



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

	% Net Return	% Gross Return	2019 YTD Net	2019 YTD Gross	Trailing 1 year Net
<u>Aggregated SMAs</u>	+0.01%	+0.09%	+5.4%	+6.4%	+5.2%
<u>Founder's Portfolio</u>	+0.41%	+0.49%	+5.7%	+7.0%	+6.9%

Nov 2019 Income: +0.70%; Annualized: ~9.7% (Aggregated SMAs @ recent marks)

Nov 2019 Cashflow: 2.4%

Hello.

The average income rates for October were slightly lower than the recent past, with some bonds outperforming and others underperforming, as is typical. The weighted average income for the Aggregated SMA portfolio was 0.70%, ~ 9.7% annualized, lower than in September, but in line with our targeted income range (8% to 10%). The monthly income range was slightly wider than typical, -10.2% to +28% (non-annualized). Total cashflow received was 2.4% of the portfolio value at the start of the month, slightly higher than in October.

The Income and Returns were impacted by adverse monthly performance on 2 positions – both were IOs - that had prepayments, which we do expect periodically. This does not change our fundamental thesis and role in the portfolios of these bonds - one has been owned since 12/2017, and the other since 9/2018, with both having positive returns to date.

Our custodian's pricing service continued grinding down marks on legacy RMBS, offsetting the income and lowering returns by additional unrealized mark downs on many of our bonds.

We welcome your questions and comments.

Regards, Samir

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Samir Shah
 President and CIO
 MBS Mantra, LLC (a CT Registered Investment Advisor)
 "Alpha Through Analysis"®
[203-388-8356](tel:203-388-8356) P
[203-273-0360](tel:203-273-0360) C
sshah@mbsmantrallc.com
<https://www.linkedin.com/in/samir-shah-6a9096a>

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