

Floating-Rate bond strategy focused on investing in debt securities issued by Fannie Mae and Freddie Mac to partially transfer their mortgage credit risk to private investors. Manager can tailor risk/return profile in a Separate Managed Account (“SMA”) or Fund of One.

### Overview, June 30<sup>th</sup>, 2024

SMA Description	
Currency	\$USD
Investment Vehicle	SMA or Fund of One
No Lockout	60 days notice
% Floating Rate	100%
Coupon Frequency	Monthly
Spread Duration	4.9 years
Distribution	Investor Discretion

- U.S. Housing Agencies were mandated by Congress in 2012 to transfer credit risk from their portfolios to private capital investors, thereby creating a unique opportunity to reinsure Fannie Mae and Freddie Mac (Government Sponsored Agencies, “GSEs”).
- Falcon Bridge Capital (“FBC”) invests in residential mortgage Credit Risk Transfer (“CRT”) debt securities issued by GSEs.
  - Underlying loans being reinsured are large diversified pools originated to meet GSE underwriting and Servicing guidelines.
  - All securities are floating rate instruments indexed to 30-day Average SOFR Plus a Spread to compensate for credit risk.
  - A substantial buildup in homeowner equity and effective loss mitigation are likely to reduce default probability.

### SMA Performance vs. Benchmarks

Total Returns	June 2024	YTD 2024	Full Year 2023	3 Year	5 Year	Since Inception (9/2018)
<b>FBC SMA<sup>1</sup> (Net)</b>	<b>0.66%</b>	<b>8.90%</b>	<b>27.18%</b>	<b>40.08%</b>	<b>56.65%</b>	<b>75.08%</b>
<b>Market Benchmarks</b>						
U.S. Treasury <sup>2</sup>	1.01%	-0.86%	4.05%	-9.46%	-3.22%	3.71%
U.S. Aggregate <sup>3</sup>	0.95%	-0.71%	5.53%	-8.80%	-1.15%	6.21%
U.S. MBS <sup>4</sup>	1.17%	-0.98%	5.05%	-8.52%	-3.73%	1.96%
U.S. Corporate High Yield <sup>5</sup>	0.94%	2.58%	13.44%	5.01%	21.19%	27.90%
Benchmark Composite Index <sup>6</sup>	1.11%	-0.09%	7.10%	-5.22%	2.31%	8.31%

<sup>1</sup>FBC SMA Total Returns are Net of management and performance fees.

<sup>2</sup>U.S. Treasury - Bloomberg Barclays U.S. Treasury Index.

<sup>3</sup>US Aggregate - Bloomberg Barclays U.S. Aggregate Bond Index.

<sup>4</sup>U.S. MBS - Bloomberg Barclays U.S. Mortgage-Backed Securities Index.

<sup>5</sup>U.S. Corporate High Yield - Bloomberg Barclays U.S. Corporate High Yield Index.

<sup>6</sup>Benchmark Composite Index – U.S. MBS (75%) + U.S. Corporate High Yield (25%).

Total returns are unaudited. Benchmark Indices are Gross Returns. Past performance does not guarantee future results.

3 Year Total Return is calculated from June 30<sup>th</sup> 2021 to June 30<sup>th</sup> 2024.

5 Year Total Return is calculated from June 30<sup>th</sup> 2019 to June 30<sup>th</sup> 2024.

# Company Background & Disclosures

## Firm Overview

- Falcon Bridge Capital was formed in January 2006 as part of joint venture with one of the largest P.E. firms in the U.S. to provide portfolio management of legacy U.S. Residential Mortgage-Backed Securities ("RMBS").
- Firm provides loan acquisition, analytical and due diligence services to various Community Banks in CA.
- Firm has extensive expertise across mortgage credit and securitized products.

Registered Investment Advisor since June 30, 2011.

SEC Registration Number: 801-72513

FINRA IARD Number: 156661

**For complete analysis, research, loss modeling and sensitivity analysis, please contact:**

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