INVESCO INC

Moderator: Marty Flanagan
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Forward-looking statements include information concerning future results of our operations, expenses, earnings, liquidity, cash flow and capital expenditures, industry or market conditions, AUM, acquisitions and divestitures, debt and our ability to obtain additional financing or make payments, regulatory developments, demand for and pricing of our products and other aspects of our business or general economic conditions.

In addition, words such as believes, expects, anticipates, intends, plans, estimates, projects, forecasts and future or conditional verbs such as will, may, could, should and would as well as any other statement that necessarily depends on future events are intended to identify forward-looking statements.

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We caution investors not to rely unduly on any forward-looking statements and urge you to carefully consider the risks described in our most recent Form 10-K and subsequent Forms 10-Q filed with the SEC.

You may obtain these reports from the SEC's Web site at www.sec.gov. We expressly disclaim any obligation to update the information in any public disclosure if any forward-looking statement later turns out to be inaccurate.

Coordinator: Welcome to Invesco's Fourth Quarter Results Conference Call. All participants will be on listen-only mode until the question and answer session. At that time to ask a question, press Star 1.

Today's conference is being recorded. If you have any objections, you may disconnect at this time. Now I'd like to turn the call over to your speakers for today, Mr. Martin L. Flanagan, President and CEO of Invesco, and Mr. Loren Starr, Chief Financial Officer. Mr. Flanagan, you may begin.

Martin Flanagan: Yes, thank you very much and thank you everybody for joining Loren and myself. And I'll briefly review the 2015 highlights before getting into a review of the business results for the fourth quarter.

And then Loren will go into the more depth of the financial results. And then, of course, we'll open up to Q&A as we always do. So let me start by providing a brief overview of the operating results for the full-year and if you're so inclined, I'm on Page 3 of the presentation.

Long-term investment performance remained very strong in 2015. Seventy-nine and eighty-five percent of actively managed assets were ahead of peers over a three-year and five years respectively at the end of the fourth quarter.

Strong investment performance combined with a comprehensive range of strategies and solutions we offer to help clients achieve their desired investment objectives contributed to long-term net inflows of $16.2 billion for the year.

Our efforts to deliver for clients while taking a disciplined approach to managing our business resulted in an operating margin of 41% for the full year, off just slightly from the very strong prior year.

The annual dividend totaled $1.08 per share which represents an 8% increase over the prior year. We also returned more than a $1 billion to shareholders during 2015 through dividends and stock buybacks.

Assets under management were $775 billion at the end of 2015, down from $792 billion at the end of the prior year. Mostly reflecting some late-year volatility. Average assets under management were $794 billion for 2015 versus $790 for 2014.

Adjusted earnings per share for the year were $2.44 versus $2.51 in the prior year. And as you can see on Slide 4, foreign exchange had a significant impact diluting earnings per share by 15 cents per share from the prior year.

During 2015, Fitch upgraded the firm's credit rating to a positive outlook and we repurchased $400 - excuse me, $549 million worth of stock. So let me take a moment and look back over the achievements over the past year which will provide insights into our continued long-range plans.

First and foremost, of course, we remained focused on delivering strong long-term investment performance which continued to drive to grow our business.

And as I mentioned, 79% and 85% of the assets were ahead of peers on a three year and five-year basis respectively at the end of 2015.

By delivering strong investment performance and focusing on clients' needs, we achieved further growth across the business. In the U.S., Invesco was the only firm to appear in the top five over one, five and ten years in the Barron's Best Fund Family Annual Ranking.

Our Asia-Pacific business continued to grow and we saw strong inflows in the range of strategies resulting in net sales of $5.7 billion. The strongest showing in the region since 2011.

Institutional sales were $14.2 billion, nearly doubled the prior year. We also saw continued growth in our EMEA business driven by a focus on delivering strong investment performance and meeting our client needs.

Cross-border and institutional were particularly strong with $7 billion and $4.5 billion in net inflows, respectively. And we remain in a very dominant position in the United Kingdom.

We continue to invest in capabilities where we see strong client demand or future opportunities by hiring world-class talent, upgrading in our technology platforms, launching new products and providing additional resources where necessary in 2015.

The ability to leverage the capabilities developed by our investment teams to meet client demand across the globe is a significant differentiator for our firm and we'll continue to bring the best of Invesco to different parts of our business where it makes sense for our clients.

By delivering strong investment performance, Invesco Global Targeted Returns achieved strong flows in its second year of offering with assets under management surpassing $11 billion globally at the end of the year.

We continue to invest and strengthen our fixed income platform in 2015 which is enhancing our ability to meet our client needs. We also invested in our institutional business in 2015, refining our global strategy, bringing on additional highly regarded talent and more effectively aligning ourselves to the opportunities in the marketplace.

We are seeing some early successes from this work. Institutional flows during the first quarter were among the strongest in the past several quarters in spite of the very volatile markets. We're very focused on bringing together the full range of our capabilities that help meet our client investment objectives.

The Rhode Island mandate of $7.2 billion is an example of the success we are achieving with our Invesco Solutions effort. Throughout the year we continue to innovate and expand the range of alternative products we offer.

Leveraging our strong teams and capabilities for the benefit of our clients globally. Two years ago, we began leveraging our presence in China to explore and better understand the opportunities in digital and mobile technologies in the marketplace.

We've also been exploring the possibilities with market-leading firms in Silicon Valley. Our acquisition of Jemstep in mid-January is an outcome of this research. Jemstep is one of the first digital platforms to focus exclusively on advisors and is a market-leading provider of advisor-focused digital solutions.

The Invesco Jemstep platform enables wealth management, home offices and their advisors with a full suite of technology solutions that are highly flexible, customizable, and easily integrated into their existing systems.

This acquisition represents an investment in our partnership with the advised community and highlights our efforts to participate with technology evolution within our industry. Turning the fourth quarter, let me take a moment to highlight the results which you'll find on Slide 8.

Strong investment performance contributed to long-term net inflows of $3.9 billion for the quarter. Adjusted operating market for the quarter was 40.1% versus 41.4% in the prior quarter. Quarterly dividend remained at 27 cents per share.

We also returned $329 million to shareholders during the quarter through dividends of stock buybacks. Assets under management were $775 billion at the end of the fourth quarter compared to $755 billion we reported in the prior quarter.

Operating income was $356 million in the quarter down from $373 million in the prior quarter reflecting a very volatile quarter by markets we saw in the quarter. Earnings per share were 58 cents versus 61 cents in the prior quarter.

We repurchased $214 million of stock during the quarter representing 6.5 million shares. Turning to Page 11 and looking at investment performance. As I mentioned during the quarter, it continued to be quite strong with 79% of the assets in the top half over a three-year basis and 85% were in the top half on five-year basis.

We also saw improvement in the one-year number which was 60% of assets beating peers. Turning to flows on Page 12 you'll see that active and passive flows were positive during the volatile quarter.

Active flows during the quarter were driven by a variety of capabilities including Global Targeted Return, Investment Grade Fixed Income, Real Estate, and Quantitative Equities to name a few.

Passive flows were positive with renewed strength in Invesco PowerShares ETF which saw net inflows of $2 billion. These flows were offset by $1.2 billion outflows associated with the Invesco Mortgage Capital deleveraging.

This did have an impact across a number of categories. If you look at passive institutional fixed income in U.S., and if you add $1.2 billion each of those categories, you will eliminate the impact of the deleveraging of the Invesco Mortgage Capital during that quarter.

Retail flows were relatively flat during the quarter, impacted by the macro environment as investors weighed their options during the very volatile quarter.

Institutional flows were particularly strong driven by inflows in the fixed income real estate and reflecting our continued focus on this part of the business. The pipeline of one but not funded mandate remains at near all-time highs and is up more than 28% versus the prior year.

Notably this excludes the previous announcement of the $7.2 billion Rhode Island 529 win which is expected to fund sometime in the third quarter. But we feel good about the results for the year and the fourth quarter and that puts us in a strong position heading into a volatile year in 2016.

Continued strong investment performance, our focus on meeting client needs contributed to solid operating results despite a very volatile environment. We continue to see strength across the global business, in particular in Asia-Pacific and EMEA.

Our focus remains on strengthening our efforts to deliver strong long-term results and help clients meet their investment objectives and enhancing our comprehensive range of capabilities.

But given the very volatile markets, we are taking a disciplined approach to managing our business, balancing our goals of reinvesting the business for the benefit of clients with a need to run our business effectively and efficiently as we have in past very volatile markets.

I'd now like to turn the call over to Loren to go through the financials in more depth.

Loren Starr: Thanks Marty. Quarter-over-quarter, our total assets under management increased $19.8 billion or 2.6%. This was driven by market returns of $21 billion, long-term net inflows of $3.9 billion and inflows from the Qs of $2 billion offset by negative FX translation of $5.3 billion and outflows from money market of $1.8 billion.

Our average AUM for the fourth quarter was $783.7 billion. It was down 0.7% versus the third quarter. Our net revenue yield came in at 45.2 basis points with a decrease of 0.6 basis points versus Q3.

FX translation reduced yield by 0.4 basis points and change in mix reduced yield by another 0.4 basis points. These impacts were offset by an increase in performance fees and other revenues in the quarter which in combination added 0.2 basis points.

Next, let's turn to the operating results. You'll see that net revenues declined by $16.9 million or 1.9% quarter-over-quarter to $886.1 million which includes a negative FX rate impact of $8.1 million.

Within the net revenue number, you'll see that investment management fees fell by $29.3 million or 2.8% to $1.01 billion. This reflects the lower average AUM during the quarter as well as changes in the AUM product and currency mix.

Foreign exchange decreased fourth quarter management fees by $10.1 million. Service and distribution revenues decreased by $7.2 million or 3.4%, again reflecting a change in mix and lower average AUM during the quarter.

FX reduced service and distribution revenues by $0.1 million. Performance fees came in at $18.8 million in Q4 and this was earned from a variety of different investment capabilities including $9.8 million from real estate and $3.2 million from U.K. equities.

Foreign exchange decreased performance fees by $0.1 million. Other revenues in the fourth quarter were $29 million, an increase of $1.4 million driven by a higher real estate transaction fees.

Foreign exchange decreased other revenues by $0.1 million. Third-party distribution, service and advisory expense which we net against gross revenues fell by $17 million or 4.3%. This movement was in line with our lower retail management fees and service and distribution revenues.

Foreign exchange decreased these expenses by $2.3 million. Moving on down the slide, you'll see that our adjusted operating expenses at $530.4 million increased by $0.8 million or 0.2% relative to the third quarter.

Foreign exchange decreased operating expenses by $3.9 million during the quarter. Employee compensation came in at $338.8 million, a decline of $8.1 million or 2.3%. This was due to lower incentive compensations for the quarter.

FX reduced compensation by $2.3 million. Marketing expenses increased by $8.8 million or 34% to $34.6 million. This was a function of seasonally higher expenditures for advertising and other marketing costs particularly in EMEA.

FX reduced marketing expense by $0.4 million in the quarter. Property, office and technology expenses were $80.4 million in the quarter, an increase of $0.5 million over the third quarter. FX decreased these expenses by $0.5 million. General administrative expenses came in at $76.6 million and that fell by $0.4 million or a half a percentage point. FX decreased G&A by $0.7 million.

Going on further down the slide you'll see that non-operating income decreased $3.3 million compared to third quarter. Included in the fourth quarter were a $7.3 million loss on the disposition of private equity partnership interests as well as a $2 million mark-to-market unpaid money investments.

These are offset by gains from consolidated sponsored investment products compared to a loss in the prior quarter. The firm's effective tax rate on pre-tax adjusted net income in Q4 was 26.6%, up slightly from 26-1/2% in the prior quarter which then takes us to our adjusted EPS of 58 cents and our adjusted net operating margin of 40.1%.

Now before I turn things back to Marty, I'd like to provide a little more detail on the business optimization work that we began to implement in Q4 in light of the current market volatility and as well as in light of our lower AUM levels.

We believe this optimization work will make Invesco an even stronger company, further increasing the efficiency and effectiveness of our operating platform. The business optimization work that's underway is primarily focused on our use of shared service centers, outsourcing, automation, and office location strategy.

In the fourth quarter U.S. GAAP results, we recognized $16.2 million of expenses primarily in the form of staff severance costs and we expect costs associated with the optimization initiative to continue through 2016. Total costs for 2016 are estimated to be up to $85 million.

Reducing our run rate operating expenses in 2016 and in future years is an important outcome of this work. And we expect the ongoing benefits of this project will be well in excess of the projected one-time implementation cost I just discussed.

We anticipate the project will achieve cash payback within less than three years and it will add an estimated 3 to - I'm sorry, 6 cents to 8 cents EPS accretion in fiscal year 2017 and beyond.

Finally, in terms of reporting and consistent with our past approach to dealing material one-off expenses, the incremental optimization charges will continue to be adjusted out of our non-GAAP presentation but will be detailed and tracked each quarter in the U.S. GAAP reconciliation table within the earnings release.

Additionally, we'll provide you updated estimates of the implementation costs and benefits of this initiative to the extent that these change in any material way.

So one additional item -- pardon me -- to note is that new for this quarter we've included a schedule detailing the impact that the change in foreign exchange rates had on our non-GAAP operating results and expenses for the quarter.

The amounts presented on Slide 17 represent the impact of the change in exchange rate movement in the quarter and the year and were calculated by applying the prior period's FX rates to the current period's non-U.S. dollar earnings.

Going forward, the schedule will be included each quarter and can be found in the Appendix of our earnings presentations. And with that, I will now turn it back to Marty.

Martin Flanagan: Thank you. So Loren and I - happy to answer any questions people might have.

Coordinator: Thank you. At this time if you'd like to ask an audio question, please press Star 1. Will be announced prior to asking your question. Please pick up your handset when asking your question.

To withdraw your request, please press Star 2. Our first question is coming from Mr. Michael Carrier of Bank of America. Sir, your line is open.

Michael Carrier: All right, thanks a lot. Hey guys, maybe just - you know, first on, you know, the flows in the quarter and then I guess the outlook. It seems like a lot of the strength, you know, Marty, you highlighted, you know, coming from, you know, the institutional side of the business.

And then, Asia. You know, you mentioned a pipeline, you know, near or at an all-time high. So just wanted to get a sense, you know, from a mix standpoint, you know, what's driving, you know, may be that pipeline.

And then when we think about it, may be, you know, for Loren - like from a mix shift on products. You know, obviously the market or the beta side, you know, is having an impact for everyone.

But just wanted to try to get a sense on, you know, how that pipeline is relative to the, you know, the current mix or the fee rate?

Loren Starr: I will be happy to pick that up, Mike. So the pipeline is being driven really in four big buckets, probably one of the biggest is direct real estate. It's probably 30% of the pipeline, continues to be strong driver. Fixed income, generally, across broad fixed income, alternative fixed income, stable value - probably another 30%.

And then, the remainder is split between asset allocation and multi-asset solutions and then quantitative and regional equities would be the other. So it's fairly well diversified and generally high fee.

And so when we look at the fee rate of the pipeline it's actually at one of the highest levels we've ever seen it. It's well above our current net revenue yields for the firm as a whole.

And so as these assets come in, it will be accretive to our fee rates which is great news. Obviously the negative that we've seen in our fee rate is due to the compression on equities, just given what's happened in the market. And then foreign exchange has also had an impact as well.

But in terms of the mix overall on the pipeline, the institutional pipeline, we think it's very positive for our fee rate.

Martin Flanagan: Yes. So I don't know if I could add much to it, other than, you know, it is, you know, just a part of the business where we've turned our attention. It's really just seemingly getting stronger and stronger, frankly, in each region in the world, you know, in the Americas and EMEA and in Asia-Pacific. And it is really quite broad-based. So it's a very positive...

Loren Starr: And the other thing I would just mention, I mean we would expect our fee rate -- I mean given stability in assets and stability in FX -- to grow across 2016.

Michael Carrier: Okay. That's helpful. And then just quick follow-up. Loren, you know, usually or sometimes you'll give, you know, some guidance just on like the expense lines.

And I don't know if it's, you know, because of some of the, you know, the work that you guys are doing, you know, to streamline the expenses, you know, as you get into '17.

But just, you know, any I guess, you know, color - I think, you know, comp you typically had the 1Q seasonality, but may be the marketing you have, you know, some 4Q seasonality. So any color on, you know, the expense outlook just given the volatility in the markets right now.

Loren Starr: Yes, I'd say given the volatility we're probably going to, you know, not give any explicit guidance around (line) items at this stage. There's a lot of work obviously that I discussed being done around some of this optimization work which will have some impacts on those line items as well.

Generally, we're working hard to bring expenses down. Right? As you can imagine, year-over-year decline in expenses. Our compensation generally moves and flexes in line with operating income, so those will be down.

Some of the optimization work especially around, you know, we just mentioned some of the severance will also help bring some of the compensation line down. But the benefits of the optimization work, you know, will probably spread across most of the other categories other than marketing explicitly.

But looking at marketing, that's another, you know, interesting topic for us. It is one of these conundrums when you're in this market, you know, your clients want to hear from you and you want to be out with them. But at the same time, you know, it certainly is a discretionary expense in this format we're continuing to look at.

So I'd say, you know, we're obviously going to be very vigilant to making sure that we manage expenses very smartly in this environment with no presumption of, you know, snapback or some reversal.

The other thing I would like to just mention, there is some impact just due to the acquisitions that, you know, we discussed in terms of Jemstep and in terms of Religare Asset Management completing our 100% ownership there.

It's absolutely immaterial in terms of the earnings impact, so you don't have to worry about EPS impacts. But it does add probably, you know, roughly $15 million of expense and, you know, a little bit more in revenue in 2016.

So you'll see some of those line items go up just as a result of those acquisitions, but offset by obviously higher level of revenues. So we don't want anyone to be surprised by that. The optimization work that we're doing should have a benefit in 2016 that you'll see. So again, we will quantify that as we get through it. But that will help drive expenses down year-over-year.

Michael Carrier: Okay. Thanks a lot.

Martin Flanagan: Yes, I would just add to Loren's point. I mean, we feel like we're really quite capable at this. And if you look at, you know, our history, you know, we use these volatile periods to really take advantage of opportunities as they show up.

You know, it is a period where I think '16 for the industry is going to be quite interesting, where, you know, clients will be looking for those firms that are in a, you know, a position of strength and, you know, we are one of those firms.

And we feel we're operating from a position of strength right now. And so, we're going to be very responsible on the expense side, but we have some real opportunities that we want to continue to advance at the same time. So that's what we're working through and we'll continue to make sure that we're communicating very clearly with everybody.

Michael Carrier: Got it, thanks.

Coordinator: Our next question is from Daniel Fannon of Jefferies. Sir, your line is open.

Daniel Fannon: Thanks. Good morning.

Martin Flanagan: Good morning.

Daniel Fannon: I guess first, can you expand upon the 529 mandates? I think the $7.2 billion you mentioned is going to fund in the third quarter. Is that - can you talk about the mix of products that's going to be?

And then also - that's obviously very large. Is that something that is a new channel for you guys or can you talk about how that evolved and may be the other opportunities within that sub-segment?

Martin Flanagan: Yes. So it will fund in January and there's...

Loren Starr: July.

Martin Flanagan: Excuse me, January. July. Excuse me, July. It's two plans. The vast majority of the money is in one plan. It's just for Rhode Island alone. That's ETFs alone sort of a, you know, broad range of ETFs.

It was - it's driven by our Solutions team. So they are, you know, building the portfolio consistent with what Rhode Island - the CIO has set there as a, you know, set of investment objectives.

The much larger part of the plan which is probably, you know, $6.8 billion of that is, you know, a broad range of active and passive capabilities, again, managed by our Solutions team.

And from my point of view, Rhode Island has been very, very thoughtful and it is a really well constructive approach and, again, it's our Solutions team that's managing, you know, the capabilities.

With regard to the channel, it is new channel for us. From the standpoint of - as we all know, you know, many, many people use 529s for kids and et cetera, et cetera.

And so, it will be available in the advice channel throughout the country. And it's one of the largest 529 plans in the marketplace and, you know, we just think it's going to be that much more competitive.

It'll be, you know, our goal is to help Rhode Island, you know, meet the needs of the people in the portfolio, but frankly they also want to, you know, grow their plan too and we work very hard to do that.

Daniel Fannon: Great. And then you mentioned, you know, part of the strength in the fourth quarter has been in Asia and Europe, and I think that has been for some time I guess.

Given the volatility to start the year, has those demand changes - has demands, you know, kind of trends change at all or kind of how would you characterize the start of the year?

Martin Flanagan: It's really hard to, you know, this - I think we all need a little psychology, you know, day-by-day, week-by-week changes. You know, it does feel like it's, you know, as the markets are seeming a little more calm, you know, you're getting some more clarity.

I will say I was just in Asia last week and, you know, all the visits I had were all very, very strong. So I would anticipate, you know, continued strength there as, you know, Loren said in, you know, in EMEA.

But it feels like, you know, we're starting to see a little bit more, you know, positive reaction to the environment. But again, it's so early to say anything with (unintelligible).

Loren Starr: I mean I think your point that you made before Marty was good. I mean institutional - the strength on the institutional side is actually strong across every region.

Martin Flanagan: Right.

Loren Starr: Great pipeline. The retail behavior, you know, has been sort of hard to gauge, sort of in and out, risk on/risk off. But generally, I'd say in EMEA we feel very, very comfortable and confident that the retail side is going to be quite strong.

The GTR product is doing very, very well. Performance has been quite strong and we think that will help continue to allow us to, you know, grow both in the U.K. and in Europe on the retail side.

Daniel Fannon: Great. Thank you.

Loren Starr: Another thing is the quantitative product as well is unbelievable - off the charts performance. So also a very, very strong performance and demand.

Daniel Fannon: Thanks.

Martin Flanagan: Yes.

Coordinator: Thank you. Next we have Glenn Schorr of Evercore ISI. Sir, you may proceed.

Glenn Schorr: Hi, thank you. Quick follow-up on the 529 plan. Just curious on how the fee structure works. Do you get a fee on each of the underlying assets? Is it a (wrapper) up top? And is it at, you know, a normal institutional rate?

Martin Flanagan: Yes, it's - I can't remember exactly where it comes. But just think of an institutional rate on the whole, you know, on the portfolio.

Loren Starr: And that's down to somewhere around 35 basis points.

Martin Flanagan: Right.

Loren Starr: Something like that. Yes. So did you hear that, Glenn? Sorry, net's down to something around 35 basis points on the (backslip).

Glenn Schorr: Got it. That's cool. And then a question on Jemstep. I saw your details and rationale for growth in the slides. I just had a follow-up question.

How do you expect the distributors to use it, and then more importantly, how do you differentiate because I'm assuming there's going to be many large asset managers having their version and may be even the distributors doing their own version?

I'm just curious. Is this an early mover advantage that you make their lives easier? I'm just curious how you expect that to shape up.

Martin Flanagan: Yes. That's a great question. So I think you're going to - and we are, you know, expecting the large distributors will have some version of their own. You know, that's historically what they've done in the past.

You know, we've still contacted them and - but that would be our, you know, what we would anticipate. It's really, you know, just sort of the other channels. Though there is a high degree of interest in this.

And, you know, really what it is, it's just, you know, us, you know, partnering up with our distribution partners. And the more effective we can be with them, you know, at the end of the day, that's a good thing for their clients and for us also.

I don't believe that they're going to be - let me say it the other way. That I believe strongly there is a first mover advantage to this because, quite frankly, multiple distribution partners are not going to have, you know, multiple, you know...

Glenn Schorr: Right.

Martin Flanagan: ...I think three, four, five, six, you know, ten of these, you know, within the system. They don't need it. And, you know, it's like any other application. It's, you know, education and investments to move it forward. So that is our other core belief.

Glenn Schorr: To that end, is that your point with - we have 300 people on the ground selling and educating as we speak?

Martin Flanagan: Yes.

Glenn Schorr: Okay, good. Last one, Loren, with the cash balances hitting your internal hurdles and the valuation, in my words, at a ridiculous level. How do you think about the payout ratio relative to the past? Like can we start seeing 100% payouts even through you have a lot of things going on?

Loren Starr: Well I think you saw something probably very close to that this last quarter. So again, we certainly have demonstrated our willingness to respond when the stock is, as you call, ridiculously low.

And we would tend to agree with you on that one, just given our sense of, you know, optimism around our ability to grow over the long-term. So you should expect us to continue to pay a lot of attention, you know, our needs for internal organic growth (seedings) and so forth are still, you know, pretty sizable, a lot of opportunities.

So we need to balance those against returning capital. But you should certainly expect us to be operating in the stock buyback around, you know, in a non-business as usual approach which is, you know, somewhat similar to what you're seeing in the fourth quarter.

Maybe not at the actual level, but something between business as usual and what you've seen us do.

Glenn Schorr: Okay, I'm good. Thanks very much.

Martin Flanagan: Thanks Glenn.

Coordinator: Next we have Mr. Bill Katz with Citi. Sir, your line is open.

William Katz: Okay. Thanks very much. Good morning and good afternoon everyone.

Martin Flanagan: Hi Bill.

Loren Starr: Hey Bill.

William Katz: Just trying to reconcile some of the numbers on the optimization program you delineated a bit, Loren. You mentioned that you spending; well I guess roughly $100 million between the charge in the fourth quarter and then what you expect for this year. And sort of within a three-year payback...

Loren Starr: Yes.

William Katz: ...of 6 to 8 cents accretion in '17. Is it accretive to non-GAAP earnings for '16? And the reason I'm asking is I guess you going to run the expenses through the GAAP line.

Or I presume if it's a three-year recovery either you really back-ended in '18 or you would get some pretty sizable savings this year as well. I’m just trying to figure out the cash flows.

Loren Starr: So the execution of the optimization is going to happen all through 2016. So the three-year payback, you know, is really going to be in the - at full throttle, you know, in 2017 and beyond.

We will get savings in 2016, you know, probably somewhere around $15 million is what our non-GAAP, you know, run rate, positive impact would be -- or is what we expect and that would certainly ramp up significantly into 2017 and on.

So again, our estimate is, you know, based on what we know today based on the activities that we're engaged in today. But we're going to be, you know, pretty - (unintelligible) we do believe that it will be no more than $85 million in terms of what is required for us to implement that long-term run rate savings which, again, is somewhere, you know, $30 million to $45 million in run rate cost savings post 2017.

William Katz: Okay. That's very helpful. And then, Marty or may be both of you guys, you gave a nice delineation also, you know, where by region and by product. But the one area that seem to sort of not be within that list was more traditional equity mandates.

What are you hearing from clients, you know, on the institutional side? Is there still more of this barbell notion or is there any sort of interest in more traditional, you know, plain vanilla type of mandates?

Martin Flanagan: Yes. So there are actually - I mean I'll just, again, you know, I'll just use the Asia trip just because I was there. But I wouldn't limit it to there. I mean you’re actually seeing institutional clients recognize that this is probably the time to, you know, increase their exposure to the equity markets.

So you’re actually hearing very constructive things. And also you’re starting to hear, by the way this is a time where, you know, active management can really start to, you know, add value in a way that was harder from sort of, you know, the beta run from 2009 on.

So, you know, I think you're at a point where you're actually going to see if you're a high conviction manager, you know, you're going to continue to, you know, to start to do well.

So I don’t know what you put in traditional but, you know, clearly, you know, international equities are high. You know, we’re seeing a lot of the regional capabilities people are interested in.

So I think it's, you know, just where we are, you know, in the market cycle and I think you're going to continue to see - excuse me, you will begin to see much more commitment to active management.

William Katz: Okay. Great. Thanks guys.

Martin Flanagan: Yes. Thank you.

Coordinator: Thank you. Next we have Mr. Patrick Davitt of Autonomous. Sir, your line is open.

Patrick Davitt: Hey, good morning guys. I have another follow-up on the Rhode Island mandate. One, maybe I misunderstood how you framed this, but does this mean that there is a, you know, a $7.2 billion of outflows coming from other people's ETF and funds when this funds?

Martin Flanagan: Yes.

Loren Starr: Yes.

Patrick Davitt: Yes. And then two, I imagine that a pool of capital like this has a pretty sticky inflow stream. Is that the case and if so, can you kind of help us frame what the organic growth of it has been kind of over the last few years?

Martin Flanagan: It's a very good question. I don’t think I'll have a satisfactory answer. You know, what I would say is that the first decision was to, you know, engage us to, you know, meet the program of the investment objective they had in place. So that was our first desire.

Secondly, they recognized the depth and breadth of our retail distribution capability with some, you know, very important, you know, distribution partners throughout the country.

And so, you know, their anticipation of, you know, growth in the plan is, you know, part of what their decision was. And, you know, obviously we’re very interested in it and we think, you know, it will be a new channel for us and we think we'll be quite successful with it

And I guess the other way to put it in context, and again, I don't have the - just - you know, they were successful enough to become I think it's the third largest 529 plan in the country. And we would look for growth to be stronger than what it had been in the past.

Loren Starr: Yes. And I would agree with your characterization about it being sticky. Right.

Martin Flanagan: Right.

Loren Starr: As long as it performs, everything else continues, right?

Martin Flanagan: Right.

Patrick Davitt: Yes. And finally I guess just on that again. Was this kind of a broad - kind of beauty show? What was kind of the decision process in terms of (unintelligible)?

Martin Flanagan: Yes. No I - look I think you've to think of it as a, you know, a typical, you know, institutional, you know, beauty show. And, you know, obviously you - they have the choice of anybody they wanted to work with, you know, in the country and, you know, who is very competitive. And as best we know this is the largest 529 transfer that's happened in the industry.

Patrick Davitt: Great. That's all I have.

Martin Flanagan: Thank you.

Patrick Davitt: Thank you. Yes.

Coordinator: Our next question is from Michael Kim of Sandler O'Neill. Sir, you may proceed.

Michael Kim: Hey guys, good morning. First any early read into quarter-to-date flow trends, particularly given the seasonal step-up we typically see in retirement accounts in the first quarter?

And then related to that, I think in the past you sort of targeted maybe a 3% to 5% organic growth rate. So just assuming a more cooperative market backdrop going forward which I realize a big assumption these days. But in that sort of environment, is that still sort of the reasonable range to expect?

Martin Flanagan: Yes. I'll make a couple of comments and Loren can jump in. So we still look at that, you know, 3% to 5% organic growth rate as, you know, very achievable.

And, you know, again, as Loren and I have been talking about not just this day but previously, you know, we just continue to see, you know, ongoing strength throughout the regions both retail and institutional. So we think, you know, that is fully in place.

You're now talking about a few weeks into January. Very, very hard to anticipate, you know, the quarter, quite frankly, and, you know, this week is a whole lot better than, you know, the first week of January. So I wish I could give you some great insights. I really can't.

That said, I do know -- and Loren made this point very clear -- that the institutional investors are continuing to move forward. The retail investors, you know, tend to be more risk on/risk off depending on the daily, you know, movement in the markets.

Although it feels like that's coming down. That's probably the best I could describe at the moment. Could you add?

Loren Starr: Yes. No, I think that's about right. Probably say there is a lot of risk cost behavior in the early part of January and so it's getting healthier.

Michael Kim: Okay, fair enough. And then so if we focus on kind of the alternatives bucket, net flows have been consistently positive for a number of years. I know the real estate business represents a big chunk of those assets, but there is also number of different strategies that are in there.

So just wondering if you could sort of give us a sense of where you're seeing the best growth opportunities. And then, as it relates to fee rates, any sort of color there because I think the range of the respective fee rates within that bucket can be pretty wide?

Loren Starr: So Michael, I think the other -- probably even larger in terms of what we're seeing certainly in the fourth quarter -- is GTR. I mean it just continues to grow. I think it's brought in about $1-1/2 billion in net flows in the fourth quarter. It's about $11 billion in total size to-date.

So that is one that certainly outside the U.S. has and, you know, has really taken on a lot of good momentum. And I think the product that it competes with in the marketplace has had some issues around its performance.

And so the positioning is even better probably now than it's ever been. Still early days in the U.S. for us, and so, you know, we would like nothing more than to see GTR sort of reach its appropriate timeframe. And, you know, sort of get through all the hurdles that we need to get through for it to be on the platform.

But I think that and real estate and then, you know, perhaps as well alternative fixed income is still an area where we believe we can play at a much more significant level than we have in the past. And there are lot of products that are still sort of early days in terms of their track record.

So, you know, I think it's really GTR and real estate right now are the primary drivers for us and where the demand is.

Michael Kim: Got it. Okay. And then just one quick one. You mentioned or you called out the $7.3 million realized loss related to the disposition of private equity partnership interest. Can you just sort of give us some more color on exactly what that related to?

Loren Starr: Yes. So that was a period of time where we were warehousing partnership interest before they were put into a vehicle for our clients. And unfortunately, the mark-to-market on that really hit us before we got into the vehicle. And so that's what that is.

You know, normally we'd be able to get it in there faster, but there was, you know, just again some exposure to a pretty volatile market and that's what you saw.

Michael Kim: Got it. Okay. Thanks for taking my questions.

Loren Starr: Sure.

Martin Flanagan: Thanks Michael.

Coordinator: Next we have Mr. Craig Siegenthaler of Credit Suisse. Sir, your line is open.

Craig Siegenthaler: Thanks. Good morning everyone.

Martin Flanagan: Hello.

Craig Siegenthaler: I was looking for a little more color on excess capital. You know, I think historically you like to provide a sort of guidance here in terms of cash and investments versus long-term debt and they're, you know, they're pretty close here.

So could you just provide an update here and I get - and maybe you're, you know, pretty comfortable where it is right now?

Loren Starr: Well so I think you'll see that we had about $1.85 billion in total cash at the end of the quarter. You know, the amount that is required from a regulatory perspective in the U.K. and Continental Europe is around $550 million.

So we're about $1.3 billion in excess of our rate capital requirements. We've talked about in the past that we want to be at least $1 billion. So again, we're feeling, you know, strong in terms of our cash position and our ability to use our capital to the benefit of our clients probably better than we have in a long time.

Now with that said, you know, assets have dropped a little bit and so our cash flow is definitely having some, you know, there's some impact to our operating cash there.

But overall, you know, we're feeling very, very, you know, strong and optimistic about our ability to deploy our capital for the benefit of our shareholders in terms of return on capital.

Craig Siegenthaler: That's very helpful, Loren. And then just my follow-up on Jemstep. I just wanted to get a better understanding for how this business will function, how it will generate profits and sort of what really attracted you to this business?

Martin Flanagan: Yes, well, you know, I probably said, you know, what's the attraction? As I said, yes we - you know, our view is, it's a mistake not to pay attention to what's going on, you know, in the digital world.

And it’s really easy to just ignore it. We think that's a mistake. That's why we went and spent some real good time researching, you know, what is happening and we came to the conclusion that, you know, a digital mobile tool that could help us with our distribution partners would be a very wise thing to do.

You know, it's a simple thought that, you know, taught us that. And, you know, there will be a combination of - and I don't want to get into pricing on

Jemstep. But there'll be a combination of things that we think will be, you know, accretive, if you want to call it - the organization.

First of all, the most important thing is well deeper relationships with our clients. We'll be able to do a better job with our clients. We'll be able to offer, you know, more effectively, you know, the broader range of investment capabilities we have to our clients.

And, you know, those at the end of the day will ultimately result in, you know, increased assets under management if we again - you have to be, you know, performing and et cetera, all the obvious. But we think that's, you know, the fundamental thoughts of why we thought Jemstep was a very important development for us.

Craig Siegenthaler: Thank you Marty.

Martin Flanagan: Great.

Coordinator: Thank you. Next we have Mr. Ken Worthington of J.P. Morgan. Sir, your line is open.

Ken Worthington: Hi, good morning. First, also on capital management. We're getting to the point in the year where I think you will be recommending to the Board the dividend increase for the coming year. In recent years, the dividend increase has been particularly big.

But given where the stock price is, how are you thinking about the kind of the mix of capital return between dividend and buyback as we look forward to the next year?

Loren Starr: Hey Ken, I think it's probably not great for us to be talking about this in advance of our discussion with our Board. But generally, you know, it's - I think our sense of more modest, you know, a modest dividend could be appropriate, right, in light of the fact that, that would give more capital for buybacks, which I think given the market pricing of our stocks may be the better way to use that cash.

But again, we need to wait before we, you know, get in front of our Board. Before we sort of signal anything, quite honestly.

Ken Worthington: All right. Thank you. And then just little ones. The pound hedge. The pound obviously fell a lot in 2015. I couldn't really tell how much you made at the end of the day on that. It all said in your release you're hedged out to March. I thought you were actually hedged out to May.

How are you thinking about hedging out the currency as we think about, you know, 2016 and actually what did you end up making in 2015 on it? Thank you.

Loren Starr: Yes, great questions. So the hedge, as you know, is structured - those hedges were structured at 1.493. That is reflective to the average rate for the quarter. And so there was no quarter in 2015 that had a rate that averaged below 1.493. So we made nothing this year or last year in 2015.

The current quarter hedge is definitely in the money. And again, you know, so again more to come on what the value there is, if it's moving around. But it's certainly, you know, something you would see at this rate is noticeably - noticeable number.

We are expecting to hedge our currency going forward around the pound, in particular. We believe that the pound is, you know, potentially going to be still a little volatile in light of - especially with the Brexit discussions that are going on.

And so, those are, again, as we've done in the past, hedges that we'd put in place that would be out of money (puts), that really will protect us from the downside, allow upside to occur and again, would protect our cash flow in particular as opposed to operating results which we can't really protect against.

Ken Worthington: All right. Great. Thank you.

Loren Starr: Yes.

Coordinator: Thank you. Next we have Brennan Hawken of UBS. Your line is open.

Brennan Hawken: Good morning. Most of my questions have been asked and answered. Just one left. As far as the U.S. equity performance, we saw some deterioration here this quarter. Could you speak to that?

And I think that you referenced last quarter - that there was some loading up in energy stocks. Did that play a part here?

Martin Flanagan: It did. And again, you from my perspective and that is overall the performances are still very, very strong and is very short-term in nature and frankly it didn't improve last quarter to this quarter.

But it's - you know, then again it's all very short-term. But yes, moving into this year, it just continued to strengthen. So those portfolio sets, you know, have the energy exposure. We take their place very, very well and they're going to do - both are going to do very, very for clients.

Loren Starr: You know, one thing I would say is the improvement that we saw in the one-year numbers relevant to Q3 were due to our small cap growth equity team as well as our growth in income products. So there were definitely some equity capabilities that can show improvement in the quarter relative to last quarter.

Coordinator: Our next question is from Robert Lee of KBW. Sir, your line is open.

Robert Lee: Great, thank you very much. Good morning guys.

Loren Starr: Hi Rob.

Loren Starr: Hey Rob.

Robert Lee: Right. I've got two questions that on the first one it's kind of...

Martin Flanagan: Hey Rob, it's hard to hear you.

Robert Lee: Sorry. Is it any better?

Martin Flanagan Good. Sure, thank you.

Robert Lee: Okay. Couple of questions. You did mention in the release a couple of second story targets strictly private equity. I'm just kind of curious what, you know, what that is and even (if it) works. EPS is a (unintelligible). Expecting some more of (episode four) where you're kind of...

Loren Starr: Hey Rob, we're really having a hard time in hearing you. I don't know. You're getting kind of garbled.

Robert Lee: You know what? I will call you offline. I'm on a cell phone that's probably not working well.

Loren Starr: Sorry about that.

Martin Flanagan: Sorry, Rob.

Loren Starr: Yes, it's getting every other word.

Coordinator: Next we have Mr. Chris Harris of Wells Fargo. Sir, your line is open.

Chris Harris: Thanks guys. A few questions on PowerShares. Are you guys seeing any fee pressure at all in that business? And then sort of related to that given how competitive smart beta is and it just keeps getting more and more competitive, do you think, ultimately, we might see key pressure in that area?

Martin Flanagan: So a couple of things. I think when you want to think about us, you know, think about it beyond smart beta, it's really, you know, factor investing. So one of the delivery mechanisms are PowerShares ETFs, but, you know, our factor invested team, you know, this is really (unintelligible) team.

You know, you're seeing real demand for factor investing outside of the United States both retail and institutional. Institutional in particular in Europe, institutional in particular in Asia, and we’ve been doing it for 20 years.

And I think the other thing if you look at the PowerShares line up, what is important is that differently than mutual funds you really can't have more than, you know, maybe three in a category.

So there's this first mover advantage topic within ETFs. It's something very, very real. And if you look at the length of the time that our smart beta ETFs have been in the market, they have liquidity, they have real track records and, you know, when you're the incumbent, you're really in a strong position.

So we think other people come in into smart beta areas, it's a confirmation that, you know, it's a better way to create exposure and, you know, to passives.

And again, we're just seeing continued strength within PowerShares, in particular, are investing outside of the United States.

Chris Harris: Okay. My one follow-up would be on the cost optimization plan. Can you guys give us a little bit more detail about what those costs really are. I mean is it a combination of project spending and layoff comp or is it something else.

And then sort of related to that, I'm wondering why the spending is taking sort of - is sort of backend loaded if you will. You would think if it is was, you know, layoffs or something of that nature it would - the benefits would be pretty immediate?

Martin Flanagan: Yes, well you're - okay. That's a good question. I thank you. So we'll make sure it's clear. You know. These are long-dated, you know, infrastructure type, you know, programs.

So - you know, many years ago you have low hanging fruit as we call it. That's long gone. So, yes, it's good question. Thank you. So we will make sure it's clear. These are long dated infrastructure type, you know, program.

So lay out the - you know, many years ago you have the low hanging as we called it. That's long gone. It's been long gone for a long time. You know, so there are efficiency-related, you know, hardcore, you know, system upgrades.

We have process improvement type things. So it's a, you know, a large project, probably happen on all of institutions but they're pretty broad right now.

Loren Starr: Yes, they're - in many ways, they're transformational around processes and the way we do things. So it's not just, you know, trimming people, you know, that kind of behavior. You right. That could be done very quickly

This is very thoughtful that will make us a stronger, better company at the end of the day. And again, an environment like this, you know, means we move more quickly to get those things done.

They've been on our list, you know, and we have all these things that we'd like to do to continue to make ourselves a better company. But we’re absolutely accelerating a lot of these activities right now, but they do take time to implement thoughtfully.

Chris Harris: Got it. Thank you.

Group: Yep.

Coordinator: Next we have Mr. Chris Shutler of William Blair. Sir, you may proceed.

Chris Shutler: Hey guys, good morning.

Group: Hey Chris.

Chris Shutler: So on U.S. and Global Fixed Income, you have really terrific performance, over $10 billion of active flows in '15.

Can you may be just talk about that area with, you know, rates may be rising a little bit here, changes in the credit markets and how you see the pipeline shaping up for '16 and beyond?

Martin Flanagan: Yes, so I'd say that the effort that we started, you know, three years ago in broadening our fixed income capability -- it's probably almost four years ago now -- is really proving to bear real fruit. And as you said, if you just look across the fixed income performance it is very, very strong.

And we're seeing, you known, growing demand all channels, all regions, you know, within fixed income. And some of it is still not at the level that we anticipate because some of the capabilities don't have three-year track records.

So getting close, but we're starting to get, you know, commitments on them simply because the performance and, quite frankly, institutions in particular are looking for, you know, another, you know, high quality provider of fixed income capabilities.

So, you know, not just the performance but we do think it's - you know, we're not seeing the highest level of contribution yet from that area. So we're very positive on it.

Loren Starr: Yes, I mean it's only growing for us. I mean it's such a big market and we're still underpenetrated that our opportunity - to continue to grow, even if, you known, there are some rate impacts I think are significant.

Chris Shutler: All right. And then may be a last one topic. The DOL fiduciary standard, just given the increasing thought that that's going to through. I just want to get your latest take there on realizing that the final rule is not out.

You know, what could be the impact to Invesco's strategy and may be any impact on expenses that we should think about?

Martin Flanagan: Yes, it's a good question. And again, I think we're all - you know, we're imagining, right? So it's hard to imagine. But what I can't say - and this probably gets back to some of these other topics that we talked about.

You know, breadth of capability, depth of capability matters a lot. We think quite frankly high conviction managers in fundamental investing and factor investing is really important. We think we're obviously one of very few firms that has - can do the range of those types of things.

And quite frankly, the other thing that, you know, Jemstep does it's an enabling tool for our advisory clients to get broader, deeper relationships with their clients and serve clients that may - well yes, individuals that could ultimately be you know, totally disadvantaged by the fiduciary role that's been put in place.

So that's part, you know, what we're thinking of how Jemstep can help us and our clients with a rule that we don't know exactly what it's going to be at the moment. But - so that's how we've been thinking about it and so hopefully that's helpful.

Chris Shutler: All right. Thank you.

Martin Flanagan: Yes.

Coordinator: Next we have Alex Blostein of Goldman Sachs. Your line is open.

Alex Blostein: Thanks. Hey, good morning guys.

Group: Good morning.

Alex Blostein: Bigger picture on the expenses. So when you take a step back and I understand that the, you know, the initiative might have been in the works for some time but the revenue environment probably accelerated some of that.

But when you take a step back and you look at your fixed expense base versus the variable expense base, to achieve that kind of 3% to 5% organic growth, what kind of, you know, inflation and investment do you need to see in your fixed portion of the expense space to achieve that target?

Martin Flanagan: Nothing more than what we have quite frankly. So.

Loren Starr: And we’re just leveraging in many ways capabilities that are in our view sort of not - I mean can be scaled much more than they are today and taking capabilities that are somewhat focused in a particular region and unlocking them on a global basis

We can use existing sales people, we can use obviously existing teams. So there is no sort of new infrastructure that we necessarily need to put in place to support that activity.

It's more a matter of coordination and education and, you know, sort of making sure that our teams -- our sales teams in particular -- understand these products and can articulate the benefit to their clients.

Alex Blostein: Got it. And then I guess along those lines, when you think about the product dynamic and the sources of organic growth that we've seen in the industry this quarter and frankly for the last couple quarters, European retail, U.K. retail has been a source of strength for you guys, for BlackRock to some extent, for Threadneedle to some extent.

So some of the bigger US players. What -- when you take a step back, how has the competitive dynamic evolved in that market?

And I guess more importantly, are you seeing share gains from other firms, or is the pie kind of still growing from whether it's bank deposits coming into the investment products or, you know, some of the capital asset managers just continuously losing market share?

Martin Flanagan: So is this in particular in the U.K.?

Alex Blostein: U.K. and the European retail market.

Martin Flanagan: Yes. So, you know, if you look over the last few years and let's do kind of Europe first. I mean it has been, you know, really the independent global asset managers largely U.S. that have been continuing to, you know, take greater share on continent.

Now there's some other good competitors -- very good competitors that participate but that has been the fact for whatever reason. And over the last number of years as you've seen, I mean we just continue to make stronger and stronger inroads on the continent.

We still think that is the case. We still have, we think, quite a way to go to, you know, penetrate the market and that continues for us. In the U.K. it's really quite different. I mean it is a really competitive market; very few, very few non-U.K. firms are successful in the U.K.

And it is really, you know that the heritage of, you know, our presence in the U.K. is why we're so strong there. And again, it just continues to be competitive, but we're very well placed there and, you know, we think we will continue to do well.

But there would probably be another market that is largely driven by regulatory developments and really what I would say what's starting to happen here in the United States, very difficult to be a smaller firm.

And I think the strong are just going to get stronger in the U.K. as that's going to be the case in the United States too.

Alex Blostein: Okay. Thanks for taking the questions.

Martin Flanagan: Yes.

Coordinator: Next we have Mr. Brian Bedell of Deutsche Bank. Sir, your line is open.

Brian Bedell: Hi, thanks for taking my question. Most of them have been asked. Just this one on the Solutions asset Marty, if you want to talk a little bit more about that.

I guess first of all, would you consider that Rhode Island wins, you know, one of your best successes in the solutions effort? And then how do you think you might be able to leverage that, you know, whether you'll use this as a template to further broaden the effort, you know, across your sales force.

Martin Flanagan: Yes. So Rhode Island would be about the highest profile, you know, in the United States I would say. But again, we're seeing - one of the components of being able to do that. I mean it is really this combination of broad range of capabilities and from our point of view is high conviction factor and fundamentals.

So we have both of those and I think that is actually really important if we’re going to be successful in solutions and it’s continuing to carry on through us in each of the regions so the U.S., Asia-Pacific, frankly China in particular, and, you know, on the Continent in particular.

And so, will this continue to go down that path and there is growing opportunity, you know, in the area. And again, I think it's - you really have to be a broad gauged set of offerings to be successful and that's where we start and then the overlay of very some talented people that can do the solutions work for the clients.

Brian Bedell: And would you say in terms of the effort going forward on this and your 3% to 5% organic AUM to organic growth targets, would just say solutions is a very substantial part of that?

Martin Flanagan: So it is hard to when we, probably like you and everybody else we do our - looking forward to try and understand where the strength will come. You know, it's - it will be a contributor for sure and a growing contributor over, you know, the two and three years out from where we are right now.

So that's another reason why we have such confidence in sort of the 3% to 5% range.

Brian Bedell: Okay. And just may be just lastly, is on the solutions side, do you feel that's more fixed income oriented or really completely broad --or I should say fixed income alternative oriented or really completely broad - actually the fixed income alternative we're into, we're really completely broad across your asset classes?

Martin Flanagan: It's been 100% broad across the asset class utilizing anything from, as I said, you know, really factor based capabilities, you know, to alternatives. So it's client dependent, but it has used the full range of capabilities in most cases.

Brian Bedell: Great. Thanks very much for the color.

Martin Flanagan: Yes. Thank you.

Coordinator: No further questions, sir.

Martin Flanagan: Okay. On behalf of Loren and myself, you know, thank you very much for your time and look forward to talking to you next quarter. Have a good rest of the day.

Coordinator: Thank you. That concludes today's conference. Thank you for participating. You may now disconnect

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