



US High Yield Private Credit built for Canadian Investors.

An interview with Michael Steepe, President and CCO of Steepe & Co

By Finpro Canada

In the world of private credit, everyone loves to talk about 'Yield'—but very few people like to talk about 'Risk.'

Today, I am joined by a veteran who has spent over 30 years working to master that balance. Michael Steepe is the Founder and President of Steepe & Co., a firm specialized in assisting Canadian investors looking to gain access to the large and complex market of the U.S. private credit.

With a background that spans from the trenches of 1990s real estate development to senior roles at Canadian Banks and other Private Credit funds, Michael brings a unique philosophy to investing in private funds. His motto is simple but effective: 'Stay Conservative. Get Paid.'

We are going to discuss why Canadians should think about geographically diversifying their Private Credit portfolios, the red flags they see in the current lending market, and how to navigate the complexities of cross-border private debt.

Finpro Canada - Michael, welcome to Finpro Canada Interviews. Could you briefly share how and why you founded Steepe & Co., and what problem you're addressing?

Michael Steepe – Steepe & Co was established in January 2007 to facilitate capital raising for a Mortgage Investment Corporation with discretionary portfolio management, necessitating registration as a limited market dealer. Currently, our primary focus is on raising capital from Canadian institutions to invest in US private credit, mortgages, and corporate finance opportunities through Canadian mutual fund trusts. As both an investment fund manager (IFM) and exempt market dealer, we allocate US-based funds efficiently in accordance with clearly defined mandates. This approach provides Canadian clients with diversification and exposure to the US market, moving away from traditional banks and other Canadian-based private fund offerings.

Finpro Canada - Since I know you, you have always been involved in raising money for private credit in Canada. Canadian investors are famous for their 'Home Bias'—we love our Big Six banks and local real estate. Why is sticking strictly to Canadian private credit fund ill-advised for a portfolio in 2026?

Michael Steepe – US private credit presents an attractive opportunity thanks to its structural strengths, such as the large market size, a legal system allowing for higher default interest rates to apply, unlike the Interest Act in Canada, and the presence of non-judicial foreclosure states. These factors and others, in my view, create a more competitive environment and superior risk-return prospects compared to Canadian equivalents.

Finpro Canada - You've been in this game for decades. What is the one structural advantage the U.S. private lending market has that Canada simply cannot match?

Michael Steepe - The U.S. Securities and Exchange Commission (SEC) supervises private funds, mandating that funds with a specific number of clients adhere to regulations comparable to those governing Canadian public mutual funds. This SEC oversight mitigates risk, as many U.S. private funds are required to disclose their private holdings, loan information, including the borrower's name, loan rate, term, default status, PIK or P&I,

etc., publicly on a quarterly basis. This mechanism provides greater transparency than what is generally available in the Canadian private fund market.

Finpro Canada - As both Chief Compliance Officer and President, when evaluating a U.S. fund manager for your Canadian clients, what specific issue within their financial records would you consider a significant warning sign?

Michael Steepe – At Steepe & Co., we take into account five essential factors before considering to start due diligence on a US private funds: (1) SEC registration; (2) effective cross-border tax solutions; (3) willingness to share existing fund economics with Steepe & Co. to avoid introducing additional fees to our clients; (4) the absence of conflicts of interest, such as managers retaining borrower fees; and (5) our unique underwriting process to help evaluate future liquidity—specifically, how and to whom these funds are sold. I have been openly critical of the widespread practice in Canada where private mortgage fund managers keep the borrower fees, and I believe these funds will likely be phased out over time.

Finpro Canada - Many private mortgage funds have recently frozen redemptions. For advisors: How can they identify stable funds versus those concealing liquidity issues?

Michael Steepe - I'll address that, but I want to be careful. I don't want to criticize the competition, especially since I've worked with some clients for 20 years, and some of them own funds that have been frozen. There's no need to make things worse for them. Steepe and Co. could find itself in a similar situation for reasons we can't foresee. In this context, as I mentioned in point five, “how are the funds sold?” Leverage is key. Leverage falls into two categories. First, there's fund-level leverage, which can be a credit line supporting the business. Second, there's asset-level, or "off-book," leverage, which is additional leverage and often very hard to identify. Nothing steals liquidity faster than the use of leverage.

Finpro Canada - What criteria does Steepe & Co. use to evaluate success? Do you assess it based on the amount of new capital raised, or by the retention rate of clients during periods of market uncertainty?

Michael Steepe – I believe it is a combination of both factors. Satisfied clients contribute directly to asset growth. We initially partnered with several Canadian pension plans, which have continued to work with us since inception and have contributed their holdings in our evergreen funds. Our success is demonstrated by our ability to meet the rigorous standards

set by sophisticated investors and to consistently deliver high-quality customer service, detailed reporting, and strong investor results.

Finpro Canada - Steepe & Co. manages private Canadian evergreen funds that allocate to U.S. private funds. How does your firm handle currency risk for Canadian investors, and how does Canadian dollar volatility affect your returns?

Michael Steepe – We handle currency risk by fully hedging all USD exposure by using derivative contracts, though it's never entirely perfect. We also have a US manager who created a hedged CAD series for us in the US fund. FX volatility significantly influences the fund's returns, which is our primary concern at Steepe and Co. We work with various FX providers to ensure we get the best prices available.

Finpro Canada - For the young finance professionals in our audience: What's one critical skill for breaking into Private Credit that universities still aren't teaching?

Michael Steepe – My advice for young financial professionals entering private credit is to concentrate on building strong expertise in credit underwriting itself. While I think obtaining a CFA designation is beneficial for both education and credibility, gaining practical experience with credit, credit committees, and underwriting is essential for success in this field. Since private credit is fundamentally focused on credit, I encourage aspiring professionals to truly learn about credit underwriting as a career.

Finpro Canada - How much of Steepe & Co.'s expansion can be attributed to the strength of its network effects, and what practical guidance would you share with emerging professionals in the Finpro Canada community who are working to build visibility and credibility in their own careers?

Michael Steepe - I believe attending networking events like Finpro Canada is crucial, especially when you're at a small firm such as Steepe & Co. These gatherings offer valuable insights into industry developments and allow you to learn about other businesses. As I often say, you grow your business one new client at a time, one person at a time. Since this is a relationship-driven field, opportunities to connect with a diverse range of people at events like those hosted by Finpro Canada are vital for both personal and professional growth.

Finpro Canada: Michael, thank you for joining us today and sharing such a transparent look into the mechanics of cross-border private credit. From your "Stay Conservative. Get Paid" motto to the rigorous focus on SEC-level transparency and liquidity management, it's clear why Steepe & Co. has become a vital bridge for Canadian institutions investing in the US Private credit space.

For our audience, Michael's insights serve as a powerful reminder that while "Yield" gets the headlines, it is the mastery of "Risk"—and the discipline to look beyond our own borders—that builds long-term wealth. Whether you are a small to mid-sized institutional investor looking to participate in the U.S. Private Credit market or a young professional learning the nuances of credit risk, there is a wealth of experience to be gained from Michael's 30-year career.

We appreciate you walking us through the complexities of currency hedging and the red flags to watch for in fund structures. It's been a pleasure having you with Finpro Canada.

Michael Steepe: Thank you. It was a pleasure to be here.