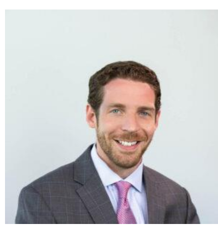
March 2022 Virtual Event-AICA Spring Closed-End Fund Roundtable Day 2 Panel #2; “Multi-Asset Balanced Funds: Diversifying Your Way Through Uncertainty”

Wednesday, March 16, 2022

Michael Spatacco with BanCroft Capital, moderates the second panel of Day 2 of the AICA March 15th & 16th, 2022 virtual event; “Multi-Asset Balanced Funds: Diversifying Your Way Through Uncertainty”. Read the transcript below to hear the discussion between Mr. Spatacco and Matt Burdett from Thornburg Investment Management.



Michael Spatacco

Matt Burdett

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John Cole Scott: Good afternoon, we’re going to be starting session two, so if you’re the moderator or panelist, please come on stage. It’s a fireside chat. Michael is up and ready and Matthew is there, so I will leave it to you guys. Looking forward to the conversation and taking some audience questions.

Matt Burdett: Thank you.

Michael Spatacco: Matthew, thank you for being on. As John said, this is going to be panel number two, “Multi-Asset Balanced Funds: Diversifying Your Way Through Uncertainty”. And we are pretty excited today to have with us from Thornburg, Matthew Burdett. Thanks for coming on, Matt.

Matt Burdett: Of course, yeah, I'm happy to be here. Thanks for having me.

Michael Spatacco: This is probably the fourth or fifth time that I've done one of these, so want to say thank you to John and everybody at AICA for making this happen. These kind of opportunities for investors to hear directly from people such as yourself are value-add, right? It's an opportunity for people to see how the sauce is made, and what goes into it and what the thought process is. We're somewhat timely as far as market machinations are concerned and how those might impact your overall processes going forward. If you wouldn't mind, Matt, will you tell me just a little bit about yourself and maybe a broad overview of Thornburg and your position there? And then we can dig a bit more into some of the relevant specifics and some more market-driven stuff.

Matt Burdett: Yeah, sure. Sure, thanks again. Yeah, so I'm a portfolio manager here. We're primarily on global strategies but also international strategy. As an income-focused investor I spent a lot of my time looking at international stocks over the years because you tend to find better income opportunities outside the US, higher yields, better valuations in addition to more sector diversity.

So I've been doing this for over a decade now. I've been back at Thornburg for about six years. Thornburg Investment Management is a privately owned investment manager located in Santa Fe, New Mexico, so it's kind of well off the beaten path. We really pride ourselves on building high-conviction truly active portfolios, and that's what I enjoy, that's what the team enjoys. We're really pretty selective about the types of products that we create. We want to create those products where we think we can provide a solution to a problem, and an area as it relates to this is in the income area. But we've been around since 1982 and we've started off in the muni world and then went into equities, and now we're roughly 50/50 fixed income and equities and manage about $48 billion.

Michael Spatacco: Sorry, I was jotting down a couple notes there as you were talking. So you said you're about 50/50 fixed income and equities. How did you find your way into the closed-end fund space? And for those of us who aren't quite as big a closed-end fund nerd as I might label myself as, how does that work in broad asset classes? How does it work specifically within your vehicles? What opportunities do you see there and coming from munis to equities, how did you wind up as big a player in the closed-end fund space as you've become?

Matt Burdett: Sure. So like I had mentioned, income for the firm is a big area of what we try and provide, solutions of varying types. Some is pure credit, we have obviously the closed-end fund which was really created based off of a long historic track record of an open-end strategy called the Thornburg Investment Income Builder Fund, which is similar in nature to trying to provide that income solution. There's a little bit of differences which I'll touch on in a minute, but roughly three quarters of Thornburg's assets are focused on providing income as a solution.

So we felt like the closed-end space was an area where obviously distribution yield matters a lot to the client. And we felt like this was something where we could do where we can bring our expertise that we've had for many years into a closed-end wrapper and be able to utilize the existing tools we've been utilizing, which is global equity, global stocks, and then global fixed-income. And for the closed-end what we decided to do was also bring in option overlay on the existing equity positions that we have. And we felt like that was a logical transition for us to make. We drive our option writing process based on our target prices for stocks that we own. So if we think a stock is getting close to its fair value, then that can be a candidate for an option override where we would write a call, and that helps to supplement the distribution income.

The other reason was we really felt like we didn't see a lot in the closed-end space that was using this toolkit in the way that we had been using it. In the sense that there's no leverage, we don't have leverage on it. When we launched we communicated when we would not have leverage. We can add it at some point in the future pending trustee approval, but we wanted to be unlevered just given where asset prices were when we launched and the dynamics that are going on right now, it seems like a sensible thing to not have leverage. So really just utilizing our existing fundamental process in equities and credit within the closed-end wrapper. And as a PM, the closed-end wrapper is actually, it's a pretty attractive wrapper from an investment management standpoint because you're not having to deal with flows. You really can make your decisions and truly take advantage of dislocations when they happen. So it's an exciting and fun strategy for us to manage.

Michael Spatacco: Yeah, it gives you the opportunity to avoid the pitfall of having to liquidate something when it's not the right time.

Matt Burdett: Exactly.

Michael Spatacco: That's the consistent thread from all the portfolio managers who I've spoken to on this topic, they appreciate just that. That they never have to have a day-end run where, oops, now I've got to sell something that I really like, especially at this level. But there's forced selling because of the redemptions, the closed-end funds offer the opportunity to shade away from that.

Matt Burdett: Yeah. No, absolutely. It's a huge, huge difference and we expect that over time having that will allow us to be able to take advantage of dislocations when they happen.

Michael Spatacco: Yeah, and you guys parroted the same philosophy as every other portfolio manager there with, "Hey, it's nice to not have to deal with those redemptions." What I did not hear every other portfolio manager say was something that you touched on. And I've been involved in the underwriting of every closed-end fund 2.0 that's come to market, but not everybody could claim no leverage. There wasn't everybody who could say, "We're going to bring this fund to market, and although we will allow the corridor for additional leverage, we're not going to utilize it as part of our additional strategy." That stood out. I know that our investors looked at that and went, "Hmm, okay, very interesting," because it's very unusual.

Matt Burdett: Yeah. I mean, look, I think there's a time for leverage, and everybody knows that leverage is great on the way up and it's terrible on the way down. Because we launched end of July last year and we just didn't feel like the environment was quite right. When would the environment be right? I would say the way we think about it is every security we own has an upside price, a base case price, and a downside price, and we really try and stress all of those prices. Not only on the downside but on the upside.

When a lot of the stocks and/or bonds in the portfolio end up getting close to these downside prices, you could start to imagine that you're going to be compensated for taking the additional risk of putting leverage on. So we're not there now but you can imagine periods like the pandemic in March 2020 when you literally had stocks that were falling. We had some stocks that fell nearly 50% in a few weeks and there was nothing really wrong with the business at all. They've since come back, roaring back, but that happens. Hopefully we don't have another situation like that pandemic but we will get something else that will happen.

Michael Spatacco: Yeah, that's the natural law of it. There's ebbs, there's flows, and I think the thoughtful implementation of leverage is key. Like you said, it's great on the way up but it is horrible on the way down. You would hate to catch that knife the wrong way.

Matt Burdett: Exactly.

Michael Spatacco: If I'm not mistaken there was some option writing on this, and that hits a note for me because I started my career as an option trader that was working and doing covered-call writes for retail brokers, so I personally understand that strategy. Can you talk a bit more about how that philosophically layers on? I know you touched on it earlier, but maybe for some of the people who aren't quite as well versed in what it means to add this on and how beneficial it can be, and why exactly you do it?

Matt Burdett: Yeah, sure. Look, it's an additional income tool. We have a toolbox, it's plain vanilla in the sense that it's long global stocks, long bonds. Where we see the best relative value within the income space, and to get to a distribution level that's competitive in the closed-end world you're going to need to do something besides that given where rates are. And as I mentioned earlier, we have a price target discipline that we try and employ across all portfolios, but in the case of TBLD, it's very important that we have that right because we're using it to guide where we're going to write options. It's going to vary at different points in the market how much of the portfolio is overwritten, so I would consider 20-45% is kind of a reasonable range of overwrites that we would do.

The other element that we try, we're striving for with our distribution is to have a pretty high percentage of qualified dividend income, which is I think pretty unique in the closed-end space. I mentioned our open-end, mother fund I will call it, that has consistently had a very good tax character and high-qualified dividend character, so the income that you get is very tax efficient. So the closed-end has been, to date we've been in the high 40s percent qualified dividend income, which we think is in line with what we intended it to be. And then with the options, it's all about the volatility, which we've had some extra volatility lately, and how much can we be compensated for by writing an option?

The other consideration we have is, okay well, we want to collect that premium but we want to make sure that if it does get called away that we're not selling it at a bargain price. So it's selective in how we do it. And the way we think about it is we tend to have a short tenor, so call it like a month, roughly a month before the option expires. And then when we assess, is this an attractive premium? We look at that premium we collect on an annualized basis. And a lot of times our target, and it's going to vary by stock, but generally speaking we're getting about high teens to low 20s percent annualized premium.

Michael Spatacco: That's great.

Matt Burdett: Which is very high, and you have to do more work because the tenor is very short. But we're okay with that, especially in an environment that we've been in literally since we launched, where there's a fair amount of shock going on in the world. And you don't want to go out too far on something that might not be the best place to be pending new information.

Michael Spatacco: So you had mentioned you kind of look at annualized numbers for the options and you do obviously projections. I think you said about 20-45% of the stocks end up getting overwritten. How do you determine which ones do get overwritten, but maybe perhaps more importantly for my curiosity, how do you determine what specifically doesn't get overwritten? Do you have things that are purchased in the portfolio with like, "Hey, this is just not in the component of the philosophy that we're ever going to overwrite"? Or are there certain triggers that would kind of break that levy and say, "Hey look, I know that we had not intended to write this one but it's really juicy"? And then as you project forward, do you project roles? How do you figure in the pricing of the roles? Do you have some sort of average stagger that you jump? You've hit my curiosity now.

Matt Burdett: Yeah, sure. So technically any stock is an overwrite candidate. And by the way, we can also use puts in addition to calls. So if we see a stock at a certain level and we're happy to buy it just a bit lower, then we can use a put to get into the stock that way and collect a premium. That's the minority of what we're doing but we have that option. At a high level what we're trying to do with the calls is we don't want to write a bunch of calls in one particular area.

So let's say tech or semiconductors, they've done really well, let's write calls on all of those because they can continue to do well. And if they get called away, then you've changed your portfolio holdings in a way that maybe you didn't want to do that. So we try and do is balance the call writing out so that we're writing calls on different types of companies. So let's say some financials, some pharma, some semis, things like that so that we're balancing it out. Underlying all of that you've got to be okay with the strike, the strike price that it gets called away at. And if you're okay with it, then that's okay. Because in some ways it's a form of discipline in the sense that, look, we think fair value is around this area. If something gets called, we're not giving up a lot.

Michael Spatacco: You have that priced in. It's one of those things where there's probably certain stocks where you write it and are happy to get called, right? If they're going to take it away at this number, that price is in--

Matt Burdett: Exactly.

Michael Spatacco: What our projected best case scenario had been. So let's take that and replicate the strategy. And I think that's something that is key for closed-end fund investors, is the--

Matt Burdett: Yeah.

Michael Spatacco: Is the comfort that the investment provider is going to deliver upon stated results. And I know philosophically, your TBLD fund points up to the, what did you call it? The big momma fund? The flagship fund.

Matt Burdett: The open-end, yeah.

Michael Spatacco: That has been delivering its stated objective goals for a really long time. How do you anticipate, and this question kind of goes toward both of them I guess, how do you anticipate today's moves, rising rates, the understanding that there's a deluge of rising rates coming with a lot of swap contracts pricing in say, 7% in 2022? How will that impact your strategy as Thornburg from a macro level? And how will it impact your personal implementation of the portfolio?

Matt Burdett: Yeah, sure. I mean, that was the critical element of investing up until Putin invaded Ukraine, and now that's a competing element. But on the rising rates and inflation point, I guess I would say higher rates are going to be better for what's available to us. To give you an example, US high-yield yield to worst when we launched was about 3.9%, and today it's 6.5%, so we see a material pickup in the high-yield space. Which generally what we try to do with this strategy is it's multi-asset and the way that we've historically done this in the open-end mother fund was to truly take advantage of yield and fixed income when it gets to a level that's competitive with an equity-like return. So call it around 10% or so, which is the long-term total return for 19 years of that strategy. So when you see yields going up, what we would do is a similar type of asset allocation and go out and find, let's add more bonds because we can lock in the yield at that point.

Michael Spatacco: Shore up your quality.

Matt Burdett: Yeah, and shore up the volatility of the fund. You just put a ballast there where you feel pretty good. All right, we've got a nice bit of yield here. So in the environment we're in now, it's really early in this and I think there's a lot of variables that will determine the pace at which this happens. I hope that we do get back to a path of normalization in the sense of central bank policy. I feel like every time there's any sign of discomfort, the Fed and other major central banks are kind of suppressing market pricing action. And so I think you need is you need the market to price what it deems is fair value.

So for us, and another element to the closed-end strategy TDLD is that we're trying to do, because it's a heavily global dividend portfolio, it's going to skew value. It's going to be pretty correlated with value because generally those types of companies are going to be value companies. We try and supplement it by having some growth stock exposure which we can write calls on and produce the income that way. So in the environment right now, the value tilt of the portfolio has served us well, but you never know what can happen in the world and you want to try and be just a little more balanced. So we tend to use some of the growthier stocks that our analysts or other PMs at Thornburg see as pretty attractive and try and supplement the portfolio that way.

So generally speaking, look, if yields march higher, that's good for opportunity set for us. Most of the equities we own, they tend to be less impacted negatively by higher rates because we don't have a lot of some of the stretched bond proxy type equities that maybe were familiar to a lot of people over the years. When you have a decent amount of financials exposure, you're going to be able to participate in higher rates and it kind of dampens the impact there. But really honestly we're pretty excited about what opportunities may come out in this current environment.

Michael Spatacco: Yeah, it seems like you have a pretty firm grasp on how TBLD intends to implement its overall strategy, and I think you said about three quarters of the assets are income production units. It's obviously a firm foundation, you guys are pretty well known for fixed income and the infrastructure component. You think it meshes specifically with your core competencies as an organization? Is this the type of thing that you want to continue to do? Now not specifically, "Hey, we want to become a serial issuer of closed-end funds and issue one every four weeks," but is this experience that you've had in the closed-end fund vehicle from the issuer side, has it been positive? You mentioned some of the things that you liked.

Matt Burdett: Yeah.

Michael Spatacco: In the no need for liquidation. You have a bit more control of your overall portfolio strategy once you've passed that implementation point. Have there been any drawbacks? What are some of the negatives of the closed-end fund been and how might those of us involved in putting it all together be able to make it better?

Matt Burdett: Sure. Look, I would say this is our first closed-end, so I can't claim to be an expert in launching closed-end funds. From a portfolio management standpoint it's really no different, other than the option overlay which I described. Again, I think for us, I think we can do more, but again we've been very purposeful in the strategies that we've brought out. And we want to be able to say, "What is the problem we're solving? How are we going to solve it in a way that's different, that's clear to clients out there of how we're doing it? And can we do it well?"

This TBLD was the most logical first closed-end fund for us to do. And quite honestly, of the equity-centric closed-end funds that at least I looked at, and again I didn't look at all of them, this seemed like a fairly balanced and pretty plain vanilla approach. Which to me sounded like, okay, I think people can understand that. What could go better? Look, I think you can't really manage how the underlying shares trade. We manage the NAV, that's what we manage. So you can have discounts that you'd rather not see, but I think that's more of a market, that's more of a closed-end market phenomenon than just Thornburg-specific.

I think what would help I guess is just more visibility to clients out there. Because what I found when I was on the road marketing the strategy is that there's some closed-end clients out there who are very familiar with how that market functions and how it works. And then there's others who really have not used them. They haven't used them. So I think for clients to be aware that this is an additional tool you can use to help meet income needs. It's not going to be the best tool for some clients from a tax perspective or other considerations, but it is an additional tool. And in a world where rates are still very low in a historic context and the demographic wall is only getting higher, and so the demand for income is going to outlive both of our careers most likely. It's just not going away.

Michael Spatacco: Hopefully there's still some of that income knocking around when we need to take it. If our careers are done we should be in the income collection part, and hopefully some of that income is still available out there in the market.

Matt Burdett: Yeah, and look, when you think about the other element is we've enjoyed extremely high price appreciation over the last 12-ish years or so. Really since the crisis, Financial Crisis. And that level of per annum price appreciation going forward is to me just seems really, really hard to happen because you're simply coming from just a different starting point. And therefore that means income is probably going to make up a bigger share of your total return than it did in the last decade, which most people, I think people forget that.

Over long periods of time, roughly half of the S&P total returns are from dividends. In the last decade, it was about 17%. And these style cycles, they last a long time. And if you were to go back and look many decades, what you'll see is the income share of total return varies a lot. It can be very low like it was in the last decade, or it can be very high like it was in prior decades. Indeed more than 100%, which of course implies that the price went down on average over that decade.

So it's hard for me to say really what could the closed-end, experts I'll call them, do to make this better? Is just really help clients be aware that it's a tool for them. It's a better client experience with the 2.0 structure where the manager's paying that so it's not coming out of the net asset value. We'll be selective with whatever we bring out next. You could just imagine it would be an area where we have some existing experience where we think we could really bring something differentiated and do it well.

Michael Spatacco: You know what the thing you have said time and time again there is, "Solve a problem."

Matt Burdett: Correct.

Michael Spatacco: Solve a problem and be able to articulate that to clients. That's been, along our sales pathway, that's been the challenge. Once the client understands, 'Oh, it's this that they're doing out in the marketplace?" If they can start to see in their mind's eye where that investment dollar is going, it becomes so much more real and so much more consumable for them. And that's where we've seen some of the more successful pitches of call it the last two years since 2.0 picked up.

I will say we have roughly 15 minutes left, and so I will ask participants to involve themselves in Q&A. We have a couple that are already in there, so want to make sure that we address everybody's questions. Is that all right with you, Matt, if I jump in?

Matt Burdett: Yeah, yeah, of course.

Michael Spatacco: And then if we have some time knocking around on the backend we can go to closing remarks kind of thing, I'll put a hot spotlight on you. So forex, how do you address it and how has it impacted your 2022 returns so far?

Matt Burdett: Yeah, so we do it differently depending on the strategy at Thornburg. So in the open-end fund we would tend to hedge certain major currencies like the euro, the pound, the Swiss franc. We don't have yen exposure there, so we wouldn't hedge that. But just enough to make it so that when you think about the currency mix in the portfolio versus the benchmark, we try to neutralize that out. I had mentioned because we're income focused we tend to be a little more international, we tend to be structurally skewed that way. So you try and dampen that element out so returns are just a little bit smoother.

Now in the closed-end, we haven't used currency hedging to date simply because we're trying to manage the distribution very carefully. And you could have movements in your currency hedges that could go against you. So instead we just accept the currency volatility as it comes to us. In periods when the dollar is strengthening, that's a negative because the income we get is going to come back as a lower amount in dollars. But as a firm, we have been hedging currencies mostly purely from a risk standpoint, not from a taking a strong view on a currency. So for us this year it's been a modest negative in TBLD but nothing material to speak of.

Michael Spatacco: Okay, that's very helpful. Hopefully that answers the question. And I get a lot of anonymous questions up here, so if that did not answer your question please help me get a little follow up and we'll get everything answered for you. Want to try and make sure that everybody gets value here. You mentioned Thornburg is in New Mexico, and that's kind of off the beaten path. I, being from a firm in Philadelphia, understand what it's like to not be in New York or Chicago or LA per se, and it certainly has its challenges but it has its advantages too. It's helped us to fall into a niche. How does it work for you guys in that regard?

Matt Burdett: Sure. Yeah, if you've ever been to Santa Fe you know it's kind of a unique geography. Every house is an adobe structure by city mandate, so you can't just put up whatever you want. So it's kind of a unique area, it's roughly 7,000 foot elevation. There's a ski mountain about 42 minutes away from the office, so you could do that if you wanted. And really I think the benefit from being there is to just separate yourself from the volume of information that's coming in, let's say if we had an office in New York. I've worked in New York before and it's just a very different kind of speed and style with which information comes across to you.

At Thornburg we're long-term focused investors, and I think just being separated from where everything else is, it kind of helps you just sit back and think and get perspective that you need to make the best decision you can for a long-term outcome. And again, it's about how do we best solve this problem that we're trying to solve? So it's a cool place, it is a bit hard to get in and out of. I'll say that you can go to certain cities directly from Santa Fe, most people go in via Albuquerque. But it's a cool area and I think it helps us separate from what might be common.

Michael Spatacco: You got asset prices pulling back. I know we talked about leverage a little bit. Do you envision utilizing the leverage down the road on fixed income or both or all? I know that there is a potential glide path for it, but what would trip it? How do you envision it being utilized?

Matt Burdett: Yeah, sure. Well, it will all depend on what the relative values are of course, between credit and equities. My guess is the scenario in which leverage would be interesting, both credit and equity would be distressed in some way. And so we would kind of have our pick of what do we want to do? As I said earlier, we can't do it tomorrow. We never intended to put it on within the first year. We have the ability to go to the board of trustees and get the approval and do it. So a scenario where that makes sense is like the one I described where you really feel like the price level you would be buying at with the additional capital would be where that margin of safety is pretty wide and the upside makes you feel better.

It's never in the heat of the moment when everything's selling off, and quite honestly what you tend to see are other levered players who are forced to sell assets, and that happens across credit and equities. So what you want to do is be on the other side, able to take those assets, a lot of times at meaningful discounts. So how we would do it, I mean between equities and credits, again it's the relative value. And we would kind of look at the margin of safety of either security, equity or credit, and how does that help our distribution path from there? It's hard to say exactly what would happen because it's hard to know, but you should expect--

Michael Spatacco: You don't know what the future rates are going to do? You're the guy that doesn't know how that's going to work out?

Matt Burdett: Yeah. Well, I would just say this, prices would need to be materially lower than they are now for that scenario to play out. Yeah, so I'll just leave it there.

Michael Spatacco: How's option strategy evolving? Do you want higher coverage? Are you excited about the volatility? I know you mentioned the volatility being somewhat helpful in helping your strategy but that was your question. How has your option strategy evolved and do you want higher coverage or no?

Matt Burdett: We don't necessarily want higher coverage now. We've tended to not do as many puts in this environment because you never know, tomorrow the situation in Russia and Ukraine could escalate. And so it's just the risk-reward there is a little tricky right now. Look, I think wherever we think we can write a call around fair value, that's a candidate. So I would say right now we're on the lower end of our range of option writing as a percent of the portfolio. Just simply because of the options we are writing, we're getting better premiums on because the volatility is higher, but we don't want to necessarily put a larger volume of options on right now. We're just watching everything carefully as they develop.

Michael Spatacco: Well, speaking of developments, how about since the invasion of Ukraine, anything on your end there? How has that impacted your decision making?

Matt Burdett: Yeah, look, that's a big one. It's one I think like many people we did not expect an invasion of this scale to happen. As I've tried to study this and talk to many, many different people who are closer to it than I am, my conclusion of it is that Putin was given pretty bad intel on how this would go down. And not only in terms of how easy it would be, which has turned out to not be very easy, but also the reaction function from the Ukrainians. I think he thought that Zelensky would bail out of the country and everyone would be like, "all right, hey great, thanks for coming." But that's been the total opposite is what's happened.

Look, the range of outcomes is really wide still. We're seeing some hints of progress in negotiations between the two countries but I don't want to put my eggs in that basket yet. We have a decent amount of European exposure now, and the biggest impact from the Russia-Ukraine is on the energy market with energy prices going up. And in particular for Europe the gas price, the natural gas price which feeds into the power price is the big one. I would say there's a lot of speculation built into commodity prices now because of Russia-Ukraine uncertainty. So I wouldn't call the prices we're seeing as the fundamental commodity price, there's the fundamental price and then there's a speculation premium on top of it. And so I think if hopefully we see this, but you get to a point where there's a truce, then a lot of that is going to come out of the commodity price. And that will make things a little bit easier for Europe to handle on the energy prices.

Now I will say a big consequence of this, and I think this is probably also surprising to Putin, is that the Europeans have kind of united in a way that I think they haven't united in a long time. So there have been two major, really three major events for Europe. The first one is being in between the US-China trade war, which I think the Europeans felt like they were stuck in between that. Then you had the pandemic. And now you have this Russia-Ukraine. So three major events in the period of less than three years that I think has woken up the Europeans to the fact that they need to be more self-sufficient in a lot of ways. And that's good for a capex cycle, it's good for an investment cycle.

We're going to be living in some uncertainty with respect to how far does Putin want to go with Ukraine, but ultimately the reaction function that he has created could turn out to have a pro-growth element to it. It's not going to be pro-growth near term, but maybe in the intermediate term it is. So within the portfolio, we're not making major additions to Europe on the margin. There's some companies that have sold off a lot that doesn't really make sense. But overall I think it's a big event, we'll see what direction it goes. There's some hints of promise but we don't want to hold our breath on that.

Michael Spatacco: Thank you very much. I think that should conclude us and wrap us up. I know that we're closing in on the end of our timeframe. I apologize if I did some rambling there and took away from what everybody really wanted to hear which was Matt and his opinions. Thank you very much, John, for the opportunity and everybody for tuning in. Matt, thank you so much for your time and all your wisdom. Appreciate it very much.

John Cole Scott: Thank you, Michael. And thank you, Matthew, it's good to hear the story. We always love new entrants, why the closed-end fund structure versus the sponsors that have dozens and have been doing it for decades and decades. So thank you for your time today, it was very helpful, insightful, and hopefully we'll stay in touch as well.

Matt Burdett: Okay, take care, guys. Thanks very much.

John Cole Scott: For the audience this will take us to another 10 minute break, and then we have the institutional panel next starting promptly at 3:30 PM Eastern. We'll see you there.

Recorded on March 16, 2022.

Click the link below to go to the home page of Active Investment Company Alliance to learn more:

https://AICalliance.org/

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