

Fact Sheet: MBS Mantra, LLC - MBS High Income/Absolute Return Strategy

Aug 2020

Alpha Through Analysis® Aggregated Separate Accounts

Benchmark 1 (BM1): Barclays US Aggregate Bond ETF (Barc AGG/AGG)

Benchmark 2 (BM2): Barclays US Securitized Total Return Index Unhedged MBS/ABS/CMBS (Barc MBS/BMBS)

Benchmark 3 (BM3): Barclays US Corp High Yield Total Return Index (Barc HY)

Benchmark 4 (BM4): S&P 500 ETF (SPY)

MBS Mantra (MBSM) seeks to achieve superior returns with maximal Alpha and minimal Beta by investing in Income producing MBS. Our key insight is that MBS are Variable Income Securities (and mis-classified as Fixed Income because they are bonds). Our research and focus on understanding MBS returns has led to the conclusion that the majority of excess investment returns (Alpha) in MBS derive from realized cashflow income returns and not from price change. MBS Mantra uses its proprietary analytical methodology, strategies, and a comprehensive understanding of MBS structures and markets, macro economics, money flows, and benchmarks, developed over 25+ years (see www.mbsmantrallc.com/analysis), to construct High Income producing portfolios with lower-than-market volatility. Ours is a steady growth process of compounding Income at high rates.

MBS Mantra systematically process securities in the marketplace to identify bonds that generate High Income. Over time, the accumulated income of the portfolios dampens volatility from price changes, and also reduces duration and correlation risk. The portfolios invest in Non-Agency RMBS and MBS derivatives, with diversification through both the number of bonds owned, with multiple sub-strategies. Portfolios and strategies are customized to meet the needs of clients.

The flagship unlevered MBS High Income/Absolute Return Strategy described here is most suited for patient capital that is seeking higher long term Income returns with lower volatility than traditional income strategies, and who seek diversification of portfolio risk through reduced Beta and correlations.

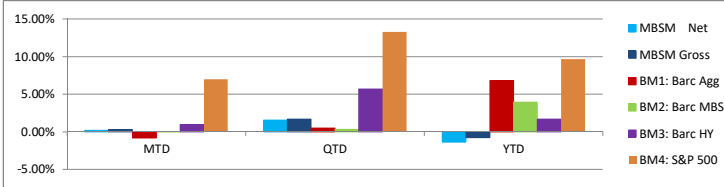
Performance - MBS Mantra Aggregated SMAs - MBS High Income/Absolute Return Strategy

Net Monthly Total Returns (Fees simulated)

Aggregated MBS	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD MBSM	YTD BMBS
2020	1.49%	1.15%	-12.69%	4.10%	2.35%	1.70%	1.33%	0.21%					-1.4%	3.9%
2019	0.84%	0.10%	1.74%	0.30%	1.16%	0.87%	-1.35%	1.59%	-0.12%	0.15%	0.04%	0.17%	5.6%	6.4%
2018	1.23%	-0.48%	1.82%	-0.30%	0.75%	-0.15%	0.03%	0.35%	-0.41%	0.12%	0.28%	-0.12%	3.1%	1.0%
2017	1.68%	0.45%	-0.24%	0.75%	2.69%	0.49%	0.43%	2.23%	-1.01%	0.84%	-0.37%	-0.61%	7.5%	2.5%
2016	-0.48%	-0.66%	-0.46%	1.23%	0.92%	1.47%	1.76%	1.02%	1.36%	1.17%	0.12%	0.34%	8.0%	1.8%
2015	4.24%	0.34%	0.55%	0.04%	2.33%	1.50%	0.76%	0.81%	0.08%	-0.24%	1.10%	-0.35%	11.6%	1.5%
2014											1.17%	-0.91%	0.2%	0.8%

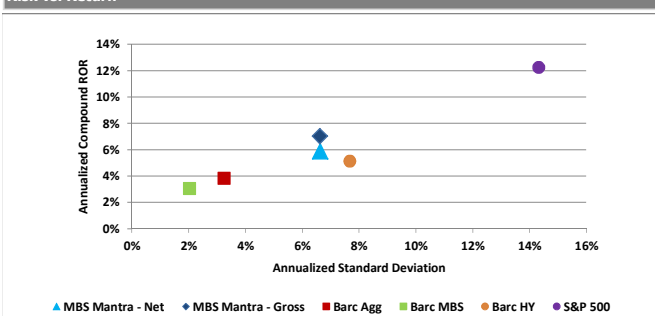
Returns - Comparisons to Benchmarks

	MBSM Net	MBSM Gross	BM1: Barc Agg	BM2: Barc MBS	BM3: Barc HY	BM4: S&P 500
MTD	0.21%	0.29%	-0.82%	0.05%	0.95%	6.98%
QTD	1.5%	1.7%	0.5%	0.3%	5.7%	13.3%
YTD	-1.4%	-0.8%	6.8%	3.9%	1.7%	9.7%
1 Year	-1.2%	-0.2%	6.3%	4.6%	4.7%	21.9%
ITD	39.6%	48.6%	24.6%	19.2%	33.9%	96.2%

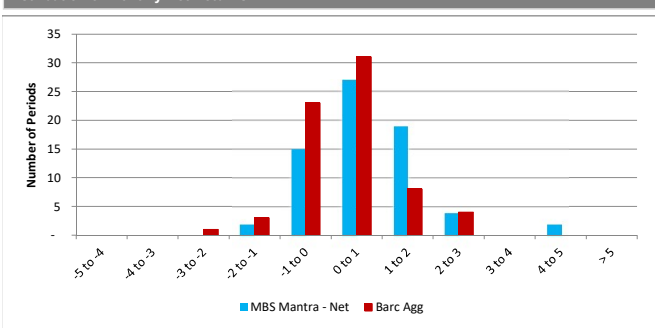


Risk/Statistics

Risk vs. Return



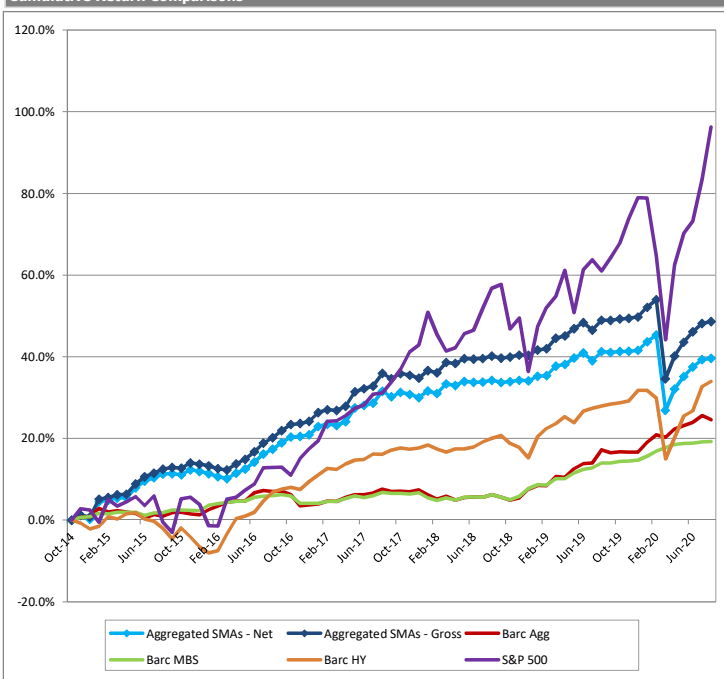
Distribution of Monthly Net Returns



Net Returns - performance statistics vs benchmarks (since inception)

	BM1: Barc Agg	BM2: Barc MBS	BM3: Barc HY	BM4: S&P 500
Alpha (Monthly)	0.3%	0.4%	0.2%	0.3%
Annualized Alpha	3.6%	5.4%	3.0%	3.8%
Beta	0.64	0.21	0.56	0.18
R-Squared	0.10	0.00	0.42	0.14
Correlation	31%	7%	65%	38%

Cumulative Return Comparisons



Statistical Analysis

	MBSM Net	MBSM Gross	BM1: Barc Agg	BM2: Barc MBS	BM3: Barc HY	BM4: S&P 500	Port 50/50 MBS+S&P
Ann Ret	5.89%	7.0%	3.8%	3.1%	5.1%	12.3%	9.3%
Cum Ret	39.6%	48.6%	24.6%	19.2%	33.9%	96.2%	67.7%
Std Dev	6.6%	6.6%	3.2%	2.0%	7.7%	14.3%	9.0%
Sharpe	0.9	1.0	1.1	1.4	0.7	0.9	1.0
Best Mth	4.2%	4.3%	2.8%	1.8%	4.7%	12.7%	8.4%
Worst Mth	-12.7%	-12.6%	-2.6%	-1.7%	-11.5%	-12.5%	-12.6%
Positive %	74%	74%	61%	71%	67%	73%	74%

*Please refer to the important notes and disclosures on the next page.

Statistical Analysis calculated using eInvestment's (formerly Pertrac) methodology.

MBS Mantra SMA Returns methodology was reviewed by S&Z Fund Services, LLC in 2016. (www.szfundservices.com)

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Inception Date	November 2014	Lockup	1 Year
Management Fee	1% (institutional)	Redemption	Quarterly
Hurdle Rate	6% gross (institutional)	Redemption Notice	90 days
Incentive Fee	25% (institutional)	Reporting Style	Quarterly
Minimum Account	\$1,000,000	Inv Structure	Separate Accounts
Subscription		Strategy	Investments in Structured Products (primarily MBS)
		Custodian	National Alliance/Hilltop Securities

Standard Deviation - Measures the degree of variation of returns around the mean (average) return. Standard Deviation is often used as a measure of Investment risk.

Sharpe Ratio - Measures the excess return (or risk premium) per unit of deviation in an investment asset or a trading strategy (using 0.75% risk free rate)

Alpha - The Alpha statistic is the difference between a Manager's return and the Benchmark's return, adjusted by the Manager's exposure to the Benchmark's risk. Alpha is typically used to measure the Managers investment skill relative to the Benchmark. A positive alpha indicates that the Manager has produced risk adjusted returns that exceed the benchmark's return. Annualized Alpha is the measure of the annualized value added.

Beta - A way to measure the "risk" or price volatility of a particular stock or fund as it compares to the market as a whole. A beta of 1.0 indicates that a security's risk measurement is on par with the market. A beta of 1.20 indicates that a security is 20% more volatile than the market, while a beta of 0.80 indicates that a security is 20% less volatile than the market.

R - Correlation (R) measures the extent of linear association of two variables.

R-Squared - A measure of how much of a fund's past returns can be explained by the returns from the market in general, as measured by a given index. If a fund's total returns were precisely synchronized with an index's returns, its R-squared would be 1. If a fund's returns bore no relationship to the index's returns, its R-square would be 0.

Past performance is not indicative of future results.

The performance returns and statistical data are estimates computed by the manager, based on unaudited figures using monthly separate account statements from the custodian. The figures above are indicative performance figures for the MBS portfolio as a whole, and are not specific to any separate account. Actual performance for your account will be provided to you in your periodic account statements. Actual performance will vary for investments made in different fee classes, or at different times of the year. The portfolio returns methodology was reviewed by S&Z Fund Services LLC in July 2016, with the same computational process using separate account statements being used for subsequent monthly returns.

Please Note: As indicated above, past performance may not be indicative of future results. Therefore, no current or prospective investor should assume that future performance will be profitable, or equal either the past performance results reflected or any corresponding historical index.

Benchmarks

The Bloomberg Barclays US Aggregate Bond Total Return Index (Barclays Agg) - A broad-based flagship benchmark that measures the Total Return of the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

The Bloomberg Barclays US Securitized Total Return Index (Barclays MBS) -represents the Total Return of the Securitized section of the Barclays US Aggregate. This includes MBS, ABS, CMBS and Covered bonds, and is unhedged.

The Bloomberg Barclays US Corporate High Yield Total Return Index (Barclays HY) -represents the Total Return of the The Bloomberg Barclays US Corporate High Yield Bond Index. This measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

The S&P 500 Index Total Return - The 500 stocks in this index are selected by Standard and Poor's selection committee and are based on industry representation, liquidity, and company stability and assumes that any cash distributions, such as dividends, are reinvested back into the index. The stocks in the S&P 500 are not the 500 largest companies in the united states, but is an index designed to capture the returns of many different sectors of the U.S. economy. The index consists of approximately 400 industrial firms, 40 utility companies, and 20 transportation companies. This index is market capitalization weighted.

Disclosures:

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