

Monthly Newsletter

12/2025

We hope this correspondence finds you well.

It was a busy December for Imperial Fund Asset Management team. We closed the 28th securitization transaction, which was the fifth, and the last, deal of the 2025 – ADMT 2025-NQM5. We securitized over 1,163 loans which brought the pool to over \$417 million, transaction was rated by S&P and KBRA. This deal also marked our third securitization sponsored by Canyon Partners.

Conferences

The start of the year is expected to launch a busy schedule for 2026. In the week of January 5th, we will embark on a roadshow, where we will engage with our investors and partners in New York, Texas, and California.

Later in January, we will attend KORIED Conference, in Key West, Florida. This summit will bring together experts across different fields worldwide to discuss leading-edge approaches, ideas, and unique strategies that benefit the Public Pension Fund community.

Finally, in recognition of our partners from the MENA region, we will conclude the month by participating in SuperReturn Saudi Arabia on January 26–27.

After that, we are going to do a roadshow across other countries in the MENA region. We are looking to create new connections and exchange insightful thoughts on the private capital market.

In December, we attended a number of events, including Art Basel Miami 2025: Investor Summit and ALTSMIA. We were also excited to participate in Insurance Investor Live conference, where Dmitri Batsev, a Partner and a Managing Director at Imperial Fund, shared his insights into a residential loan space in a panel discussion on balancing growth.

ADMT 2025-NQM5

28th platform securitization
Priced a \$417 M of loans
S&P Global Presale
KBRA Presale

Koried Global Summit

Miami, Florida
January 20–23

SuperReturn Saudi Arabia

Riyadh, Saudi Arabia
January 26-27

Roadshow Across MENA Region

January 25 - February 4

Art Basel Miami, ALTSMIA, and Insurance Investor Live



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We also had a chance to travel to MENA Region where we attended Abu Dhabi Finance Week 2025. At the event, our partner, Bob Diamond, Co-Founder & CEO of Atlas Merchant Capital, shared insightful perspectives on the "Anatomy of a Great Deal" panel.

RMBS Market Trends

In non-QM, gross issuance grew to a record \$79Bn in 2025 from \$45Bn in 2024. Origination volumes also reached a record at \$130Bn, up from \$100Bn in 2024. The number of non-QM originators has grown from 74 in 2020 to 177 in 2025. Investor loans have accounted for 44% of non-QM origination in 2025, making it the largest non-QM product type by market share. 76% of those loans carry prepay penalty terms, contributing to lower prepays in non-QM than in the conventional or jumbo sectors in 2025. Collateral characteristics have notably improved, with the weighted-average FICO at origination approximately increasing from 720 in 2018 to 750 in 2025. Non-QM AAA Spreads widened from a tight of 110 at the start of the year to 125 today. A key theme of the year has been of deal calls as numerous deals from 2022 and 2023 enter their callable period. 27 deals with a combined balance of \$6Bn have been called year-to-date.

Looking ahead to next year, banks project further issuance growth in 2026 with estimates ranging from \$80Bn-\$90Bn. Much of this demand growth could be driven by two players: insurance companies and banks. Insurer exposure to non-QM continues to rise - insurers purchased \$9.3Bn in non-QM RMBS in the first half of 2025. This is in part fueled by the record annuity sales observed in recent years. LIMRA project total annuity sales to surpass \$450Bn this year, a record, and sustain those volumes for several years. Banks are heavily involved in the space as issuers, purchasers and bookrunners. However, recent proposed changes to bank stress testing may enable banks to allocate additional capital to non-QM RMBS. In the proposed changes, a non-QM AAA originated in the last 3 years (as an example) experiences 57% lower assumed losses than in the current stress test models. Less punitive treatment will enable banks to allocate more capital to these products and stay within regulatory boundaries.

Abu Dhabi Finance Week 2025

Abu Dhabi, UAE
December 8-11

Economic Updates

The Fed cut the policy rate by 25bps to **3.5%–3.75%**

U.S. unemployment increased to **4.6%** in 2025

Year-over-year inflation declined to **2.7%**

U.S. GDP growth averaged **2.5%**



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Over the course of the year, 30 year fixed mortgage rates fell from 6.91% to 6.21%. Two key points of discussion were the potential launch of a 50-year mortgage and lowering mortgage rates. Sentiment around the 50-year mortgage has been that it would be an affordability product suitable to borrowers who are currently priced out of 30-year mortgages. While the equity buildup would be slower than typical mortgages, it would enable wider access to homeownership to people who otherwise are only able to rent. Despite average 30 year fixed mortgage rates falling from 6.91% to 6.21% over the course of the year, focus remains on potential paths to lowering mortgage rates further. Bank research indicates a further 80bp to 100bp in 10 year treasury yields would bring mortgage rates to below 5.5%. Another key metric to watch will be the Fed's approach to its balance sheet in 2026. The recent pause in quantitative tightening indicates a more dovish approach. Additional support provided by the Fed in debt markets could lower mortgages rates, however no resumption in MBS purchasing has yet been hinted at. A key event to watch will be the widely anticipated replacement of Powell as Fed Chair in May 2026.

Email info@imperialfund.com with any other queries,
we hope you have an enjoyable December.



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