



June 2021 – MBS Mantra MBS High Income/Absolute Return Strategy returns:

	% Net Return	% Gross Return	Since 4/1/2020 Net %	2021 YTD Net %	2021 YTD Gross %	Trailing 1 year Net %
Aggregated SMAs	+1.11%	+1.19%	+19.3%	+4.8%	+5.2%	+10.1%
Founder's Portfolio	+1.39%	+1.47%	+20.0%	+5.4%	+5.9%	+10.9%

Annualized 2021 returns to date: 9.83%

June 2021 Income: +1.48%; Annualized: ~19.2% (Aggregated SMAs @ recent marks)

June 2021 Cashflow % of invested value: +2.9% (~34% annualized rate)

June 2021 Loss rate: -0.02%

Hello.

Another positive month, making it 15 in a row since March 2020. Income was high, at 1.48%, with negligible losses, while marks were down about -0.3% on average (some up, some down).

Once again, our High Income (1.48% in June, 19% annualized) allowed us to outperform our fixed income benchmarks (B-AGG +0.83%; B-MBS -0.03%) and were in line with High Yield (B-HY +1.34%), in spite of slightly lower marks.

YTD, at +4.8% net return, we are outperforming High Yield as well (B-HY +3.6%, B-AGG -1.7%, B-MBS -0.7%).

Since March 2020's deleveraging selloff our net return has been 19.3%. By comparison, over the same period, the B-AGG has returned 2.5% while B-MBS has returned 0.7%.

Portfolio cashflows remain strong, at 2.9% of the portfolio (34% annualized), reinforcing our contention that our portfolio's duration is short and that our strategy thus maximizes risk adjusted returns.

We will reiterate that we are NOT a Fixed Income strategy, as the returns comparisons above demonstrate. Our research has demonstrated that MBS is a Variable Income bond product, and we therefore focus on the 'right tail' of the MBS Income distribution, creating a unique High income strategy and product. Our current high Income of 19% annualized allows us to overcome significant price declines and creates self-healing portfolios, as the breakeven prices of our holdings continually decline monthly with realized MBS income. This allows us to reinvest and compound over long periods – a very old-school investing process.

While we are acutely aware of MBS credit and opportunities, unlike typical MBS Credit strategies that invest in low income/low yield bonds with leverage, we mostly invest in senior bonds and have very low loss rates,

creating an unlevered portfolio with lower volatility than most other MBS portfolios (see our [March 2019 newsletter](#) for a comparison to the credit risk of other MBS funds).

Please stay safe, and wishing you good health.

Regards, Samir Shah

July 07, 2021

Samir Shah
President and CIO
MBS Mantra, LLC (a CT Registered Investment Advisor)
"Alpha Through Analysis"®

203-388-8356 P

203-273-0360 C

sshah@mbsmantrallc.com

<https://www.linkedin.com/in/samir-shah-6a9096a>

Please visit our website <https://www.mbsmantrallc.com> for important disclosures.

Important Notice - Disclaimer

This overview is being provided to you by MBS Mantra, LLC (“MBS Mantra” or the “Firm” or the “Adviser”), for informational purposes only, on a confidential basis and is intended solely for use by the company or individual to whom it is being delivered. Potential investors are advised to request and carefully read and review MBS Mantra’s Firm Brochure (Form ADV Part 2), and other documents, if any, provided by MBS Mantra (the “Documents”). Under no circumstances should this overview be used or considered as an offer to sell, or a solicitation of any offer to buy, interests in any securities, funds, other financial products or investment strategies managed by MBS Mantra, nor shall it or its distribution form the basis of, or be relied upon in connection with, any contract for advisory services or otherwise.

The information contained with this brochure has not been audited and is based upon estimates and assumptions. No reliance should be placed, for any purpose, on the information or opinions contained in this overview. The information contained in this brochure is based upon proprietary information of MBS Mantra and public information, but it may not be comprehensive, and it should not be interpreted as investment advice. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in this overview by MBS Mantra or by its affiliates and any of their principals, members, managers, directors, officers, employees, contractors or representatives.

Investors must make their own investment decisions based on their specific investment objectives and financial position. Charts, tables and graphs contained in this overview or in the Documents are not intended to be used to assist an investor in determining which securities to buy or sell or when to buy or sell securities. While this overview may contain past performance data, **PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS, WHICH MAY VARY.** There can be no assurance that any investment strategy will achieve its investment objective or avoid substantial or total losses. Except as required by law, MBS Mantra assumes no responsibility for the accuracy and completeness of any forward-looking statements. Further, MBS Mantra does not provide legal and tax advice; MBS Mantra recommends that investors consult with their own independent tax and legal advisers.

Any example represents an actual trade made by Samir Shah, MBS Mantra’s principal, and/or MBS Mantra; any hypothetical represents a possible trade. None of the examples, whether actual or hypothetical, contained in this overview and the Documents should be viewed as representative of all trades made by MBS Mantra, but only as examples of the types of trades MBS Mantra expects to complete for its customers. None of the examples provided can in and of themselves be used to determine which securities to buy or sell, or when to buy or sell them. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities used as examples in these Documents. To the extent that this document contains statements about the future, such statements are forward looking and subject to a number of risks and uncertainties, including, but not limited to, the impact of competitive products, product demand and market risks, fluctuations in operating results and other risks. (A complete list of trades made by Samir Shah and/or MBS Mantra is available upon request.)

This overview and all Documents provided by MBS Mantra should only be considered current as of the date of publication without regard to the date on which you may receive or access the information. MBS Mantra maintains the right to delete or modify the information without prior notice; MBS Mantra undertakes no obligation to update such information, including, but not limited to, any forward-looking statements, as of a more recent date, except as otherwise required by law.