AICA's Founder John Cole Scott and David Miyazaki from Confluence Investment Management have an "Institutional Investor Fireside Chat" during the 2021 AICA BDC Investor forum.

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John Cole Scott, AICA founder and Executive Chairman and CIO of Closed-end Fund Advisors, was joined by David Miyazaki from Confluence Investment Management at the AICA BDC Investor Forum Event held on May 27, 2021. Read the transcript from the discussion below to see what they had to say.

John Cole Scott

David Miyazaki

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John Cole Scott: Good afternoon. The last session today really I think is a nice way of summing up the activities that we've had so far. We had the intro section from actually the BDCs, and then we had different aspects on panel two that you hopefully enjoyed of just thinking about risk between the equity and the debt. And I think you may know this, may not, I work for a company called Closed-End Fund Advisors. We started covering BDCs in 2014, and one of the people we saw in the space that knew what they were doing was Confluence Investors.

And so it's really exciting, this week I've had three conversations with David to prepare for this. I hope that this goes equally as good as those other conversations. And we wanted to share his perspective at the end of this event and then I was going to try to moderate a little bit. I considered having another window with an actual fire but it feels a little bit warm outside today, so this is going to be an unofficial fireside chat.

So first David, not everybody knows you if you can believe it, in the BDC space. Everyone referred me to you that did know you. Give us a sense, your tenure with BDCs, your firm's focus, how did it evolve? Really what brought you to today and where do you sit today in the sector?

David Miyazaki: Thanks John, thank you for inviting me. You're very kind to have me here for this, I guess we can call it a seasonally adjusted fireside chat. I actually spent the first 10 years of my career or so working on the debt side, which included some time in private placement debt. And when I switched over to join a team of equity investors, one of the concepts that we were contemplating to bring into our investment portfolios were BDCs, and it was a pretty natural fit for me because I had some familiarity with private debt.

That was circa 2002, I think we started looking at BDCs. And you could hold up one hand and not use your thumb and count the number of BDCs that were around back then. The industry has grown tremendously, both in the size of the BDCs and as well as the breadth of areas that they're lending in. I think that the industry has certainly been through a lot of trying times, had its challenges, some self-inflicted, some circumstantial. But there's really quite a scorecard to look at the durability of the structure and where and how managers are able to deliver differentiated investment utility to investors.

I think that at our firm we are active managers, we're managing and advising a little over $10 billion now in assets. And actually most of it is directed towards individual retail investors, and very little of it actually is directed towards BDCs. It's a small slice of our business and we've been trying to grow it. But really as you and I have talked about, some of the lessons that I've learned over the years in investing in BDCs have involved some rather high tuition. So sometimes you have to learn things the hard way, especially if you're as hardheaded as I am, and so I like to have the opportunity to talk about them. It's always good when you can pick up lessons, pick up a little bit of knowledge or experience and you don't have to pay a lot of cost for that tuition.

John Cole Scott: Definitely helpful. And I know when we were talking on one of our many calls this week I talked about one of our favorite things is coming to BDCs from closed-end funds, the average BDC has about two and a half times average daily trading volume of a taxable bond closed-end fund. Which gets me excited, but obviously you're an institutional investor in the space, talk about the larger BDCs, thinking about trade volume. If you were speaking to a potential institutional owner of future BDC shares, is there more depth of liquidity that they might see? Give us some color on the actual trading volume levels for the business-development companies.

David Miyazaki: I would say that it's surprising the way that the liquidity works out when you look at the average trading volume for many BDCs, especially for the small ones and the really small ones. Usually what we try to do is manage the expectations of our larger accounts, to say that, we do watch liquidity, we can meet your withdrawal needs in very short order, but the more time that you give us, the better execution we're going to have for you if you're having a withdrawal.

And the same thing for deposits too. A lot of times institutional investors, they don't want a cash drag in their portfolio, they like to have things put to work, and so it really is our job to understand trading volume. But just looking at the average daily trading volume, it's sometimes not going to reveal everything. Because some of the stuff trades by appointment, we can reach in and find buyers by going into different trading parties. And so I would say that our experience has been when we need liquidity very rapidly, and that's not very often that we do, that it has generally been much better then what's get revealed just in the daily trading volume.

John Cole Scott: Interesting, very helpful. We've never had issue but our allocations are much smaller levels then you. When you go back and think about portfolio construction, and so you're deciding to give a dedicated BDC strategy or it's been a BDC alongside other parts of your firm's execution, how do you approach big, small? Is it conviction? Is it market cap weighted? What is the active level you're dealing with in that capacity?

David Miyazaki: Well, so none of what we do at Confluence would be what people might consider to be closet benchmarking. We are active managers, we spend a lot of time on security selection, and we try to have conviction behind our positions, and so we're never minimizing tracking error. We're aware of what benchmarks are, but almost by definition in the BDC space, hugging the benchmark is hard to do because the large ones, the largest parts of most widely known benchmarks are going to be the names like an Ares or a Main Street or FSK and it's going to be very large. And because they can be double digit constituents, usually don't do that in a portfolio. So there's always going to be some tracking error around that, and we sort of embrace that.

And I think that one of the things that I have long said is there's a couple of principles when you invest in BDCs. The first is, more diversification, that is having more names in your portfolio, isn't really the best way to address risk. And that goes hand in hand with my second rule, and these are rules, the second one's kind of hard to abide by sometimes and people give me a hard time for it because of its simplicity. But it's basically, don't buy crap. There are some portfolios out there that are checkered with a lot of losses, they've had problems, the management team has been inconsistent. They've had policies that are not properly aligned with shareholders. Their capital structure doesn't make sense sometimes. And so those get you put into, in our opinion, kind of the lower tier of the BDCs, and they look cheap a lot of the time but we really focus on management teams that we regard as high quality. So these are the guys that have controlled credit risk, their management fees are aligned with shareholders, they make good capital allocation decisions, and they're very consistent over time. And so that's really the focus for us.

And some of the BDCs, I think a good example would be a few years ago Golub was a really small BDC but the external manager was very large. So you might look at this BDC and think

you're getting a small manager portfolio, but you weren't, you were getting a very large manager underwriting resource. But then of course the liquidity wasn't all that high. So you had to be kind of careful how you're going to get this good high-quality manager in when the float just wasn't very big. So there are just a multiplicity of different factors that we consider when we're going through portfolio construction. But as I said, one of the basic rules is don't buy crap, and I try not to but sometimes everything at a price draws you in.

John Cole Scott: It reminds me, coming to BDCs from the traditional closed-end fund side with the daily net asset value, a bunch of a bond funds out there that got levered just like BDCs, they may even have some flavors and some level three assets like a BDC. A lot of the people in my world, my ecosystem, some of them are here today they'd say, "Let's buy that fat discount and just wait for the market or gravity to work it back towards net asset value." And even working with one of our data clients that used to be a PM at Western, big in the mortgage REIT space, did that same fishing. I know we talked about it this morning, but I've found that the NAVs tend to move towards the market price. So that goes for the ones with deep discounts, that usually means future problems yet to be shown.

And I've noticed in my research that the premium BDCs often have good news, special dividends, NAV write-ups, exits in there. Maybe just some color on that? And because we have so many things to cover, when we talked to the previous panel and they were talking about look backs and high wires, that fee structure, it's not just the magnitude of the fee but it's the structure of the fee. Again, this is a lot to digest but take that in. Go after the NAV and the fee structure, have you been able to push on any of these boards? Can you share any war stories about taking your perspective and data and what you can share publicly at an investor forum, and being okay with compliance?

David Miyazaki: Well, I'm happy to provide some examples but I might not get too specific with the individuals that are involved. I think you bring up a great point, John, and that is that a lot of times the discount that is built into a troubled BDC is very warranted. The net asset value may not be as high as you think it is. When I have gone in there and thought, "Oh my goodness, I have such a big margin of safety in here, I don't mind buying something that kind of smells bad." Well, nine times out of 10, the margin of safety I thought I had wasn't as big as what I thought it was.

As it turns out that the net asset value was not as big as it was, the loans that are having problems were not turning around as rapidly as management had described. And so you wind up in a situation where the NAV surprises to the down side and the discount widens out even after the NAV comes down, and so you're just compounding problems. And I think that on the previous panel somebody asked, has one of these things every blinked out? Well, not really, right? They can go down a lot in price, they can get huge discounts, but the structure itself is pretty hard to ruin. To take it all the way down to zero is really not something that happens. But boy, you can lose a lot of money before zero. So you don't have to have something [inaudible] to have it be a really bad decision.

I think that when I consider fees and evaluate them, I've had this discussion with a lot of CFOs, that they will ask, and because of the 40 Act they have to ask every year for permission to issue

equity below NAV. We both know you don’t want to give that permission if you don't have to. And the pushback that I’ve heard recently says the rating agencies want this. They will assign a higher credit rating or they’ll give them more credit for their liability structure if they have the ability to issue below NAV, so I know that’s a real thing. But one of the things I actually used to tell this to a sell side analyst, I said, “You know, here’s the thing about asking for permission to issue equity below NAV. Is that just by asking permission to do the wrong thing, that itself can be a violation of trust even if you don’t do it.”

And it’s a little bit crass but I think it makes the point. So it’s a little bit like if I were to ask my wife, “Hey Hun, when I go out of town, I just need your permission to cheat. I’m not going to do it, but just in case you never know what might happen.” And how would your spouse feel if you asked for that? So I think it’s really important when we think about incentives and management fees, even if they’re not going to do nefarious things, the fact that it’s aligned in such a way that they can benefit by doing them is a problem. And that’s why I think that high watermarks are important, not accruing [inaudible] income to incentive fees until it gets paid. All of these things are really, really important to consider, because when you remove them or when you at least include them, it’s kind of asking for permission to do the wrong thing even if you don’t really ever intend to do it.

John Cole Scott: I know on the last panel they were talking about how you can incentive fees being bulked while NAV is going down. And in my head, I didn’t get the question written in time, can’t we get a regulator to do something about it? We talked earlier, I think regulation, it’s needed but sometimes it’s crude. It’s hard to define. There’s so many different BDCs. There’s internal, there’s the external. There’s loan focused, there’s creative use of platform, there’s a large firm with a tiny BDC and there’s an all BDC all the time. I don’t know, if you could speak to a regulator, she might still be in the room and maybe others, I know you’ve worked with them in the past, how do you craft that rule to make fees fairer to retail investors? And even advisors and other investors like yourself, is there a rule that you can think of that makes sense?

David Miyazaki: Well, and this is sort of a touchy thing. I think that the reference on the previous panel to have an initiative to really think about the retail investor experience, my goodness, all day long I’m on board with that. That’s a great paradigm to have. I think that retail investors should have a high standard of care, we should treat them as fiduciaries if they’re our clients. That said, I think that what has happened unfortunately, and I don’t think that this was by design or intent, but a lot of times regulations get put in place, and rather than actually helping the retail investor, they have unfortunately created shields for companies to do the wrong things.

Because a lot of times they can say, “Well, we disclosed it.” And of course it’s buried in the 400-page 10-K filing, and it is disclosed but it’s hard to find. And I think ultimately John, and this is kind of a philosophical thought, I don’t know if you can regulate morality. You could put things in there that force them to be good, but we all know that if somebody doesn’t want to be good, they can figure out a way to not do it. And so for me what I try to spend a lot of time doing is looking to see, in this industry you always hear this saying, “Past performance is no guarantee of future performance.” What I have found, and not just in this industry but generally speaking, that past behavior is excellent predictor of future behavior.

And so if you see a BDC manager who suddenly has a non-accrual on something previous marked at 95 cents on the dollar, guess what? That's probably going to happen again in the future. Instead of having that thing go from 95 to 85 to 55 will then go into default. If people want to do things the wrong way, if they are trying to skirt around the rules, it almost I think it becomes very difficult to lean on a regulator to enforce that morality. Now that said, and I think it's a point that Kaitlin said, is that when you line everybody up and everybody is doing this, it does make it, there is more pressure to be put on that management team, on the board of directors to hold themselves to the standard that the industry is at. And so the more people we have raising the bar, the better off the industry can become.

So that's a market force. And I do think that in the industry today those managers that have fees that are properly aligned, those managers that have transparent disclosures, those managers that share losses. They waive their incentive fees to help support the dividend, they take the pain of the low interest rates and the difficult underwriting cycle and whatever else it might be, they're there wearing the downside with you and sharing in the upside with you. What you've seen is that there is a big spread today in valuations, and those guys that have done this, the past behavior is starting to really get recognized. And that's good because I think it's going to be part of the future behavior.

John Cole Scott: And I hope that we can foster more generations of people like you, and maybe even people like us to try to ask hard questions and push back. I'll bring a specific name up, you probably remember the Meroe Capital issue a couple years ago, where a lot of success in that fund and was very happy with it, and then from how I understood it, they knew something they could have shared and didn't. And the market did not take it well. They widened versus peers on discount, the analysts were concerned like, "If they don't tell us this one thing they could have, what else could they not tell us?" Not to pick on one name but just as an example of the fact that as you said, they could hide behind, "We didn't have to."

I think if you look, to talk on another note, a positive name I think we can I believe both agree on, look at the way TSLX has constructed. When they could have added all this extra equity at a premium, which would be good for NAV but they didn't. Also with [inaudible], they came into the pandemic with dry powder. And so the way I've always tried to explain it in simple bites to advisors for our UIT [inaudible], I try to find managers that can write loans, get paid back. That's the NAV, that's the dividend. And then I try to find managers that actually seem to care about their shareholders. Because I think you understand me, when you own a BDC, you're the common stock equity that's derived from these loans. You don't own loans, you own common stock that's arm is kind of flexible, it moves with the market and perception. I just think it's really useful to dig into that.

I don't know, I said on this panel we would say some nice things and some constructive criticisms because that's helpful for people that have these opinions. I don't know, are there any other good behaviors you've noticed that's maybe picked up the sector? Or any other corrective perceptions you're able to share even at a light level?

David Miyazaki: I think if I look back at this industry over the past five, 10, even 15, almost 20 years, it absolutely has had a lot of really good things happen. We used to have two and 20 as a

standard base fee with no look-back. That even got applied to a blind pool when one of the older BDCs first came out. And today that doesn't happen. The base fee is coming down and a lot of times the base fee is coming down to be properly matched with the kind of investments that you're making. The incentive fee has also begun to come down. There are high watermarks that are getting put in place. You see a lot of management teams that have waived their incentive fees to make sure that the NII's going to cover the dividend. That's a really helpful thing. I think that last quarter, if we're going to call out good behavior it's always easier to do this with specific names, but New Mountain stated, "Hey, we're actually going to do this. We're going to spell it out specifically that we're going to do this." And those are all really, really good things.

Now sometimes it is three steps up and one step back. There was one BDC that we're aware of that just removed its high watermark, never been done before. That's kind of a step backward. Again, is that going to hurt investors today? It doesn't look like it, but asking to do the wrong thing just makes you scratch your head. And so when I think about some of the BDCs that are trading at the highest valuations, obviously many of those are internally managed. But if you look at the ones that are externally managed, that have the highest valuations, one of the things that they've done that is common, not universal but a very common thread, is that they've kept the equity scarce. So you have a situation where the underwriting is good, the ROE is good, the dividend relative to the income makes sense, the right side of the balance sheet is well managed, and then there's not a lot of equity out there. And so what does that mean? It's just basic supply and demand.

And so you see the names like Sixth Street, like the Goldman Sachs BDC, these are ones that are commanding the highest valuations among the externals because they don't come out and flood the market with equity offerings. I think Golub also have very small sized equity offerings, which is different. It's not great if you're the investment banker.

John Cole Scott: I think they're going to be okay.

David Miyazaki: They find a way, right?

John Cole Scott: That reminds me of the benefit, though it's slow and boring, are the at the market offerings, the ATMs. They're not sexy but they just sit there and grow the shareholder base in a really efficient way. And we see it for listed closed-end funds as well. We don't see them as often in BDCs but we see sometimes rather dilutive rights offerings for closed-end funds. And when I'm talking to fund sponsors, usually they're going, "We want to grow the fund so that we can lower expenses and actually be scalable." They actually, and I believe them. And I remind, that if you start doing dilutive rights offerings I look at you differently. Doesn't mean I don't like your NAV, but it makes me more cautious about your market price.

David Miyazaki: Absolutely.

John Cole Scott: It's going to be almost a revolving door if you're going to have to keep having to do rights offerings, versus potentially some of these funds can get above NAV and do secondaries and ATMs and grow in a really positive fashion that way.

David Miyazaki: Right, right. And I think in the recent earnings season, if we're going to give out kudos I would have to say Capital Southwest talked about their ATM program. And their CFO, I love the comment that, "We use the ATM sort of as ballast against our origination." That means that basically if we're originating new loans, we can use debt capital very easily to fund those new loans because they have a revolver. But basically the ATM almost creates and equity revolver for them. And if they're trading at a nice big premium to NAV, they know that it's accretive to NAV, it never creates a suboptimal balance sheet, you're not falling off a cliff and being suboptimal in your leverage. And you also don't have a situation where you're doing some overnight offering where guys like me that own the stock got to wake up and find stocks down a whole bunch just because there's an equity offering. So I really like to hear that concept that coming about to utilize the ATMs. And I know ATMs aren't the solution for everything, but they are a solution for some things and it works pretty well.

John Cole Scott: And I think that we're agreeing that they don't give you as much of that powder, it's a behavior. It's the behavior you're looking for from a public company if you want to be a comfortable investor, whether you're an advisor like me that buys it for separate accounts or you as an institutional investor in the space. I think more good behavior begets good behavior, more confidence in good behavior and you're not asking permission for that hall pass you were asking for earlier when you travel to certain countries or states.

I'm looking at another question because we have too many to probably cover in this talk, so we may be able to do this again another time. But we heard about ROE, return on equity, I know it's a big point for Mitchel and his research. But NAV total return versus ROE, is it really black and white, all you should care about is ROE over three years give or take nuance? Or does NAV total return have any extra benefit that investors should be focused on?

David Miyazaki: Well, I have to say to kudos for Mitch Penn for his work over the years. I really like that ROE gets a lot of focus in his work. It's an unbiased report card that if you have unrealized or realized gains and over time those unrealized losses and gains become realized, it winds up on your ROE scorecard. You kind of can't hide it. If you're underwriting terrific loans but your fees are too big and the shareholder doesn't participate enough, or if you're not sharing downside with the shareholders, that's shown in the ROE too. So I think that ROE is a very helpful way to measure, to the earlier point, past behavior. And looking at ROE across time is helpful because you can't hide the bad news forever.

Now, the other thing is that it would be completely natural for ROE to ebb and flow up and down. So it is important to think about this from an apples to apples basis. If you go back to inception but you've got 20 BDCs on your list and they all have different starting points, you can't use that as an inception to date ROE. But you can look at this five-year period and that five-year period and see who can fit into those buckets. I think it's a really good way to look and see what they've done in the past.

Now to me one of the things that is interesting also is just a real quick look to at things is the dividend relative to the NAV. Because that will tell you, regardless of whether they're at a premium or discount, what do they have to generate off of that equity base to earn the dividend? And that will give you some idea, and Mitch talked about a lot of BDCs not covering their

dividends. Well, if that dividend relative to NAV is at 13%, well, you've got to figure most BDCs have 400 to 500 basis points in operating costs, so can they really underwrite loans into the high teens and have that kind of IRR on their loans so that they can cover that dividend? That might give you some idea going forward what sort of earnings power is required off of that NAV today to generate that dividend.

So I think that there's a lot of different ways, a lot of different parts of the fishbowl that you've got to kind of turn around and look through. But I do think that looking at the historical ROE is very helpful. It also gets to one of the things that hear from managers, and it's less often today, but five, 10 years ago all of them would say, "Well, I don't believe in special dividends because I don't get credit for it." And that might be something you hear in the closed-end fund space.

John Cole Scott: A lot more in the closed-end fund currently.

David Miyazaki: Right, and there's some relevance to that. It's kind of like, "Well, what have you done for me lately? I don't care if you paid out a special five years ago." But to me I've always said it matters to me. If you're generating special dividends, that's still a return for my shareholders. I don't really care if it's lumpy or if it happened in the past. It's part of your track record, it's part of how I evaluate your underwriting. But ROE does capture those specials and that's why it's useful.

John Cole Scott: And with that, with our data business at CEF Data, we have the public profile pages, we always show indicated yield, which is the current monthly or quarterly and the current market price, but we do show the dividends. Because a special like you said may not be every year, but from my research that specials tend to come from equity success. Like think of the Main Street and the Capital Southwest and the other specials, it's because they weren't all just loans and got paid back their loans. There's no extra special there. And so that special has to be a one-time thing because you don't get successful exits every quarter or year in the market. Yeah, I definitely completely agree with that.

Another question that we chatted about earlier this morning, insider ownership. Management ownership, board ownership, it's hard for a billion dollar fund for it to be meaningful for many of these funds. But when someone says, "Hey, I look for meaningful insider ownership to buy a BDCs," does that carry any weight? Should you carry that concept of operating companies into the BDC sector?

David Miyazaki: I had a conversation once with a BDC manager who's no longer in the industry, their BDC did not fare well, but he was trading at about 65 cents on the dollar to NAV and was pounding the table that his NAV was good. And so I said, "Well, so I don't understand why you don't buy back your own stock." Now we also know that buying back your own stock is going to lower the management fee that he collects. As I've long said, waiting around for people to pay themselves less is not much of an investment thesis. It is the right thing to do in a situation like that, and I've told managers time and again that if you're underwriting a new loan with an IRR at nine or 10% but you could buy back your own stock, if that dividend is good and it's yielding 14 or 15%, if that's accretive to your income, it's accretive to your NAV, I don't

understand why you don't compare the two. I'm not saying you have to shut down your origination, but my goodness, you ought to be buying back some of your stock.

And he said to me, he's like, "Well Dave, we as management bought in the stock. We bought it. Yes, we didn't buy any shares but we bought into the stock." He's like, "Don't you want me to be aligned with you?" And I was like, "But here's the problem, when management buys in the stock it doesn't change the numbers. It does nothing to accrete NAV, it does nothing to accrete net investment income." So yeah, I do want the management teams to be buying stock because it aligns them, but I would much, much rather to have their alignment with the shareholders come through the right fee structure than through their ownership of the stock. Because the other problem that you have with ownership of a stock is if the management and board get to own so much of the stock they do become somewhat unassailable to external party suggestions.

John Cole Scott: So like institutional investors or even activist investors, which I know have been picking up in the closed-end fund space but never seem really deeply active in the BDC space. Do you have any longer-term perspective on activism and how it's help or how it could help to find those funds and extract some value where appropriate?

David Miyazaki: I think that the absence of activism in a lot of ways comes from structures that are in place within the 40 Act. That isn't to say that these structures that prevent activism are bad. Everything you have to measure is a good side and a bad side and a consequence of everything. But it is very hard to be an activist in a BDC because if you're one BDC trying to acquire another one you're kind of capped out at this 3% level that you can't really own more of. If you're not in the BDC space and you're trying to be an activist, well, you can probably do that through some funds but it's also very hard to get all the votes to even take place because the shareholder base generally doesn't vote very frequently.

And then you also add the fact that the institutional ownership for BDCs is so low. That if you had two thirds of your shareholder base in a particular BDC that was institutional and you put forth to them a good value proposition, an alternative to the current management and board, they're sensible, informed fiduciaries that are going to consider all the options. It is their responsibility to be aware of those kinds of activist proposals. But unfortunately when you get into the very, very diverse views and awareness that characterize the retail individual investor world, there is a lot of unawareness for what's happening out there, and so it's hard to get consensus. And they don't always hear all of the options and they can be convinced many times to vote for the wrong proposals. And so it's hard to get groups to actually form so that you can change.

Off the top of my head, I can only think of one or two situations where the management and board didn't want to do something. But all of the other big consolidation we've seen, there's actually been quite a bit of it even in just the last year, it's all happened because the management and board wanted it to happen. But if the management and board don't want it to happen, it's probably not going to happen.

John Cole Scott: So just so you know, this is where I'd be joining the session and saying, guys, wrap it up. But I can't do that easily when I'm on the stage. The last thing I'd say, if you look

forward one or two or three years, what is your hope for the ownership and this BDC structure? If we did this talk three years from now in person in a major city of your choice, what would you look back on and go, “This milestone would be an amazing success for BDCs, I’m so proud to be part of the ecosystem”?

David Miyazaki: I think if there were one thing that I think could really begin to effect change in the industry that would be good for existing shareholders. And existing shareholders today in the BDC space are probably somewhere between two thirds and three quarters of the shareholder base. [inaudible] the industry for shareholders right now, you really are in my opinion helping the retail investor experience. And that would be to get more institutional investors into the shareholder base. A lot of positive things can happen from that.

And this isn’t just, yes, if you got into the Russell and S&P and other widely used equity benchmarks, a lot of the money coming in would be passive. And I don’t know that would necessarily help a lot of the causes we’d like to see improve, it would probably help the liquidity though, it would probably help valuations a little bit. But I would like to see informed active institutional investors come into the space so that open-ended mutual funds don’t have to deal with any AFFE. Not just the calculation amount, but actually just it’s got to be kind of a pain in the neck to calculate what your AFFE is. So even in a footnote, it’s kind of a pain. So removing barriers for institutional investors I think would be very helpful. I think that the accountability goes up, the liquidity goes up, and the experience for the retail individual investor improves.

John Cole Scott: Good. I’m going to be the hook to us, this was a pleasure. I knew we wouldn't cover all the questions but I also knew we wouldn’t run out of things to talk about. Such a joy to connect with you this week. Thank you for sharing your thoughts with AICA’s audience, this well-produced content that you’re welcome to share. And I really, really hope that people maybe reached out to you and you can be as kind to them as you have been to me with perspective. And again, I can’t thank you enough for helping me close out our first investor forum for BDCs. Thank you so much.

David Miyazaki: My pleasure, John. Thank you for inviting me.

John Cole Scott: I’m going to close the conference from here, not to go out and come back in. Everyone that’s still here, thank you so much for being here today. We’re going to work tirelessly to get the content created, it takes time to get it approved by all the speakers, especially when you’re working with the SEC and some major firms. We produce transcripts, replays, and an article written by a member of the Financial Press. We have an interval fund event that’s wrapped up its content from March 31st you can check out on our website. We’re planning a traditional closed-end fund event with an equity and a credit panel June 17th, keep your eye in your email box.

I really can’t thank enough my staff at AICA, the moderators, the members of AICA whose membership dues actually fund the operation. So thank you all for being part of this two-year progress to creating content, high-quality diverse content in a way that I hope that you’re proud to be here for and be proud of. And with that you can stick around for a little while if you have the time, we do have the room available till five. And it’d be fun to see anyone at the Closed-End

Fund Advisors table or just look for me there. And with that, we're going to close up the session, and again, so glad we had a great day.

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