May 27, 2021

Investors and Friends,

In this letter, we will discuss:

- Recent Performance
- Returns Expectations Over the Next 12 Months
- Market Commentary & Non-Agency Specific Commentary

Recent Performance

Regan Credit Opportunities Fund ("RCOF") was up +1.05% for April. Our loss-adjusted book yield sits at 5.51%.

Here is a look at how our portfolio positioning has changed over the last six months:

	April 2021	March 2021	February 2021	January 2021	December 2020	November 2020
Yield	5.5%	5.5%	5.4%	5.3%	4.9%	4.9%
Leverage	8%	6%	5%	6%	5%	6%
Rate Duration	-0.76	-0.18	-0.75	-2.01	1.30	0.47
Spread Duration	1.61	1.71	1.82	2.03	1.89	1.97
Monthly Performance	1.05%	0.94%	1.78%	1.28%	0.78%	0.48%

- ✓ Increasing Yield
- ✓ Decreasing Interest-Rate Exposure
- ✓ Decreasing Spread (Market) Exposure

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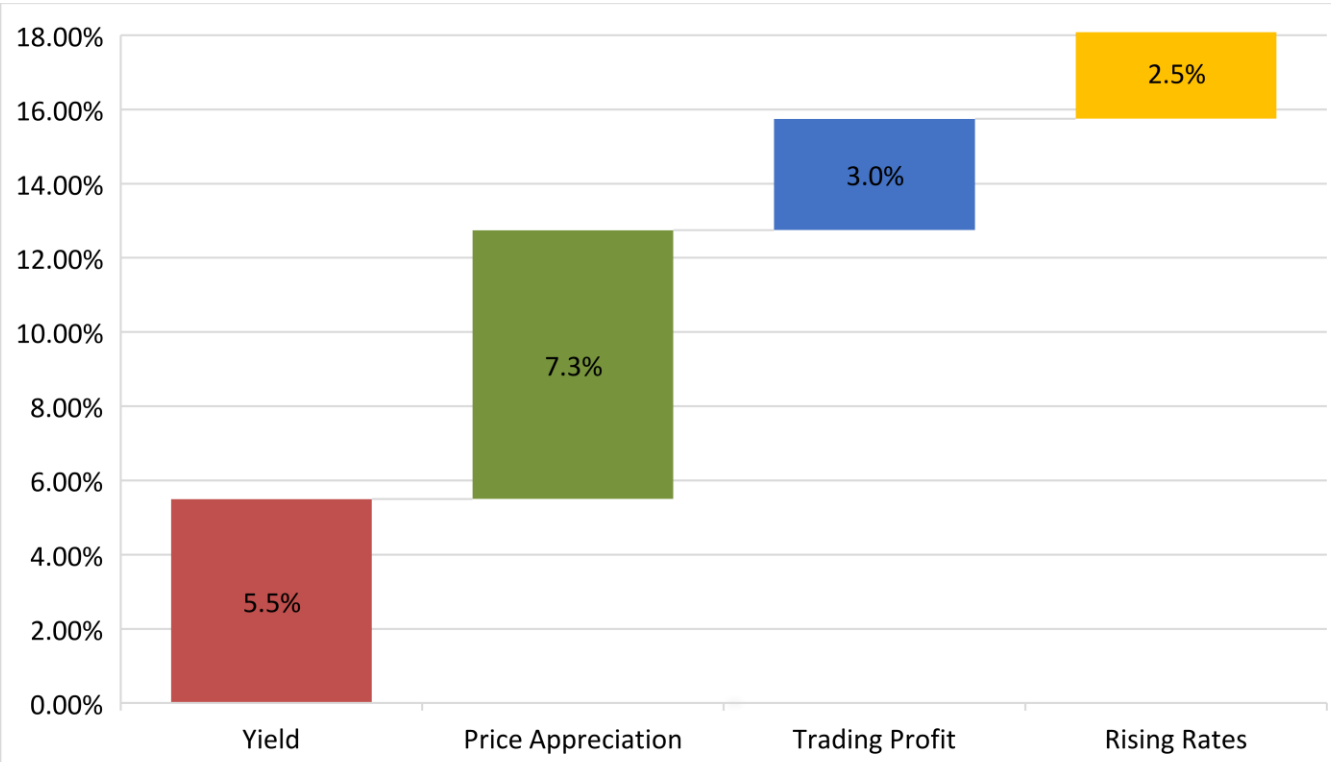
RCOF Return Expectations for the Next 6-12 Months

With the broader market trading at 2%-3% yield we project an additional 7.3% of upside in price appreciation from current levels. We estimate an additional 5.5% in upside to come from trading profit and rising rates. We project returns over the next 12 months to come in at +18.3%.



Source: Regan Capital; estimates as of April 30, 2021.

Market Commentary

Non-Agency Commentary

Forbearance plans (debt deferral) that started with Covid last year, will uniquely benefit legacy mortgage bonds.

Example: Assume a 300k loan on a 600k home, where the borrower was given the option to not make payments for six months. From July through December last year:

- 10k of principal payments went unpaid and were tacked on to the tail end of the borrower's mortgage, increasing their mortgage balance by 10k.
- The servicer deemed the borrower to be of high quality, having never missed a payment for the last 15 years, but had to grant them forbearance (deferred debt plan) as requested.
- The servicer advanced regular principal and interest payments to us as bondholders and thus we noticed no suspension of payments.
- The borrower's home value went up by 5% to 630k and thus while their mortgage balance increased from 300 to 310k, their home equity increased from 50% to 51%.

- While the servicer will recoup those advanced payments once the borrower started paying their regular payments again in January, there is now an additional 10k in mortgage balance to pay us off as bondholders --- balances on our bonds decreased while the servicer advanced principal to us.

From the above, there is now an additional 3% in loan balances to pay off our bonds, whilst the borrower is also in a better position via an increase home values. It is a win-win for legacy investors and has the potential to add 3+% of value to our bonds.

Appendix

We have appended some charts and commentary to this letter. On the agency side, we will cover rates, issuance, affordability, and spreads.

As always, please reach out if we can answer any questions or be of service.

Kind regards,

Skyler Weinand, CFA
Founder & CIO
Regan Capital, LLC

Disclosures:

References to indices are provided for reference only. Regan Capital's historical performance returns presented herein may contain unaudited estimates and are subject to revision. Past performance is not an indication of future results. Any projected results or rates of return are hypothetical and based on certain assumptions. A number of factors, including changes in market conditions (including liquidity), the adoption of similar strategies by other market participants (including some with greater resources than the Funds) and the overall availability of investment opportunities (within a particular asset class or across asset classes) will cause actual results to vary from projected results. Actual results may underperform and/or substantially vary from projected results. Any forward-looking statements contained in this document are necessarily based upon speculation, expectations, estimates and assumptions that are inherently unreliable and subject to a number of uncertainties and contingencies. Forward-looking statements are not a promise or guaranty about future events. The Adviser and its affiliates have no obligation to disseminate any updates or revisions to forward looking statements in the event of any change in events, conditions or circumstances.

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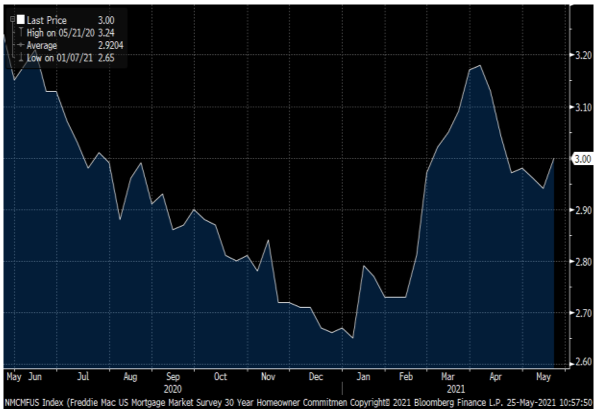
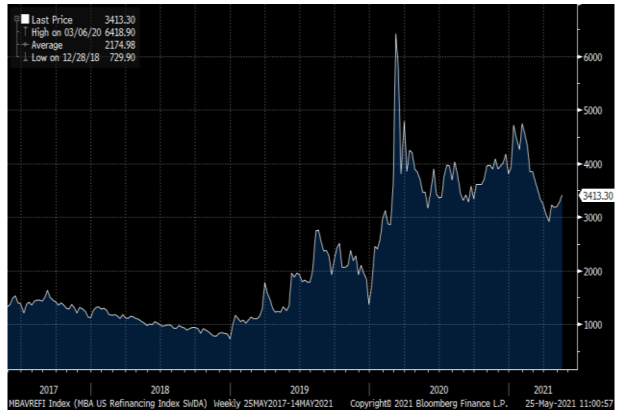
Appendix

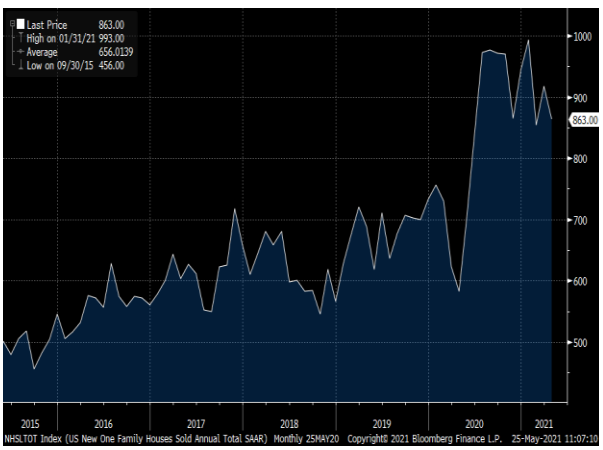
30 Year-Mortgage Rates: Holding at 3%



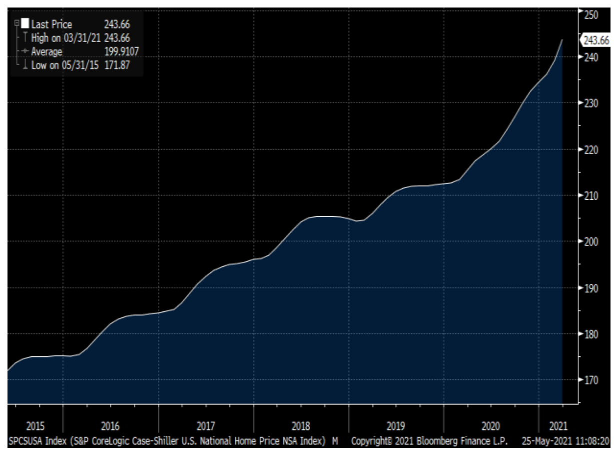
US Refinancing Index: Refi activity still strong



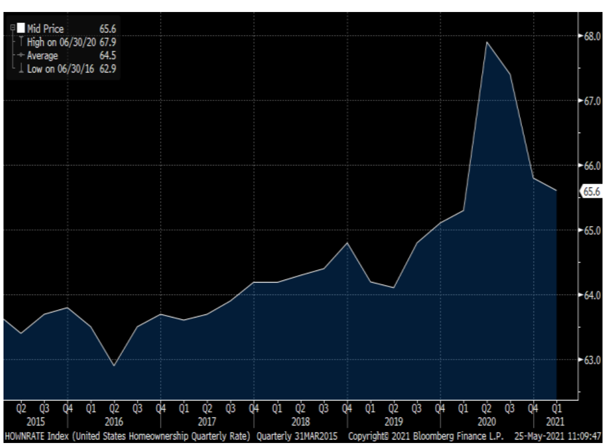
US New Home Sales: Down off the highs



US Home Price Index: Prices continue higher!



US Home Ownership Rate: Trend has been up



Mtge Spread vs 5-year Treasury Yield: +100 bps