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EP53 | Playing the plan: Mawer's international equity portfolio

Andrew Johnson	**00:41**	Okay, welcome back to the podcast everyone! We have David Ragan here today. He's the lead manager of our International Equity Fund. So, welcome back to the podcast, Dave.
David Ragan	**00:50**	Thank you. Great to be back.
Andrew Johnson	**00:51**	Dave, you joined the firm back in 2004 right?
David Ragan	**00:54**	Yes.
Andrew Johnson	**00:54**	How did you end up at Mawer all those years ago?
David Ragan	**00:57**	I really contribute it to my exchange, actually. In Vienna, Austria. It took me away for a few extra months that delayed my entry to the workforce to the exact time [when] Mawer decides to do their first ever hiring of an analyst from university. And that exchange gave me some different experience[s]. I mean, there'[re] a lot of finance grads that also, I think, made me a better investor—having that worldview. And I obviously did finance. I think I did okay.
Andrew Johnson	**01:25**	You weren't valedictorian of your class?
David Ragan	**01:28**	Yeah, I was doing too many computer science courses and things like that, which I thought would be useful. And just...the GPA of that whole area is much lower. But useful. And obviously the team here—I actually had my interview with Gerald Cooper-Key and Jim Hall on my 24th birthday. Jim sent me home with homework and I spent the night until about two o'clock in the morning doing that for him. So that was my 24th birthday. But yeah, I think all that helped [to] set me apart and it got me this very lucky, very fortunate position.

Andrew Johnson	**01:58**	Yeah. And I guess spending that night until 2 a.m. really gave you—that was some good foresight to what was to come for the years after that [laugh].
David Ragan	**02:05**	Expectations are high here, yeah.
Andrew Johnson	**02:07**	And actually, you touched on it with computer science—I think that was probably good foresight as well, considering not just where the industry went, but where we're going as a firm and the impact that technology is having on the way that we work.
David Ragan	**02:20**	Yeah, I think that's always been one of my areas of genius for the team. I mean, obviously everybody's an investor at the core, but I've been able to help us work towards that "human + machine" goal where the humans are better decision makers but the machines just have bandwidth we could never match. So, find that happy medium. I can easily talk the language with individuals we've hired over the last few years. They're pure computer scientists; they're very technical; they can do things I can't. But I can talk to them and guide them with finance knowledge but also [a] tech background.
Andrew Johnson	**02:50**	You also mentioned a gentleman by the name of Gerald Cooper-Key; I don't think a lot of our listeners probably know who he is. And I think, early on, you started working with him right from the beginning, almost. Gerald, for our listeners [...] joined the firm just [...] a few years after Mr. Mawer opened the doors, I think. And he's had his hands all over our investment philosophy, our process, our approach to client service...really set the tone culturally for a lot of us here at Mawer. What was it like working with him very early on? You said you were 24 when you joined, but what were some of the learnings as you went over the next decade or so, working with him on the international mandates?
David Ragan	**03:29**	Yeah, I mean day one I started working with Gerald. It honestly does blow my mind that even people within Mawer have never worked with him—he was such an institution here. We have one of our main rooms named after him because he was such a—I would call him a founding member of Mawer Investment Management. When I joined, I didn't realize how fortunate I was to get to work with him. Little did I know I was working with the best international investment manager in the country at the time, one of the best in the world. I lucked out and got to work with him and spent up until 2010. March 31st, 2010, he stepped down, so I got six fantastic years to work with him and learn an incredible amount from him.

Andrew Johnson **04:09** March 31st, 2010…so, that puts us at 10 years that you've been running the international mandates here at Mawer. What are some of those learnings that you've had out on your own? And obviously, you've built a great team around you.

David Ragan **04:21** I'm very fortunate to have the team I did. And I think starting [out], Gerald did it by himself up until 2004. We doubled the team when I joined [laugh] and then Peter and Jorg came on 2008 and '09, respectively. The team aspect, I think, is pretty core. Where, even though Gerald had decades of experience and I joined out of school, he understood the value of a different viewpoint and understood that if you hire smart people, the dumbest thing you can do is not listen to them and not trust them. So, I've really taken that mentality [into] how I've managed the team, and the team is very decentralized, very much trusting [of] their people. But have constant healthy debate. I think that's a core competitive advantage that we've created.

05:06 Humility was another big learning from Gerald. Gerald and the market. If you're not humble, the market will make you humble, or it'll prove that you're not that bright. You can do all the work, do everything right and be wrong a lot of the time. And it's very difficult, especially for most students coming out of school with a 90% average—in theory, where, you're right nine times out of 10. You'll never have that in investing. So yeah, you get that humility. He was always a very humble individual; held his own views lightly.

05:34 The other area is, you can't beat a market by following it. So, an independent thought process, independent views. "Everybody's focused on China" is, well…not a very insightful comment. "China's growing at 9%" (which it was eight years ago) [is] not an investment thesis. You shouldn't just go out and buy China. In fact, you're going to destroy value in most cases if you just chase high GDP growth. Be a little bit more insightful. Think of the next level; look for the good companies with exposure to this theme. Maybe that's European companies that have good governance and export to China, maybe that's companies that are shipping things into China, facilitating shipping.

David Ragan **06:16** I mean really, that second, third step away from the obvious is very valuable. Really having an independent view is core. And the fund has been very different than the index since its inception; very different weights and sectors, countries, and that's because we're trying to make the best portfolio. We're not trying to be just a little bit different than the index. And that's where a lot of investors don't have the conviction: to be different. That's why they don't get different results and that's why they're not creating value and that's probably why, today (hopefully), they're bleeding assets. Because while closet indexers are suffering, true active managers still seem to be doing okay.

Andrew Johnson **06:55** Let's talk about the team a little bit there, because I think one of the more fascinating, more energetic parts of client meetings for me, is when we get to the…it's usually at the end of the meeting when we have this slide in our client review package called "current themes." We used to call it an outlook; I think we pounded the table pretty hard to get that changed, because we're really not trying to forecast anything. But we're trying to list a few items that are on our minds and could impact things on our way forward. Now, oftentimes, those are things that are fairly obvious to both clients and us and they are things that are happening in the world today and we're trying to wrap our heads around them.

07:31 What often is happening out there that shakes markets, or especially in a fragile state, is something that nobody sees. So, we're dealing with a real-world example of that right now with the coronavirus in China and now spreading around the world. I don't want our listeners to lose sight of the fact that there's a very real human impact to all of this, but we are getting questions from our clients about the impact of this on the markets, the impact on their portfolios. And I'd be curious to hear: how does the team deal with…I guess two questions: how does the team deal with specifically, the coronavirus as it's unfolding? But even more generally speaking, when you get caught off guard with something that shakes the world, shakes the market like this?

David Ragan **08:15** Yeah, I would definitely echo the first thought is on the human side. And in fact, we had a teammate (Siying Li) in China at the time. She's been able to get out, get home, and she is healthy. That was our first thought. I mean, you're right. It's the unknowable, the unforeseeable; the gray swan and the black swans, the ones that are really shaking the market and causing problems. The most important thing to do in this situation is have a solid portfolio of good companies, good diversification going into this. You can't forecast everything. And even if you did know the potential threats coming down the pipe over the next 12-24 months, you'd be so paralyzed by all these problems coming from different angles.

David Ragan 08:59 That was an early learning for me: that there is always something interesting going on in the world. It's a big place. There's always some country going through major strife, major political changes, viruses, droughts…it's nonstop. You would never invest in everything if you thought you had to pick which way this was going to go and know the end result. So we don't. We focus on the good companies. The ones that—I walked through an example, I think, last time we were talking about Brexit. We still don't know exactly how that's going to turn out, even though it already happened [laugh] a few weeks ago. But with the coronavirus…if you have a good business model, if you have pricing power, and if you don't have too much debt, you can be resilient through this very difficult period. Supply chains are being disrupted. Companies like Adidas saw their sales in China drop 85% in February. I mean, that's an unbelievable number. And if you have a lot of debt that could kill you. You can't outlast this issue.

10:00 So, we're always watching on the debt exposures of the companies, and the way that we approached this was first of all make sure Siying's safe, and she is. That's fantastic. Now, the expectation from people smarter than me on how pandemics like this play out is that in the next quarter or two it should peak and start coming off. That, I think, is a pretty reasonable assumption. The reaction by governments has been very…harsh, is probably the best word, but that's what you need in a situation like this. And we had a wish-list of companies. The obvious ones would be in China—more affected—but even the companies related to travel, LVMH we talked about last time.

10:42 I mean Louis Vuitton products…you don't typically go down to your local store and buy a bag. The better story, the better feeling—and that's what luxury is—is you fly to the Champs-Élysées in Paris, and you buy it in Paris. And when someone asks you, "That's a lovely bag, where did you get it?" You get to also add the fact that you bought it in Paris. Obviously, this is going to be hit in this period. So, I mean, we have a large wish list, [from] which nothing's really come through. Two reasons for that: one is the market may be rational. It sees that yeah, this is a likely short-term impact. It's two, three quarters of very much pain, then it should go back to normal. Or, and this has been the trend for the last 10 years, bad news is good news. Governments will come out and stimulate, central banks will come out and stimulate, cut interest rates, keep interest rates lower for longer…and that might actually be more of the story. It's just nonstop stimulation by all these governments and discount rates keep falling. So yeah, bad news is good news once again.

Andrew Johnson **11:40** One of the, I guess, by-products or outputs from this "bad news is good news" and this constant stimulation that's going out there, is that we've seen price levels around the world really just keep creeping and up and up. We see it in performance numbers. And you're obviously going to see it in valuations when you're looking at businesses that you want to hold in the portfolio. And that's a question that is on a lot of clients' minds: how long can this last? And what are our portfolio managers feeling like when they're out there in the market trying to find an investment for the portfolio? So, how do you and the team view things as they are right now, from a valuation perspective?

David Ragan **12:18** Well, the core that we do is try to make the best, most resilient portfolio we can, given the opportunity set. So we're going to be fully invested—that's our agreement with our clients. On the international side, if I'm managing your international equities, I'm going to manage your international equities. I'm not going to be suddenly 30% cash and surprise you. And that's a good thing because it focuses us on doing the best we can, but also I have been expecting a crisis for the last five years. I thought it was expensive for five years—even more than that now. So it's not something you can know. It's all dependent on the mass psychology of the market, and the psychology is still: interest rates are incredibly low, cash gives you nothing or even has a negative return; I'm going to invest in the equity markets. And the return keeps coming down.

13:05 What we've done in the last 10 years, back in 2009, when we value companies our DCF model can tell us the internal rate of return. So, you buy the whole company today, you get all the cash flows. What return is that overall? I mean, back then it was 10 to 15%. And all these high levels of returns that we've gotten for a very long time… that's taken these future returns and driven this IRR down to 6-7.5% for a typical developed market. We're not going to do 12 to 15% forever now. It's been too strong for too long. We could keep doing that for a while, but again, you're just stealing these future returns and harvesting them now. So, whenever this changes and it balloons back out to whatever more reasonable valuation—it happens. That's going to happen. That's what a crisis does. That's what the markets do at some point. Who knows when that's going to happen, [though].

13:57 But yeah, we're just trying to make the best portfolio we can. Valuations are high, but relative to the actual cost of bonds, the return on bonds or cash, that's a healthy spread. And that's why I'm really focused on that 10-year government bond rate. If that starts ticking up a lot, that's when I get concerned. That's when the equities look relatively overvalued. And I think that's when our asset mix team will be shifting a lot more conservative.

Andrew Johnson 14:22 So you and the team are trying to build this best portfolio that you can, as you said. How do you do that from little Calgary, Alberta?

David Ragan 14:29 Again, going back to that independence of thought—I think it's a huge advantage to be here. I've spent enough time in London and New York. There's a lot of investors there; they go to the same meetings as everybody else. Whatever management team's in town, they go talk to them. It's the opposite here. We choose what companies we want to go talk to and work on because we think they're good quality and offer a reasonable valuation. We develop our own independent theses and thoughts about the future—where the themes are going. So I think it's a huge advantage here. Obviously we can easily travel, go out and talk to companies, do site visits, lots of conference calls. It's not really a disadvantage. I think it's a huge advantage to be separate from the herd. Again, you're not going to get different returns if you do the same thing as everybody else.

Andrew Johnson 15:16 What are some of the recent examples of you and the team—I think the words or phrase that we use around here is "getting out there." Clearly a huge part of managing a non-North American mandate. So, what are some of those examples?

David Ragan 15:26 Very recently, obviously, with the coronavirus we've asked—especially our two analysts in Singapore—[the team to] stop travelling. We can pick this up once things are a bit safer; watch out for yourself. Previous to this, we had Wen travel to Japan and talk to a bunch of different 7-Eleven franchisees. We own the company Seven & i, which owns 7-Eleven. And there was some questions just on the sustainability of the franchise agreements, the happiness of the franchisees; there's some changes in some of the agreements. We want that independent view, so we sent him off to Japan. He walked up to a bunch of random 7-Eleven franchises, tried to find out when the manager was going to be there, because typically the owner will eventually work at these places. And obviously not 100% of the time he got a conversation with the owner, but he got a lot of these conversations and we confirmed some of our stories that the franchisees, with the new deal that's coming through, seem healthy. So, I mean the social aspect of this business is good, they're not being overly punitive to their franchisees, which obviously hurts the business long term.

David Ragan	**16:33**	Another example: Peter Lampert was just in India. We own HDFC Bank—India's best bank in our opinion—and I think most people would agree with that. Really a fantastic bank, global scale. But core rule number one in banks, is make smart loans. Don't loan to people who can't pay it back. And HDFC has a fantastic track record of that. But then the other aspect of banking is you actually need to have good distribution—get these loans out there. [Peter] was there confirming that, yeah, the centralized loan vetting process is strong and still seems to be quite good, but he also really got to see the distribution network in more rural, smaller centres—the sales focus of the teams—where people may not know that they can get a loan for a new tractor for their farm. And the sales culture is like yeah, you can, here's how the economics works, here's how it's going to make sense for you. I mean, if the economics works for the farmer, then it will work for the bank to get their money back in the end, and everybody wins.
	17:35	So, the growth prospects from HDFC we learned a little bit more [about] and we're a little bit more positive on, and then just reinforced our belief that it's a good bank making good loans. So yeah, there's a lot of advantages of "getting out there." Not only just sitting in an office with the CEO, CFO, but seeing the facilities, talking to people deeper in the organization, seeing how deep the culture that the CEO says is in the organization. See how deep that goes and see how everybody perceives their role in achieving the goals of the organization.
Andrew Johnson	**18:06**	Yeah, I think that's really important for clients to hear, because I think a lot of people have this vision in their mind of investors just sitting at a desk with five, six screens in front of them. It's all blue and black and red and green hopefully [laughs]—so far it's been a lot of green. And so, I think it's really important for us to convey to our clients, especially, that our team's out there—they're proving out their thesis on a company. You're getting evidence that's not only financial and stats-wise but you're getting [a] more tangible experience with a company, like you said.
David Ragan	**18:41**	Yeah, you can definitely invest from a desk somewhere, but I mean, like we highlighted being in Calgary, being out of it—you still get all the information everybody else gets. If you get on a plane, you can have a slightly differentiated view. You can see that a company that says something in the annual report and keeps talking about [this] something [that] doesn't really permeate the company. It's not something they actually believe in. And that eventually comes to light to all the investors, but hopefully you see that early and you can save client capital by seeing it early and getting out.

Andrew Johnson	**19:11**	Thanks a lot for sharing all of that. I think that's really great information for our clients and our listeners to hear about how we go about investing for our portfolios. And so, let's talk a little bit about investing in our portfolio. Let's get down to some of the nitty gritty and some of our holdings. One that sticks out to me is BiC and this is a holding that we had. It kind of lasted…it was the shorter end of the range of our typical holding period. So I wanted to hear from you and the team's learnings about that holding period with BiC and what happened from beginning to end there.
David Ragan	**19:41**	The holding period in our investments is ideally forever, but we're very (again), humble. If we see that we made a mistake, we'll correct that. Selling a stock…some people hesitant to do that because it's really admitting you made a mistake and crystallizing it. In the case of BiC, part of the problem—and I don't think this was specific to BiC—but part of the problem for the last 10 years, is anything "value" is not valued by the market. So, value is stocks that are a little bit cheaper, maybe low growth, no growth, just cashflow generators. And BiC definitely generated cashflow. The problem arose when there was a disconnect with what management seemed to be perceiving, or at least trying to do. BiC—their main products are lighters or stationery; those would be the two cores. And these are not growth businesses.
	20:34	You can get a little bit of growth through pricing. BiC came out with new lighters that you could actually have custom pictures and skins on them, so you could put your own face on your lighter if you really wanted to. Obviously safety is important, reliability is important. You have this lighter in the middle of the forest going camping and you want to make sure it starts that fire. I personally don't know how to start a fire with a stick and a blow.
	20:55	The disconnect is, this is a declining business. And they're trying to invest in this company and grow it. And I don't know if this is correct or not, but there could be some aspect where the family—the Bich family (they spell their name with an H at the end); they're still in control; the grandson is the CEO. And if you are biased in that way, and you want to keep your family company (even though it is in a declining industry) strong and growing, you're going to overinvest. You're going to sacrifice cash flow to try and make this happen. And that's what we saw. The cash flows were being invested and we don't think they were earning a good return, or they weren't likely to earn a good return. So, value we have nothing wrong with—it's a wealth earning company. Valuation was reasonable if they met, just milked it as a cash cow. But that wasn't the case and that's why we exited that position.

Andrew Johnson 21:45 I think that's really important to hear too, is that yeah, you're going to make investments—and to go back to your earlier comment when we first started, that 90% in universities is never going to happen in the market. You're actually going to lose probably more [often] than not. In terms of decision making, you're just hoping to get the odds in your favour over the long term. So, it's important to not only, I guess, make the investment thesis, come to a conclusion, make the investment for the portfolio, but you have to constantly monitor this thing because you're not only paying attention to what's happening and how it's reacting in the market, you're paying attention to: is it proving to your thesis, is it hitting everything that you thought it was going to be, and if not, you've got to make a decision.

David Ragan 22:55 Yeah, you're always daily, every quarter, you're thinking, "okay is there any news about this that either supports or thesis or rejects it? Is it going much better than expected? Is there something happening you never expected on the positive side?" Obviously we love those, but yeah. Because [this was] an example where there was more negatives and there wasn't the appropriate reaction. So, wealth-creating company? Yeah it's still wealth-creating—for now. Good management team? We started to question their ability to allocate capital. And then valuation, again, if you're not getting a good return on capital, valuation was looking less likely to be a discount. So, this was a situation where we were constantly re-evaluating the position and we ended up exiting because things had changed.

Andrew Johnson 23:07 All right. Well let's talk about one of the relatively newer holdings in the portfolio. The one that I want to talk about is a Dutch company called Adyen—I think I'm saying that right. And, from my understanding at least, it sits in this ecosystem of payments processing. So, maybe before you get into what Adyen specifically does, maybe explain to our listeners what the whole transaction credit card loop looks like and where Adyen fits in there.

David Ragan 23:35 That's a pretty long conversation. There's a lot of parties. When you swipe your credit card to try and pay for something online, and you eventually pay the money out of your bank account to the credit company—there's a lot of steps in there. There's a lot of authentications, making sure it's actually you, and this whole process: each party takes out a little small percentage of the value for their services. Everybody obviously sees MasterCard and Visa—those are fantastic businesses and very core to this payment system—but there's also merchant acquirers and this would be one of the core services that Adyen offers.

David Ragan 24:09 The merchant acquirer is...in the real world they're the ones that get that machine on the counter at the checkout. And then the digital worlds—and this is Adyen's world—when you get to that payment to pay for whatever you want, they're the ones that have the options of pay with MasterCard, Visa, your bank account, PayPal, Alipay—there's a ton of different ways to pay. They're the ones that do that. They have a very solid system. And this was a big competitive advantage of theirs—their actual system—and how it developed from the ground up without acquisitions. It's all one platform. And this system, their big selling pitch to potential clients, is, we'll identify fraud more, which cuts your cost, and we'll also flag fraud less when it's not actually fraud. We call them Type I and Type II errors in stats.

25:05 But basically, more transactions that should go through, do, [and] more transactions that shouldn't go through, don't. And you can easily save millions of dollars in this case by using Adyen and their technology. So, I mean the growth potential as we see more and more transactions going online, is strong. The company is taking share, they're working with some very large partners. Their core is Europe, but they're expanding around the world. This is more of an expensive company, definitely a higher P/E than we're typically used to in the portfolio. But again, we value companies through the DCF and this high growth rate, software-based system where margins don't go up at the same rate, or the costs don't go up at the same rate as revenue, really highlighted this as a very interesting investment for the Fund.

Andrew Johnson 25:49 How did they become so strong in the market? Were they a first mover? Or were they just the better executer throughout time?

David Ragan 25:56 The founders actually came from the industry and realized there's a lot of value in starting on one platform not like their competitors do—acquire a bunch of other merchant acquirers and try and tack the systems together, integrate them together. They don't integrate terribly well. You can't just tell somebody to use a new component on their system because, well, like a lot of software companies, if you are told that you have to upgrade your system because "we're changing it," you're going to go out and actually review all the options. So, I mean the Adyen system of, "we're just going to make a better mousetrap," which they did, from the ground up and organically grow, partner with good companies with a better product; slowly grow, not try to acquire growth, because that doesn't reinforce our competitive advantage...that's how they've done it. They learned from their past in the industry and they've so far been executing quite well.

David Ragan **26:54** Thanks for sharing that. Just before we let you go, we've heard of a holding that we've eliminated from the portfolio, we've heard one that we just put into the portfolio. One name that keeps on sticking out to me quarter after quarter, 12, 18 months, 24 months—clearly it's an important holding in the portfolio—is Aon. And it's been performing extremely well. I'm curious to get your thoughts on really, what's driving that. Even just over the shorter term recently, but also longer term and why we think this is a great investment for the portfolio.

27:27 Yeah, Aon is currently our number one weight by a decent margin. It has been for a long time and that's a conscious choice—we brought it up there. It's not just because the performance has been great, but the performance has been very strong. And the reason: because you check all of our three core boxes reasonably well. You have, I'd say, a very good business. It's insurance broking. It's not writing insurance, which you have big downside risk, these are the individuals that help a company—including Mawer Investment Management—identify the risks, insure them, find the right party to insure them with at the right price, and they get a percentage. So they don't have that big downside risk, it's very recurring. When insurance rates go down, people typically buy more insurance. It's like, "well, I have a budget of $100,000. I can buy more this year with that $100,000." Great let's do that. It's very sticky.

28:18 And there's always a new risk to insure. It used to be terrorism insurance after 9-11. Cyber insurance is the recent trend where now even again, us, we buy cyber insurance. There's always some new risks that people insure, and again, this just causes growth for Aon. That's the core of the business. They're far bigger than pretty much everybody else in the market. Even the next biggest entity, Marsh & McLennan, is materially smaller. So, the data advantage Aon has is quite astronomical. And they use that data to better serve clients and better place risks. And this, again, just helps them grow faster, grow better than the market—than their competitors. So you've got the good business.

David Ragan	**29:00**	The management team: very strong. They did take this business from—there was some weaker business where they actually did have insurance; there were some lower margin, lower competitive advantage businesses that they've been able to divest. They've been smart about capital allocation, where they have organic opportunities they invest in that, where they don't, they pay it out in dividends or buy back shares. And then finally, the valuation. Typically, when you have a good company, a very good company, good management team...the valuation is usually the offset. It's like, "valuation is crazy." No, in Aon—I don't exactly know why the market has missed this for so long, but valuation is reasonable. And all of those three checking off is quite rare. So that's why it's our top position. It's a very unique business; we don't have anything else like it in the portfolio, so it's not like we can buy two companies at 3% each and diversify some of that black swan risk. It is a very special, unique company, which [is] why it's so good, but also why we have such a high weight.
Andrew Johnson	**30:02**	It sounds like there's some similar themes here to a holding that I recently talked [about] on a podcast with Paul Moroz, our chief investment officer. And he was talking about the global equity portfolio and Intertek, and really, how there's some of the growth drivers for businesses like Intertek and I think Aon too, [in] that they're really set up with their position but also their expertise to take advantage of some trends that are going to unfold over the next decade or so. So, in Intertek's case, I think Paul talked about things like auditing the sustainability of the business, or the ESG parts of the business and being able to offer that as one of their services. In Aon's case, I think you nailed it with...we've had ever-changing medium to long-term themes around insurable risks. So, the next one that's really unfolding as we speak is the broad-based impacts of climate change, and the environmental risk that is happening with that. And [Intertek]'s in an incredible position, I think, to take advantage of that. Is that the case with Aon as well?
David Ragan	**31:00**	So, the climate change is causing bigger disasters, more expensive disasters, and that drives up premium prices. So, insuring the same house, same car, same boat—whatever—same oil rig, costs more. And Aon's percentage of that goes up. And people also just realize with that uncertainty, if you didn't have insurance before, you probably want to buy more now or buy some now.

Andrew Johnson	**31:24**	Well, thanks Dave. I had a lot of fun talking to you today and I'm looking forward to the next time we get to sit down.
David Ragan	**31:28**	Thank you.