2023 Transcript

Lily: Welcome to the LAIF webinar. My name is Lily Osorio and I am the LAIF administrator. Today I will be going over LAIF operations and we will also have a presentation regarding the pooled money investment account from our Executive Director Jeff Wurm, Deputy Director Kim McCorstin, Credit Manager Tracey Payne and myself.

I'll begin my part of the presentation with a look at our participation pie. This chart, along with other LAIF statistics, can be found on our website and is updated monthly. I like to show this chart because as you will see, a majority of our accounts are from special districts. This image really highlights one of the main reasons LAIF was created. To be an investment alternative for California's local agencies and offer them the opportunity to participate in a major portfolio. You will also notice that most of the cities and counties hold LAIF accounts as well.

Next up, I would like to talk about LAIF account updates. We can best serve you when we are kept in the loop with any type of change or update to your LAIF account information. When visiting our website LAIF.treasurer.ca.gov you can easily find the update forms by clicking on the forms blue box at the center of the screen.

Today, I will focus on the two update forms that are used the most. The bank account authorization form and the authorization for transfer of funds form. If your agency has switched banks, closed a bank account, or if your bank has merged and change its name or updated their ABA number, we require a bank update form. As with some recent bank mergers, we have known ahead of time, but we do not have access to your bank account and we ask that you update your banking information accordingly to ensure there are no delays with your transactions.

That leads me to our authorization for transfer of funds form. If your agency has had recent staffing changes, for example, people retiring, promoting, or you have new hires, we will require an updated authorization change form. We will not process a transaction with someone who is not authorized on your account. We tend to be sticklers with these update forms for your safety and ours. That is why we still require these forms to be mailed in and with wet signatures. I would like to remind you, though, that if you have any other questions about these forms, we have staff available to take your calls and that leads me to my team who most of you have spoken to at one time or another.

Every now and then, Team LAIF lets me talk them into photographs. On the top right there's Nicole, our operations manager. Bottom far left is Janice, our lead analyst. She handles new accounts. Chai. She handles transactions and account updates. Arshi. She handles transactions and bond accounts. Christina. She handles transactions and helped plan this web conference. Precilla. She handles transactions and LAIF online user IDs. Now that you have put a face to our voices, I would like to go over some policy reminders.

Our office hours are from 7:30 AM to 4:00 PM with staff available during that time to take your calls. Whether you want to schedule a transaction, open a new account or for any other general questions you may have. Our LAIF online hours vary a little since you are able to schedule a transaction any time from 7:00 AM to 7:00 PM. If you would like more information about LAIF online, please feel free to give us a call or visit our website. We also ask that you please provide us with at least a 24-hour notice for any transaction of $10 million or more, withdrawal or deposit. This not only allows us to make the most effective investment decisions, but helps our cash management division who we work closely with. Same day transactions must be scheduled via phone or online before 10:00 AM, preferably not at 9:59 AM. Deposit transfers from your bank should be received on the effective date of the transaction. Our regular accounts have a $75 million cap with no limit on bond accounts. You are allowed 15 transactions per month with a minimum transaction amount of $5000 in increments of $1000. Lastly, I would like to remind you that our fees are calculated on quarterly earnings, not on assets under management and cover actual costs to run the LAIF program. That concludes my part on LAIF operations. I will now hand it over to Jeff Wurm, the Executive Director of the Investment Division, who will give an overview of the pooled money investment account along with Kim and Tracy.

Jeff: Hello and thank you for joining us for the 2023 local agency investment fund webinar. Here you see a screen shot of the State Treasurer’s office. Earlier this year we moved out and we're trying to modernize and upgrade the State Treasurer’s office itself. So, this is our temporary home. For those of you have noticed, our address is different. We're now at 901 P St. This is going to be a little bit of where we're at now.

Let's get started here. Like we covered some headlines that happened here in California for the last year, every time we kind of start these. Unlike years before where I kind of focused on the drought, this time we get to talk about how much rainfall we got in the crazy winter last year. Record rainfall and weird winter storms where snowfall was hitting Santa Cruz, which is the picture I posted here on the top right. Bottom left showed you the difference in the, you know, drought ridden California October 22 to annotate it with snow in March of 2023. And about that same time early this year, we had to kind of navigate through the Silicon Valley Bank and First Republic bank situations. We did send out a letter and posted on the website about yes, we were aware and how we were monitoring the situation and making sure that all of the investments within the pooled money investment account were still kept safe. Then I don't know how many of you have had to deal with weird changes in your cash flow with tax receipts that were moved from April to May to October. Did anybody get any money October? No, we didn't get it either or not all of it. Got some of it. We're still waiting to see how this plays out and if you're doing the same thing we are then it’s just kind of crazy having to make changes. Next screen.

I'm starting with a slide that I presented at last year’s webinar. On top right, just an image to remind everybody that your money is safe in LAIF. But what I'd like us to focus on the bottom left chart here is this time horizon on this chart showing total assets in the pooled money investment account at fiscal year end. So, June 30th of 2020 the PMIA had just broken $100 billion in total assets in 2019 for the first time. Then by June 30 of 2021, we were over or we were close to $200 billion and actually got to $240 billion by June 30, 2022. Of course during this time when all this money was coming into the pool, well, state and some of the accounts have noticed the investment fund increase. Rates were zero to 25 basis points and actually a lot of the money came in during June of 2021. But it was tax receipts and federal stimulus money, and it was really hard to invest $45 billion over 7 to 8 business days and not have to spread it out over the yield curve for safety reasons. It just got really unnerving for us to consider the fact that we were approaching 10% in treasury issuances in our holdings and we just started spreading it out a little bit further off the Treasury curve and a lot of that is taking effect today with great speed higher than they've ever been since I've been in this office. Next screen.

So last year, right before we had our webinar, the Fed at the end of September and this is what the voting members decided what was going to happen with rates. As our economist said earlier, there's not a lot of unification after a year, and even a year, they're still kind of divided and not really sure. So, in September of 2022, the Fed funds rate was 4.25% and half the voting members felt it was going to be up a little bit higher by fiscal year or by calendar year end. The other half felt that was going to stay right where it was. And then if you look at 2023, they thought rates would get to 4.5% or maybe a little bit higher. And we're not at the end of 2023 yet but the Fed funds rate is 5.25 to 5.50, so not quite there. And then if you look where they thought rates are going to be in 2024, there was no unification. So for people who study this material and live in this environment, there's no unification on what they think's going to happen in two years. So, it's just a crazy investment time for all of us. Next slide.

So, this is an item that we have posted on our website. It's our maturity schedule we post this quarterly and what I'd like to point out, the first thing I'd like to have to take a look at this is September of last year and that time we had it was 10% of our total assets in two years or longer investments. This is at the time the feds about to really hit the accelerator or has been the accelerator raising or started to raise rates, whereas at least finally talking about it. But we had already locked a lot of this money in June when there was no talk because inflation was transitory. So that's part of what's causing our lag in terms of our yield increasing as fast as other alternatives out there. And if you look here at the one-to-two-year area, we had $40 to $46 billion in total assets, about 20% of the total PMIA was invested in securities that mature between one year and two years. Next screen.

Here the Fed funds kind of charted when they start raising rates. They started in March of 2022. They raised to 25 basis points, which was the norm, but then again, I'm just kind of keeping the September 30 as right before we met last year number. So, the pool was at $220 plus billion dollars. The average life of the securities in our pool was over 300 days and the earnings were right around 1.6% for daily effective yield. Let's go to the next slide.

So, here's what we post this on. So, the top chart is what's on our website right now and you can see historically over the past five years, but the PMIA, which is the blue line and the red line is what we consider like just the closest index that we can compare to is the S&P GIP index. It's the government investment pool index and then just the Fed funds rate on this chart. So, as you can tell from the previous slide the Fed started raising rates in March, at that time, we were still kind of in lockstep with comparison rates and comparable funds that do what we do and that you guys can choose. But then the Fed really started hitting accelerator and they raised 50 basis points in May, 75 basis points in June, 75 basis points in July, 75 basis points in September and 75 basis points again in November. And as you can tell by this chart we really started to lag now because as Fed Chair Powell himself said just a few weeks ago, this is unprecedented rate hikes. This is the first time they hit the accelerator that hard themselves. With the duration of our portfolio, with this time and it was starting around 300 days, we were going to lag all of this increase rates. And that's where the circle where I just want to highlight this is the area that we're talking to. The feds started raising rates in March of 2022. And worked their way up all the way through the rest of the calendar year and actually raised 400 basis points in roughly nine months span was a lot to handle.

But from that point on you can see what changes we've had to deal with as an investment team badging this large portfolio. So, as I told you in September 30th the portfolio was over $220 billion. By calendar year end, it was under $200 billion again, but we had made a conscious effort long before the feds start really raising rates to kind of try and shorten our investment rise and bring the average life back in. So as you can see, we had already knocked it down 20 days to under 290 days by the first quarter end of this calendar year, another 8 billion less in total dollars to invest on our behalf. But we did lower the average life again another two weeks and it's continued. So rates have gone up as our average life has come in, but with fewer dollars in the pool itself to invest in these higher rates, we are lagging a little bit slower than what we thought would be behind with comparison investment opportunities that you have out there.

So, this is the visual of what happened in the last you know fiscal year. So as fast as the levels were going up for both the PMIA and LAIF deposits that the inverse was true this last year where they both dropped rather dramatically. And this is kind of where we're at right now and this is where I'm going to go ahead and pass it off to Kim McCorstin and Tracey Paine.

Kim: Ok, good afternoon and thank you for joining us today. Now I'm Kim McCorstin, assistant director of the investment division and I wanted to start my presentation with an overview of the PMIA on September 30th of this year. We'll start by looking at the total number near the bottom of the page, circled in red. So, this number represents a portfolio total which is approximately $156 billion. If you recall from last year's webinar on June 30th, 22, this number was approximately $235 billion. At that time, the portfolio had increased over $40 billion from the prior fiscal year and now as Jeff had mentioned we're heading in the opposite direction. The portfolio has decreased around $64 billion from last September. Moving up to the top of this portion covers treasuries. The Treasury bills and notes combined make up approximately 64% of the portfolio. Then when we add in agency debentures and discount notes, almost 85% of the portfolio was invested in treasuries and agencies. This falls in line with our investment policy, which sets the goals and objectives of the portfolio, with safety being goal #1 followed by yield and then followed by liquidity. I'm sorry. And then yield. Next page.

So, this is a snapshot view of where we were ten years ago, where we are today, and the 10-year average of each security type. Again, treasuries have been and continue to be a large part of the portfolio. We focus on safety driven products, so whether the portfolio grows or shrinks, we tend to keep over half the portfolio invested in the treasury market. 10-year average for agencies is 16% of the portfolio. That percentage has grown in the last couple of years, so we have more agency options available to us, which has also helped us to diversify.

So, this bar chart is a visual of the portfolio composition the past 10 years. The portfolio balance as of September 30th of each year can be found at the top of each bar. You can see that our Treasury and agency positions, the bottom blue and red portions, have been really consistent over the past few years. Just as the PMIA has been shrinking the past year, LAIF has followed suit. For many years, LAIF seemed to hover between 20 to $22 billion and was approximately 1/3 of the portfolio. Fiscal year 21-22 LAIF shot up to $36 billion, but it's decreased back down to the 22 billion range and remains steady. LAIF currently makes up about 14% of the portfolio. Next.

As I already mentioned, treasuries makeup about 64% of the portfolio or approximately $101 billion. Utilizing the treasury market is an important cash management tool for us. Treasuries are always in the market, and they're safe and very liquid, which gives us confidence that we can handle large cash flows things as they come. This chart shows our maturity schedule of the next year, as of September 30th. We latter out the maturities. The green numbers represent Treasury bill positions, and the blue numbers are treasury notes. We invest in four-month Treasury bill that issues on Tuesdays, the six month and one year Treasury bill that issues on Thursdays, the two-year Treasury note that issues the last day of the month, the three-year Treasury notes that issues on the 15th of the month, and we picked up some of the five-year notes that also issue on the last day of the month. We have approximately 6 gig billion maturing the next year with the additional 33 billion out longer.

Ok, so another large part of our portfolio consists of agencies. We invest in both federal agencies which are issued or guaranteed by the US Federal government and by government sponsored enterprises and supranational agencies which are also referred to as multilateral development banks or NDA’s, which are issued by entities formed by two or more central governments to promote economic opportunity for member countries. These are all U.S. Dollar denominated obligations.

So as of September 30th, agencies made up almost 21% of the portfolio or $32.4 billion. This slide shows the breakdown between agency debentures and discount notes. Our portfolio is well diversified in the agency arena. We invest in Federal Home Loan Bank, Fannie Mae, Freddie Mac, federal credit bank and supranational, such as the International Bank for Reconstruction and Development, or IBIRD, the International Finance Corporation, or IFC, which you are both part of World Bank and the Inter-American Development Bank. We're also approved to invest in the European Investment Bank and European Bank for Reconstruction and Development, and we will consider these investments would make that our parameters such as maturity dates, size, and yield.

So, we're very transparent and there's a wealth of information available on our website. I wanted to show you where you can find information for the PMIA. The State Treasurer's website can be found at www.treasurer.ca.gov. There are two ways to get to the PMIA homepage. You can either click on programs from the top list which will take you to a link for the PMIA page, or you could scroll down on the main page until you see this group of boxes and click on the community investments box and that will bring you to another group of boxes where you'll find the PMIA box to select. Ok so either of those will bring you to this PMIA homepage where I hope you'll find everything you want to know. These boxes provide quick and easy ways to learn about our program, view the investment policy, the PMIA statutes, or take a peek at the Pooled Money Investment Board members. There's also a box for reporting documents which we’ll focus on today. You can click on this box or just scroll down to find the list of reporting documents.

To the left are links to performance reports and historical data. On the right are links to various reporting documents. I won’t go through all of them today, but I wanted to point out the market valuation which is posted monthly. We tend to get questions about this, so I did want to mention that LAIF is a dollar in dollar out program. They're not in net asset value funds. The market valuation will not change the amount you have available in your account and you have access to your full deposit at any time. The monthly and quarterly reports are required by law and are also posted here. On a monthly basis you can review month to month comparisons of our investment data, an analysis of the portfolio composition, and all the investment transactions for the month. Quarterly you can find a summary of resources in the market valuation report. Near the bottom of this list is a link to our approved investments, which Tracy will speak about in more detail. So with that, I will now turn it over to Tracey.

Tracey: Thank you, Kim. First, I'm going to discuss our approved investments. We have over 100 issuers that are approved for investment in the pooled money investment account. Having so many allows us to have different investment options to choose from, but with this comes a great responsibility. We monitor the credit quality of all of these issuers on a daily basis. It is our number one goal to ensure the investments are safe and that they remain in compliance with government code and the investment policy. We monitor each issuers credit ratings, financials, and news headlines on a daily basis utilizing our paid subscription services with the three primary rating agencies S&P, Moody's, and Fitch, as well as from other reliable media sources. And once we collect this data and information, we use it to analyze what changes have occurred and evaluate each issuers overall performance. And then from there we determine if there will be any change in our investment strategy. A change could be an adjustment we make over time, such as the amount that we will invest in a name or the length of time we will invest for. However, sometimes the information we've obtained requires that we make a quick decision. For instance, it could be a situation where we stopped investing in a name immediately. The change in the investment strategy could end up being something that is permanent, or it could be temporary until its deficiency is resolved. So, we continually monitor and adjust the strategy as new information is available.

About 17 billion of the portfolio on September 30 was certificates of deposit and commercial paper. That amount does fluctuate as the needs of our cash forecast change. Certificates of deposit on our approved list are either issued by domestic banks such as Wells Fargo, BMO Bank and Bank of America, or by foreign banks that are licensed in the United States. Such as Sumi Trust, which is headquartered to Japan. Natixis which is headquartered in France, or RBC, which is headquartered in Canada. The improved commercial paper programs are also issued by banks such as Rabobank, Soc Gen, and MUFG, but also by corporations and limited liability companies such as Coca Cola, Apple and Toyota.

As I explained, we have over 100 issuers that we are monitoring each day to ensure our investments are safe. And one of our priorities that goes along with that is to maintain a diverse mix of issuers and programs in order to ensure we are minimizing our risk and credit exposure to any single firm or institution. So, these graphs give you a great picture of that. Each portion of the pie represents a different issuer or program. As of September 30, the 17 billion that we had invested in CD and CTP programs consisted of 34 different financial institutions, CD programs and 34 different commercial paper programs. And there was purely a coincidence that they were both the same that day.

On the next slide, it breaks down the diversity of the 34 different commercial paper programs even further. 31% of those holdings were in nine corporate programs and totaled two billion. 30% are in 12 asset-backed programs and totaled 1.9 billion and 39% were in 13 financial institution programs and totaled 2.5 billion.

On the next slide, I'll show you our diversity of corporate bonds. Over the last couple of years, we have purchased a small amount of corporate bonds and this graph shows you the diversity by market segment. 28% of the holdings were in corporate needs and the remaining 72% were in financial institutions. Our transaction size for corporate bonds is significantly smaller compared to what we normally purchased and other security types so corporate bonds are a very small portion of the portfolio.

The next slide. With such a large portfolio, it is important that we have a number of investment options. We are limited sometimes by statue and sometimes by policy in what we can invest in, or how much or how long, and we also need to monitor our exposure and credit risk. So, we are always looking for new programs to add as approved investment to ensure we have plenty of safe investment options to work with. We look for fairly large programs that are highly rated with excellent financials, free from headline risk and in compliance with government code and the investment policy.

And that brings me to my last slide, which is about the pooled money investment board. The board includes the state treasurer, who serves as chair, the state controller, and the Director of Finance. The board provides oversight to the pooled money investment account and, among other things, they are responsible for designating the amount of money available for investment and for approving new commercial paper programs as authorized investments. And now I will turn it back over to Jeff.

Jeff: Thank you, Tracey. So here I'm going to pick up a couple of items that are on our website and just remind everybody who LAIF is and what the pooled money investment account is. So with this, the local agency investment fund is a voluntary program created by statute as an investment alternative for California's local governments. The program offers local agencies the opportunity to participate in a major portfolio which invests hundreds of millions of dollars at no additional cost to the taxpayer. The pooled money investment account itself is an investment vehicle that the state treasurer invests taxpayer money to manage the states cash flow and strengthen the financial security of local government entities. PMIA policy sets the investment objectives as safety, liquidity and yield.

So, as it was mentioned earlier, I'd like reminder everybody that quarter end LAIF still represents 14% or just under of the total dollars that we have to invest for the pooled money investment account. First thing I'd like to point out on this screen is that we are now kind of $64 billion less roughly than we were last year at this time in terms of investment power. So, we had those $64 billion that we had last year at this time and the interest rate environment that we invest in now which is between 5 and 6%, believe me, the yield will be a lot higher, but we just don't have those dollars here to work with. So, we're lagging a little bit because of that. But what I'd say like to point out that we did accomplish is that the average life is about 48 days shorter than it was last year at this time. And I'm pretty proud of that fact considering we do have quite a bit less to work with. Next slide.

So this is the maturity schedule as the most recent quarter end and much like the last time I showed this to you for last year, this time we'll start with the first thing I'll point out is anything over two years is now quite a bit smaller. It's only 5% of the portfolio is invested 2 years and longer. Then the next one is between one and two years. It's down to just under 20%. And again, this is just kind of what we do normally. It's part of our bar build investing. Whereas the two-year security matures we invest that money back into the next two years and some kind of roll that money out two years and it's kind of our sweet spot. It's two years and then just kind of what the pooled money investment account has always done. We haven't changed that. Next slide.

So, things that we continue to pay attention to and we talked about this a couple of times, here’s Fed Chair Powell saying he's had it up to here with all the comments about him saying that inflation was transitory and I'm still bringing it up. So sorry and then we do pay attention to everything going on globally. There's a lot of kind of conflicts going on in the world that can really affect what we do, when we do it, and how we do it. And then also with what we mentioned earlier, with what happened with Silicon Valley Bank and First Republic Bank we’re really interested with what the continued oversight where regional banks is going on. So we are hearing a lot about that from our partners in the banking sector. Next screen.

And just kind of show you a picture where what's gone on the last three years. The very bottom broken line is what the Treasury curve looked like on September 30, 2021, zero and kind of slightly moved up. But it had to move out there by the way just to find 1%. The middle yield curves where we were last year which kind of still made sense. The shortest-term investments were lower than the more time used to go on, but then if you look at the top line, which is the right where we're at right now, the timing couldn't be better for focus in terms of us wanting to roll our investment shorter to meet the cash flow demands of not only the state but also the local governments that participate in the pool. And we've been able to take advantage of the fact that shorter investment rates are earning quite a bit higher yield than anything else long term. Just wanted to point that out in visual for us. Next slide.

So two years ago, September 30th, 2021, this was a Fed dot plot and this is when life was simple, right? We're going to stay low for a long time. Everybody was having a great time. The market was doing great, so this is like every single voting member said yes, rates are going to be 0 at the end of 2021. Probably still going to be right around zero in 2022 and maybe ok, yeah, we're starting to hear the inflation problem. We can see rates going up maybe to 2% by 2024. Next slide.

So a year later, clearly that isn't what happened. The voting members last year at this time were kind of in unity and saying right around 4 1/2%, then maybe creep over another 1/2 percent for this year. But it's definitely going to come back down by 2024. It will back down to our one was that was the 2 1/2%, it's kind of going to be what they're thinking is going to happen. But there's a little bit of chaos in terms of how and when that's going to happen and they're voting. Again these people live this and they study all the charts and they know that better than we do.

What's going to happen? They're not quite sure. Next screen. So here's the most recent Fed meeting in code. That’s right, I want to point out this one voting member is somebody at that like to have a conversation with because they are totally the outlier where everybody else where they think rates are going to be in 2025, this was last year. Next screen.

So this is when they met just a couple weeks ago or in September. Most of the voting members feel rates are going to be right in 5 1/2% by the end of the year, the majority of them actually say over 5 1/2, but less than half are going to be saying it's going to be under 5 1/2. So we may still get our rate high at least that's what the information they had at that time. But they're all in agreement that rates should start coming down sooner. But they're not sure when and how, and if you look at what they're voting on in 2025, not very many of them have any kind of agreeing thoughts on what rates are going to be, it's just spread out on their voting. So this is a chaotic time. It is kind of crazy and what we're dealing with and from an investment perspective. We meet every morning. I think the market tends to overreact to every port that comes out and it kind of makes it crazy and I'm sure you guys are seeing the same thing. Next screen.

We're getting close to finishing. So what I'm liking to point out on this is just a couple of things. One, our investment world has changed a lot over the last year and that top left picture I posted on here is about change. And every morning we meet and almost, I would say two to three times a week. We change our focus and change our thoughts just based on things that we’re reading in the news and what are being said and what the market is showing us. Previous director loved to put quotes in there, so I had to share a couple that I think that where we are right now. In the midst of chaos, there's also an opportunity by Sun Tzu. So the chaos has been the portfolio itself has shrunk by 70 plus billion dollars in the last year. That can be chaotic, but so we took the opportunity at the same time, we want to bring average life and we needed to meet the cash flow demands of the pooled money investment account, mostly the state participants and in short the opportunity came up that the rates were higher on the short end. So it actually worked out to our benefit this time. Pay attention to what's in front of you. The principle, the task, or what's being portrayed. Allegedly that's Marcus Aurelius but I don’t know if that’s actually verified. I know who he is but I have not talked to him. But I think that kind of fits too. Just constantly pay attention to what you're doing every day. Pay attention to the news. Pay attention to your cash flows and just find what's best for you. And I also wanted to bring up one more slide. This is the same information that we post on the website now on the bottom right, but this is the last time interest rate environment was around 5% right before the financial crisis. As you can tell, as rates went from 3% to 5%, the PMIA trailed rates on the way up. The Fed had to cut rates to meet the demands of the financial crisis. The same thing that is happening now would happen then, but in the inverse, where the PMIA really trailed the rates on the way down. This is no different. We are always going to be the tortoise to all the other investment opportunities or investment options you have out there. They're much faster, they're smaller and their portfolios turnover a whole lot faster. So next screen.

I'll bring it up again. We do kind of do a little bit of barbell strategy investing where most of the investments we do are in the short-term advantage cash flow. And when we get larger investment days, we will invest out term if the rates make sense and then or bond ladder investing that we invest quite a bit in the two-year Treasury notes and as they mature, we take anything excess over what we needed that day and invest it back into the two year. A lot of it, most the time. So just visuals on how we do have some brush strategies outside of just normal cash flow investing.

And I think the last slide is just going to remind you exactly who we are. You're investing with us because we provide safety and liquidity every single day. Your cash can be withdrawn before 10:00 AM if you call us or on LAIF online, and none of that has changed through this chaotic investment world the last few years. Whether it's been COVID or rapidly rising interest rates environment, we continue to provide the same service that we've always provided for you and what LAIF is intended to provide.

Lily: Thanks, Jeff, and thank you for everyone who joined us today. We in LAIF and the investment division are pleased to announce that next year we will have the opportunity to meet in person at a live LAIF conference here in Sacramento. Please be on the lookout for more information to be shared via listserv. If you have not signed up for our emails, please visit our website to do so. Conference information and registration will also be posted on the LAIF website a few months prior to the event. Should you have any other questions or want any additional information on what we shared with you today, here is our contact information. Please feel free to reach out to any of us. And from all of us in LAIF and the investment division. Thank you all for participating.