

Floating-Rate credit strategy focused on reinsuring Fannie Mae and Freddie Mac to partially transfer their mortgage credit risk to private investors. Manager can tailor risk/return profile in an SMA that fits individual investor returns and liquidity needs.

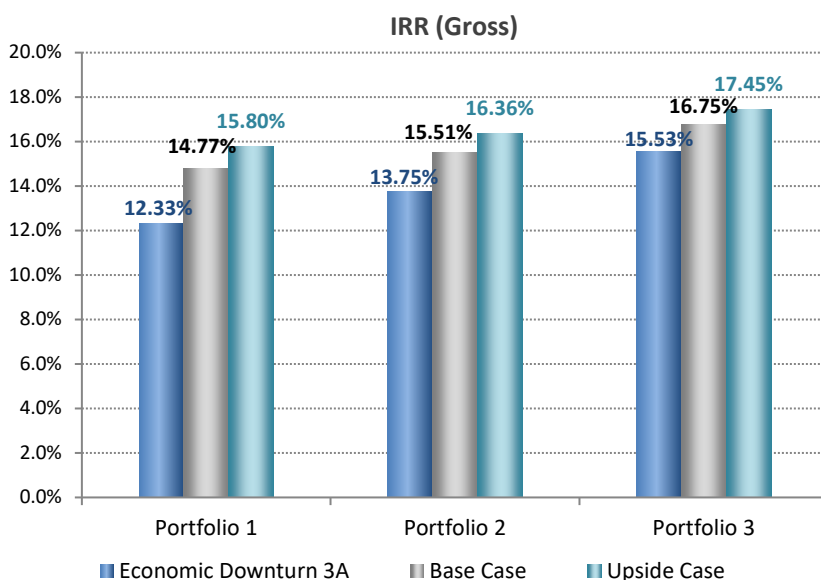
Separate Managed Account (SMA)* Overview, June 2022

SMA Information	
Currency	\$USD
Investment Vehicle	SMA
No Lockout	45 days notice
% Floating Rate	100%
Coupon Frequency	Monthly
Spread Duration	4.9 years
Distribution	Investor Discretion
Fees	Management Fee & Profit-Sharing

- 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 the GSEs.
 - Underlying loans being reinsured are large diversified pools originated throughout the U.S. All loans must meet GSE underwriting and Servicing guidelines.
 - All securities are floating rate instruments indexed to 1 Month Libor/SOFR Plus a Spread to compensate for credit risk.
 - Strong housing market over the past 4 years has built substantial housing equity reducing default probabilities.

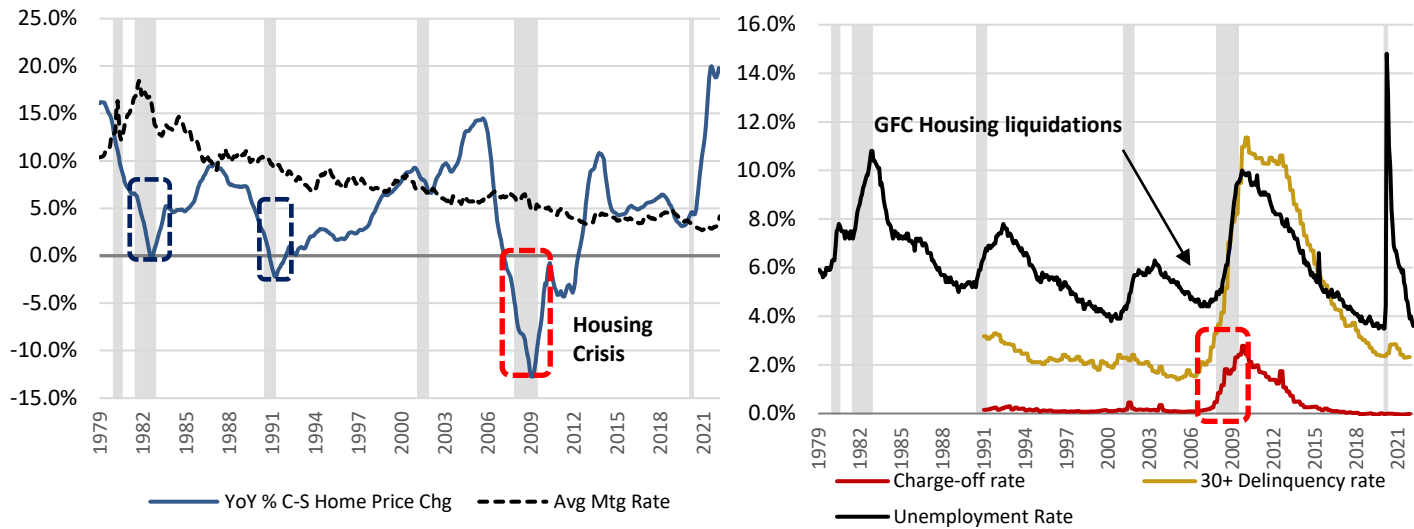
Recent spread widening is a result of record loan originations in 2020–2021 requiring high levels of risk-transfer by the GSEs.

- Supply–Demand dynamics, household formation, and availability of credit will continue to support housing demand amidst higher mortgage rates.
- Floating rate structure remains very attractive, given the potential of higher short-term rates in the near-term. 100% of the CRT sector is floating rate.
- Strict underwriting standards and limited housing inventories (for owners AND renters) will result in very low defaults; **consistent with “Investment Grade” risk.**



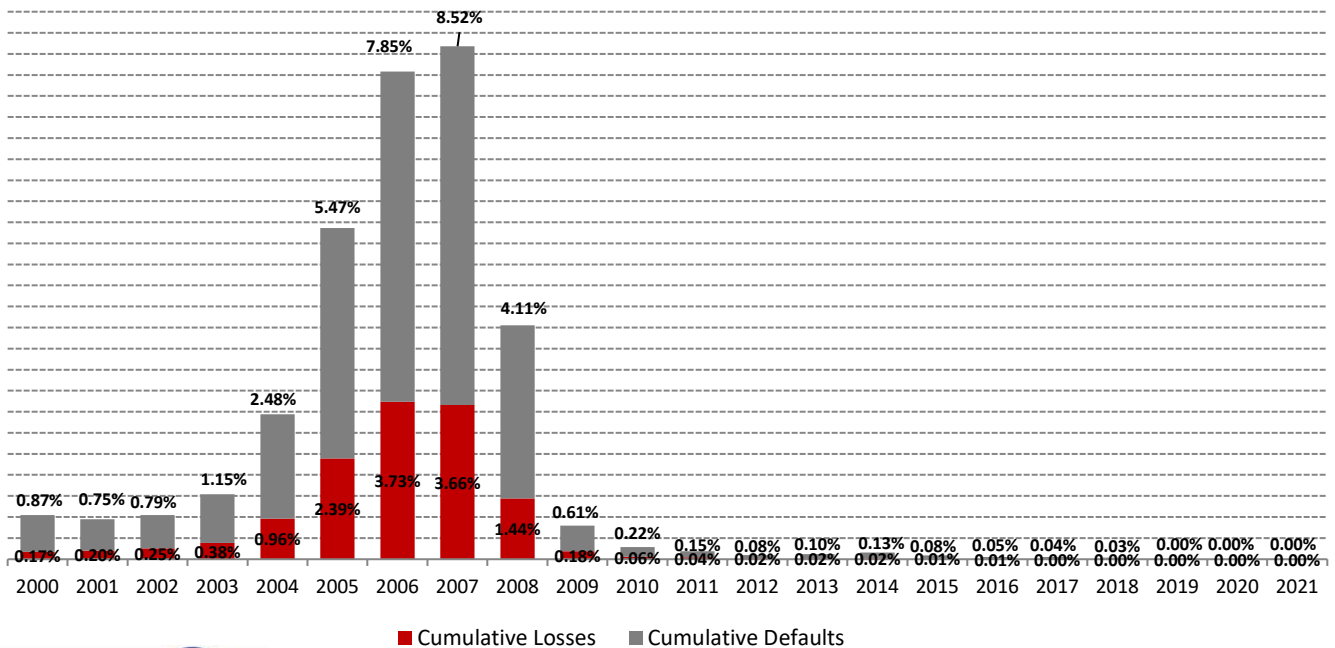
U.S. Housing Performance Across Business Cycles

Great Financial Crisis (GFC) in 2008 was the only period when home prices fell rapidly resulting in losses



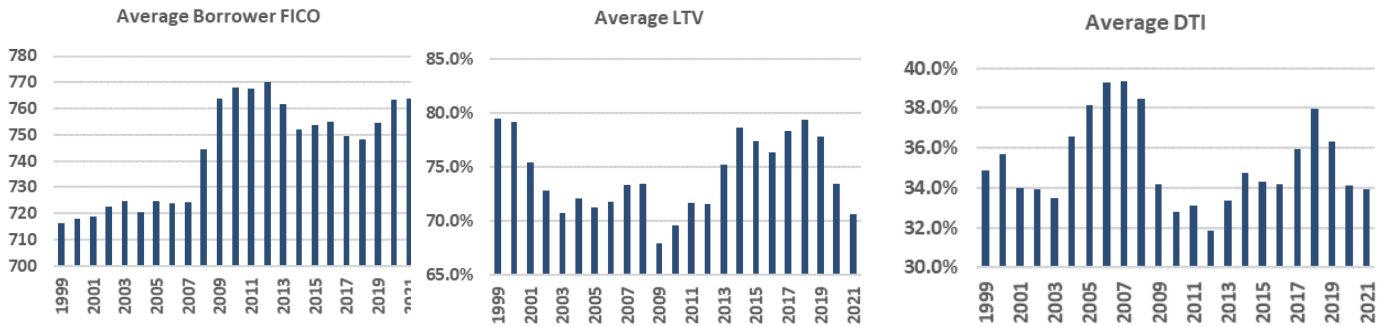
Post-GFC losses remain *de minimis* due to tight borrower underwriting

Cumulative Default and Loss % across Origination Vintages

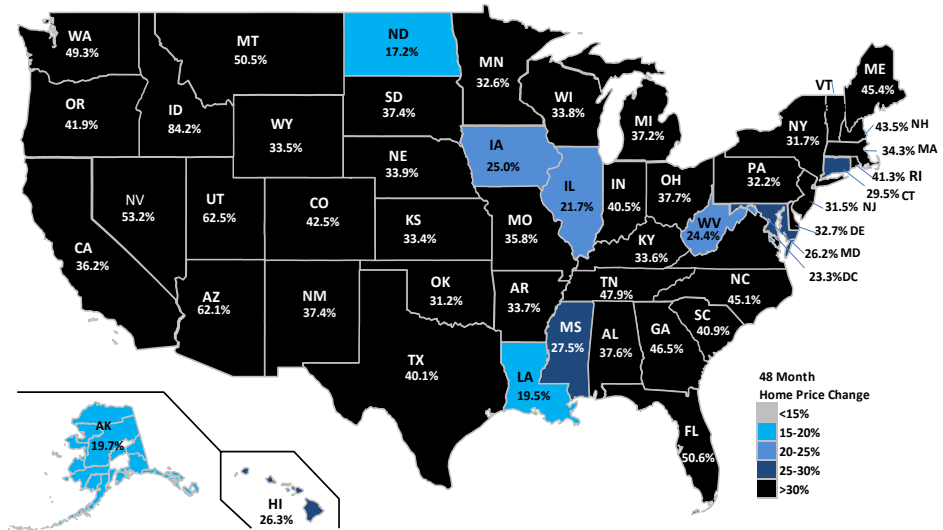


Trends in Housing Market Continue To Mitigate Underlying Risk

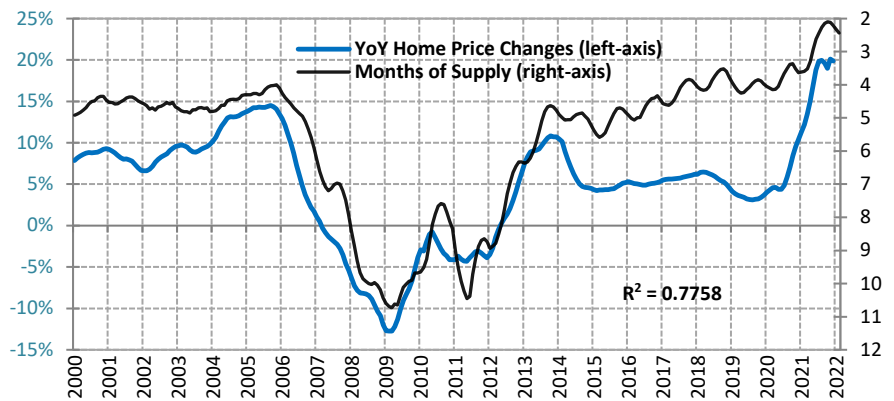
Continued Improvement in Borrower Profile and Homeowner Equity



Home Price Appreciation over the past 48 months has contributed to the increase in home equity across the country. (see U.S. Map)



Home prices experienced sharp increases as inventory levels (as illustrated by months of supply) have dropped to unprecedented levels.



*Months of Supply is 6m average moved forward 6m (inverted RHS Axis)

U.S. Housing Opportunity

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

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06.2022