FINAL

Bloomberg Transcript

Company Participants

- Dinos Iordanou, CEO
- Mark Lyons, EVP, CFO

Other Participants

- Unidentified Participant, Analyst

Presentation

Unidentified Participant

We are very pleased to have with us today Dinos Iordanou, Chief Executive of Arch Capital. And also Mark Lyons, who is the Chief Financial Officer and previously had responsibility for running all of Arch's insurance unit. During Dinos' tenure as CEO, Arch has delivered among the best track records in the industry of 18% compound annual book value per share growth. So I know his shareholders are very happy about that.

Dinos Iordanou {BIO 2397727 <GO>}

That's how I get paid. That's -- I would say 60% of my performance is on that measurement alone. So I pay a lot of attention to it.

Unidentified Participant

Okay. Well why don't we start off our discussion with your perspective on P&C market conditions, not just what's happening with the rating environment, because I think we are pretty familiar with that. But how you view this cycle as different from others, given that the property casualty insurers and reinsurers still have some pricing power without massive destruction to the industry balance sheet. So why don't we start there?

Dinos Iordanou {BIO 2397727 <GO>}

Okay. Well it is -- I've been in this business now since the mid-'70s. So I've seen the mid-'70s cycle as a rookie and then I've seen of the '84, the mini cycle in '92. And then of course the class of 2001, after September 11. And now.

This is the first cycle, in my view, that the competitive forces and the competitive winds that were emanating from the primary insurance companies, because of the consolidation of the reinsurance world. There is only 30 names now worldwide of any significance on the reinsurance market.

The reinsurance market, who traditionally provided the chips for excess competition through cheap reinsurance transactions, in every single cycle in the past, it was absent from the market. There was more discipline. So to speak, in the insurance world -- big picture. So everything that fanned the competitiveness in the marketplace, it came from the primary side of the business. And that is the major difference, in my view, from what we saw in mid-'70s, in mid-'80s, in early '92 and then in 2001.

Now, talking about today's environment. And we are seeing a gradual improvement in the pricing environment, most cycles have an abrupt correction. And usually, the abrupt correction happens because there is liability issues with the balance sheet, meaning the reserves are inadequate, people get scared, CEO executions are frequent and massive. And new people come in and they try to correct the balance sheet. And then you have kind of a more of a violent reaction, because the business that responds to fear and greed. And when fear sets in.

This is not what we see today. What we see today is a financial crisis that has caused a lot of easing by a lot of the central banks around the world. So it created a very low interest rate environment. The primary companies, because of regulation, they have a limitation as to where they can invest their assets. So in essence, they are tied into these low-return, low-risk --. And there is degrees that you can deviate from that environment. And for that reason, there has been more of a recognition that in order for us to get any sort of viable returns, we have to improve the underwriting performance. And that is what we see. This is not in the market cycle that usually will come because of a correction on the liability side of the balance sheet.

Mark, anything else you want to add to it? You being a veteran, too. You've got more hair -- gray hair than --.

Mark Lyons {BIO 6494178 <GO>}

I'm glad you clarified that.

Dinos Iordanou {BIO 2397727 <GO>}

A little less hair and more gray than (multiple speakers). We have been working with Mark together now since the early '80s. So we know each other for over 30 years. So it's --.

Mark Lyons {BIO 6494178 <GO>}

Thanks for dating me. I agree with that analysis completely. I think what it really means on the current view of cycle versus the past is because the reinsurers have had a lot more discipline -- and remember, the insurance group is a big purchaser. So we have the ability to look at it as a purchaser. And then more broadly as a reinsurer on the Arch Re side to match it up.

But there has been a lot more discipline there. So as a purchaser, I can vouch for that. But also over the last three years, in some severe lines of business, a lot of carriers have taken a lot bigger net positions as a result. So any adverse development, anything to that matter, will, I think, be felt a little more disproportionately to the primary company than perhaps it was in past cycles.

Unidentified Participant

If we are not in a so-called hard market currently, what do you feel it would take to make that happen, both on, say, the short-tail and long-tail lines?

Dinos Iordanou {BIO 2397727 <GO>}

Adverse development on the reserves. As usual -- it is the day that people go to confession. And usually one goes and then misery has company and others go. And they say, me too and me too. And at the end, we haven't seen that.

You are going to see it. Every single cycle had issues with reserves, that you got the significant correction. And it comes with fear. And fear usually is -- gets translated into two actions. Fear of the Board, which throws out the CEO and his management and brings a new guy or promotes a new guy or retires somebody. And the new guy says, this is my honeymoon, I've only got six months, 12 months. And let me throw the kitchen and the sink together on the reserves, because I only got a little bit of time to correct the balance sheet. After a while, it's going to be -- I own it. So -- and that is what happens.

If you go back and look at either the transactions by changing management in every single cycle, you've seen a lot of change in CEOs. Independent if they were retirements or forceouts or -- in every single one of them. And it happens when you start seeing adverse development.

Now, most of you read the Qs, you read the Ks. And you are starting to see a little bit of glimpses of -- the 2010 and 2011 and 2012, they shouldn't be developing, unless they were aggressively reserved to begin with, this early on a business has 3.5-, 4-year duration.

So my -- for those who pay a lot of attention to the last three, four years on the Schedule Ps, they are fooling themselves. The real number is four or five years out. The first three, four years are self-grading exams. And nobody wants to fail themselves.

So they usually -- that's when you see people cheat a little bit, they get a little -- and you find a lot of excuses to do it and justify. Severity trend is down, the frequency trend is down, it will continue forever. Then you can take a very optimistic or a very pessimistic approach to it, or be somewhere in between and you get three different answers. And at the end of the day, none of them is wrong. One will be the real one eventually. But you don't know that until four or five years out.

Unidentified Participant

Let's talk about Arch's reserving in particular. The overall reserve relief for Arch has been significant and persistent, with greater releases in reinsurance than insurance. How long do you feel this can last? Or maybe we should start off by talking about what has been the major driver of (multiple speakers).

Dinos Iordanou {BIO 2397727 <GO>}

I don't know. I think the major driver has been our approach. First of all, let me start with the reinsurance, go to insurance. In reinsurance, you have to be always more pessimistic. You are one step removed; at the end of the day, you have to be a skeptic, even on your own clients, as to what they are reporting to you. So in essence, not that we don't take what they report to us. But at the end of the day, we make our own judgments. And we reserve on the basis of what we see in the marketplace and also what we see in our insurance group, which is the other side of the business.

Of course, in reinsurance, you lack granularity of the information. You can go and look at every case reserve and talk to your claims examiners. So in essence, your ability to set up the right IBNR is more limited. Now, you can be optimistic or you can be pessimistic. We choose to be more pessimistic, because of these aspects that we are still one step removed from that.

On the insurance group, it is easier, especially as you are getting more mature on the business, to get closer to reserving for adequacy without really having significant access reserves or underreserving, because you have all the additional tools. We get claims meetings that -- they happen once a month. We have the ability not only to look at the triangulation of losses. But also look at actual files and have an opinion as to how our case reserves are.

Now, you throw on top of it some of the parameters as to how early or how late do you agree with changes in the environment. It is clear to us today that frequency and severity has been beneficial for at least five years. And it continues. But I don't know what the future is going to be. Is it because the economic conditions, they were so benign and low inflation. And also people in the juries -- in the box, they weren't feeling as euphoric as they were doing it in '99, 2000, 2001? But socioeconomic explosion we don't see today. You don't see these runaway verdicts of $50 million here and $20 million here. And some of it has to do with the attitudes of jurors in a box and it affects the way you reserve cases.

But in the insurance group, you will always get closer -- your point estimate in your reserves will be closer to reality because you have the granularity of information and you can get that a lot closer. Reinsurance, you have to be -- and that is what is causing a little bit of that.

Also, I think in the way we run reinsurance, we have certain product lines that have been having better margins than others. So for that reason, you can afford to be very conservative on the reserves. Then they are short-tail in nature. So even if you put it up and you don't need it, nobody is stealing it, it's not -- they're not putting their hands in your pocket and they are taking it. So a year or two or three later, you will release it.

When I get the actuarial opinions -- and we get three -- we have our own internal opinion, which is the one that we actually book and the one we sign off on the reserves as CEO and CFO. Then we get PWC as our auditors. Then we get -- for the holding company, we get another opinion from (Telling Hess). And I can tell you their opinions, they are even more conservative. They think we're the most conservative of the numbers. They view that our reserves are more than adequate. And that has been consistent now for the last 10 years. And we have released in excess of -- I don't know -- it is a couple hundred to $300 million a year. But it is that methodology. And we're not changing it.

So I can't predict the future. But all I can tell you. I feel stronger about our reserves today than I felt a year ago or felt two years ago. So it is -- because we are not anxious to go and look at these new trends and try to adjust and release more reserves, because we feel that frequency and severity will continue to be benign for years to come. We take very long-term view and long-term algorithms. Well you are an actuary. So you know.

Unidentified Participant

Well you're an aeronautical engineer. But --.

Dinos Iordanou {BIO 2397727 <GO>}

It is easier to design jet engines than deal with all these tables, link ratios and all that.

Unidentified Participant

But if you make a mistake on jet engines, it can get a little --

Yes. It's a little less consequential (multiple speakers).

Dinos Iordanou {BIO 2397727 <GO>}

-- since 1974, when I was -- my first job out of college, I was at Pratt & Whitney aircraft. JT90 engine, goes on the 747. I don't know if they are still around. They are 30-year-old engines. But --.

Unidentified Participant

But they worked.

Dinos Iordanou {BIO 2397727 <GO>}

They did work, yes.

Mark Lyons {BIO 6494178 <GO>}

Let me just add a little bit to what Dinos said. When I look at the reinsurance division, for all the conservative reasons Dinos mentioned of why you need your step removed, there's a different kind of volatility involved, you start off on the reserving process with the pricing assumptions. And because they are large treaties, generally, they are tailored to that. Then you track that over time and they have been conservative.

The second thing on the insurance group versus the reinsurance group, just in terms of exposure. If you write policies throughout the year for an underwriting year, it takes 24 months for it to earn. If you write quota share treaties over the course of an underwriting year, on the reinsurance side, it takes 36 months for it to earn through. So you know a lot more more quickly on the insurance side than you do on the reinsurance side just in terms of earning the exposure underlying that to begin with. So that's another reason why the conservative aspect, I think, needs to be layered on there.

Unidentified Participant

Okay. The next topic to discuss is on capital management. Arch has a distinct capital management strategy where it discusses things like payback period. It also looks -- and we will certainly touch on deploying capital for new initiatives as opposed to share buybacks. Arch doesn't currently pay a common shareholder dividend. So it is certainly differentiated from most of the other companies in the property casualty insurance sector. So maybe you can talk a little bit about where you view capital management heading, especially in light of Arch having now one of the highest price-to-book multiples in the sector.

Dinos Iordanou {BIO 2397727 <GO>}

Let me start with the first, we're one of the few companies who doesn't pay an owner dividend. It is us and Berkshire. When I was working for Buffett -- and both of us worked for him, because, like I said, he and I, we have been together for 30 years. So everywhere we went, we went as twins, including Berkshire for five years -- he is very clear about it. He says paying dividends, ordinary dividend, is not a capital management tool for insurance operations, which they are very capital-intensive businesses.

So at the end, call it what it is. If you want to manage investors and because some funds want to buy your stock, because you have to be paying a dividend, just call it what it is; but it's not capital management. So let's take that off the table. Paying a buck a share or $0.50 a share or whatever is not capital management.

Because in a cyclical business, you are going to have significant sums. And if you -- of earnings. Then at times, when pricing is very weak and you're going to start shrinking the book, you are going to end up with significant excess capital and is what you do with it.

Now, our approach has been mostly -- we never rule out an external dividend, which is a capital management tool. But our preferred way is to buy back shares, especially we can buy them at attractive prices.

So you've got to have a measuring stick as to when do you do it. And our measuring stick is depending on what ROEs we are going to have in deploying that capital in the business versus getting that capital and buying back our shares, what is the payback period? And if it's three years or less or roughly around, we choose to buy back shares.

So (inaudible) done. We have something on the website that -- we've got a table that has duration on the top, ROE on the side and how many years. And then it will tell you what our actions are going to be. So we do look at where our share price is, what the multiple to book is, et cetera. Then is it an opportune time for us to buy shares or not.

And we bought shares in the Fourth Quarter. We bought shares in the First Quarter. Now, are we priced adequately by the market? Who knows? If you ask me, probably no. But if you ask those who vote with their dollars, they say yes, it is the right amount. Otherwise, Buffett says to me -- and he has this expression -- he says, stock market in the short term is a beauty contest. In the long term, it is a weighing machine.

We worry about the long term. We worry about can we add book value per share, can we make the balance sheet weigh a little heavier than somebody else. And eventually, eventually, shareholders are going to reward you for that. So I don't look at the price fluctuations.

But when we are going to make purchasing decisions on buying back our shares, we go through those calculations.

Now, if we continue to accumulate excess capital, we might have to revert to an extraordinary dividend. But I think there will be opportunities in the market, especially since we haven't seen a real market turn. Right now, we are seeing a market adjustment, I will call it, an adjustment to the reality that the asset side of the balance sheet is not going to contribute as much. And for that reason, you have to make more underwriting profit in order to have a reasonable return for your shareholders.

But the real correction is going to come. And this business will be cyclical forever. I'll be in my grave and still it will be cyclical. It is a business that you -- your essence, you are borrowing money. But you don't know precisely at what interest rates you're borrowing it at. That is the nature of the business and --.

Unidentified Participant

In terms of the underwriting profit.

Dinos Iordanou {BIO 2397727 <GO>}

Yes. You know, somebody gives you premium because they expect losses to get paid is borrowing money. I borrow it today. The trick is can you borrow money at less than 0%

interest rate. And that was the old trick, the old trick.

And when we went to work for Berkshire, both of us, that was the only criteria. Buffett said, as long as you're under 100, I don't care if you make 1%, 2% or 3%. Of course, in today's environment, that doesn't work if you want to have 15% ROE; you've got to be making a much bigger underwriting profit. So what you are going to get on the float by in essence borrowing money and managing that float over the duration of the liabilities that you have is not going to be good enough. And that is the only thing the market is adjusting to.

Now, the big adjustments come for the sinners, when they go to confession. And they go and say, oh, I'm sorry, I've got $10 billion of reserves and I should have had $12 billion. And all of a sudden $2 billion have to go up. Well there is blood on the street. And I think that is when we will excel as a company.

Unidentified Participant

Does it make sense for Arch then to keep some dry powder in terms of excess capital?

Dinos Iordanou {BIO 2397727 <GO>}

Without a question. And we have. We have excess capital. And we take that into consideration. And you know, we also understand it is a cost to shareholders. It is a cost to our shareholders, because, let's face it, the excess capital only earns 3%, 4% at best. You don't want to have a humongous amount of excess capital. But also you don't want to eliminate it totally because you might eliminate your future opportunities.

Unidentified Participant

How much excess capital does Arch have at this point?

Dinos Iordanou {BIO 2397727 <GO>}

We don't put a number on it. But we try to -- there is capital associated with our rating. There is cushion that associated with our conservatism. And usually, we run that at two notches above where we are. So we run the S&P model at Apples-to-apples.

Then we have in excess of that. And that is the only capital that we make decisions shall I keep the excess excess capital on or shall I buy shares back or dividend (inaudible).

Mark Lyons {BIO 6494178 <GO>}

Just a clarification on the whole capital management piece. Dinos referenced our matrix table that we have on our website. I view that as a soft table, not a hard table. Because that is always a forward look. So it is a view of what we are doing now and this return over a three-year period. So what is going on in the marketplace? There has been uplift. It hasn't been violent, as Dinos has said, it has been marginal to moderate. But it is in excess of loss trend.

So even if it is 100 basis points, let's say, in the aggregate of improvement from underwriting year to underwriting year, you've got to consider that. So the buyback is really looking at a 13, 14, 15 underwriting year view. So it is not just what you are doing now. And it has been marginal improvement. So you could reasonably assume some uplift.

Unidentified Participant

That makes sense. A 15% return on equity target over the course of a cycle, that seems built for a different interest-rate environment. Is that still a reasonable target?

Dinos Iordanou {BIO 2397727 <GO>}

Yes, for me it is, as long as you view it over a 10-year period of time. If you have a narrow view as to what is going to happen year-over-year, et cetera, it might not be a reasonable amount. But at the end of the day, who would have predicted four years ago that the Fed or every central bank would be in quantitative easing for four years in a row and maintaining interest rates low for this long a period of time?

If you would tell me that is the environment we are going to live for the next 15 years, then I tell you we should have a different target, because it might be very difficult to achieve that. But we don't view the world as such. At some point in time, there will be a correction.

And there is worries about how that correction is going to affect the balance sheet. That is why we take also other actions with the balance sheet. Short duration in our investment portfolio, keeping low leverage on the balance sheet, because at some point in time, depending how quickly interest rates correct, that might be the event that causes the market to turn.

Don't forget, this is an industry that has a little over -- the US industry alone. And you can extrapolate by the world by doubling that -- but the US industry has approximately -- close to $0.5 trillion of capital and about $1.3 trillion in bonds. Do the math. At 100 basis points parallel movement on the yield curve, or 200 basis points, a lot of the excess capital disappears.

And -- because you can't tell me the industry has more than $50 billion or $60 billion or $70 billion of excess capital. And that shock might -- even though you recover it over the duration of your liabilities. But that recovery takes four years, right? Three for us because our duration is three years. Immediately, though, you're starting to put pressure and then the only way to correct that is pricing.

Mark Lyons {BIO 6494178 <GO>}

The other thing, I think, to think about is your question about 15% over the term of the cycle. Obviously, you would need some years with foreign excess of 15% in order for this to happen. Because of our market cycle management, we will be a higher proportion of the premium in that, say, 10-, 11-year span in the high-return years, because of the way we manage our book and cut back on commodity businesses and severity businesses in that time. So it is not an average, like a straight average of 10 or 11 years. It is perfectly a weighted average by design, firstly.

Secondly, in like the 2002, 2003, 2004 years, they were almost embarrassingly profitable.

Dinos Iordanou {BIO 2397727 <GO>}

There is nothing embarrassing about profit. A good thing like we've done your year-end review.

Mark Lyons {BIO 6494178 <GO>}

That was a horrible review. Point noted, though. But even if you took those early years and corrected them for current interest rates, they would still be far north of that that would make demand for it.

Unidentified Participant

Right. Okay.

Dinos Iordanou {BIO 2397727 <GO>}

This is a business that -- it is cyclical, everybody knows it. You're going to have years that the business would be more profitable than others. And I don't understand management that their strategy is to grow 10% a year forever. It makes no logical sense. Right? I want to grow 30%, 40%, 50% in the good years and I want to shrink 10%, 15%, 20% in the bad years. It is easy to say. It is more difficult to execute and manage resources and all that.

But I think that is one of our differentiators, because we don't just say it; we try to practice it as much as we can. And we haven't even got to a steady state. When you dissect our reinsurance book, we went from $1.6 billion at its height, which was probably 2006. And we shrunk it all the way to $800 million, of which over $200 million will be new initiatives. So in essence, we went from $1.6 billion to about $600 million on, using a retail term, same-store sales. Not many managements have the guts to do that.

And that is why the profitability with our reinsurance book is so exceptional, because we practice what we preach. It is -- at the end of the day, we understand the cyclicality of the business. I want to write a lot when I see opportunities and I want to write very little when I don't. And we try to do that. More difficult to do it on the insurance side, because its infrastructure and more personnel.

But you still, you can -- the average insurance company has anywhere from 10% to 15% attrition in people turnover. You can manage shrinking the company by 10% a year and really -- not really costing you a lot, as long as you have flexibility in moving personnel around. And we practice that as much as we can.

Unidentified Participant

All right. Last question before we turn it over to the audience. Arch has a fair number of significant new initiatives that it is undertaking, including mortgage insurance, expanding in Europe, life reinsurance. These are pretty differentiated. And we get a fair number of questions on it. Can you talk to us about how you source these opportunities and what kind of return profile we should anticipate over time?

Dinos Iordanou {BIO 2397727 <GO>}

First on the sourcing, the sourcing sometimes is because of our own analysis and in some cases is because people find us. They call us. I see -- we have developed a good reputation as a company that it is a decent place to work. If you have a good idea that you can explain it, it makes the cuts. They like to take the opportunity to talk to us. And we've seen it.

We have seen a D&O team that we hire in the time that the cycle was not advantageous to us. But sometimes, if you are going to get the Chicago Bulls of the '90s, you might as well get it, because you know over time you're going to win a lot of games with them. Same thing, we did the facultative team on the reinsurance side.

So some of them, they are sourcing us, some of them, we are sourcing. Like the mortgage insurance, it was an initiative that we've been studying now since the financial crisis. So we haven't jumped into it. But there was three or four years of a lot of work that it was done behind the scenes, understanding the space, understanding -- finding the right individuals to hire and then moving on. So that has been our approach. I think we are very good as a Company in growing organically by really satisfying certain conditions.

It is the drivers of the business we've got to get in has got to be specialty-oriented, need some certain expertise. It is not going to be call centers or a massive number of people in distribution. So you're never going to see us compete with Geico or Progressive or personal lines or small commercial, that -- you are going to see us more into the specialty.

Second, we have to have the right expertise and be convinced we have it within the walls in order to embark upon it. And if we don't have it, we will go and bring it in-house.

And the business, which is your last question, has to be north of 50% in order for us to get excited about it over a long period of time. If we think it is a business that is not going to give us that over a long period of time, we don't want to be part of it.

Unidentified Participant

For the mortgage insurance, is it fair to say you have walled off the crisis and precrisis exposure?

Dinos Iordanou {BIO 2397727 <GO>}

Yes, yes. We bought CMG, which is associated with mostly credit union originated business, which has been the best business even during the financial crisis. And we are only paying a token upfront, 60% of book. So -- with an obligation to pay book as it evolves. So if book is what it is today, we will pay more. If book shrinks, we won't have to pay any more. If book is understated today, we might pay more than -- but that's a fair deal. At the end of the day, we are going to pay book whatever it is.

Don't forget, a lot of their old stuff is behind that. Mortgage insurance has usually at maximum about seven years. The '08 and prior, which is the problematic years, they only got three years to go. And then the answer will be there. So we are halfway there.

On PMI, we are just buying assets, no liabilities. We bought the block, 2009 to 2011. That block is extremely profitable. As a matter of fact, in order for the regulator to improve the price we paid, they have accepted a 75% loss ratio cap, which is highly unusual for a regulator in liquidation to say for that business, we are so confident on its profitability, we will allow you contractually to limit losses to less than 75%.

So it is a transaction we feel comfortable. But it has a lot of hurdles to get there. We've got to go through the bankruptcy court, they got to approve the deal. And then we've got to go to the Form A filings with the regulators. It is a long process. It will take six to nine months before it will close.

Mark Lyons {BIO 6494178 <GO>}

And just a 3-second add-on. I think you should think of it that PMI, we walled it off contractually. So we don't have any liabilities whatsoever. There might be some administrative runoff. But we have no liability for that old runoff book.

On CMG, which is (inaudible), which Dinos talked about, we handled it financially by having a 40% discount to book. And not only increments if it is proven to be a higher book value.

Unidentified Participant

Excellent. Time for one question.

Questions And Answers

A - Dinos Iordanou {BIO 2397727 <GO>}

We have put everybody to sleep. See -- it wasn't my answers, it was your questions.

Q - Unidentified Participant

That's right. I have to ask more exciting questions.

Hi. And thank you for speaking. This has been really interesting. Can you talk a little bit about how you view your foreign exchange risk in general. And specifically, your foreign exchange risk to your excess capital?

A - Dinos Iordanou {BIO 2397727 <GO>}

We write contracts throughout the world. So your FX comes when you have obligations either in euros or in pounds or in yen. So our approach is to try as much as we can to have a natural hedge. So what do I mean by a natural hedge? Every quarter, we go through and we see what is our obligations in yen, what are our obligations in euros or in British pounds.

A - Mark Lyons {BIO 6494178 <GO>}

In terms of claims liability.

A - Dinos Iordanou {BIO 2397727 <GO>}

Claims liability. Which is not easy to answer that question with precision. Because if you are writing a cat cover, you don't when the next cat event is going to be and that might go up and down. Then we try to match investments that allows us to have investments that -- liquid in general -- in that currency. And we don't do any other hedging on our FX risk. So basically, I have enough pounds, enough euros, enough yen to cover the liabilities that I have on the balance sheet.

Of course, sometimes accounting-wise it creates some weird things to happen, as currencies fluctuate. Because even though you are almost naturally hedged, one shows on the reserves, because your reserves go up and down differently, because you've got to convert everything to dollars. Then you might be taking either a hit or a gain on the P&L, because the other side, on the asset side, has to flow through the P&L.

A - Mark Lyons {BIO 6494178 <GO>}

Right, which is why we (technical difficulty) in our supplementals, with our 10-Qs, we kind of give you the earnings comments both ways, both views, above and below the lines, aggregate view. But our main functional currencies, ex -- outside of USD, is euro and pound. And we've got a little bit scattered around mostly. But (multiple speakers).

A - Dinos Iordanou {BIO 2397727 <GO>}

Australian dollars a little bit.

A - Mark Lyons {BIO 6494178 <GO>}

But in terms of critical mass -- and Canadian dollars, which is -- fluctuates. But it is probably the closest to one-to-one. But to Dinos' point, we look at the assets that we have and the liability duration every quarter by currency. And where it might be a little bit different, it makes some sense, like in euros, where the difference is it might make some sense.

Q - Unidentified Participant

With that, please join me in thanking Dinos and Mark.