Semper MBS Total Return Fund and Semper Short Duration Fund
Quarterly Conference Call
October 29, 2020 4:00 p.m. ET

Chairperson: Greg Parsons, CEO, Semper Capital Management, L.P

Definitions

Basis Points: A unit of measure that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

Cash Flow: Mortgages typically have required monthly interest and principal payments which are collected by servicers of mortgage-backed securities trusts, which in turn distribute these payments to MBS investors.

Duration: Measure of a bond or bond portfolio's sensitivity to changes in interest rates. Generally, the longer the duration, the greater the price change relative to interest rate movements.

Effective Duration: Calculation for bonds with cash flow variability. It takes into account that expected cash flows will fluctuate as interest rates change.

Par: The face value of a bond.

RMBS: Residential Mortgage-backed Securities

CMBS: Commercial Mortgage-backed Securities

CLO: Collateralized Loan Obligations

CRT: Credit Risk Transfer

ABS: Asset-Backed Securities

S&P 500 Index is a gauge of the U.S. equities market and includes 500 leading companies in leading industries of the U.S. economy. Assumes dividends are reinvested in the index.

Bloomberg Barclays Capital US Aggregate Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

Credit Quality weights by rating are derived from the highest bond rating as determined by Standard & Poor's ("S&P"), Moody's, Fitch, DBRS, Morningstar, and Kroll. Bond ratings are grades given to bonds that indicate their credit quality as determined by private independent rating services such as S&P, Moody's, Fitch, DBRS, Morningstar, and Kroll. These firms evaluate a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from 'AAA', which is the highest grade, to 'D', which is the lowest grade. In limited situations when none of the six rating agencies have issued a formal rating, the Advisor will classify the security as nonrated.

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Diversification does not guarantee a profit or protect against a loss in declining markets. Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

Operator: Ladies and gentlemen, thank you for standing by. At this time, I would like to welcome everyone to the Semper MBS Total Return Fund and Semper Short Duration Fund quarterly call. The views expressed on this call are the current views of the participants and are not intended as a forecast or as investment recommendations. Any information provided with respect to the fund is as of the dates described and is subject to change at any time. Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling (855) 736-7799. After the speakers' remarks, there will be a question and answer session. I will now turn the call over to Greg Parsons of Semper Capital Management.

Greg Parsons: Good afternoon. This is Greg Parsons, CEO of Semper Capital. On behalf of the entire firm, we appreciate those finding time for the third quarter update for the two mutual funds, SEMMX and SEMIX. As we do, I'm joined on the call by Tom Mandel, co-founder of the firm and portfolio manager for the funds. We'll break the call into three parts, and we'll try and drive to the Q&A section as quickly as possible. We had sent out a bunch of information to support the call to include facts sheets on both funds, to include what we call the dislocation report, which really gives you a portfolio level sub sector snapshot, as well as the most recent remittance data. So a lot of the information will be referring to those sheets over the course of the call. Again, for context, for those that are not familiar with Semper, Semper Capital Management is a fixed income platform, headquartered in New York. We manage approximately $2.6 billion of assets, and we have a very strong focus in the mortgage-backed securities market, both Agency and non-Agency. We manage strategies across the risk spectrum, ranging from short duration up through absolute return style mandates, and we offer our services in separate account format, mutual fund format, UCITS format, and private fund format. So very much, we believe, that being a specialist boutique in the mortgage space drives value to our products and to our clients. And again, I'll give a little bit of some high level thoughts on the portfolio and the markets and then turn it over to Tom to go deeper into portfolio. You know, it's unbelievable, right? September, we're now six months into this COVID environment, and for our sector and for our products, it's been a quite interesting time period.

I think I'll start out the framing of conversation for existing investors and for those that have been following the Semper story. We remain increasingly confident in the macro thesis that the dislocation our sector and our funds saw in the March/April time period will be defined as value slippage, not value destruction, and as the world continues to unfold. The combination of both top down data and, equally if not more importantly, bottoms up remittance data has us confident in the credit fundamentals of our space and in the ultimate recapture of that dislocation. I think all of our comments will be in support of that macro perspective. For context the Semper MBS Total Return Fund, SEMMX, approximately $1.2 billion in assets, loss adjusted yield between 4.5 to 5%, depending on your assumptions about forward looking economic activity and effective duration of about 2. SEMIX, our Short Duration Fund, approximately $400 million in assets, a loss adjusted yield of 2.5 to 3%, again based on your perspectives on forward looking economic activity with a duration a little bit less than 1.

And as a starting point, we continue to believe that, the value proposition that exists in the non-Agency space and more specifically in both of our funds, the universal value proposition that both products offer, a) an extremely attractive relative value proposition to other sources of income or yield within the fixed income landscape. And, as a function of the dislocation and the level of recovery we've seen in price, that over the coming 6 to 12 months, there's what's called a tactical overlay of additional value to recapture, as both of our funds or our sectors, our assets, and our funds recapture that price dislocation. Again, the confidence in the perspective, kind of the net return profiles of the relative attractiveness of our space and our products are based on, most importantly or most notably, the continued strength in housing and the real estate ecosystem. The continued strength that the borrower continues to exhibit as a function of, as represented by the ongoing improvement in underlying remittance metrics, and the technical dynamic that continues to exist in our space, that continues to drive what has been a steady consistent return to that value. Interestingly, you know, we've spent a lot of time talking to our investor base over the past few months, articulating its value proposition.

And again, as folks think about the two different products, like SEMMX, with a yield of 4.5% plus the expectation is over the next 12 months, that translates to a net return of 10 to 12%. SEMIX, that yield of 2.5 to 3% translates to a net return of 5 to 6% over the coming months. There certainly is what I call the proactive or positive themed value proposition. Again, our confidence in the recapture of those returns number is quite strong. Timing is obviously out of our control in terms of how fast the assets recapture that dislocation, but there's every expectation or sign that we continue, if not accelerate, the trend we've seen over the past four or five months. But, increasingly, what we frame is the defensive value proposition of our products, we think it's quite interesting. Our sector has traditionally exhibited very low correlation and very low volatility to traditional risk assets. If you think back to the multiple periods of kind of blow the roofs off we've had over the past ten years: the 2010 and 2011 European credit crisis, the 2013 taper tantrum, the 2015/2016 oil induced energy crisis, the Fed induced volatility in the fourth quarter 2018, the "traditional" elements have evolved where other risk assets experienced significant performance volatility. One of the benefits or features of our space is due to the nature of the cash flows, due to the fact these are self-amortizing assets, traditionally we've seen very little or much less correlation involved. And if you look back over the past 2 months, that thesis or that perspective or our expectation that on a go forward basis our sector behaves much more in line with historical norms versus what we saw in March and April. Obviously folks can pick the timeframe and change the numbers but we think that the thesis holds. As an example, since the end of August, over the last two months, the S&P, including today, is down about 5%, and it's had 26 down days over that time period where SEMMX has been up 2% and has had 1 day of negative performance over 10 basis points. Over that same time period, the Barclays Agg is negative, about 20 basis points, and it's had multiple down days. So again, we are excited about and confident in the forward looking recapture of value or the forward looking value proposition to include the standing relative value proposition of the space, augmented by the continued recapture of the dislocation. We are also excited about what we believe will be a sector in the space that based on the strength of the underlying data, does not exhibit a lot of true volatility over the coming weeks and months as the election in the economy and COVID continue to play out. With that I'll hand it off to Tom to go to more detail about the specific portfolios.

Tom Mandel: Thanks very much, Greg. Thanks, everyone, for joining in. We really appreciate having your time. And I am planning on being brief. I think I always say that, and I'm not sure I actually typically follow through on that plan. So I'm going to be today. And after our remarks, you know, we look forward to answering questions, or certainly feel free to call me or email me at any point with any specific questions. So as Greg said, we'll talk about both our mutual funds, the Short Duration Fund and MBS Total Return Fund. The Short Duration Fund actually is approaching its ten year mark, which we're excited about. It is a long only strategy, and it invests in a diversified portfolio of securitized debt, and that consists of mortgage-backed securities, both non-Agency and Agency, along with CMBS, ABS, and also AAA rated CLOs. In contrast, the MBS Total Return Fund, which is in its eighth year, is also a long only strategy but it is generally invested almost entirely in non-Agency MBS or RMBS. Greg mentioned that we've provided a few documents, and we've done that through links on the invitation and reminder email that you all should have received that I think they are purple buttons. There's five of them, and they're about halfway down the document. So I guess I will ask you to go ahead and open the bottom document, which is called "Loan Performance."

For the last six, seven months, we've been talking continuously about the ongoing and increasing strength of the fundamentals of both the housing market and of homeowners. And we've been creating this monthly loan performance report throughout this period, we'll certainly continue to, going forward. And it shows three important sets of data. So the first is how many homeowners are not making their mortgage payments because, ultimately, that supports our bonds cash flows. Second, how many homeowners are refinancing their mortgages. That's important because it determines how much, how quickly we get paid back at 100 cents at the dollar for our investments. And faster prepayments, obviously, the faster we get our money back relative to what we would have expected. And then third, is how much equity do these homeowners have in their homes and it's really important because more equity means a decreased chance that these borrowers are going to default. And if they do default, it means that bondholders have a lower risk of principal loss when that home is sold and the trust receives the principal payment back.

So turning to this remittance report, this report that you're looking at here shows how loans that support our bonds performed during the month of August. Right now, we're in the process of preparing a report showing September data, so we have that internally but it's not included here. And in addition to that, Fannie Mae and Freddie Mac have given us some good information or a good sense of how October is going. And as a reminder, FB on here stands for forbearance. So first of all, in the left hand column, we're showing for the MBS Total Return Fund, the specific sub-sectors within RMBS that we own, and then further, we've broken down credit risk transfer bonds because the underlying collateral does have some very different characteristics, so from an internal standpoint, we wanted to monitor that very carefully. A couple of columns over, we show what the street and what our internal forbearance expectations were, going into this. So in March and April, when we were all trying to determine how bad could it get, what percentage of loans in each of these categories that, in fact, we thought could become delinquent? And thanks to some very proactive servicers, you know, led by Fannie Mae and Freddie Mac and Ginnie Mae, virtually all delinquent borrowers actually are in forbearance programs. And those forbearance programs last anywhere from 3 to 12 months. Most borrowers ultimately have access to about 12 months of forbearance. Going over a few more columns to the right, column that's headed "forbearance," this shows the data in this case as of the end of August, what percentage of the loans for each of these sectors were in forbearance, or not current. What's really important to note is that these numbers, for example, the very top line, showing

4.7% total forborne loans among this subsector of agency credit risk transfer bonds, that 4.7% is much lower than the 10 to 18% that many people had projected. So forbearance or delinquent loans are much lower than was expected, and in addition to that, they are decreasing rapidly. So as of the end of August, about 7.5% of the loans supporting our bonds were in forbearance programs. Now, let me note that about a quarter of those actually have remained current but they are still in these forbearance programs. That 7.5% compares to about 10.9% at the end of May. So at the peak, a couple months into this pandemic, nearly 11% of the loans supporting our bonds were in forbearance that has gone down to 7.5%. The numbers that we're looking at for September show about a 0.6% increase, so, improvement or decrease, rather. So as of today, you don't see that here, but forbearance now is well below 7% and probably gets closer to 6% once we report next month's numbers. And then, in the next couple of columns, you can see how these numbers have been decreasing in general, month over month. So the number of borrowers in forbearance has been decreasing. Over 40% of these borrowers that were in forbearance have cured, meaning either they're current now or they've paid off their mortgages.

Now, looking down to the bottom half of the page, we show the same sectors, and we show a column called 1M CPR, one month CPR. That's the speed, the speed that these loans are being prepaid back to us at. This speed for the overall portfolio at the end of August, was about 19.8%. That compares to May's number, which was about 16.5%, so up significantly since the end of May. The numbers that we're looking at , and the data we're looking at currently is now up to about 20.5%. So prepayment activity is increasing significantly. CRT, these are, of course, very high quality agency borrowers. The CPRs now are running in the neighborhood of about 50%, meaning that over a two year period, those loans would be paid off. So this is very quick, and this results in a great deal of de-levering for us. Final comment over further towards the right, under "Collateral Stats," there's a column that's labeled HPI LTV. That is an index that measures the amount of home equity in each of these loans. So 62.7% home equity, 62.7% of the weighted average total means that there's about 33% equity in the average home of these borrowers. That number has risen to about 63.6% in the numbers that we're going to be publishing in the next few days. So that number continues to rise and continues to be strong. So back to prepayments and deal structures, this prepayment activity helps to lead to an improvement in credit enhancement because these bonds de-lever. So just a couple of example, the agency credit risk transfer bonds that we had back at the end of February, our bonds had about 59 basis points of credit support, meaning that there could be losses, cumulative lifetime losses of the underlying collateral of 59 basis points before our bonds, on average, would lose any principal. That 59 basis points has increased today to 84 basis points. So there's been nearly a 50% increase in the credit enhancement of these bonds because of the de-levering effect of increasing prepayments. In contrast to that 84 basis points, we expect maybe 30 to 45 basis points of cumulative lifetime losses of this underlying collateral. So the 84 basis points, obviously, is about double that high end of 45 basis points and that's why we're so confident that we're not going to be losing principal in these bonds. Non-QM bonds, non-QM loans have an expected loss, cumulative lifetime loss of 2 to 3%. That compares to the February credit enhancement in our sub-sector of about 8.1%. That 8.1%, so, which is several times higher than expected losses, that 8.1% has grown to about 10.1% today. So bottom line is, the bonds have de-levered. Credit quality has improved significantly. One more example: Jumbo 2.0s. Jumbo 2.0s, we expect 20 to 30 basis points of cumulative lifetime losses on average. The February credit enhancement for our bonds was around 7.2%, so much, much higher than these expected losses. The credit enhancements from the end of February to the end of September grew to about 7.6%, so about a 40 basis point increase. That increase alone is more than what we expect in cumulative lifetime losses. So we're going to be getting our principal back on these bonds.

Next, I'm actually going to ask you to turn to the MBS Total Return Fund dislocation table. Sorry. So Greg mentioned this table and again, it serves a couple of purposes for us. So first of all, it shows us how sector allocations have changed over time. And we start by showing, for each of these sub sectors in the portfolio, we show the market value back to the end of February before the price dislocation, and then, we show it quarterly from that point. If you look at June to September for each of these sub sectors, for example, Legacy, the allocation in Legacy went from 24% to 25%. That's pretty consistent across all of these sub sectors where we really have had very little material change in the asset allocation. We certainly have been trading bonds and selling full valued, richer bonds and trying to buy more attractive bonds but the overall sector allocations have remained very similar. So in addition to the 25% in Legacy, we have about 10% in agency risk transfer, and we show that here divided up among mezzanine bonds, called Last Cash Flows, as well as the two subordinated types of bonds, B1s and B2s. We then show about a 6% allocation to non-QM and so on. And then, down at the bottom of the page, we do have a 5% allocation to CMBS. This allocation is virtually all in multifamily housing. We do not own any traditional conduit CMBS. We don't have retail exposure, for example. Then, in addition to the sector allocations, we also show the change in price over time and the change in yield over time. So if you look at the first price column, at the end of February, the portfolio had a weighted average price of around \$98. Today that price is about \$91, after falling to \$80 at the end of March. So we're up a couple, we're up about 3% from June. So we continue that, you know, we continue this price recovery. And, of course, the yield really is going the opposite way. So back at the end of February, the portfolio was yielding around 3%, the portfolio today is yielding in mid to high 4's. The numbers that we show here, the 4.3%, for example, that is a yield that's based on a pretty negative economic scenario that is worse than what we are seeing today. So you know, if the economy continues to perform essentially as it is now, that yield gets quite a bit higher. I would say many of these sub-sectors, you know still have a ways to go. Most of these bonds have some differing degrees of call protection so just like back in February when a lot of these bonds traded above par, a lot of the bonds we own today should once again trade above par. The agency credit risk transfer subordinated B2 position, which again, is shown here with about a 3% allocation, that is the only profile in which we have any question at all about whether or not we get 100% principal recovery. You know that recovery, the recovery of prices there certainly does depend on fundamentals but the fundamentals, as I've talked about, continue to do much better than we expected.

So now, I'm going to ask you to turn to the Short Duration Fund dislocation table. And the top several categories are essentially the same as what we own in the Total Return Fund. We own many of the same types of deals but we tend to own the most senior securities in the Short Duration Fund because we're buying virtually all investment grade profiles and short profiles. The few differences are towards the bottom of the page. We do have a bigger allocation of CMBS. We've got a 10% allocation in CMBS, which, again, is relatively, it's essentially unchanged since the end of June. The CMBS allocation is a combination of multifamily housing, and also includes some AAA rated Single Asset Single Borrower industrial deals. So these are, for example, are bonds that have loans in them, and those are loans on transportation warehouses. So sort of the last mile delivery warehouses. So with all of the shopping from home that's going on, these are really very, very strong loans. We have about a 23% allocation to AAA rated CLOs, so only AAA, and you can see these bonds have performed quite well. They were at par at the end of February. They only dropped to around 97 at the end of March and they're back up over 99 and so they're not quite as far back as they were. But, they are doing extremely well. And then, finally, we have a large allocation to asset-backed securities, around 22% and we've brought that up a little bit over the last quarter. The majority of the asset-backeds that we own today are investment grade, subprime auto deals. These are deals that we like because they are short, they are fixed rate. We like the extra carry that we get from those bonds. They de-lever extraordinarily quickly. So we are frequently buying bonds that are rated BBB. Within 6 to 18 months, they're getting upgraded to a single A, AA and we're selling them and, you know, making a point, point and a half, 2 points in price. This is a sector that's done extremely well throughout the pandemic, and it's a sector that we're very comfortable with having in the portfolio. So you can see that overall, the portfolio back in the end of February had an average price of nearly $102. Today, the price is back over par. The average price is back over par. We still have at least a couple percent price to go, and, as a result, we are likely to earn yields, you know, in that 3% range or more so the portfolio continues to perform as expected.

Sticking to the Short Duration Fund, we'll turn to the Short Duration fact sheet for just a moment, just so I can highlight a couple of additional points. Over on page 1 over on the right hand side, we have some of the overall fund characteristics, for example, effective duration. That number is about 0.9 years today, which is essentially the same as it was a quarter ago. Over time, we will bring that back down towards a half a year, which is where we had it a year ago. But at this point, we are extremely comfortable with the interest rate outlook for anything in that overnight out to 2 year part of the yield curve. We've decreased the percentage of floating rate paper a little bit from 63% to 59% and the reason for that, in large part, was our decision to add to some of the fixed rate ABS exposure to get some of that current carry. I mentioned the average dollar price being back over par. Average life has shortened slightly from 2.6 to 2.5 years. Again, that'll continue to come down a little bit over time. The projected yield for the portfolio will be in the 1 ¾ to 2% area for the near term. Obviously, that's the result of rates being so low today. So the trailing 12 month yield of about 2.5% will come down just a little bit. And then, down at the bottom of the page, we show monthly performance. So what I want to highlight here simply is the pretty strong, steady recovery that we've had in the portfolio, beginning back in April. October will be another positive month, despite weakness in most risk assets, and we expect to continue to earn our yield and continue to have our, to get back that incremental price appreciation that we haven't seen yet.

Next, I'm going to turn to the MBS Total Return Fact Sheet. And, again, I'll ask you to look to the right hand side of that front page, where we show fund characteristics. The effective duration of this portfolio is around 2 years. That's the same as it was a quarter ago, and that's likely to be where it will be more or less over the near term. You know that's really a sweet spot for the types of profiles we like in the RMBS space. We have a 49% allocation of floating rate. So obviously the other 50% is in fixed rate. That fixed rate paper is providing us with carry, and we're constantly looking to improve on that carry. The average dollar price, again, is back over $91, on its way back to par, in our view. And the average life has declined from 6.5 years to 5.8 years today. So that average life should continue to decline a little bit as we continue to see elevated prepayment activity. The expected dividend rate on this portfolio, you know, will be in the neighborhood of 4% for the foreseeable future. So it will be down a little bit from that trailing 12 month yield which is just under 5%. And then finally here, we also show monthly performance for the fund, and again, performance has been positive, and prices have been recovering really since about the tenth of April. And October's performance will be positive, once again. Volatility of our prices is relatively low right now. I feel pretty confident that once we get beyond the obvious uncertainty that we're facing now, that should be an opportunity for volumes to pick up a little bit more and for some of that price recovery to continue a little bit more quickly.

So in terms of our outlook, as Greg mentioned, we're bullish on housing, we're bullish on the RMBS sector and that's into and beyond 2021. Home prices are poised to continue going up because of strong supply demand technicals, and that's a positive for RMBS valuations. We expect improving forbearance trends to continue, and the agencies and private loan servicers are still being very proactive in supporting homeowners. This is also a positive for RMBS. RMBS prices, in general, have lagged, as you know, had lagged other risk assets, you know, first and foremost, because they have not received any direct Fed support and second, we believe, because of their complexity and their barriers to entry. We think these RMBS prices are going to get a boost going into 2021 after we continue to get month after month of good fundamental news in housing and in loan performance and as credit support keeps growing as bonds delever, as I talked about a little bit a few minutes ago. And remember that these are fully amortizing bonds. Every month we are receiving principal back at par. Since March, we've averaged about 3/4 of 1% of principal repayments in the Total Return Fund and about 2.5% in the Short Duration Fund. So that will certainly continue to help pulling prices up.

Just to summarize, positive trends in housing and RMBS fundamentals and technicals will support, will continue to support our portfolios. Home prices have continued to remain positive, and home price appreciation has accelerated into the 4 to 5% range. Home equity is at record levels. Fewer than 2% of homes have negative equity, and that's versus 30% a decade ago. The forbearance programs continue, and continue to do their job. Foreclosure moratoriums will continue to be in place in most cases, and they'll continue to be supportive of borrowers in need. The loan performance trends continue, as we've talked about, with more than 40% cure rates so far. Refinancing activity continues to surge and we don't see that changing anytime soon. And loss expectations continue to be modest, and many analysts are lowering their forecasts. And then finally RMBS supply and demand remains very favorable. New issues that have been coming out have been routinely 5 to 10 times oversubscribed, even in this period of uncertainty. And 2020 net supply is going to be negative. Legacy and newer issue paydowns will continue to exceed the new issue supply so even though new issues have been successfully placed, the market is going to be shrinking a little bit this year, and that is another positive for us. So Greg, I'll pass it back to you at this point.

Greg Parsons: Great. Thanks, Tom. Great review. Again, we'll just, we'll jump to Q&A. And again, for folks that did not access the information, please feel free to reach out directly to myself or Tom or track that information through the website, SemperFunds.com.

Operator: If anyone would like to ask a question, please press star then the number one on your telephone keypad. Star one to ask a question, and I'll access your line. We have a question from the line of Brian Zabora. Go ahead, please.

Brain Zabora: Thanks for hosting the call, and thanks for taking my question. You know, first, my first question is, you know, if we don't get fiscal response from Congress, could we see a reversal of these numbers, or how important do you think some type of fiscal support is needed via checks, support to the consumer to continue to see improvement on these stats that you highlighted today?

Tom Mandel: I believe that the stimulus package would be very helpful, you know, for a lot of people that are obviously in need. I think that that is maybe it's more applicable for renters than for homeowners. And I say that because, you know, it's been, it's now been a number of months since the last fiscal stimulus package was made available to folks and despite that, we continue to see declines in forbearance, increases in cure rates so more and more of these homeowners have continued to become current on their loans and/or pay off their loans despite not having access to that stimulus. Our firm believes that there will be another stimulus package. It could look different depending on the outcome of next week's election. And the timing of that stimulus could also depend on the outcome. But, I think the bottom line is that there is so much fundamental strength in housing especially when you look at the great financial crisis and how much weaker everything was then, that housing will continue to do pretty well even without any stimulus.

Brian Zabora: That's helpful. And then, just for the funds, how are flows? And do you need to do borrowing to cover flows, could you talk about that?

Greg Parsons: Yeah. At the fund level, we have been modestly net flow positive over the past three months in the Short Duration Fund, and we've been neutral in the Total Return Fund. So flows are fine. I mean, certainly engaging with folks from a business development standpoint in this COVID world is a challenge, and we are thinking about how we continue to represent the product. But, continued strong support from existing investors have kept flows kind of neutral and as a result, the line of credit is currently untapped.

Brian Zabora: Got it. Alright. Thanks for taking my questions.

Operator: If anyone else has a question, you can press star one.

Greg Parsons: I hope I'm not jumping the gun. But if there's nobody in queue again, on behalf of Tom, myself, and the entire Semper team we appreciate folks finding time to get the update and please do reach out if there are following questions. Everyone have a great day and stay safe.

Operator : This concludes today's teleconference. You may now disconnect your lines.