

THE CPR REPORT

Providing the most detailed monthly SBA 7(a), 504 and SBIC prepayment, default and market information available anywhere.

BOB JUDGE, GLS
EDITOR



SPECIAL POINTS OF INTEREST:

- 7a Prepays increase
- Prepays by gross margin / gross rate **NEW!**
- Loan pricing update

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Actual 7(a) Prepays Increase

In June, total prepays, including paid excess principal (ACPR), came in at 11.24%, a 7% increase from last month's reading of 10.48%.

After correcting for the excess principal being released from the MRF, pool prepays (CCPR) came in at 10.32%, up 9% from the previous reading of 9.50%.

Underlying loan level CPRs (LCPR) came in at 10.99%, up 9% from the prior level of 10.12%.

As for the largest sector in the

market, 20+ years to maturity, the ACPR came in at 11.12%, an increase of 10% from the previous reading of 10.09%. The CCPR came in at 10.40% versus 9.93% and the LCPR recorded 11.09%, down from 9.96%, previously.

The CDR calculations came out as follows:

Including excess (ACDR) was 1.48%, pool corrected (CCDR) was 1.36% and the loan-level

(LCDR) was 1.45%.

As for the CRR, they came in as follows:

ACRR: 9.75%, CCRR: 8.96%, LCRR: 9.54%.

Regarding our maturity buckets, we saw 4 out of 7 buckets increase.

By order of magnitude, increases were seen in the actual data in

Continued on page 2. Charts begin on page 4 and continue on page 30

7(a) Pooling League Tables

Through June pooling (July reporting), FHN Financial led for ALL POOLS with a total \$802 million. They were followed by Signature Bank with \$795MM and BMO Capital Markets with \$777MM. YTD 2021 totals for all assembled pools was \$4.35 billion.

Turning to the second largest issuance maturity bucket, 10-13 year pools, BMO was first with a

total of \$269 million, followed by FHN with \$259 million and Truist with \$234 million. YTD 2021 totals were \$1.4 million.

As for the largest issuance bucket, 20+ years to maturity, Signature was number one with \$542 million, followed by BMO (\$507MM), Truist (\$415MM) and FHN (\$412MM).

Totals in the long-end were \$2.46 billion.

As for fixed rate pools, FHN led with \$53 million. YTD 2021 totals were \$53 million.

For further information on the terminology and concepts used in this article, please refer to the "Glossary and Definitions" at the end of the report.

Charts on page 10

Master Reserve Fund Watch

As of the June Factor Report, we estimate the principal shortfall in the MRF to be \$917 million. This month saw \$17 million of excess paid out and since October 2017, the cumulative total is \$1.80 billion.

7(a) Prepayment Speeds Commentary...Continued

<8 (+81% to ACPR 25.84%), 10-13 (+11% to ACPR 11.85%), 20+ (+10% to ACPR 11.12%) and 16-20 (+4% to ACPR 13.62%).

Decreases were seen in: Fixed (-33% to ACPR 16.79%), 13-16 (-32% to ACPR 6.65%) and 8-10 (-21% to ACPR 7.59%).

As for the CCPR, increases were seen in: <8 (+94% to CCPR 24.40%), 10-13 (+13% to CCPR 10.41%), 20+ (+11% to CCPR 10.40%) and 16-20 (+4% to CCPR 11.44%).

Decreases were seen in: Fixed (-34% to CCPR 16.64%), 8-10 (-21% to CCPR 7.30%) and 13-16 (-9% to CCPR 6.85%).

Lastly, for the LCPR, we have:
<8 (+94% to LCPR 25.04%),

10-13 (+12% to LCPR 11.14%), 20+ (+11% to LCPR 11.09%) and 16-20 (+4% to LCPR 13.30%).

Decreases were seen in: Fixed (-34% to LCPR 17.06%), 8-10 (-21% to LCPR 7.28%) and 13-16 (-9% to LCPR 6.99%).

As COVID lockdowns begin to subside, expect prepayments to begin their return to mid-double digit prepayment speeds seen prior to the pandemic.

For further information on the terminology and concepts used in this article, please refer to the "Glossary and Definitions" at the end of the report.

Data starts on page 4 and continues on page 30

"As COVID lockdowns begin to subside, expect prepayments to begin their return to mid-double digit prepayment speeds seen prior to the pandemic."



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- **Guaranteed and non-guaranteed 7 (a) loan portions Interest-only portions of SBA and USDA loans**

In these times of market uncertainty, let GLS help you in determining the value of your SBA and USDA related-assets.

For further information, please contact Bob Judge at (216) 456-2480 ext. 133 or at

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Terence Ma, Chief Strategy Officer
terence.ma@sssnyc.com
Dean A. Christiansen, New Business Development
dean@sssnyc.com

Actual prepayments versus actual pool trading balances

ACT CPR	<8	8 - 10	10 - 13	13 - 16	16 - 20	20+	FIXED	ALL
Jan-21	38.82%	15.30%	12.74%	3.42%	21.44%	11.51%	11.73%	12.23%
Feb-21	8.50%	8.63%	9.87%	11.48%	7.01%	9.82%	13.62%	9.80%
Mar-21	11.80%	6.86%	8.05%	4.23%	9.95%	6.63%	9.82%	7.13%
Apr-21	9.36%	6.83%	8.04%	8.30%	8.20%	8.61%	6.11%	8.32%
May-21	14.25%	9.63%	10.66%	9.76%	13.11%	10.09%	25.20%	10.48%
Jun-21	25.84%	7.59%	11.85%	6.65%	13.62%	11.12%	16.79%	11.24%
Grand Total	19.07%	9.18%	10.22%	7.39%	12.39%	9.64%	14.13%	9.88%

Corrected prepayments versus corrected pool trading balances

COR CPR	<8	8 - 10	10 - 13	13 - 16	16 - 20	20+	FIXED	ALL
Jan-21	37.16%	14.48%	10.92%	2.64%	19.44%	10.59%	10.68%	11.03%
Feb-21	7.43%	8.39%	8.52%	10.61%	5.18%	8.85%	13.04%	8.74%
Mar-21	10.50%	6.45%	7.00%	4.28%	8.03%	6.08%	9.73%	6.43%
Apr-21	8.33%	6.56%	7.06%	7.54%	7.29%	7.81%	5.80%	7.50%
May-21	12.54%	9.22%	9.25%	7.55%	11.02%	9.33%	25.22%	9.50%
Jun-21	24.40%	7.30%	10.41%	6.85%	11.44%	10.40%	16.64%	10.32%
Grand Total	17.67%	8.77%	8.87%	6.65%	10.55%	8.86%	13.77%	8.93%

Corrected prepayments versus underlying loan trading balances

LOAN CPR	<8	8 - 10	10 - 13	13 - 16	16 - 20	20+	FIXED	ALL
Jan-21	38.69%	14.50%	11.76%	2.72%	22.47%	11.38%	11.00%	11.82%
Feb-21	7.79%	8.38%	9.16%	10.88%	6.07%	9.50%	13.41%	9.35%
Mar-21	11.00%	6.44%	7.53%	4.40%	9.41%	6.53%	10.00%	6.88%
Apr-21	8.63%	6.54%	7.58%	7.71%	8.51%	8.36%	5.96%	8.01%
May-21	12.93%	9.17%	9.91%	7.72%	12.83%	9.96%	25.81%	10.12%
Jun-21	25.04%	7.28%	11.14%	6.99%	13.30%	11.09%	17.06%	10.99%
Grand Total	18.35%	8.75%	9.52%	6.82%	12.30%	9.49%	14.15%	9.54%

7(a) YTD Prepayment Speeds

Loan-level prepayments by maturity bucket and guaranteed portion size at time of sale into the Secondary Market

ALL	<250	250-500	500-1mm	1-1.5mm	1.5-2mm	2-2.5mm	2.5-3mm	3-3.5mm	3.5-4mm	4mm+
Jan-21	15.98%	15.07%	13.58%	13.18%	10.86%	14.38%	7.39%	8.75%	11.81%	6.15%
Feb-21	11.46%	10.59%	9.37%	7.29%	4.97%	8.47%	8.06%	13.85%	9.02%	0.38%
Mar-21	13.43%	11.76%	11.95%	9.43%	12.27%	10.31%	6.10%	9.02%	7.92%	1.27%
Apr-21	14.00%	13.01%	12.12%	14.22%	13.17%	13.10%	15.24%	11.54%	11.66%	27.29%
May-21	15.21%	15.91%	16.68%	13.43%	15.83%	13.16%	15.28%	10.75%	18.89%	28.10%
Jun-21	15.00%	14.75%	14.57%	14.29%	14.35%	14.91%	11.81%	10.27%	10.88%	54.49%
Grand Total	14.18%	13.53%	13.08%	12.01%	12.00%	12.42%	10.77%	10.72%	11.82%	22.60%

<8	<250	250-500	500-1mm	1-1.5mm	1.5-2mm	2-2.5mm	2.5-3mm	3-3.5mm	3.5-4mm	4mm+
Jan-21	25.18%	17.44%	10.25%	19.76%	9.36%	0.00%	0.00%	0.00%	0.00%	0.00%
Feb-21	17.06%	18.89%	0.00%	4.39%	0.00%	0.00%	10.91%	0.00%	0.00%	0.00%
Mar-21	18.21%	17.78%	6.81%	9.52%	0.00%	29.07%	3.58%	0.00%	0.00%	0.00%
Apr-21	23.36%	24.55%	4.62%	1.92%	15.65%	10.02%	0.00%	0.00%	0.00%	0.00%
May-21	19.97%	15.36%	48.78%	14.84%	14.92%	96.14%	0.00%	0.00%	0.00%	0.00%
Jun-21	13.87%	24.74%	60.84%	55.54%	99.99%	5.82%	0.00%	0.00%	0.00%	0.00%
Grand Total	19.83%	19.78%	25.88%	20.57%	68.22%	45.81%	2.53%	0.00%	0.00%	0.00%

7(a) YTD Prepayment Speeds

Loan-level prepayments by maturity bucket and guaranteed portion size at time of sale into the Secondary Market

8-10	<250	250-500	500-1mm	1-1.5mm	1.5-2mm	2-2.5mm	2.5-3mm	3-3.5mm	3.5-4mm	4mm+
Jan-21	12.11%	4.56%	10.52%	4.66%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Feb-21	22.03%	10.46%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mar-21	15.06%	48.45%	0.90%	7.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Apr-21	15.49%	29.71%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
May-21	11.11%	3.83%	2.75%	7.75%	4.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Jun-21	4.03%	3.16%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Grand Total	13.54%	18.45%	2.49%	3.38%	0.78%	0.00%	0.00%	0.00%	0.00%	0.00%

10-13	<250	250-500	500-1mm	1-1.5mm	1.5-2mm	2-2.5mm	2.5-3mm	3-3.5mm	3.5-4mm	4mm+
Jan-21	15.48%	14.49%	15.99%	12.02%	11.86%	12.08%	2.43%	17.63%	27.01%	1.19%
Feb-21	10.70%	11.41%	9.79%	9.48%	4.75%	9.78%	13.19%	20.38%	8.42%	0.00%
Mar-21	12.95%	10.98%	11.72%	10.15%	11.73%	12.02%	6.10%	12.56%	16.94%	0.84%
Apr-21	13.74%	12.26%	13.04%	11.22%	17.22%	18.54%	9.30%	23.68%	14.25%	2.31%
May-21	15.13%	15.55%	20.39%	11.18%	14.72%	7.80%	22.85%	28.53%	24.11%	1.02%
Jun-21	14.56%	15.19%	13.80%	14.34%	22.34%	18.28%	8.34%	15.81%	13.79%	50.85%
Grand Total	13.77%	13.33%	14.18%	11.42%	13.99%	13.22%	10.67%	19.96%	17.58%	11.85%

7(a) YTD Prepayment Speeds

Loan-level prepayments by maturity bucket and guaranteed portion size at time of sale into the Secondary Market

13-16	<250	250-500	500-1mm	1-1.5mm	1.5-2mm	2-2.5mm	2.5-3mm	3-3.5mm	3.5-4mm	4mm+
Jan-21	18.55%	22.68%	22.62%	28.12%	4.85%	2.54%	0.88%	3.27%	6.16%	0.00%
Feb-21	7.85%	5.41%	13.48%	3.74%	1.78%	23.00%	1.71%	0.17%	1.05%	0.00%
Mar-21	17.17%	10.26%	10.27%	9.25%	15.82%	2.70%	0.86%	0.99%	35.22%	4.18%
Apr-21	10.46%	11.96%	12.51%	15.08%	18.95%	13.00%	2.69%	1.09%	1.72%	0.00%
May-21	13.03%	15.82%	16.33%	16.44%	5.08%	4.92%	20.90%	36.15%	1.94%	0.00%
Jun-21	10.44%	23.11%	20.11%	24.05%	11.40%	18.41%	0.46%	0.52%	36.15%	0.90%
Grand Total	13.02%	15.11%	15.98%	16.50%	9.94%	11.24%	4.86%	7.98%	15.40%	0.86%

16-20	<250	250-500	500-1mm	1-1.5mm	1.5-2mm	2-2.5mm	2.5-3mm	3-3.5mm	3.5-4mm	4mm+
Jan-21	21.46%	30.04%	11.72%	23.86%	2.57%	0.96%	3.31%	15.52%	3.91%	0.00%
Feb-21	14.85%	18.79%	2.04%	11.26%	2.27%	0.14%	0.66%	0.43%	1.64%	0.00%
Mar-21	33.77%	12.40%	9.92%	10.24%	51.79%	1.68%	0.72%	0.63%	3.13%	0.00%
Apr-21	18.27%	5.30%	15.17%	17.71%	2.10%	3.35%	13.08%	79.45%	4.45%	0.00%
May-21	9.87%	26.96%	7.09%	50.04%	3.18%	2.19%	2.54%	1.22%	3.10%	0.00%
Jun-21	31.79%	8.23%	34.14%	3.85%	8.90%	2.18%	0.82%	1.07%	0.38%	0.00%
Grand Total	22.22%	17.57%	14.00%	20.87%	14.32%	1.75%	3.57%	25.55%	2.78%	0.00%

7(a) YTD Prepayment Speeds

Loan-level prepayments by maturity bucket and guaranteed portion size at time of sale into the Secondary Market

20+	<250	250-500	500-1mm	1-1.5mm	1.5-2mm	2-2.5mm	2.5-3mm	3-3.5mm	3.5-4mm	4mm+
Jan-21	16.26%	15.20%	11.97%	12.01%	10.88%	15.93%	9.09%	6.76%	7.45%	11.31%
Feb-21	14.13%	9.39%	9.28%	6.73%	5.30%	7.74%	7.20%	10.97%	9.71%	0.80%
Mar-21	14.31%	12.38%	12.40%	9.03%	11.95%	10.36%	6.50%	8.78%	4.06%	0.95%
Apr-21	14.15%	13.19%	11.07%	14.77%	11.84%	10.80%	17.55%	6.79%	11.51%	46.94%
May-21	15.14%	16.11%	14.84%	13.15%	16.98%	14.68%	13.25%	4.37%	16.32%	49.52%
Jun-21	17.77%	14.05%	13.73%	13.23%	11.61%	13.28%	13.55%	9.60%	9.03%	66.02%
Grand Total	15.30%	13.41%	12.23%	11.53%	11.51%	12.17%	11.31%	7.90%	9.83%	34.59%

FIXED	<250	250-500	500-1mm	1-1.5mm	1.5-2mm	2-2.5mm	2.5-3mm	3-3.5mm	3.5-4mm	4mm+
Jan-21	28.45%	13.40%	13.50%	40.54%	10.14%	0.41%	0.36%	0.00%	0.00%	0.00%
Feb-21	19.42%	15.49%	1.84%	0.25%	0.16%	0.00%	0.00%	95.97%	0.00%	0.00%
Mar-21	19.63%	18.31%	2.09%	16.71%	0.75%	0.07%	0.00%	2.01%	0.00%	0.00%
Apr-21	15.52%	39.85%	36.38%	33.53%	0.65%	44.71%	1.00%	1.03%	0.17%	0.00%
May-21	18.27%	20.24%	17.75%	16.72%	1.41%	1.05%	0.89%	0.00%	85.18%	0.00%
Jun-21	14.30%	4.37%	26.99%	45.27%	0.95%	42.54%	0.09%	0.00%	0.00%	0.00%
Grand Total	19.51%	19.34%	17.33%	27.00%	2.35%	17.54%	0.39%	43.85%	28.77%	0.00%

7(a) YTD Prepayment Speeds

Floating Rate Loan-level prepayments by maturity bucket and gross margin

ALL	<0%	0%-<.5%	.5%-<1%	1%-<1.5%	1.5%-<2%	2%-<2.5%	2.5%-<3%	3%-<3.5%	3.5%-<4%	4%+
Jan-21	22.91%	20.00%	2.94%	9.93%	11.15%	12.58%	14.65%	14.58%	8.97%	24.33%
Feb-21	0.00%	3.41%	0.91%	7.96%	6.11%	7.46%	10.90%	10.95%	8.79%	6.54%
Mar-21	0.00%	23.78%	12.62%	8.87%	7.61%	12.53%	11.55%	11.41%	4.20%	17.87%
Apr-21	0.00%	15.66%	20.66%	14.17%	14.72%	10.21%	12.26%	13.93%	10.04%	12.72%
May-21	0.00%	4.90%	18.97%	16.18%	15.58%	13.14%	14.68%	16.85%	8.53%	11.88%
Jun-21	0.00%	16.08%	8.65%	16.62%	11.79%	12.15%	14.53%	16.27%	6.86%	9.49%
Grand Total	4.55%	14.17%	11.18%	12.37%	11.24%	11.37%	13.11%	14.03%	7.92%	14.06%

<8	<0%	0%-<.5%	.5%-<1%	1%-<1.5%	1.5%-<2%	2%-<2.5%	2.5%-<3%	3%-<3.5%	3.5%-<4%	4%+
Jan-21	0.00%	0.00%	0.00%	0.00%	3.27%	28.13%	17.80%	21.20%	10.41%	21.05%
Feb-21	0.00%	0.00%	0.00%	0.00%	0.73%	3.91%	18.72%	12.38%	53.17%	3.97%
Mar-21	0.00%	0.00%	0.00%	66.96%	12.28%	13.68%	16.05%	15.39%	16.36%	17.04%
Apr-21	0.00%	0.00%	0.00%	0.00%	1.53%	30.09%	14.71%	18.85%	5.60%	24.52%
May-21	0.00%	0.00%	0.00%	100.00%	89.10%	7.62%	28.58%	16.73%	19.62%	8.39%
Jun-21	0.00%	0.00%	0.00%	24.88%	12.53%	6.24%	41.64%	39.97%	15.27%	12.84%
Grand Total	0.00%	0.00%	0.00%	86.32%	36.91%	15.63%	23.04%	21.04%	22.00%	14.99%

7(a) YTD Prepayment Speeds

Loan-level prepayments by maturity bucket and gross margin

8-10	<0%	0%-<.5%	.5%-<1%	1%-<1.5%	1.5%-<2%	2%-<2.5%	2.5%-<3%	3%-<3.5%	3.5%-<4%	4%+
Jan-21	0.00%	0.00%	0.00%	0.00%	0.00%	3.33%	13.06%	5.43%	0.00%	26.55%
Feb-21	0.00%	0.00%	0.00%	0.00%	50.11%	0.52%	10.55%	13.81%	0.00%	0.00%
Mar-21	0.00%	0.00%	0.00%	0.00%	5.64%	41.27%	22.69%	5.84%	0.00%	26.50%
Apr-21	0.00%	0.00%	0.00%	0.00%	0.00%	1.08%	24.97%	7.74%	0.00%	0.00%
May-21	0.00%	0.00%	0.00%	0.00%	1.79%	2.06%	7.79%	8.23%	0.00%	0.00%
Jun-21	0.00%	0.00%	0.00%	0.00%	0.00%	3.36%	1.33%	3.19%	0.00%	0.00%
Grand Total	0.00%	0.00%	0.00%	0.00%	12.46%	9.98%	13.90%	7.54%	0.00%	10.55%

10-13	<0%	0%-<.5%	.5%-<1%	1%-<1.5%	1.5%-<2%	2%-<2.5%	2.5%-<3%	3%-<3.5%	3.5%-<4%	4%+
Jan-21	0.00%	0.00%	0.00%	0.60%	16.12%	15.54%	14.02%	14.52%	9.09%	26.84%
Feb-21	0.00%	0.00%	0.00%	0.21%	8.94%	9.38%	8.90%	10.94%	2.01%	7.61%
Mar-21	0.00%	0.00%	0.00%	3.21%	15.24%	12.36%	11.86%	11.38%	2.91%	7.08%
Apr-21	0.00%	0.00%	0.00%	6.47%	8.08%	14.97%	13.02%	13.90%	10.85%	11.71%
May-21	0.00%	0.00%	0.00%	1.30%	12.54%	13.01%	16.90%	16.87%	7.59%	13.33%
Jun-21	0.00%	0.00%	0.00%	25.79%	14.63%	14.27%	14.33%	16.07%	6.19%	9.80%
Grand Total	0.00%	0.00%	0.00%	7.09%	12.63%	13.28%	13.20%	13.97%	6.50%	13.06%

7(a) YTD Prepayment Speeds

Loan-level prepayments by maturity bucket and gross margin

13-16	<0%	0%‐<.5%	.5%‐<1%	1%‐<1.5%	1.5%‐<2%	2%‐<2.5%	2.5%‐<3%	3%‐<3.5%	3.5%‐<4%	4%+
Jan-21	0.00%	0.00%	5.99%	3.32%	16.26%	8.21%	20.34%	93.41%	0.92%	0.00%
Feb-21	0.00%	0.00%	1.87%	17.81%	18.50%	3.80%	4.21%	0.00%	0.00%	0.00%
Mar-21	0.00%	61.35%	6.31%	3.49%	5.17%	7.82%	15.08%	0.00%	3.11%	2.57%
Apr-21	0.00%	0.00%	4.18%	25.70%	12.89%	14.91%	6.09%	0.69%	1.83%	1.13%
May-21	0.00%	0.00%	6.23%	3.66%	4.44%	13.44%	20.25%	0.00%	0.00%	0.00%
Jun-21	0.00%	0.00%	0.57%	9.92%	29.69%	17.17%	13.81%	0.00%	0.00%	0.00%
Grand Total	0.00%	15.18%	4.16%	11.08%	15.06%	11.06%	13.46%	39.57%	0.99%	0.62%

16-20	<0%	0%‐<.5%	.5%‐<1%	1%‐<1.5%	1.5%‐<2%	2%‐<2.5%	2.5%‐<3%	3%‐<3.5%	3.5%‐<4%	4%+
Jan-21	0.00%	2.09%	68.78%	14.27%	23.73%	11.48%	8.62%	0.00%	0.00%	0.00%
Feb-21	0.00%	2.29%	4.83%	0.86%	5.16%	2.29%	9.75%	0.00%	0.00%	0.00%
Mar-21	0.00%	6.52%	17.15%	19.34%	3.21%	7.77%	22.12%	0.00%	0.00%	0.00%
Apr-21	0.00%	7.24%	10.97%	68.31%	11.86%	12.43%	11.97%	0.00%	0.00%	0.00%
May-21	0.00%	2.34%	7.01%	41.13%	21.17%	9.84%	19.81%	0.00%	0.00%	0.00%
Jun-21	0.00%	2.46%	60.09%	24.60%	19.47%	11.04%	10.35%	0.00%	0.00%	0.00%
Grand Total	0.00%	3.84%	34.50%	31.76%	14.40%	9.17%	13.93%	0.00%	0.00%	0.00%

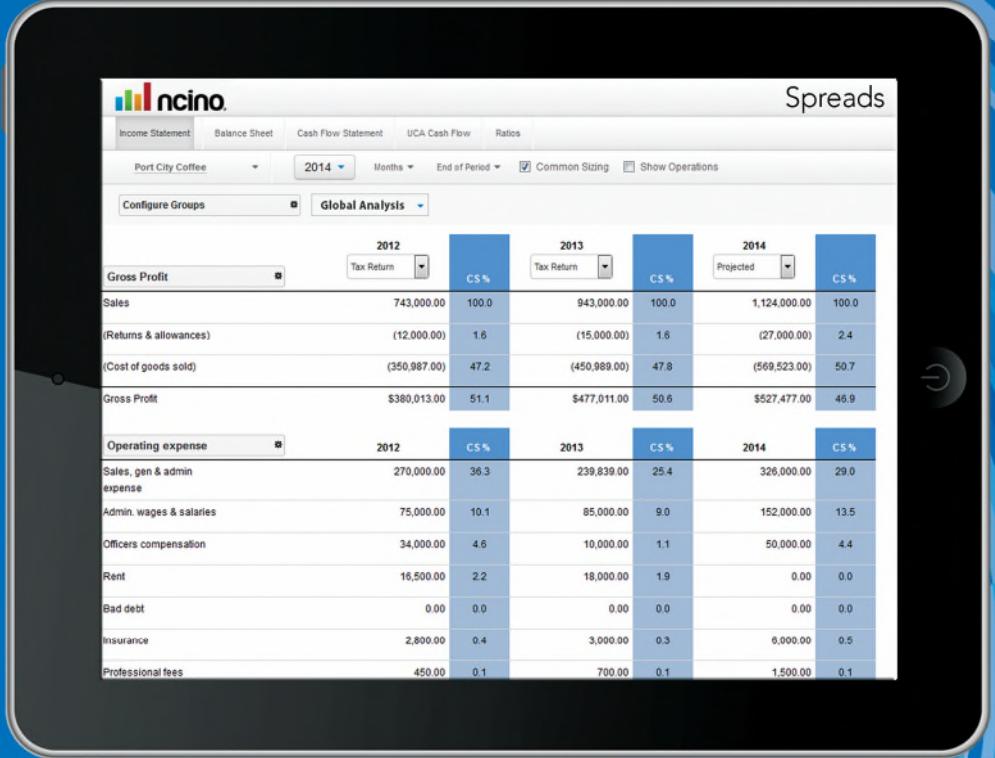
20+	<0%	0%‐<.5%	.5%‐<1%	1%‐<1.5%	1.5%‐<2%	2%‐<2.5%	2.5%‐<3%	3%‐<3.5%	3.5%‐<4%	4%+
Jan-21	22.91%	21.16%	2.51%	10.02%	10.62%	12.28%	14.62%	1.22%	1.67%	0.84%
Feb-21	0.00%	3.48%	0.89%	7.92%	5.67%	7.40%	12.61%	1.08%	0.00%	0.00%
Mar-21	0.00%	24.42%	12.66%	8.82%	7.49%	12.85%	10.70%	0.77%	0.00%	87.53%
Apr-21	0.00%	16.17%	20.84%	13.40%	15.02%	8.98%	12.31%	0.89%	1.03%	0.70%
May-21	0.00%	5.06%	19.12%	15.80%	15.78%	13.21%	12.65%	0.10%	0.20%	0.27%
Jun-21	0.00%	16.83%	8.50%	16.58%	11.03%	11.50%	14.68%	0.00%	1.61%	0.00%
Grand Total	4.55%	14.73%	11.15%	12.17%	11.03%	11.07%	12.94%	0.65%	0.75%	29.84%

7(a) YTD Prepayment Speeds

Fixed Rate Loan-level prepayments by maturity bucket and gross rate (SHT FIX = <15 yrs., LNG FIX >= 15 yrs.)

SHT FIX	<4%	4%-4.99%	5%-5.99%	6%-6.99%	7%-7.99%	8%-8.99%	9%-9.99%	10%-10.99%	11%-11.99%	12%+
Jan-21	0.00%	0.00%	19.07%	0.57%	3.27%	23.26%	57.55%	7.11%	0.00%	0.00%
Feb-21	0.00%	0.00%	0.63%	0.63%	5.91%	16.14%	0.23%	9.27%	2.42%	0.00%
Mar-21	0.00%	0.00%	0.88%	0.49%	6.59%	13.80%	28.14%	1.85%	0.00%	0.00%
Apr-21	0.00%	0.00%	0.57%	0.11%	6.39%	47.35%	10.72%	16.23%	0.00%	0.00%
May-21	0.00%	0.00%	1.32%	1.64%	3.28%	11.17%	38.08%	31.23%	0.00%	0.00%
Jun-21	0.00%	0.00%	56.86%	1.66%	4.08%	19.27%	1.97%	0.47%	0.00%	0.00%
Grand Total	0.00%	0.00%	18.14%	0.90%	4.94%	22.92%	26.50%	11.64%	0.41%	0.00%

LNG FIX	<4%	4%-4.99%	5%-5.99%	6%-6.99%	7%-7.99%	8%-8.99%	9%-9.99%	10%-10.99%	11%-11.99%	12%+
Jan-21	0.00%	12.57%	0.42%	23.37%	9.41%	75.30%	0.00%	0.00%	0.00%	0.00%
Feb-21	0.00%	47.66%	0.27%	25.12%	3.75%	1.34%	0.00%	0.00%	0.00%	0.00%
Mar-21	0.00%	44.03%	0.93%	12.48%	2.27%	21.84%	0.00%	0.00%	0.00%	0.00%
Apr-21	0.00%	10.73%	41.93%	37.68%	30.53%	3.76%	0.00%	0.00%	0.00%	0.00%
May-21	0.00%	12.02%	2.11%	19.02%	47.70%	4.82%	0.00%	0.00%	0.00%	0.00%
Jun-21	0.00%	6.12%	36.53%	22.97%	25.09%	1.80%	0.00%	0.00%	0.00%	0.00%
Grand Total	0.00%	24.59%	16.36%	23.82%	21.31%	26.58%	0.00%	0.00%	0.00%	0.00%



The image shows a tablet displaying the ncino Bank Operating System. The interface is a financial reporting tool with a blue header featuring the ncino logo and 'Bank Operating System'. The main screen is titled 'Spreads' and shows a comparative financial statement for Port City Coffee across three years: 2012, 2013, and 2014 (Projected). The statement includes categories like Gross Profit, Operating expense, and various expense items. Each row in the table has a 'CS %' column indicating percentage change. The tablet is set against a background of blue and white abstract circular patterns.

Acquire Credit Worthy Customers in a Timely and Efficient Manner

- » Decrease Underwriting Times
- » Consistent Underwriting Practices
- » Timely, Quality Credit Decisions

7(a) Pool Assembler League Tables, All Pools—06/2021

POOL ASSEMBLER	ALL POOLS
FHN FINANCIAL CAPITAL MARKETS	\$802,337,678
SIGNATURE BANK	\$795,318,618
BMO CAPITAL MARKETS CORP.	\$776,911,542
TRUIST BANK	\$732,351,337
RAYMOND JAMES BANK, N.A.	\$508,939,029
STIFEL NICOLAUS & COMPANY, INC.	\$224,558,688
STONEWALL INVESTMENTS TENNESSEE INC.	\$186,063,295
WELLS FARGO SECURITIES, LLC	\$154,381,003
CANTOR FITZGERALD & CO.	\$134,476,326
AMHERST PIERPONT SECURITIES LLC	\$30,692,068
J.V.B. FINANCIAL GROUP. LLC	\$4,087,118
TOTAL	\$4,350,116,701

7(a) Pool Assembler League Tables, 10-13 year maturity pools—06/2021

POOL ASSEMBLER	10-13 YRS.
BMO CAPITAL MARKETS CORP.	\$269,419,662
FHN FINANCIAL CAPITAL MARKETS	\$258,850,721
TRUIST BANK	\$234,259,761
RAYMOND JAMES BANK, N.A.	\$222,801,859
SIGNATURE BANK	\$210,058,218
CANTOR FITZGERALD & CO.	\$111,029,034
WELLS FARGO SECURITIES, LLC	\$73,040,970
STIFEL NICOLAUS & COMPANY, INC.	\$28,133,890
AMHERST PIERPONT SECURITIES LLC	\$10,494,637
J.V.B. FINANCIAL GROUP. LLC	\$4,087,118
TOTAL	\$1,422,175,869

7(a) Pool Assembler League Tables, 20+ year maturity pools—06/2021

POOL ASSEMBLER	20+ YRS.
SIGNATURE BANK	\$541,712,707
BMO CAPITAL MARKETS CORP.	\$507,491,880
TRUIST BANK	\$414,717,578
FHN FINANCIAL CAPITAL MARKETS	\$411,602,508
RAYMOND JAMES BANK, N.A.	\$245,662,079
STIFEL NICOLAUS & COMPANY, INC.	\$196,424,798
STONEWALL INVESTMENTS TENNESSEE INC.	\$62,621,472
WELLS FARGO SECURITIES, LLC	\$59,343,115
AMHERST PIERPONT SECURITIES LLC	\$20,197,431
TOTAL	\$2,459,773,568

7(a) Pool Assembler League Tables, Fixed Rate pools—06/2021

POOL ASSEMBLER	FIXED RATE
FHN FINANCIAL CAPITAL MARKETS	\$53,234,879
TOTAL	\$53,234,879

SBIC Debenture Prepayment Speeds

Historical SBIC Defaults and Voluntary Prepayments

MONTH	SBIC DEB CDR	SBIC DEB CRR	SBIC DEB CPR	SBIC DEB AMORT EQUIV CPR
9/1/2005	13.67%	9.19%	22.19%	13.21%
3/1/2006	1.76%	7.18%	8.88%	-1.77%
9/1/2006	2.34%	7.75%	10.00%	0.13%
3/1/2007	0.00%	9.39%	9.39%	-0.40%
9/1/2007	2.99%	10.91%	13.73%	3.57%
3/1/2008	2.04%	8.57%	10.53%	0.52%
9/1/2008	0.19%	9.53%	9.71%	-1.12%
3/1/2009	1.79%	5.23%	6.97%	-3.65%
9/1/2009	4.36%	5.64%	9.87%	-1.02%
3/1/2010	0.00%	7.22%	7.22%	-4.32%
9/1/2010	1.50%	8.87%	10.30%	-1.09%
3/1/2011	4.51%	15.21%	19.36%	9.14%
9/1/2011	0.00%	12.66%	12.66%	2.32%
3/1/2012	5.45%	10.39%	15.55%	5.42%
9/1/2012	0.50%	17.80%	18.26%	8.37%
3/1/2013	0.84%	10.28%	11.08%	1.75%
9/1/2013	3.89%	9.07%	12.78%	2.70%
3/1/2014	3.82%	8.10%	11.76%	1.45%
9/1/2014	0.16%	12.17%	12.33%	1.76%
3/1/2015	0.00%	11.09%	11.09%	0.26%
9/1/2015	0.67%	9.17%	9.81%	-0.72%
3/1/2016	0.00%	7.55%	7.55%	-3.93%
9/1/2016	0.00%	9.08%	9.08%	-1.95%
3/1/2017	0.78%	10.45%	11.18%	-0.51%
9/1/2017	0.81%	15.07%	15.81%	4.53%
3/1/2018	0.00%	13.53%	13.53%	1.70%
9/1/2018	0.00%	20.13%	20.13%	9.02%
3/1/2019	0.26%	15.89%	16.13%	4.47%
9/1/2019	2.92%	15.87%	18.55%	7.08%
3/1/2020	0.00%	18.47%	18.47%	8.78%
9/1/2020	0.00%	15.34%	15.34%	3.99%
3/1/2021	2.10%	20.50%	22.37%	11.07%

Re-printed from March:

For March, we saw overall CPRs rise by 46% to CPR 22.37% from CPR 15.34% registered last September.

Once we correct for amortization using our Amortization Equivalent

SBIC Defaults and Voluntary Prepayments by Debenture Age

SBIC DEB AGE	SBIC CDR	SBIC CRR	SBIC CPR	AMORT EQUIV CPR
0	0.00%	0.00%	0.00%	0.00%
6	0.26%	1.59%	1.84%	-7.10%
12	0.20%	2.81%	3.00%	-6.38%
18	0.21%	4.84%	5.05%	-4.75%
24	0.64%	6.45%	7.07%	-3.20%
30	1.16%	8.72%	9.83%	-0.90%
36	1.07%	10.83%	11.84%	0.47%
42	0.99%	13.03%	13.95%	1.88%
48	1.19%	19.15%	20.22%	7.98%
54	2.29%	18.36%	20.43%	6.97%
60	2.53%	21.27%	23.51%	9.15%
66	2.29%	28.30%	30.24%	15.50%
72	3.28%	26.14%	28.96%	11.81%
78	2.41%	29.78%	31.80%	12.67%
84	3.36%	35.16%	37.87%	17.13%
90	3.04%	32.86%	35.35%	8.88%
96	7.10%	39.68%	45.16%	16.27%
102	7.49%	35.72%	41.70%	-0.85%
108	8.50%	41.82%	48.26%	-12.60%
114	14.21%	60.83%	69.52%	-16.76%
120	18.88%	0.00%	18.88%	0.00%

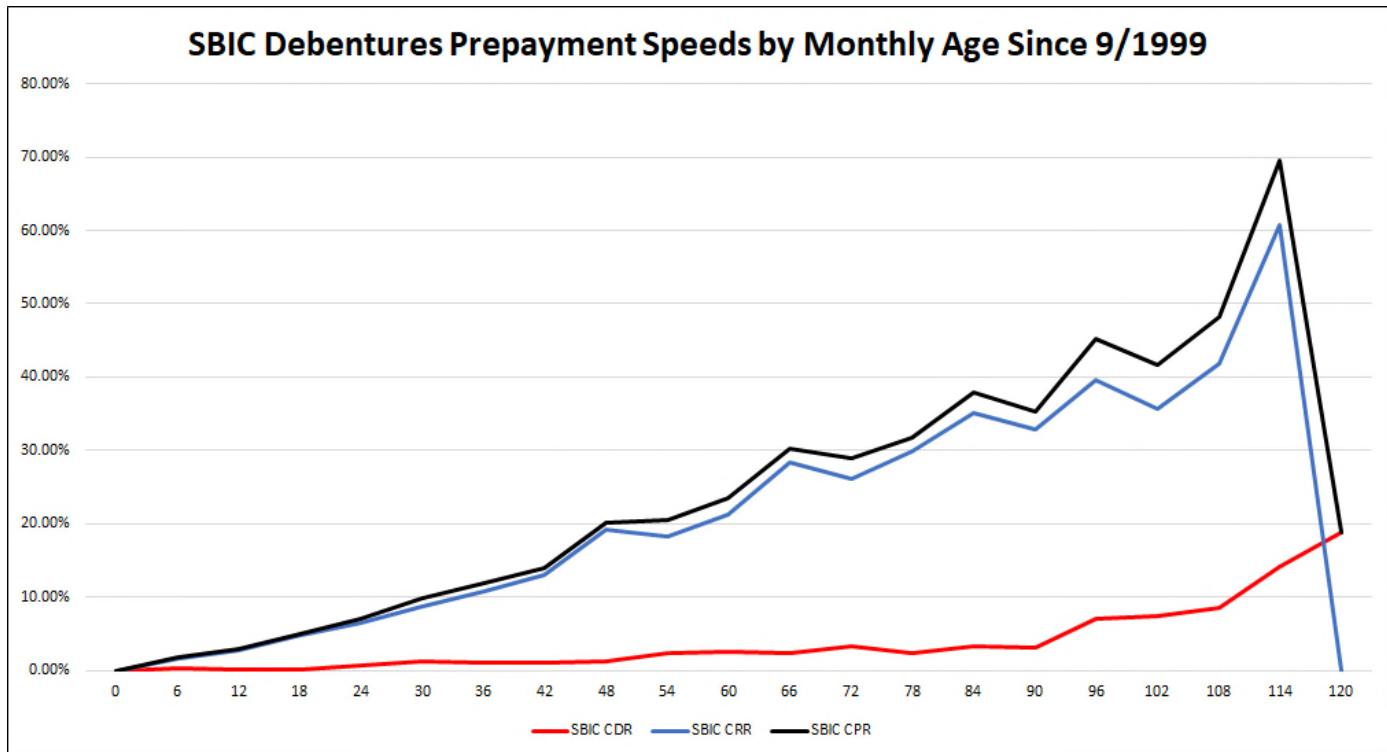
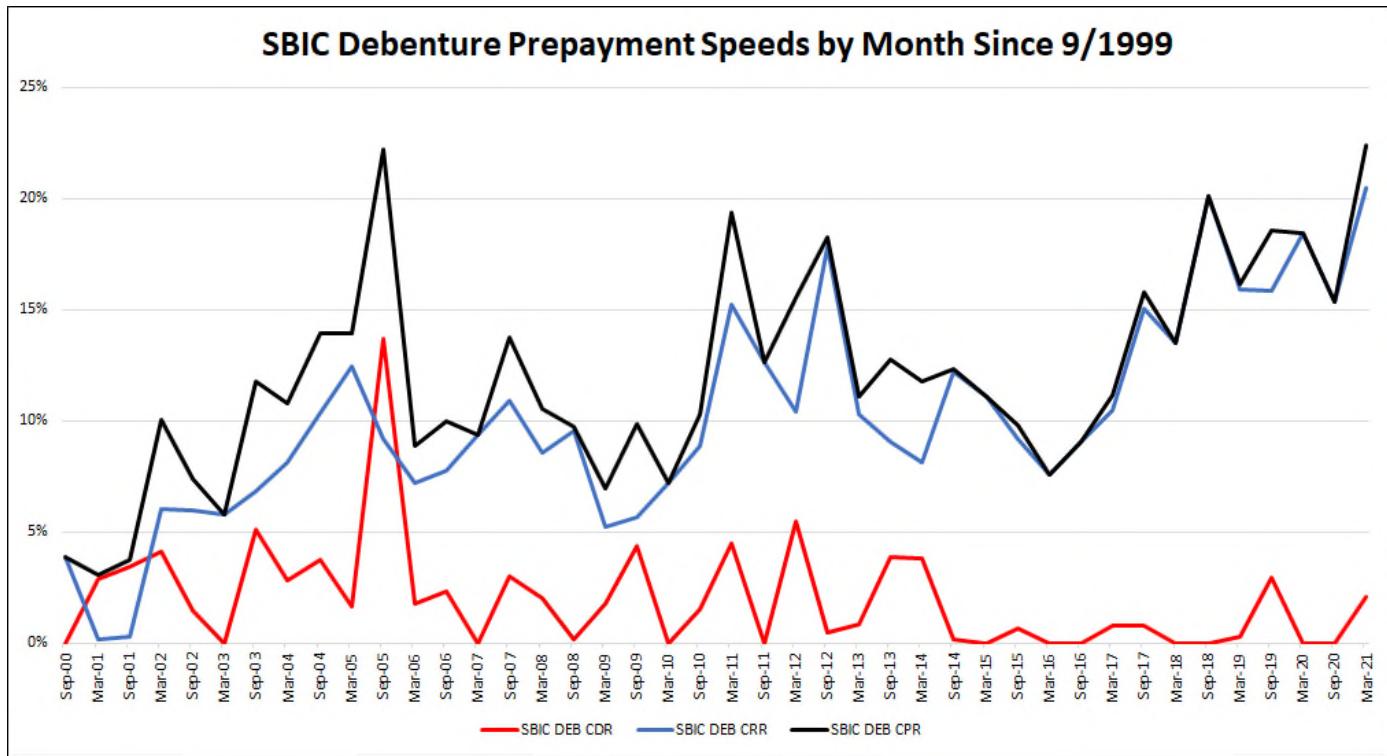
CPR (AECPR) calculation, we see that prepays came in at AECPR 11.07%, up from 3.99% six months prior.

Turning to the components, defaults came in at 2.10% CDR, while the un-amortized CRR rose to 20.50%.

For further information on the terminology and concepts used in this article, please refer to the "Glossary and Definitions" at the end of the report.

Graphs on next page

SBIC Debenture Prepayment Speeds



FMLP Lifetime Prepayment Speeds

MO / WAM BUCKET	<192 Mos.	192-263 Mos.	264-288 Mos.	289+ Mos.	Total by Month	RESET TYPE	FIXED RATE	FHLB VARIOUS	PRIME RATE	5 YR LIBOR SWAP	3 MO LIBOR	5 YR CMT	Total by Month
Jan-17	19.49%	54.03%	5.15%	30.13%	25.61%	Jan-17	19.61%	0.00%	25.05%	21.91%	72.00%	0.00%	25.61%
Feb-17	3.55%	70.16%	23.13%	41.34%	36.10%	Feb-17	23.56%	0.00%	42.95%	40.70%	0.00%	0.00%	36.10%
Mar-17	5.00%	0.00%	7.31%	13.26%	8.61%	Mar-17	0.00%	0.00%	16.90%	5.84%	0.00%	0.00%	8.61%
Apr-17	25.30%	72.04%	8.26%	7.25%	21.90%	Apr-17	2.92%	0.00%	38.32%	13.87%	0.00%	33.73%	21.90%
May-17	0.00%	0.00%	0.00%	15.94%	6.94%	May-17	14.23%	0.00%	0.00%	11.56%	0.00%	0.00%	6.94%
Jun-17	76.55%	0.00%	4.11%	12.77%	25.74%	Jun-17	0.00%	0.00%	56.10%	4.28%	0.00%	0.00%	25.74%
Jul-17	9.87%	47.97%	35.43%	14.81%	25.47%	Jul-17	9.65%	0.00%	29.35%	26.89%	49.87%	0.00%	25.47%
Aug-17	4.71%	0.00%	2.95%	18.95%	10.00%	Aug-17	26.32%	0.00%	2.18%	10.01%	0.00%	20.06%	10.00%
Sep-17	0.00%	0.00%	0.01%	18.24%	8.06%	Sep-17	0.00%	0.00%	0.00%	18.72%	0.00%	0.00%	8.06%
Oct-17	23.67%	61.32%	23.85%	9.08%	23.60%	Oct-17	0.00%	0.00%	34.54%	27.20%	0.00%	0.00%	23.60%
Nov-17	0.00%	0.03%	31.31%	10.77%	15.49%	Nov-17	5.72%	0.00%	30.61%	9.21%	0.00%	0.00%	15.49%
Dec-17	0.02%	0.00%	42.10%	16.59%	21.99%	Dec-17	9.58%	0.00%	25.75%	26.83%	16.28%	0.00%	21.99%
Jan-18	66.29%	0.00%	47.65%	0.03%	30.64%	Jan-18	31.52%	0.00%	0.00%	50.52%	0.05%	49.09%	30.64%
Feb-18	0.00%	0.00%	25.23%	52.60%	33.79%	Feb-18	18.55%	0.00%	0.00%	57.21%	62.09%	0.00%	33.79%
Mar-18	64.83%	15.54%	41.02%	11.84%	32.40%	Mar-18	7.13%	97.73%	49.52%	17.60%	0.00%	0.00%	32.40%
Apr-18	0.00%	0.00%	0.01%	45.37%	22.90%	Apr-18	1.48%	0.00%	42.88%	16.71%	0.06%	0.00%	22.90%
May-18	56.64%	97.30%	5.23%	10.78%	43.21%	May-18	0.00%	0.00%	79.33%	15.53%	0.00%	0.00%	43.21%
Jun-18	0.00%	0.00%	8.49%	0.23%	2.91%	Jun-18	0.00%	0.00%	9.24%	0.04%	0.02%	0.00%	2.91%
Jul-18	0.00%	0.00%	0.00%	18.28%	8.47%	Jul-18	0.00%	0.00%	8.60%	14.26%	0.13%	0.00%	8.47%
Aug-18	0.00%	0.00%	13.52%	0.03%	4.58%	Aug-18	0.00%	0.00%	0.00%	9.40%	0.01%	16.00%	4.58%
Sep-18	0.00%	84.75%	0.00%	17.39%	21.86%	Sep-18	0.00%	0.00%	45.61%	9.54%	34.30%	0.00%	21.86%
Oct-18	38.91%	0.00%	0.02%	0.03%	7.11%	Oct-18	0.00%	0.00%	0.00%	0.04%	73.53%	0.00%	7.11%
Nov-18	0.00%	20.09%	11.17%	29.79%	19.19%	Nov-18	19.05%	0.00%	30.04%	0.04%	74.62%	0.00%	19.19%
Dec-18	45.80%	0.00%	78.84%	18.08%	49.23%	Dec-18	0.00%	0.00%	66.83%	54.09%	59.03%	0.00%	49.23%
Jan-19	10.58%	0.00%	17.72%	12.50%	12.86%	Jan-19	26.68%	0.00%	18.03%	5.17%	0.00%	0.00%	12.86%
Feb-19	15.39%	0.00%	0.00%	0.04%	2.50%	Feb-19	0.00%	0.00%	8.65%	0.04%	0.00%	0.00%	2.50%
Mar-19	0.00%	0.22%	31.51%	33.31%	25.91%	Mar-19	5.94%	0.00%	0.07%	50.86%	0.00%	0.00%	25.91%
Apr-19	0.00%	0.00%	14.23%	10.71%	9.33%	Apr-19	15.93%	0.00%	18.21%	1.76%	0.00%	0.00%	9.33%
May-19	43.54%	0.00%	0.00%	12.42%	13.62%	May-19	7.64%	0.00%	26.66%	10.41%	0.00%	0.00%	13.62%
Jun-19	13.31%	0.00%	26.43%	27.54%	22.96%	Jun-19	38.53%	0.00%	31.30%	14.29%	0.00%	0.00%	22.96%
Jul-19	36.04%	70.38%	0.00%	43.88%	35.25%	Jul-19	0.00%	0.00%	21.52%	60.33%	0.00%	0.00%	35.25%
Aug-19	0.00%	0.00%	77.85%	36.46%	48.70%	Aug-19	18.65%	0.00%	36.25%	73.13%	0.00%	0.00%	48.70%
Sep-19	0.00%	0.00%	22.08%	19.74%	15.88%	Sep-19	18.38%	0.00%	18.45%	17.93%	0.00%	0.00%	15.88%
Oct-19	0.00%	0.00%	24.63%	0.04%	7.98%	Oct-19	0.00%	0.00%	10.50%	13.11%	0.00%	0.00%	7.98%
Nov-19	40.74%	0.00%	0.36%	17.10%	15.60%	Nov-19	16.85%	0.00%	25.94%	11.87%	0.00%	0.00%	15.60%
Dec-19	8.35%	0.04%	11.71%	9.64%	9.17%	Dec-19	0.00%	0.00%	0.02%	16.34%	25.50%	20.23%	9.17%
Jan-20	26.11%	79.23%	23.34%	18.64%	30.56%	Jan-20	0.04%	0.00%	15.51%	58.76%	0.00%	0.00%	30.56%
Feb-20	0.00%	0.00%	28.24%	51.78%	34.84%	Feb-20	19.70%	0.00%	42.84%	47.04%	0.00%	0.00%	34.84%
Mar-20	0.00%	0.00%	80.31%	22.23%	43.92%	Mar-20	62.79%	0.00%	59.19%	18.80%	48.79%	0.00%	43.92%
Apr-20	31.65%	14.25%	33.15%	25.61%	27.82%	Apr-20	0.12%	0.00%	32.79%	34.68%	0.00%	62.84%	27.82%
May-20	43.06%	61.87%	29.21%	0.16%	24.47%	May-20	35.32%	0.00%	49.67%	0.07%	0.00%	0.00%	24.47%
Jun-20	0.00%	0.00%	0.00%	0.05%	0.03%	Jun-20	0.00%	0.00%	0.00%	0.07%	0.00%	0.00%	0.03%
Jul-20	0.00%	0.00%	0.00%	10.03%	4.84%	Jul-20	0.00%	0.00%	0.00%	12.92%	0.00%	0.00%	4.84%
Aug-20	0.00%	0.00%	0.00%	1.98%	0.93%	Aug-20	0.00%	0.00%	0.00%	2.59%	0.00%	0.00%	0.93%
Sep-20	0.00%	34.96%	0.00%	0.05%	3.82%	Sep-20	0.00%	0.00%	10.76%	2.13%	1.43%	0.00%	3.82%
Oct-20	0.00%	0.00%	0.00%	1.06%	0.50%	Oct-20	0.00%	0.00%	0.00%	1.40%	0.00%	0.00%	0.50%
Nov-20	14.44%	69.58%	43.91%	14.09%	29.97%	Nov-20	26.92%	0.00%	66.74%	1.29%	0.00%	0.00%	29.97%
Dec-20	0.00%	46.31%	46.58%	4.98%	21.76%	Dec-20	4.83%	0.00%	0.00%	46.91%	0.00%	0.00%	21.76%
Jan-21	0.00%	0.00%	29.48%	24.90%	20.41%	Jan-21	21.86%	0.00%	29.81%	21.10%	0.00%	0.00%	20.41%
Feb-21	0.00%	0.00%	5.31%	0.06%	1.41%	Feb-21	0.00%	0.00%	0.00%	3.92%	0.00%	0.00%	1.41%
Mar-21	12.45%	0.00%	0.00%	11.24%	7.83%	Mar-21	0.00%	0.00%	20.42%	0.08%	0.00%	28.38%	7.83%
Apr-21	0.00%	0.00%	29.76%	51.31%	35.19%	Apr-21	0.00%	0.00%	30.45%	57.23%	47.38%	0.00%	35.19%
May-21	51.16%	79.28%	51.90%	5.64%	37.80%	May-21	19.04%	0.00%	56.01%	35.30%	0.00%	63.22%	37.80%
Jun-21	0.00%	0.00%	0.00%	1.02%	0.50%	Jun-21	2.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%
Total	13.37%	16.33%	11.81%	10.46%	12.24%	Total	7.37%	7.06%	14.30%	12.23%	11.52%	10.68%	12.24%

FMLP Lifetime Prepayment Speed Commentary

In June, the FMLP saw prepayments decrease, coming in at CPR 0.50% from 37.80% in May. After a two month period of +30% pre- pays, we are back down below 1%, at least for this month.

For the history of the FMLP, overall prepayments fell to CPR 12.24%.

As for fixed rate pools, they recorded a CPR of 2.10%, which moved the lifetime speed to CPR 7.37%. Except for “FHLB Various” which only accounts for around 1.5% of all pools by dollar amount, fixed rates have the lowest prepay of all structures in the FMLP.

For further information on the terminology and concepts used in this article, please refer to the “Glossary and Definitions” at the end of the report.

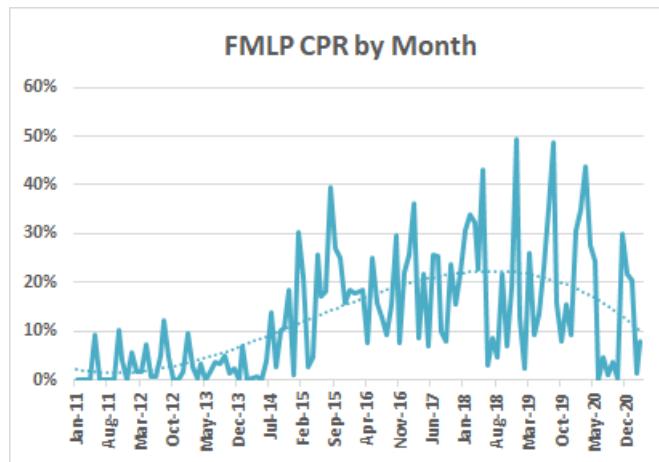


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Small Business Indexes Commentary

Please note: We have added our “Hedge” indexes to the CPR Report, which are IO Strip indexes without sub-indexes for pricing and return of capital. They take all interest received and include it as income without dividing it into income and return of capital, which is how the tax accounting is done for most investors. Since pricing and the accounting method can vary across the industry, the hedge index only measures that which comes purely from the data, such as interest and prepayments. We leave it to the industry to utilize their own pricing and tax accounting methodologies.

State of the Secondary Market

Beginning with the Rich/Cheap analysis on the following page, we see that by the end of this month, both short and long pools are well into the “Rich” portion of the “Fair Value Band”, with 15+ loans at all-time highs.

SBI Index Results

For this month, we witnessed decreases in three out of five indices, including SBAPs, SBICs and the Composite. 7a pools and 7a IOs both rose in June.

SBA 7a pools returned +0.16% for actual and +0.17% for equal weighting this month as both income and pricing showed positive returns.

For IO Strips, we witnessed returns of +1.37% / +1.91% as both the income and price element overcame the prepayment drag on returns. It bears repeating that, as the most sensitive asset class to changes in 7a market conditions, movements in price and prepayment speeds can have an outsized impact on the IO indexes.

Turning to our SBAP and SBIC indexes, we saw the 504 debenture indexes come in at -0.52% / -0.36% and SBIC debenture indexes were -0.003% / -0.004%.

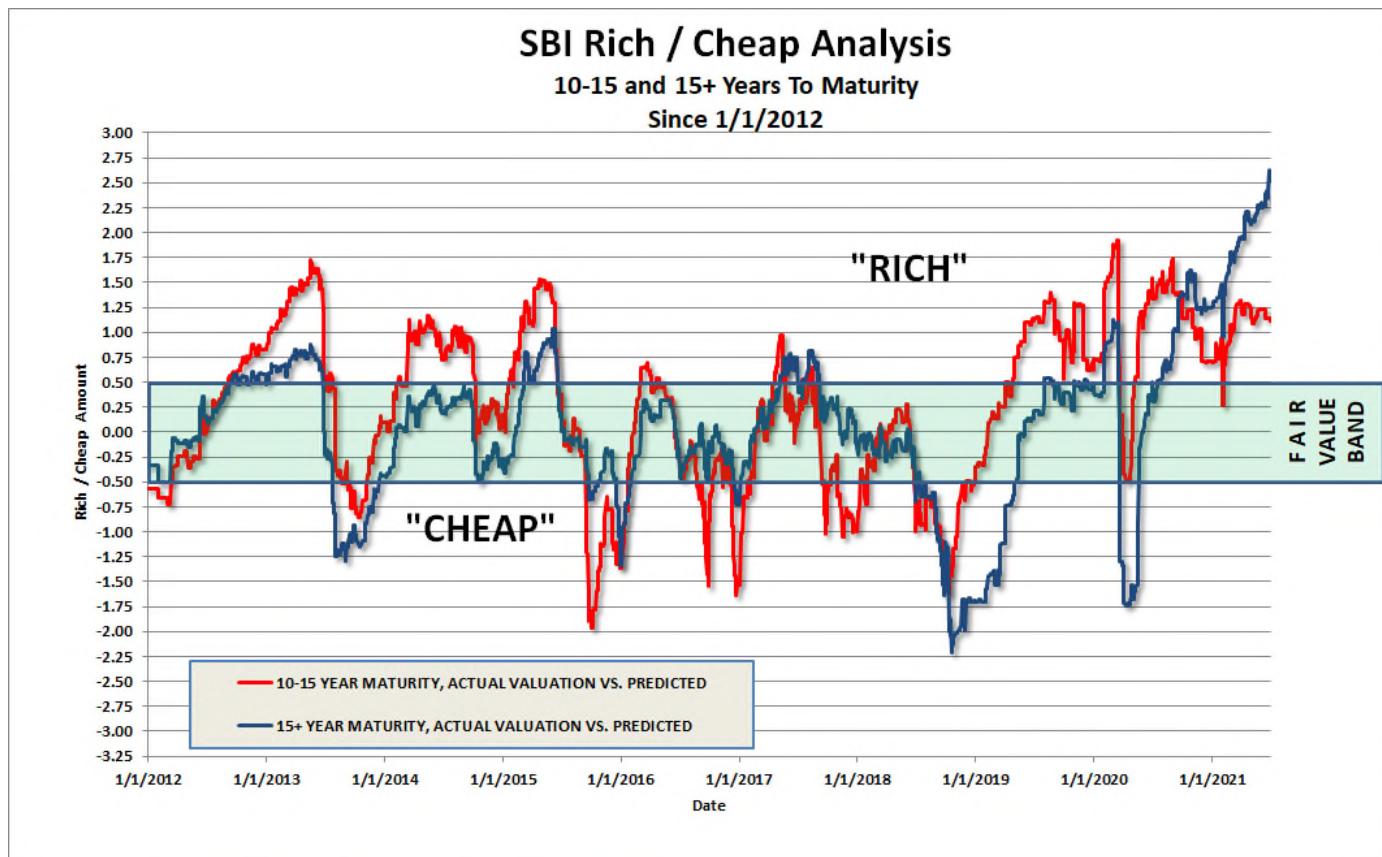
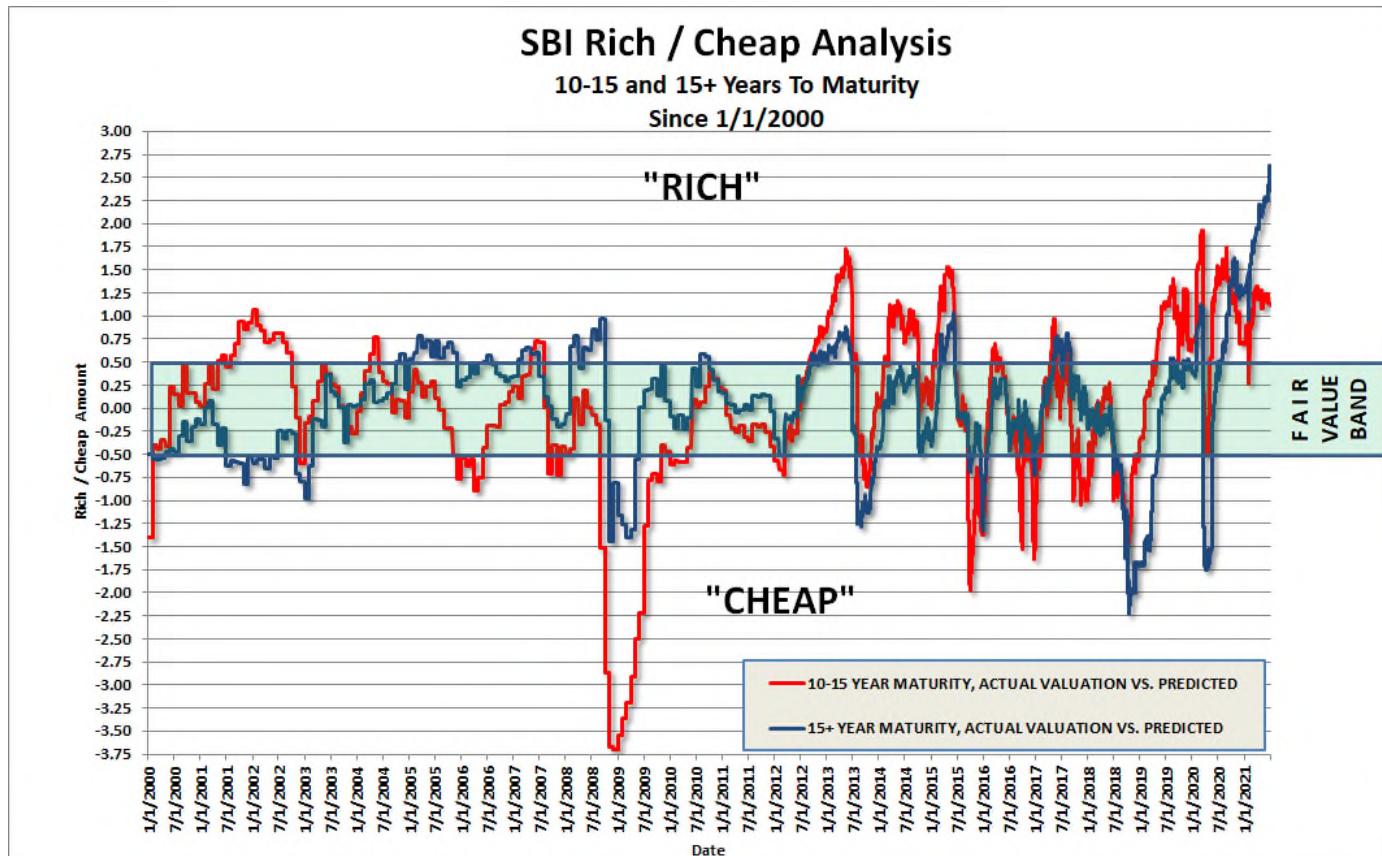
Overall, our Composite Index came in at -0.12% / -0.03%.

If you wish to further delve into the SBI Indexes, please visit our website at www.sbindexes.com. Registration is currently free and it contains a host of information relating to these indexes, as well as indexing in general.

For further information on the SBI Indexes, please refer to the “Glossary and Definitions” at the end of the report.

Charts begin on next page

Rich / Cheap Graphs



Small Business Indexes Results

END DATE: 06/30/2021	SBI POOL INDEX TOTAL RETURN							
INDEX TYPE	1 MONTH	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	10 YEAR	INCEPTION
POOL, ALL EQUAL INDEX	0.17%	0.51%	1.40%	2.40%	7.20%	9.55%	21.32%	145.06%
POOL, ALL ACTUAL INDEX	0.16%	0.50%	1.39%	2.36%	7.10%	9.53%	19.67%	116.72%
POOL, LONG EQUAL INDEX	0.28%	0.66%	1.56%	2.65%	7.24%	9.69%	22.59%	162.78%
POOL, LONG ACTUAL INDEX	0.26%	0.65%	1.52%	2.57%	7.05%	9.57%	20.33%	126.17%
POOL, SHORT EQUAL INDEX	(0.05%)	0.18%	1.06%	1.87%	7.27%	9.34%	18.27%	104.91%
POOL, SHORT ACTUAL INDEX	(0.07%)	0.17%	1.13%	1.91%	7.34%	9.50%	18.03%	95.52%
POOL, ALL EQUAL INCOME INDEX	0.18%	0.53%	1.06%	2.12%	10.24%	17.43%	37.09%	202.60%
POOL, ALL ACTUAL INCOME INDEX	0.18%	0.55%	1.10%	2.19%	10.39%	17.72%	35.66%	166.84%
POOL, LONG EQUAL INCOME INDEX	0.16%	0.48%	0.95%	1.90%	9.53%	16.07%	34.78%	211.41%
POOL, LONG ACTUAL INCOME INDEX	0.16%	0.47%	0.94%	1.85%	9.29%	15.79%	32.24%	165.89%
POOL, SHORT EQUAL INCOME INDEX	0.21%	0.65%	1.30%	2.59%	11.99%	21.28%	44.24%	187.62%
POOL, SHORT ACTUAL INCOME INDEX	0.24%	0.73%	1.45%	2.91%	12.90%	22.56%	45.42%	175.94%
POOL, ALL EQUAL PRICE INDEX	0.06%	0.15%	0.70%	0.90%	(0.24%)	(2.25%)	(2.87%)	(3.12%)
POOL, ALL ACTUAL PRICE INDEX	0.04%	0.13%	0.67%	0.81%	(0.36%)	(2.37%)	(2.98%)	(3.27%)
POOL, LONG EQUAL PRICE INDEX	0.17%	0.33%	0.91%	1.25%	0.18%	(1.50%)	(1.54%)	(1.43%)
POOL, LONG ACTUAL PRICE INDEX	0.16%	0.32%	0.87%	1.20%	0.11%	(1.46%)	(1.54%)	(1.45%)
POOL, SHORT EQUAL PRICE INDEX	(0.18%)	(0.22%)	0.27%	0.14%	(1.08%)	(4.14%)	(6.44%)	(7.96%)
POOL, SHORT ACTUAL PRICE INDEX	(0.20%)	(0.28%)	0.25%	0.00%	(1.33%)	(4.49%)	(6.70%)	(8.30%)
POOL, ALL EQUAL PREPAY INDEX	(0.04%)	(0.10%)	(0.22%)	(0.35%)	(1.89%)	(3.32%)	(5.99%)	(12.24%)
POOL, ALL ACTUAL PREPAY INDEX	(0.04%)	(0.10%)	(0.22%)	(0.35%)	(1.94%)	(3.39%)	(6.13%)	(11.87%)
POOL, LONG EQUAL PREPAY INDEX	(0.04%)	(0.10%)	(0.21%)	(0.34%)	(1.88%)	(3.27%)	(5.74%)	(11.67%)
POOL, LONG ACTUAL PREPAY INDEX	(0.04%)	(0.09%)	(0.20%)	(0.32%)	(1.81%)	(3.23%)	(5.74%)	(11.10%)
POOL, SHORT EQUAL PREPAY INDEX	(0.04%)	(0.10%)	(0.24%)	(0.36%)	(1.91%)	(3.45%)	(6.67%)	(13.90%)
POOL, SHORT ACTUAL PREPAY INDEX	(0.05%)	(0.12%)	(0.26%)	(0.41%)	(2.23%)	(3.78%)	(7.13%)	(13.96%)
POOL, ALL EQUAL DEFAULT INDEX	(0.01%)	(0.02%)	(0.03%)	(0.05%)	(0.31%)	(0.50%)	(1.15%)	(2.61%)
POOL, ALL ACTUAL DEFAULT INDEX	(0.01%)	(0.02%)	(0.03%)	(0.05%)	(0.31%)	(0.52%)	(1.17%)	(2.53%)
POOL, LONG EQUAL DEFAULT INDEX	(0.01%)	(0.02%)	(0.03%)	(0.05%)	(0.30%)	(0.50%)	(1.07%)	(2.35%)
POOL, LONG ACTUAL DEFAULT INDEX	(0.01%)	(0.01%)	(0.03%)	(0.04%)	(0.29%)	(0.49%)	(1.06%)	(2.22%)
POOL, SHORT EQUAL DEFAULT INDEX	(0.01%)	(0.02%)	(0.03%)	(0.05%)	(0.31%)	(0.52%)	(1.36%)	(3.31%)
POOL, SHORT ACTUAL DEFAULT INDEX	(0.01%)	(0.02%)	(0.04%)	(0.06%)	(0.36%)	(0.58%)	(1.45%)	(3.32%)
POOL, ALL EQUAL VOL PREPAY INDEX	(0.03%)	(0.08%)	(0.19%)	(0.30%)	(1.59%)	(2.83%)	(4.89%)	(9.89%)
POOL, ALL ACTUAL VOL PREPAY INDEX	(0.03%)	(0.08%)	(0.19%)	(0.30%)	(1.63%)	(2.89%)	(5.02%)	(9.58%)
POOL, LONG EQUAL VOL PREPAY INDEX	(0.03%)	(0.08%)	(0.18%)	(0.29%)	(1.58%)	(2.79%)	(4.72%)	(9.55%)
POOL, LONG ACTUAL VOL PREPAY INDEX	(0.03%)	(0.08%)	(0.17%)	(0.28%)	(1.52%)	(2.75%)	(4.73%)	(9.08%)
POOL, SHORT EQUAL VOL PREPAY INDEX	(0.04%)	(0.09%)	(0.20%)	(0.31%)	(1.61%)	(2.94%)	(5.39%)	(10.95%)
POOL, SHORT ACTUAL VOL PREPAY INDEX	(0.04%)	(0.10%)	(0.23%)	(0.36%)	(1.88%)	(3.22%)	(5.76%)	(11.00%)
POOL, ALL EQUAL SCHED PRIN INDEX	(0.03%)	(0.08%)	(0.15%)	(0.27%)	(0.65%)	(1.29%)	(3.08%)	(4.74%)
POOL, ALL ACTUAL SCHED PRIN INDEX	(0.03%)	(0.08%)	(0.16%)	(0.29%)	(0.69%)	(1.35%)	(3.14%)	(4.71%)
POOL, LONG EQUAL SCHED PRIN INDEX	(0.02%)	(0.05%)	(0.09%)	(0.17%)	(0.39%)	(0.81%)	(2.00%)	(3.07%)
POOL, LONG ACTUAL SCHED PRIN INDEX	(0.02%)	(0.05%)	(0.09%)	(0.16%)	(0.36%)	(0.77%)	(1.94%)	(2.90%)
POOL, SHORT EQUAL SCHED PRIN INDEX	(0.05%)	(0.14%)	(0.26%)	(0.49%)	(1.27%)	(2.59%)	(6.08%)	(10.08%)
POOL, SHORT ACTUAL SCHED PRIN INDEX	(0.05%)	(0.16%)	(0.30%)	(0.56%)	(1.44%)	(2.77%)	(6.32%)	(10.17%)
POOL, ALL EQUAL TOTAL PRIN INDEX	(0.07%)	(0.18%)	(0.36%)	(0.62%)	(2.53%)	(4.57%)	(8.88%)	(16.40%)
POOL, ALL ACTUAL TOTAL PRIN INDEX	(0.07%)	(0.18%)	(0.37%)	(0.64%)	(2.62%)	(4.70%)	(9.08%)	(16.03%)
POOL, LONG EQUAL TOTAL PRIN INDEX	(0.06%)	(0.15%)	(0.30%)	(0.51%)	(2.26%)	(4.06%)	(7.62%)	(14.39%)
POOL, LONG ACTUAL TOTAL PRIN INDEX	(0.05%)	(0.14%)	(0.29%)	(0.48%)	(2.16%)	(3.97%)	(7.58%)	(13.69%)
POOL, SHORT EQUAL TOTAL PRIN INDEX	(0.09%)	(0.24%)	(0.50%)	(0.85%)	(3.16%)	(5.95%)	(12.35%)	(22.58%)
POOL, SHORT ACTUAL TOTAL PRIN INDEX	(0.10%)	(0.28%)	(0.56%)	(0.97%)	(3.64%)	(6.45%)	(13.00%)	(22.72%)

Small Business Indexes Results

END DATE: 06/30/2021	SBI STRIP INDEX TOTAL RETURN							
INDEX TYPE	1 MONTH	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	10 YEAR	INCEPTION
STRIP, ALL EQUAL INDEX	1.91%	(2.22%)	12.02%	13.42%	(28.04%)	(44.14%)	(38.23%)	118.27%
STRIP, ALL ACTUAL INDEX	1.37%	(3.11%)	10.99%	12.59%	(29.55%)	(44.48%)	(38.68%)	81.69%
STRIP, LONG EQUAL INDEX	3.91%	1.69%	19.11%	24.76%	(19.47%)	(34.83%)	(8.31%)	360.71%
STRIP, LONG ACTUAL INDEX	3.85%	1.80%	19.64%	26.50%	(18.38%)	(33.58%)	(8.68%)	240.68%
STRIP, SHORT EQUAL INDEX	(2.87%)	(10.89%)	(2.81%)	(8.35%)	(43.39%)	(60.70%)	(74.12%)	(55.54%)
STRIP, SHORT ACTUAL INDEX	(3.77%)	(12.43%)	(4.27%)	(9.31%)	(45.71%)	(59.85%)	(72.88%)	(46.69%)
STRIP, ALL EQUAL INCOME INDEX	0.90%	2.83%	5.72%	10.91%	28.02%	58.51%	208.04%	4,348.74%
STRIP, ALL ACTUAL INCOME INDEX	0.92%	2.87%	5.79%	11.07%	27.49%	57.24%	197.35%	3,232.06%
STRIP, LONG EQUAL INCOME INDEX	0.83%	2.55%	5.22%	9.79%	26.81%	58.36%	231.96%	6,046.47%
STRIP, LONG ACTUAL INCOME INDEX	0.87%	2.64%	5.40%	10.15%	26.45%	56.79%	218.06%	3,997.51%
STRIP, SHORT EQUAL INCOME INDEX	1.09%	3.51%	6.90%	13.47%	30.58%	58.06%	166.95%	2,387.79%
STRIP, SHORT ACTUAL INCOME INDEX	1.02%	3.32%	6.54%	12.75%	29.30%	57.82%	162.74%	2,195.29%
STRIP, ALL EQUAL PRICE INDEX	2.19%	(1.78%)	13.91%	16.70%	3.68%	(11.05%)	(4.78%)	78.64%
STRIP, ALL ACTUAL PRICE INDEX	1.60%	(2.75%)	12.70%	15.57%	2.40%	(10.99%)	(3.94%)	86.47%
STRIP, LONG EQUAL PRICE INDEX	4.06%	1.85%	20.25%	26.94%	12.98%	(2.47%)	8.62%	108.18%
STRIP, LONG ACTUAL PRICE INDEX	3.88%	1.69%	20.15%	27.51%	14.62%	0.06%	10.69%	118.17%
STRIP, SHORT EQUAL PRICE INDEX	(2.31%)	(9.89%)	0.46%	(3.37%)	(13.47%)	(26.97%)	(31.24%)	5.06%
STRIP, SHORT ACTUAL PRICE INDEX	(3.16%)	(11.25%)	(0.70%)	(3.76%)	(16.17%)	(27.61%)	(30.70%)	19.78%
STRIP, ALL EQUAL PREPAY INDEX	(0.73%)	(1.86%)	(4.29%)	(7.32%)	(36.73%)	(49.13%)	(64.66%)	(92.92%)
STRIP, ALL ACTUAL PREPAY INDEX	(0.69%)	(1.80%)	(4.15%)	(7.11%)	(36.77%)	(48.91%)	(64.29%)	(92.55%)
STRIP, LONG EQUAL PREPAY INDEX	(0.69%)	(1.80%)	(4.13%)	(7.26%)	(38.01%)	(50.35%)	(64.65%)	(93.24%)
STRIP, LONG ACTUAL PREPAY INDEX	(0.63%)	(1.68%)	(3.88%)	(6.87%)	(38.22%)	(50.63%)	(64.60%)	(93.06%)
STRIP, SHORT EQUAL PREPAY INDEX	(0.83%)	(2.00%)	(4.66%)	(7.47%)	(33.92%)	(46.31%)	(64.25%)	(90.74%)
STRIP, SHORT ACTUAL PREPAY INDEX	(0.81%)	(2.02%)	(4.66%)	(7.55%)	(34.33%)	(45.74%)	(63.68%)	(90.09%)
STRIP, ALL EQUAL DEFAULT INDEX	(0.12%)	(0.31%)	(0.61%)	(1.05%)	(7.12%)	(9.82%)	(17.29%)	(43.27%)
STRIP, ALL ACTUAL DEFAULT INDEX	(0.12%)	(0.30%)	(0.59%)	(1.02%)	(7.16%)	(9.80%)	(17.06%)	(43.02%)
STRIP, LONG EQUAL DEFAULT INDEX	(0.12%)	(0.30%)	(0.59%)	(1.04%)	(7.43%)	(10.18%)	(16.82%)	(42.20%)
STRIP, LONG ACTUAL DEFAULT INDEX	(0.11%)	(0.28%)	(0.55%)	(0.99%)	(7.50%)	(10.28%)	(16.62%)	(42.01%)
STRIP, SHORT EQUAL DEFAULT INDEX	(0.14%)	(0.33%)	(0.67%)	(1.08%)	(6.45%)	(9.04%)	(17.94%)	(42.82%)
STRIP, SHORT ACTUAL DEFAULT INDEX	(0.14%)	(0.33%)	(0.66%)	(1.09%)	(6.60%)	(8.97%)	(17.78%)	(42.39%)
STRIP, ALL EQUAL VOL PREPAY INDEX	(0.61%)	(1.56%)	(3.70%)	(6.33%)	(31.83%)	(43.52%)	(57.21%)	(87.46%)
STRIP, ALL ACTUAL VOL PREPAY INDEX	(0.57%)	(1.50%)	(3.58%)	(6.14%)	(31.83%)	(43.29%)	(56.88%)	(86.87%)
STRIP, LONG EQUAL VOL PREPAY INDEX	(0.57%)	(1.51%)	(3.55%)	(6.28%)	(32.97%)	(44.65%)	(57.44%)	(88.24%)
STRIP, LONG ACTUAL VOL PREPAY INDEX	(0.52%)	(1.41%)	(3.34%)	(5.94%)	(33.14%)	(44.90%)	(57.47%)	(87.98%)
STRIP, SHORT EQUAL VOL PREPAY INDEX	(0.69%)	(1.67%)	(4.01%)	(6.46%)	(29.31%)	(40.92%)	(56.37%)	(83.75%)
STRIP, SHORT ACTUAL VOL PREPAY INDEX	(0.67%)	(1.69%)	(4.02%)	(6.53%)	(29.64%)	(40.34%)	(55.76%)	(82.74%)
STRIP, ALL EQUAL SCHED PRIN INDEX	(0.44%)	(1.33%)	(2.65%)	(5.30%)	(13.77%)	(21.58%)	(39.76%)	(60.53%)
STRIP, ALL ACTUAL SCHED PRIN INDEX	(0.44%)	(1.35%)	(2.70%)	(5.42%)	(14.09%)	(21.80%)	(39.21%)	(60.08%)
STRIP, LONG EQUAL SCHED PRIN INDEX	(0.28%)	(0.84%)	(1.68%)	(3.39%)	(8.87%)	(14.53%)	(27.50%)	(45.88%)
STRIP, LONG ACTUAL SCHED PRIN INDEX	(0.27%)	(0.80%)	(1.60%)	(3.23%)	(8.39%)	(13.77%)	(26.19%)	(44.20%)
STRIP, SHORT EQUAL SCHED PRIN INDEX	(0.81%)	(2.42%)	(4.76%)	(9.32%)	(23.49%)	(35.95%)	(59.77%)	(81.14%)
STRIP, SHORT ACTUAL SCHED PRIN INDEX	(0.81%)	(2.40%)	(4.72%)	(9.21%)	(22.92%)	(34.51%)	(58.15%)	(79.94%)
STRIP, ALL EQUAL TOTAL PRIN INDEX	(1.17%)	(3.17%)	(6.84%)	(12.26%)	(45.55%)	(60.22%)	(78.80%)	(97.23%)
STRIP, ALL ACTUAL TOTAL PRIN INDEX	(1.13%)	(3.13%)	(6.75%)	(12.17%)	(45.78%)	(60.15%)	(78.39%)	(97.05%)
STRIP, LONG EQUAL TOTAL PRIN INDEX	(0.97%)	(2.64%)	(5.75%)	(10.43%)	(43.58%)	(57.64%)	(74.45%)	(96.36%)
STRIP, LONG ACTUAL TOTAL PRIN INDEX	(0.90%)	(2.47%)	(5.42%)	(9.89%)	(43.47%)	(57.50%)	(73.94%)	(96.15%)
STRIP, SHORT EQUAL TOTAL PRIN INDEX	(1.64%)	(4.38%)	(9.23%)	(16.14%)	(49.59%)	(65.77%)	(85.73%)	(98.28%)
STRIP, SHORT ACTUAL TOTAL PRIN INDEX	(1.62%)	(4.40%)	(9.20%)	(16.12%)	(49.53%)	(64.62%)	(84.91%)	(98.04%)

Small Business Indexes Results

END DATE: 06/30/2021		S	B	I	H	E	D	G	S	T	R	I	N	X	T	O	L	A	R	U	N	P	
INDEX TYPE		1	MONTH	3	MONTH	6	MONTH	1	YEAR	3	YEAR	5	YEAR	10	YEAR	INCEPTION							
HEDGE, ALL EQUAL INDEX		0.92%		3.37%		6.22%		14.82%		26.86%		57.78%		277.58%		3,588.49%							
HEDGE, ALL ACTUAL INDEX		0.95%		3.43%		6.34%		15.03%		27.80%		60.23%		260.58%		2,130.41%							
HEDGE, LONG EQUAL INDEX		0.90%		3.28%		6.02%		14.30%		22.96%		51.08%		269.60%		4,091.38%							
HEDGE, LONG ACTUAL INDEX		0.93%		3.37%		6.20%		14.65%		24.30%		52.86%		246.83%		2,218.89%							
HEDGE, SHORT EQUAL INDEX		0.98%		3.64%		6.80%		16.36%		40.83%		84.58%		312.99%		3,181.23%							
HEDGE, SHORT ACTUAL INDEX		1.01%		3.60%		6.73%		16.15%		39.45%		87.79%		315.47%		2,649.28%							
HEDGE, ALL EQUAL INCOME INDEX		2.19%		6.80%		13.97%		30.13%		119.38%		267.35%		1,472.99%		112,662.57%							
HEDGE, ALL ACTUAL INCOME INDEX		2.19%		6.80%		13.97%		30.14%		119.91%		269.61%		1,363.36%		64,552.85%							
HEDGE, LONG EQUAL INCOME INDEX		2.01%		6.24%		12.78%		27.46%		107.23%		236.70%		1,264.69%		107,643.53%							
HEDGE, LONG ACTUAL INCOME INDEX		2.01%		6.24%		12.78%		27.46%		107.23%		236.70%		1,148.93%		56,610.60%							
HEDGE, SHORT EQUAL INCOME INDEX		2.69%		8.37%		17.34%		38.05%		163.35%		401.93%		2,600.95%		179,099.37%							
HEDGE, SHORT ACTUAL INCOME INDEX		2.69%		8.37%		17.34%		38.05%		163.35%		401.93%		2,506.80%		135,789.62%							
HEDGE, ALL EQUAL PREPAY INDEX		(0.78%)		(1.86%)		(4.18%)		(6.77%)		(33.13%)		(45.45%)		(60.75%)		(92.05%)							
HEDGE, ALL ACTUAL PREPAY INDEX		(0.77%)		(1.85%)		(4.16%)		(6.76%)		(33.11%)		(45.42%)		(60.59%)		(91.83%)							
HEDGE, LONG EQUAL PREPAY INDEX		(0.77%)		(1.84%)		(4.16%)		(6.76%)		(34.11%)		(46.33%)		(60.72%)		(92.19%)							
HEDGE, LONG ACTUAL PREPAY INDEX		(0.76%)		(1.80%)		(4.09%)		(6.65%)		(33.80%)		(46.28%)		(60.56%)		(92.01%)							
HEDGE, SHORT EQUAL PREPAY INDEX		(0.81%)		(1.90%)		(4.24%)		(6.78%)		(29.71%)		(42.27%)		(61.05%)		(89.81%)							
HEDGE, SHORT ACTUAL PREPAY INDEX		(0.79%)		(1.97%)		(4.37%)		(7.07%)		(30.88%)		(42.51%)		(61.00%)		(89.36%)							
HEDGE, ALL EQUAL DEFAULT INDEX		(0.13%)		(0.31%)		(0.60%)		(0.98%)		(6.27%)		(8.82%)		(15.80%)		(42.01%)							
HEDGE, ALL ACTUAL DEFAULT INDEX		(0.13%)		(0.30%)		(0.59%)		(0.98%)		(6.28%)		(8.82%)		(15.66%)		(42.01%)							
HEDGE, LONG EQUAL DEFAULT INDEX		(0.13%)		(0.30%)		(0.60%)		(0.98%)		(6.50%)		(9.06%)		(15.54%)		(41.40%)							
HEDGE, LONG ACTUAL DEFAULT INDEX		(0.13%)		(0.30%)		(0.58%)		(0.96%)		(6.43%)		(9.04%)		(15.38%)		(41.38%)							
HEDGE, SHORT EQUAL DEFAULT INDEX		(0.14%)		(0.31%)		(0.61%)		(0.98%)		(5.51%)		(7.99%)		(16.77%)		(42.10%)							
HEDGE, SHORT ACTUAL DEFAULT INDEX		(0.13%)		(0.32%)		(0.62%)		(1.02%)		(5.80%)		(8.11%)		(16.76%)		(41.93%)							
HEDGE, ALL EQUAL VOL PREPAY INDEX		(0.65%)		(1.55%)		(3.60%)		(5.84%)		(28.60%)		(40.12%)		(53.33%)		(86.24%)							
HEDGE, ALL ACTUAL VOL PREPAY INDEX		(0.64%)		(1.54%)		(3.59%)		(5.84%)		(28.58%)		(40.09%)		(53.22%)		(85.86%)							
HEDGE, LONG EQUAL VOL PREPAY INDEX		(0.64%)		(1.54%)		(3.58%)		(5.83%)		(29.47%)		(40.93%)		(53.43%)		(86.61%)							
HEDGE, LONG ACTUAL VOL PREPAY INDEX		(0.63%)		(1.51%)		(3.52%)		(5.74%)		(29.20%)		(40.88%)		(53.34%)		(86.31%)							
HEDGE, SHORT EQUAL VOL PREPAY INDEX		(0.68%)		(1.59%)		(3.65%)		(5.86%)		(25.57%)		(37.21%)		(53.14%)		(82.35%)							
HEDGE, SHORT ACTUAL VOL PREPAY INDEX		(0.66%)		(1.65%)		(3.76%)		(6.10%)		(26.58%)		(37.39%)		(53.10%)		(81.61%)							
HEDGE, ALL EQUAL SCHED PRIN INDEX		(0.46%)		(1.37%)		(2.71%)		(5.33%)		(13.39%)		(21.08%)		(38.62%)		(58.53%)							
HEDGE, ALL ACTUAL SCHED PRIN INDEX		(0.44%)		(1.33%)		(2.63%)		(5.17%)		(12.99%)		(20.39%)		(37.26%)		(57.46%)							
HEDGE, LONG EQUAL SCHED PRIN INDEX		(0.32%)		(0.96%)		(1.91%)		(3.81%)		(9.85%)		(16.24%)		(30.86%)		(49.90%)							
HEDGE, LONG ACTUAL SCHED PRIN INDEX		(0.30%)		(0.91%)		(1.81%)		(3.63%)		(9.30%)		(15.35%)		(29.40%)		(48.52%)							
HEDGE, SHORT EQUAL SCHED PRIN INDEX		(0.84%)		(2.50%)		(4.91%)		(9.53%)		(23.72%)		(36.04%)		(60.46%)		(81.76%)							
HEDGE, SHORT ACTUAL SCHED PRIN INDEX		(0.84%)		(2.47%)		(4.85%)		(9.41%)		(23.19%)		(34.67%)		(58.85%)		(80.72%)							
HEDGE, ALL EQUAL TOTAL PRIN INDEX		(1.24%)		(3.21%)		(6.79%)		(11.76%)		(42.17%)		(57.05%)		(76.00%)		(96.73%)							
HEDGE, ALL ACTUAL TOTAL PRIN INDEX		(1.21%)		(3.15%)		(6.70%)		(11.61%)		(41.89%)		(56.65%)		(75.36%)		(96.55%)							
HEDGE, LONG EQUAL TOTAL PRIN INDEX		(1.09%)		(2.79%)		(6.00%)		(10.33%)		(40.66%)		(55.13%)		(72.92%)		(96.11%)							
HEDGE, LONG ACTUAL TOTAL PRIN INDEX		(1.06%)		(2.70%)		(5.84%)		(10.06%)		(40.02%)		(54.60%)		(72.23%)		(95.91%)							
HEDGE, SHORT EQUAL TOTAL PRIN INDEX		(1.66%)		(4.37%)		(8.98%)		(15.72%)		(46.52%)		(63.23%)		(84.71%)		(98.17%)							
HEDGE, SHORT ACTUAL TOTAL PRIN INDEX		(1.63%)		(4.41%)		(9.04%)		(15.86%)		(47.05%)		(62.59%)		(84.06%)		(97.98%)							

Small Business Indexes Results

END DATE: 06/30/2021	SBI SBAP INDEX TOTAL RETURN							
INDEX TYPE	1 MONTH	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	10 YEAR	INCEPTION
SBAP, ALL EQUAL INDEX	(0.36%)	(0.63%)	0.48%	(0.77%)	14.32%	10.03%	20.44%	136.51%
SBAP, ALL ACTUAL INDEX	(0.52%)	(0.86%)	0.27%	(1.23%)	13.29%	7.58%	19.35%	140.29%
SBAP, LONG EQUAL INDEX	(0.44%)	(0.75%)	0.60%	(0.82%)	14.35%	8.42%	19.26%	140.50%
SBAP, LONG ACTUAL INDEX	(0.53%)	(0.88%)	0.27%	(1.25%)	13.22%	7.30%	19.03%	140.24%
SBAP, SHORT EQUAL INDEX	(0.16%)	(0.04%)	0.31%	0.51%	14.16%	15.04%	28.26%	133.94%
SBAP, SHORT ACTUAL INDEX	(0.15%)	0.01%	0.45%	0.76%	14.28%	15.77%	29.36%	134.11%
SBAP, ALL EQUAL INCOME INDEX	0.19%	0.59%	1.21%	2.52%	8.70%	15.43%	38.63%	169.07%
SBAP, ALL ACTUAL INCOME INDEX	0.21%	0.63%	1.28%	2.66%	9.21%	16.58%	41.38%	173.80%
SBAP, LONG EQUAL INCOME INDEX	0.20%	0.61%	1.26%	2.62%	9.23%	16.73%	42.44%	183.06%
SBAP, LONG ACTUAL INCOME INDEX	0.21%	0.63%	1.28%	2.67%	9.26%	16.71%	41.81%	175.05%
SBAP, SHORT EQUAL INCOME INDEX	0.16%	0.49%	0.99%	2.05%	6.71%	11.02%	26.33%	126.64%
SBAP, SHORT ACTUAL INCOME INDEX	0.16%	0.46%	0.92%	1.91%	6.22%	10.24%	23.74%	122.32%
SBAP, ALL EQUAL PRICE INDEX	(0.12%)	0.02%	1.34%	0.89%	11.30%	3.65%	5.63%	13.35%
SBAP, ALL ACTUAL PRICE INDEX	(0.12%)	0.07%	1.48%	1.08%	12.01%	3.76%	6.76%	16.03%
SBAP, LONG EQUAL PRICE INDEX	(0.13%)	0.05%	1.65%	1.16%	12.64%	4.29%	6.96%	15.68%
SBAP, LONG ACTUAL PRICE INDEX	(0.12%)	0.07%	1.50%	1.09%	12.12%	3.79%	6.83%	16.23%
SBAP, SHORT EQUAL PRICE INDEX	(0.07%)	(0.09%)	0.03%	(0.23%)	6.39%	0.97%	0.70%	4.56%
SBAP, SHORT ACTUAL PRICE INDEX	(0.07%)	(0.07%)	0.13%	(0.07%)	5.99%	0.90%	1.48%	4.61%
SBAP, ALL EQUAL PREPAY INDEX	(0.25%)	(0.71%)	(1.20%)	(2.23%)	(3.34%)	(5.60%)	(12.56%)	(16.21%)
SBAP, ALL ACTUAL PREPAY INDEX	(0.39%)	(0.97%)	(1.52%)	(2.85%)	(4.65%)	(7.66%)	(15.04%)	(17.86%)
SBAP, LONG EQUAL PREPAY INDEX	(0.32%)	(0.85%)	(1.40%)	(2.61%)	(4.28%)	(7.33%)	(15.31%)	(19.25%)
SBAP, LONG ACTUAL PREPAY INDEX	(0.40%)	(0.98%)	(1.54%)	(2.89%)	(4.76%)	(7.86%)	(15.37%)	(18.20%)
SBAP, SHORT EQUAL PREPAY INDEX	(0.09%)	(0.14%)	(0.27%)	(0.39%)	0.37%	1.09%	0.25%	(0.90%)
SBAP, SHORT ACTUAL PREPAY INDEX	(0.12%)	(0.15%)	(0.26%)	(0.36%)	0.57%	1.48%	0.92%	(0.37%)
SBAP, ALL EQUAL DEFAULT INDEX	(0.02%)	(0.04%)	(0.06%)	(0.13%)	(0.14%)	(0.23%)	(1.31%)	(2.20%)
SBAP, ALL ACTUAL DEFAULT INDEX	(0.03%)	(0.05%)	(0.08%)	(0.17%)	(0.29%)	(0.45%)	(1.74%)	(2.69%)
SBAP, LONG EQUAL DEFAULT INDEX	(0.03%)	(0.05%)	(0.07%)	(0.16%)	(0.27%)	(0.43%)	(1.68%)	(2.55%)
SBAP, LONG ACTUAL DEFAULT INDEX	(0.03%)	(0.05%)	(0.08%)	(0.17%)	(0.30%)	(0.47%)	(1.79%)	(2.74%)
SBAP, SHORT EQUAL DEFAULT INDEX	0.00%	(0.00%)	(0.00%)	(0.01%)	0.20%	0.36%	0.17%	(0.37%)
SBAP, SHORT ACTUAL DEFAULT INDEX	0.00%	(0.00%)	(0.01%)	(0.02%)	0.21%	0.39%	0.26%	(0.35%)
SBAP, ALL EQUAL VOL PREPAY INDEX	(0.23%)	(0.67%)	(1.14%)	(2.10%)	(3.20%)	(5.39%)	(11.40%)	(14.33%)
SBAP, ALL ACTUAL VOL PREPAY INDEX	(0.37%)	(0.92%)	(1.44%)	(2.69%)	(4.38%)	(7.25%)	(13.53%)	(15.59%)
SBAP, LONG EQUAL VOL PREPAY INDEX	(0.29%)	(0.80%)	(1.33%)	(2.45%)	(4.02%)	(6.92%)	(13.86%)	(17.14%)
SBAP, LONG ACTUAL VOL PREPAY INDEX	(0.38%)	(0.94%)	(1.46%)	(2.72%)	(4.47%)	(7.43%)	(13.83%)	(15.90%)
SBAP, SHORT EQUAL VOL PREPAY INDEX	(0.09%)	(0.14%)	(0.26%)	(0.37%)	0.16%	0.73%	0.08%	(0.53%)
SBAP, SHORT ACTUAL VOL PREPAY INDEX	(0.12%)	(0.15%)	(0.26%)	(0.34%)	0.36%	1.08%	0.67%	(0.02%)
SBAP, ALL EQUAL SCHED PRIN INDEX	(0.18%)	(0.53%)	(0.84%)	(1.86%)	(2.24%)	(2.56%)	(5.92%)	(7.43%)
SBAP, ALL ACTUAL SCHED PRIN INDEX	(0.21%)	(0.58%)	(0.92%)	(2.01%)	(2.87%)	(3.68%)	(6.92%)	(7.89%)
SBAP, LONG EQUAL SCHED PRIN INDEX	(0.19%)	(0.55%)	(0.87%)	(1.91%)	(2.90%)	(3.89%)	(7.56%)	(9.02%)
SBAP, LONG ACTUAL SCHED PRIN INDEX	(0.21%)	(0.58%)	(0.93%)	(2.02%)	(2.96%)	(3.85%)	(7.14%)	(8.11%)
SBAP, SHORT EQUAL SCHED PRIN INDEX	(0.15%)	(0.30%)	(0.44%)	(0.90%)	0.18%	1.52%	0.56%	(0.38%)
SBAP, SHORT ACTUAL SCHED PRIN INDEX	(0.13%)	(0.23%)	(0.33%)	(0.70%)	0.95%	2.56%	2.08%	1.03%
SBAP, ALL EQUAL TOTAL PRIN INDEX	(0.43%)	(1.24%)	(2.03%)	(4.06%)	(5.51%)	(8.03%)	(17.75%)	(22.45%)
SBAP, ALL ACTUAL TOTAL PRIN INDEX	(0.60%)	(1.54%)	(2.43%)	(4.81%)	(7.40%)	(11.06%)	(20.93%)	(24.36%)
SBAP, LONG EQUAL TOTAL PRIN INDEX	(0.51%)	(1.40%)	(2.27%)	(4.47%)	(7.06%)	(10.94%)	(21.73%)	(26.55%)
SBAP, LONG ACTUAL TOTAL PRIN INDEX	(0.61%)	(1.56%)	(2.46%)	(4.86%)	(7.58%)	(11.42%)	(21.43%)	(24.85%)
SBAP, SHORT EQUAL TOTAL PRIN INDEX	(0.25%)	(0.44%)	(0.70%)	(1.29%)	0.55%	2.62%	0.81%	(1.28%)
SBAP, SHORT ACTUAL TOTAL PRIN INDEX	(0.24%)	(0.38%)	(0.59%)	(1.06%)	1.52%	4.08%	3.02%	0.66%

Small Business Indexes Results

END DATE: 06/30/2021	SBI SBIC INDEX TOTAL RETURN							
INDEX TYPE	1 MONTH	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	10 YEAR	INCEPTION
SBIC, ALL EQUAL INDEX	(0.00%)	(0.05%)	3.50%	1.86%	21.66%	18.67%	41.07%	179.49%
SBIC, ALL ACTUAL INDEX	(0.00%)	(0.15%)	3.30%	1.79%	21.93%	18.60%	43.57%	192.48%
SBIC, ALL EQUAL INCOME INDEX	0.18%	0.53%	1.11%	2.31%	7.96%	14.22%	36.23%	160.76%
SBIC, ALL ACTUAL INCOME INDEX	0.18%	0.54%	1.12%	2.34%	7.95%	14.00%	34.09%	151.81%
SBIC, ALL EQUAL PRICE INDEX	(0.18%)	0.17%	(1.58%)	(3.88%)	9.39%	1.09%	4.78%	13.27%
SBIC, ALL ACTUAL PRICE INDEX	(0.18%)	0.11%	(1.59%)	(3.77%)	9.88%	1.30%	6.76%	19.60%
SBIC, ALL EQUAL PREPAY INDEX	0.00%	(0.75%)	(0.75%)	(1.16%)	(1.70%)	(1.93%)	(5.70%)	(9.71%)
SBIC, ALL ACTUAL PREPAY INDEX	0.00%	(0.79%)	(0.79%)	(1.21%)	(1.75%)	(1.84%)	(4.15%)	(7.19%)
SBIC, ALL EQUAL DEFAULT INDEX	0.00%	(0.06%)	(0.06%)	(0.06%)	(0.09%)	(0.10%)	(0.50%)	(1.48%)
SBIC, ALL ACTUAL DEFAULT INDEX	0.00%	(0.06%)	(0.06%)	(0.06%)	(0.09%)	(0.10%)	(0.36%)	(1.17%)
SBIC, ALL EQUAL VOL PREPAY INDEX	0.00%	(0.70%)	(0.70%)	(1.10%)	(1.61%)	(1.83%)	(5.22%)	(8.35%)
SBIC, ALL ACTUAL VOL PREPAY INDEX	0.00%	(0.72%)	(0.72%)	(1.14%)	(1.65%)	(1.74%)	(3.80%)	(6.09%)
SBIC, ALL EQUAL SCHED PRIN INDEX	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SBIC, ALL ACTUAL SCHED PRIN INDEX	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SBIC, ALL EQUAL TOTAL PRIN INDEX	0.00%	(0.75%)	(0.75%)	(1.16%)	(1.70%)	(1.93%)	(5.70%)	(9.71%)
SBIC, ALL ACTUAL TOTAL PRIN INDEX	0.00%	(0.79%)	(0.79%)	(1.21%)	(1.75%)	(1.84%)	(4.15%)	(7.19%)



SB Indexes, LLC.

Through the joint venture of Ryan ALM, Inc. and GLS, both companies have brought their unique capabilities together to create the first Total Return Indexes for SBA 7(a) Pools and SBA 7(a) Interest-Only Strips, with a history going back to January 1st, 2000.

Using the “Ryan Rules” for index creation, the SBI indexes represent best practices in both structure and transparency.

Principals:

Ronald J. Ryan, CFA, Founder and CEO of Ryan ALM, Inc. Ron has a long history of designing bond indexes, starting at Lehman Brothers, where he designed most of the popular Lehman bond indexes. Over his distinguished career, Ron and his team have designed hundreds of bond indexes and ETFs.

Bob Judge, Partner, GLS. Bob, a recognized expert in the valuation of SBA-related assets as well as the SBA Secondary Market and is the editor of The CPR Report, a widely-read monthly publication that tracks SBA loan defaults, prepayment and secondary market activity.

Small Business Indexes Results

END DATE: 06/30/2021	SBI COMPOSITE INDEX TOTAL RETURN							
INDEX TYPE	1 MONTH	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	10 YEAR	INCEPTION
COMP, ALL EQUAL INDEX	(0.03%)	(0.12%)	1.77%	1.39%	11.65%	10.86%	23.30%	145.76%
COMP, ALL ACTUAL INDEX	(0.12%)	(0.26%)	1.67%	1.18%	11.22%	10.14%	23.39%	143.15%
COMP, LONG EQUAL INDEX	(0.05%)	(0.13%)	1.59%	1.24%	10.88%	9.61%	21.97%	150.64%
COMP, LONG ACTUAL INDEX	(0.11%)	(0.21%)	1.38%	0.96%	10.20%	8.97%	21.41%	142.30%
COMP, SHORT EQUAL INDEX	(0.10%)	(0.23%)	2.45%	1.77%	13.82%	12.08%	26.55%	135.63%
COMP, SHORT ACTUAL INDEX	(0.13%)	(0.35%)	2.37%	1.74%	13.72%	12.02%	27.67%	137.13%
COMP, ALL EQUAL INCOME INDEX	0.20%	0.61%	1.24%	2.51%	9.67%	17.15%	41.11%	190.44%
COMP, ALL ACTUAL INCOME INDEX	0.21%	0.64%	1.29%	2.61%	9.93%	17.69%	41.74%	181.43%
COMP, LONG EQUAL INCOME INDEX	0.20%	0.61%	1.23%	2.50%	9.77%	17.52%	42.95%	199.84%
COMP, LONG ACTUAL INCOME INDEX	0.20%	0.62%	1.24%	2.51%	9.68%	17.33%	41.71%	182.57%
COMP, SHORT EQUAL INCOME INDEX	0.21%	0.65%	1.33%	2.68%	10.13%	18.05%	42.00%	185.17%
COMP, SHORT ACTUAL INCOME INDEX	0.23%	0.69%	1.40%	2.83%	10.51%	18.54%	41.30%	174.77%
COMP, ALL EQUAL PRICE INDEX	0.00%	0.06%	1.83%	1.37%	7.22%	2.80%	4.34%	11.62%
COMP, ALL ACTUAL PRICE INDEX	(0.02%)	0.03%	1.86%	1.42%	7.50%	3.12%	5.56%	14.24%
COMP, LONG EQUAL PRICE INDEX	0.10%	0.21%	1.98%	1.94%	7.89%	3.82%	5.83%	14.18%
COMP, LONG ACTUAL PRICE INDEX	0.09%	0.22%	1.86%	1.86%	7.57%	3.59%	5.85%	14.78%
COMP, SHORT EQUAL PRICE INDEX	(0.23%)	(0.26%)	1.97%	0.52%	7.60%	1.33%	3.04%	8.13%
COMP, SHORT ACTUAL PRICE INDEX	(0.27%)	(0.39%)	1.88%	0.46%	7.53%	1.18%	4.14%	11.49%
COMP, ALL EQUAL PREPAY INDEX	(0.14%)	(0.50%)	(0.81%)	(1.43%)	(3.53%)	(5.78%)	(11.54%)	(18.16%)
COMP, ALL ACTUAL PREPAY INDEX	(0.20%)	(0.61%)	(0.95%)	(1.70%)	(4.10%)	(6.64%)	(12.51%)	(18.30%)
COMP, LONG EQUAL PREPAY INDEX	(0.22%)	(0.58%)	(1.01%)	(1.85%)	(4.37%)	(7.33%)	(14.03%)	(20.47%)
COMP, LONG ACTUAL PREPAY INDEX	(0.27%)	(0.65%)	(1.08%)	(2.00%)	(4.58%)	(7.58%)	(14.00%)	(19.48%)
COMP, SHORT EQUAL PREPAY INDEX	(0.04%)	(0.49%)	(0.61%)	(0.95%)	(2.78%)	(4.15%)	(8.73%)	(16.42%)
COMP, SHORT ACTUAL PREPAY INDEX	(0.05%)	(0.52%)	(0.65%)	(1.02%)	(3.03%)	(4.35%)	(8.27%)	(15.27%)
COMP, ALL EQUAL DEFAULT INDEX	(0.01%)	(0.04%)	(0.06%)	(0.11%)	(0.38%)	(0.59%)	(1.67%)	(3.33%)
COMP, ALL ACTUAL DEFAULT INDEX	(0.02%)	(0.04%)	(0.07%)	(0.12%)	(0.44%)	(0.69%)	(1.86%)	(3.51%)
COMP, LONG EQUAL DEFAULT INDEX	(0.02%)	(0.04%)	(0.07%)	(0.13%)	(0.45%)	(0.73%)	(1.93%)	(3.47%)
COMP, LONG ACTUAL DEFAULT INDEX	(0.02%)	(0.04%)	(0.07%)	(0.14%)	(0.46%)	(0.74%)	(1.99%)	(3.54%)
COMP, SHORT EQUAL DEFAULT INDEX	(0.01%)	(0.05%)	(0.06%)	(0.08%)	(0.35%)	(0.52%)	(1.45%)	(3.61%)
COMP, SHORT ACTUAL DEFAULT INDEX	(0.01%)	(0.05%)	(0.07%)	(0.09%)	(0.39%)	(0.57%)	(1.45%)	(3.50%)
COMP, ALL EQUAL VOL PREPAY INDEX	(0.13%)	(0.46%)	(0.75%)	(1.33%)	(3.17%)	(5.21%)	(10.04%)	(15.34%)
COMP, ALL ACTUAL VOL PREPAY INDEX	(0.18%)	(0.57%)	(0.88%)	(1.58%)	(3.68%)	(5.99%)	(10.85%)	(15.33%)
COMP, LONG EQUAL VOL PREPAY INDEX	(0.20%)	(0.54%)	(0.94%)	(1.72%)	(3.93%)	(6.65%)	(12.34%)	(17.62%)
COMP, LONG ACTUAL VOL PREPAY INDEX	(0.24%)	(0.61%)	(1.01%)	(1.86%)	(4.14%)	(6.89%)	(12.25%)	(16.52%)
COMP, SHORT EQUAL VOL PREPAY INDEX	(0.03%)	(0.44%)	(0.55%)	(0.88%)	(2.44%)	(3.65%)	(7.38%)	(13.29%)
COMP, SHORT ACTUAL VOL PREPAY INDEX	(0.04%)	(0.46%)	(0.58%)	(0.93%)	(2.65%)	(3.80%)	(6.92%)	(12.19%)
COMP, ALL EQUAL SCHED PRIN INDEX	(0.10%)	(0.28%)	(0.48%)	(1.02%)	(1.57%)	(2.30%)	(5.32%)	(7.36%)
COMP, ALL ACTUAL SCHED PRIN INDEX	(0.11%)	(0.31%)	(0.51%)	(1.09%)	(1.86%)	(2.78%)	(5.73%)	(7.42%)
COMP, LONG EQUAL SCHED PRIN INDEX	(0.13%)	(0.37%)	(0.59%)	(1.28%)	(2.10%)	(3.05%)	(6.20%)	(7.93%)
COMP, LONG ACTUAL SCHED PRIN INDEX	(0.14%)	(0.38%)	(0.62%)	(1.34%)	(2.11%)	(2.98%)	(5.87%)	(7.21%)
COMP, SHORT EQUAL SCHED PRIN INDEX	(0.04%)	(0.13%)	(0.24%)	(0.45%)	(1.21%)	(2.25%)	(5.24%)	(8.56%)
COMP, SHORT ACTUAL SCHED PRIN INDEX	(0.05%)	(0.14%)	(0.26%)	(0.50%)	(1.30%)	(2.36%)	(5.41%)	(8.64%)
COMP, ALL EQUAL TOTAL PRIN INDEX	(0.24%)	(0.78%)	(1.28%)	(2.44%)	(5.05%)	(7.95%)	(16.25%)	(24.18%)
COMP, ALL ACTUAL TOTAL PRIN INDEX	(0.31%)	(0.92%)	(1.46%)	(2.78%)	(5.88%)	(9.24%)	(17.53%)	(24.37%)
COMP, LONG EQUAL TOTAL PRIN INDEX	(0.35%)	(0.95%)	(1.59%)	(3.11%)	(6.38%)	(10.16%)	(19.37%)	(26.79%)
COMP, LONG ACTUAL TOTAL PRIN INDEX	(0.40%)	(1.03%)	(1.69%)	(3.31%)	(6.60%)	(10.34%)	(19.06%)	(25.29%)
COMP, SHORT EQUAL TOTAL PRIN INDEX	(0.08%)	(0.61%)	(0.85%)	(1.40%)	(3.95%)	(6.31%)	(13.51%)	(23.58%)
COMP, SHORT ACTUAL TOTAL PRIN INDEX	(0.09%)	(0.65%)	(0.91%)	(1.51%)	(4.29%)	(6.61%)	(13.23%)	(22.59%)



The nationwide leader in the valuation of SBA and USDA assets.

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In these times of market uncertainty, let GLS help you in determining the value of your SBA and USDA related-assets.

For further information, please contact Bob Judge at (216) 456-2480 ext. 133 or at

504 Debenture Prepayment Speed Commentary

This month, long-term debenture prepayment speeds rose by 11% to CPR 13.64% from CPR 12.32%. As for 10 year paper, it decreased by 31% to CPR 6.33% from CPR 9.20%.

Returning to the long-end, the reason for the increase in the overall CPR was a rise in voluntary prepayments (CRR) that offset a decrease in defaults (CDR). The CRR increased by 12% to 13.42% while the CDR decreased by 43% to 0.234%.

As for 10s, a decrease in the CRR did offset a rise in the CDR. The CRR decreased by 32% to CRR 6.22% while the CDR rose by 148% to CDR 0.12%.

Prepays have begun coming back to double digit levels as the pandemic wanes.

For further information on the terminology and concepts used in this article, please refer to the "Glossary and Definitions" at the end of the report.

Charts & graphs begin on next page


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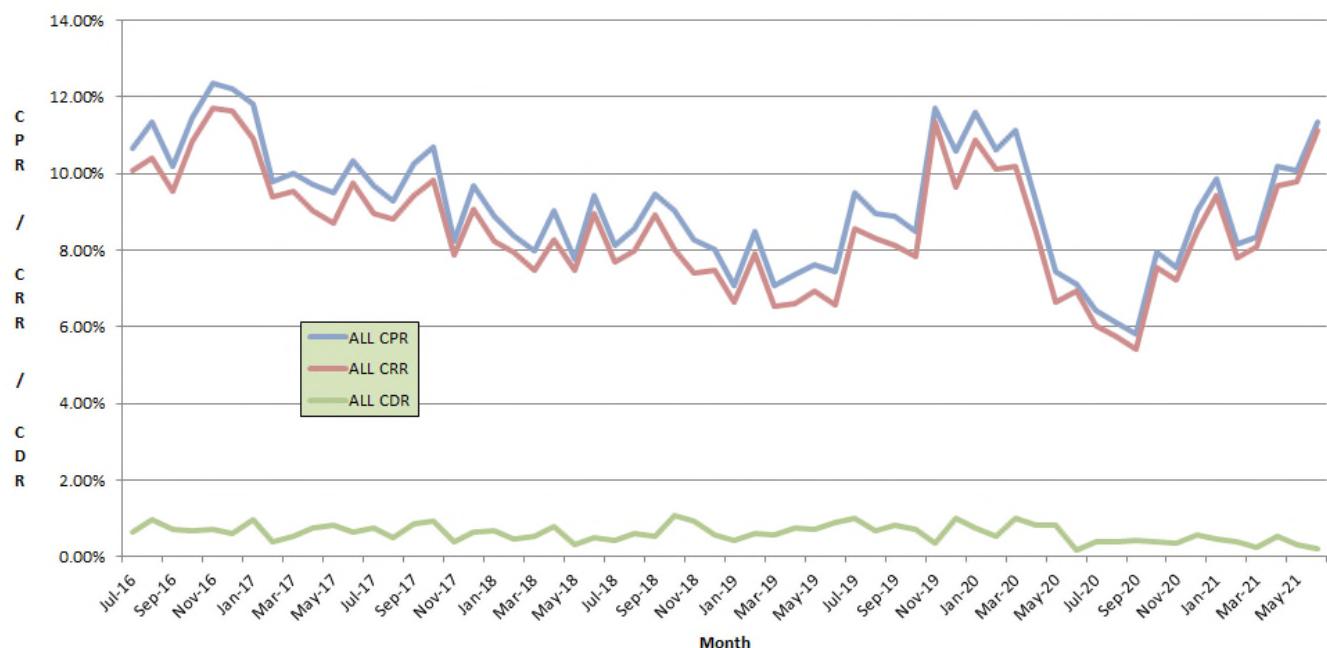
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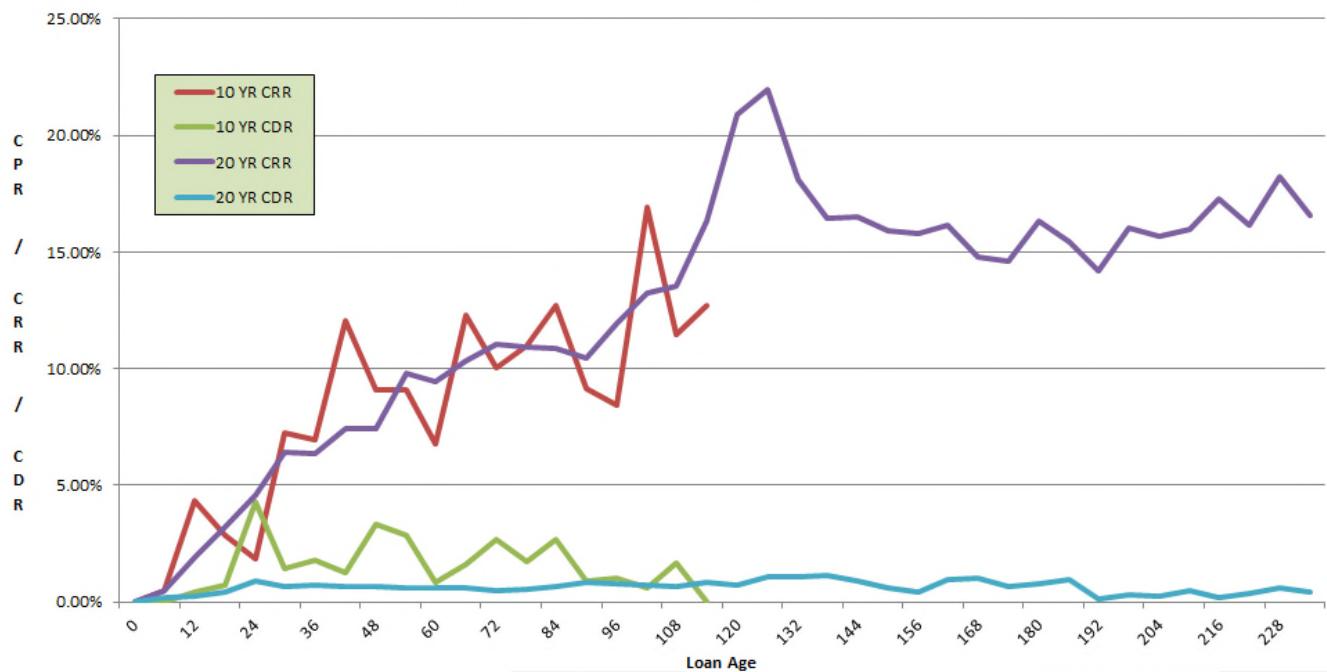
504 Debenture Prepayment Speed Results

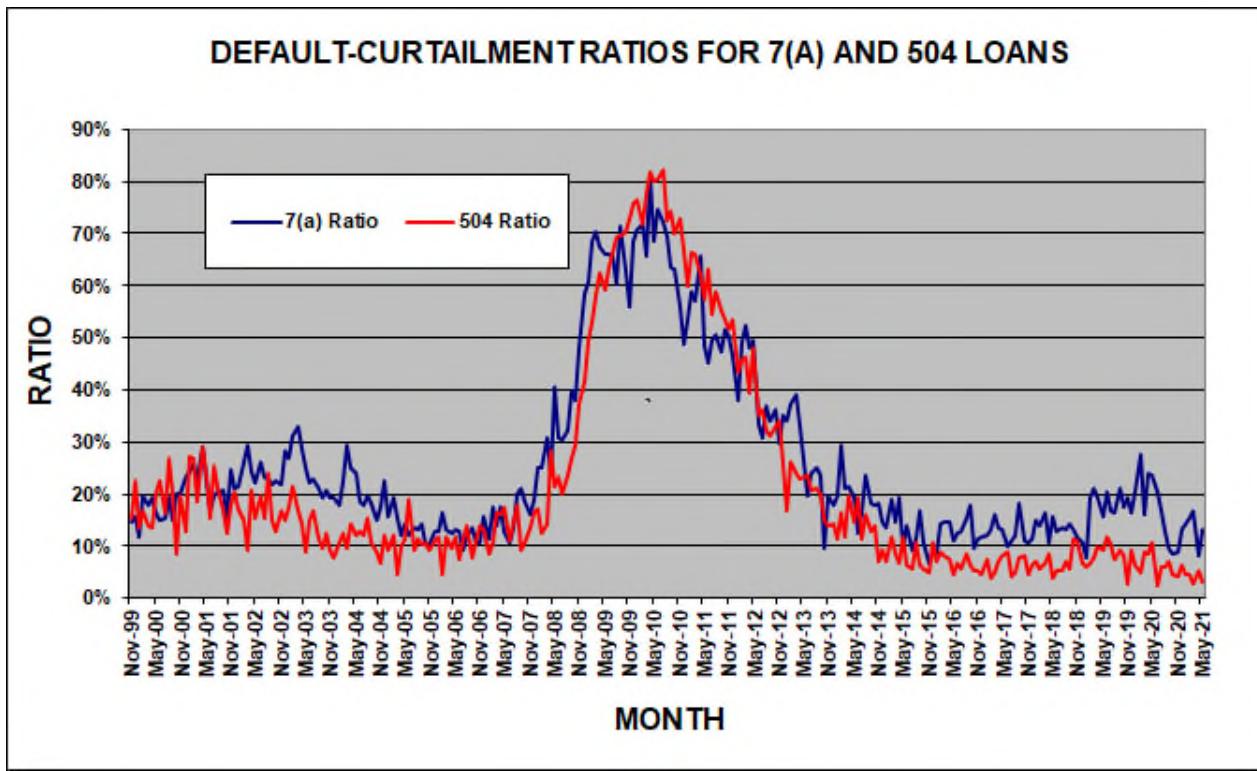
FACTOR MONTH	20 YR. CPR	20 YR. CRR	20 YR. CDR	10 YR. CPR	10 YR. CRR	10 YR. CDR	ALL CPR	ALL CRR	ALL CDR	WAVG AGE ALL	WAVG AGE 20 YR.	WAVG AGE 10 YR.
Jul-16	10.67%	10.07%	0.64%	NA	NA	NA	10.67%	10.07%	0.64%	51.26	51.26	NA
Aug-16	11.31%	10.41%	0.95%	11.74%	10.14%	1.69%	11.33%	10.40%	0.98%	51.55	52.22	36.87
Sep-16	10.20%	9.53%	0.70%	NA	NA	NA	10.20%	9.53%	0.70%	51.04	51.04	NA
Oct-16	11.60%	11.00%	0.63%	9.02%	7.80%	1.27%	11.47%	10.85%	0.66%	51.54	52.22	37.77
Nov-16	12.37%	11.71%	0.70%	NA	NA	NA	12.37%	11.71%	0.70%	51.78	51.78	NA
Dec-16	12.46%	11.88%	0.63%	6.75%	6.27%	0.49%	12.21%	11.63%	0.62%	51.97	52.66	37.34
Jan-17	11.82%	10.91%	0.96%	NA	NA	NA	11.82%	10.91%	0.96%	50.66	50.66	NA
Feb-17	9.81%	9.45%	0.38%	8.85%	8.41%	0.46%	9.77%	9.41%	0.39%	51.89	52.46	38.80
Mar-17	10.01%	9.52%	0.51%	NA	NA	NA	10.01%	9.52%	0.51%	51.37	51.37	NA
Apr-17	9.70%	9.15%	0.57%	10.52%	6.62%	4.04%	9.73%	9.04%	0.73%	51.37	51.95	39.08
May-17	9.50%	8.72%	0.81%	NA	NA	NA	9.50%	8.72%	0.81%	51.66	51.66	NA
Jun-17	10.30%	9.79%	0.54%	11.31%	8.46%	2.99%	10.35%	9.74%	0.64%	52.11	52.72	38.28
Jul-17	9.67%	8.97%	0.73%	NA	NA	NA	9.67%	8.97%	0.73%	50.39	50.39	NA
Aug-17	9.14%	8.75%	0.41%	12.74%	10.05%	2.84%	9.28%	8.80%	0.50%	52.34	52.80	40.52
Sep-17	10.24%	9.43%	0.86%	NA	NA	NA	10.24%	9.43%	0.86%	52.27	52.27	NA
Oct-17	10.72%	9.86%	0.91%	10.17%	9.22%	1.00%	10.70%	9.83%	0.91%	51.33	51.92	38.59
Nov-17	8.25%	7.87%	0.40%	NA	NA	NA	8.25%	7.87%	0.40%	52.48	52.48	NA
Dec-17	9.58%	8.99%	0.62%	12.25%	11.23%	1.08%	9.69%	9.08%	0.64%	52.69	53.26	39.04
Jan-18	8.87%	8.23%	0.67%	NA	NA	NA	8.87%	8.23%	0.67%	50.63	50.63	NA
Feb-18	8.39%	7.98%	0.43%	8.47%	6.78%	1.75%	8.39%	7.94%	0.48%	53.14	53.60	40.96
Mar-18	7.97%	7.46%	0.53%	NA	NA	NA	7.97%	7.46%	0.53%	52.47	52.47	NA
Apr-18	9.14%	8.46%	0.71%	6.61%	4.13%	2.54%	9.04%	8.28%	0.79%	50.98	51.55	38.47
May-18	7.78%	7.49%	0.31%	NA	NA	NA	7.78%	7.49%	0.31%	52.76	52.76	NA
Jun-18	9.39%	8.90%	0.51%	10.08%	10.04%	0.05%	9.41%	8.94%	0.49%	53.05	53.92	40.37
Jul-18	8.12%	7.71%	0.43%	NA	NA	NA	8.12%	7.71%	0.43%	50.34	50.68	NA
Aug-18	8.43%	7.95%	0.50%	12.15%	8.66%	3.65%	8.56%	7.98%	0.61%	53.47	54.61	41.26
Sep-18	9.46%	8.94%	0.55%	NA	NA	NA	9.46%	8.94%	0.55%	52.27	53.28	NA
Oct-18	9.14%	8.18%	1.00%	6.52%	4.10%	2.47%	9.03%	8.01%	1.06%	51.53	52.76	41.44
Nov-18	8.29%	7.40%	0.93%	NA	NA	NA	8.29%	7.40%	0.93%	53.20	54.22	NA
Dec-18	8.13%	7.61%	0.54%	6.68%	5.67%	1.03%	8.02%	7.49%	0.55%	52.60	54.88	40.94
Jan-19	7.12%	6.70%	0.43%	NA	NA	NA	7.07%	6.66%	0.42%	52.50	53.65	NA
Feb-19	8.64%	8.08%	0.59%	6.96%	6.18%	0.81%	8.48%	7.92%	0.59%	54.56	56.88	41.48
Mar-19	7.22%	6.66%	0.58%	NA	NA	NA	7.08%	6.53%	0.56%	52.26	55.31	NA
Apr-19	7.24%	6.50%	0.76%	13.00%	12.14%	0.91%	7.35%	6.62%	0.76%	52.40	54.82	42.73
May-19	7.78%	7.07%	0.74%	NA	NA	NA	7.63%	6.93%	0.72%	53.64	56.47	NA
Jun-19	7.64%	6.75%	0.93%	8.74%	7.85%	0.92%	7.42%	6.56%	0.90%	52.78	56.97	40.71
Jul-19	9.64%	8.67%	1.02%	NA	NA	NA	9.50%	8.55%	1.00%	52.89	56.14	NA
Aug-19	9.25%	8.69%	0.59%	10.25%	6.13%	4.26%	8.97%	8.32%	0.68%	54.38	59.18	39.98
Sep-19	9.40%	8.56%	0.88%	NA	NA	NA	8.90%	8.11%	0.83%	52.01	57.32	NA
Oct-19	8.66%	8.10%	0.58%	11.96%	7.50%	4.64%	8.50%	7.82%	0.70%	52.32	56.88	43.78
Nov-19	12.14%	11.80%	0.37%	NA	NA	NA	11.69%	11.36%	0.35%	53.18	58.39	NA
Dec-19	11.36%	10.40%	1.02%	10.24%	7.37%	2.97%	10.59%	9.63%	1.01%	52.58	59.47	40.90
Jan-20	12.23%	11.47%	0.81%	NA	NA	NA	11.58%	10.87%	0.76%	53.29	59.09	NA
Feb-20	11.33%	10.76%	0.61%	8.81%	8.62%	0.21%	10.63%	10.11%	0.55%	53.95	61.81	39.86
Mar-20	11.95%	10.90%	1.11%	NA	NA	NA	11.14%	10.19%	1.00%	50.81	59.20	NA
Apr-20	10.03%	9.19%	0.88%	6.60%	5.91%	0.72%	9.23%	8.46%	0.81%	51.89	59.54	42.20
May-20	8.05%	7.18%	0.90%	NA	NA	NA	7.44%	6.65%	0.81%	51.50	60.43	NA
Jun-20	7.61%	7.47%	0.15%	8.51%	7.14%	1.42%	7.12%	6.95%	0.18%	52.02	62.02	38.51
Jul-20	7.18%	6.76%	0.43%	NA	NA	NA	6.41%	6.04%	0.38%	52.79	61.96	NA
Aug-20	7.07%	6.65%	0.43%	2.56%	2.00%	0.56%	6.10%	5.73%	0.38%	45.52	61.11	33.06
Sep-20	6.78%	6.30%	0.50%	NA	NA	NA	5.81%	5.41%	0.42%	53.92	63.70	NA
Oct-20	8.98%	8.56%	0.43%	2.44%	2.27%	0.17%	7.93%	7.56%	0.38%	53.38	63.34	42.34
Nov-20	8.57%	8.19%	0.40%	NA	NA	NA	7.56%	7.24%	0.33%	51.59	63.52	NA
Dec-20	10.30%	9.62%	0.71%	9.32%	9.16%	0.17%	9.02%	8.47%	0.58%	52.48	65.48	40.53
Jan-21	11.07%	10.66%	0.43%	NA	NA	NA	9.87%	9.42%	0.47%	51.61	65.17	NA
Feb-21	10.92%	10.44%	0.51%	5.38%	4.57%	0.83%	8.15%	7.78%	0.39%	46.52	64.56	33.94
Mar-21	9.79%	9.58%	0.21%	NA	NA	NA	8.32%	8.10%	0.23%	52.46	66.93	NA
Apr-21	12.03%	11.39%	0.67%	9.20%	9.15%	0.05%	10.17%	9.66%	0.54%	51.86	66.78	41.32
May-21	12.32%	11.94%	0.408%	NA	NA	NA	10.09%	9.79%	0.32%	48.98	66.31	NA
Jun-21	13.64%	13.42%	0.234%	6.33%	6.22%	0.12%	11.33%	11.14%	0.20%	50.28	67.86	39.66

504 DCPC Prepayment Speeds by Month - Last 5 Years



504 DCPC Prepayment Speeds by Loan Age - Last 5 Years





Default—Curtailment Ratios

In our Default-Curtailment Ratios (DCR) we witnessed an increase in the 7a and a decrease in the 504 ratio this month.

Please note that an increase in the DCR does not necessarily mean that the default rate is rising, only that the percentage of early curtailments attributable to defaults has increased.

SBA 7(a) Default Ratios

This month, the 7(a) DCR registered a 64% increase to 13.20% from 8.03%, previously. The cause of this increase was the fact that defaults rose while voluntary prepayments fell.

Turning to actual dollar amounts, defaults rose by 69% to \$63 million from \$37 million. As for voluntary prepayments, they

decreased by 3% to \$415 million from \$428 million.

SBA 504 Default Ratios

This month, the 504 DCR fell by 40% to 3.08% from 5.16%, previously. With defaults falling and voluntaries rising, the ratio decreased.

Specifically, the dollar amount of defaults decreased by \$5 million to \$7 million (-41%). As for voluntary prepayments, they rose by \$.7 million to \$223.7 million (+0.33%).

Summary

Defaults continue to remain relatively low, considering the pain imposed on small business during the pandemic. It'll take time to see if this continues after govern-

ment support fades into history.

For further information on the terminology and concepts used in this article, please refer to the “Glossary and Definitions” at the end of the report.

GLS Value Indices Update

For June, the GLS Value Indices rose in four out of six sub-indices as the Secondary Market held near its highs.

The Base Rate / Libor spread was higher at +313, while prepayment speeds rose in five maturity buckets.

By the end of the month, the secondary market was flat in 10 year and fell slightly in 25 year loans. For 10 year loans, they remained at 116.50, while 25 year paper decreased to 122.625 from 122.73. Remember, this month's levels reflect the

suspension of the 55 bp. Guarantee fee which equates to higher pricing.

Turning to the specifics, the largest increase was seen in the GLS VI-4, which rose by 9% to +171 basis points. The other increases, by order of magnitude, were seen in VI-2 (+8% to +163), VI-3 (+2% to +49) and VI-6 (+1% to +132). Decreases were seen in VI-5 (-15% to +93) and VI-1 (-6% to +82).

The market continues to trade near all-time highs and with a 90% guarantee availa-

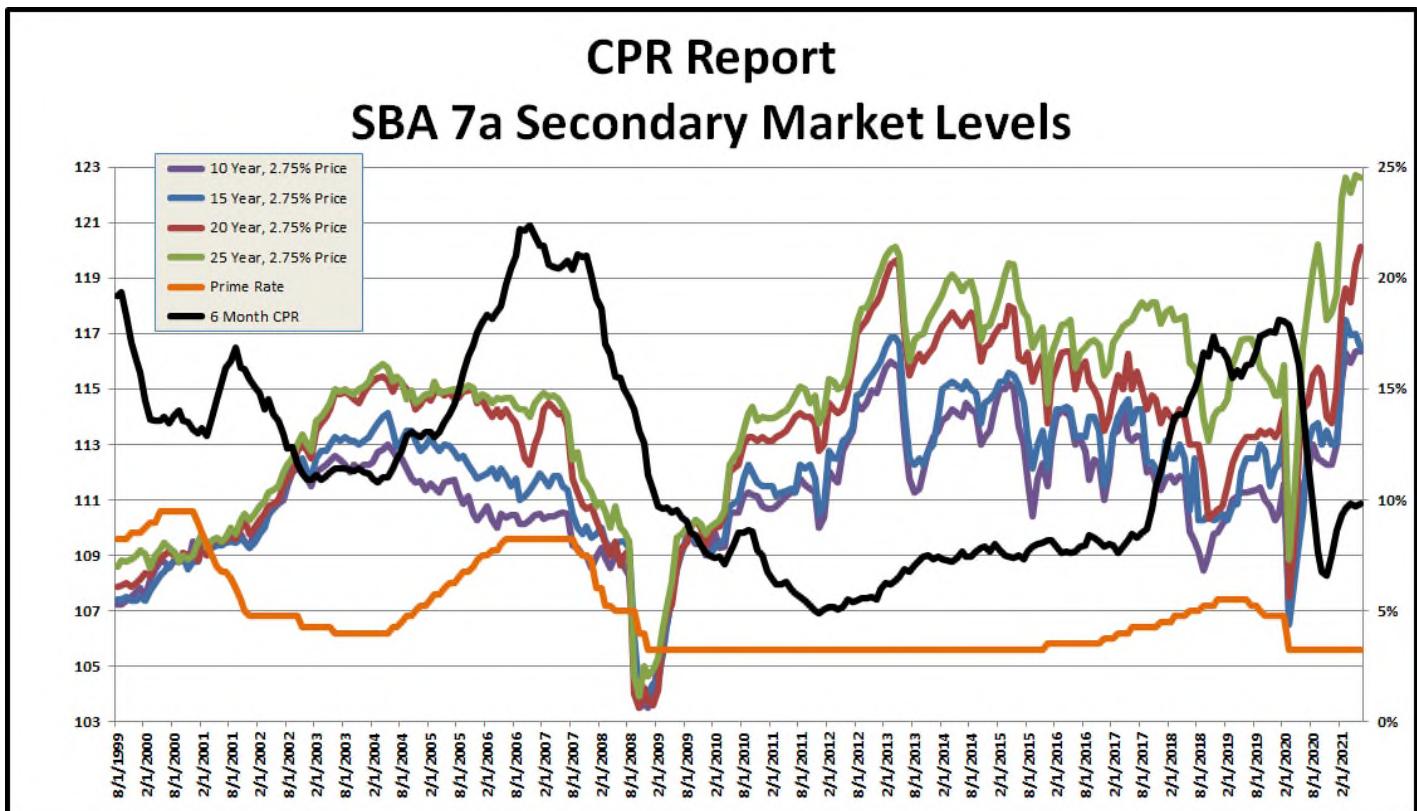
ble to lenders, expect strong issuance the rest of the fiscal year.

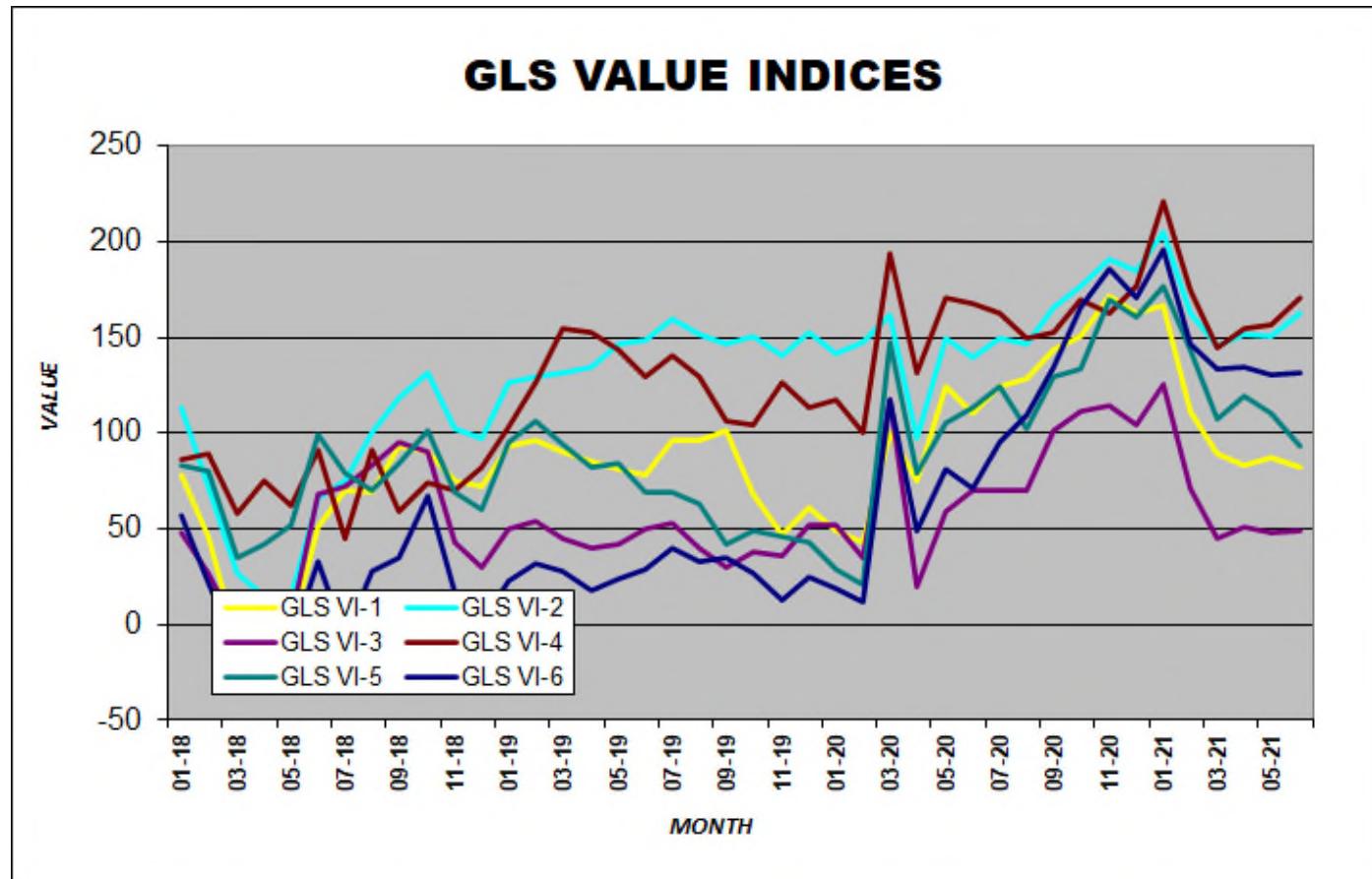
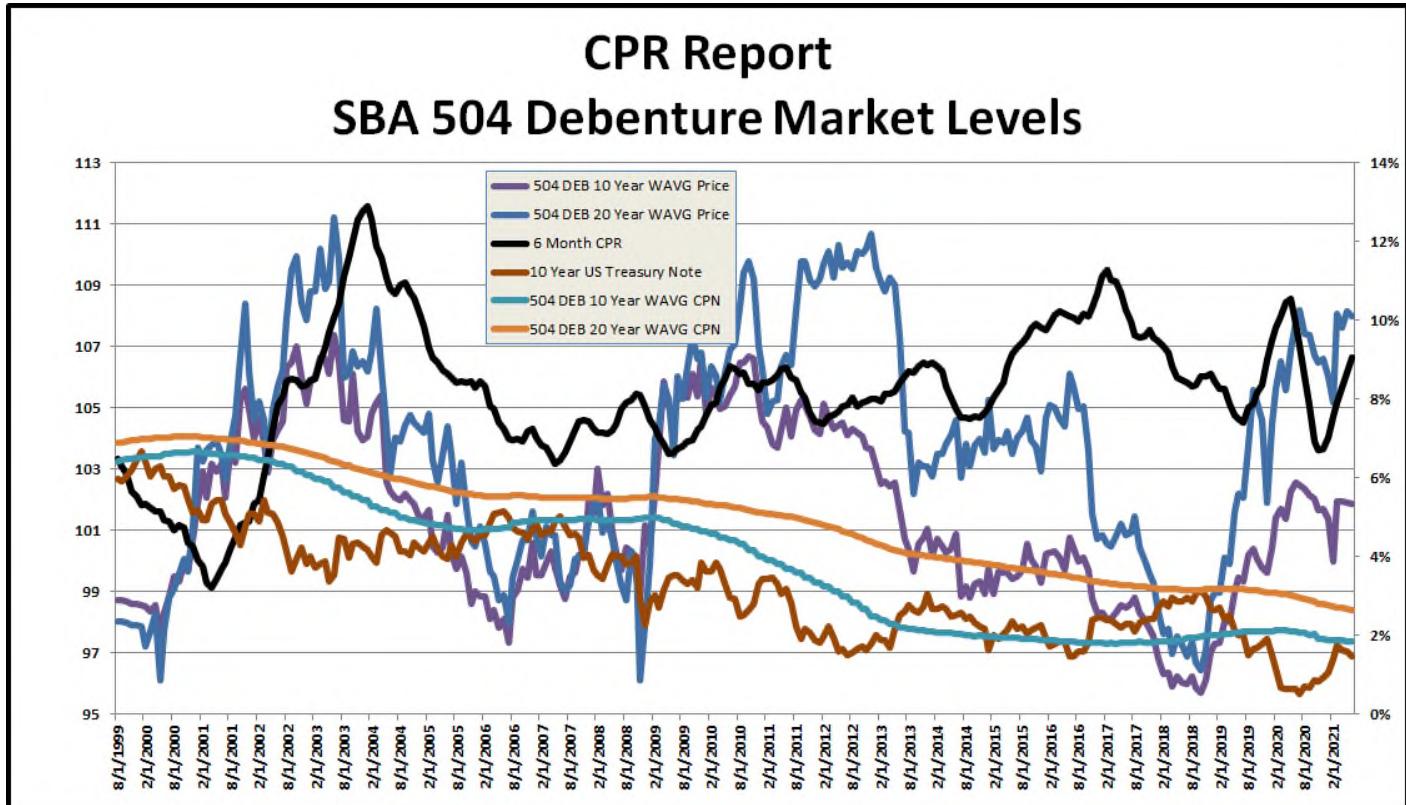
For further information on the terminology and concepts used in this article, please refer to the "Glossary and Definitions" at the end of the report.

Graphs continue on next page

7(a) Secondary Market Pricing Grid: June 2021

Maturity	Gross Margin	Net Margin	Servicing	This Month Price	Last Month Price	3-Mos. Ago Price	6-Mos. Ago Price	1-Yr. Ago Price
10 yrs.	2.75%	1.625%	1.00%	116.375	116.375	116.310	112.250	111.500
15 yrs.	2.75%	1.625%	1.00%	116.500	117.000	117.500	113.000	110.500
20 yrs.	2.75%	1.625%	1.00%	120.125	119.500	118.625	113.750	114.250
25 yrs.	2.75%	1.625%	1.00%	122.625	122.730	122.620	117.750	116.500





GLS Value Indices Supporting Data

MONTH	BUCKET 1 CPR	BUCKET 2 CPR	BUCKET 3 CPR	BUCKET 4 CPR	BUCKET 5 CPR	BUCKET 6 CPR
Jan-18	15.02%	13.19%	11.78%	11.74%	11.85%	12.38%
Feb-18	15.30%	14.83%	12.24%	11.36%	12.07%	13.54%
Mar-18	16.29%	14.86%	12.61%	11.37%	13.49%	14.24%
Apr-18	16.18%	16.15%	12.73%	9.39%	13.15%	14.43%
May-18	16.75%	16.83%	12.72%	11.85%	12.76%	14.35%
Jun-18	18.25%	17.59%	13.50%	15.10%	13.75%	14.97%
Jul-18	17.90%	18.25%	14.18%	15.32%	14.13%	15.33%
Aug-18	18.37%	16.23%	14.33%	16.13%	16.06%	15.94%
Sep-18	17.04%	15.51%	15.00%	19.12%	16.58%	17.36%
Oct-18	17.94%	14.14%	15.14%	18.15%	17.76%	17.06%
Nov-18	16.16%	14.66%	15.85%	17.31%	19.02%	18.04%
Dec-18	14.12%	13.08%	15.35%	14.30%	17.75%	17.62%
Jan-19	14.21%	12.18%	14.99%	14.35%	16.56%	17.80%
Feb-19	15.19%	12.44%	14.77%	13.39%	14.85%	17.34%
Mar-19	16.27%	11.65%	14.42%	9.84%	15.20%	16.33%
Apr-19	16.33%	11.18%	15.02%	10.26%	15.67%	16.56%
May-19	17.72%	10.46%	15.08%	9.59%	15.54%	16.11%
Jun-19	19.19%	11.85%	15.56%	11.20%	17.32%	16.53%
Jul-19	18.15%	11.71%	16.08%	11.05%	18.07%	16.45%
Aug-19	17.38%	11.66%	16.67%	11.59%	18.66%	17.06%
Sep-19	17.12%	12.46%	17.34%	12.75%	19.69%	17.70%
Oct-19	21.59%	12.58%	16.96%	12.54%	18.96%	18.07%
Nov-19	22.62%	12.99%	16.49%	11.57%	18.64%	18.49%
Dec-19	22.09%	12.19%	16.37%	11.66%	19.39%	18.43%
Jan-20	23.18%	13.77%	16.23%	11.69%	20.76%	19.27%
Feb-20	24.50%	13.97%	16.32%	12.69%	20.53%	19.13%
Mar-20	24.81%	14.21%	16.08%	11.75%	19.62%	19.01%
Apr-20	18.68%	14.17%	15.31%	11.84%	18.91%	18.19%
May-20	17.29%	13.42%	14.82%	12.53%	19.04%	16.82%
Jun-20	15.49%	12.13%	13.10%	11.55%	15.90%	14.93%
Jul-20	13.18%	9.45%	11.34%	10.24%	13.38%	12.11%
Aug-20	10.74%	8.25%	9.46%	7.85%	12.26%	9.96%
Sep-20	8.79%	6.04%	7.62%	7.53%	9.88%	7.71%
Oct-20	8.09%	5.57%	7.01%	7.32%	10.09%	6.58%
Nov-20	7.96%	5.81%	6.96%	7.22%	8.62%	6.42%
Dec-20	9.43%	6.71%	8.02%	6.49%	9.74%	7.29%
Jan-21	15.52%	8.60%	9.23%	6.25%	11.85%	8.27%
Feb-21	15.87%	9.10%	9.86%	7.83%	12.00%	8.95%
Mar-21	16.74%	9.77%	10.22%	7.77%	12.24%	9.21%
Apr-21	17.32%	9.71%	10.24%	7.56%	11.62%	9.59%
May-21	17.27%	9.55%	10.06%	7.35%	12.07%	9.49%
Jun-21	19.68%	9.17%	10.22%	7.38%	12.40%	9.64%

GLS Value Indices Supporting Data

MONTH	WAVG LIBOR	WAVG BASE	BASE LIBOR SPD	GLS VI-1	GLS VI-2	GLS VI-3	GLS VI-4	GLS VI-5	GLS VI-6	INDICES LEGEND	
										HIGHEST READING	LOWEST READING
Jan-18	1.73%	4.50%	2.77%	78	113	48	86	83	57		
Feb-18	1.87%	4.50%	2.63%	46	72	27	89	80	22		
Mar-18	2.18%	4.50%	2.32%	-8	27	-2	58	35	-13		
Apr-18	2.35%	4.75%	2.40%	-2	15	-3	75	42	-12		
May-18	2.32%	4.75%	2.43%	-3	15	3	62	52	-9		
Jun-18	2.33%	5.00%	2.67%	51	66	68	91	99	33		
Jul-18	2.34%	5.00%	2.66%	70	75	72	45	79	-6		
Aug-18	2.31%	5.00%	2.69%	69	100	83	91	70	28		
Sep-18	2.34%	5.00%	2.66%	93	118	95	59	84	35		
Oct-18	2.45%	5.25%	2.80%	90	132	90	74	101	67		
Nov-18	2.64%	5.25%	2.61%	75	102	43	70	69	17		
Dec-18	2.80%	5.25%	2.45%	72	97	30	82	60	2		
Jan-19	2.77%	5.50%	2.73%	93	127	50	103	95	23		
Feb-19	2.68%	5.50%	2.82%	96	130	54	127	106	32		
Mar-19	2.63%	5.50%	2.87%	90	132	45	155	94	28		
Apr-19	2.59%	5.50%	2.91%	85	135	40	153	82	18		
May-19	2.53%	5.50%	2.97%	81	147	42	144	84	24		
Jun-19	2.40%	5.50%	3.10%	78	149	50	130	69	29		
Jul-19	2.30%	5.50%	3.20%	96	160	53	141	69	40		
Aug-19	2.12%	5.25%	3.13%	96	152	40	130	63	33		
Sep-19	2.14%	5.25%	3.11%	101	147	30	106	42	35		
Oct-19	2.00%	5.00%	3.00%	68	151	38	104	49	27		
Nov-19	1.90%	4.75%	2.85%	47	141	36	127	46	13		
Dec-19	1.90%	4.75%	2.85%	61	153	52	113	43	25		
Jan-20	1.84%	4.75%	2.91%	49	142	52	117	29	19		
Feb-20	1.69%	4.75%	3.06%	43	148	35	100	21	12		
Mar-20	0.84%	3.25%	2.41%	100	162	117	194	148	117		
Apr-20	1.13%	3.25%	2.12%	75	97	20	132	79	49		
May-20	0.38%	3.25%	2.87%	124	150	59	171	105	81		
Jun-20	0.30%	3.25%	2.95%	110	140	70	168	113	71		
Jul-20	0.27%	3.25%	2.98%	124	150	70	163	125	95		
Aug-20	0.27%	3.25%	2.98%	129	147	70	150	102	109		
Sep-20	0.25%	3.25%	3.00%	144	166	101	153	130	135		
Oct-20	0.22%	3.25%	3.03%	151	177	111	170	134	166		
Nov-20	0.22%	3.25%	3.03%	172	191	114	163	170	186		
Dec-20	0.23%	3.25%	3.02%	163	185	104	177	161	171		
Jan-21	0.22%	3.25%	3.03%	167	205	126	221	177	196		
Feb-21	0.19%	3.25%	3.06%	111	163	71	175	144	147		
Mar-21	0.18%	3.25%	3.07%	89	146	45	145	107	134		
Apr-21	0.19%	3.25%	3.06%	83	152	51	155	119	135		
May-21	0.16%	3.25%	3.09%	87	151	48	157	110	131		
Jun-21	0.12%	3.25%	3.13%	82	163	49	171	93	132		

Age Buckets—Actual prepayments versus actual pool trading balances

ACT CPR < 8	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	0.00%	14.92%	15.55%	73.17%	63.77%
Feb-21	0.00%	6.88%	11.27%	7.61%	18.43%
Mar-21	0.00%	6.85%	14.14%	15.08%	20.32%
Apr-21	5.44%	0.00%	1.65%	15.97%	28.37%
May-21	1.65%	13.75%	20.37%	8.53%	28.34%
Jun-21	54.64%	29.05%	2.43%	9.05%	25.46%
Grand Total	13.19%	12.07%	11.48%	27.07%	33.27%

ACT CPR 10-13	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	3.87%	9.40%	12.54%	16.45%	22.15%
Feb-21	8.05%	7.09%	9.21%	9.64%	15.32%
Mar-21	2.61%	8.21%	8.37%	11.43%	10.89%
Apr-21	1.43%	7.53%	9.05%	8.80%	13.76%
May-21	5.67%	8.85%	11.30%	10.24%	17.14%
Jun-21	4.92%	5.73%	16.88%	13.64%	19.10%
Grand Total	4.49%	7.83%	11.33%	11.75%	16.46%

ACT CPR 16-20	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	19.31%	28.55%	35.77%	0.00%	22.81%
Feb-21	0.00%	0.00%	0.00%	8.01%	10.71%
Mar-21	0.00%	0.00%	27.49%	20.89%	9.63%
Apr-21	0.00%	0.00%	35.50%	13.85%	6.26%
May-21	5.46%	36.45%	0.00%	16.31%	10.27%
Jun-21	0.00%	15.93%	7.20%	0.85%	19.26%
Grand Total	4.46%	14.19%	19.22%	10.27%	13.37%

7(a) YTD Prepayment Speeds

Age Buckets—Actual prepayments versus actual pool trading balances

ACT CPR 8-10	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	15.79%	11.93%	13.13%	24.65%	44.11%
Feb-21	2.55%	13.17%	7.75%	4.24%	15.18%
Mar-21	1.29%	9.15%	6.49%	11.32%	22.41%
Apr-21	7.56%	7.31%	5.62%	3.60%	12.26%
May-21	3.88%	13.06%	8.24%	24.73%	20.06%
Jun-21	5.89%	5.71%	8.48%	8.32%	21.48%
Grand Total	6.44%	10.47%	8.09%	12.47%	23.25%

ACT CPR 13-16	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	0.00%	2.22%	1.79%	3.46%	10.41%
Feb-21	3.79%	14.88%	12.52%	22.78%	9.20%
Mar-21	0.00%	0.00%	14.87%	7.02%	1.79%
Apr-21	0.00%	0.00%	6.30%	0.30%	32.34%
May-21	3.29%	0.00%	15.91%	1.28%	26.74%
Jun-21	0.00%	0.00%	10.87%	7.07%	19.54%
Grand Total	1.22%	3.21%	10.60%	7.41%	17.48%

7(a) YTD Prepayment Speeds

Age Buckets—Actual prepayments versus actual pool trading balances

ACT CPR 20+	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	2.57%	9.16%	15.86%	15.61%	13.29%
Feb-21	2.11%	5.47%	9.98%	16.25%	13.36%
Mar-21	2.30%	2.61%	6.13%	10.84%	9.18%
Apr-21	1.54%	6.93%	7.20%	10.88%	12.71%
May-21	2.96%	3.64%	8.92%	20.93%	12.73%
Jun-21	3.33%	4.26%	9.85%	18.31%	15.70%
Grand Total	2.50%	5.48%	9.61%	15.52%	12.87%

ACT CPR FIX	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	0.00%	0.00%	21.49%	34.20%	20.56%
Feb-21	0.75%	27.71%	10.87%	3.16%	21.62%
Mar-21	0.00%	0.00%	5.79%	0.00%	26.65%
Apr-21	0.79%	0.00%	7.56%	0.00%	14.97%
May-21	14.87%	18.16%	23.64%	50.56%	34.35%
Jun-21	0.00%	3.25%	74.32%	0.00%	17.15%
Grand Total	2.72%	9.21%	31.93%	18.06%	22.86%

Age Buckets—Corrected prepayments versus corrected pool trading balances

COR CPR < 8	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	0.00%	14.92%	15.55%	73.00%	52.96%
Feb-21	0.00%	6.88%	11.27%	7.75%	10.63%
Mar-21	0.00%	6.85%	14.14%	14.68%	12.19%
Apr-21	5.44%	0.00%	1.65%	15.41%	20.32%
May-21	1.65%	13.75%	20.37%	8.25%	17.29%
Jun-21	54.64%	29.05%	2.43%	8.50%	17.84%
Grand Total	13.19%	12.07%	11.48%	26.74%	24.03%

COR CPR 10-13	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	3.87%	9.40%	12.54%	15.33%	14.40%
Feb-21	8.05%	7.09%	9.21%	9.20%	9.39%
Mar-21	2.61%	8.21%	8.37%	10.77%	6.64%
Apr-21	1.43%	7.53%	9.05%	8.44%	9.37%
May-21	5.67%	8.85%	11.30%	9.85%	11.10%
Jun-21	4.92%	5.73%	16.88%	13.18%	13.05%
Grand Total	4.49%	7.83%	11.33%	11.16%	10.70%

COR CPR 16-20	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	19.31%	28.55%	35.77%	0.00%	19.21%
Feb-21	0.00%	0.00%	0.00%	7.85%	7.19%
Mar-21	0.00%	0.00%	27.49%	21.74%	6.28%
Apr-21	0.00%	0.00%	35.50%	13.81%	4.96%
May-21	5.46%	36.45%	0.00%	16.44%	7.00%
Jun-21	0.00%	15.93%	7.20%	0.86%	15.12%
Grand Total	4.46%	14.19%	19.22%	10.41%	10.13%

7(a) YTD Prepayment Speeds

Age Buckets

Corrected prepayments versus corrected pool trading balances

COR CPR 8-10	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	15.79%	11.93%	13.13%	22.26%	26.13%
Feb-21	2.55%	13.17%	7.75%	4.18%	8.81%
Mar-21	1.29%	9.15%	6.49%	11.05%	11.79%
Apr-21	7.56%	7.31%	5.62%	3.34%	6.31%
May-21	3.88%	13.06%	8.24%	24.86%	9.70%
Jun-21	5.89%	5.71%	8.48%	8.30%	13.42%
Grand Total	6.44%	10.47%	8.09%	12.14%	12.90%

COR CPR 13-16	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	0.00%	2.22%	1.79%	3.20%	6.26%
Feb-21	3.79%	14.88%	12.52%	22.87%	4.88%
Mar-21	0.00%	0.00%	14.87%	7.06%	2.33%
Apr-21	0.00%	0.00%	6.30%	0.30%	26.82%
May-21	3.29%	0.00%	15.91%	1.28%	15.16%
Jun-21	0.00%	0.00%	10.87%	7.07%	18.79%
Grand Total	1.22%	3.21%	10.60%	7.39%	12.96%

7(a) YTD Prepayment Speeds

Age Buckets

Corrected prepayments versus corrected pool trading balances

COR CPR 20+	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	2.57%	9.16%	15.86%	16.07%	10.51%
Feb-21	2.11%	5.47%	9.98%	16.73%	10.29%
Mar-21	2.30%	2.61%	6.13%	11.03%	7.41%
Apr-21	1.54%	6.93%	7.20%	11.06%	10.20%
May-21	2.96%	3.64%	8.92%	21.39%	10.36%
Jun-21	3.33%	4.26%	9.85%	18.47%	13.40%
Grand Total	2.50%	5.48%	9.61%	15.85%	10.40%

COR CPR FIXED	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	0.00%	0.00%	21.49%	34.42%	19.66%
Feb-21	0.75%	27.71%	10.87%	3.18%	20.70%
Mar-21	0.00%	0.00%	5.79%	0.00%	25.53%
Apr-21	0.79%	0.00%	7.56%	0.00%	14.26%
May-21	14.87%	18.16%	23.64%	50.63%	33.03%
Jun-21	0.00%	3.25%	74.32%	0.00%	16.40%
Grand Total	2.72%	9.21%	31.93%	18.17%	21.88%

Age Buckets—Corrected prepayments versus underlying loan trading balances

LOAN CPR < 8	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	0.00%	14.49%	14.89%	74.53%	68.69%
Feb-21	0.00%	6.66%	10.72%	8.02%	15.92%
Mar-21	0.00%	6.61%	13.43%	15.16%	18.11%
Apr-21	5.39%	0.00%	1.55%	15.77%	28.54%
May-21	1.64%	13.47%	19.32%	8.43%	22.92%
Jun-21	54.50%	28.48%	2.30%	8.63%	22.58%
Grand Total	13.03%	11.74%	10.90%	27.42%	33.02%

LOAN CPR 10-13	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	3.84%	9.18%	12.21%	16.24%	20.47%
Feb-21	8.00%	6.92%	8.96%	9.67%	13.41%
Mar-21	2.60%	8.02%	8.13%	11.24%	9.53%
Apr-21	1.42%	7.36%	8.78%	8.73%	13.29%
May-21	5.63%	8.64%	10.95%	10.08%	15.62%
Jun-21	4.89%	5.59%	16.35%	13.39%	18.16%
Grand Total	4.46%	7.64%	11.00%	11.59%	15.15%

LOAN CPR 16-20	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	19.28%	28.04%	35.03%	0.00%	25.25%
Feb-21	0.00%	0.00%	0.00%	7.79%	9.75%
Mar-21	0.00%	0.00%	26.79%	21.53%	8.43%
Apr-21	0.00%	0.00%	34.61%	13.68%	6.63%
May-21	5.44%	35.74%	0.00%	16.27%	9.33%
Jun-21	0.00%	15.57%	6.97%	0.85%	19.83%
Grand Total	4.45%	13.89%	18.71%	10.32%	13.50%

7(a) YTD Prepayment Speeds

Age Buckets

Corrected prepayments versus underlying loan trading balances

LOAN CPR 8-10	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	15.63%	11.67%	12.74%	23.55%	39.87%
Feb-21	2.52%	12.88%	7.51%	4.21%	14.25%
Mar-21	1.28%	8.95%	6.30%	11.07%	18.59%
Apr-21	7.48%	7.13%	5.44%	3.28%	9.94%
May-21	3.84%	12.71%	7.98%	24.35%	15.20%
Jun-21	5.85%	5.55%	8.22%	8.09%	20.27%
Grand Total	6.38%	10.23%	7.84%	12.07%	20.15%

LOAN CPR 13-16	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	0.00%	2.17%	1.73%	3.16%	7.84%
Feb-21	3.78%	14.52%	12.10%	22.69%	6.12%
Mar-21	0.00%	0.00%	14.44%	7.02%	2.90%
Apr-21	0.00%	0.00%	6.08%	0.30%	31.86%
May-21	3.28%	0.00%	15.31%	1.27%	18.29%
Jun-21	0.00%	0.00%	10.52%	6.92%	22.38%
Grand Total	1.22%	3.13%	10.25%	7.32%	15.82%

7(a) YTD Prepayment Speeds

Age Buckets

Corrected prepayments versus underlying loan trading balances

LOAN CPR 20+	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	2.55%	9.00%	15.46%	15.50%	13.47%
Feb-21	2.10%	5.37%	9.71%	16.16%	13.10%
Mar-21	2.29%	2.56%	5.97%	10.63%	9.45%
Apr-21	1.53%	6.80%	7.01%	10.67%	12.82%
May-21	2.95%	3.57%	8.67%	20.66%	12.91%
Jun-21	3.31%	4.18%	9.57%	17.81%	16.55%
Grand Total	2.49%	5.37%	9.35%	15.29%	13.11%

LOAN CPR FIX	0-12 Mos.	13-24 Mos.	25-36 Mos.	37-48 Mos.	48+ Mos.
Jan-21	0.00%	0.00%	21.06%	33.52%	22.01%
Feb-21	0.74%	27.26%	10.63%	3.07%	23.01%
Mar-21	0.00%	0.00%	5.64%	0.00%	28.34%
Apr-21	0.78%	0.00%	7.39%	0.00%	16.02%
May-21	14.72%	17.84%	23.13%	49.78%	36.36%
Jun-21	0.00%	3.18%	73.45%	0.00%	18.35%
Grand Total	2.69%	9.04%	31.30%	17.62%	24.37%

GLOSSARY AND DEFINITIONS: PAGE 1

Default-Curtailment Ratio

The Default-Curtailment Ratio (DCR), or the percentage of secondary loan curtailments that are attributable to defaults, can be considered a measurement of the health of small business in the U.S. GLS, with default and borrower prepayment data supplied by Colson Services, has calculated DCRs for both SBA 7(a) and 504 loans since January, 2000.

The default ratio is calculated using the following formula:

Defaults / (Defaults + Prepayments)

By definition, when the DCR is increasing, defaults are increasing faster than borrower prepayments, suggesting a difficult business environment for small business, perhaps even recessionary conditions. On the flip side, when the DCR is decreasing, either defaults are falling or borrower prepayments are outpacing defaults, each suggesting improving business conditions for small business.

Our research suggests that a reading of 20% or greater on 7(a) DCRs and 15% or greater on 504 DCRs suggest economic weakness in these small business borrower groups.

Theoretical Default Rate

Due to a lack of up-to-date default data, we attempt to estimate the current default rate utilizing two datasets that we track:

Total prepayment data on all SBA pools going back to 2003. This is the basis for our monthly prepayment information.

Total prepayment data on all secondary market 7(a) loans going back to 1999, broken down by defaults and voluntary prepayments. This is the basis for our monthly default ratio analysis.

With these two datasets, it is possible to derive a theoretical default rate on SBA 7(a) loans. We say "theoretical" because the reader has to accept the following assumptions as true:

The ratio of defaults to total prepayments is approximately the same for SBA 7(a) pools and secondary market 7(a) loans.

Fact: 60% to 70% of all secondary market 7(a) loans are inside SBA pools.

The default rate for secondary market 7(a) loans closely approximates the default rate for all outstanding 7(a) loans.

Fact: 25% to 35% of all outstanding 7(a) loans have been sold into the secondary market.

While the above assumptions seem valid, there exists some unknown margin for error in the resulting analysis. However, that does not invalidate the potential value of the information to the SBA lender community.

The Process

To begin, we calculated total SBA pool prepayments, as a percentage of total secondary loan prepayments, using the following formula:

Pool Prepay Percentage = Pool Prepayments / Secondary Loan Prepayments

This tells us the percentage of prepayments that are coming from loans that have been pooled. Next, we calculated the theoretical default rate using the following equation:

$$((Secondary\ Loan\ Defaults * Pool\ Prepay\ Percentage) / Pool\ Opening\ Balance) * 12$$

This provides us with the theoretical default rate for SBA 7(a) loans, expressed as an annualized percentage.

GLS Long Value Indices

Utilizing the same maturity buckets as in our CPR analysis, we calculate 6 separate indexes, denoted as GLS VI-1 to VI-6. The numbers equate to our maturity buckets in increasing order, with VI-1 as <8 years, VI-2 as 8-10 years, VI-3 as 10-13 years, VI-4 as 13-16 years, VI-5 as 16-20 years and ending with VI-6 as 20+ years.

The new Indices are basically weighted-average spreads to Libor, using the rolling six-month CPR for pools in the same maturity bucket, at the time of the transaction. While lifetime prepayment speeds would likely be lower for new loans entering the secondary market, utilizing six-month rolling pool speeds allowed us to make relative value judgments across different time periods.

We compare the bond-equivalent yields to the relevant Libor rate at the time of the transaction. We then break the transactions into the six different maturity buckets and calculate the average Libor spread, weighting them by the loan size.

For these indices, the value can be viewed as the average spread to Libor, with a higher number equating to greater value in the trading levels of SBA 7(a) loans.

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Prepayment Calculations

SBA Pool prepayment speeds are calculated using the industry convention of Conditional Prepayment Rate, or CPR. CPR is the annualized percentage of the outstanding balance of a pool that is expected to prepay in a given period. For example, a 10% CPR suggests that 10% of the current balance of a pool will prepay each year.

When reporting prepayment data, we break it into seven different original maturity categories: <8 years, 8-10 years, 10-13 years, 13-16 years, 16-20 years and 20+ years. Within these categories we provide monthly CPR and YTD values.

In order to get a sense as to timing of prepayments during a pool's life, we provide CPR for maturity categories broken down by five different age categories: 0-12 months, 13-24 months, 25-36 months, 37-48 months and 48+ months.

As to the causes of prepayments, we provide a graph which shows prepayment speeds broken down by voluntary borrower prepayment speeds, denoted VCPR and default prepayment speeds, denoted as DCPR. The formula for Total CPR is as follows:

$$\text{Total Pool CPR} = \text{VCPR} + \text{DCPR}$$

SBA Libor Base Rate

The SBA Libor Base Rate is set on the first business day of the month utilizing one-month LIBOR, as published in a national financial newspaper or website, plus 3% (300 basis points). The rate will be rounded to two digits with .004 being rounded down and .005 being rounded up. Please note that the SBA's maximum 7(a) interest rates continue to apply to SBA base rates: Lenders may charge up to 2.25% above the base rate for maturities under seven years and up to 2.75% above the base rate for maturities of seven years or more, with rates 2% higher for loans of \$25,000 or less and 1% higher for loans between \$25,000 and \$50,000. (Allowable interest rates are slightly higher for SBAExpress loans.)

Risk Types

The various risk types that impact SBA pools are the following:

Basis Risk: The risk of unexpected movements between two indices. The impact of this type of risk was shown in the decrease in the Prime/Libor spread experienced in 2007 and 2008.

Prepayment Risk: The risk of principal prepayments due to borrower voluntary curtailments and defaults. Overall prepayments are expressed in CPR, or Conditional Prepayment Rate.

Interest Rate Risk: The risk of changes in the value of an interest-bearing asset due to movements in interest rates. For pools with monthly or quarterly adjustments, this risk is low.

Credit Risk: Losses experienced due to the default of collateral underlying a security. Since SBA loans and pools are guaranteed by the US government, this risk is very small.

Secondary Market First Lien Position 504 Loan Pool Guarantee Program

As part of the American Recovery and Reinvestment Act (AKA the Stimulus Bill), Congress authorized the SBA to create a temporary program that provides a guarantee on an eligible pool of SBA 504 first liens. The program was authorized for a period of two years from the date of bill passage – February, 2009. The eligibility of each loan is dependent on the date of the SBA Debenture funding. To be eligible, the Debenture must have been funded on or after February 17, 2009. The total guarantee allocation is \$3 Billion. HR 5297 provides for a two-year extension from the first pooling month, so that the final end date of the program was September, 2012.

The SBA began issuing pool guarantees in September, 2010 for early October settlement.

For the purposes of the program, a pool is defined as 2 or more loans. A pool must be either fixed (for life) or adjustable (any period adjustment including 5 or 10 years). If the pool is comprised of adjustable rate loans, all loans must have the same base rate (e.g. Prime, LIBOR, LIBOR Swaps, FHLB, etc.). Finally, each loan must be current for the lesser of 6 months or from the time of loan funding. Congress mandated that this be a zero subsidy program to the SBA (and the US taxpayer). The SBA has determined the program cost (management and expected losses) can be covered by an ongoing subsidy fee of .744% for fiscal year 2012.

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SBA 504 Program and Debenture Funding

To support small businesses and to strengthen the economy Congress created the U.S. Small Business Administration (SBA) in 1953 to provide a range of services to small businesses including financing. In 1958 Congress passed the Small Business Investment Act which established what is known today as the SBA 504 loan program.

The 504 loan program provides financing for major fixed assets, such as owner-occupied real estate and long-term machinery and equipment. A 504 project is funded by a loan from a bank secured with a first lien typically covering 50% of the project's cost, a loan from a CDC secured with a second lien (backed by a 100% SBA-guaranteed debenture) covering a maximum of 40% of the cost, and a contribution of at least 10% of the project cost from the small business being financed. The SBA promotes the 504 program as an economic development tool because it is a small-business financing product that generates jobs.

Each debenture is packaged with other CDC debentures into a national pool and is sold on a monthly basis to underwriters. Investors purchase interests in debenture pools and receive certificates representing ownership of all or part of a debenture pool. SBA uses various agents to facilitate the sale and service of the certificates and the orderly flow of funds among the parties involved. The debenture sales are broken into monthly sales of 20 year debentures and bi-monthly sales of 10 year debentures.

It is the performance of these debenture pools that we track in the CPR Report on a monthly basis.

SBI Pool and IO Strip Indexes

Through a joint venture called Small Business Indexes, Inc. or SBI, GLS and Ryan ALM introduced a group of total return indexes for SBA 7a pools and I/O strips with history going back to 1/1/2000.

Why did we do this?

Indexes have been around since 1896 when the Dow Jones Industrial Average was introduced. They have grown in importance to the financial markets, whereby today \$6 trillion are invested in Index Funds throughout the world.

The reasons for having investment indexes are fivefold:

1. **Asset Allocation Models:** Asset Allocation usually accounts for over 90% of a client's total return and becomes the most critical asset decision. Such models use 100% index data to calculate their asset allocations. Bond index funds are the best representation of the intended risk/reward of fixed income asset classes.
2. **Transparency:** Most bond index benchmarks publish daily returns unlike active managers who publish monthly or even quarterly returns usually with a few days of delinquency. Such transparency should provide clients with more information on the risk/reward behavior of their assets so there are no surprises at quarterly asset management review meetings.
3. **Performance Measurement:** Creates a benchmark for professional money managers to track their relative performance.
4. **Dictates Risk/Reward Behavior:** By analyzing historical returns of an index, an investor can better understand how an asset class will perform over long periods of time, as well as during certain economic cycles.
5. **Hedging:** An investment index can provide a means for hedging the risk of a portfolio that is comprised of assets tracked by the index. An example would be hedging a 7a servicing portfolio using the SBI I/O Strip Index.

By creating investment indexes for SBA 7a pool and IO strips, these investments can become a recognized asset class by pension funds and other large investors who won't consider any asset class in their asset allocation models that does not have a benchmark index.

An additional use for the I/O index could be to allow 7a lenders to hedge servicing portfolios that are getting large due to production and the low prepayment environment. This increase in exposure to 7a IO Strips would be welcome by IO investors who are constrained by the amount of loans that are stripped prior to being pooled.

Continued on the following page.

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SBI Pool and IO Strip Indexes (continued)

How are the indexes calculated?

The rules for choosing which outstanding pools are eligible for both the pool and IO indexes are the following:

Pool Size:

- \$5 million minimum through 1/1/2005.
- \$10 million minimum after 1/1/2005.

Pool Structure:

- Minimum of 5 loans inside the pool.
- Minimum average loan size of \$250,000.

Pool Maturity:

- Minimum of 10 years of original maturity.
- Sub indices for 10-15 years and 15-25 year maturities.
- The rules for remaining in the indices are the following:

Pool Size:

- Minimum pool factor of .25
- Factor Updates in the Indices are on the first of the month, based on the Colson Factor Report that is released in the middle of the previous month.

Pool Structure:

- Minimum of 5 loans inside the pool.

We have produced two weightings for each pool in the various indexes, "Actual" and "Equal":

"Actual" weighted Indices:

- The actual original balance of each pool is used to weight the pool in the index.
- An index for all eligible pools, as well as one for 10-15 years and one for 15-25 years of original maturity.
- A total of 3 actual weighted sub-indices.

"Equal" weighted Indices:

- An original balance of \$10 million is assigned to each pool, regardless of its true size.
- An index for all eligible pools, as well as one for 10-15 years and one for 15-25 years of original maturity.
- A total of 3 equal weighted sub-indices.

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SBI Pool and IO Strip Indexes (continued)

This equates to a total of (6) Pool sub-indices. We will refer to them on a go-forward basis as the following:

Actual Weighting:

- All 10-25 year in original maturity pools “All Actual”
- 10-15 year in original maturity pools “Short Actual”
- 15-25 year in original maturity pools “Long Actual”

Equal Weighting:

- All 10-25 year in original maturity pools “All Equal”
- 10-15 year in original maturity pools “Short Equal”
- 15-25 year in original maturity pools “Long Equal”

Return Calculations

Each index is tracked by its value on a daily basis, as well as the components of return.

Income Component

- Daily return is calculated for the contribution of interest earned.

Mark-to-Market Component

- Daily return is calculated for the contribution of Mark-To-Market changes.

Scheduled Principal Component

- Daily return is calculated for the contribution of normal principal payments. Only impacts the first of the month.

Prepayed Principal Component

- Daily return is calculated for the contribution of prepayed principal payments. Only impacts the first of the month.
- We have also added a Default Principal Component and a Voluntary Principal Component that, together, equate to the Prepayed Principal Component. This also only impacts the first of the month.

Total Principal Component

- Daily return is calculated for the contribution of all principal payments. Only impacts the first of the month.

The formula for Total Daily Return is as follows:

$$\text{Total Daily Return} = \text{Income Return} + \text{MTM Return} + \text{Principal Return}$$

The Principal Return is generated using the following formula:

$$\text{Principal Return} = \text{Prepayed Principal Return} + \text{Scheduled Principal Return}$$

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SBI Pool and IO Strip Indexes (continued)

The I/O Strip Indexes are a bit more involved, since we have to calculate the pricing multiple, as well as the breakdown between income earned and return of capital from interest accruals and payments. Here are the specific rules for the I/O Strip Indexes:

- The I/O Strip Indices utilize the same pools as the Pool Indices.
- Each pool is synthetically “stripped” upon entering the I/O Indices.
- For the equal and actual weighted indices and the maturity sub-indices (10-15 and 15-25), the pools are split into two even buckets utilizing the pool reset margins. The bucket with the higher margins we refer to as the “Upper Bucket” and the lower margin pools are in the “Lower Bucket”.
- The weighted average reset margin and pool MTM is calculated for each bucket. The MTM is the same one utilized in the pool indices.
- The weighted average price of the Lower Bucket is subtracted from the Upper Bucket. The same thing is done for the weighted average reset margin.
- The MTM difference is divided by the reset margin difference, giving us the pricing multiple by maturity and weighting.
- The end result is a pricing multiple for equal and actual weighting for 10-15 year pools and 15-25 year pools, totaling (4) distinct multiples. For the Hedge Indexes, there is no pricing component.
- Not all interest received is considered earned income, therefore interest received by the stripped pools is divided into earnings and return of capital, utilizing OID accounting rules. This lowers the income portion return since a portion of each pool’s interest payment is considered return of principal. However, for our Hedge Indices, all interest is considered earnings with no return of capital.
- The OID accounting rule create a straight-line return of capital upon entry into the index and the difference between the return of capital and interest received is earned income.
- Fundamentally, high prepayments can push more received interest into return of capital, thus limiting earned income. Excellent prepayment performance can generate large amounts of earned income over time.

Once the return percentages are determined for each day, it is then applied to the previous day’s index level, in order to calculate the index levels for that day.

Supporting Calculations

To aid in the analysis of the indexes, we track (22) distinct calculations for each of the (6) sub-indices:

Size

- Pool count and total outstanding balance

Structure

- Weighted average issue date, maturity date, reset date, maturity months, remaining months, age, coupon, reset margin, strip percent (strip indexes only).

Price and Yield

- Weighted average pool price, bond-equivalent yield, strip discount rate, multiple and strip pricing (strip indexes only)

Other Calculations

- CPR assumption, weighted average life, modified duration, index duration, strip duration and strip return of capital average life.

Continued on the following page.

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SBI Pool and IO Strip Indexes (continued)

SBA 504 Debenture and SBIC Debenture Indexes

While the above calculations for both the SBA 504 Debenture (SBAP) and SBIC Debenture Indexes are the same, there are differences in structure and reporting between all three SBA Programs. Here are the differences:

- SBAP's have monthly factor updates for 20 year (deemed "Long") but bi-monthly updates for 10-year paper ("Short").
- SBAP's have one new 20-year maturity each month and one 10-year every other month.
- SBICs only have 10 year debentures and they update factors only twice a year, in March and September.
- SBICs have a new debenture issued in the same months as above.
- SBICs do not amortize, whereas both SBAPs and 7a Pools do. For this reason, there is no Scheduled Principal Sub-Index.
- While 7a pools are all floating rate securities in the indexes, SBAP and SBICs debentures are all fixed rate, thus having longer durations and greater sensitivity to interest rate movements.

SBA Composite Indexes

The SBI Composite Indexes combine the four primary indexes (7a Pools, 7a IO Strips, SBAPs and SBICs) into one suite of indexes. While the actual weighted indexes use the four primary actual indexes weighted by actual size, the equal weighted indexes use the four primary equal weighted indexes also weighted by actual size. Due to the fact that the three SBA programs have grown, and continue to grow, at different rates since 1999, a static equal weighting methodology would create balancing issues over time. Therefore, we thought it best to weight the equal indexes by the actual program sizes.

The Composite indexes have all of the same sub-indexes as the four primary indexes.

SBI Rich / Cheap Analysis

The SBI Rich /Cheap Analysis is an attempt to create a "fair value" pricing model, based on 13 years of historical index pricing. We then compare the fair value price to current market levels, as represented by the GLS pricing models. We do this for 10 to 15 year maturity index-eligible pools and for 15+ maturity ones, effectively creating two separate calculations.

The first step was to create a fair value pricing algorithm for each maturity bucket, which is based on the following historical inputs:

Fundamental Inputs:

- The rolling 12-month historical CPR for all pools, including non-eligible ones, inside each maturity bucket.
- The previous month's 1 month CPR for the same population and maturity bucket.
- We used all pools, since the GLS pricing models do not differentiate between eligible and non-eligible pools.
- Weighted average pool coupon.

We chose the prepayment inputs in order to provide a directional element for pool prepayments. For instance, when the 1 month CPR is lower than the 12 month one, than the trend for prepayments is lower and when it is higher, the trend is toward higher prepayments.

We added the coupon input to add market level interest rates to the analysis. Since we are only using floating-rate SBA 7a pools that reset monthly or quarterly, this input is a proxy for the base rate on the pricing date.

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SBI Rich / Cheap Analysis (continued)

Structural Inputs:

- Weighted average pool net margin to the base rate.
- Weighted average remaining months to maturity.
- Weighted average pool age.

The structural inputs put the weighted average index price into context, based on the amount and number of interest payments into the future.

The algorithm will be re-calibrated on an annual basis with the addition of the previous year's pricing data and then applied to the next year's pricing data to calculate the fair value price.

Methodology

We used multiple regression for the analysis and achieved an r-squared of .80 for the 10-15 year maturity bucket and .95 for the 15+ maturity bucket.

We then subtracted the fair value price from the index pricing level to find the difference between these two pricing elements. Basically, when the index pricing level is higher than the fair value price, the index price is, to varying degrees, "rich" and when it is below the fair value price, it is "cheap".

Additionally, we determined that a "Fair Value Band" was necessary for the analysis. We decided that when the two pricing components are within +.50 and -.50 of each other (green portion of the accompanying graph), the index pricing level was fairly valued as per the model.

When the index price rose above the fair value band, the market for SBA pools is considered "Rich", or expensive compared to historical pricing and when it is below the band, it is "Cheap" or inexpensive as compared to our fair value price.

SBIC Debenture Program

A Small Business Investment Company (SBIC) is a privately owned and operated company that makes long-term investments in American small businesses and is licensed by the United States Small Business Administration (SBA).

A principal reason for a company to become licensed as an SBIC is access to financing (Leverage) provided by SBA. In addition, banks and Federal savings associations (as well as their holding companies) have the ability to own or to invest in SBICs and thereby to own indirectly more than 5 percent of the voting stock of a small business, and can receive Community Reinvestment Act credit for SBIC investments.

Banks and their holding companies also receive exemptions from certain capital charge regulations and lending "affiliation" rules under the Gramm-Leach-Bliley Act. A business seeking a U.S. Government contract that is a set aside for small businesses does not lose its status as a small business by reason of a control investment by an SBIC. Many Business Development Companies (BDCs) also have formed SBIC "subsidiaries" as part of their business strategies.

The SBIC Program has undergone significant changes since its creation in 1958. The original Program permitted only Debenture Leverage. The Small Business Equity Enhancement Act of 1992 drastically changed the SBIC program. It created a new form of SBA Leverage known as "Participating Securities" (essentially preferred limited partnership interests); increased the amount of Leverage available to an SBIC to \$90 million (which subsequently was indexed to reflect changes in the cost of living since March 31, 1993 and then modified in 2009 to be \$150 million); required minimum private capital of \$10 million for SBICs using Participating Securities and \$5 million for SBICs using Debentures; provided for stricter SBA licensing standards; and enacted other changes to make the program more consistent with the private venture capital industry. Unlike the Debenture program which requires periodic interest payments, the Participating Securities program required an SBIC to pay SBA a prioritized payment (preferred return) and a profit share when the SBIC realized profits. As a consequence, the Participating Securities program was designed to permit investing in equity securities whether or not those securities had a current pay component.

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SBIC Debenture Program (continued)

This new program resulted in a large expansion of the number of SBIC licenses granted. Following the burst of the “technology bubble” in 2002, the Administration decided there was no longer a need for an equity SBIC program and determined that the existing participating securities program would result in significant losses to SBA. Accordingly, SBA terminated the program, and that beginning on October 1, 2004, stopped issuing commitments to use participating securities leverage and licensing new participating securities SBICs.

SBA currently provides financing (called “Leverage”) to SBICs in the form of “Debentures.” Debentures are unsecured ten-year loans issued by the SBIC that have interest-only payable semi-annually. Most Debentures bear a temporary interest rate based on LIBOR. The interest rate on these Debentures is fixed when the SBA pools Debentures from various SBICs and sells them to the public, with the pooled Debentures having a 10-year maturity from the sale date.

It is these debentures that are analyzed in the CPR Report.

Since SBIC Debentures do not have an amortization component, I have added a different CPR calculation inside the CPR Report.

I call it the “Amortization Equivalent CPR” (AECPR). Since the principal balance does not amortize for SBIC debentures, it makes it difficult to compare them, from a pre-payment perspective, to amortizing assets, such as SBA 7a and 504 debenture pools.

The AECPR assumes the asset amortizes and looks at the beginning and ending balance to calculate the CPR. The calculation uses the exact MBA (Mortgage Banker’s Association) standard formula for CPR.

Because of the amortization assumption, the AECPR is always lower than the normal CPR calculation for SBIC pools, and can go below zero if the principal reduction does not fully offset the assumed amortization amount.

SBA 7a League Tables

League tables track volumes of SBA 7a pools by pool assembler, maturity bucket and fixed rate structure during a given calendar year. For the Report, we show the two largest maturity buckets, 10-13 year and 20+ year pools, as well as all formed pools and fixed rate ones. As for how we credit originations for pools with multiple assemblers, we divide the pool amount equally between the pool assemblers involved in the origination.

Prepayment Calculation Explanations

After extensive analysis, including sourcing loan level data on a bi-monthly basis going back to 10/31/2017, we are now able to calculate the amount of excess principal paid out since last October with a high degree of accuracy.

With this data, we have calculated two other prepayment figures:

1. **ACPR**: A prepayment speed that includes paid excess from the Master Reserve Fund, which synthetically inflates CPRs for many pools issued between FY 2005 and FY 2017. This uses the exact amount of pool prepayments without any adjustments. The paid out excess also inflates overall prepayment speeds to the point that this measure is of limited use in judging the prepayment environment.
2. **CCPR**: A CPR that corrects pool prepayments for paid out excess, resulting in a prepayment measure that is lower than the ACPR. This measure of prepayment also adds back the excess to the trading balance and tracks it separately over time.
3. **LCPR**: A loan level CPR, which utilizes the underlying loan balances in the calculation instead of the corrected pool balances. It uses the same prepayment amounts as the CCPR measure. Since actual loan balances are lower than the pool balances, this measure is higher than the CCPR, but lower than the ACPR.

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Prepayment Calculation Explanations (continued)

Our loan size prepayment analysis is based on the guaranteed balance of all pooled loans when they were sold into the Secondary Market. The analysis is twofold, in that we divide each loan into our six maturity buckets and then into one of eleven loan size buckets. These loan size buckets are defined as: <250,000, 250,000 to 500,000, 500,000 to 1MM, 1MM to 1.5MM, 1.5MM to 2MM, 2MM to 2.5MM, 2.5MM to 3MM, 3MM to 3.5MM, 3.5MM to 4MM, 4MM to 4.5MM and +4.5MM.



Government Loan Solutions, Inc.

1741 Tiburon Drive
Wilmington, NC 28403

Phone: 440-829-8413
Email: rjudge@govloansolutions.com

Our Staff:

Bob Judge, Editor
Scott Evans
Brianna Harrison
Robert E. Judge II, Production Assistant
Watson, GLS Work Companion

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