Real Estate Finance & Investment

Semper sees opps for non-banks in private credit markets

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By Sondra Campanelli, 18 May, 2017

Semper Capital Management, an investment firm that specializes in mortgage- and asset-backed securities, is seeing strong client demand for long-only products. "We're long-biased to opportunities in the mortgage credit space," said **Greg Parsons**, ceo. "It's still our perspective that there's continued strength of the underlying asset."

Investing in mortgage-backed securities are a big part of the firm's overall strategy, but its focus has been mainly on residential securities. "It's not that there's not opportunity [in CMBS], but you have to go bond by bond in a search for value," Parsons said. "But there's value scattered throughout the [residential market] and we have a pretty diversified approach to extracting that value."

The firm is also seeing a shift towards structured credit over public securities, according to Parsons, and Semper has launched a new fund to invest in opportunities on the private side of the equation. "We're seeing more opportunities in things that haven't been securitized before, like student loans and commercial loans," he added. "Disintermediation in capital flows have created an opportunity to provide value to that market."

As credit fundamentals improve and support for collateral is put in place, the structure of the mortgage credit space is changing in favor of these asset classes. "It feels like the value of the sector has been acknowledged," Parsons added. "We're seeing assets scooped up and bid lists taken down. The technical background is strong."

The firm, however, maintains that market players should continue to be slightly defensively postured in the event of a market shock. "Things are chugging along, but volatility could come back to the market, whether it's related to geopolitical events, domestic policy, or moving rates," Parsons said. "There are so many 'what-ifs' that could shock the market."