



# Monthly Newsletter

02/2026

We hope this message finds you well!

February was another busy month for Imperial Fund Asset Management. We priced our second deal of 2026 – ADMT 2026-NQM2. The pool size was \$602 million and encompassed 1,793 loans, making it the largest securitization transaction for Imperial Fund to date. Ratings were provided by [Fitch](#) and [KBRA](#).

## Conferences

We are looking forward to Spring packed with activities. Team will attend Future Proof Citywide conference on March 8–11 in Miami Beach, Florida. This event offers great opportunities to connect with RIA's and private wealth investors.

Also in Miami, FL our team will join in National Private Lenders Conference, which will be held on March 15–17. As the country's leading nonbank lending conference, it serves as the ultimate platform for lenders, capital providers, investors, brokers, and real estate service providers to build relationships and drive business growth.

Continuing with the Miami theme, our team will be participating in SuperReturn North America Conference on March 16–18. We look forward to diving into private markets and gaining new insights from alternative investor community.

Our final March event will take place in Chicago, where we will be attending Investor Issuer Day hosted by JPMorgan on March 27. We look to reconnecting with our bond shelf participants and meeting new investors.

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](mailto:agezunterman@imperialfund.com).

### **ADMT 2026-NQM2**

30th platform securitization  
Priced a \$602M of loans

### **Future Proof Citywide conference**

Miami, Florida  
March 8–11

### **National Private Lenders**

Miami, Florida  
March 15–17

### **SuperReturn North America**

Miami, Florida  
March 16–18

### **Investor Issuer Day by JPMorgan**

Chicago, Illinois  
March 27



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In early February, we completed our roadshow across the MENA region. We also attended 15th Annual Global Fund Finance Symposium in Miami and wrapped up the month with SFVegas and Global Alts Miami conferences. It was a pleasure to meet and reconnect with our investors and partner industry participants.

### RMBS Market Trends

February was preceded by the nomination of **Kevin Warsh** to replace Jerome Powell as **Federal Reserve Chair**. Historically a fiscal hawk, Warsh is widely expected to pursue a reduction of the Fed's \$6.6 trillion balance sheet to accommodate further rate cuts. While such a policy could lower net demand for MBS, recent history indicates this does not guarantee spread widening. Indeed, since the Fed started rolling MBS off its portfolio in June 2022, the spread investors require on current coupon MBS has nearly halved.

Lower rate-path expectations could translate into lower, more affordable mortgage rates for consumers. Indeed, since the announcement, the average 30-year fixed rate has fallen to a three-year low. The durability of these low rates, and the subsequent impact on both credit and prepayment expectations, will be key drivers of MBS pricing.

More recently, discussion has centered on deregulation of bank participation in the mortgage market. The Vice Chair for Supervision at the Federal Reserve, Governor Michelle Bowman, announced incoming deregulation aimed at increasing banks' market share of mortgage originations and servicing. Specifically, she is targeting the capital treatment of mortgages and mortgage servicing rights (MSRs). MSRs currently must be deducted from regulatory capital, making them highly inefficient for banks to hold.

These developments align with the proposed bank stress test released by the Federal Reserve last November, which, if enacted, would significantly improve the capital treatment MBS receive on bank balance sheets. This deregulation, paired with the finalization of Basel III endgame rules, could increase bank demand for mortgage products.

### Roadshow across MENA region

January 28 – February 4

### SFVegas

Las Vegas, USA

February 22–25

### Global Alts Miami

Miami, USA

February 23–26

### Non-QM Market Trends

Non-QM AAAs spreads have retraced to **115 bp**

YTD non-QM issuance has totaled approximately **\$16Bn**

Non-QM has accounted for **44%** of gross year-to-date mortgage credit issuance.



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In February 2026, the private credit market faced a "reality check" as concerns shifted from interest rate volatility to systemic **asset quality** risks, particularly within the software sector. Major institutional lenders saw significant share price volatility following a series of liquidity gates and aggressive asset sales, which highlighted the danger of **concentration risk** in commercial portfolios. Investors are increasingly wary of the \$235 billion software loan market, where roughly 40% of sponsor-backed loans are now viewed through the lens of **AI disruption**. There is a growing fear that generative AI will erode the "sticky" subscription margins of legacy software firms, making their heavy debt loads unsustainable and potentially pushing default rates toward 15%.

In contrast, **residential credit** continues to offer a defensive "safe haven" due to its vastly different fundamental drivers. While commercial and software lending grapple with existential threats from technology and changing work habits, residential assets are supported by a chronic housing undersupply and robust borrower equity. Residential credit lacks the "binary" disruption risk posed by AI to corporate business models, providing more predictable cash flows and a clearer path to refinancing. Consequently, as commercial-focused funds face a daunting "maturity wall" and potential obsolescence of their underlying assets, the residential market remains insulated by the essential, tangible nature of the asset class.

Since narrowing to as tight as 100 in January, non-QM AAA spreads have retraced to an average 125. This move is in line with recent widening in IG corporates and agency MBS. As of writing, YTD non-QM issuance has totaled approximately \$16 billion. For perspective, issuance in 2025 did not reach \$16 billion until April, and issuance in 2024 did not reach that level until May. The non-agency sector with the next highest issuance is 2nd lien/HELOC at \$6 billion. Non-QM has accounted for 44% of gross year-to-date mortgage credit issuance.



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