



**July 2020 – MBS Mantra MBS High Income/Absolute Return Strategy returns:**

	<b>% Net Return</b>	<b>% Gross Return</b>	<b>2020 YTD Net</b>	<b>2020 YTD Gross</b>	<b>Trailing 1 year Net</b>
<a href="#"><u>Aggregated SMAs</u></a>	<b>+1.32%</b>	<b>+1.40%</b>	<b>-1.6%</b>	<b>-1.1%</b>	<b>+0.2%</b>
<a href="#"><u>Founder's Portfolio</u></a>	<b>+1.77%</b>	<b>+1.85%</b>	<b>-0.1%</b>	<b>+0.5%</b>	<b>+2.8%</b>

**July 2020 Income: +1.38%; Annualized: ~17.8% (Aggregated SMAs @ recent marks)**

**July 2020 Cashflow % of invested value: 2.7% ( ~ 33% annualized rate)**

**July 2020 Loss rate: -0.2%**

Hello.

**Our Aggregated SMA's had a portfolio net total return of ~1.3% in July 2020.**

**The Income performance of the MBS was solid, returning ~1.4% in Income, ~18% annualized, from 2.7% in cashflow for the month, with only 0.2% in losses. Income was slightly lower than in June.**

MBS price behavior was stable overall this month, with some prices up slightly and some down slightly. Our returns this month were dominated by the High Income of our MBS portfolio, differentiating us from the returns of most other MBS funds, most of whom were close to flat as price gains were limited and their incomes reflect the low yield environment.

The growth in MBS delinquencies appears to have stabilized, and do not seem to be impacting pricing, and servicers are advancing to our seasoned deals with low LTVs on the loans. While I continue to monitor the forbearance risk, we are cautiously reinvesting our cashflows into seasoned High Income MBS that have demonstrated their resiliency.

As always, we welcome your questions and comments. Please stay safe.

**Regards, Samir Shah**

August 10, 2020

Samir Shah  
President and CIO

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