

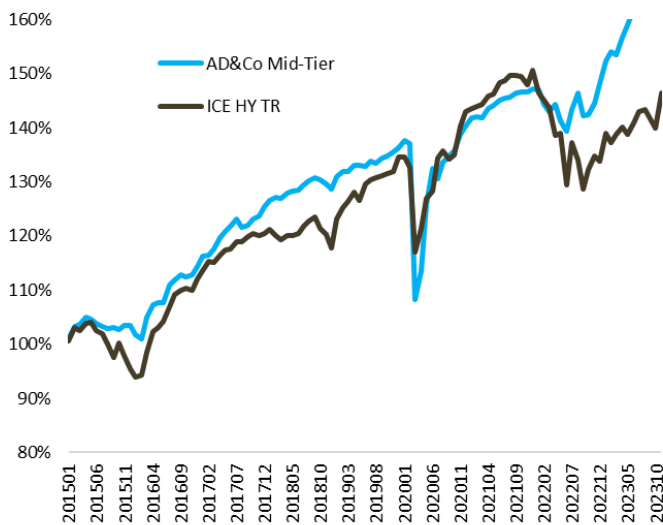
AD&Co US Mortgage High-Yield Index

DECEMBER 2023 (NOVEMBER Performance)

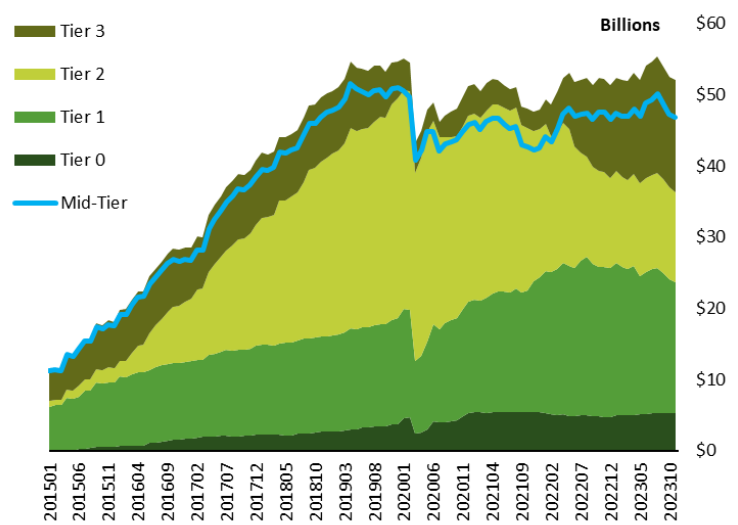
INDEX DESCRIPTION

The AD&Co US Mortgage High-Yield Index is a total-rate-of-return index¹ comprising bonds from the GSE Credit Risk Transfer Market. The Mid-Tier Index includes all CRT bonds except those with the following attributes: first loss bonds, initial attachment points greater than 3.75%, factors < 25%. The Mid-Tier Index represents about 95% of the outstanding balance of CRT debt. Return components include price, coupon, paydown and credit losses.²

TOTAL VALUE SINCE INCEPTION



MARKET VALUE BY TIER



TIER STATISTICS

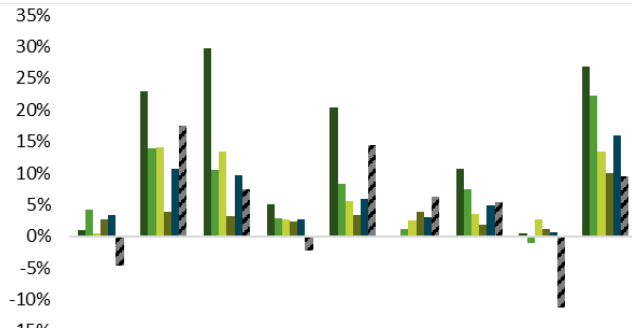
Tier	Tranche	Attachment	Inception Date	Index Value	Market Value B	Price	Current Yield	Current Coupon	Margin
0	B / B2	0.00%	201506	286.41	5.31	\$ 109.77	12.75%	14.00%	858
1	B1 / M3	0.25%	201501	192.37	18.40	\$ 105.12	10.24%	10.76%	540
2	M3 / M2	0.95%	201501	173.82	12.55	\$ 103.00	8.53%	8.79%	345
3	M2 / M1	1.75%	201501	136.87	15.87	\$ 102.06	7.75%	7.91%	258
Mid-Tier	B1-M2	0.25%-3.75%	201501	171.75	46.82	\$ 103.50	8.94%	9.25%	390
Global	All	All	201501	177.34	52.91	\$ 104.05	9.30%	9.67%	432

Tier	1-Mo Return	1-Year Return	Annualized		Inception Return	Annualized		Model Values	
			3-Year Return	YTD Return		Inception Std. Dev	Sharpe Ratio	crOAS	Spread Duration
0	1.36%	29.81%	15.90%	26.78%	13.18%	24.40%	0.60	636	5.35
1	2.16%	25.96%	10.03%	22.28%	7.61%	14.70%	0.48	454	5.65
2	1.34%	16.26%	6.61%	13.41%	6.40%	8.27%	0.62	315	4.25
3	1.01%	12.08%	4.40%	10.04%	3.58%	2.78%	0.75	212	2.83
Mid-Tier	1.55%	18.91%	7.39%	15.96%	6.25%	9.15%	0.55	362	4.30
Global	1.52%	19.81%	8.17%	16.87%	6.64%	10.06%	0.55	393	4.34

¹ Information sources include Intex, IDC and AD&Co modeling

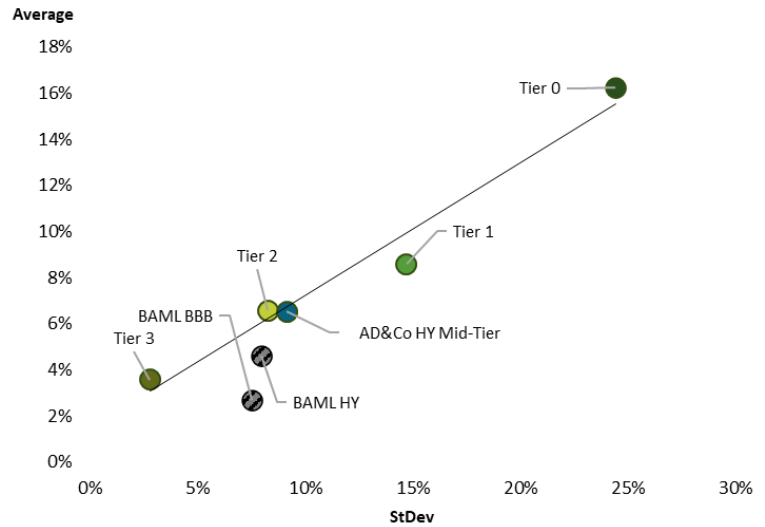
² ICE BofAML US Corp High Yield, Total Return Index Value [BAMLHYH0A0HYM2TRIV]; <https://fred.stlouisfed.org/series/BAMLHYH0A0HYM2TRIV>

ANNUALIZED RETURNS: MEAN & STDEV

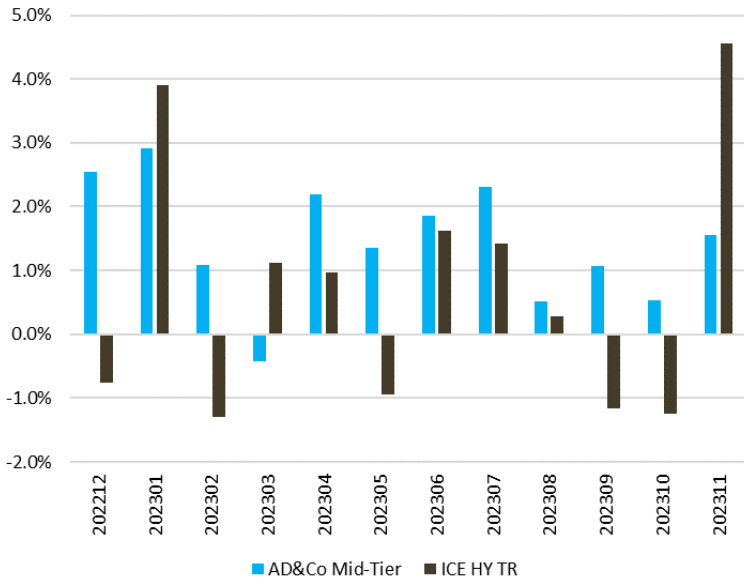


	2015	2016	2017	2018	2019	2020	2021	2022	2023
Tier 0	0.97%	22.91%	29.75%	5.01%	20.41%	-0.19%	10.76%	0.39%	26.78%
Tier 1	4.26%	13.96%	10.55%	2.87%	8.26%	1.21%	7.47%	-1.13%	22.28%
Tier 2	0.50%	14.01%	13.38%	2.72%	5.54%	2.43%	3.50%	2.65%	13.41%
Tier 3	2.62%	3.83%	3.19%	2.35%	3.39%	3.92%	1.78%	1.09%	10.04%
AD&Co HY Mid-Tier	3.40%	10.61%	9.67%	2.63%	5.92%	2.97%	4.81%	0.65%	15.96%
BAML HY	-4.64%	17.49%	7.48%	-2.27%	14.41%	6.17%	5.36%	-11.22%	9.42%

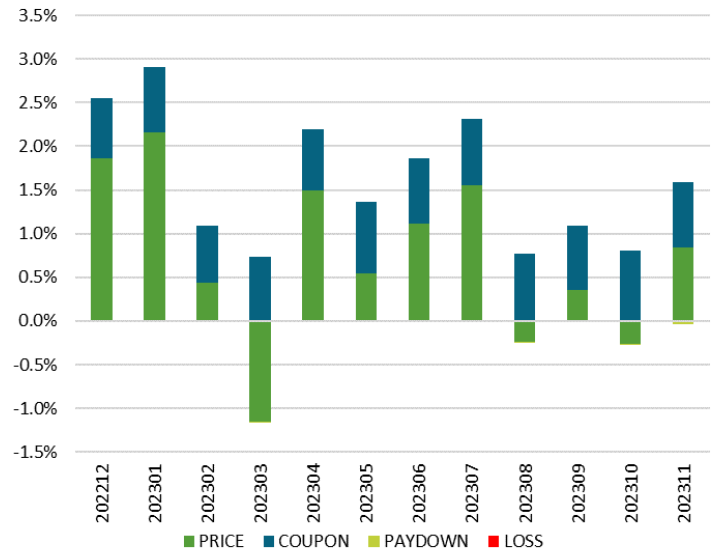
RISK RETURN SINCE INCEPTION



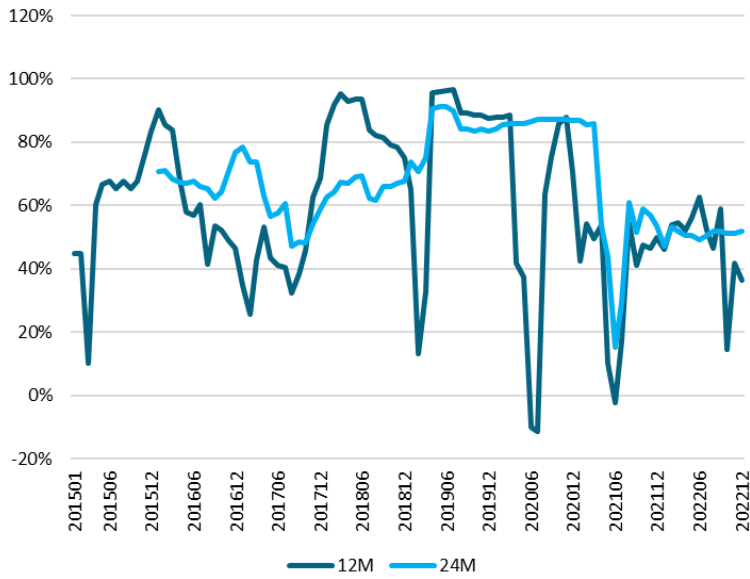
MONTHLY RETURN LAST 12 MONTHS



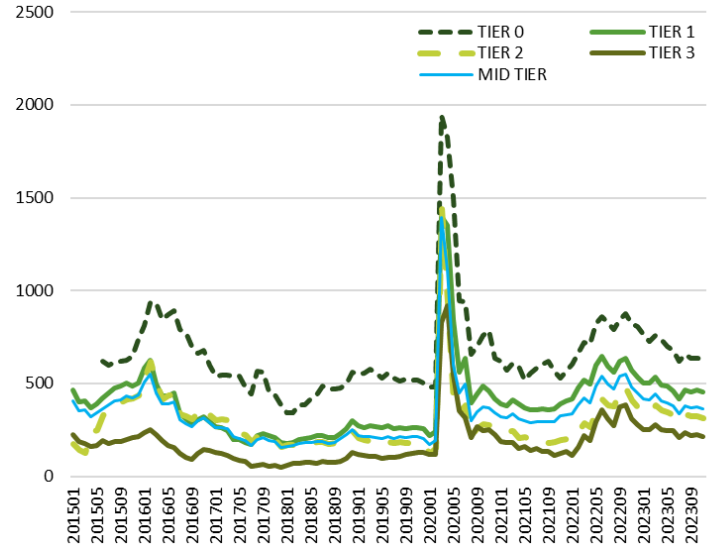
COMPONENTS OF RETURN LAST 12 MONTHS



CORRELATION SINCE INCEPTION



WEIGHTED OAS SINCE INCEPTION



INDEX OBJECTIVE

Investors and fund managers can use the index to assess the broad market returns, risks and opportunities available through investing in a market-weighted, passive portfolio of US mortgage credit risk transfer instruments. The Index also provides a means of comparing the returns of an actively managed portfolio against a passive, naïve market portfolio as approximated by the Index. The Mid-Tier and its sub-indices allow for approximations of performance comparisons by vintage or age, across the capital stack, and by initial credit risk level and/or vintage as indicated by original attachment point.

RULES FOR INCLUSION

- Only cash bonds offered to the public, whether they are exchangeable or not that have or have had IDC prices.
- Floating rate bonds only. Collateral Types 30 Year Residential.
Fixed Rate: STACR-DN, DNA, HQ, HQA, HRP, CAS – CO
- Tranche names – B, B1, B2, M3, M2, M1
- Normally listed on GSE websites:
 - <https://crt.freddiemac.com/offerings/stacr.aspx#issuance-details>
 - <http://www.fanniemae.com/portal/funding-the-market/credit-risk/transactions.html>
- Bond factor $\geq .25$
- Original attachment points in basis points:

Index	Min	Max	Approximate Composition	
			STACR	CAS
Mid-Tier	≥ 25	< 375	Mixed Composition	
Tier 0	≥ 0	< 25	B, B2	B
Tier 1	≥ 25	< 95	B1, Old M3	B1
Tier 2	≥ 95	< 175	M3, M2	M2
Tier 3	≥ 175	< 375	M2, M1	M1
Tier 4	≥ 375		M1	M1

RULES FOR EXCLUSION:

- No private placements
- No Child Classes (Exchangeable into) or Retained Classes (H bonds)
- No CIRT, ACIS, SPI
- No bonds without IDC prices

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