IMPERIAL FUND ASSET MANAGEMENT | STABILITY & SUCCESS

Monthly Newsletter

05/2026

We hope this letter finds you well!

May was another busy month for Imperial Fund Asset Management. We closed our fourth transaction of the year – ADMT 2026-NQM4, led by Morgan Stanley. The deal held a pool of 979 residential loans and had a FL concentration of under 25%. The $407 million transaction was rated by Fitch Ratings and KBRA. We plan to keep Florida exposure to under 25% of the collateral pool, subject to market conditions.

ADMT 2026-NQM4
32th platform securitization
Priced a $407M of loans

Conferences

On June 3, Anya Gezunterman, will be speaking at a panel at the inaugural IMN's Residential Mortgage Securitization Conference, in New York. The session, titled "Assessing The Issuers' Strategic Exit Option Menu: Optimizing Between Retaining Assets Vs. Sale Vs. Securitization," will explore key strategic alternatives in mortgage finance, including whole loan sales and securitization, as well as the growing role of private credit and forward flow deals. Panelists will also discuss a range of other important themes shaping the current market.

IMN's Residential Mortgage Securitization Conference
New York, June 3

Our team will also be attending the Private Credit Summit, taking place on June 4 in New York. This industry gathering convenes leading professionals from across the private credit market to engage in high-level discussions on the critical topics shaping the industry. We look forward to productive and insightful meetings with key stakeholders.

Private Credit Summit
New York, June 4

We will be participating in Global Alts New York 2026, one of the premier East Coast events, organized by iConnections. The event unites institutional investors and fund managers for high-quality networking and curated one-on-one meetings. We look forward to engaging with prospective LPs, building meaningful new relationships, and sharing insights on the evolving landscape of residential mortgage credit and structured finance.

Global Alts New York 2026
New York, June 9-10

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Reflecting a growing interest of overseas investors in RMBS space, our team will participate in Global ABS in Barcelona, Spain on June 9-11 2026. We look forward to sharing insights in residential structured credit space with European investors.

Global ABS
Barcelona, June 9-11

Dmitri Batsev will participate in a panel at IMN's Non-QM Forum taking place in Dana Point, CA. The panel, "Insurers as investors: Quiet giants of the Non-QM market", will examine attractiveness of residential loans as an asset class for insurance companies. Topics will include investment in whole loans versus rated RMBS tranches, key risk and liquidity management considerations, the impact of NAIC capital rules, and the differing appetites between life and P&C insurers.

IMN's Non-QM Forum
Dana Point, June 15-16

We are always excited to engage with our existing and prospective partners. If you would like to meet at any of the above events, please contact agezunterman@imperialfund.com.

Market Update

A rally in US equity markets saw the S&P500 and NASDAQ reach record highs. In contrast, fixed income markets sold off as the market priced an increasing likelihood of a hawkish change in the path of monetary policy. In May the 10 year yield reached as high as 4.66%, a level not seen since January 2025 and a reflection of concerns around inflation-induced rate hikes. Economic data releases contributed to the hawkish narrative, with year-over-year inflation reaching 3.8%, driven by spikes in energy prices. Attention will shift to the next Fed meeting on June 16-17, the first under the new Fed Chair Kevin Warsh. Historically a hawk, Warsh has recently advocated for dovish monetary policy enabled by a reduction in the Fed balance sheet.

Higher rates spilled over into mortgages, with the 30 year conventional rate at 6.5%, 60bps higher than the year-to-date tight at the end of February. Elevated yields are likely to draw continued investment from institutional, yield-based investors. Another technical tailwind for mortgages was a recent announcement by the NAIC's Life WG which announced unanimously voted to align treatment of affiliated and unaffiliated mortgage loan investment vehicles.

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Historically, life insurer interests in unaffiliated whole loan investment vehicles would receive a 1.75-3% RBC charge, significantly higher than the 0.68% treatment for affiliated versions. The change, subject to final confirmation before the being enacted in life insurers' year-end 2026 calculations, will bring the RBC charge for unaffiliated whole loan investment vehicle interests in line with affiliated vehicle interests (vehicles must only hold loans in good standing). It is expected to further incentivize insurer investment in residential whole loans by removing a significant barrier to partnership with resi-expert asset managers.

Despite record year-to-date issuance ($21Bn higher year-over-year) , and significant market volatility, non-QM AAA spreads remain in the 125-135 range. Representing 44% of year-to-date non-agency RMBS issuance, it presents a scalable opportunity for institutional investors looking to diversify away from the tighter-trading agency MBS and IG BBB corporates. A topical discussion point recently has been non-QM's increasing penetration in the origination market. While the agency market is suffering in an environment where 3/4 outstanding US mortgages are out-of-the-money for a refi, non-QM's emergence in recent years has enabled it to grow counter-cyclically. According to Morgan Stanley estimates, non-QM's share of total first lien originations has grown from 1.1% to 5.5%. Despite this growth, non-QM's '25 vintage is tracking at notably lower DQ rates than '23 and '23 vintages. Strong institutional demand has narrowed the mortgage rate basis between agency and non-QM, increasingly drawing creditworthy borrowers who value the flexibility non-QM offers across term, size, credit history, and documentation requirements.

Sources:
Nomura Research
Bank of America Research
Morgan Stanley Research

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