Conference Call
CMFinance
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Operator: Welcome to the CM Finance Fourth Quarter Earnings Conference Call. Your speakers for today's call are Mike Mauer, Chris Jansen and Rocco DelGuercio. Operator assistance is available anytime during this conference by pressing *0. A question-and-answer session will follow the presentation.

I'll now turn the call over to your speakers. Gentlemen, you may begin.

Michael Mauer: Thank you, operator. Thank you all for dialing in this afternoon. I'm joined by Chris Jansen, my Co-Chief Investment Officer; and Rocco DelGuercio, our CFO. Before we begin, Rocco will give you our customary disclaimer regarding information in forward-looking statements. Rocco?

Rocco DelGuercio: Thanks, Mike. I would like to remind everyone that today's call is being recorded, and that this call is the property of Investcorp Credit Management BDC. Any unauthorized broadcast of this call in any form is strictly prohibited. Audio replay of the call will be available by visiting our Investor Relations page on our website at www.icmbdc.com.

I would also like to call your attention to the Safe Harbor Disclosure in our press release regarding forward-looking information and remind everyone that today's call may include forward-looking statements and projections. Actual results may differ materially from these projections. We will not update forward-looking statements unless required by law. To obtain copies of our latest SEC filing, please visit our Investor Relations page on our website.

At this time, I would like to turn the call back to our Chairman and CEO, Michael Mauer.

Michael Mauer: Thanks, Rocco. The past few months have been an exciting time for us. As we announced on June 26, Investcorp entered into a definitive agreement to purchase the majority ownership interest in the advisor. On August 30, the last of the steps associated with that purchase was completed. More comprehensive detail is provided in our press release which can be found on our website and will be further elaborated on in our 10-K which will be released at the end of the week.

To summarize, Investcorp acquired Stifel and Cyrus's interest in the advisor. The composition of our board will change somewhat on September 15, and we have changed the name and ticker of our fund from CM Finance, Inc. (CMFN) to Investcorp Credit Management BDC (ICMB). Chris, Rocco and I, along with the entire investment team, will continue in our roles and are truly excited to join the Investcorp platform. We see enormous opportunities ahead for the BDC.

The format of this call will follow what we have customarily done: a comment on the quarter and our outlook. Chris will detail portfolio activity during and after the quarter, Rocco will review our financial results and then I'll conclude with additional commentary on a handful of specific portfolio positions before we take Q&A.

We continue to reposition and diversify our portfolio with investments in new industries and to new portfolio companies. We have been conservative, focusing on first lien loans, and our portfolio is approximately 80% first lien today. We have experienced some challenges in the portfolio, but I'm proud of the work the team has done managing existing investments, originating new opportunities and continuing to reposition us through a focus on direct and club relationships. New deal economics are, in our view, more borrower and sponsor-friendly than we think is ideal, but we have seen name-specific opportunities to find tighter, non-economic terms, especially when considering leverage levels, maintenance confidence, restricted payments and other elements which add risk from a lender's perspective. As always, the direct lending and club loan space tends to be slower-moving, less certain, but ultimately, a source of better structured loans for us to evaluate and invest in.

This quarter, we made investments in a DIP loan, in secondary market purchases of loans and bonds, a syndicated loan, and in a number of club deals. We leveraged our relationships to find and make some of the most attractive loans this quarter and club deals for Limbach and Potpourri. Chris will walk through all of our investment activity during and after the quarter in detail, and then Rocco will discuss our financial results. I'll conclude with some commentary about our largest marks, a few particularly topical investments, and then I'll talk about our outlook over the balance of the calendar year. As always, we'll end with Q&A.

With that, I'll turn it over to Chris.

Christopher Jansen: Thanks, Mike. We had another active quarter investing in six portfolio companies, including three new portfolio companies. We invested $32.2 million this quarter, all of which was in first lien and DIP loans. We also had two full realizations during the quarter.

First, I'd like to cover our funding on revolving and delayed draw positions. We funded approximately $200,000.00 on 1888 Industrial Services Revolver. We have no delayed draw commitments outstanding currently. As we disclosed on our last call, we made a new investment in the first lien loan of Limbach Holdings, a contractor focused on HVAC, plumbing, electrical and mechanical services for commercial construction. Our yield, at cost, on Limbach was 10.8%.

We participated in the new first lien loans for Flow Control, a manufacturer of pumps and valves for the power, industrial and energy markets. First Reserve is the sponsor. Our yield, at cost, is approximately 9%.

We're also part of a first lien club transaction for Potpourri Group. Northlane Capital is the sponsor. Potpourri is a large multichannel direct-to-consumer marketer targeting middle income women aged 45 and over, and is focused on clothing, accessories, home goods and specialty products. Our yield, at cost, was approximately 11.6%.

We joined with other existing Fusion lenders to first provide a super senior first lien facility, which then rolled into a DIP loan as the company filed for bankruptcy in June. These loans provided needed liquidity as Fusion began its reorganization process. The yield is not a particularly meaningful number as the bankruptcy is set to last about four months, but we calculated it's approximately 30% to 60% depending on the specific funding date.

We also provided a small incremental loan for 1888 Industrial Services on a first lien basis as the company made a small strategic acquisition. This loan supports our broader investment in the turnaround of the company which has been making good progress since the oil crisis. Our yield on this new loan, at cost, is 7.3%.

We're active in managing our positions in Exela during the quarter. Earlier in the quarter when sentiment was very positive and yields tightened, we sold our position in the first lien 10% notes at a price above par and purchased a small additional position in the first lien loan. In May, we added back a small position in the bonds. Our yield on the incremental loan position was approximately 9% at cost, and the new bond position yield's approximately 13.1% at cost. We reduced our net exposure to Exela by a net $4 million, as well as lowering our average cost.

We had two small realizations during the June quarter. First, we sold our position in Nexeo Plastics secured bond. We evaluated our ability to build a more meaningful size at an attractive price and decided the market was more conducive to selling. Our fully realized IRR on the small position was 17%, which is elevated due to the short holding period.

Secondly, we sold the co-invest position in Zinc Acquisition Holdings. Our loan had already been repaid and we were very pleased with our 80.5% IRR on our two-year long equity investment. When considered together, we realized a 23.1% IRR on our debt and equity investment in Zinc.

Since quarter-end, we have made three new investments and had two full realizations. First, we invested in an incremental first lien loan to United Road Services, the leading auto transportation service company in the U.S. United Road is sponsored by Carlyle. Our yield, at cost, is approximately 8.6%.

We also participated in the first lien club loan for Hyperion Materials & Technologies. Hyperion is an industrial manufacturer of products made from hard and very hard materials: carbide and synthetic diamonds. It was carved out of Sandvik by KKR. Our yield, at cost, is approximately 8.3%.

Finally, we're also participants in a first lien club loan to NorthStar Group Services, an environmental and facility management company focused on the remediation and deconstruction services markets. NorthStar is owned by J.F. Lehman. Our yield, at cost, is approximately 7.8%.

We had three-fold realizations after quarter-end as well. First, we sold our final debt exposure to PR Wireless, also known as Open Mobile. We have previously sold the bulk of our position, holding only a delayed draw commitment which fully funded last quarter. Today, we have no exposure to Open Mobile from an NAV perspective, although we do continue to carry warrants at zero value. Our fully realized IRR on Open Mobile's loans was approximately 10.8%.

We also sold our first lien position in FleetPride. This is our third iteration of the investment and, candidly, we viewed it as a high quality but ultimately non-core position. Our fully realized IRR in this position was approximately 6.5% and our IRR across all investments in FleetPride was approximately 14%.

We sold our first lien position in Sears. This is a small position. We never had the ability to build it to a more meaningful size. Our fully realized IRR on the small position was approximately 11.3%.

Using the GICS standard as of June 30, our largest industry concentration was professional services at 13.5%, followed by energy equipment and services at 10.2%, media at 9.9%, construction and engineering at 9.8%, and commercial services and supplies at 8.6%.

Our portfolio companies are in 21 GICS industries versus 14 industries last year. As of June 30, our portfolio company count was 33 versus 32 at March 31, and 25 companies a year ago. This count stands at 34 today.

I'd now like to turn the call over to Rocco to discuss our financial results.

Rocco DelGuercio: Thanks, Chris. For the quarter ended June 30, 2019, our net investment income was $3 million or $0.22 per share. The fair value of our portfolio was $306.4 million, compared to $299.1 million at March 31. Our investment activity account for $7.3 million increase in our portfolio, including $8.2 million of net realized and unrealized losses. Our new investments during the quarter had an average yield of 11.5%. The weighted average yield of our debt portfolio was 10.5%, an increase of 6 basis points from March 31. The major drivers of this increases were our new investments which had a slightly higher yield than our portfolio on an average, and the decline in LIBOR which accounted for a negative 25-basis point impact.

As of June 30, our portfolio consisted of 33 portfolio companies. 77.6% were first lien investments, a slight increase from last quarter, driven by our continued focus on first lien investments in this quarter. As of June 30, 18.7% of our portfolio is in second lien investments, 3.7% is in unitranche investments, and 0% of our investments are in equity warrants or other positions. 96.8% of our debt portfolio was invested in floating rate loans and 3.2% in fixed rate positions. Our average portfolio company investment was approximately $9.3 million, and our largest portfolio company investment was PGI at $17.3 million. We were 1.16 times levered as of June 30 versus 0.91 times levered as of March 31.

Finally, with respect to our liquidity, as of June 30, we had $19.7 million in cash, $6.6 million in restricted cash, and $19 million of capacity under our revolving credit facility with UBS. Additional information regarding the composition of our portfolio will be included in our Form 10-K which will be filed on Friday, September 13.

With that, I'd like to turn the call back over to Mike.

Michael Mauer: Thank you, Rocco. As we all know, there’s a trade-off between risk and return. We and our peers in the BDC space target returns materially higher than that of investment-grade bonds, broadly syndicated loans, or even high-yield markets. We try to mitigate the risk through diversification in the portfolio across sectors, geographies and borrowers. We focus on the quality of loan documentation, maturities, cash flows and return of principle. We have managed down the portion of the portfolio in second lien investments from 48% in 2016 to less than 20% today and we do not see reasons to reach down the capital structure now to generate yield in the current environment.

We also have an investment team with deep investment background in distressed market, which is a valuable resource when any of our borrowers has performance issues. Fusion Connect filed for bankruptcy on June 3 due to a combination of factors, especially failure to manage costs and integrate the acquisitions. Fusion ran out of liquidity in April and defaulted on its interest and principal payments due to lenders. Since that time, we have been in active discussions with other lenders, counsel, and advisors to ensure the greatest extent possible we can our ability to participate ratably in strategically and economically advantageous transactions with the company. Fusion currently expects to exit bankruptcy in October.

During May, 4L unexpectedly announced that both of its major segments had lost major customers. Management previously announced guidance was lowered meaningfully, and the company hired advisors. Lenders have now formed an ad hoc committee, who are working with counsel and advisors to work toward a reorganization of the business. There's a great deal of uncertainty in the situation as the loan is still transitioning from a largely CLO-based ownership group. Business plans are being developed and capital structure discussions are ongoing.

As Chris explained, we actively managed our position Exela Technologies through the quarter. Since our trade, the market consensus appears to be that Exela's operational restructuring charges are actually permanent in nature – which, if true, would reduce EBITDA and at current run rate level, these charges put the company under liquidity pressure. The market's negative sentiment is most apparent in the trading levels of the high-yield bonds with the loans trading down in sympathy. Our view is that the market is overly pessimistic. The company has multiple levers to manage liquidity and we expect the current sentiment to shift over the coming quarters.

We markdown our position in the first and second lien loans in Premiere Global Services by an aggregate of $1.2 million this quarter. Trends in PGI's fundamental results continue to be challenging. That said, the sponsor, Siris Capital, continues to be supportive and behave in a manner that gives us confidence in the business over the longer term, and we maintain an open dialogue with the sponsor, our fellow lenders and industry professionals. We're optimistic the company's ability to continue to execute a turnaround and we see real upside potential if PGI's transition to its new business model is reasonably in line with management's plans.

AAR or 1888 has been a constant focus for us since 2014. We supported the company through an out-of-court restructuring and currently provide a revolver for working capital purposes as well as multiple tranches of term debt. 1888 made an acquisition this quarter and is poised to grow outside its historic exclusive focus on the DJ Basin, diversifying into the Permian and Wyoming. We provided an incremental term loan to help support this acquisition. We remain cautious as revenues are still highly concentrated. We have hired a new CEO in conjunction with the acquisition, and we are in the process of hiring a new CFO.

Deluxe Canada continues to perform well, and its independent results are well within our expectations. That said, the U.S. parent company, Deluxe Entertainment Services, has entered into an RSA with its lenders and is targeting to reorganize their capital structure in the coming weeks due to difficulties in its other business segments. We are in active dialogue with lenders to the U.S. parent, to advisors and counsel, and most especially, with our fellow club lenders to Deluxe Canada. We expect that there may be some business disruption associated with this, but our loan was well underwritten, and the RSA contemplates no impairment for our class.

Despite the negative creditor event for several of our borrowers this quarter, we continue to make progress with our portfolio repositioning. We've increased our portfolio company count from the mid-20's to the mid-30's today and are gradually increasing the number of club deals in the portfolio. We have used opportunistic sales to help reposition the portfolio and fund the purchase of new loans. In addition, we have several investments that are either committed or in the pipeline that we expect to fund in the near-term.

Last quarter, I guided that our new leverage target would be in the 1.25x to 1.5x context. We were at 1.16x as of June 30, moving toward our target range. As I previously stated, the advisor will wave base management fees in excess of the excess over 1% for next quarter on leverage above 1x. We did not cover our June quarterly dividend with NII and did not earn our incentive fee. We waived the portion of our management fees associated with base management fees over 1x leverage. We do expect to cover the dividend and earn our incentive fee in the September quarter.

Our Board of Directors declared a distribution for the quarter ended September 30, 2019 of $0.25 per share payable on October 16, 2019 to shareholders of record as of September 26. We have maintained our dividend at $0.25 since March of 2017 and are confident that this level is supported by our ability to generate NII without reducing the quality of our investments or changing our focus from secured lending opportunities.

Due to the negotiation of the transaction between CM Investment Partners and Investcorp, we have been in an extended blackout period and, as such, we're unable to purchase any additional shares. As a reminder, the board approved the extension of this $5 million program through May 1, 2020.

I would also like to update you on Investcorp's commitment to purchase shares of ICMB. There are two components of their commitment. First, there is the commitment to make open market purchases under a 10(b)5 program, and secondly, to purchase shares at NAV. Investcorp has told us that they expect to execute purchases under both components commencing within the next 90 days.

Lastly, I want to finish by emphasizing that while two quarters ago we started to reposition the portfolio and further diversify it, we've only begun to make progress. As part of a larger platform with Investcorp, a firm which has over $32 billion of run rate AUM, with credit being over $12 billion of that amount, we have enhanced sourcing opportunities and additional resources to leverage as we execute this repositioning.

Operator, please open the line for Q&A.

Operator: Ladies and gentlemen, at this time we will conduct the question-and-answer session. If you would like to state a question, please press *1 on your phone now and you will be placed into the queue in the order received. Please listen for your name to be announced and be prepared to ask your question when prompted. Once again if you would like to state a question, please press *1 on your phone now.

Our first question comes from Christopher Nolan. Please state your question.

Christopher Nolan: Hi. The dividend; given your high leverage ratios due to migration of first lien loans, how do you anticipate covering the dividend going forward?

Michael Mauer: As we look at the portfolio as it's currently constructed and our target between 1.25x and 1.5x, we will cover the dividend.

Christopher Nolan: Okay. And then, was the higher yield on new investments this quarter basically skewed by the DIP loan?

Michael Mauer: No, it was not. If you look at the additions, there are probably about 10 additions and they were principally between 8% to 12% yield. So, it was well dispersed at no high concentration. The DIP loan is a very, very small investment, so did not disproportionately affect things.

Christopher Nolan: Great. And final question would be, Mike, your comments on waiving the management fees above one-to-one debt-to-equity, is that waiving all base management fees above one-to-one? It wasn't clear to me.

Michael Mauer: I just want to make sure that I'm answering the question as asked. Any base management fee above 1%, not a 100% of base management fee; it's the above 1% will be waived above one turn of leverage.

Christopher Nolan: Got you. Okay. That's it for me. Thank you.

Michael Mauer: Thank you.

Operator: Our next question comes from Paul Johnson. Please state your question.

Paul Johnson: Good afternoon. Thanks for taking my questions. I'm going to start, we're not aware of Investcorp's presence in the U.S. middle market. And I know - I think you mentioned that they manage $12 billion or so in credit assets. Are any of those middle market assets? And if so, or if not, speak a little bit to what Investcorp brings to the table in terms of value.

Michael Mauer: So, couple of things. One is, in credit, none of those are in middle market. That was the strategic rationale for us becoming part of Investcorp's platform. Investcorp, who has been around since 1982 and is, by definition, approximately 37 years in the middle market private equity. So they are very, very prevalent in the middle market and prevalent in the U.S. middle market equity side.

It brings to the table a platform that has $32 billion overall. It's got, of the $12 billion, a little less than half of that is in broadly syndicated credit in the U.S. which has dialogue across the street with regional and large banks. It also brings to the table a lot of middle market lenders who are trying to underwrite to the parent private equity side and bring dialogue.

So over the last month, there has been several times that I have gotten calls from people who are looking for dialogue with Investcorp, who are very active in middle market lending; some of which we know very well, but it has really ramped up the dialogue; and others that we did not know as well who have reached out and want to have a dialogue where before they did not.

Paul Johnson: Thanks. And then, so I believe the transaction closed on August 30. So are you guys starting to see deal flow right away? I mean, has that already changed or do you think it will take more time to sort of integrate it?

Michael Mauer: Well, I think – emphasis on the word starting, the answer is yes. There is two deals in the last two weeks that have come in; one of which was not interesting to us that we've already passed on, the other which is interesting and we're digging into. So, it has started, but I think it is nowhere near what I would say is a ramped-up stage as a result of the relationship. I think that will take several months, and more importantly, we are looking at ways to broaden the platform from AUM, whether or not those are private funds alongside or other ways to do that. And having more capital will also facilitate ramping up those discussions.

Paul Johnson: Thank you for that. And then, as far as their equity fusion at NAV – basically 5% of the equity-based plan to inject into the BDC – just to be clear, did you say that they expect to execute that within the next 90 days or is that something that will take place over the next two years?

Michael Mauer: We are in discussions with them about how it will happen, but it will begin within the next 90 days is what they have told us they expect.

Paul Johnson: Okay.

Michael Mauer: Both the at NAV, Paul, and the open market.

Paul Johnson: Okay.

Michael Mauer: Okay.

Paul Johnson: And then, just one or two more, if I may. I was hoping you could provide any sort color or update on your investment in PGI and from your global systems since that was one of the larger investments in the distressed market last quarter?

Michael Mauer: Listen, as you know, we operate under NDA, so it's hard to say much there. What I would say is that Siris, the sponsor, continues to be very active, very focused on it. It's one of their largest equity investments, and we continue to feel positive about the way they are managing that investment.

Paul Johnson: Thanks for that. And then my last question, as far as your outlook for the dividend -- I know you said you expect to earn that along with your full incentive fee, or earning an incentive fee next quarter, does your outlook analysis include any sort of credit losses baked into those assumptions?

Michael Mauer: So, what we've done is we continue to look at our portfolio; we run models against it, without going into any details. We think that that will cover the dividend. We'll earn our base management fee, but if or how much of the incentive fee is probably the question there. But we're very happy over the near to medium term to be covering the dividend, and then we'll figure out how much we earn in the incentive fee. But the objective here is to have a portfolio that earns the dividend, and we have and we move toward a repositioning of a portfolio more diverse as we continue over the next 6 months.

Paul Johnson: Okay. Thanks for taking all my questions this morning.

Michael Mauer: Thank you very much, Paul.

Operator: Our next question comes from Robert Dodd. Please state your question.

Robert Dodd: Hi, guys. I'm out of the office. At the airport at the moment, so excuse me if there's background noise. Going back to of course it's an important question, on the dividend. I mean, obviously if we look at accruing portfolio at principle was up sequentially, dividend yield was stable, yet total investment income and NII obviously were down materially, sequentially and didn't cover the dividend this quarter. So could you give us some kind of more explicit color than your confidence level about why there was the decline that quarter with the portfolio growing and yield stable, and why you expect that trend to reverse pretty dramatically next quarter?

Michael Mauer: Yes, I'd say there are two pieces to that, Robert, and thank you for the question because it requires a little bit of explanation. Number one is, we had increased a little bit under our leverage from prior quarter. So we're at – I believe it was 1.16, I don't have it right in front of me. As of the end of the quarter, we're targeting to get into that 1.25x to 1.5x range, which I think we will be, barring some unexpected repayments or something like that. Which is not necessarily would be a bad thing, but that would affect the leverage ratio.

The second piece is that we had unsettled trades going into quarter-end where we had made investments, we were poised to start earning the interest, they delayed a little on the settling of those.

And thirdly, was the cash balances that we deployed during the quarter – so when we look at going into September, we should cover it. And then going into the December quarter, we should be in better shape as far as the fully deployed.

Robert Dodd: Got it, thank you. And as you mentioned in your prepared remarks, Mike, you started rotating the portfolio or reposition the portfolio about three quarters ago. Obviously, since then, there has been a fairly steady downward trend in NAV with the marks coming through. So is there anything to read into the portfolio repositioning, the attrition of NAV and as you continue to finalize under that portfolio repositioning, are we going to continue to see this slow kind of attrition of NAV until some of those legacy assets get washed out?

Michael Mauer: Well, listen; I mean, if we felt that the fair value was down, we would have marked it down as of the quarter-end. So I don't know that we will or won't. We do have some positions and we talked about 4L and we talked about Fusion; I think over the next 60/90 days, both of those should have a lot more clarity on the restructuring and where they're coming out. I think also Exela had indicated publicly that they expected to work through their restructuring charges through the end of the year. That obviously has a delay in the timetable in which we see it, but if they do what they said they're going to do, they're present upside from where it is right now. So there is offset and uncertainty still there, so, unfortunately, I don't have a very succinct answer for you, Robert. Hopefully, I talked -

Robert Dodd: Right, right. That is helpful and that's kind of to where the question comes from. Your comments on like 4L when it's still rotating from a CLO-type ownership group to maybe something that might be more distressed-oriented or not CLO-eligible. I mean, doesn't that kind of activity tend to put pressure on the fair values in the near-term? Maybe not permanently, right? Just trading values, though.

Michael Mauer: Yes.

Robert Dodd: I mean, so is that a risk there?

Michael Mauer: Yes, absolutely. I would say that your observation is correct, I'd actually takes it one step further. When you have any large group that's transitioning, you have pressure on values because that's technical, not fundamental; those are people who want to sell and not hold. On the other side, the people who were buying tend to be people who see value and they're not seeing value where they're buying it. They're seeing value significantly above where they're buying it because they tend to be hedge funds or distressed; and if they are seeing it at the purchase price, they'd never buy it.

Robert Dodd: Got it, yes. Yes, understood. Understood. And if I can one more, obviously, we don't have the portfolio. This is just one of the names I know that I've discussed with you guys in the past because it used to be a big position. I don't know how big it is today, but Montreign, any update on those guys? I think at one point it was your number one position but obviously it hasn't been for a while now, but anything going on there?

Michael Mauer: Yes. The public dataset that - from a volatility, it went down a bit over the last 6/9 months. Over the last month to two months, we've seen some positive news and it's playing out the way we would have expected it to long-term. It would be what I'd say.

The other thing is, you can go on publicly and look at the New York State Gaming Commission numbers of revenue by week. They were very, very weak when they opened 18 months ago. As of this spring, they had opened or it was open nearby the waterpark and some other things. They still do not have open all of the - I think it's the village, but definitely the golf course and some other things. So you can see that their top – I want to say their top 10 weeks of revenue have been in the last 15 weeks. I could be off a little there, but you can go and look at that, and it continues to ramp up.

I don't think it will be significant as a standalone, but hopefully it will help the overall business. The sportbook became legal as of September 1. There's only two weeks in as of today as far as revenue on that separately identified piece, and neither one of those has full weeks of college football and NFL in it. And it tends to be sportsbook, at least our view is NFL and college football, NCAA, basketball are probably the biggest drivers around that piece but it will help drive some incremental traffic too.

Robert Dodd: And on top of that…

Christopher Jansen: It's Chris. The parent has continued to be supportive in their public documents as - it's a public filer and there is a commitment to continue to fund from the parent owner; continue to fund just in case the funds are needed.

Robert Dodd: Got it. I appreciate the color, guys. Thank you.

Michael Mauer: Yes.

Christopher Jansen: Thank you.

Operator: Our next question comes from –

Michael Mauer: Operator, are there others?

Operator: Yes. We have another question from Christopher Nolan. Please go ahead.

Christopher Nolan: Hi, the lookback. I see with the new management, that there's an 11-quarter lookback and that's a change from just a calendar quarter lookback. Is that a correct way of looking at it?

Rocco DelGuercio: No, no, it's the same thing, Chris. It's 11 quarters including the current quarter. It's just it was just reset.

Michael Mauer: So it's a rolling 12, it doesn't – it's not a calendar, it's always 12 back.

Christopher Nolan: Right. Okay. That's it for me. Thank you.

Michael Mauer: Okay.

Operator: Once again if you do have a question, please press *1 on your phones now. At this time, we have no questions.

Michael Mauer: Thank you very much, operator. Thank you, everyone. We look forward to speaking in several weeks.

Operator: This concludes today's conference call. Thank you for attending.

- End of Recording –