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 MBS Index: Covers agency mortgage-backed pass-through securities - both fixed-rate and hybrid ARM - issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). Pool aggregates must have at least $250 million outstanding with a weighted average maturity of at least 1 year. One cannot invest directly in an index.

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.

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.

Coupon: The annual interest rate paid on a bond, expressed as a percentage of the face value.

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.

Liquidity: The degree to which an asset or security can be quickly bought or sold in the market without affecting the asset's price.

Sharpe Ratio: The average return earned in excess of the risk-free rate per unit of volatility or total risk.

Spread Duration: The sensitivity of the price of a bond to a 100-basis point change to its option-adjusted spread.

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.

Par: The face value of a bond.

RMBS: Residential Mortgage-backed Securities

CMBS: Commercial Mortgage-backed Securities

CLO: Collateralized Loan Obligations

ARM: Adjustable-Rate Mortgage

NPL: Non-Performing Loan

RPL: Re-Performing Loan

ABS: Asset-Backed Securities

SFR: Single Family Rental Securitizations

SASB: Single Asset Single Borrower.

Alt-A: A classification of mortgages where the risk profile falls between prime and subprime.

AUM: Assets Under Management.

Morningstar Proprietary Ratings and Percentile Rankings reflect risk-adjusted performance as of 3/31/2019. 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 3/31/18 the Semper Short Duration Fund received a 5-Star Overall Morningstar Rating™ among 151 Ultrashort Bond Funds and a 5-Star Morningstar Rating™ for both the 3 and 5-year periods among 151 and 131 Ultrashort Bond Funds, respectively. As of 3/31/19 the Semper MBS Total Return Fund received a 5-Star Overall Morningstar Rating™ and a 4-Star 3-Year Morningstar Rating™ among 278 Non-Traditional Bond Funds, and a 5-Star 5- year Morningstar Rating among 187 Non-Traditional Bond Funds. 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 6%, 5% and 1% out of 187, 151 and 131 Ultrashort Bond Funds for the one, three, and five-year periods ending 3/31/2019, 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.

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.

Past performance does not guarantee future results.

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 this time, I would like to welcome everyone to the Semper MBS Total Return Fund and 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 dates 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 the 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 speakers remarks, there will be a question and answer session. I will now turn the call over to Greg Parsons of Semper Capital Management.

Greg Parsons: Good afternoon, I want to start off saying thank you for calling today for our quarterly conference call. We're doing things slightly differently. Today we'll be covering both of our mutual funds which hopefully you'll find more efficient than doing separate calls. My name is Greg Parsons, I'm the CEO of Semper Capital Management. I'm joined on today's call by Tom Mandel, Co-founder of the Firm, our CIO, and one of our portfolio managers. We'll spend about 25 to 30 minutes providing an update on the Semper MBS Total Return Fund, a mortgage-focused mutual fund we launched in mid-2013, and the Semper Short Duration Fund, an ultra-short mutual fund we launched back in December 2010.

First, I'll provide a brief update on Semper and what we're seeing in the overall markets. Next, I'll provide we'll provide an update on the MBS Total Return Fund, including our outlook, followed by an update on the Short Duration Fund and outlook, and last, we'll open it up to questions.

For context, and for any new prospect or party on the phone that isn't familiar with Semper, we're a privately-owned fixed-income asset management platform the focuses our efforts on opportunities within the structured credit space, with a particular focus on US-based mortgage strategies, including both residential and commercial. We're located in New York City, and we opened an office in London last year in conjunction with the launch of our first UCITS. Our firm-wide AUM is currently about 3.2 billion and this AUM spans across a range of structured credit products. This represents about a billion dollars of growth from last year.

We have four primary strategies: Total Return, Short Duration, Absolute Return, and Index-Based. I'll share some of our thoughts on the market before introducing Tom. You know, we've recently seen a significant change in investor sentiment over the last 4 to 5 months. Last November and December, we saw significant weakness in equities, high yield, and other risk assets large in response to fears that Federal Reserve Bank was going to push the US economy into recession by overly aggressively raising the target Fed funds rate and reducing their 4.5 trillion-dollar balance sheet.

Corporate credit quality concerns, uncertainty over trade tariffs, and other global geopolitical uncertainty fueled the flames. The 10 year US Treasury touched 3.25%, and the yield curve continued to flatten. The Fed moved four times over the course of 2018. As quickly as the markets weakened, they reversed course beginning the last week of December. The Fed adjusted their messaging effectively saying that they would pause before taking further action. Yields declined sharply reaching a recent low of about 2.4 for the 10-year. Combined with some better news on the global trade front, equities and high yield took off again.

The first quarter is one of the strongest on record for the US equity markets as they recovered virtually all of their fourth quarter losses. In fact, two of the major indices set new records last week. The high yield credit market rebounded sharply as well. Earnings season is progressing well, economic debt is okay, and inflation is softened but not overly so. With the Fed seemingly on hold, it's virtually a perfect environment for risk assets, for the moment at least. Just as during 2016 Q1, our Total Return Strategy and our Short Duration Fund navigated this volatility very successfully with small negative return in the 4th quarter for the Total Return Fund and a small positive return for the Short Duration Fund. Both funds have rebounded thus far in 2019.

Our overall view on the capital markets for the remaining 2019 is we expect some periods of significant volatility in equities, high-yield, and treasury yields. In the midst of this potential volatility, we believe that US mortgage credit remains perhaps the strongest risk adjusted and most stable return opportunities in the capital markets. Yield remains attractive, credit fundamentals continue to improve, and the $125 billion of new issuance that we expect this year has and will continue to have some very attractive investment characteristics.

Adding to what we believe is a fantastic sector level opportunity, our size, both at the Firm level at the Fund level, is still, we believe, a distinct competitive advantage allowing us take advantage of opportunities our competitive set can't as efficiently access.

In summary, we believe that the mortgage credit sector continues to offer great value from higher yield, lower duration, and low correlation other fixed income and risk assets, support from ongoing improvement in real estate credit fundamentals, and an increased breadth of opportunity in the growing new issue market.

All of these continue to make RMBS a great compliment to other fixed income risk assets, and the sector continues to offer potential for higher risk-adjusted returns. I'll now turn the call over to Tom to talk more specifically about the Funds and their portfolios.

Tom Mandel: Thanks everybody for joining our call today, and I will be brief with an update on the two mutual funds and certainly look forward to answering questions either this afternoon or whenever you wish to ask them. And by the way, this call's transcript and replay again will be available on our Fund's website in a couple of weeks. The MBS Total Return Fund is our long-only, unlevered total return strategy, which is focused on mortgage-backed securities as the name implies. The mortgage securities market is one of the larger more liquid and more diverse bond markets available to invest in.

There are two major parts to the universe. Of the approximately $7 trillion market, $6 trillion is made up of US government guaranteed MBS issued by Fannie, Freddie, and Ginnie. This is a really liquid, high-quality and frankly, currently risky segment of the market in our view. It's risky, we believe, because yields on this paper are low, interest rate sensitivity is high, and volatility will persist thanks to its negative convexity. And of course, these bonds are vulnerable to shifting supply and demand factors, especially given that the Fed has so much of this paper on their balance sheets.

And the other 10% of this market consists of non-government guaranteed mortgage-backed securities. Two-thirds of this $600 billion market consists of legacy, or pre-financial crisis bonds, issued primarily in 2002 to 2007. And then the other third consists of newly issued securitizations, which we call Next Gen. To put it in context, $600 is about half the size of the corporate high yield market, so it is relatively small; yet, it's relatively liquid, for the most part. And it's right sized for the size and scope of Semper Capital.

As of today, in the MBS Total Return Fund, we have a 93% allocation to non-agency MBS. We have a 5% allocation in CMBS, and then we have 2% in cash equivalents. We're currently positioned in a fairly risk-averse way. We're focused on owning cash flows that have good liquidity, improving credit fundamentals, and good levels of credit support. The Fund is $2 billion today, and it has room to grow. In July we'll be crossing the 6-year mark, and the opportunities that we see today are as robust as we've seen since we launched the Fund.

The Fund is included by Morningstar in their Non-traditional Bond Fund category where it's consistently been one of the best performers. And then the Short Duration Fund, which we manage to have an Ultra-Short Bond Fund type of characteristics, is also invested in structured credit, but more broadly than the Total Return Fund. In the short fund, we invest primarily in short duration, investment grade securities across agency and non-agency MBS, CMBS, ABS, and senior tranches of CLOs generally rated AAA.

We're keeping duration under a half a year, and given the flatness of the yield curve, the Fund's yield is attractive while taking less than half of the spread duration of the Total Return Fund. We launched the Short Duration Fund in December of 2010, and today it has over $275 million, and it's been growing consistently.

So there has been a great deal of volatility both downside and upside in the capital markets over the last 6 months led but US equities, which fell by about 15% in the 4th quarter of '18 and which have rebounded by the same amount or a little bit more so far this year. The paper we invest in is expected to be less volatile, and that's exactly what we've seen. I'm sure everybody remembers the brief but significant drop in risk markets in Q4 along with a rapid drop in rates after they touched 3 1/4. During that 3-month period, the performance of the Total Return Fund institutional class was down just 27 basis points net. So, the correlations to risk assets were positive but they were low. In the subsequent three plus months beginning with the last week of December, risk assets rebounded as quickly as they had declined.

In fixed income, the best performing assets were high yield corporate credit, which has a very high correlation to equities along with longer duration bonds, which benefited from the 30 basis point drop in treasury yields that we saw during this - primarily during March in response to the now dovish Fed. Performance for RMBS is positive but not as strong as these other sectors. Most bonds recovered a good portion of their spread widening, although legacy bonds were roughly unchanged.

Spread compression was limited in our sector in Q1 for a few reasons. First, there was a robust new issue calendar. Second, we saw some decline and enthusiasm for floating rate cash flows as a forward curve declined. And three, many investors were focusing on adding more volatile assets, including longer duration assets looking to participate in this strong rally that was ongoing in across all risk assets and in Treasuries. This is sideways movement in our class, asset class in RMBS was short-lived, and we've now seen some further compression across most of our sectors so far this month.

For the 1st quarter performance of the institution of class the MBS Total Return Fund was positive 1.38%. And it's up over 60 basis points this month today and I'll return to this in a moment. The Short Duration Fund, as expected, showed even less volatility over this last 6 months. Performance for the institutional class was positive 33 basis points in the 4th quarter, and it rebounded to positive 1.13% net in Q1. The Short Duration Fund is differentiated from the Total Return Fund by a lower duration from making even shorter investments, diversification across RMBS agencies, CMBS, ABS, and CLOs as I mentioned.

These cash flows have low spread duration on average of about 2 years, which is borne out by the relatively low volatility that we've seen in to the share price. Annualized standard deviation of monthly returns has been about one half, and the Fund has had just 1 month of negative performance in the last 45 months, and that was February of '16.

So, back to the first quarter: the first quarter can be described as a significant risk-on environment supported by the Fed's dovish stance, which the market has read as cutting rather than raising rates later this year.

Inflation has remained a bit below the Fed's target rate, economic growth has moderated with some potential upside from progress and trade talks, home prices continued to rise in most locations during the quarter, mortgage rates declined along with Treasuries, and new issuance across several non-agency RMBS sectors was strong in terms of the number and size of new issues and the demand for most of the deals. Issuance in ABS, CBS, and CLOs was also solid with most spreads grinding tighter, although not as tight as last year's post-crisis tights.

Returning to the two Funds, let me give you a further update on performance, and again this information is available on our website. First, the MBS Total Return Fund: as I mentioned for 2019 Q1, the institutional class returned 1.38% net. The benchmark index, the Bloomberg Barclays MBS index returned 2.17% benefiting from its longer duration. For the trailing 1 year, the institutional class returned 3.56% net versus 4.22% for the index.

For the trailing 3 years, the institutional class has returned 5.35% annualized versus 1.77% for the index. And since inception in July of '13, the institutional class has returned 6.51% net annualized versus 2.70% for the index, which is an excess return of nearly 3.8%. During the quarter, interest income contributed about 1.4% to performance and price gains contributed about 10 basis points with legacy prices roughly unchanged.

The Fund's trailing 12-month dividend distribution rate was 5.54%, and the standard deviation for the trailing 3 years is currently running at about 0.8 with a sharpe ratio of about 4.

Next, let me turn to the current composition and structure of the Total Return Fund. Terms of sector weightings, I mentioned 93% of the portfolio is invested in non-agency RMBS. And this includes first legacy or pre-crisis sectors, including prime, which is about a 1% allocation, Alt-A 11%, and subprime 16%, and then finally, option ARMs 5%.

And this 93% also includes newer-issue securitizations, which included the combination of NPLs, RPLs, and Jumbo 2.0s, totaling about 23%. And that's made up of a 5% allocation NPLs, 7% to Jumbo 2.0s, and 10% to RPLs. We owned a 19% allocation to CRT, that's Agency Credit Risk Transfer securitizations, and a 16% allocation to Single Family Rental Securitizations, which we call SFR. We owned no agency MBS or CMBS at this time and had about a 5% weighting to non-agency CMBS, no allocation to asset-backs and a 2% cash balance. So, the one material change in sector allocations during the quarter was this 10% increase and the combination of and NPL, RPL, and 2.0 securities with small reductions across most of the other sectors. And these again, are all new or recent issues. Most of them are fixed rate, and most are structured to have very low average lives and the opportunity for upgrades through rapid de-levering. Currently about two-thirds of the non-agency RMBS exposure in the portfolio is in Next Gen.

And about one-third is in the legacy or pre-crisis paper. So, this has provided us with better liquidity, excellent diversification of underlying loans, and waterfall structures and really importantly, a growing opportunity to invest in securities that we expect to be upgraded. And as a result, more valuable because of the structures in many of these new issues result in a high likelihood of rapid de-levering and increased credit enhancement. Some of these examples would be high gross weighted average coupon CRT mezzanine securitizations, reperforming hybrid and second lien deals, and high gross weighted average coupon Jumbo 2.0 deals.

And I would also add that about a third of the new issues that we own are actually securitized with seasoned or legacy loans, and that would be primarily the NPL and RPL deals. And then within CMBS we have a 4% allocation to Freddie K multi-family housing securitizations and a 1% allocation to small balance commercial securitizations, and as I've talked about in the past, both of these act very much like resi deals.

The portfolio's effective duration at the end of March is 1.1 years up from 1.0 year at year-end.

The durations of many of the securities drifted lower for a number of the securities as rates declined and we offset that by buying more fixed-rate securities. Our allocation of mortgage securities with floating rate coupons declined from about 75% to 70% during the quarter. We remain comfortable with this yield curve positioning, and so far this month, Treasury yields have risen by nearly fifteen bps after last quarter's sharp drop. The portfolio's yield to maturity declined from about 4.4% to 4.2% during the quarter, which is less than the decline in overall market yields.

The portfolio's average coupon rose slightly to 4.3% from 4.1%, again mostly reflection of adding fixed rate current coupons. Average dollar price of the Fund rose by about 1% to 95, and that consists of a couple things. The average dollar price of the legacy non-agencies that we own is about eighty-five. And the average dollar price of the newer issue securitization is closer to par. The portfolio's spread duration remains at about four years.

Turning to performance and characteristics for the Short Duration Fund, Morningstar includes this Fund in their Ultra-Short Bond Fund universe, which today has over 200 funds, and 133 of them have been open for at least 5 years. For the trailing 1-3 years, it's ranked high in the top decile performers, based on performance, and for the trailing 5-year period through 3/31, it's in the top 1%. The Fund's performance, as I mentioned, for the first quarter ended March 31st for the institutional class was 1.13% net versus 99 basis points for the primary benchmark index, which is the Bloomberg Barclays 1-3 Year Government Index, and this is despite the indexes' much longer duration. The Fund's performance for the trailing one-year period ending March 31st was a positive 2.97% net for the institutional class versus 2.74% for the Bloomberg Barclays 1-3-Year Government Index. And the Fund's performance for the trailing five-year period ending March 31st was positive 2.35% for the institutional class versus 93 basis points for the index.

And then finally annualized performance from inception in 2010 through March 31 was 2.55% for the institutional class versus 93 basis points for the index, which represents an excess return of about a 165 basis points per year over this 8-year period. And the primary performance for the Short Duration Fund also is interest income. Interest added about 1% to performance for the quarter, and then spread contractions offsetting some of the 4th quarter price action added about 1/3 of a percent of performance attribution.

The Fund accrues daily, and it pays a monthly dividend. And for the trailing 12-months, the dividend rate was 3.13% for the institutional class, and the 30-day yield is now over 3.6%.

In terms of the portfolio's composition as of March 31, we held about a 5% allocation to government guaranteed paper, which is made up of agency MBS and short Treasuries. The portfolio had a 24% allocation to non-agency RMBS, excluding Credit Risk Transfer bonds.

The portfolio had a 21% allocation to these CRTs issued by Fannie and Freddie, a 10% allocation to CMBS, a 14% allocation to ABS, and then finally just under 25% allocation to senior CLO tranches. Within the non-agency RMBS category, we own approximately 3% legacy or pre-crisis paper, most of this is senior, and most of it is floating rate, and a 21% allocation to new-issue paper that includes 2% in NPLs, which are senior but fixed rate and short, a 4% allocation to RPL securitizations, a 1% allocation to Jumbo 2.0's, a 2% allocation to non-QM or non-qualified mortgage securitizations, and then a 12% allocation to Single Family Rental Securitizations.

Within the CMBS bucket, we own a 2% allocation to small balance commercial mortgage securitizations, we have a 1% allocation to single-asset, single-borrower, or SASB, CMBS, and a 6% allocation to Freddie K multi-family securitizations. We have no traditional legacy conduit deals. And then finally in asset-backs, we have a 10% allocation to AAA autos and cards, a 6% allocation to senior tranches of subprime autos, and a 2% allocation across esoteric assets-backs, including student loans, marketplace lending, tax liens, and small business lending.

Over half of the portfolio is invested in securities with direct residential real estate credit exposure, and then the entire portfolio again is either supported with mortgages or other assets securitized in the bonds or is government guaranteed. We do not own unsecured paper.

The portfolio's effective duration is 0.4 years, which is up from 0.1 year a quarter ago. This low rate sensitivity is coming from a couple of sources. First, many of the securities have very short final maturities or average lives. They have fairly aggressive amortization schedules.

And also, we continue to own a large portion of the portfolio in floating rate paper, which we've reduced by about 3-4% to around 75% as of today. The portfolio's yield to maturity has risen to 3.7% from 3.5% a quarter ago. The average coupon is about 70 basis points higher than a quarter ago at 4.3%. The portfolio's average dollar price is just over par, which is a percent higher than a quarter ago. And again, in this portfolio, the average dollar price of the legacy non-agencies that we own is lower, it's in the high 90's in this portfolio, the average dollar price of the CRT bonds that we own is about a 103. Single Family Rentals is around a 101, and average dollar price of the senior CLOs that we own is a little bit under par. And just as with the Total Return Fund, the Short-Duration Fund is long-only, no leverage, no hedges in place, no plans to change that.

So, while we've moved into another period of low rate volatility, we're still in a period of uncertainty. We still believe that the Fed wants to get back to neutral by raising their target fund's rate at least a couple more times if they can, while the market believes that the Fed is more likely to cut rates.

And while corporate credit has rebounded sharply so far this year, we believe we're in a point in the cycle where the consumer is in better shape than corporate America, all of the credit trends that we look at for mortgage borrowers are continuing to show improvement. Delinquencies, defaults, and severities are generally still trending downward. The quality of newly-originated loans, and the structured new deals in general remain stronger than pre-crisis comparisons. We think that economic growth, employment growth, real estate conditions will remain okay into the next year. Trade remains a wild card, but we believe that its impact will ultimately be relatively small.

Home price appreciation is slowing from very high levels. And we expect it to continue to slow in apart from new tax rags, declining home affordability from declining consumer sentiment, and so on, but nationally we expect home price appreciation to continue to grow this year and most likely at a rate that's greater than inflation. Our primary goals continue to be to minimize downside vol, to maintain liquidity, and within those constructs provide good current yield. We think the Short-Duration Fund structure allows us to continue to do that.

We continue to focus on owning higher quality and more liquid investments in these sectors to ensure appropriate asset liability matching, to minimize this downside volatility, and to be prepared for any significant opportunistic offerings.

So just to summarize, we believe we're positioned appropriately for the environment that we're in, in both of our Funds, which includes the prospect for volatility and yield and in risk assets again. We'll continue to position both portfolios with relatively low duration, appropriate liquidity, and we'll actively take advantage of relative value opportunities across both legacy and new-issue sectors. And we will continue to buy and trade opportunistically as the market permits. And then finally, we are confident that our small size and our ability to be nimble is increasingly valuable. While we're slowly and steadily growing, that nimbleness is 100% intact. And thank you for your time and let me pass it back to Greg.

Greg Parsons: Thanks Tom, great update. We appreciate folks hanging in. I know it's a lot of information. Beyond our continuing success, with both Funds, we have a lot that we're proud of at Semper. I'll mention that for the second year in a row, Semper was recognized in the 2018 Pensions and Investments Best Place to Work in Money Management awards. We were also named by the US Chamber of Commerce Foundation as a Best Corporate Steward, Small and Middle-market Business in recognition of many of our community philanthropic efforts.

And speaking of those efforts, we continue to ramp up our focus on supporting many activities in the community, view ourselves very much not just strong fiduciaries of capital but strong corporate and community citizens with a heavy focus on supporting our veteran population. And we actively encourage employees to engage with platforms that the firm supports and welcome any opportunity to discuss some of our non-profit community engagement with those on the phone outside this call.

As stated, we remain very excited about our two Funds' performance, our growth in the pipelines. We've never been more confident in the ability for the sector to drive value to you, our partners, from both legacy and new issue RMBS. And frankly, I'd just like to thank all of you on the phone who are already investors for your support to date. We welcome your feedback, and now we'll open it up to questions.

Operator: Ladies and gentlemen if you have questions at this time, please press star and the number one on your telephone keypad. If your question has been answered or you wish to remove yourself from the queue, press the pound key. Again, it's star one to ask a question.

Our first question comes from the line of Gary Bochow from Vision Four. Your line is open

Gary Bochow: Hi Tom, the question's directed towards you. You mentioned -- you touched on it a little bit in the presentation, but could you elaborate on particularly the RMBS credit profile relative that of say high yield or senior bank loans. I think there's a significant compare and contrast there, would you agree?

Tom Mandel: Well, I think yes, in that the -- so the characteristics of much of the RMBS space is similar to that of the levered loan space in terms of the types of cash flows. I'd say the biggest difference, of course, is that high yield market and levered loan market is dependent on individual corporations and their ability to continue to make their interest payments and to refinance debt. I think that we are in a very different part of the cycle of consumers than we are for corporations.

We've certainly seen a lot of information about corporations increasing leverage, potentially having some earning challenges now that we're beyond all the benefits of the changes in tax legislation, whereas homeowners are increasingly able to make their principal and interest payments. I guess the final point I would make is that in terms of how we get paid back as investors, mortgages and mortgage security, which is securitized by hundreds if not thousands of loans, these loans are fully amortizing, meaning that these homeowners don't ever have to be able to refinance their mortgages in order for us to get paid back, certainly affects the timing of when we get paid back.

And then also if a handful of loans were to default, we're still getting paid back monthly on all the other loans. The corporate arena is a little bit different because typically those corporations have to be able to refinance their debt in order for an investor to get paid back. So, if there are problems with re-financing that can have negative implications for performance.

Gary Bochow: Thanks Tom, appreciate that.

Tom Mandel: Thank you.

Operator: Again, ladies and gentlemen if you have a question at this time, please press star then the number one on your telephone keypad. Again, that's star one to ask a question. We have no further questions at this time. I would now like to turn the call back to Mr. Parsons.

Greg Parsons: Well again thank you so much for support today, we appreciate the opportunity to talk about things we're seeing in market, opportunities, and the Fund's current position in profile. Tom or I can be reached and obviously our website has a ton of good information on the Funds. So, I hope everyone has a good afternoon, thank you very much.

Operator: Ladies and gentlemen this conclude today's conference call. Thank you for your participation, have a wonderful day. You may all disconnect.