Semper Short Duration Fund Quarterly Conference Call

January 7, 2019, 11:30 a.m., E.T.

Chairperson: Greg Parsons, CEO, Semper Capital Management, L.P.

Definitions:

Average coupon: The weighted-average gross interest rates of the pool of mortgages that underlie a mortgage-backed security (MBS) at the time the securities were issued.

Basis Points: A unit of measure that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

Bloomberg Barclays 1-3 Year Government Index: The Index includes Treasury and Agency securities issued by the U.S. Government with a maturity from 1 up to (but not including) 3 years. This unmanaged Index contains only dollar-denominated, investment grade issues with at least $250 million par outstanding. One cannot invest directly in an index.

Borrowing facility: A facility is an agreement between a corporation and a public or private lender used for short-term borrowing.

Cash Flow: Mortgages typically have required monthly interest and principal payments which are collected by servicers of mortgage-backed securities trusts, which in turn distribute these payments to MBS investors.

Correlation: Statistic measure of how two securities move in relation to each other.

Duration: Measure of a bond or bond portfolio's sensitivity to changes in interest rates. Generally, the longer the duration, the greater the price change relative to interest rate movements.

Effective Duration: Calculation for bonds with cash flow variability. It takes into account that expected cash flows will fluctuate as interest rates change.

LIBOR: London Interbank Offered Rate, a benchmark rate that some of the world's leading banks charge each other for short-term loans.

NAV: Net Asset Value, i.e. the value of the Fund's assets minus the value of its liabilities.

Par: Par value is face value of a bond.

SALT-affected regions: Regions impacted by changes to tax deductions for State and Local Taxes (SALT).

Standard Deviation: A measure of the dispersion of a set of data from its mean.

Tranches: Pieces of debt or securities designed to divide risk or group characteristics in order to be marketable to different investors.

Yield to Maturity: Anticipated rate of return on a bond if held until the maturity date.

Credit Quality weights by rating are derived from the highest bond rating as determined by Standard & Poor's ("S&P"), Moody's or Fitch. Bond ratings are grades given to bonds that indicate their credit quality as determined by private independent rating services such as S&P, Moody's and Fitch. These firms evaluate a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from 'AAA', which is the highest grade, to 'D', which is the lowest grade. In limited situations when none of the three rating agencies have issued a formal rating, the Advisor will classify the security as nonrated.

Morningstar Proprietary Ratings and Percentile Rankings reflect risk-adjusted performance as of 12/31//2018. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. As of 12/31/18 the Semper Short Duration Fund received a 5-Star Overall Morningstar Rating™ among 145 Ultrashort Bond Funds and a 5-Star Morningstar Rating™ for both the 3 and 5-year periods among 145 and 122 Ultrashort Bond Funds, respectively. As of 12/31/18 the Semper MBS Total Return Fund received a 5-Star Overall Morningstar Rating™ and a 4-Star 3-Year Morningstar Rating™ among 274 Non-Traditional Bond Funds, and a 5-Star 5-year Morningstar Rating among 177 Non-Traditional Bond Funds. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance does not guarantee future results.

Morningstar Percentile Ranking compares a fund's Morningstar risk and return scores with all the funds in the same category, where 1% - Best and 100% - Worst. Morningstar ranked the Semper Short Duration Fund (SEMIX) in the top 1%, 2% and 1% out of 186, 145 and 122 Ultrashort Bond Funds for the one, three, and five-year periods ending 12/31/2018, respectively.

Morningstar Rankings represent a fund's total-return rank relative to all funds that have the same Morningstar Category. The highest rank is 1 and the lowest is based on the total number of funds ranked in the category. It is based on Morningstar total return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees.

Past performance does not guarantee future results.

SEMIX Unsubsidized SEC Yield: 3.22% and Subsidized SEC Yield: 3.27% as of 12/31/2018

SEMRX Unsubsidized SEC Yield: 2.97% and Subsidized SEC Yield: 3.02% as of 12/31/2018

U.S. Bancorp Fund Services, LLC and Quasar Distributors, LLC are affiliated.

Diversification does not guarantee a profit or protect against a loss in declining markets. Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

Operator: Ladies and gentlemen thank you for standing by. At this time, I would like to welcome everyone to the Semper Short Duration Fund Quarterly Call. The views expressed on this call are the current views of the participants and are not intended as a forecast or as investment recommendations.

Any information provided with respect to the Fund is as of the date described and is subject to change at any time. Performance data quoted represents past performance. Past performance does not guarantee future results.

The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling (855) 736-7799.

After the speaker's remarks, there will be a question and answer session. I will now turn the call over to Greg Parsons of Semper Capital Management; the floor is yours.

Greg Parsons: I want to start out saying thank you for calling in today for our Quarterly Conference Call on the Semper Short Duration Fund. My name is Greg Parsons, I'm the CEO of Semper Capital Management, and I'm joined on today's call by Tom Mandel, co-founder of the firm, our CIO and one of the portfolio managers.

We'll spend about twenty minutes providing an update on the Semper Short Duration Fund, a securitized, debt-focused ultra-short duration mutual fund that we launched coming on eight years ago. We'll break the call into three parts. First, an update on the platform and what we're seeing in the overall markets. Second, Tom will provide an update on the Fund and an overview of our outlook. And last, we'll open up to questions.

So, a few seconds on the firm. Semper capital is a privately-owned asset management platform that focuses our efforts on opportunities within the structured credit space, specifically RMBS (residential mortgage-backed securities), CMBS (commercial mortgage-backed securities), and ABS (asset-backed securities). We're active both here in the US and also in Europe.

Our AUM has grown to about $3¼ billion, nearly doubling from a year ago. We manage a broad range of structured credit strategies that include absolute return, total return, and index-based solutions. And, our skill set is available across multiple product formats to include institutional separate accounts, private funds, and public funds.

Despite our growth, we intend to remain small and nimble. We think our size is a significant advantage in the sectors we participate in. In addition to the Short Duration Fund, we have a second mutual fund, the Semper MBS Total Return Fund. We're thrilled to report that as of 12/31/18, both funds were ranked first in their respective Morningstar universes for a trailing five-year performance. Both funds also have attractive risk metrics resulting in 5-star ratings for both products.

I'm extremely proud to say that our platform is the strongest it has ever been with respect to people, resources, and products. Asset growth across the product set has continued to allow us to invest in our people and our platform, and we believe our distinctive positioning within the universe of fixed income investing will allow us to continue to capitalize on opportunities for our clients and partners.

Let me now share some of Semper's current thoughts related to the opportunities we're seeing in market. As a structured credit shop, we are focused on non-agency RMBS along with CMBS, ABS, CLOs (collateralized loan obligations), and agency opportunities. Each of these sectors offer some great value for a short duration strategy with an emphasis on floating rate, high quality, and liquid structures.

Within the construct of the opportunities we're seeing, we remain most excited about the opportunities we continue to see in non-agency RMBS. After hitting their post crisis tights last summer, we've been pleased to see growing value in many of the sectors we focus on, especially some of the next generation sectors like agency credit risk transfer deals. Since the summer, we've seen improved investment opportunity. The spreads have risen largely because of weakness and volatility in other risk sectors like high yield and equities, from some selling pressure from large funds and managers, and from some unsettling headlines about economic forecasts, trade wars, and the Fed's path to normalization.

The opportunity is improving for us because we continue to benefit from strengthening realistic credit fundamentals. These fundamentals, led by home price appreciation, still above historical average, and strong employment growth joined with the structure of the sector and the strong technical factors to create what we believe to be one of, if not the best, source of risk adjusted returns in the fixed income markets today. And more importantly, we feel that this outlook and this confidence in the opportunities will exist for a few more years.

With respect to credit fundamentals, home price appreciation is slowing down, but it's forecast to remain at or near 3% in 2019. And while there are pockets of weakness in the major SALT-affected regions, which ends up having implications for refi activity more than for underlying credit quality of our cash flows. For us, the key theme for 2019, although corporate credit may be heading for some issues, consumer credit, especially the residential real estate market's creditworthiness, is still quite strong.

We continue to see solid growth in our universe of investable securities. The legacy non-agency RMBS market is still above $400 billion. And we're confident we're the right-sized to take full advantage of the opportunities in this market. At the same time, new issues have continued to steadily increase. They totaled about a $125 billion in new issue last year and will continue to grow a similar amount this year.

So, at this point, the total universe of mortgage credit is now net positive from a supply perspective. Our size, both at the Firm level and at the Fund level, allows us to take advantage of opportunities our competitive set just can't efficiently access.

Finally, our sector remains extremely well-positioned within the fixed income landscape with respect interest rates, the credit cycle, and price volatility. A large swathe of securities in the non-agency RMBS sector and other securitized debt sectors have low rate sensitivities, including floating rate and other features limiting effective duration. Volatility has also been low in many of the sectors and correlations to other fixed income assets and traditional risk assets continues to be low.

Even with the increased volatility we saw in November and December, our sector stood out for its relative resiliency and performance. In our view, these securitized debt sectors offer a very good alternative to corporate credit and other fixed income sectors. We believe the mortgage credit sector continues to offer higher yield, lower durations, low correlations to other fixed income assets and other risk assets, plus opportunity from continued improvement of real estate credit fundamentals, economic and wage growth.

All these continue to make RMBS a great diversifier, a good anchor investment for a short duration strategy, and the sector continues to offer the potential for higher risk-adjusted returns. I'll now turn the call over to Tom to talk more specific about the fund and its positioning.

Tom Mandel

Thank you for joining our call today, I'm Tom Mandel. I know how busy everyone is going into this new year, so I will be brief, but I do look forward to providing an update for our Short Duration Fund. Greg briefly touched on some of the current challenges in these markets, and we're certainly happy to answer specific questions after our remarks.

We are very pleased that the Fund has just crossed the 8-year mark, and 2018 marks the 8th consecutive year of positive performance. Performance for 2018 was positive in each month, despite some challenging markets. Our last negative month was back in February of '16, and our last negative quarter was back in Q1 of 2015.

We manage the Fund as an ultra-short fund with a focus on generating yield while protecting principal. We maintain a low duration of under one half year, and we maintain an investment grade portfolio as measured by Morningstar. We invest in securitized debt, which is Semper's core competency. We believe that investing in mortgage-backed securities-commercial mortgage backed securities and other securitized instruments- is an optimal way to manage an ultra-short portfolio.

If you speak with Greg or me or anyone on the team, you've heard us speak at length about continuing value in mortgage credit and how mortgage credit can add value to a total return portfolio through the sector's attractive risk-adjusted return characteristics, and this is equally true for this strategy. The Fund invests in structured credit with low rate sensitivity, including agency MBS, both pass-throughs and CMOs, legacy non-agency RMBS, new issue or next gen non-agency paper including agency credit risk transfer or CRT, re-performers, and jumbo private-label securitizations.

We invest in agency multifamily securitizations, other CMBS, including Single Asset-Single Borrower CMBS or S-A-S-B, SASB, and Single Family Rental Securitizations or SRF. We also invest in a number of ABS structures and AAA-rated CLO tranches. We do not invest in corporate credit, and at this stage of the economic cycle, that is increasingly an advantage for us.

And if I can repeat myself, we seek to manage the Fund to an overall investment grade credit quality with interest rate risk or effective duration of under a half year with a yield that is significantly higher than short maturity governments or cash alternatives. The Fund provides daily liquidity with no fees or limitations associated with the timing of purchases or redemptions.

We have two shares classes: SEMIX, which is our institutional class, and SEMRX, which is the investor share class with a 25 basis point 12b-1 fee. There are no other front-end or trailing fees. Morningstar includes the Fund in their Ultra-Short Bond Fund universe, which today has over 200 funds, 122 of which have been open for at least 5 years. For the trailing 1, 3, and 5-year periods through December 31st it's ranked in the top 5% based on performance. For the trailing 5-year period, it's the top-ranked fund in the category.

The Fund's performance for the 4th quarter of 2018 for the institutional class was a positive 33 basis points versus 1.31% for the primary benchmark index which is the Bloomberg Barclays 1-3 Year Government Index.

This positive, yet relative under-performance is a reflection of the very sharp drop in Treasury rates during November and December, largely the result of the substantial risk-off trade that has enveloped virtually all risk assets. The Fund's performance for the full calendar year was positive 2.33% for the institutional class versus 1.58% for the 1-3 Year Government Index, an excess return of 75 basis points.

Annualized performance from inception in December 2010 through December 31st of ’18 was 2.49% for the institutional class versus an index return of 0.84% which is an excess return of 165 basis points per year over the 8-year period. And despite the recent 50 basis point drop in Treasury yields, the 2-year Treasury has risen by 200 basis points during this 8-year stretch.

The primary source of performance continues to be interest income. Interest income was about 85 basis points during the 4th quarter. While we do actively manage the portfolio and turnover remains over 100%, because most of the securities are relatively short and high quality, we generally don't realize material trading gains.

The Fund did have $.06 of NAV or share price decline over the course of 2018. Five cents of that came in the November to December period. This was the result of unrealized price declines during the period caused by the general risk-off environment that I've mentioned, really, in which all asset classes other than Treasuries underperformed.

Prices in the portfolio declined by an average of about 50 basis points with all of that price action occurring in November and December which offset a portion of our net interest income. Prices varied from unchanged for AAA-rated auto asset-backs and senior-seasoned CRT bonds which are generally now rated single-A or above to a ½ percent declines for AAA-rated Single Family tranches to 1% declines for AAA-rated senior CLO's and mezzanine Single Family and CRT bonds. So again, importantly, the yield that we’re able to generate has been more than able to offset this price volatility that we've seen.

The Fund pays a monthly dividend, the 12-month dividend rate as of December 31st was 2.92%, and that's approximately 50 basis points higher than 2017. The indicative yield based on December's dividend is 3.28%. Let me now provide some additional information about the composition and structure of the Fund.

At the sector level as of December 31st, the portfolio had an 11% allocation to government guaranteed paper including short Treasuries, 13% allocation to non-agency RMBS, a 22% allocation to credit transfer bonds which are issued by Fannie Mae or Freddie Mac but without the agency guarantee. We had a 16% allocation to CMBS, 15% allocation to ABS, and a 21% allocation to AAA senior CLO tranches.

Within the non-agency RMBS category, we own about a 6% allocation to legacy or pre-crisis paper, that's prime, Alt-A and subprime including re-REMIC paper, most of which is senior and floating rate. And 7% allocation to new-issue paper of which 5% was NPL's, senior and fixed but short, and a 2% allocation to new RPL securitizations or re-performing loan securitizations.

Within CMBS, we own a 10% allocation to single family rental securitizations, a 2% allocation to small balance commercial securitizations, 4% SASB or single asset-single borrower and importantly, we own no traditional legacy conduit deals.

Within the asset-backed category, we have a 10% allocation to AAA autos and cards, a 2% allocation to senior tranches of subprime auto deals, and 3% across student loans, marketplace lending, tax liens, small business lending, and other esoteric asset-backed sectors.

Over the past quarter we've continued the trend of adding quality and liquidity. Our allocation to securities with a government guarantee or rated AAA has increased from about 40% a quarter ago to about 50% today. Separately, we've increased our allocation to credit transfer bonds by 10% over the quarter from 12% to 22%.

CRT bonds, in our view, are perfectly suited for the strategy, the CUSIPs we invest in are investment grade, they have short spread durations, they're floating rate, they have essentially no rate duration, and they pay based on a reference pool of high-quality Fannie Mae and Freddie Mac underwritten loans. These loans have extremely low default characteristics and the deals are structured to de-lever quickly, often leading to rating upgrades and/or calls.

Within ABS we have rotated out of much of our esoteric or higher-yielding ABS paper into AAA autos and cards; these are yielding less, but they are extremely liquid and defensive.

Over half of the portfolio is invested in securities with direct residential real estate credit exposure, and the entire portfolio is either supported with mortgages or other assets securitizing the bonds or is government guaranteed; again, we don't own corporates or other unsecured paper.

We talk more and more about the next generation of non-agencies, including CRT bonds, SFR, and Jumbo 2.0, among others; and this is equally important for the Short Duration Fund, which now has about 3/4 of its real estate credit exposure in these new-issued securities, and that's a growing percentage.

The bonds that we own are investment grade, they are liquid, they are supported by a number of primary dealers, and they are based on new collateral or strong underwriting. These securities help to support the portfolio's quality, and importantly its liquidity, and provide us with some new and exciting opportunities to add value through active management. These subsectors have rapidly become a key constituent in our portfolio.

On the flip side, this has also contributed to a little more volatility in the share price over the last couple of months, but from a risk-adjusted basis we're confident in our decision. Our higher allocation to these new-issue sectors are a very important source of higher liquidity and higher underlying collateral and cash flow quality.

One of the key opportunities that we see in the legacy space still is optionality in prepays. Another investment characteristic that our two mutual funds share in common is the value of voluntary prepayments for discount securities.

The Short Duration Fund's average dollar price for the subprime bonds we own is about 94. Over the last couple of years, we've seen a growing percentage of subprime borrowers prepay in this sector, which is a positive for the timing in cash flows and Fund performance, and we expect this to continue even if rates resume their upward trend.

85% of the portfolio is investment grade. Of the remaining 15%, most are securities with no rating, including a number of senior NPL securitizations. And based on our internal credit analysis, many of these have investment grade-comparable quality. The portfolio's effective duration is 0.2 years, down from 0.3 years a quarter ago.

This low rate sensitivity continues to come from two sources: First, many of the securities have very short final maturities, or average lives, as well as having fairly active amortization schedules. And, about 3/4 of the portfolio consists of securities, mostly mortgage securities, that have floating rate features. So as the Fed raises their target funds rate and as 1- and 3-month Libor and other reference rates rise, the coupons on these securities rise as well.

The portfolio's yield to maturity, benefitting from this rise in the reference rate for the bond's coupons, as well as from some spread widening that we saw last year and the upward slope of the forward curve, has risen to just under 4%, which is up about 100 basis points over the course of the year. The portfolio's average coupon has risen another 40 basis points from a quarter ago to about 3.9%.

The portfolio has an average dollar price of just over par, the average dollar price of the legacy non-agency RMBS that we own is in the mid-90s, the average dollar price of our CRT bonds is about 103. The average for our single family rentals and for our senior CLO tranches is about 99½. The Fund is long-only, there's no leverage or hedges in place, and we will not be changing that.

So, we are clearly in a period of uncertainty with respect to rates, with respect to the economy, and risk assets. Last Thursday Treasury yields fell 10 bps, and on Friday they rose 10 bps. The Fed and the markets are clearly at odds right now; the Fed wants to get back to neutral by raising their target funds rate at least a couple more times, but the market believes that the Fed is more likely to cut rates going into next year.

We've seen significant weakness in corporate credit and we're in the camp that the extraordinarily large overhang of BBB-rated debt will have negative implications for broader bond markets in '19 and '20. We think we're at a point in the cycle where the consumer is in better shape in corporate America. All of the credit trends that we look at for mortgage borrowers continue to show improvement, delinquencies, defaults, severities are generally all still going down.

Tightening lending standards by traditional consumer lenders is also providing some support for credit trends of other traditional consumer borrowing. So, we believe that economic growth will moderate, but is likely to remain okay into next year; trade is a wild card, but we believe the impact will ultimately be fairly small.

Home price appreciation, or HPA, is slowing and will continue to slow in part from new tax regs, from declining home affordability, and from declining consumer sentiment. But none of that should have a material impact in what we're investing in, and we believe that home price appreciation will remain positive, we're looking at something like 3% in 2019.

As the Fund grows, we have the ability to continue investing in senior collateralized bonds that are supported by solid quality of underlying borrowers in collateral and from structural credit enhancement. And further, the liquidity sectors we're investing in remains good, and in large part these sectors are immune to global macro events. We continue to see increased refi activity from our legacy subprime borrowers, which remains a positive sign.

Our primary goals are to minimize downside volatility, maintain liquidity, and within those constructs provide good current yield. We think the portfolio's structure allows us to continue to do exactly that. We've continued to focus on owning higher quality and more liquid investments in these sectors to ensure appropriate asset liability matching to minimize downside vol, and to be prepared to take advantage of any significant opportunistic offerings.

Circling back to liquidity for just a moment. While we believe that the level of liquidity of the bonds in the Fund is appropriate today, we do continue to maintain a borrowing facility from US Bancorp, our Fund custodian administrator, which we can use only for redemption purposes should we choose.

So, to summarize, we believe we're positioned appropriately for the environment we're in, which includes the prospect for continued volatility in yields and in risk assets. We will continue to position the portfolio with a low duration, appropriate liquidity, and primarily by investing in investment grade securities, all of which are supported by assets that we can evaluate, like mortgages and commercial loans with an objective of generating monthly returns that look a lot like the portfolio's yield net of expenses.

And while doing this, also seeking to manage downside vol, and at the same time continuing to buy and trade opportunistically as market opportunities provide themselves. So, if current volatility persists, we are confident that opportunities to buy high-quality and liquid cash flows and attractive yield will continue to improve, and in turn enhance the opportunity for increased performance.

And let me on that note return it back to Greg.

Greg Parsons Thanks Tom. Great update.

So, if you can't tell, we remain very excited about the Short Duration Fund's positioning, performance, and the opportunity to continue to add value in this volatile environment. We think that's equally true if yields resume their upward path and if we're now at a new lower level of rates for the foreseeable future. And we're frankly more excited than ever about opportunities we are seeing in the market to drive value for both legacy and newer-issue RMBS, as well as other structured credit sectors.

The Fund has a 5-star Morningstar Rating™, the performance has been solid and consistent, and the Fund has a lot of capacity. We've seen solid inflows in the latter half of last year and we continue to see this is a very strong alternative to other fixed income funds with duration or credit risk.

We are very happy to speak with you about the Fund in more detail, we can be reached email, website, phone call. And I'd also like to make a quick comment on our continued commitment and presence in the nonprofit veteran community. We view ourselves not just as strong fiduciaries of capital, but as also strong community partners.

Thank you to those on the phone, investors, for your support to date; and for all of you potentially considering us as an option. I will now open up the call to questions.

Operator — If anyone would like to ask a question you may do so by pressing star, then the number one on your telephone keypad. Again, that is star and the number one on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Your first question comes from a line of Bruce Ackerman with Webb Capital Management. Your line is open.

Bruce Ackermann — Good morning. I wanted to get your outlook on Fed rate increases.

Tom Mandel — Well clearly based on what the market is showing us now and based on Fed comments last week, clearly there should be fewer increases from here than we would have expected just a few months ago. That said, I think it is a moving target, and we believe the Fed wants to do everything that they can to get back to a neutral position; both in terms of raising rates, raising the target Fed funds rate, to a neutral level, which is probably another 50 basis points or so from here, as well as reducing the size of their balance sheet. So, I think it's hard to fight the market right now, the market's calling for no more increases and the rates to go down early next year. But again, we think that's up in the air.

Bruce Ackermann — Yeah. Okay. And one other question. What's the Fund's size?

Tom Mandel — The Fund today is $200 million.

Bruce Ackermann — Oh, congratulations. That's a big increase.

Tom Mandel — Thank you. It's $200 million, and I should say, with a lot of upside room; there are no capacity constraints in this Fund.

Bruce Ackermann — Alright. Thanks.

Tom Mandel — Thank you.

Operator — Again, if anyone would like to ask a question please press star then the number one on your telephone keypad.

And I see no further questions at this time. I'm sorry. We have a question from Ethan Ruby, individual investor. Your line is open.

Ethan Ruby — Yes. Afternoon. Thank you for the update. I just wanted to get your overall take approaching the next 2 years. If I heard correctly, you're taking a more, kind of, defensive wait-and-see approach rather than trying to be opportunistic in whatever volatility might present itself. Is that an accurate assessment of how the Fund is doing the next 12, at least the next 12 months?

Tom Mandel — Hi Ethan. Yeah, I think that is accurate for this ultra short bond fund. And obviously we manage a number of different strategies, but this bond fund is really designed to minimize downside volatility/downside risk.

And so, to that end, given how nicely yields have increased for high-quality, very short assets, we think it's a perfect opportunity to continue to invest in really in the highest quality of securitized debt assets that we can. So, we will not have to give up really yield to do that, but we will protect the downside. So yeah, I think there's uncertainty out there and so we do want to be fairly defensive.

Ethan Ruby — Okay, thank you. I've been an investor with you guys for over 5 years and you've managed the downside risk incredibly well, better than pretty much everybody else out there on the street, so just wanted to make sure that that's a continued focus of this Fund moving forward. So, thank you.

Tom Mandel — Thank you.

Operator — And I see no further questions at this time. Please continue.

Greg Parsons Great. Well on behalf of the entire Semper team, myself, and Tom, thank you very much for the support and taking the time to listen to our story, we appreciate it. Thanks everyone. Have a great day.

Operator This concludes today's conference call. Thank you for your participation, you may now disconnect.