



Hello in these sad times.

I wish the people of Ukraine retention of their independence and, along with President Zelensky, safety and survival, and the people of Russia awareness of the true nature of their leaders. I thank those that are helping the refugees that are being forced to flee Ukraine, as well as the brave journalists reporting to us from a war zone. Having been brought up Jain, I value and respect all life, and I hope that this shocking premeditated war will be resolved soon without significant further loss of human life.

February 2022 – MBS Mantra MBS High Income/Absolute Return Strategy returns

	% Net Return	% Gross Return	2022 YTD Net %	2021 YTD Net %	Trailing 1 year Net %
<a href="#">Aggregated SMAs</a>	+1.06%	+1.13%	+0.9%	+10.0%	+9.1%
<a href="#">Founder's Portfolio</a>	+1.01%	+1.09%	+0.8%	+10.1%	+9.3%

Feb 2022 Income: +1.61%; Annualized: +21.1% (Aggregated SMAs @ recent marks)

Feb 2022 Cashflow: +2.8% (~33% annualized rate)

Feb 2022 Loss rate: -0.09%

Once again, we not only beat all our benchmarks in Feb 2022, but were up significantly, while most other asset classes had negative returns. This can be attributed to both the High Income of our MBS portfolio (21% annualized) as well as to a long overdue recovery in the marks of some of our mispriced floating rate bonds (+17-21%), which offset some price declines in the prices of fixed coupon bonds (not all were down).

Our return was approximately +1% versus the benchmarks: Agg: -1.15%; MBS: -0.98%; HY: -1.03%; S&P: -2.95%.

I'll say it again: MBS is a Variable Income asset class and product, and not Fixed Income, as it is viewed and categorized. We systematically identify and harvest High Income to generate total returns that have low correlations with Fixed Income as well as with other assets. High Income MBS can be an Absolute Return component of a portfolio, or a diversifier.

US Rates are rallying going into March in a flight to quality, reflecting the uncertainty caused by the invasion of Ukraine and the resulting impact on the global economy from sanctions, energy inflation risking demand destruction, and the risk of nuclear reactor leakage and nuclear war.

Regards, Samir Shah

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