



December 3, 2020

Securitized Credit Review

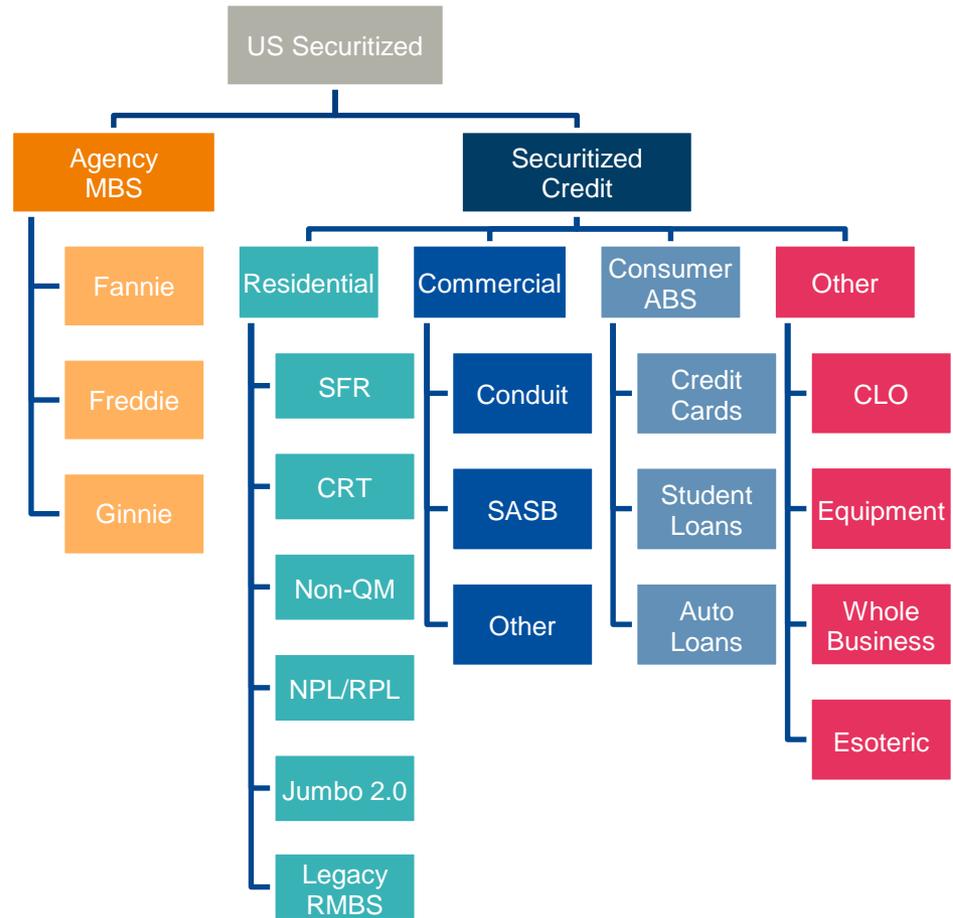
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Securitized credit

A diversity of sectors and subsectors with different exposures



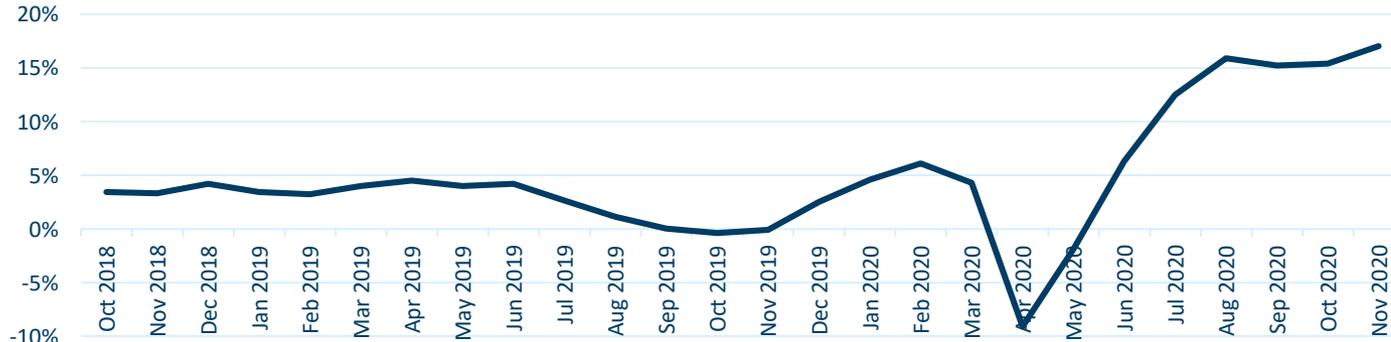
Abbreviations

- Single Family Rental (SFR)
- Credit Risk Transfer (CRT)
- Non-Qualified Mortgage (QM)
- Non/Re-Performing Loans (N/RPL)
- Single Asset Single Borrower (SASB)
- Collateralized Loan Obligations (CLO)

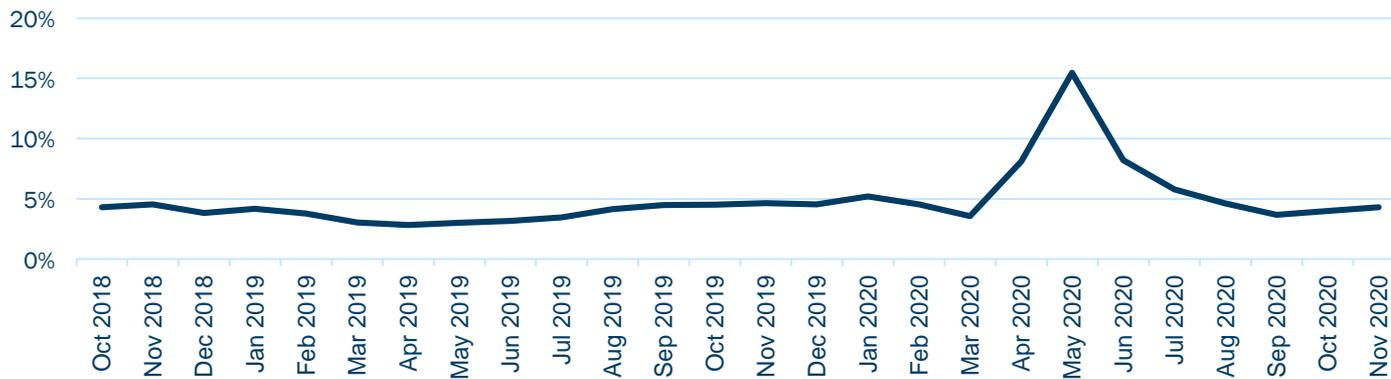
Subprime auto has bounced back

After a brief deterioration, used car values have been up and borrower distress has been down

Manheim US Used Vehicle Index - Year-over-year change



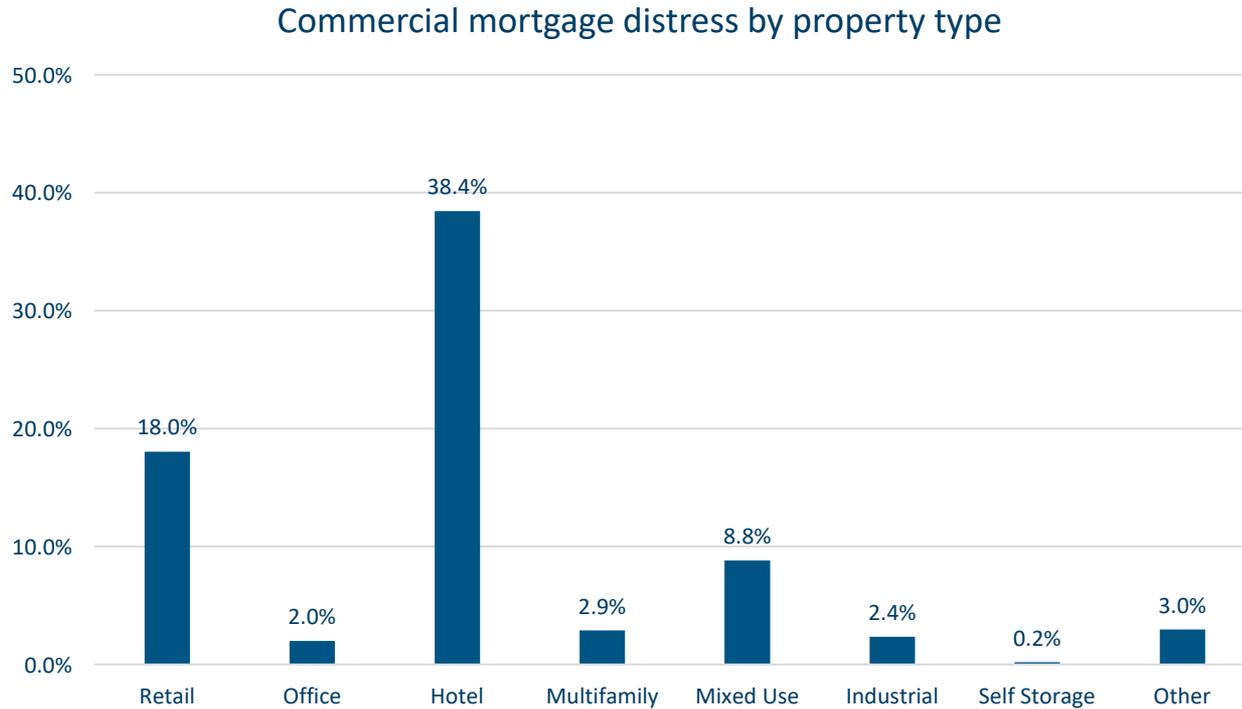
Percentage of borrowers receiving a payment extension per month



Source: Bloomberg, Intex. As of November 25, 2020. Last Data points 11/30 (top); 11/15 (bottom).

Commercial real estate has remained highly uncertain

While the pandemic may pass, the ramifications may not

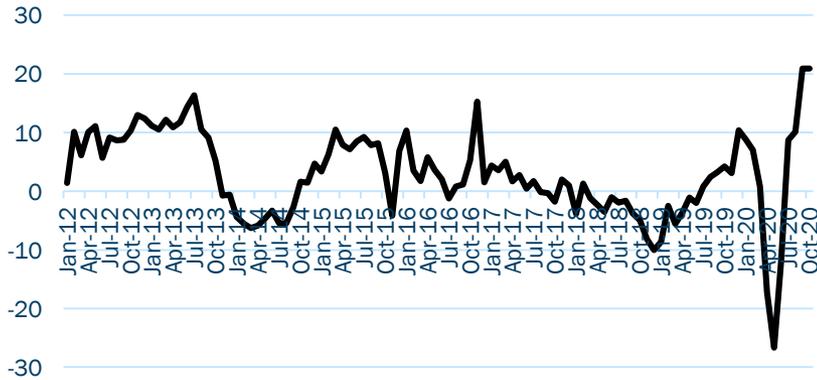


Source: Wells Fargo. As of August 25th 2020 (most recent available).

Housing fundamentals have remained resilient

Rising sales, falling rates, faster prepayments, and accelerated price appreciation

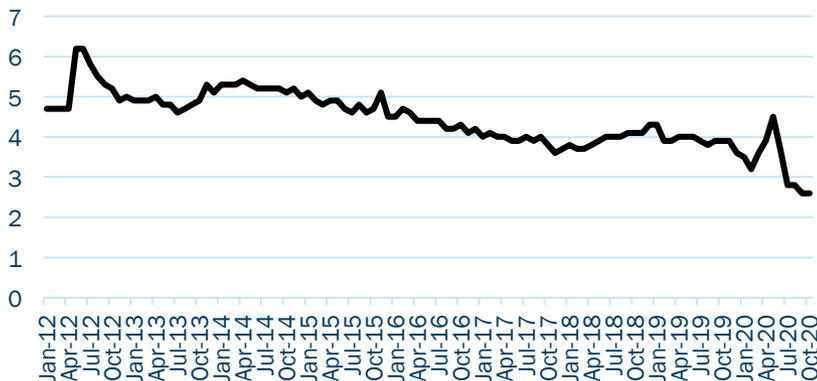
Existing Home Sales – YoY %



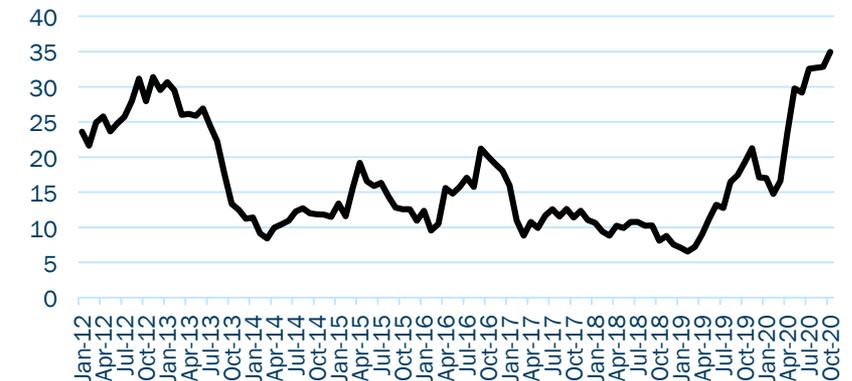
Home Price Appreciation - YoY %



Months Supply of Existing Homes



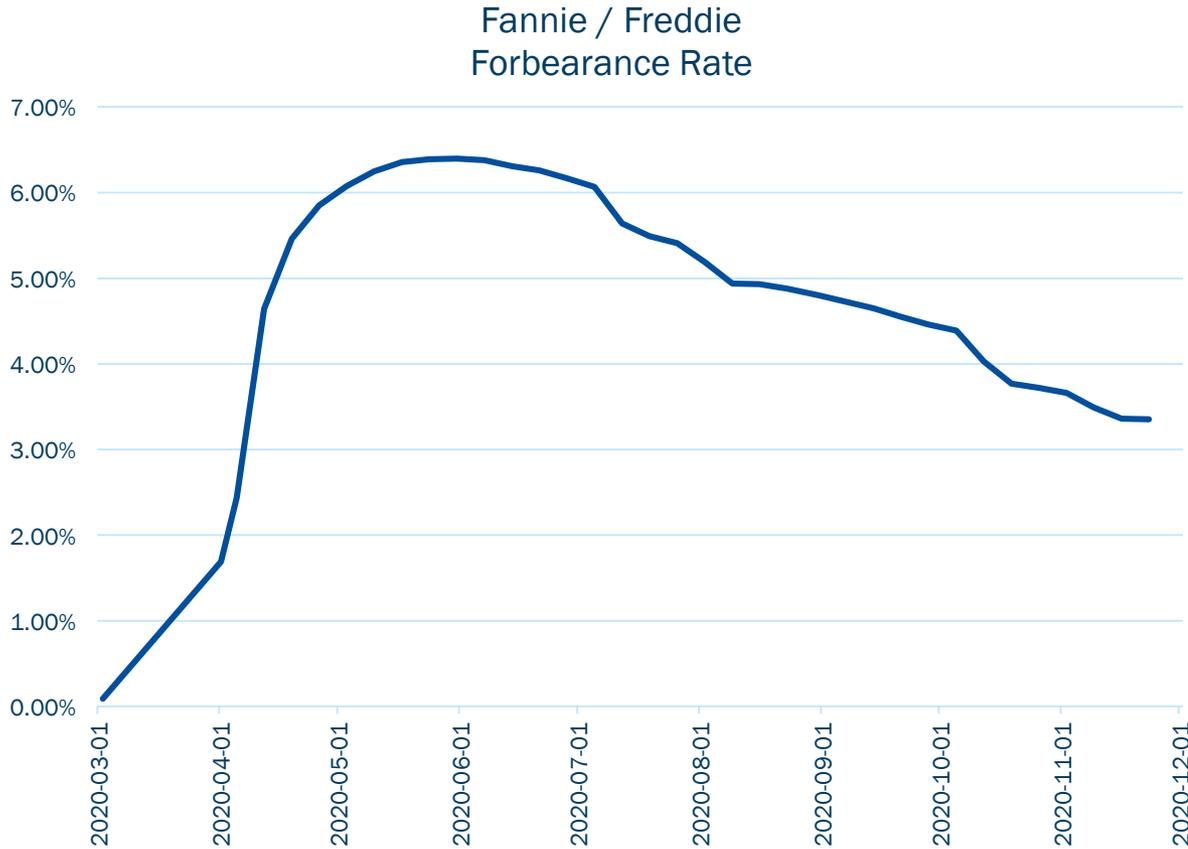
Mortgage Prepayment Rates



Source: Bloomberg, as of October 2020

Residential forbearance spikes – but begins to recover

Expiration of 3, 6, and 12 month agreements drives the timing of the recovery

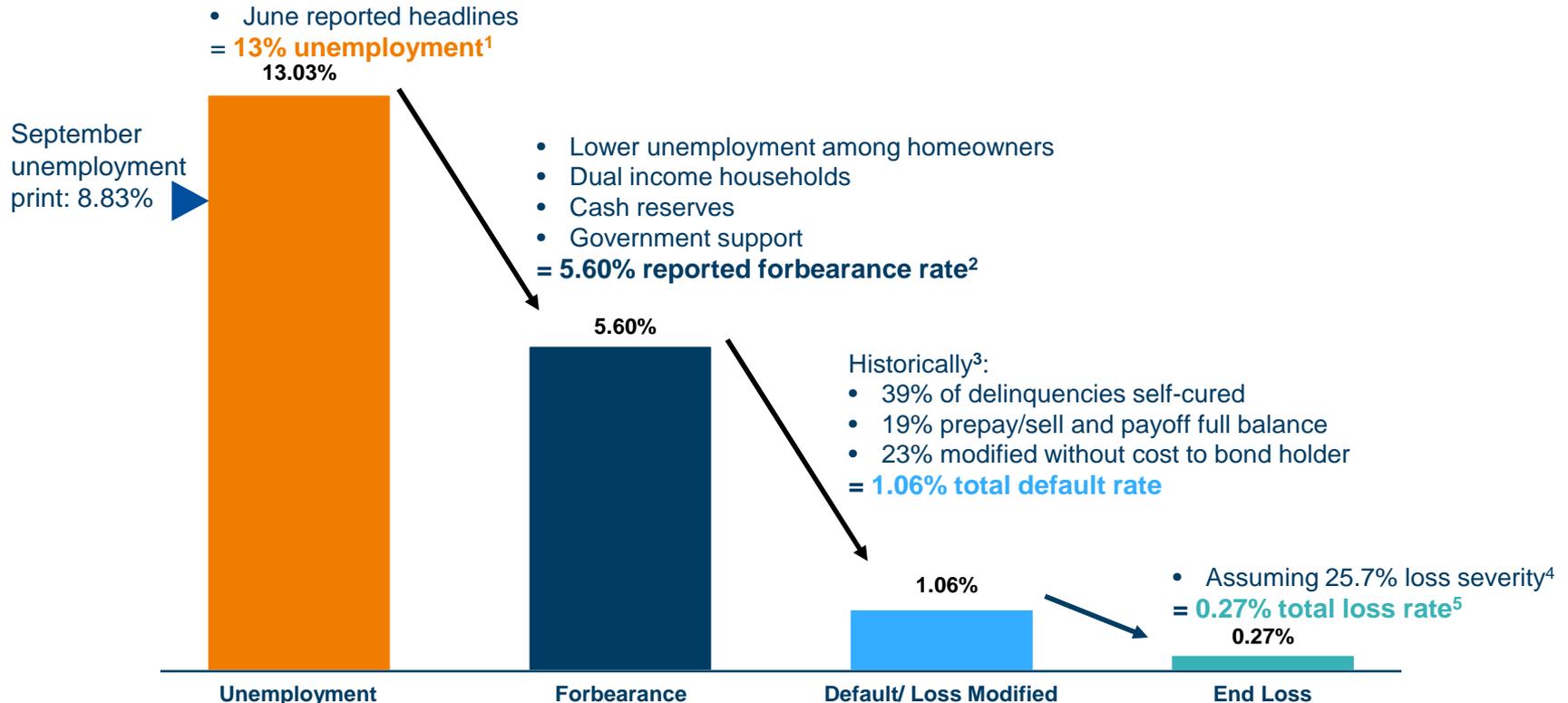


Source: Mortgage Bankers Association (MBA), as of November 23rd 2020

Survey Release Date	Fannie / Freddie Forbearance Rate	Weekly Change
11/23/2020	3.35%	-0.01%
11/16/2020	3.36%	-0.13%
11/9/2020	3.49%	-0.17%
11/2/2020	3.66%	-0.06%
10/26/2020	3.72%	-0.05%
10/19/2020	3.77%	-0.26%
10/12/2020	4.03%	-0.36%
10/5/2020	4.39%	-0.07%
9/28/2020	4.46%	-0.09%
9/21/2020	4.55%	-0.10%
9/14/2020	4.65%	-0.15%
8/31/2020	4.80%	-0.08%
8/23/2020	4.88%	-0.05%
8/16/2020	4.93%	-0.01%
8/9/2020	4.94%	-0.25%
8/2/2020	5.19%	-0.22%
7/26/2020	5.41%	-0.08%
7/19/2020	5.49%	-0.15%
7/12/2020	5.64%	-0.43%
7/5/2020	6.07%	-0.10%
6/28/2020	6.17%	-0.09%
6/21/2020	6.26%	-0.05%
6/14/2020	6.31%	-0.07%
6/7/2020	6.38%	-0.02%
5/31/2020	6.40%	0.01%
5/24/2020	6.39%	0.03%
5/17/2020	6.36%	0.11%
5/10/2020	6.25%	0.17%
5/3/2020	6.08%	0.23%
4/26/2020	5.85%	0.39%
4/19/2020	5.46%	0.82%
4/12/2020	4.64%	2.20%
4/5/2020	2.44%	0.75%
4/1/2020	1.69%	1.60%

What could happen to all the mortgages in forbearance?

We believe housing defaults and losses could be much lower than the headline numbers

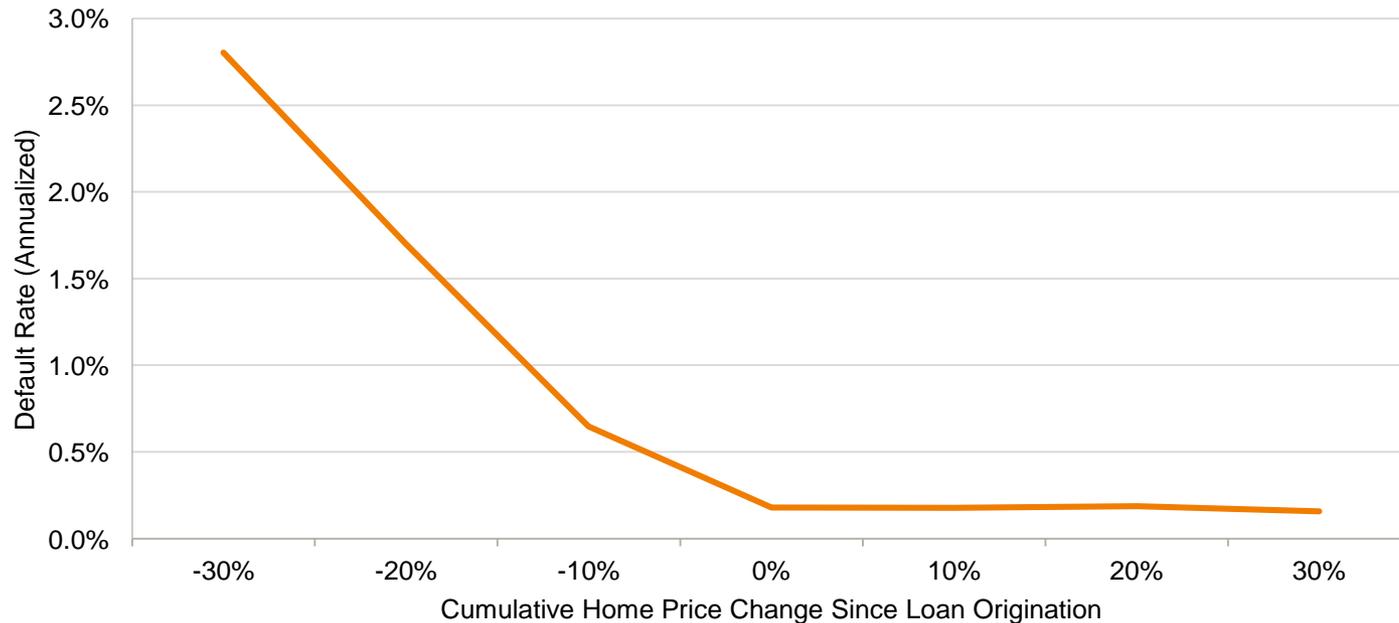


¹Unemployment data from Bloomberg September 30, 2020 and June 30, 2020. ²Fannie Mae & Freddie Mac reported delinquency rate July 12, 2020. Source: MBA analytics. ³Freddie Mac reported historical cure rates through 24 months, June 30, 2020. ⁴Average severity as reported by Fannie Mae & Freddie Mac from year 2000 through 2018 (most recent data available). ⁵Past stated data applied to current delinquency rate. **Past relationships are no guarantee of future results. Severity, loss and other rates may differ from historical rates.** This information is taken, in part, from external sources. We believe these external sources to be reliable but no warranty is made as to accuracy. This is Amundi Pioneer's current assessment of the market and is subject to change. It is provided for informational purposes only and should not be considered a recommendation to buy or sell securities or a guarantee of future results.

Home prices – the real driver of mortgage defaults

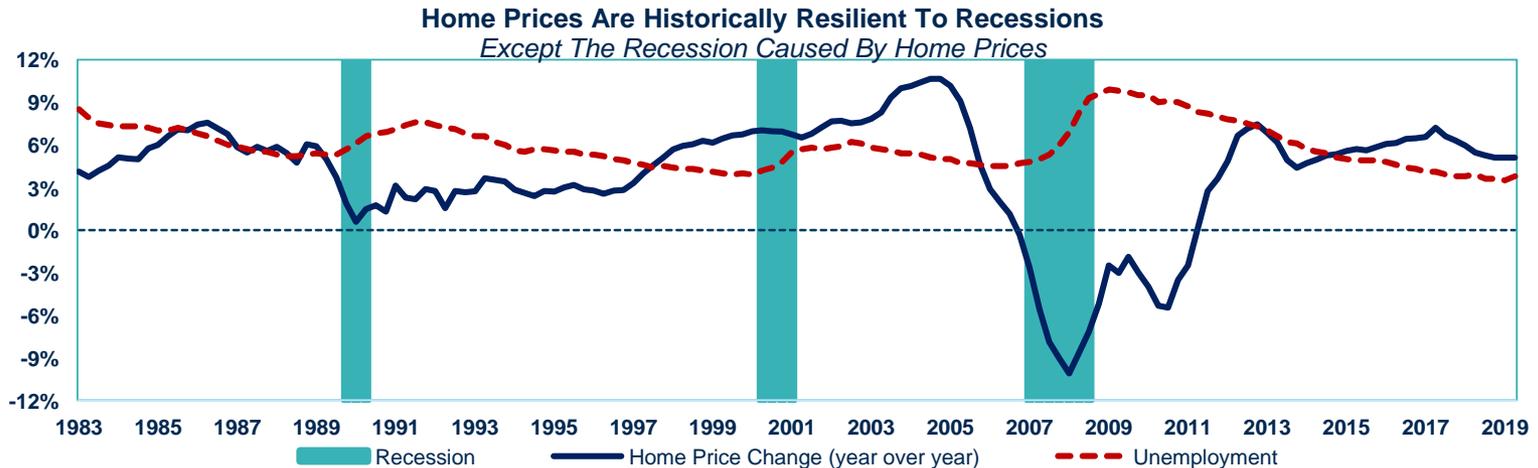
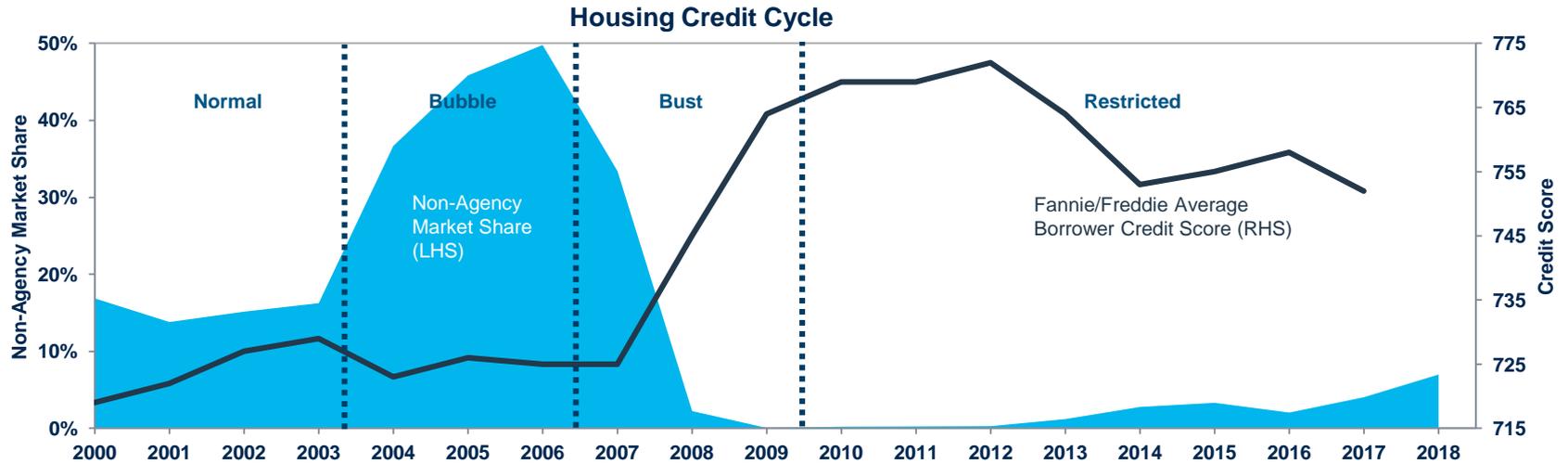
The home price put option

Historic Mortgage Default Probability
for borrowers with a 750 credit score



Source: Fannie Mae March 31, 2020 (most recent data available), Bloomberg, ICI as of May 31, 2020 (most recent data available). This information is taken, in part, from external sources. We believe these external sources to be reliable but no warranty is made as to accuracy. This is Amundi Pioneer's current assessment of the market and is subject to change. It is provided for informational purposes only and should not be considered a recommendation to buy or sell securities or a guarantee of future results.

Pre-COVID Mortgage Market

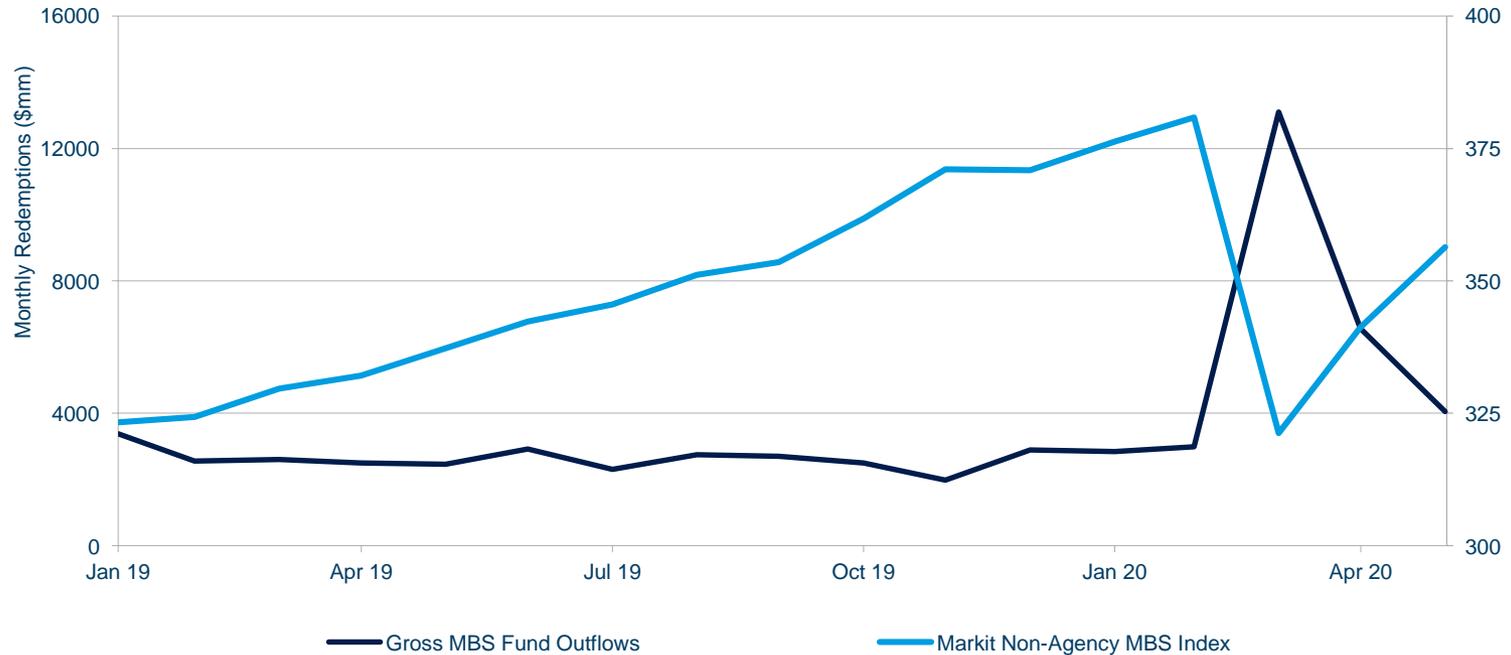


Source: Bloomberg, US Census Bureau, National Association of Realtors, Amundi Pioneer

Mind the liquidity gap

Portfolio context is critical

MBS Fund Flows vs. Non-Agency MBS Index

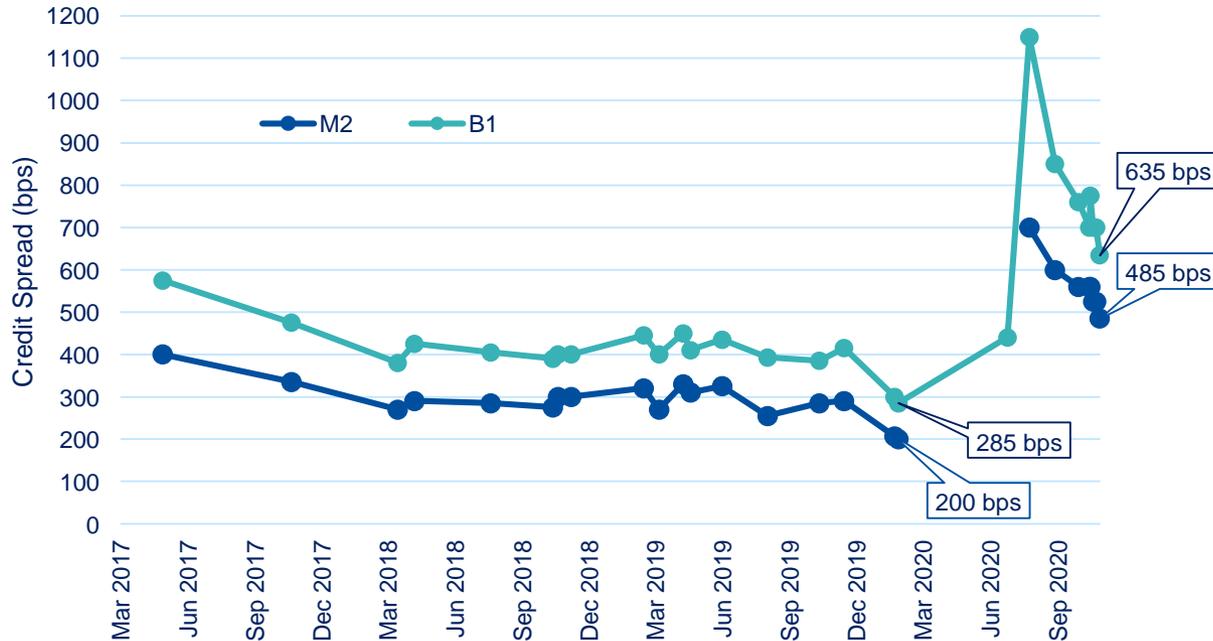


Bloomberg, ICI as of May 31, 2020 (most recent data available). This information is taken, in part, from external sources. We believe these external sources to be reliable but no warranty is made as to accuracy. This is Amundi Pioneer's current assessment of the market and is subject to change. It is provided for informational purposes only and should not be considered a recommendation to buy or sell securities or a guarantee of future results.

Double the spread

Payback for poor liquidity?

MI-CRT New-Issue Pricing Levels



MI-CRT: mortgage insurance credit risk transfer. Investors in these transactions assume the risk of loss on pools of residential mortgages across the United States.

Source: Amundi Pioneer. Last data point: November 11, 2020. Past performance is no indication of future results.

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