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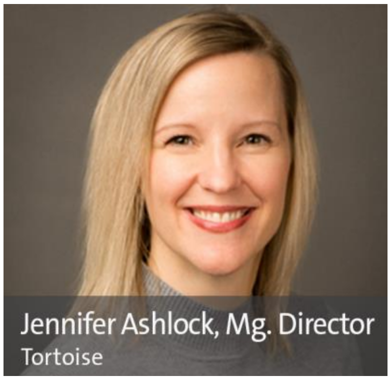
SUNSTAR STRATEGIC CONFERENCE FOR BOUTIQUE MUTUAL FUNDS
THRIVING IN AN EVER-CHANGING INDUSTRY

CONFERENCE TRANSCRIPT

Case Studies

Jennifer Ashlock, Tortoise
Devon Ramirez, Akre Funds
Moderator: Andrew Strnad, US Bank Global Fund Services



Ashlock, Jennifer

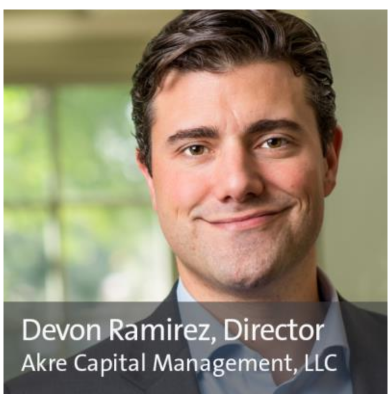
Managing Director

Tortoise

Ms. Jen Ashlock joined Tortoise in 2014. Previously, she was a managing director at NYSE Euronext in the firm's global marketing and branding group in both Chicago and New York and also held a variety of marketing positions at Morgan Stanley.

Ms. Ashlock graduated from Michigan State University with a Bachelor of Arts degree in finance and earned a Master of Business Administration degree from DePaul University. She served on the Mariner Foundation Board and currently serves as the chairperson for the Tortoise Foundation Board.

Jennifer is an equity owner in Tortoise.



Ramirez, Devon

Director of Institutional Fund Distribution

Akre Capital Management, LLC

Devon Ramirez is responsible for institutional fund distribution to RIAs, independent advisors, and other approved institutions for Akre Capital Management. Prior to joining the firm in 2012, Devon worked in institutional fund distribution for such firms as Columbia

Strnad, Andrew

Vice President, Manager, Fund Distribution

Quasar Distributors

Andrew manages a team that is responsible for drafting and reviewing company contracts, including distribution, 12b-1-related agreements, ETF Authorized Participation agreements and Dealer Service agreements. Andrew's team advises Quasar on legal issues arising under the Investment Company Act as well as on SEC and FINRA regulatory matters. Andrew is considered a subject matter expert on trends and developments in the fund distribution marketplace and is a frequent public speaker on the subject. Andrew joined Quasar in 2004. Prior to his role in Quasar, Andrew was an assistant district attorney for Waukesha County, Wisconsin. Andrew assumed the role of secretary for Quasar Distributors in 2004.

Andrew received his Bachelor degree in journalism from the University of Nebraska Lincoln and his law degree from Marquette University Law School. He was a member of the National Championship team at the 2002 Ruby Vale National Corporate Law Moot Court Competition.

A. Strnad: Good morning, just getting situated. Thank you very much, Kathryn. It's our pleasure to be here. As Kathryn noted, one of the things that we do at Quasar Distributors is work with all kinds of mutual funds, from the startup phase into what I would call very mature. Quasar has been around for approximately 19 years, and so we've seen through a variety of market cycles. You know, funds mature at varying paces and really the fund groups represented today by J. Ashlock and Devon, I think as Kathryn noted, really are going to help illustrate how there are varying ways to do this.

People are often in search of what you might call a silver bullet and we love talking about how there is no silver bullet. There are a lot of ways to succeed and fail sometimes deploying the very same strategies. And so I think the objective or the goal here is to try to elicit, talk about, identify things that have worked, perhaps things that may not have worked during each respective firm's course of time here. We are getting close to ten years as a fund group and certainly, Tortoise, I think around – we're getting close to eight years, thereabouts, at least on the open-end fund side. But having said that, I'd like to start, at least at the outset, just introducing our panelists and so J. Ashlock, we'll start with you to tell us a little bit about yourself and Tortoise.

J. Ashlock: Sure. Thanks for having me. I'm Jenny Ashlock. I have been with Tortoise for just over five years, and prior to that I was with the New York Stock Exchange and Morgan Stanley and Van Campen, when there was a Van Campen, with all the consolidation. So, like I said, I've been with Tortoise for about five years. We have seen a ton of growth, as Andrew mentioned, over those five years not only in AUM but in our products and our product structure and even our name.

We really don't even go by Tortoise Capital Advisors anymore, I have to say, it's just Tortoise because we have so many different advisors under our umbrella. But we've grown to about 180 employees, and I think when I started we were at about 50 and we had just an office in Kansas City and now we have Kansas City, LA, New York and London. So we've grown a ton.

A. Strnad: Devon, how was your drive?

D. Ramirez: It was wonderful. I left Purcellville, Virginia, which is where I live, it's about an hour west of here at 4:30 or so and just thought I would spend a little time in DC. It's one of the only times it's quiet down here, so, overshot that a little bit. So, I represent Akre Capital Management. We are 12 people located in Middleburg, Virginia. If you're not familiar with the area, you just go down 66 West 'til you get to 50 and then drive until you get to a town with one traffic light and that's where we are located.

In that humble town our firm has been very fortunate to manage a little over $11 billion currently. Our existing mutual fund goes back to Andrew's point, almost ten years. It'll be ten years September 1st of this year. But our firm's been around for 30 years. So we have separately managed account assets, it's about 560 million and that goes back to 1989. And we also have a Reg D offering, so it's not really a hedge fund but categorically folks call it that, partnership, and that goes back to '93.

I joined Akre Capital in March of 2012. At the time there were a few hundred million dollars in the fund. It had been open about two and a half years. About half the assets in it at that time were actually clients that had been with us for a very long time. We had the unique situation where our founder had been the portfolio manager by way of a sub advisory relationship at a former fund which certainly creates an opportunity as it relates to, you know, trying to generate some buzz when you're going your own direction. It also poses challenges.

But I have been in distribution since 2005. I actually started working in the wirehouse channel with Columbia Management, now Thread Needle. I had worked for some ETF firms and even spent some time in the retail side. Obviously that didn't work out that's why I'm back where I am. But all the experiences were helpful given the fact that for marketing we're pretty much a one-person shop.

A. Strnad: In the course of this discussion, I will want to come back to those experiences because I think one thing that we observe in our role at Quasar is seeing how the experiences that our clients have in their prior lives can certainly help them in this current environment. I may be the exception, as a prosecutor that never comes in handy, prior to doing what I do today. But it does become self-evident to me, at least, that those experiences are an important part of some of the evolution and some of the decisions that are made whether it's by Akre or Tortoise so we will get back to that.

I want to start with how each of your firms launched. Many in the room are familiar with the multiple series trust structure. Both Tortoise and Akre have come to market, so to speak, within that structure. And Devon, I know you weren't physically present at the time but the way in which Akre launched was rather fascinating to me. We were told of kind of as an entire service provider, hurry up, you know, this fund has to come to market quickly. And again, knowing that you weren't there physically, let's talk about that a little bit.

My recollection, this is getting close to ten years ago, when this fund launched in say fall of '09, is that right, fall of '09 is about right, $200 million flew into this fund rather quickly, but then it sort of got really quiet for a while. Let's talk about that a little bit.

D. Ramirez: Right. I think – so first of all, for a fund to launch and immediately be available at Schwab and Fidelity and TD, and having no prior experience in this, it took a while for me to appreciate how rare that is. If any of you have launched a new fund, maybe your firms or a client of yours had a separate account track record and is now going the 1940 route, that's really difficult. I don't know how long it takes but most firms want you to have some kind of a track record, so that is a benefit.

But as I had stated, and I didn't know this until a couple years ago, about 150 million of the capital that came over were separately managed account clients and essentially were gracious enough to seed the mutual fund. The reason for the speed is when you're leaving another track record, which for compliance reasons you might be aware, you cannot market. You can't even speak to, not even an e-mail. That came as a bit of a surprise to one of the members of our firm, who is no longer there. The assumption was we'd be able to utilize that.

But the other assumption was, well, folks are going to follow the manager, and usually that is true, but, you know, there's always reasons not to invest if you are not familiar. When you're very much at the point of sale, as I spend most of my time, you realize that, you know, folks are trying to make decisions based on what their clients are going to hold them accountable to. So following the manager on an old track record sounds great but you've got embedded cap gain, there is a number of reasons not to necessarily make the move.

So in our case, although on its face it is a success and we got passed what is previously known as that breakeven amount, that $100 million special AUM level, was certainly extremely helpful. We were very unique in both respects. You know, ease of launch, albeit with US Bank's excellent help. They did get it done. And to my knowledge they still use us as a case study of the fastest onboarding –.

A. Strnad: We do.

D. Ramirez: And they should because that's no small task. I should say we value their partnership very much for more reasons than that. So between that and then having definitely some folks that are very willing to follow the manager was helpful. So we were off to a strong start. But as you said, it sort of died off, the activity, and I think the founder of our firm as well as the former manager that I'm speaking of assumed that most of the assets right over and that's just not the case, particularly when, you know, my founder and the portfolio manager, he walked away from the portfolio at age 67. It was over a billion in assets and he launched it, the new fund, with ten grand of his own money.

Now, that's a great – that's the makings of a great success story but it was sort of to be determined. So I think it took a couple of years for folks to – that were thinking do I stay, do I go. You know, the existing team on the former fund continued to do well and continues to do well today. And so, you know, there are a number of clients that have stayed with that fund the entire time and that makes perfect sense. So the goal for us was really to sort of start over and that's sort of the approach we took.

A. Strnad: And we'll get into some of those growth spurts. But Jen, I want you to come along and start by kind of talking about the product structure, how Tortoise got into the open-end mutual fund space. We know the advisors' history predates the funds by some period of time but what's gotten into the philosophy of the product structure at Tortoise?

J. Ashlock: Yeah, similar to what Devon was just mentioning, we started out with separately managed accounts, as many do, and we had an interim step there with the closed-end funds and I think that's one of the big distinctions. And what we really look at, not only product structure but access. So we actually launched – so we had previously been in not only the energy space but specifically MLPs, for anybody who is not familiar with Tortoise, so a pretty small niche spot. And in the separately managed account business, you know, you have the intricacies of all the K-1s.

So Tortoise actually came up with the first registered MLP closed-end fund, which alleviated that hassle and had one

1099. So that was, I think, a little – a game changer for Tortoise. It gave us a bit more credibility in that space of allowing access to more retail investors that really can't handle the complications tax wise. So that was I think a great middle step between the SMA business and the mutual fund business, so that was a little bit of a distinction.

But then doing the open-end fund, I think the biggest difference and the challenge for Tortoise was we, again, we really think about structure a lot and we look to where we think there are voids in the market. So the MLP business in the closed-end funds were pure MLP products and we just don't believe that pure MLPs is the best structure for an open-end fund. So it's really a more broad pipeline fund.

Which the interesting part is we were really preaching this, and I remind our salespeople of this all the time when they're out talking, we were talking about this six, seven years ago when we launched the fund, that it's important not to be tied to not only a product structure but the structure of a company, that an MLP is really just a structure of a company. We like the underlying assets. And, you know, people listened and we've raised $2 billion pretty quickly, actually. But if you're at all involved in the energy space, you see now with all the consolidation that we actually – it was a pretty nice call and some of our competitors that do have strict MLP funds are in a bit of a bind right now when they get acquired by their general partner and their structure actually doesn't work as well.

So as Andrew said, we really – we had a lot of foresight into that and I think it was actually a challenge for the first several years to talk about, well, you don't have the yield, so there are some things that go against that structure, but we believe so strongly in the structure that we chose that I think it's really kind of played out in our advantage. And then after the open-end fund we decided to go the passive route for ETFs for much the same reason, and we want all investors to have access to the strategy that we think is very important to their portfolio, but also, in that space even more significantly, most of the assets were in pure MLP play funds. So it's really about getting access to all investors in the structure that we think is the most beneficial.

A. Strnad: We talked about – or Warren talked about this quite a bit yesterday, the importance of product and product structure. The ETF question, this comes up a lot, you run, you establish a mutual fund, it's successful or maybe it's not or maybe it's okay. Tell us a little bit about how did Tortoise decide let's get into the ETF space? It's not a natural progression but it's definitely something we see a lot more. How did Tortoise get there?

J. Ashlock: Yeah, and it's interesting. As you might expect, it was a split decision, from a business decision, a great decision. The portfolio managers maybe not quite as much because, you know, there's always that fear of cannibalizing your active business when you go the passive route. However, we do have one thing that's a little bit different in that we have our own indices and we create those indices. We are – a kind of tagline for our passive business is actively researched indices, passively managed products.

So we really do a lot of research when we create our indices in much the same way that we do our products. We look for – we don't have any really me too type indices. We look for voids in the market, again, asset classes or subsets of asset classes that we don't think have a natural benchmark. So when getting into the ETF business, we still really played on, we build those indices with the best active research that we have. So again, you're getting that kind of superior structure, in our opinion, but in a passive wrapper, if you will.

A. Strnad: How has that played – and again, as Kathryn was noting, your approach, Tortoise's approach is very, very different from the way Devon operates from a marketing and growth –. How does that sales team – talk about I guess first off the structure, you know, what sort of boots on the ground does Tortoise employ and how does their role come into play with respect to the product structure?

J. Ashlock: Sure. As with everything with Tortoise, that has evolved a lot over the past several years as well. We had a previous majority owner that was Mariner and they actually had a sales team that covered Tortoise along with the other fund families in their family. We found that they were actually spending so much of their time on the Tortoise products that we brought them in-house almost three years ago.

So we have a distribution team of about ten RVPs out in the field and then we have a desk in the Kansas City area, and we also have a pretty robust national accounts team working with home offices and on the platforms. So I would say where they really come into play in the structure is we really come up with what we think is the best idea from the asset class perspective and then we look at wrapper second.

So, you know, if we come up with a type of fund that we want to create, if we want to go more for the RIA crowd the new might look – we just did an interval fund a couple of years ago. And we just finished, actually, a roadshow for a closed-end fund which we hadn't done in a really long time, really focusing on those wirehouse firms. So we really look to our national accounts team and our distribution team to let us know where that demand is. So where is the demand for the asset class and then what wrapper makes sense for the audience that we're going for.

A. Strnad: From a background perspective, Tortoise does operate three share classes. You have your classic A share front-end sales load, a C share, which I'll just editorial comment, C shares continue to shrink. Dave, I can't wait to talk with you about that client of yours. Dave had a client that came to market with a C share recently. It's like Haley's Comet, it's amazing that it's still there. But the predominantly the institutional share class, or as Doug Hanson says, the 12B-1 less share class, probably speaks to the majority of the assets within the products.

Devon, your army of one, as I called it, Akre with a no-load share class and institutional as well. Your approach to the marketplace and how you come out, let's talk about that a little bit, on how – just given the infrastructure and the researchers that you have how your sales process may differ significantly, I guess, from Tortoise.

D. Ramirez: Well, the first sale for me really had to do with Chuck Akre, our founder. If you're not familiar, investors and marketers don't always share equal levels of regard, so – though I think portfolio managers are some of the brightest folks out there, they don't necessarily think marketing folks are and that's okay. Sometimes and probably all too often that might be true. But the reality was we needed to be on the same page.

Fortunately for me there have been a couple of predecessors, so to say he was sort of broken in in that respect. You start hearing the same thing from three or four people, after a while, regardless of skill or abilities, you start to think, okay, maybe there is something there. So that's a wonderful position to be in.

We have at this time, when I arrived, about two and a half years of track record, and 2011 was a very good year which I think is almost solely responsible for the sudden uptick in flows. They doubled the fund's assets in 60 days. So I think folks that were sitting on the sidelines waiting to see if our founder still had it sort of kind of made up their minds and I showed up at the perfect time.

That said, I asked Chuck at the outset, you know, what is it we're looking for? We can't be all things to all people, that's just a reality. If you want to build a big sales team we can do that but is that the goal? I mean how do you grow? Some are very good at the acquisition model. Mr. Hennessey is a classic example of that. We're not that firm. Others work for, you know, a large distribution unit when, you know, want to acquire boutique firms. We didn't want to be acquired.

So it really came down to, you know, know who you are and know what you're not and then market from a place of genuine sort of identity. And he said I don't want people looking at the exit sign on the way in, well, said every portfolio manager ever, right. So at the end of the day I'm thinking, okay, so we're trying to avoid hot money so we don't – that's great, we can't afford hot money, actually, because what that requires, in my mind, is doing the classic wirehouse tour, spending a lot of time.

DC and Virginia used to be my territory when I worked at Columbia Management and I had to see 80, 90 percent of those people every six weeks. Most of you are familiar with that model. The RA model is much different, and the reality was I had transitioned to the RIA market in the midst of the financial crisis, so folks that are usually standoffish wanting to talk to me because I represented a certain ETF firm who was in the news a lot at that time.

D. Ramirez: So having lots of difficult conversations was like jumping in the deep end of this culture shock that, you know, RIA versus broker-dealer. So what that gave me was a real interesting view on, wow, these folks are fiduciaries, like they're really on the hook for results. That's much different. So I just started from scratch with RA database, now we own Discovery or subscribe to Discovery and read ADDs. I think last count I had read like 6,000 of 'em. They're really not much fun.

But the reality is I just – you know, when you only have a few hundred million dollars nobody wants to give you 30, 40 million dollars. Nobody wants to be a 10 percent client. So I decided to focus on RIAs and family offices under 400 million; 250 was the sweet spot, looking for two's and five's and just sort of pebble, pebble, brick, stone, and hopefully one day boulder, and we have been fortunate to have that approach.

At current, we did cross $10 billion just recently in the fund, and 95 percent of that is – well, I should say 65 percent of the assets are advised, only 5 percent are wirehouse. So we have very little – about 80 percent of those funds are right here in DC and Virginia, my former stomping ground. So that kind of works out well.

So you kind of do everything, to answer your question, on the big picture. Jen and I were talking about, you know, conferences Morningstar, Schwab and so forth, and they're also lots of fun and expensive, but when you're a young fund, by perception or reality you have to do those things along with a lot of other stuff. So you kind of figure out what works by the process of elimination and a lot of work.

A. Strnad: So given the importance of the RA community and family office, when I hear those words I think supermarkets. I say this a lot to people, I kind of mock the old talk to Chuck slogan, well, no one talks to Chuck, you're talking to an RIA which has to park their money somewhere, that's why Schwab is so important, that's why Fidelity is so important. Do you then, I suppose – and this is quite leading, spend an outsized portion, whether it be the events that those two organizations – or well, the event that Schwab throws with impact, how critical and important are venues and places, conferences like that, given that, you know, you don't have an army at your disposal?

D. Ramirez: Yeah, I mean you play the cards you have, right. And so I don't know if this is the direction you're going, but Schwab itself has many events and obviously lots of branches and their regional managers are sort of, in part, the gatekeepers to access. And so I would liken that to the independent broker-dealer channel, in a sense, where you've got these smaller concentrations of capital and there is a little more of them, but to sort of get in, you've really got to schmooze with it. You've got to do the golf tournaments and things like that. I'm horrific at golf so that was out.

But it also comes down to where we're going to spend time. My goal was to get in front of decision makers as soon as possible. The nice thing about a $250 million RIA is he's not getting nearly as much, I call it heat, but as much marketing being blasted at him as a billion-dollar shop. That's changed a lot. Some of my first clients, you know, all $300 million RIAs used to get a dozen calls a week, now it's up over 60, and if you're a billion-dollar shop it's north of 100 whitepapers and, you know, constant contact and ways to market in a very pretty fashion but at the end of the day they're just tuning out because they have jobs.

So that makes it more and more challenging to get in front of folks for everybody in my position, whether you're in a management position at distribution or you're actually in sales. So fortunately, you know, it's now and not then. It would be even more challenging now. Most of the people I speak to have never heard of us. It's the fun part of a boutique is explaining that you're actually a real shop and you have a roof and all of those things so.

A. Strnad: I regularly have to correct people when they try to pronounce your fund name.

D. Ramirez: Yeah, I get Green Acre Funds, I've heard it all.

A. Strnad: It still happens, yeah, yeah. With a guy's name like Strnad, I can relate to the problem. Jen, from the CMO perspective, you guys engage and interface with a lot of different channels, just as evidenced by the sales structure. But from that CMO role, how do you begin thinking about collateral material and just all of the material. I mean you guys are prolific. Your website is quite robust from our client-based standpoint. Tell us how that began and how that evolves today.

J. Ashlock: Yeah, and it continues to evolve, as I said, with everything. And you know, when I started five years ago, yeah, it really – we had always done a lot of thought leadership because I think we have really smart people that people really look to to figure out what's going on in the specific markets. So – but we've done a lot more and it started I think a lot with media, actually, which is a little surprising. But it wasn't long after I started and not to blame, I swear, but the energy market downturn started – I only had the sweet spot for about six months, maybe. But nobody was talking at that point.

So we were kind of one of the few voices out there. We really leaned in and we would go on CNBC when oil prices were hitting record lows and that really kind of established us as a thought leader in the space. So I think that helped to kind of kick start things.

And then we really branched out into a bunch of different mediums. So we still do a lot of media. We do weekly podcasts and that actually will kick start some media discussions but it's also something that our investors have really come to depend on, so much so that we also have quarterly calls that we have seen our attendance actually drop fairly significantly or at least the number of questions because they tell us that they're getting what they need on a weekly basis. So I think that timely nature of information, especially in a down market, is really important.

And those are the things that we do on a broad scale. But then – I now you were talking about the different types of clients and we can tend to blast those messages more to the RIA community, but then we have a lot of our assets actually in the wirehouse firms, not only starting with the closed-end funds but then getting on the platforms with the open-end fund as well. And that's a lot more of a challenge because you really can't do any sort of blast e-mail, so it's a lot more targeted, a lot more one-on-one.

And I think we depend a lot there on our national accounts team and home office research and really tying in to what they're telling their advisors. And when we have something that's relevant that we can tie into from a thematic standpoint, we really use our – we push our thought leadership in that direction. So it's really customizing and tailoring for the different audiences, not only in content but in the medium that we use as well.

A. Strnad: Well, certainly – I don't want to inhibit questions, so as we proceed, raise hand, draw my attention, we'll get the microphone, I trust, thank you. One thing, being at Quasar, half of our headcount is really devoted to compliance. We're probably one of FINRA's largest customers just in terms of the amount of marketing materials that are submitted for review and comment. So we can't go an hour, despite this being a distribution marketing focus, we've got to have a little compliance discussion. How do you guys manage that?

I mean I know that's a very broad, 50,000 foot question, but compliance is a reality. You mention the fund in the public domain, you are subject to FINRA rules at that point. Talk about that balance. We hear a lot of – or at least I hear complaining in the background of, you know, Quasar says no, you know, we can't say these things, FINRA said this. How do you administer that and handle that? And Jen, we'll start with you just given again the volume of material that we see.

J. Ashlock: Sure. You know, we have a really delicate job in marketing, I think, balancing what the distribution team and the sales team wants to say with, yes, compliance and making everything obviously compliant but compelling. So we really – we've had a great partner with Quasar and we really apply everything that we hear back from Quasar for all of our products. So that's another challenge as well. You know, not all of our products got to FINRA because we have closed-end funds. We do a lot of advisor level thought leadership. So we really try to have in the back of our mind everything that we do is compliant and really consistent with our open-end funds and ETF materials.

But it is delicate and I think we talked about this a little bit a couple of weeks ago, we like to be the team that, you know, when distribution says, you know, compliance or Quasar or FINRA says no on something, we can change that enough that you won't even notice it, we can make it compliant, and that's my job, to make sure that we are getting the message across, getting clients what they need but making sure, of course, more than anything. You know, one compliance burn can really crush your funds and your firm, so it's a tough job.

A. Strnad: Now, does this require – does this provide – it almost sounds like you want to provide an opportunity to educate people internally. You know, you may not need to be the compliance expert but you gotta understand it.

J. Ashlock: Right.

A. Strnad: I think that probably goes to the balance. We observe that quite a bit. Our clients want to know how can we apply this as opposed to being reactive and perhaps being explosive about it, not very productive, I would say. Devon, compliance, you know, within your walls. Obviously a smaller group, you probably wear a lot of hats, in fact, I know you do.

D. Ramirez: Yeah.

A. Strnad: How is that engrained within your culture and how you guys produce a message?

D. Ramirez: It's different today than it was when I got there. You know, some of the folks that worked for Chuck, our founder, they were like, oh, he's the mutual fund guy, here, take this folder and take this folder, and I'm like, okay, well, where is all of our marketing collateral? I have seen the fact sheet. They're like, yeah, that's it, and I said, okay, do we have a commentary? They're like well, we did one once but let me see, okay, yeah, we have this and it's like two paragraphs. And I'm like, all right, so who writes this, like who is in charge, like, well, now you. So

I'm like, okay, well, how long does this take and about an hour later I'm just staring, you know, into the abyss going oh my – you know, what have I done?

So I made a call to US Bank and just said, listen, I have no – absolutely no clue where to start. How long – like how far ahead do I need to get this stuff to you before I can get a fact sheet on time so I can go on the road and do my job? So it took a while between that and wrestling with, you know, look at we did, you know, let's talk about this investment idea that worked out well. And I'm like, no, you can't say that, that's promissory, I'm like, but the numbers are right there.

So for me, it really came down to like understanding the why's behind the what's. It's not a culture of no, it's a culture of let's reduce this compliance liability to zero, we can do it. But from a marketing person's perspective it could be difficult. So basically we should have hired Jen because she apparently makes that job much easier for her sales team. So lesson learned. But it is really important because you can spend a lot of time on it, more time than you need. So we're not big on content. We don't have capital markets calls so that's a huge portion of things. We're not pumping out whitepapers. Turnover is very low. So even though we have quarterly materials and they're the basics. For all of you who are not aware, you absolutely need the fact sheet commentary pitch book at a minimum and then supporting documents. A lot of funds will provide full holdings, you know, sometimes by prior month, let along prior quarter. We don't do that, we do a 60-day lag which frustrates folks because we can't get 'em attribution, which is another thing. If you're truly an active manager they're going to want to see, we don't provide tat.

But once you sort of figure out whatever works, again, for your suite then you've just got to have things on the calendar so that, you know, you're not delayed, because if it takes you six weeks to get a fact sheet you're constantly catching up and that inhibits sales. So leveraging a strategic partner like Quasar and US Bank is pretty key.

A. Strnad: Access, because this sort of segues into access, access to PMs, making personnel available either to the media or to anyone, frankly, how does that begin, I guess, at Tortoise? You know, an organization with a lot of different products, a lot of different strategies. We observe this, I guess, from a great distance at Quasar but is there a process by which marketing gets involved in that and how does that work at Tortoise?

J. Ashlock: Yeah, and this was that shift that I was talking about at the beginning. We had a pure mindset change not long after I joined where originally the portfolio team, entirely, they had zero desire to do media, didn't really want the portfolio managers – talking to clients was great but doing anything marketing wise, writing materials, was not considered a good use of their time. And again, I think it was really during that downturn when we were able to plead with them to please change their mind on that and get out and talk more.

And it's been interesting. We started off with us doing much more of the legwork and when we would get – we actually hired a PR team to help us with that endeavor, and they would secure something great for us and we would take so long to get back that – and say, yeah, we'll do that television interview, say thanks, it aired like yesterday. So if you don't move fast, you know, it's not really helpful.

So we've gotten much more proactive in, as I mentioned, doing the podcasts and we send those transcripts out to the media. And sometimes we will get a quote where we never even spoke to somebody, they just purely take quotes from some of our content, and I would say we are probably in Bloomberg or Reuters at least once a week and we get a television spot maybe at least once a month. And it's just – it's grown, though. It's been a lot of hard work and it takes showing up quickly and having a lot of enthusiasm and knowing how to work with the media. But it's been – like I said, it's actually translated to investors seeing us in the media and taking that as themselves getting information, so it's really helped a lot.

A. Strnad: And you revealed to me – don't keep it a secret, what did you guys just launch at your offices? You have a studio now?

J. Ashlock: We do. We're actually – we're starting to get so much traction that we built a studio in our Kansas City office so that our portfolio managers wouldn't have to either drive downtown or, you know, go to New York every time we wanted to get a media interview. And that's actually increased our exposure by a ton because especially in the energy markets, if something is happening kind of crazy that day they really want you on air within an hour or so. So it's really helped and it's, again, turned us into I think that timely subject matter expert. That's been very helpful.

A. Strnad: Okay. Do you, yourself, or – who sort of is the liaison, if you will, to the media and to the public? Again, something else we get to observe from a distance. I don't know if it's a crowd control sort of a thing, but is that something that just sort of just happens within your walls or do you guys actively try to manage I guess the media appearances whether they're TV, radio or print?

J. Ashlock: Yeah. We did hire a firm and that was the big thing, we hired an outside firm that's based in New York and that's helped a lot. It also helps when we're doing any sort of launch or acquisition to have that outside firm kind of funnel things through and vet opportunities for us. And you know, early on, I think, you know, we were still doing some paid appearances, paid media and those things really, you need to vet pretty strictly to make sure that they're worth your time and money. And now it's the exact opposite, now we're wondering if it's worth the time of our portfolio managers and so we have the media, the PR firm letting us know this is a great use of their time and we really try not to waste –. There is still that mentality of, you know, they'll give us the access but don't waste their time.

And then once we do have content from a portfolio manager, we try to push it out in any type of medium that we can, including blogs, you know, any way that we can just get to as many people in a way that they like to consume.

A. Strnad: Devon, how is media viewed within your walls at Akre and the use of it and how it's utilized or not depending on the situation?

D. Ramirez: It's extremely useful and particularly – and this does precede me, but it was one of the things I really wanted to understand when I came to join the organization was what the launch looked like from an optics perspective. We did hire a firm, Sun Star, actually helped us with the launch. So they area also partly to thank for a successful launch, particularly in the case of us where, you know, we're essentially – you know, manager leaves and starts his own fund. That can be good spend or bad. You'd prefer good so you need somebody handling that for you.

And if you're not familiar with working with a PR firm, it's a ton of work what they do to ultimately deliver you something that has huge unknown potential in terms of eyeballs and influence but you've got to take the opportunity quickly. We do not have a studio but I think that's probably for the best. But in that, you know, thinking about the sort of maturation of an organization, even though we're 30 years old, we were starting over. So at that time, you know, I mean I think one of our best pieces was a veteran starts over some years ago in Barons. That kind of piece does more than any advertising could, I think everybody can probably appreciate that.

Now, today, or at least the past seven years, I think since that piece was so nice and we've had a couple like it, we have really just tried to elevate our other portfolio manager who has been there for ten years, 60 percent of the attribution is due to him. It's important, as a multigenerational firm that wishes to be permanent for folks, to know that. There's few vehicles other than the media to elevate him.

So it's without question that it's valuable, and trying to manage it yourself, I can just tell you, unless you have somebody that's worked for a top ten firm and you want to pay them to be on the payroll is a mistake. The nice thing about outsourcing is this is all these folks do so the smaller firms wear a lot of hats, PR is not something that you'd want folks to double up on unless it's other corporate communications and strategic relations. That's just my opinion. But there's no question it's helpful and necessary.

A. Strnad: Any questions at the moment on some of the topics we've hit? We do have one.

Audience: This is a question for Jennifer and Devon. Yesterday during Warren's presentation he talked a lot about competitors, competition. For some of us here we have a lot of competitors that we're dealing with in the marketplace when we're trying to get their attention. Can you just talk a little bit about your main competition? Are you in a situation where, you know, you don't have a lot of competitors in that space so therefore that makes it easy to attract interest or are there a lot of broader factors that come into play when you're out there talking to people?

J. Ashlock: Sure. Okay. So for Tortoise it's been a bit of a journey. Again, starting with something so specific as MLPs, I think we had very specific competitors. And again, I mentioned this earlier, but we really chose to be a differentiator. So while we had them, we always had a really good story about why we were a little bit different.

But we've really evolved where we're not just an energy firm anymore, we're more of an essential assets firm and our more recent products have been in social infrastructure, so education, senior living facilities, things like that, that are very unrelated to what we had done in the past. So now we're seen as more of a multi-strategy type firm, so that's really broadened our competitive landscape.

So when we look at those multi-strategy type products, I think it's really tough to see who our competitors are because you're almost looking at the really big shops like a PIMCO or somebody like that, which we're clearly not. So it's almost unfair to try to look at them as our competitors.

However, what's been really interesting is in this social infrastructure space that I was just talking about, we really don't see a lot of competitors there and that's really more on the direct and private side, which I alluded to this earlier, is why we decided to launch an interval fund, as you've seen just a proliferation of interval funds over the past couple of years. For this reason, I think, having access to direct type of investments, which is not a new thing for Tortoise, we've done that on the energy side, but new in a wrapper that's available to retail investors.

And we also have private funds that have these types of assets in it but obviously that's a much smaller segment for a client base. So we've really – as we've expanded out into different asset classes, our competition has just changed a lot. But again, we really try to do things differently and in our minds a little bit better. So when we do talk about how we stand out from our competition it's usually on a structure basis or an access to different types of products.

D. Ramirez: I just assumed that everyone was a competitor at the outset, kind of made it not easier but a little bit more realistic. In my previous firms, it was very normal to go, you know, front and center and deliberately pitch against another fund if not to bring it down a notch but to suggest sort of the split ticket, you know, how about we split 50/50. You know, that amongst other tactics which are classic top 25 distribution sales team tactics I sort of discussed with Chuck and he was like no, I don't want to do any of that. We're not trying to behave as if we're superior to other folks. We want the results to do well. We just want, you know, the opportunity for somebody to hear us out, and I thought, okay, said every portfolio manager ever.

But the point is, at the outset it was made clear that he did not want us bringing up other firms' names. That said, it becomes challenging to know. One thing that was significant was from the launch of the fund on we had always been considered midcap growth by Morningstar. We didn't necessarily see it that way but you know, if you've got five stars, you want it on your fact sheet, it is helpful so you go along with that.

And then Morningstar changed our category to large growth in January of 2017, and we proceeded to have – of course, that came right after rolling onto one of the worst quarters and often some of our best. So for the first time in the history of our fund rolling periods looked bad and against a brand new peer group, which is fun, and outflows started almost immediately. So our typical run rate was – numbers probably are important but we ended up having, you know, net negative 200 million in flows for the year and we ended up having one of our best performance years.

I mention that because performance is obviously a key component to everything that we do. I mean folks want results. It's not the only thing and if you live and die by it you're going to see that change in your AUM base. So it really does come down to process and that's where it becomes challenging to understand who really is a competitor. Can you really get in the minds of other teams? So what you're trying to derive from that, again, as I do with sales, is just sometimes talking about – focusing on what we do and emphasizing what we don't do, not to demonize anybody else's approach but simply to try to make it a little more clear how we're different.

And I think that really is what it comes down to, is it's still – no matter how many competitors you have, you know, self-directed investors not so much but certainly the RA and advisory communities, they're going to have to relay these stories, the stories behind the numbers and that's ultimately what they're buying into. So trying to figure that out before proceeding, I think, is very helpful.

A. Strnad: Any other questions before – I have a slight digression. Jen uttered the word interval funds and I can't let that go without talking about it a little bit. So if you don't want to hear interval funds, ask your question.

J. Ashlock: Well, they're so exciting.

A. Strnad: And I am serious when I say this. I can't go a week without a prospect or someone in the industry calling to talk to us about interval funds. There is about 70 or so that are active in raising assets and they are attractive, it's an attractive asset class but there is a mystery that some just don't want to own up to, is operationally they're very difficult to trade. So the platforms, most of them hate these products. And again, it has nothing to do with the asset class, it's all about the operations and handling that tender – that schedule.

The way trading – and I don't want to turn this into a NSCC discussion, but mutual funds are either open or they're closed. There is hard closes and there's soft closes. The platforms are meant to function with those kinds of CUSIPs. The interval fund does not operate that way. The interval fund takes in money all the time with some rare exceptions, but then the redemption period is controlled by the manager. And the platforms are not built to have a person stand there and monitor when products can redeem.

And so the hurdles to come into these platforms are enormous. Tortoise has had some success –.

J. Ashlock: It's challenging.

A. Strnad: In certain of the channels and some of the other clients that we have have also had some success. Wirehouses, by and large, hate these more than the supermarkets, so good luck to you if you do come to market. So it's just a cautionary message. But they are very attractive. There's a lot of interest around them and that's the end of the interval fund pitch.

Other challenges, and I bring this up, the RFI topic. We observe this, again, from the distance. You know, our clients receive either some, none or a lot of these requests for information from platforms, advisors, et cetera. And we also observe, and again, this is anecdotal, some train wreck processes within our clients. They're not ready, they're late, there is mistakes, there's errors. This has to be managed is sort of the short conclusion. How does Tortoise approach those, you know, just given the amount of product that you have and the target markets that are relatively large?

J. Ashlock: Yeah. We actually have a team dedicated to this process because it is so important to Tortoise, and they actually don't live in the marketing team, they live in the client relations team which I think is also really important. We really are very coordinated on our messaging, of course, but we kind of – I think a lot of our messaging starts with that SMA business. So it comes in more from the RFP and that side of the business, and then we kind of expand that out to more of the platform area.

So it's a very well-coordinated effort. I mean we have a database that every single answer to any question you could ever possibly be asked, I think, is in there. Now, where it becomes really tricky for us is that we are evolving so quickly and you know, we're acquiring firms, we're changing our brand, we're doing things a little bit differently, so the flow of changing those answers to get through to – I mean I don't know the numbers but I would say we must respond to, I mean, almost dozens a month, I would say, on all of the different platforms and all the different products and the different investor bases.

So it's a highly coordinated effort that is amazingly important. And I mean you're talking about the platforms. You really – you know, there might be a couple of year timespan that you're doing something around a platform level and if it's not – you know, it really needs to sync. So it's all about having one team own it, I think, and not having everybody go off and kind of do their own RFI and have missed messages.

A. Strnad: Devon, is your job a little easier with one product or no less?

D. Ramirez: Well, unfortunately, it is one product because it's all the RFIs, right, or DDQs. They're sort of interchangeable depending on the types of organizations. The platform level RFIs and ongoing things don't seem to be as frequent. They're certainly not quarterly. Whereas those that are – and they're frequently in pairs. So there will be an operational one, trying to understand, you know, back to that do you have a roof or are you renting when we show up type of thing. They want to understand that, you know, the firm structure, the ownership, how that's changing. It comes down to the firm stability. For a boutique firm that's even more important. And then of course the investment side.

So we, on a quarterly basis, I populate maybe 40 or 50, some of them are brutal. One in particular, I won't name the firm, but it was 30 tabs over 300 rows of information, each tab. Now, that's something, fortunately – they had a habit of like recreating the whole grid every time. I'm like, you know, if you kept it the same we could just bring everything over, because there was nothing to change. They're like, oh, we can't do that, thank you. So.

I do recommend hiring somebody for that, but they need to be in touch with the sales – you know, whoever the sales manager or salesperson, in my case, because as uncomfortable as it is, there is no better finger on the pulse as to what they're looking for, what they're concerned about, you know, whatever issues are, particularly when DOL was such a huge topic. They wanted to fully understand, you know, expense ratio breakdowns, how it got to be there, what the history was, can they expect further discounts, all those things.

But on the marketing perspective, I also think in terms of RFIs, in terms of foundations and endowments, and not that that's initially the question you're asking, but one thing I would definitely say is you know, that comes back to know your product line. If you want to be big in the retirement space and you've got a multi-cap product, you've got your work cut out for you. Most of those folks don't want a multi-cap product. They don't want the liability of somebody saying I didn't know what I was owning and I lost capital as a result and I'm going to sue you. So if you're large growth, you better be large growth and then go ahead and proceed. It's still an uphill battle.

Same thing with foundations. Anything with a committee attached to it you can work really, really hard to get to the five yard line and then things can change. So RFIs are a part of that and understanding whether or not you're willing to commit to the time for that, from a marketing perspective, is important too.

A. Strnad: Kathryn.

Kathryn: Can you tell us about your direct outreach to advisors?

A. Strnad: Direct outreach to advisors?

Kathryn: Like what kind of marketing material do you send them? What about e-mails? You talked about your podcasts –

J. Ashlock: Yeah. Mm-hmm. You know, it really depends on the advisor that we're reaching out to. And I know I mentioned this earlier, but for the wirehouse firms, you really can't do any sort of mass e-mailing, so that's a completely different animal. But for the RIA community we do that. You know, we really try not to saturate too much as well. We have, on our team, an editorial calendar of what is going out because I do think it's really important that you make good use of people's time.

And now that we've expanded across different asset classes, we really make a distinction of what you're signing up for, so that if you've signed up for our energy podcasts or insights that we're not automatically sending you something now on social infrastructure because the last thing we want is somebody to tune out because we have sent them too much or something that they're not interested in. So that's one way.

But a lot is on our website and we do try to drive people to our website as much as possible. And then most of it is really just working with the sales team for their hand-to-hand meetings. And again, I think it's taken a really long time and a lot of writing and a lot of distributing content, but now we actually see people coming to us more for content and we don't have to push out quite as much. You know, I mean obviously we still do that but it's really funny when we have – we send out certain podcasts on certain days and if it's delayed we will get people calling us asking if they missed it, which is pretty nice.

A. Strnad: Will, you had a question?

Will: Yeah, I'm just curious, what trends are you seeing with the RIA community? So, Devon, you mentioned how they're kind of tuning out. So what is happening there? Are they shifting to passive? You know, from a small active management firm standpoint, what are you seeing in the RIA community right now with asset allocation, things like that?

D. Ramirez: That's a conversation you and I have had many times, so this is a unique way to answer it this time. How are ya?

Will: Good.

D. Ramirez: So it's tough to tell. I try not to make assumptions just observations, right. The reality of it is it takes more touches than ever to get a meeting and our performance is very strong. So from a sales perspective I don't have – there's no excuse, other than the fact that there is a ton of white noise and so how do you labor it to not be a part of it? I mean this might sound very basic, and I assure you, it is, but the tactic is, as all of us, I send a very short and compliance approved e-mail with a fact sheet attached to it. I send it to them about three weeks out. So I'm going to go to Austin, send it to 'em about three weeks out. I hear nothing, I'm unsurprised. About a week later I call them, they do not pick up. I'm also unsurprised. I do not pitch them on the phone, I simply make reference to the fact that I'm going to be in town on the following date. If they type in A-K-R-E in their search box or their Outlook they'll see our fact sheet. If they're interested in a concentrated approach I think it would be a value and that's it.

So they don't respond to the e-mail. They don't respond to the voicemail, but the voicemail pointing them to the e-mail sometimes they respond, and the hit rate's about 1 in 10. So that kind of narrows it down. Obviously, we're talking outside of dealing – you know, going with existing prospects or clients. So the hit rate changes based on any number of things. It used to be 1 in 10, then it was 1 in 6 and now it's about 1 in 25.

So it's interesting, for the longest time everyone would take meetings and nobody would allocate, and now nobody wants to meet, everybody wants a call and they're allocating, I will take it. My kids are like what are you still doing here, you're usually not here? I had to actually leave and my 2-1/2-year-old said dada, you've been around for two months, and I'm like you've been talking to mom.

So the point being is it's always influx is the answer. So the ironic thing is, is even though we crossed 10 billion and that's wonderful, it won't always be that way, performance won't always be strong. And our fund's really largely been built by self-directed investors that are frankly willing to pay a little more because we're not the cheapest in town and I don't think we ever will be because we're not going to grow more product. That's not our proficiency.

Tortoise has made an enormously successful reputation on delivering what people are really looking for rather than just cramming products, so that's a unique approach. We're not that smart, we're just trying to do one thing and find likeminded investors. So with the RIAs it comes down to I'm still looking for the same sort of shops that help us build the fund, those smaller shops that, at the end of the day, to quote my founder, he said, listen, if we give them good outcomes, we literally help them grow their business. Think how powerful that is. So that's kind of neat. So trying to approach things from that spirit helps, but frankly it's still uphill.

Kathryn: What about your direct investors, what do you have to do to attract them and what percentage is that?

D. Ramirez: About 35 percent, and when I say direct I just mean anyone who has chosen to buy us rather than, you know, we're available on a 401(k) and we have less than 1 percent ERISA money so it's very, very little, speaking of, you know, plans not IRAs. We don't do much of anything to attract them except folks on the portfolio. Now, this sort of gets into client communications. We're very low turnover. We don't have capital market's opinions. If we did, we wouldn't talk about 'em anyway. So that means a quarterly call is sort of too much, so we do a semiannual call. Ours is this afternoon at 4:00, and so that's an open call to anyone who wants to call in, and knock on wood, everyone's behaved so far.

But it's become increasingly well attended, and what we really want to do, we've just recently revamped it this past fall because it really got into just 90 percent Q&A and that's great, you want to answer questions, but folks really want to hear what you think. And most importantly, if you're concentrated, you have high conviction, you know, if there's any concerns about a potential name, folks either need their question answered, need that unpacked for them, or if you're an advisor, they need the talking points to relay to their clients. Their clients have clients, right.

So we've just built the entire call around trying to provide that level of depth. One case study per call. So we'll go pretty deep on a name. And then frequently ask questions which tends to be a catchall. We encourage pre-submitted questions. I'd say half of them are self-directed investors. So the model seems to work. There are hundreds and hundreds of people on the call. And then if we have time we open it up for questions. I think that's one of the most important parts because back to access, you're showing that, you know, between your demeanor and the content and your being prepared, you're showing folks that you treat it still like it's $100 million and not 10 billion, so.

Audience: Let me just ask you a quick follow up to that. How do you deal with the compliance aspect, particularly given that you've got a lot of individual investors calling in as well as institutions?

D. Ramirez: So it changes, as you might be aware. A live call, it's a marketing event. It's when you want to make it a replay that it becomes a real compliance event, which is where about 50 percent of my gray hairs have come from because I'm like please don't say that, like on the – we do these dry runs, I'm like you can say that, Chuck, and I know it's true but it'll never make it through compliance, can we choose another way. So that's come a long way in just saying, you know – and we're not talking promissory but anything that could be construed as promissory will be problematic.

We like to have our replays for six months because we are so low turnover and we're not talking about, you know, recent historic events. So they don't go stale and it provides wonderful scale for those that are interested in what we do. About three times as many people listen to the replay as are on live, so it's very useful for me, particularly if I am dealing with an institution and I don't want to make the whole team available to – you know, let's face it, an investor that may not want to move to the next level. Do I want to book my whole team for an hour call or can I just, you know, tactfully suggest to listen to this call, and folks take us up on it all the time.

So it seems to be very, very helpful. So it's not – we're not doing blogs and we're not on Twitter, at least I hope we're not. I'm not aware that we are. But I think that's another thing that's very important is when investors, you know, of all kinds know what they can expect from you it's so much easier. I kind of liken it to if you go to a restaurant and nobody comes to greet you, you get impatient quickly. If they come and take your drink order, you're sort of – you're okay. You can wait a little bit because you know that they know you're there. It's the same situation.

If somebody knows that they can submit a questions and get it answered, you know, not necessarily in six months but on a regular basis, we have our fact sheet commentary, we have a pitch book, we also have a generic DDQ now for institutional investors as well as a document that, you know, in lieu of attribution provides all those sort of things. So just pick those things, make them quality, stick to them, make them timely and be consistent, I think.

J. Ashlock: I have one quick thing to add to that, because as I mentioned, now that we do our kind of weekly podcasts there has been talk about do we really need this quarterly call anymore? And we really only do it for the Q&A, which is interesting, because we do feel like that would be a miss with our investors. Because we give them so much content on a weekly and monthly basis, but if we – we need to have that access for them to actually ask us questions.

And how we deal with that on a compliance perspective is we actually – we repost the call but we do not include the Q&A

and that's kind of the motivation of actually being on the call. If you have a question and you want to hear other's questions then you have to be on the live call. So that's how we've dealt with it.

A. Strnad: Punishment.

J. Ashlock: Well, you know, we can't control the question or the answer, so that's just been our practice and that's – again, that's the motivation for being on the call.

A. Strnad: Any other questions? Devon, one thing I wanted to ask. The rapid pace of growth, how has that been a challenge? You know, it's a good problem to have, obviously.

D. Ramirez: It's been pretty steady. We eclipsed a billion in June of '12 and then at that point that's a scale where you can actually start to take on some more meaningful sizes and then performance has been strong so that sort of flywheel of growth hasn't been too, too hot. I mean since we're already talking the numbers, the sort of average flows for a year about half a billion, sometimes a little more, sometimes a less.

And as I mentioned, 2017 it was net outflows of 200 and then through almost all of last year it was net positive 200, so it was flat for two years following one of the best performances we had had for a calendar year. Flows have ticked up markedly since December. So I think the key here is – and you know, I spoke with the wirehouses, we have a lot of those investors. We also have a lot of independent broker-dealers, more than ever.

So I think the way I respond to that is inquiries I respond to like right away, like within an hour, no matter where I am. I have not put my phone down for more or less seven years, and the reason is I don't want somebody else giving them the message. I am trying to foster that relationship. It's heavy contact at first and then once they know what they can expect they tend to relax and that's exactly what we want.

So it's not efficient. It is in terms of headcount, not in terms of my lifestyle, but we've found that it's a genuine approach and folks really appreciate hearing back right away when, you know, they've got 25 million with, I'll just say a big name, and they have got to wait most of the day because that individual is busy in meetings, and I am too but I think any way we can differentiate ourselves, and that's definitely one of them.

So with a small shop if you start adding headcount that comes back to how you want to grow. We can just grow by headcount and then hopefully these folks can replicate our culture. That's a tall order. So we're very protective of our small shop and so –.

J. Ashlock: I'm going to have to charge you for that slow and steady comment. That's kind of our tagline, steady wins, registered [crosstalk] Tortoise.

D. Ramirez: With the Tortoise, I got that.

A. Strnad: Yes, Kathryn.

Kathryn: Quick question because we're running out of time. Do you select particular regions to work in?

D. Ramirez: I certainly prefer east of the Mississippi, for selfish reasons. No, although I will say the West Coast is pretty much once, maybe twice a year and it's just an onslaught because, you know, you're flying that far so let's make the most of it. And it's a tough market, as most of you are aware. You know, it used to be New York, specifically, Manhattan, Chicago, various parts of California and the Pacific Northwest are some of the biggest financial epicenters in the country. That remains true but you also have a lot of capital that's domiciled right there. You have, you know, you have Silicon Valley, you obviously have Wall Street, and so that changes the cultures there. There's a lot of folks that – not to mention, there's money there and everyone's selling to them. So that white noise is at a fever pitch.

But one of the things that's been interesting, regardless of politics, and no, I'm not going there, is there has been a huge movement of capital tTo the south, from Texas all the way to the eastern seaboard. If you haven't been to Tennessee or to Texas recently, it is unbelievable how much capital shows up. There are 200 new households showing up every week in North Carolina. Nashville has 100 families a day moving there right now. So what's interesting is – and the folks I'm meeting, there are a lot of transplants. So the money that would have said no to me in New York is saying you know, we'll talk in Tennessee. It's a very interesting time.

So as a result, that's not my 100 percent justification for staying to the south but that's one of the reasons why, it's just there is so much attention. You can't overlook anything, it's just a question of whatever is working and you want the conversation, so.

A. Strnad: Great. There is a question, are we going to tolerate it? We will, thank you.

D. Ramirez: It's such a legal word, tolerate.

Audience: Just a quick follow up for Devon on that. You cover the whole country. Why have you chosen not to add wholesalers in other parts of the country?

D. Ramirez: So just, I enjoy the torture, I think. Part of it has to do with because we are a small shop it comes down to incentives, right. So our portfolio managers aren't incentivized by how many wins they have in the portfolio. Chuck said, and was adamant, like, I don't want an eat what you kill culture here. So sales is the same way. So even though we've had huge growth, you know, unlike a lot of wholesalers, I'm not paid basis points, and there's benefits to that. There will be when there's a downturn, hopefully.

But as a result, there is a large component of the sales world that's frankly driven by fear, just to be candid with you, and that's part of the package. Folks are, you know, adults, they're working hard, men and women, you know, spending a lot of time away from their families, knowingly doing so. But you're sort of built with that personality, you have it or you don't. Basically it's lack of intelligence to realize that you're having Ground Hog Day every single day. I'm only speaking of myself. So that's the main reason.

And I think the other thing is for what we do, from our investment standpoint, since we're not going to be launching additional product and we also believe that at some point AUM is the enemy of performance and outcomes really matter, I mean they really matter to us, so we don't know when we'll close. We're not even talking about it now but at some point it will happen. So if we've managed to be successful enough to get where we are, we don't anticipate our needs really changing. But we talk about it from time to time.

Oh, they offered an assistant and I just – I basically just have worked very hard to foster these relationships and contacts and I feel like it's worked well. But any way we can serve our shareholders better is of top priority. It doesn't necessarily mean headcount but it could.

A. Strnad: Devon, Jennifer, thank you very much for the hour here, appreciate it.