

Hybrid Vigor

The Hillside Convertible Advisory Letter

Volume 1 Issue 22

Has the Bleeding Stopped?

Dear Friends,

This week we track the Ugly 20 as it continues its descent from abject ugliness to moderate unattractiveness. At the rate the market's been coming in, it should be a screaming buy by the beginning of 2015.

We elaborate a bit this week in our Market Review session on the oft-maligned (deservedly, in our view) CWB exchange-traded fund and a comparison of its performance with a mix of major equity ETF's. We also look at a major hedge-fund index in the aftermath of the GTAT disaster. We try to put all this together to assess the recent damage and try to guess where we may be going from here.

Elsewhere in this issue, Jeff Alton updates the homebuilder scene, we provide a quick look at the new Monster Worldwide deal, and we introduce readers to a venerable arbitrage manager.

Finally, we must say goodbye to Kent Bailey, who's going back to the buy side. Kent is a first-rate analyst and his ability to cut through polysyllabic gobbledygook to explain health-care convertibles has been one of **Hybrid Vigor's** best features. While we're thrilled with the coming additions to our staff, we know you don't replace someone of Kent's abilities easily. He's been a terrific colleague and friend and we wish him all the best.

Bill

Our Team

Bill Feingold
Co-Founder and
Managing Principal

George Chuang
Co-Founder and
Managing Principal

Jeffrey Alton, CFA
Head of Equity Research,
Principal

Kent Bailey, CFA
Head of Credit Research,
Principal

Sue Wu
Associate

The Ugly 20: Free, Free Falling

Bill Feingold

If a bond gets quoted lower but barely trades, did it fall?

That's often the question with convertible bonds—or many other corporate bonds, for that matter. Does a lowish print on a tiny trade reprice multiple hundreds of millions?

In a sense, you could ask the same thing with stocks. But the difference is you usually get your answer with stocks, almost instantly, because whatever their flaws, stocks offer pretty much nonstop liquidity. You may not like the price, but you can almost always get out.

It's been argued persuasively, in fact, that the degree to which something's value is known varies inversely with its liquidity. Items you buy for personal consumption have essentially no market value after the trade, as Andy Redleaf has written, but you don't care because you have a clear use (and thus value) in mind when you make the purchase.

When you buy stocks for long-long-term capital appreciation as hedges against the loss of purchasing power, you don't need much liquidity. For a speculative trade where you plan to get out quickly one way or the other, liquidity is essential.

Where do convertible bonds fit in? In particular, where do seemingly overvalued bonds fit?

This being our weekly discussion of the Ugly 20, as measured by our proprietary Hillside Adjusted Risk Points (HARP), you may have already guessed that we're thinking about RPM International's infamous 2.25% of 2020.

Since the beginning of October, barely \$2.5 million of these bonds have traded. It's a pretty tiny issue for a so-called investment-grade bond, but that's still remarkable. The last two prints have been at 107 and 107.5. The bonds are routinely quoted with two-point-wide levels.

Why do we HARP so much on these bonds (pun totally intended)? Before answering, we'll tell you that RPM, remarkably, is close to dropping off the Ugly 20 altogether after dominating the list for most of its life. The bond now has a positive yield of over 1%, bringing it comfortably into range for investors who make decisions based on that criterion, and lowering the name to 15th (!) on the Ugly 20. As such, we could actually see some people buying these bonds at quoted levels, however poor their return profile. Of course, that assumes you really could buy—or sell—at the quoted price. Given the volumes and spreads, that assumption seems transcendently heroic.

In truth, these bonds were priced a year ago at par with the stock a couple of points below recent levels, and they spiked around four points right away. So if you overlook a year's time decay, and what's a year between friends anyway, they're sort of back where they started. Kind of like a situation comedy with a mildly tragic feel to it.

The real lesson, we hope, is for bond buyers and funds that demand investment-grade paper at any price. But since one institutional trade might jack these bonds up two or three points, we doubt the lesson's been learned. If those institutions were buying these bonds earlier this year for a trade, a horrible trade it was. If they were buying for capital appreciation, they picked a very strange bird. If they were buying to help their end investors, they helped them the way a bull helps a cow.

Going back up to the top, we find our old friend Lam Research 1.25%. Not surprisingly, these bonds performed fairly well with Lam's bounceback from the great semi selloff of the previous week. We suspect it was a mix of outrights wanting to participate in the overreaction reaction and short hedgers deciding the bonds had "cheaperened" (if that is the right word enough).

Taking over second place on the Ugly 20 list this week is Priceline's 1%. It wouldn't be an Ugly 20 without at least one Priceline constituent. But for a sense of how the market has changed in the past three months, our first Ugly 20 had the Priceline 0.35% in eighth place with 11.12 HARP. Now, the 1% needs only 9.43 to be the runner-up. Yes, the market has been coming in for sale.

Rallying into third place, and passing its lower-priced brother in the process, was Incyte's 1.25% of 2020. The stock rocketed during Thursday's small-cap power move, though it backed off on Friday, coming in with 9.41 HARP. While both Incyte bonds are luxuriating in premium, the truth is that most of this is "good" premium. High-40s long-term volatility still looks pretty legit here. Just don't say "cash takeover" in a crowded room. Incytedentally, the company just hired a new chief financial officer. The new CFO has worked for both Celgene and Scios, each of which has issued convertibles. We say it's better than even money that the new man makes his part of his mark at Incyte with the next round of convertibles, possibly sooner rather than later. If he sees what we see, he's looking at a market that's still rich but less so than before. It seems a lot wiser to take advantage of what's left than to bet on a re-richening and chance losing the window altogether.

And, just in case you were concerned, the kids are alright. The Lam 0.50% are in fifth place, right behind interloper Alon USA, whose defenders have been proven right in the short-term by its rise on the list. And the Incyte 0.35% aren't far behind their big brothers, in sixth place with 9.28 HARP. You might say it was a five-horse photo finish for second place.

Hillside Ugly 20 List (Prices as of October 19, 2014)

	<u>Convertible</u>	<u>Price</u>	<u>Stock</u>	<u>Premium (%)</u>	<u>Premium (pts)</u>	<u>HARP</u>
1	Lam Research 1.25% 5/15/2018	128.75	69.19	16.6	18.37	11.96
2	Priceline 1% 3/15/2018	129.25	1077.27	13.3	15.21	9.43
3	Incyte 1.25% 11/15/2020	124.75	50.08	29.0	28.04	9.41
4	Alon USA 3% 9/15/2018	120.50	14.52	22.7	22.29	9.38
5	Lam Research 0.5% 5/15/2016	123.00	69.19	11.4	12.62	9.30
6	Incyte 0.375% 11/15/2018	121.25	50.08	25.3	24.52	9.28
7	Standard Pacific 1.25% 8/1/2032	114.50	7.60	21.7	20.39	8.76
8	Wright Medical 2% 8/15/2017	135.00	30.51	12.6	15.15	8.67
9	CSG Systems 3% 3/1/2017	120.00	25.50	11.0	11.89	8.40
10	Helix Energy 3.25% 3/15/2032	116.25	22.51	29.2	26.27	8.34
11	Workday 1.5% 7/15/2020	125.25	82.97	23.4	23.73	8.12
12	PDC Energy 3.25% 5/15/2016	120.50	41.65	22.8	22.36	7.99
13	Take-Two Interactive 1% 7/1/2018	117.75	21.52	17.8	17.80	7.90
14	Ryland 1.625% 5/15/2018	121.50	33.55	16.1	16.86	7.88
15	RPM International 2.25% 12/15/2020	107.00	42.18	34.3	27.32	7.66
16	SanDisk 0.5% 10/15/2020	110.25	82.80	22.6	20.29	7.57
17	Rambus 1.125% 8/15/2018	114.00	11.06	24.5	22.42	7.42
18	Nuvasive 2.75% 7/1/2017	111.75	34.51	36.5	29.91	7.33
19	Proofpoint 1.25% 12/15/2018	117.50	35.94	27.4	25.31	7.27
20	Mentor Graphics 4% 4/1/2031	111.75	19.23	18.1	17.09	7.26

Market Review

Bill Feingold

Every now and then you see a columnist seemingly take a day off from the hard work of an organized, coherent piece of cohesive work, opting for a semi-random assortment of observations and quips.

This week is my turn...sort of.

I've been thinking about the posting of HFR's convertible arbitrage index. It typically comes two days after the fact, giving the firm time to compile the necessary data. Two weeks ago, the plunge came on Wednesday, October 8, two days after GTAT's stunning flash bankruptcy. The 95-basis point loss that day deserves a bit of reflection.

We estimated an aggregate hedge-fund GTAT loss of around \$40 million in the October 6 edition of *Hybrid Vigor*. Let's take out the envelope and flip it over—sure beats watching my 49ers get shredded by Peyton Manning.

Let's say the overall convertible market is around \$225 billion, and one-third of it is owned by arbitrageurs. Most convertible pros wouldn't strongly argue with these numbers as good starts. Ok. So \$75 billion in market value belongs to arbitrageurs. Let's say they're running pretty light leverage, given the lack of compelling opportunities, and assume that somewhere between \$30 billion and \$40 billion in equity finances these positions, with the balance coming from prime brokerage loans.

Now, \$40 million in losses on \$40 billion in equity capital translates to 10 basis points of losses. Where did the other 85 come from?

We're reminded, as we often are, of the ugly day in 2004 when MGM bought Mandalay Bay. If the point losses on that bond that day had been a kid, they would have had a Bar Mitzvah and a large coffee at Starbucks. (I'm not giving in to the trendy Euro names for the sizes). Anyway, the fund I was co-managing took a beating in Mandalay Bay, in which we had a disproportionately big position. But we actually had more losses that day in the rest of our book. Our de facto boss told us to sell everything else that could be a takeover candidate. We didn't, but from the way the market acted, we were hardly the only ones receiving that directive.

So a market already wobbling (hedgers are thought to have lost generally between 50 and 100 basis points in September) took a body blow with GTAT and then had a quick series of aftershocks. The biggest seemed to come the Friday of GTAT week. General malaise, Ebola and international concerns, and a fear of coming back from a long weekend to an even uglier tape led to a sell-sell-sell mindset. When the HFR number finally printed last week, on Tuesday the 14th, it was down another 90 basis points. So far October's looking like down 3 percent, and while the worst could be over, that's hardly assured. For one thing, the market still isn't cheap—it's just not as ugly as it used to be.

While convertible arbitrage has hardly been a marquee strategy in recent years, it would be naïve to ignore that the remaining funds-of-funds must be watching. Convertible arbitrage is currently neither cheap nor fashionable.

Separately, I've been comparing, just anecdotally, the performance of the CWB exchange-traded fund to a basket of two-thirds Russell 2000 ETF, one-third S&P 500 ETF, on the theory that a basket weighted thus ultimately reflects the convertible underlying names reasonably well. Since we'll be hosting a panel next week discussing convertibles' place in the world of liquid alternatives and ETF's we figured, why not give this a shot? Earlier this year, as money was flying into convertibles, CWB was trouncing the basket.

In mid-April, the basket was down about 3% for the year, while CWB was up a bit over 100 basis points—and this ignores dividends. Since then, though, both CWB and the basket are roughly flat, and CWB has had its share of ugly days. And since the end of September, CWB has fallen by almost 5%, while the basket's decline is just under 3%. (Incidentally, those numbers jibe perfectly with the back-of-the-envelope hedge fund thinking we did).

In general, it's probably a good idea to compare CWB, or something like it, with an index blend that captures the essence of convertible-underlying stocks. It's a good estimate of convertible sentiment, which appears to have cooled rather meaningfully. That said, we think market pros should be grateful for the cooling and should hope it continues at least a little longer. There have been more than a few signs that new issuance is almost ready to return to its pre-crisis levels. Now all we need is to get the valuations back there as well. Recent events should be a good start.

A final comment on CWB. We say "something like it" because convertible purists, among whom we count ourselves, tend to scoff at CWB's hodgepodge of defense-free structures and high deltas. Still, it's been working surprisingly well, at least until recently. Its relatively strong year-to-date performance, starting with fairly high valuations, could be an argument that the "de-richening" has a ways to go.

Capital Returns

	CWB	IWM/SPY Blend	Participation
Jan-14	1.20%	-3.11%	NM
Feb-14	4.50%	4.68%	96%
Mar-14	-2.08%	-0.39%	535%
Apr-14	0.33%	-1.77%	NM
May-14	1.87%	1.49%	126%
Jun-14	2.10%	3.57%	59%
Jul-14	-1.72%	-4.12%	42%
Aug-14	3.06%	4.42%	69%
Sep-14	-2.93%	-4.17%	70%
Oct-14 (to 10/17/14)	-4.81%	-2.96%	163%
Year to date	1.13%	-2.88%	

Homebuilder Stocks Perk Up

Jeffrey Alton, CFA

The iShares US Home Construction ETF (ITB) has dropped 6.3% since our late June article highlighting what we believe will be a rebound to the long-term mean of domestic home construction. That's compared with a 3.6% drop in the S&P 500 over the same period of time. But last week told a different story. While the S&P 500 dropped about 1%, the ITB gained 5%, as investors recognize that conditions are falling into place for a more sustained housing rebound.

First, interest rates have fallen along with the equity markets. 30-year conventional mortgage rates have dropped 25 basis points in the last month. More importantly, the rates fell just below the psychologically important 4% level last week. The recent drop in rates also supports our thesis that rates in general will not rise significantly until the housing market exhibits sustained growth. This should provide an extended runway for the housing market to ramp back to average housing starts over the next few years.

The drop in rates will also address falling housing affordability. According to the Federal Housing Finance Agency (FHFA), the national housing price index is up just shy of 18% from its May 2011 lows and only 6.4% below the index high reached in April 2007. Cash purchases of distressed houses played a big role in housing prices bouncing off the bottom in 2012, but those buyers have retreated from the market, exposing a still weak traditional housing consumer. Over the last two years, conventional homebuyers were hit with the double whammy of rising home prices and rising interest rates, lowering affordability. The retreat in interest rates should provide incentive for the conventional homebuyer to return to the market.

Also, news reports indicated that the FHFA, which regulates Freddie Mac and Fannie Mae, will loosen lending standards with a formal announcement this week. The new rules are expected to include a drop in minimum down payments from 5% to 3% to qualify for selling loans to Fannie and Freddie. The reduction is aimed at jump starting the housing market for low- and middle-income buyers. Banks have been reluctant to lend to this market segment as financial institutions have been forced to pay billions of dollars in fines related to loans made during the financial crises. The new rules are also expected to include provisions to clarify a lender's liability for loans to higher risk clients in order to convince banks to commit fresh capital to this market segment.

Another recent positive for homebuilders is the stronger jobs market. The economy has added over 200,000 jobs in seven out of nine months in 2014. The improving jobs environment was punctuated last Thursday by the release of weekly unemployment claims data, which fell to a 14 year low of a seasonally adjusted 264,000. On the other hand, real wage growth has stagnated since the Great Recession, although it has picked up moderately since 2013. An improving job picture could begin to put upward pressure on wages in the coming months, increasing the demand for new housing.

The most recent round of housing data has been somewhat constructive. While homebuilder confidence fell by five points last week, the index remains at 54, suggesting that homebuilders remain positive. Seasonally adjusted new housing starts were up a solid 17.84% year-over-year. Unfortunately for homebuilders, however, the real star was apartment buildings, up 30% year-over-year versus 11% for single-family dwellings. The strong multi-family showing highlights that fact that customers are still more focused on renting until their financial situations improve enough to buy homes. Building permits told the same story, up 2.52% with apartments leading the way up 6.34%.

The housing market is still in a recession. The seasonally adjusted 1,108 housing starts reported Friday is significantly below the long-term average of 1,451 since 1959. In fact, the average housing starts during the 1981-1982 recession was 1,073. We see not another housing boom, but rather conditions lining up for a return to this long-term average. This would still provide significant upside for investors, especially given the recent pullback in the equity markets.

Homebuilders recognize the situation and have increased the number of communities in which they are building houses. This seems like a reasonable strategy, since we doubt the rapid price appreciation of the last few years will continue. Rather, homebuilders are counting on a steady increase in demand. The community expansion does not seem to be leading to overbuilding, however, as inventory currently stands at 4.8 months, a reasonable number versus the recession high of 12.2 months in January 2009.

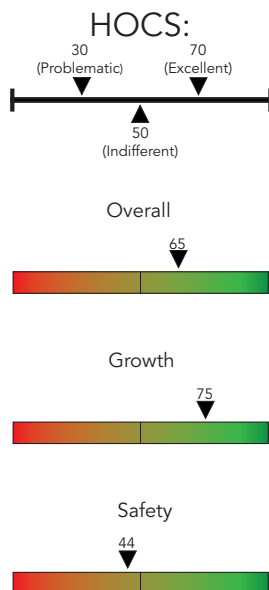
We will provide updates for individual homebuilders as the earnings season progresses. Existing home sales are due out on Tuesday and new home sales will be released on Friday. The FHFA housing price index announcement is slated for Thursday.

New Issue: Monster Worldwide (MWW) \$143.75 million 3.5% of 10/15/2019

Jeffrey Alton, CFA, and Sue Wu

3.5%, 2019/10/15
Price (Bond): \$100.00
Stock: \$3.95
YTM: 3.50%
Premium: 34.8%
HOCS-Overall: 65
HOCS-Growth: 75
HOCS-Safety: 44

As of October 13, 2014



Convertible Bond Summary

On Oct 16, 2014, Monster Worldwide (MWW), a global online employment solution provider, announced an offering of \$125 million 3.5% convertible senior notes due 2019, subsequently upsized to \$143.75 million plus an \$18.75 million shoe. The initial conversion price is approximately \$5.33, representing a 32.5% initial premium. The bond scored well on our HOCS scale, getting a composite score of 65 Overall/75 Growth/44 Safety. The optically attractive terms and new-issue price point help the scores, while the company's tiny market capitalization gives pause for concern reflected in the fairly poor safety measure.

The Company will use the net proceeds to pay for the cost of a capped call (approximately \$14.4 million), to repay in full a term loan and to repay a portion of the company's revolving debt. At June 30, 2014, the utilized portion of credit facility was \$85 million in borrowing on the term loan facility, \$116.6 million of borrowings on the revolving credit facility, and \$0.3 million in outstanding letters of credit. This credit facility is due to mature on March 22, 2015. After the outstanding credit facility is repaid, the new convertible security will have little effect on MWW's leverage ratios.

The 3.5% coupon provides cover for those investors with faith in management to begin to grow revenues again.

Company Summary

Despite its history as a pioneer in the online employment space, Monster has more recently faced increased competition from the likes of LinkedIn and Dice Holdings. Total revenue fell to \$807.6 million in 2013 from \$993.6 million in 2011. The reduction in revenues includes discontinued operations in China, Turkey and Latin America. While North American revenues were up 1% to \$110.3 million year-over-year for Q2 2014, international revenue fell 5% including currency changes and fell 9% assuming consistent currency. Strong price competition and a sales force realignment has also contributed to stagnant revenue as of late.

Nevertheless, More than 200 million people have registered on the Monster Worldwide network, with over a million new members registering each month. In May 2014, the Company revealed its new strategy focusing expanding its network through acquisitions and alliances with companies like Twitter.

The company remains cash flow positive. For Q2 2014, cash flow from operations was \$24.9 million, up 62% year-over-year. Adjusted EBITDA was \$25.6 million, down 32% from Q2 2013.

Equity Valuation

After the convertible bond pricing announcement, the stock price reached a new 52-week low of \$3.41 and closed at \$3.95. That is down from \$5.59 just before its second quarter report was issued on Aug 5, 2014. The company has broken through its 50 day moving average of \$5.30 and its 200 day moving average of \$6.00. Clearly the market doubts Monster's ability to increase its revenues significantly.

However, management authorized a \$200 million share repurchase program in 2013. As of June 30, 2014, Monster has repurchased 20 million shares, representing 25% of total outstanding shares, at average price of \$5.73. There is \$42 million remaining under this repurchase program which could continue to prop up the stock price until the company begins to grow again. Credit-oriented bondholders may not care for this program.

The possibility of a buy-out remains by a larger internet portal such as Yahoo who might look to enter the employment solutions space and can leverage its larger site traffic. MWW's positive cash flow is also attractive to potential acquirers. The very size issue which cost these bonds HOCS safety points might ultimately save bondholders—the tiny price tag could make for a highly valuable poison put.

Disclosure: The author(s) have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours. The author(s) wrote this article themselves, and it expresses their own opinions. The author(s) are not receiving compensation for it. The author(s) have no business relationship with any company whose stock is mentioned in this article.

A Brief Thank You

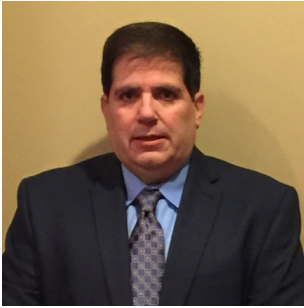
Since joining Hillside Advisors in May, my experience has been fulfilling, fun, and, for someone who has never published research before, a bit frightening too. At first, my writing was so bad that it prompted Bill to produce the "Hillside Style Guide." As we've gone along, though, I hope I've been able to provide a few insights into how outright convertible managers think about ideas in a reasonably decipherable manner. Last week I accepted a job offer to move back to the buy side, one that I'm very excited about. I'm very grateful to have had the opportunity to work with a great group of people at Hillside and the process of writing down my ideas in the newsletter format has helped me grow considerably as an analyst.

I believe Hillside and *Hybrid Vigor* fill an important and much-neglected niche in the convertible bond community for an independent voice for research and commentary. I also believe that there's no better person to lead this effort than Bill Feingold, with his unique background in both writing and portfolio management and his deep passion for the product. He's also just a great guy, as most of you know, not to mention a positive and supportive leader who's not afraid to speak his mind. With the diverse talents and backgrounds of George, Jeff, and Roman added in, Hillside is in a great position to grow and add value to the convertible market. Thanks again, guys, and I look forward to becoming one of your first subscribers.

Best regards,

Kent Bailey

Meet the Pros



Name: Michael Brailov

Position: Managing Member, Grace Brothers Management (Evanston, IL)

Years in converts: 25

What you find interesting about the product:

Long term, the risk-adjusted performance of the convertible market has provided investors with stock market type returns with significantly less volatility. Despite being ideally suited to today's markets, convertibles have received remarkably little coverage in the popular press. (Hopefully *Hybrid Vigor* helps to change that!) I like how convertibles' flexibility gives managers the ability to express their investment views under a number of different "headings," including equity alternatives, diversified fixed income and arbitrage.

It's very much a niche market with a high concentration of growth companies. I enjoy seeing the new companies and following their development. Companies often issue convertibles early in their life cycle. I'm talking about old-school issuers like Starbucks, Home Depot, Amgen as well as more recent companies like Priceline, Tesla and now Twitter.

Worst trade in convertibles you have ever done:

GTAT – Probably not my worst trade, but one of my biggest disappointments on the second bond. It's still a fresh, painful wound for our market. When a trade seems to have everything going for it—a good ratio of market capitalization to deal size, high volatility, and potential for substantial credit tightening, and then the borrow gets expensive, that's bad enough. I had made a lot of money on the first GTAT convertible and looked forward to doing the same with the second before the borrow problems developed. Thanks to the stock's pre-bankruptcy decline, I was actually able to unwind with only a small loss. After seeing what ended up happening, all I can say is, wow.

Favorite author:

John Calamos. John Calamos is a convertible-market legend, and he's written several excellent books on the subject. Two of my favorites are *Investing in Convertible Securities* and *Convertible Securities*. I had the privilege of working on his first book as a Calamos research assistant early in my career. The books provide in-depth analysis to help both new and experienced investors benefit from the many advantages of convertibles. They cover the basics of convertible evaluation, understanding the analysis behind theoretical fair values, and putting it all together in convertible portfolio strategies.

Feingold's pretty good too, but to paraphrase Lloyd Bentsen, he's no John Calamos.

Disclaimer

Hillside Advisors LLC is a financial publisher, publishing information about markets, industries, sectors and investments in which it believes subscribers may be interested. The information in this letter is not intended to be personalized recommendations to buy, hold or sell investments. Hillside is not permitted to offer personalized trading or investment advice to subscribers. The information, statements, views and opinions included in this publication are based on sources (both internal and external sources) considered to be reliable, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. Such information, statements, views and opinions are expressed as of the date of publication, are subject to change without further notice and do not constitute a solicitation for the purchase or sale of any investment referenced in the publication.

Readers should do their own research before trading in any investments referenced herein. Investing in convertible bonds and related securities, such as stocks, bonds and options, is speculative and may carry a high degree of risk. Readers may sustain significant losses in these securities.

Advisors to Hillside serve as investment advisers to clients, including limited partnerships and other pooled investment vehicles. The affiliates may give advice and take action with respect to their clients that differs from the information, statements, views and opinions included in this publication. Nothing herein or in the subscription agreement shall limit or restrict the right of affiliates of Hillside to perform investment management or advisory services for any other persons or entities. Furthermore, nothing herein or in any subsequent agreement between Hillside and subscribers or other readers shall limit or restrict advisors to or affiliates of Hillside from buying, selling or trading securities or other investments for their own accounts or for the accounts of their clients. Advisors to or affiliates of Hillside may at any time have, acquire, increase, decrease or dispose of the securities or other investments referenced in this publication. Hillside shall have no obligation to recommend securities or investments in this publication as result of its affiliates' investment activities for their own accounts or for the accounts of their clients. If you have received this communication in error, please notify us immediately by electronic mail or telephone. This disclaimer applies to the beta version of Hybrid Vigor.