Semper MBS Total Return Fund and Semper Short Duration Fund Quarterly Conference Call

July 29, 2019, 04:00 p.m. ET

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 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.

AUM: Assets Under Management.

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

RMBS: Residential Mortgage-backed Securities

CMBS: Commercial Mortgage-backed Securities

CLO: Collateralized Loan Obligations

ARM: Adjustable-Rate Mortgage

NPL: Non-Performing Loan

ABS: Asset-Backed Securities

Credit Quality: 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 6/30/2019. 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 6/30/19 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 128 Ultrashort Bond Funds, respectively. As of 6/30/19 the Semper MBS Total Return Fund received a 5-Star Overall Morningstar Rating™ and a 4-Star 3-Year Morningstar Rating™ among 270 Non-Traditional Bond Funds, and a 5-Star 5- year Morningstar Rating among 199 Non-Traditional Bond Funds. ©2019 Morningstar, Inc. All rights reserved. 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 17%, 3% and 3% out of 194, 151 and 128 Ultrashort Bond Funds for the one, three, and five-year periods ending 6/30/2019, respectively. Morningstar ranked the Semper MBS Total Return Fund (SEMMX) in the top 51%, 15% and 5% out of 297, 270 and 199 Non-Traditional Bond Funds for the one, three, and five-year periods ending 6/30/2019, 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.
Click here for Standardized Performance.

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 the 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 in today for our 2019 Second Quarter Semper Mutual Fund Conference Call. Similar to the format last quarter, we'll be covering both of our mutual funds during today's call, the Semper MBS Total Return Fund as well as 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 our leading portfolio managers.

We'll spend about 20 minutes today providing an update on each fund, the Semper MBS Total Return Fund, which is about $2.1 billion mortgage-focused mutual fund that we launched in mid-2013, and the Semper Short

Duration Fund, approximately $320 million in assets ultra-short mutual fund that we launched in December 2010.

We will break the call into three parts. First, I'll provide a brief update on Semper and what we're seeing in the overall markets. Second, Tom will provide an update on the MBS Total Return Fund, including our outlook, followed by an update on the Short Duration Fund and outlook. Finally, we'll open up the call to questions.

For those who aren't as familiar with Semper, we're a privately-owned fixed-income asset management platform that focuses on opportunities within the structured credit space, with a heavy particular focus on US-based mortgage strategies, including both RMBS and CMBS. We're headquartered in New York City, we opened an office in London last year in conjunction with the launch of our first UCITS product. Our firm-wide AUM is currently a little bit north at $3.4 billion spread across a range of structured credit products that include both ‘40 Act funds, commingled private funds, UCITS platform, and institutionally separately managed accounts.

We have four primary strategies. The Total Return Strategy, the Short Duration Strategy, an Absolute Return Strategy, and a relative value index based product.

On today's call we’ll focus on the Total Return Strategy and the Short Duration Strategy.

The investment focus of our Total Return Strategy is consistently centered around the US mortgage-backed securities market since the fund first launched six years ago. For the last several years, we have seen more opportunities within the non-Agency section of the market, which refers to the non US government guaranteed portion of the $7 trillion MBS market. This non-agency market continues to evolve since peaking in size at the inception of the financial crisis over 12 years ago and we continue to see strong value investment characteristics for this pre-crisis legacy paper, particularly as it is seasoned over the years. We’re also seeing compelling opportunities in the emerging new issue sectors which we call the next generation. This next generation space has been growing at approximately $125 billion per year. The total value of the non-agency market is close to $600 billion with $350 billion plus of legacy paper remaining.

The investment focus our Short Duration Strategy is also centered around structured credit, but more broadly than in our Total Return Strategy. The Short Duration Fund invests primarily in very short duration, investment grade securities across both agency and non-Agency MBS, CMBS, ABS, and senior tranches of CLOs generally rated AAA. We maintain duration of under 1/2 a year and the fund is less than 1/2 of the interest rate sensitivity and spread risk of the Total Return Fund. Many investors have found this risk return profile attractive, particularly in uncertain markets.

Before introducing Tom we'll share some of our thoughts on the market. Clearly, investors across all asset classes are looking at the same near term event. The Fed open market committee meets tomorrow on Wednesday, and the markets are fully pricing in a cut in the Fed funds target rate. Most participants expect a 25 basis point cut, but some are looking for 50 basis points. This will be the first cut in the Fed funds rate in over 10 years and this expectation reflects the uncertainty surrounding domestic and global economic growth, global trade, inflation, and asset valuations. The markets' call for easier monetary policy have really taken hold this year leading to 20% plus returns in our equity markets, strong performance across most credit sectors, and of course, a hundred basis points plus drop in US yields since late last year. Of course, the leading beneficiary of this Fed stimulus will be the US housing market with lower mortgage rates supporting continued firmness in most regional housing markets.

In the midst of the strong markets Semper strategies have performed as we would expect which Tom will review in more detail. Overall perspective on the capital markets for remainder 2019 is to be expected in significant volatility created by the uncertain reaction of the market and the major economies to the Fed's dovishness and of course the European Union's dovishness as well.

But in the midst of this potential volatility we continue to believe that US mortgage credit will remain one of the strongest risk-adjusted most stable return opportunities available to investors. Yields remain attractive on a relative basis. Credit fundamentals continue to improve as home prices continue to go up and delinquencies continue to decline, and $125 billion plus of new issuance that we expect has had and will continue to have some very attractive investment characteristics.

On top of what we call the sector opportunity, our size, both at the firm level and at the fund level is still, we believe a distinct competitive advantage for both products allowing us to take advantage of opportunities our competitor set just can't efficiently access.

In summary, we believe the mortgage credit sector continues to offer and benefit from higher yields, lower durations, low correlation of other fixed income, and other risk assets, and ongoing support from continued improvement real estate credit fundamentals. All of these continue to make structured products a great compliment to other fixed income and risk assets and the sector continues to offer the potential for higher risk adjusted returns.

I will now turn the call over the Tom to talk about both of the funds.

Tom Mandel: Thank you for joining our call today.

The MBS Total Return Fund is our long-only, unlevered total return strategy, which is focused on mortgage-backed securities as its name implies. The mortgage securities market of course is one of the larger, more liquid and more diverse bond markets that we have available to invest in. Of course, there are two major parts of this universe. Of approximately $7 trillion market, better than $6 trillion consists of US government guaranteed MBS, which are issued by Fannie, Freddie, and Ginnie Mae. Yields on this paper today are around 2.75% with a duration of about 3 - 3 1/4 years. And the other 10% of the market which we're really here to talk about is the non-government guaranteed mortgage portion of the market. About two thirds of this $600 billion market consists of legacy or pre-financial crisis bonds issued back roughly in 2002 to 2007. And then the other third consists of newly issued securitizations, which we like to call Next Gen Bonds. This $600 billion is only about a quarter the size of what the non-Agency sector looked like immediately before the financial crisis, but it is growing again today, thanks to the solid expansion of these next generation securities.

Today in the MBS Total Return Fund we have about a 94% allocation to non-Agency MBS plus about a 5% allocation to CMBS and a ½ of 1% allocation to asset-backed securities. We're currently positioned somewhat defensively. We're focused on owning cash flows that have good liquidity, improving credit fundamentals, good levels of credit support overall. As

Greg mentioned the fund is $2.1 billion and it has room to grow. The fund is included by Morningstar in their nontraditional bond fund category where it's consistently been one of the universe's best performers. And then the Short Duration Fund which we manage to have Ultrashort bond fund characteristics is also invested in structure credit, but more broadly than the Total Return Fund. We invest primarily in very short duration, investment grade securities across agency and non-Agency MBS as well as CMBS, ABS, and senior tranches of CLOs which are generally rated AAA. We keep the duration under a half year and given the flatness of the yield curve, the fund's yield is attractive while taking less than half the spread duration that the Total Return Fund has. We launched this fund back in December of 2010.

So, following what was a very weak risk-off environment in the fourth quarter of last year and then a significant risk-on environment in the first quarter of 2019, which was largely supported by the Fed's pivot to a dovish stance, the second quarter was more benign in our space with a growing amount of attention devoted to the Fed.

Spreads were fairly constant overall in the second quarter with the exception of highly callable paper which underperformed as refinancing expectations and actual refinancing activity increased as rates declined. The new issue calendar remained fairly robust in non-Agencies. Year-to-date issuance has been on pace with last year's amount of issuance, although it's been distributed differently.

Non-QM or Non-Qualifying Mortgage issues, which are new securitizations collateralized with recently underwritten but nonqualifying mortgages meaning they don't qualify for government guarantees, have increased significantly to over $10 billion issuance so far this year. The NPL issuance or new issue securitizations of senior distressed loans has declined, a result of there being less supply of this distressed paper.

Current themes in our sector have become increasingly dominated by the growing expectation for rate cuts in the US, which we expect to begin this week. Higher gross weighted average coupon paper, meaning higher coupon mortgages originated before the current rate rally began in late 2018 has begun to prepay faster across all of the new issue sectors that we're investing in and we expect this trend to continue as most of these

loans had high 4% to even low 5% rate versus today's 3 and 3 1/4 to 4% range.

Importantly, some of this higher GWAC paper which was issued at par earlier this year offering interesting relative value opportunities for us as these deals have a real opportunity to delever quickly, build credit enhancement which can lead to ratings upgrades which we've talked about in the past and therefore stronger bids from a broader investor base.

The SFR or Single Family Rental securitization sector continues to be a very strong performer based on very strong rental fundamentals coupled with lower housing supply that's available, especially in the more entry level or first time buyer cohort.

We currently see strong value across the 2.0 sectors in general. There continue to be very strong underwriting of new collateral as well as strong collateral performance. Many of these subsectors also provide investor friendly structural features, which are attractive for us and they are backed by strong sponsors and then finally they all tend to have more liquidity than we've been used to in the space.

Returning to the two funds, I'll next provide an update on performance. All this information by the way is available on our funds website. First the MBS Total Return Fund. For the second quarter of 2019, the institutional of class returned 1.69% net, the benchmark index, which is the Bloomberg Barclays MBS Index, returned 1.96% benefiting from its longer duration during this period of fairly significant rate declines. Year-to-date, the institutional classes returned 3.09% versus 4.17% for the index. For the trailing three years, the institutional class returned 5.55% annualized versus 2.06% for the index, and since inception in July of 2013, the institutional class has returned 6.53% annualized, versus 2.61% for the index which is an annual excess return of about 3.9%.

For the quarter, interest contributed about 1.3% performance. Price gains contributed about ½ percent and legacy prices were roughly unchanged again during the second quarter. The trailing 12-month dividend distribution rate was 5.39%. The standard deviation for the last three years is currently running at 0.8 with a Sharpe ratio of about 4.

Next, I will go over the current composition and structure of the Total Return Fund, starting with sector weightings as of June 30th. As I mentioned earlier non-agencies make up 94% of the portfolio, that consists of 1% allocation to prime, 7% allocation to Alt-A, 14% allocation to subprime, and 5% allocation to option ARM'S. In terms of the newer issue securitizations, again which we like to call Next Gen, we have a 4% allocation to re-securitized legacy paper, a 6% allocation to NPL's, a 15% allocation to RPL's or re-performing loans, 8% to jumbo 2.0's, and a 4% allocation to non-QM or non-qualified mortgages. We had about a 19% allocation to agency CRT or Credit Risk Transfer securitizations and another 16% allocated to Single Family Rental securitizations. I mentioned a 5% allocation to non-Agency CMBS, which is made up primarily of Freddie K multifamily housing securitizations and then a small 1% allocation to small balance commercial securitizations. Asset-backs made up a little bit less than a 0.5% of the portfolio at the end of June.

The one material change in sector allocations was a 5% increase in the combination of NPL, RPL, and 2.0 securities with offsetting small reductions in most of the other sectors. These are all new or recent issues. They are fixed rate and they are in general structured to have low average lives and provide for this opportunity for upgrades through de-levering

Currently about 45% of our non-Agency RMBS exposure is in Next Gen which have newly underwritten loans. Another 25% in newer issued securitizations that are secured with legacy or seasoned loans, and then the final 30% is in legacy or pre-crisis paper.

This movement towards having more Next Gen paper has provided us better liquidity with really good diversification of underlying loans and waterfall structures and really importantly a growing opportunity to invest in securities that do have an expectation for rapid de-levering and increased credit enhancement. And some examples of this are re-performing hybrid and second-lien deals and high GWAC Jumbo 2.0 deals.

The portfolio's effective duration at June 30 was 1 year, which is flat versus the prior quarter. During this period, this 3-month period, the duration of the agency market fell by about 1 year from 4 years to just over 3 years, and again at the same time our duration stayed flat. Durations of many of our securities did drift lower because of this rate decline, but we offset that by buying more fixed rate securities. Our allocation to mortgage securities

with floating rate coupons declined from about 70% to about 65% during the quarter. The portfolio's yield to maturity calculated using yields to forwards declined from about 4.2% to just under 4% during the quarter, a little bit less than the decline in overall market yields.

The portfolio's current yield today is 4.8%. The portfolio's average coupon rose slightly to 4.5% from 4.3% percent, mostly a reflection of adding this fixed rate paper. The average dollar price of the fund rose by 1% to 96. Again, a reflection of an increased allocation of fixed rate paper as well as some price appreciation offset in part by our move out of higher priced CRT paper with more call risk. The average dollar price of the legacy portion of our book is about $85 with the average dollar price of our new issue bonds a little above par. Spread duration remains at 4 years.

Next, turning to Short Duration Fund briefly. Morningstar includes this fund in their Ultrashort Bond Fund universe, which today has over 200 funds of which 119 have been opened for at least five years. For the trailing three and five years, the fund is ranked in the top 5% of all funds.

The fund's performance for the second quarter ended June 30th for the institutional class was positive 93 basis points versus 1.46% for the prior year benchmark index which is the Bloomberg Barclays 1-3 year Government Index. And again, the index performance is reflective of the sharp rally in treasuries that we've seen. The fund's performance year-to-date through June 30 was 2.07% for the institutional class versus 2.47% for the index. The fund's performance for the trailing five-year period was 2.33% versus 1.23% for the Bloomberg Barclays Index. And then finally annualized performance from inception which was in December of 2010 through June 30 was 2.59% for the institutional class versus the index return of 1.08% or return of about a 150 basis points per year over this 8-year period. And the primary source of performance for this fund is also interest income. Interest generated about 90 basis points of performance with another 20 basis points from price appreciation. The fund accrues daily and pays a monthly dividend and for the trailing 12 months this dividend rate was 3.22% of the institutional class and as well the 30-day yield is 3.53%.

Now, I'll provide some additional information about composition and the structure. At the sector level as of June 30, the portfolio was made up of 5% allocation to government guaranteed paper including short treasuries,

a 22% allocation to non-Agency RMBS excluding CRT, and then a 25% allocation to agency CRT paper again issued by Fannie or Freddie but without the agency guarantee. We had an 11% allocation to CMBS, a 16% allocation to ABS, and a 23% allocation to AAA rated CLO tranches. So within the non-Agency RMBS category we own about a 4% legacy allocation, which is mostly senior and floating. We have an 18% allocation to new issue paper which includes a 1% allocation to NPL's, 3% to RPL's, 3% in legacy re-securitizations, 1% in Jumbo 2.0’s, 2% non-QM securitizations, and 8% in Single Family Rental Securitizations. Within CMBS, we own a 2% allocation to small balance commercial, a 6% allocation to Freddie K multi-family securitizations, and a very small allocation to a single asset single borrowers. We do not have traditional legacy conduit deals. In asset-backs, we have a 4% allocation in AAA rated autos and cards, a 10% investment grade subprime auto allocation which is up from about 7% a quarter ago, and we started to add to that allocation when we saw spreads widen a bit late in the first quarter and into the second quarter. We have about a 2% allocation across everything else in the ABS space which includes some 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 the entire portfolio is either supported with mortgages or other assets securitizing the bonds and/or is government guaranteed. We do not own corporates or other unsecured paper.

The portfolio's effective duration is 0.4 years, which is flat from a quarter ago. This low sensitivity comes from a couple of sources. Earlier in the year we had moved the floating rate allocation down from about 80% to around 75%. We moved a little bit lower from there by adding more short fixed rate paper. The portfolio's yield to maturity based on the forward curve was around 3.2% today, down from 3.5% a quarter ago with the SEC yield at a similar level. The portfolio's average coupon is unchanged at 4.3%. The average dollar price of the portfolio is just about $101, up just a little bit from a quarter ago, and importantly, just as with the Total Return Fund, the Short Duration Fund is long only with no leverage or hedging.

So, while we're back in another period of low rate volatility, we're still in a period of uncertainty. We're confident that the Fed is going to cut rates tomorrow, but we think that they may disappoint investors. And while corporate credit has rebounded sharply and done quite well, we still believe

we're in a point in the cycle where the consumer is in better shape than corporate America and we think our portfolio is well positioned to take advantage of that.

The credit trends that we look at in the mortgage space continue to show improvement. Delinquencies are lower, defaults are lower, severities are generally still going down, the quality of newly originated loans and the structure of these new deals in general remain stronger than pre-crisis comparisons.

So, we believe here at Semper that economic growth, employment growth and real estate conditions will remain okay into the next year. The extent of Fed action and trade are important unknowns. We are of the opinion at this point that our sector will navigate this economic uncertainty well. Home price appreciation continues to grow nationally greater than the rate of inflation.

So overall our primary goals are to minimize downside volatility to maintain liquidity and within those constructs provide good current yield in both of our portfolios.

Summarizing, 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 at some point in the near future. We'll continue to position both portfolios with relatively low duration with good liquidity, and we'll actively take advantage of relative value opportunities across both legacy and new-issue sectors. We're confident again as Greg mentioned that our small size and our ability to be nimble is valuable and increasingly valuable in this space, and we are slowly and steadily growing. We can assure you that nimbleness is 100% intact.
Thanks. Pass it back to Greg.

Greg Parsons: Thanks, Tom. Great update. Great review. Beyond our continuing success, with both Funds, we have a lot at Semper we're proud of. Most importantly, we continue to wrap up our efforts supporting many activities related to our nation's veterans and we'll continue to expand on that throughout this year. We actively support our team members both at the platform level and as individuals in giving service to each of their communities. We believe it's our responsibility as an organization to do

not just well for our investors but do good for our communities. As Tom mentioned we remain very excited about our two Funds' performance, growth and pipelines. We've never been more excited about driving value to you our partners and our clients, from both legacy and newer issue RMBS.

And I'd just like to thank all of you on the phone who are already investors for your support to date. As always, we welcome your feedback as how to make these calls as productive as possible. Now with limited time left we'll open up the call for questions.

Operator: Ladies and gentlemen, if you have questions at this time, please press star and the number one on your telephone keypad. Again, ladies and gentlemen, if your questions at this time, please press star and the number one on your telephone keypad. Again, star one to ask a question.

We have our first question from Sarah Wiewel from Tolleson. Your line is open.

Sarah Wiewel: Hi, Greg. Thanks for the quarterly update call. Quick question on the Total Return Fund, AUM. Is it still your plan to close the fund at around $3 billion?

Greg Parsons: Yes, that is correct. Again, we're obviously always looking at market and thinking about how we remain kind of right side so to speak in the context of the market, but as of right now that $3 billion-dollar number still is the target.

Sarah Wiewel: Okay, thank you.

Operator: Again, ladies and gentlemen, if you have questions at this time, please press star then the number one on your telephone keypad. Again, that's star one to ask a question.

If are no questions at this time. I'll turn the call back to Mr. Parsons for the closing remarks.

Greg Parsons: Well, again, thanks for everyone taking some time to listen to the update. We look forward to continue to drive value for you our partners. And obviously Tom, myself, and the rest of the Semper platform will be

available for ongoing questions or updates. So, again, hope everyone have a great afternoon. Thank you.

Operator: This concludes today's conference. Thank you for your participation and have a wonderful day. You may all disconnect.