



April 2019 - MBS Mantra MBS High Income/Absolute Return Strategy returns:

- **Aggregated SMAs**: +0.30% Net, +0.38% Gross; 2019 YTD: +3.03% Net
- **Founder's Portfolio**: -0.03% Net, +0.06% Gross; 2019 YTD: +1.95% Net
- **April 2019 Income: 0.78%; Annualized: 9.8% (Aggregated SMAs @ recent marks)**

Hello.

The average income rates for April remain in our target ranges, with some bonds outperforming and others underperforming, as is typical, highlighting the need for diversification and position sizing.

We closed a number of positions in April. We sold some bonds that were underperforming (high loan severities were impacting income) and had 1 bond that we had purchased in December '18 get called.

A number of broker/dealers in the non-agency RMBS space decided to close their desks in Q1, impacting market liquidity adversely. On the other hand, their liquidation sales allowed us to purchase some cheap bonds. The market is active again, but with wider bid-offer spreads than last year. Interestingly, a number of other dealers have entered the space, and it is to be seen how involved they will be.

We welcome your questions and comments.

Regards, Samir

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