Craig: [This is Craig] Siegenthaler from Bank of America, and it's my pleasure to introduce Jim Zeltzer. Jim is co-President of Apollo and sits on the firm's board, and he joined Apollo in 2006 and co-leads Apollo's Asset Management day-to-day operations across its alternative investment platform. Prior to joining Apollo, Jim was with Citigroup and Goldman Sachs. Jim, thank you very much for joining us.

Jim: Happy to be here today. Really appreciate the opportunity.

Craig: So Apollo's founded in 1990, with a real focus on private equity at the beginning, but the firm has really evolved into a diversified alternative asset manager with scaled businesses across the institutional channel, the wealth channel, and probably your most important channel, relative to peers, the insurance channel.

The firm now manages $550 billion of AUM, is one of the five largest alt managers in the world. So Jim, maybe just starting with the macroeconomic backdrop, it's a really interesting time. We have high interest rates, high inflation, stocks were down a lot, they've come back some, but everything's sort of pointing towards a weaker economy and higher loan losses, including some of the commentary from bank CEOs. I just thought we could start with your update on the macroeconomic backdrop.

Jim: Sure, sure. Well, as you said, we're fortunate. We have an amazing perch. We control 30 to 50 companies at any point in time and are an investment partner to 3,500 companies at any one point in time. Mostly G7. It's been a long ride in the desert for folks like us. Rates were at zero, the total addressable market and growth rates trounce any concept of free cash flow. So for us a strategy where discipline and purchase price matters, we are enjoying this period.

I would say from an economic perspective, the underlying economy, it's very bifurcated. Entertainment, lodging, hotels, travel, gaming, very, very strong, I think tied to the consumer in the US. Deep industrials, autos, car prices, while goods, home builders are a little bit more challenged. And so that's sort of that bifurcated economy with a little bit higher elevated rates. And I don't think the confidence amongst CEOs and C-suite is where it was in terms of the animal spirits. We were going down a path before the unemployment number.

A few weeks ago the animal spirits were really starting to heat up, and that unemployment number sort of stopped things. For us, this is a, I don't want to say goldilocks, but it's a pretty good environment. Rates are dramatically higher, so credit and lending, you're getting paid massively like you've never gotten paid in a decade. And when the equity and debt markets are a bit foggy for the new issue market, we like that macroeconomic environment. It's one that I would say is certainly very, very bifurcated.

I suspect there's a lot of concern and PTSD about confidence in the markets. A lot of bubbles have been popped; bonds, tech, SPACs, crypto, but we find this to be a really interesting market to invest. And our economist Torsten has been out there saying, no landing. And I was of the view last year that it was three quarters or 100% chance of a recession. I still think you're going to have a little bit of an economic slowdown because I think the afterburner impact of higher rates take some time, but generally constructive and really like this market for us to perform.

Craig: So it seems like we're waiting for some sort of credit to develop and it's not really happening. But let's say there is some development, and maybe you can see it at some of the banks. How do you think the US alternative asset managers, which have very large credit portfolios today, how do you think they fare versus the banks because a lot of banks' CEOs will say, we don't have that risk anymore. It's moved on to the asset manager side in the last decade.

Jim: There's a reason why we're not in the consumer unsecured business. Like I don't know how that does. The alternative managers for the most part have been – they may have big equity portfolios in real estate or infrastructure or private equity, but on the credit side of the house, for the most part scale is more senior up the capital structure. I think generally – listen, we're looking for a good cycle because I think for our business and our business model, we need to show going through a credit cycle and coming out the other side with our business and with Athene. I think that's what investors are asking ourselves.

But I think you're going to find most alternative managers are going to come out in fairly solid shape. The issue with – really a couple areas of issue. In the lending area, you're mostly a senior secured lender, folks who have a large second lien or a sub-debt portfolio, which are some of the larger BDCs. They may have a little bit of trouble for that.

And certainly the whole CRE ecosystem, massive equity growth because of where rates have gone for 7 to 10 years, and you get a backup and you got a backup in cap rates, you get a backup in NOI. It's a very slow moving asset class, so I think that's where you'd see some challenges. But we're not lenders to unsecured consumers. That was '08, '09 in terms of Resi. But I think alternative managers are going to come through this in much better shape than people think.

Craig: So that was kind of an industry comment, and I promise this is the last credit quality question. If we hone in on Athene, because you guys are doing something that's new and different and arguably really hasn't really stress tested before, make us feel comfortable or why do you feel comfortable with the credit quality inside of Athene and what its experience might be over the next year?

Jim: I think the big misnomer is we're doing something so dramatically different. If you look at – the typical Athene portfolio is 95% – every dollar, 95 cents of investment grade or investment grade product always debt, and then 5% alternatives. That's most other insurance companies. Instead of taking that 95 cents and putting 75 cents into liquid investment grade, we have found ways to create investment grade rated risk that we believe is better structured, that has lower defaults, and is something new. But we would not by any means say it's riskier.

And in fact, if you look at our – we think CLO securitization, double A's and single A's are better than corporate credits because of the inherent diversity. So I think in the last 24 months, many other like-minded managers are following the evolution of our strategy. And in the institutional market, it might have been the 60/40 model, which was followed for decades. In the insurance space it was really an IG corporate public credit, and we know how there's volatility in the market. We think in due course it's just a little bit level of understanding. But when you really – we're looking forward to a cycle because we will think – we're confident that with the robust nature of our portfolio we'll come through.

Craig: So I think 2020 was a really nice relative year for Apollo. If you think about the institutional channel is all about the denominator effect and crowded. Retail channel became all about limits and flow slowing. That's what retail tends to do in bear markets. But your insurance growth is just like defensive and slow and steady. How does the trajectory look this year? Is there any potential headwinds that you may be worried about? And also maybe talk about potential lapse rates as annuity holders inside of Athene and other insurance entities may see higher, more attractive rates in new products.

Jim: Well, let's take a step back. It was only 14 months ago that we went and did our Investor Day and laid out a very strategic five-year plan, laid out where we were going in earnings, in returns, and AUM growth. And even though we didn't emphasize AUM growth, everybody focused on trillion dollars. It just happened to double our business. And we were very, very clear with what our asset management business was going to do in terms of FRE revenue and earnings.

We were very clear in what our SRE, our insurance earnings/retirement services. And we laid it out very, very clearly. We laid out three big objectives; global wealth origination, and syndication. And on virtually every metric we are well above or maybe matched the five-year plan. So we feel extremely comfortable that the five-year plan that we laid out, we are executing, and we are at and above schedule in most areas.

For us, certainly ’22 was an extraordinary year for Athene. And it’s interesting to see what’s gone on with the breadth of demand for annuities, fixed annuities and variable, mostly fixed, in the industry. It’s dramatically higher the last couple of years. Athene has gotten a larger share of a larger pie. And so we’re really comfortable with in the size of the capital raise we made last year. We were very public last week in our earnings call that we’re confident, between all three channels, that we feel we’re going to do those numbers, if not better.

To your question about the surrenders, there was a little bit of noise in the fourth quarter numbers. The reality is the surrenders are completely in line with where they’ve been historically. In the third quarter, there was an FABN maturity. In the fourth quarter, there was a $5 billion reinsurance trade we did with a group that we have called Catalina, which is in the reinsurance, the PNC reinsurance. They had a lot of excess capital so it made sense for us to take that $5 billion of dated, aged annuities, put them on the Catalina, freed up capital for higher returning.

We see nothing in the – again, most of that product that we have is locked out. Only 20% of it is able to actually be surrendered. And we’ve battle tested that and the impact from multiple impacts is negligible to our business, we are a clear sailing ahead executing our plan.

Craig: If you strip out those two institutional items, the retail lapse rates look pretty consistent.

Jim: Yeah, there’s no lapse rate. There’s nothing changing from any historic numbers. And it’s interesting. As most investors – you see what’s going on with banks. They’re not dramatically increasing the return. Yes, you can buy CDs and such, but we feel like a very good area with where rates are right now to increase the fixed annuity product sales.

Craig: So sticking with fundraising, let’s focus on flagship Fund X, your big private equity fund. It isn’t the easiest time to fundraise today. Crowded, denominator effect. You’ve already raised a lot of capital. But I wanted to get an update on how this is progressing, how much more time you may need to get to your target. Is your target still reasonable? And maybe if you take a step back, what does this mean for private equity in general? Is this one of the more mature private segments from a growth standpoint?

Jim: Yes. So let’s take a look at – so private equity has been a tremendous asset class for the last three decades, has garnered lots of returns. And for investors who have been in it, and whether it’s the US, Europe or Canada, there’s certainly a great deal of exposure. And the recent success of private equity, if you were a public fund and you had a 12% exposure because of performance, that’s now 15 or 17.

And so there's no doubt there is the so-called denominator effect of where larger firms or where large institutions are allocating to alternatives.

From our perspective, we've closed on 15, we've said middle of the year. Wherever we end up, we're going to be one of the largest PE funds of all time. We've shown a preponderance to do really well in this asset class. This is our kind of market. So I do think it's interesting. For us, we're happy we're not just in the PE business. We're happy that private equity is really important to us. It's our discipline, our DNA. But it's 75, 80 billion of the 550. So while it's a DNA of the firm and a discipline, we have lots of other ways; that as investors look at alternatives today, we really think about alternatives across the entirety of the risk/reward spectrum and where can we create incremental return for a unit of risk with that liquidity transaction trade. And we see many opportunities.

Our strategy in PE is ringing home to many investors right now in an environment where the last 10 years, 40% of PE the last decade was healthcare and technology. A value-driven approach like we've done and the great performance of Fund IX last year, we feel really comfortable. So it hasn't had any impact on executing our business model or executing our business plan, so we invested in four years, not five years.

But I think the longer term question you're asking is, it's a good thing that these firms have diversified because I think what you're seeing is the advent of, whether it's credit, whether it's infrastructure, whether it's real assets, these are massive, massive ecosystems and huge opportunity in the backdrop of an evolving financial services sector for us all to pick up a lot of – we all as an industry are so much more relevant to the financing markets than we ever were before.

Craig: So Jim, with this one I may lead the witness a little bit, but sticking with Fund X, I think about this investment backdrop; potentially recession, distressed environment. Apollo Fund X is a flexible mandate. As many of you know, they can do distressed change for control-type transactions. And then I look at your track record. Fund V coming out of the TMT crisis, 44% net return. Fund VII coming out of the financial crisis. I think it was like 24, 25% return. Like this should be an easy fund to sell. And so, how is that investment? What is your thought of the investment backdrop? And you probably agree with me. And then why doesn't that make it easier to sell at this point?

Jim: Well, again, I mean we've closed on 15. The amount of $15 billion funds, you're talking about maybe 20 around the globe in history. So 10,000 funds, maybe 15, so we're doing pretty well. It's a great environment for us. We've already put 3 billion to work. We've done a couple of buyouts. We did a couple of big DIP trades. We announced Atlas Air. We've done about 10 toehold positions. We made a big investment a few weeks ago in Western Digital. So there's no doubt that investors, when they are allocating, we are one of the two or three folks that they're allocating to. And so feel really good about getting, as I said, within our striking distance. And we're very confident about where we're going to end up.

Craig: Let's not talk about your oldest business. Let's talk about some your newer businesses. There's a lot of newer and mid-size businesses inside of Apollo, which have really significant scaling opportunities. What's your favorite?

Jim: Well, I think they're all derivatives. When we had our Investor Day 14 months ago, we talked about global wealth, we talked about origination. And from two of those key pillars, in global wealth, what we're doing right now is a product called AAA, which is really – we took our alternatives business, pulled it out, which was 10 billion, and we brought in a few other institutional investors so now it's 15. That's going to be a turnkey alternative product for the global wealth and the small institutional channel. We think that could be right now 15 billion, eliminates the J- curve. It's very simple. We think that could be a massive flagship for us over time.

In a similar vein, taking a lot of the global wealth products are not really tax efficient for most investors, depending on where you live. The idea of taking a private placement variable annuity and wrapping it and taking that 8% non-traded REIT or BDC, and instead of having 4% net, you can have 775. Those are probably two areas that I'm really excited about in global wealth.

The other area I'd mentioned is the third party insurance business, taking what we've done for Athene over the last decade, 13 years. And in the past we were so focused on creating origination to feed our own business, but in the last couple years, our origination engines have gotten so large that we can not only feed Athene, but we can feed many others. And so this whole third party insurance, we're finding a lot of growth, especially with these origination platforms where folks want to have some of that flow along with us.

So between the global wealth, AAA, and the insurance wrap product, as well as third party insurance, those are all – each of those can be massive business drivers for us. And those were not really part of our five-year plan when we talked about it 14 months ago.

Craig: So Jim, if we all looked at your business three, four or five years ago, we could all objectively come up with a list of a bunch of white spaces. When Mark took over in early 2021, I mean you guys really had an effort to kind of fill them in at this point. It's really hard to find them now. What are your biggest white spaces today?

Jim: Well, I think we still believe that as people have described the advent of private credit over the last decade, we would argue that private credit really it's a term. We know what private is, we know what credit is, but it's sort of not been well defined. And it really what it has been is middle market sponsor or large cap sponsor lending that's arguably gone from zero to a trillion dollar asset class.

It's our view that the private credit opportunity is a lot of activities that have been embedded in the financial services or banking system. So whether it's trade finance, inventory finance, what we just bought out of Credit Suisse in the securitized products business, which is really a finance company to finance companies, all those activities now were coming our way because we have long-term liabilities we can match up against those.

So we think that private credit opportunity is not a 10 trillion opportunity. We think it's a 40 trillion opportunity, T. And so for us to be able to expand on that, to get more, what we call that fixed income replacement, really interesting space. Other white space, that's probably the largest and very consistent with our platform. But activities, the whole secondary space between private equity, but not only private equity, but real estate infrastructure and credit secondaries. That is an area that we are a bit of a latecomer. But we've brought together a whole toolbox of capital that's very relevant to GPs as the GP market has grown in that. That's a massive area for us. Climate finance; a lot of activity in that space for us.

We see a lot of white space within the big themes of credit, equity, and real assets, and we don't feel any need to go to the public markets. Plenty of opportunity set in those three areas for us.

Craig: Another growth avenue is capital solutions. Marc's made this big priority for the firm. The other competitor that really has a focus on this is this KKR and they leverage a big balance sheet to do this. Now that is not your objective. Apollo wants to be capital light. So how is your model set up differently than KKR's and how should we think about this really contributing to earnings growth over the next few years?

Jim: Sure. The whole idea behind having a capital markets business is – you're right, KKR has done it with the balance sheet. We've done it really in the effort to feed the Athene model such that we were – we came to the conclusion many years ago or I came to the conclusion that the public markets, there wasn't enough CUSIP production or CUSIP product that would let us make that incremental yields. We had to go out and find it.

And so now we spent the last five years building it, and now the ability for us to create that product is in excess of what Athene can use. So what do you do with that? You find yourself in a spot where it creates a flywheel where you find other insurance companies that want to be aligned. And when they hear that we're taking down $1 billion of something and Athene is taking 400, 600, 800, they'd say like, we'd like to be side-by-side with you, so it creates alignment. They come into our ecosystem and we're able to do that where the economics not only are good for our SRE business, the insurance related earnings, but actually creates FRE. So it's a massive flywheel.

And so for us, if you look at that, we laid out an objective to take that ACS revenue from 200 to 500 over five years. We went from 200 to 410 last year, 415. And so we feel very confident that having that utility in the middle of our entirety of our platform, it massively expands your reach not only behind – in addition to your 3,000 LPs, but we were rumored when we purchased the CS transaction that there were a lot of other large named managers along with us. And for us I think there's – in the past it was the sell side just dealt with the buy side. It was a one-way pipe. Now the ecosystem amongst the buy side is continuing to expand.

And I think how we are different than KKR is, we're aligned in the sense that anything we syndicate we own a majority of. There's a great sense of alignment to that, but I think this is going to be table stakes in the future if you don't have these businesses. That their reliance, the largest investors around the globe, they want to see more co-investments, they want to be part of that ecosystem, so it's a massive flywheel once it gets going.

Craig: Great. Let's pivot into your individual investor business. I mean this looks like a big growth avenue for the next decade. You've been launching a lot of products in this channel. Just remind us what Apollo offers today to the private wealth channel.

Jim: Well, when you attack that channel you can do it a few ways. You can take the products you have, the flagship products in PE, in credit, in real assets, and put a retail wrapper around those. And that's usually for the uber high net worth channels. Then there's creating new products like a private REIT or a private BDC, which are more structured for a broader audience.

And then you can create new products like that AAA that I talked about, which is taking an aligned strategy that's unique and none of our peers have that. And I don't want to use the current term category killer, but something that's scalable and large that is a unique product itself. You have to attack it from not only that product development, you have to develop it from a variety of channels regionally, globally, and regionally.

But then you also have to have education and technology. So for us it's Apollo Academy where a financial consultant, an RIA, independent broker dealer, they can go on and learn about private credit, private assets. So you got to invest in the education, you got to invest in technology. How they onboard. How they get information. What's the golden source of dialogue?

What was the table stakes a couple years ago of just having a flagship product, for us to go to interface with your firm, they want to see a breadth of products; they want to see support, channel service; they want to see technology and education. So the table stakes are getting higher. And those when I hear that, I think of it, it's a moat. Not everybody can provide that. There's a handful of folks that can provide it. And for us, that makes our business just a better platform over time.

Craig: So the global equity markets were down a lot last year. Global bond markets were down a lot last year. How did these retail products generally fare versus the backdrop in the public markets?

Jim: Well, certainly they fared better. Now the critic would say, well, yeah, they did because they're private and they don't mark as much. But the underlying products are really – they're really yield products. They're really robust yield product, durable yield products. And so they didn't have that equity risk or that duration risk, so it's not surprising that they withstood the volatility a bit more. And I think there's no doubt there's an argument now about some of the products that have a mismatch between investors coming in and possibly wanting to get out.

I personally think what Blackstone's doing is right. They're trying to instill discipline; that these are not ATM products. But the reality is the long-term secular trend is so much greater than any kind of short-term volatility. So the reality is these products will, if they're structured well, which the ones that I've seen have and they're investing wisely over a long time, that they're going to generate appropriate returns. And I think most times people – getting them away from the emotional attachment to liquidity is probably a good long-term decision.

Craig: So if you think about all the products, and I think know the answer for this one, but which one out of all these private wealth products do you think will be the largest in five years?

Jim: Well, at Apollo I think it'll be AAA. I think the idea that – again, just to reiterate what we did for the group. When we started that Athene business 12 years ago, you get $1 in, 95 cents goes basically to investment grade debt, 5 cents goes to creating this alternatives portfolio. And most traditional folks, insurance companies, had allocated the hedge funds and PE firms and things like that.

We said, let's do a little bit of that, but let's do some co-investments, let's create these origination platforms, and let's have a higher degree of success of achieving a 12 or 13% return over a long period with less volatility than 26, negative 2, 12, and 14. So we created that portfolio. That's now 10 billion in size, 200 investments. It's got a 14-ish net type of number. And for us offering that product out where we're going to continue to allocate all of our contributions in the alternatives, it creates great alignment. It eliminates the J-curve. It's simple. There's no double fees. So something like that has a lot of curb appeal and it's actually quite simple.

Craig: Is it 1099 too with taxes?

Jim: Yes. Yes. For us, we think that's will be largest.

Craig: Let's move on to insurance. Very large, very profitable, high growth business for Apollo, arguably your main differentiator versus peers. Can this growth continue in a high rate backdrop? And I'm thinking about more competition from the fixed income markets, but also more competition from other large alt managers that have replicated your model to some degree.

Jim: By the way, there's a jar by Marc's desk and my desk. Now if you call it insurance at Apollo it's 20 bucks; retirement services. But it's a spread lending business. It's not mortality risk, it's not morbidity risk, it's not healthcare risk. That's a really important point in terms of the actual left tail situation, a left tail risk.

But for us, when we got in the business, like many are doing today, it was a runoff business. Now we have four legs to our stool; runoff, retail, PRT, and FABN. PRT, pension risk transfer. Most folks are still on generation one buying runoff books in the US. So now we have four businesses, four legs, and we're in Europe with Athora, and we're expanding to Asia and Japan, other countries. So we're on generation 3.0. We think the rise in rates has actually helped the annuity product. I'd mentioned to you earlier the breadth of annuity sales globally are in the US. And there are other annuity markets in Australia and other places.

But we feel very comfortable. Will there be – there's more than 100 other players in the marketplace right now. We feel we're really far ahead. When you're in that ecosystem you have to raise the capital, you have to get rated, you have to create a retail distribution network. There's a monumental achievements that need to take place. So there's no doubt there's a few others that are doing a good job in it. The majority of the spoils will go to three, four or five folks. We're clearly at the head of the class. We're in that group.

We want some competition. It's good. It's good for regulators, it's good for validation. So we don't want to be the only folks out there doing it. And again, these are all things that we believe. When we think about our stock and our company, if we bring that same discipline on capital allocation to all of these businesses, that's going to create a competitive moat, it creates shareholder value to our business. so we love that.

Craig: Great. I have another retirement question. Apollo grows in multiple channels. There's organic flow in the retail channel, pension risk transfer, B2B, so multiple avenues there. I think I'm even missing one. But when you think about all those different channels, which one do you think should be the strongest contributive of growth over the next year?

Jim: I think it's tied with retail and PRT. Retail because of where we are in the rate cycle, and PRT, pension risk transfer, when rates have backed up a lot more pensions are in a much better funded ratio. And so XYZ corporation, industrial manufacturer, they want to probably sort of cauterize their risk, not have a great quarter in their business, but because of where rates are have a mark. So I think you're going to see continued flow in the PRT market. But I think that and it'll be lumpier. The retail business will be very steady, having a great first quarter already. And I think as there's more ambiguity about the equity market, that helps us out as well.

Craig: Great. I wanted to ask you about SRE. So spread related earnings, it's a pretty new earnings metric that you guys came up with. I wanted your perspective on it in terms of the durability, the volatility, the growth trajectory. You guys like to compare it a lot to FRE. But of course today it's a lower valuation, sum of the parts. What's your perspective on this metric and why should we put a higher multiple on it?

Jim: Well, I think it's a journey. I think that you're right. We have the evolution of it. It's been around for a couple years now. I believe that we need to go through a credit cycle so people understand and share our perspective on the durability of that. Again, I think when we think about other BDC models or REIT models where you're getting 10 or 12% over a 6 or 8 hurdle and we get 100 over whatever our spread is, I think that's a pretty compelling model.

I think also people see the capital efficiency of the model right now. While it's a lot of capital, it's very efficient because we're not using holding company capital to create that. I think it's – we're in a transition. I see the breadth of investors that are coming into our stock that are becoming more educated about the value of it and the value proposition. And I think where it's priced right now is quite attractive. So for us it's an evolution and a journey and we're very comfortable that what we set out for our five-year plan we'll get there and people will come along for the ride over time.

Craig: So Jim, I don't want to hog the floor here because we have a packed house, but I want to see at this moment if there's any questions in the audience. If not, I got a few good ones up here left. Well, let me hit on this one. Your model's different because you own 100% of Athene. I'm thinking about tail risk. I'm thinking about what may happen with regulators in the future. But you're essentially one and the same with Athene, so how does that make your model, your insurance model more defensive from stuff that may come in the pipes versus some of your peers where they may not own any part of the insurance business or maybe it's a smaller minority piece of it?

Jim: Well, if you're affiliated, whether you majority or minority, the cast of curiosity and regulators aren't going to stop based on formal or informal ownership. The reality is, for us we want to be the fortress balance sheet. There's a reason why we run it AA S&P rated capital calculation, even though we're only rated single A. And so for us, we want to be the fortress balance sheet. We are able to do things, not only grow the business organically, but have things like ADIP, which is that sidecar, and bring a bunch of other investors in.

But from our perspective we know the risk, we understand it, we've created it. And when we think about the variety of risks in the markets right now, we don't mind embracing it, especially at the value that we created it. So from our perspective, it's been amazingly valuable to us, to our shareholders, to us as investors individually and collectively and so we embrace it. We want to run with the beacon of being the fortress balance sheet in the industry and leading the dialogue about how to be a high quality intermediary. So again, growing our PRT business. This is all connected to how we operate as a leader, but we own that risk and we like that risk.

Craig: Great. Last question on the S&P 500 Index. The old industries outperform financials a lot over the last five years, and there's zero representation in the SP& 500. Five years ago you guys weren't C-corps, now you're all C-corp, although there's only two that are one share/one vote full C-corps and Apollo's the largest of them. So maybe update us in your prospects to get in the S&P 500 Index maybe this year.

Jim: Well, this is one of those things where there's a process. You can't apply to the club. They got to knock on your door. So all we can do is just prepare. We put ourselves in great position in terms of governance, in terms of transparency, in terms of reporting. We think we'd be an ideal candidate, which has got certainly a lot of upside. But it's one of the things all you can do is prepare and put yourself in a position. So it's not like there's a two-sided flow of dialogue where if you do X, we'll do Y. We think if we keep performing and all the governance that we've done, we put ourselves in a pretty strong position to be having that conversation.

Craig: Great. Great. Well, that it is. That's a wrap. Jim, thank you very much for joining us at the Bank of America Conference.

Jim: Thank you. Appreciate it. Thank you.

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