and it's important for an investor to know that information, so just something to think about.

Mike Taggart: Yeah, I actually didn't know you could call the SEC. I think it's probably a good thing that the general public doesn't know it or they'd be getting calls about, "I don't think my total return, I don't think my return's high enough!"

Matthew Giordano: We got those all the time too. You get a bunch of sell-side analysts that would say, "There's fraud going on here. There's fraud, you've got to investigate!"

Mike Taggart: "My earnings numbers are off when they shouldn't have been!"

Kaitlin Bottock: Hey, we do have a Contact Us page. You are welcome to contact us with any concerns or issues you have, questions you have. We're always happy to talk to the public, talk to anybody about what they're seeing and any issues they think are arising in the markets or concerns they have about their own investments.

Mike Taggart: Interesting. I just never knew that. So Kaitlin, I'm actually going to stick with you. There's a lot of things that I don't know. I amaze myself everyday about something I didn't know. Kaitlin, I'm going to stick with you for a minute, or a while I guess hopefully. There's a proposed rule change to the acquired rule change and expense rule, AFFE I guess is what everybody calls it. Can you provide us with a quick overview of this rule and the proposed rule change and that sort of thing?

Kaitlin Bottock: Yeah, sure. Happy to. I'll keep it a pretty high level just to keep it moving. It is part of what we think of as this retail investor initiative or experience initiative that the Commission and the Staff have undertaken in recent years. August last year the Commission proposed a number of changes as part of this initiative, all intended to modernize fund disclosures. One of these changes related to specifically how open-end funds would disclose their AFFE, their acquired fund fees and expenses. Traditionally, AFFE's a line item in expense tables and in a prospectus, meant to essentially show a fund's pro rata share of the expenses it pays for investing in underlying funds. It then becomes part of the fund's overall expense ratio.

So the proposed rule would require that specifically for funds with less than 10% of their total assets invested in other funds, that they disclose AFFE in a footnote rather than as a line item to the expense table. Essentially it would take it out of that overall expense ratio, it would be highlighted in the table. Particular note for this group, as part of the proposal the Commission sought comment on how these changes would impact investments in BDCs, and whether investments in BDCs should be excluded from AFFE presentations for open-end funds all together.

I think here the fundamental issue again for this group is depending on the parameters of the final rule, particularly how the rule makes funds disclose their AFFE relating to BDCs, these changes could affect investment in BDCs by open-end funds. I'd note too I guess that there's some thinking in the industry that, again depending on the parameters of the final rule, I have to include that carve-out every time I talk I guess, that there could be changes to BDC representation in various indices as well. So that's just an overview, a highlight of the proposal to change AFFE for open-end funds and how it potentially might affect investment in BDCs going forward.

Mike Taggart: Okay. Mitchel, I know you have thoughts on what this proposed rule change could mean for BDCs. Would you like to please share them with the participants?

Mitchel Penn: Sure. Kaitlin's right, if you're a mutual fund or an ETF and you buy a BDC today, you've got to consolidate those expenses in your expense ratio. And mutual funds, when I talk to portfolio managers, they say that's the primary reason they won't invest in BDCs. So if the rule gets changed, I think you'd see institutional investors participate in investing in BDCs, I think that they would likely get back into the index. And that's going to do two things. It's going to create more liquidity, so investors will have more liquidity in the stocks. And I do think institutional investors, they tend to hold management teams more accountable than retail. And we've seen this over the years with votes on certain issues by certain BDCs that have underperformed, so I do think it would be a real positive if we saw these changes.

Mike Taggart: Matt and Kabir, do you agree? Do you have any further color? It seems like it could be kind of a game changer in a way to me, but I don't know.

Matthew Giordano: I would agree. I think that the rule, because this AFFE came from the old fund of fund rule, and I think it was particularly devastating to the BDC community when as just part of an FAQ, the SEC came out and said, “Well, BDCs are now pulled into this.” It was part of an FAQ that pulled the BDCs into this AFFE issue. And as soon as they came off the indices, it does pull out those institutional investors. And the view is those institutional investors do hold management-- they could potentially protect retail investors a little more. So I think that this’ll be great, and I think that the SEC is doing a great job thinking through where the proposal was and we’ll see what the final rule says.

Mike Taggart: I was going to keep all the questions that came in till the end, but there’s one that just came in and it asks if the comment period for the rule change is still open. And if so, where can investors direct their input to the SEC?

Kaitlin Bottock: So unfortunately the comment period closed. Usually our comment periods last for about 60 days after publication of a rule, so I think it wrapped up in early January. So unfortunately, yeah, the point of submitting formal comments to the Commission and Staff is no longer open.

Mike Taggart: All right then. And just as I’m cleaning up on some of the questions, there’s another question from the previous answer. “Is it up the institutional investors, accountants, or regulators to have BDCs be more uniform in their disclosures as a group and over time?” And I don’t know if we talked about uniformity of disclosure, but one of you want to take that?

Matthew Giordano: Yeah, maybe I can start with it. I would say if you think about the industry that we’re in in BDCs, it’s significantly regulated. You have to disclose every one of your investments in the portfolio. As part of the RIC Modernization, the SEC added a number of additional disclosures around interest rates, whether there’s floors on the interest rates. I would say that BDCs for the most part, certainly the larger BDCs, the uniformity and the way that they look each other’s financial statements and will say, “Well, this guy’s not disclosing this, I don’t want to disclose it.” So then we go back to the regulations and say, “Well, you need to and here’s why.” And then everybody follows within a year. And the SEC really helps drive some of this because sometimes the auditors will say, “Hey, you should consider this,” but it’s not incredibly material to the fund. So the SEC does drive some of this process through the review of the financial statements, which happens for BDCs on a yearly basis.

Mike Taggart: Okay, excellent.

Kaitlin Bottock: Sorry Mike, I would just add generally it’s a policy matter. It’s good if there’s some uniformity in disclosures among any group of issuers, BDCs just being one of them. It allows investors to better compare their investments or potential investments. I’d also add just from my time working in private practice, I saw a lot of instances where people would take note of what others were disclosing and didn’t want to be left out. So I think the other party here in this question that just hasn’t been mentioned would be the BDCs, the advisors themselves. If you see everybody that you’re competing with is making some disclosure, you don’t want to be the only one on the block that’s also not including that disclosure, whether it be about an investment strategy or a risk. And so that’s another driving force I think behind some uniformity in disclosures that we see too.

Mike Taggart: All right then. Okay, back to the questions from me. Kabir, so a lot of the BDCs have come, like we started off at the beginning, have come to market or become public in the last few years. The majority of them have not experienced a recessionary economy of any length, been through a credit cycle, we talked about increased leverage. So how comfortable are you with underwriting standards as a credit analyst?

Mike Taggart: Great. Mitchel, do you have any follow-up there as an analyst?

Mitchel Penn: Yeah, so we really do focus on losses quite a bit, and we look at net realized and unrealized gains and losses each quarter. And what's interesting is if you go back 10 years to 2010-2011, the average loss at a BDC is about 100 basis points, it comes out to about 85 basis points. And what you see is from 2010 to 2015, the losses were almost nothing. It was sort of the beginning of the business cycle right after that recession that Kabir talked about. And then in '15 you had the energy crisis, and then you were sort of late in the business cycle and you saw losses start to move up. And sort of on a trailing five-year basis it was about 150 basis points a year annually. And so I agree with Kabir, we're sort of starting a new business cycle, so credit losses are going to be less.

But the thing I would tell the audience is, every BDC is different. There are good underwriters and there are bad underwriters, and you see it in their return on equity. Half the BDCs we look at don't earn their dividend. That's something that I think everybody needs to look at. If you're an individual investor, an easy way to think about this is just take the annual report and add up the net income for the last three years, and just add up the dividends, and did net income cover the dividends? If it did, great. If it didn't, then you want to start to ask some questions. That's the simple way to do it.

Mike Taggart: And that's last three years of a pretty good environment as well. But would you make an exception for, we were talking about the tech focused BDCs earlier? Certainly I don't think that they're meant to provide net investment income, right? They're providing their distributions, their dividends through some other means, or am I completely off base there?

Mitchel Penn: No, they act the same way a traditional BDC acts. And in fact, for the tech guys, one of the interesting things that we've seen with tech is you can look at their ROE since IPO, and one averages nine, one averages six, and another averages 8%. And so you have very different returns and you need to watch it. One of the ones, I'll just mention Hercules, they had historically done a 9% ROE since IPO, and all of a sudden in the last two years they're averaging 18%, and that's probably due to the IPO and SPAC market picking up. The question that the market's dealing with with them is, are you going to see more of these higher returns above the 9% for the next couple of years? We think you probably are but you're going to have to wait and see. But that's how we look at things. We look at things on a return on equity basis and compare it to their cost of equity capital. As long as they earn more than their cost of equity capital they should trade above book at a premium.

Mike Taggart: And hopefully the market rewards them, that's true.

Mitchel Penn: Right.

Mike Taggart: So Matt, there's been an increased use of joint ventures. Can you tell us a little bit about this? And again, with the technology, things that investors should consider about these types of investments?

Matthew Giordano: Yeah, so we had seen a significant increase in the use of joint ventures, I would say probably five to seven years ago, and I think part of it was just to get around that leverage ratio a little bit. So we probably don't see as many of them being launched now but there's still a significant use of joint ventures out there. One thing to keep in mind when you have a joint venture is really understanding what's in the joint venture, how large it is, what it adds to the BDC. So if a joint venture gets what the SEC calls, if it gets significant, we won't call it material but let's just call it significant, there's certain disclosures that you need around the joint venture. If it's very significant, then you actually need the joint venture's audited financial statements in the BDC. And those are some technical rules but I would say make sure you spin through the joint ventures, who's running the joint venture. And this is all part of their related party disclosure in the notes of the financial statements. Who's in it? What is in it? Because in a lot of instances you don't see all of the holdings of the joint ventures.

But these have been around since Ares, that Allied and GE Capital. It was Ares, right? Ares and GE Capital, when they started the first joint venture. And that joint venture, if you think about it, was an 87.5 to 12.5 equity split or economics of that joint venture. And now we see them even higher. There's a lot of 90-10s out there, there's some 50-50s, there's some that are even north of that. Not only the use of joint ventures, but there are also investments that you'll see BDCs making that are in operating companies that are asset-backed lenders or other entities that are issuing loans, underwriting certain loans too. So these are just other items to consider when you're thinking about investing in a BDC.

Mike Taggart: Kaitlin, do you have anything on joint ventures?

Kaitlin Bottock: I don't have anything specific to add. I think the guys covered it.

Mike Taggart: Okay. Well then, great. Thanks for answering all of my questions, kept us right on track actually. We have 10 minutes here to answer some more questions that are coming in from the audience. First one I'm going to toss to you, Kaitlin. Somebody asks, "What is the timing on making an AFFE decision?"

Kaitlin Bottock: Yeah, I don't think I have any inside knowledge here on this one. I think the last thing that was published on our regulatory agenda was that it's in the proposal stage. But that was last fall so that shouldn't be surprising to anybody since the proposal came out in August. So no updates to share here unfortunately.

Mike Taggart: Just in general, the process. So there's a proposed rule change, it's open for public comment. You said that the comment period ended in January?

Kaitlin Bottock: Mm-hm.

Mike Taggart: So then the SEC basically I'm guessing, do they take the comments, kind of think about them, work on them internally. And then depending on the complexity I guess maybe, does that determine from how long from the end of the comment period until they come out with something?

Kaitlin Bottock: Yeah. No, I think that's generally right. We want to weigh the input we've received both from the public and the industry and really think about the proposal. There could be other intervening things that happen. You might enter it a rule-making thinking that the final rule's going to come out at one point and fate may intervene and push it out. Or you also may have market conditions that make the Commission want to speed something up. Even with our own internal schedules we're never quite fully in control of when a final rule will come out.

Mike Taggart: Gotcha, okay. I'm going to throw this over to Mitchel. Mitchel, what is a normal long-term total return that investors should expect from the sector when they're thinking about allocating assets to a BDC?

Mitchel Penn: That's a great question. I would say 9%. So if we think about the average cost of capital, we use around 9% and that's what you would expect. There's certain BDCs that are less risky that might have a cost of equity capital of 8-8.5%, might be a little bit lower, and then you have some that are a little riskier that might be 10%. So nine is a good number. One of the things that you should watch is where the BDC is trading on a price to book when they're earning around nine. It usually is around book or a little bit above book, so it sort of confirms that that's a reasonable level.

Mike Taggart: Okay, that sounds pretty good, 9% over the long term. That sounds very good. So Kabir, as a background in credit analyst, what about BDC baby bonds – I don't even know what these are – BDC baby bonds, how should investors analyze those?

Mitchel Penn: Mike, that's a really important point, that there hasn't been a loss. I think that can't be stressed enough. BDCs are limited in their leverage, and during Covid when some of the BDCs needed to raise liquidity, they actually raised equity capital. They diluted shareholders, and that protected the bond holders. Remember, there's one important thing here about the seniority of those bonds, they're in line with the advisor. So if it's an externally managed BDC, you're right in line with that advisor. And if for some reason there's a default, the bond holders, I've seen in documents can throw out the advisor and put their own people in. So that's a big hammer to have.

Mike Taggart: Yeah, somebody just wrote in. "Has a BDC ever gone to zero? And if not, what was the worst case outcome that has occurred in the sector?"

Mitchel Penn: Are they asking on an equity basis?

Mike Taggart: I think probably, yeah.

Mitchel Penn: Yeah, you've seen some BDCs go to a buck or two bucks and they get sold. So you have seen that. And they typically get sold at or around book or a slight discount to book, so they've eroded the book.

Mike Taggart: Right.

Mike Taggart: Continues the theme, that it's better to own the bonds, right? Maybe not better, but less risky by far. Maybe time for one more. We'll try. Matt, I think you were talking about leverage a little earlier. How do BDCs manage the risks around leverage?

Matthew Giordano: I think a good BDC does manage the risk around leverage, and they make sure that they're not overleveraged and they won't take on more than they can deploy. And we see this with some of the big BDCs, and Mitchel, I would love to get your thoughts on this as well because I know we've talked about this in the past. The way that I look at leverage now and maybe this engrained from my time at the SEC, is it's a magnifier. It's not good or bad, it's just a magnifier. So it's really how you use that leverage.

Mitchel Penn: Yeah, I agree with you, Matt. That BDCs, first of all, I think they're smarter about the types of leverage they're using. So they're using a lot more unsecured notes and I think that gives them flexibility. See the issue with any borrower is what happens when the economy slows down and you have that recession? Because will you have access to capital? And so you need the right capital structure, so you need a pool of assets that you can pledge if you need to in a crisis and get capital. And so I think that's critical.

Mike Taggart: Uh oh! Uh oh, we're joined on stage by the moderator's moderator.

John Cole Scott: No, like I said, I'm wrapping this up. You guys did a wonderful job. Thank you Kabir, and Matthew, and of course Michael Taggart for being moderator, and Mitchel and Kaitlin. I got a lot out of this and I've been doing BDCs for almost a decade, so I really know our audience did. Again, thank you guys so much. I didn't mean to cut you off quite so quickly, but just to show up to remind you I was winding down.

Mike Taggart: Yeah. Well, thanks again panelists, everybody for sharing expert views. I've learned a lot. Now I know more than just how to spell BDC. I guess I'm going to send us back to the floor, 15 minute networking break and we'll get ready for panel number three.

Mitchel Penn: Thanks.

Kaitlin Bottock: Thank you everyone.

Mike Taggart: Take care.

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