

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, September 30th, 2023

| 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 | September 2023 | Q3 2023 | YTD 2023 | Trailing 12 Months | 3 Year | Since Inception (9/2018) |
|--|----------------|--------------|---------------|--------------------|---------------|--------------------------|
| FBC SMA¹ (Net) | 1.85% | 6.46% | 22.60% | 26.99% | 54.57% | 54.98% |
| Market Benchmarks | | | | | | |
| U.S. Treasury ² | -2.21% | -3.06% | -1.52% | -0.81% | -16.50% | -0.99% |
| U.S. Aggregate ³ | -2.54% | -3.23% | -1.21% | 0.64% | -14.82% | 0.14% |
| U.S. MBS ⁴ | -3.19% | -4.05% | -2.26% | -0.17% | -14.50% | -4.20% |
| U.S. Corporate High Yield ⁵ | -1.18% | 0.46% | 5.86% | 10.28% | 5.36% | 16.34% |
| Benchmark Composite Index ⁶ | -2.69% | -2.94% | -0.28% | 2.38% | -9.83% | 0.93% |

¹FBC SMA Total Returns are Net of management and performance fees.

²U.S. Treasury - Bloomberg Barclays U.S. Treasury Index.

³US Aggregate - Bloomberg Barclays U.S. Aggregate Bond Index.

⁴U.S. MBS - Bloomberg Barclays U.S. Mortgage-Backed Securities Index.

⁵U.S. Corporate High Yield - Bloomberg Barclays U.S. Corporate High Yield Index.

⁶Benchmark 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.

Trailing 12 months Total Return is calculated from September 30th 2022 to September 30th 2023.

3 Year Total Return is calculated from September 30th 2020 to September 30th 2023.

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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10.2023