



MBS Mantra Feb 2018 returns: -0.75% Net, -0.51% Gross, +0.34% YTD

Hello. Please find attached the February 2018 Fact Sheet for our MBS Absolute Return Strategy. This can be accessed from our [website](#) as well.

Our Feb returns are -0.75% net, -0.51% Gross, bringing our net Sharpe ratio since inception to 1.6, vs the Barclays Agg and MBS at 0.3 and Barclays HY to 0.8.

Our MBS portfolio has positive 0.34% YTD returns. All our bond market benchmarks have negative returns YTD.

The overall portfolio total cashflow was in the expected range at ~3%, reflecting the strong carry component of our strategy.

We sold a number of positions for Feb settle whose current returns-from-cashflow had declined and were below our target, and reinvested the proceeds, rebalancing and strengthening the portfolios. The absolute holding period total returns on the bonds sold averaged 11.4% (6% min, 19.7% max) , with an annualized average return of 7.42% . The performance fees associated with those sales reduced our Net returns.

The recent increase in market volatility has led our pricing service to reduce the "marks" on a number of our MBS derivative positions, offsetting the strong returns-from-cashflow performance of the portfolio. While one cannot predict markets, as prices stabilize, we expect returns from portfolio cashflow to continue dominating our returns.

Other news:

- MBS Mantra has been awarded trademark 5,414,814 by the United States Patent and Trademark Office for our mark Alpha Through Analysis®, that describes our process for providing investment advice and investing for our clients.

- We added 2 new accounts in Feb, raising our AUM.

Regards, Samir.

March 5, 2018

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Please visit our website www.mbsmantrallc.com for important disclosures.

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