

D.B. Fitzpatrick & Co., Inc. - Idaho Commercial Mortgage Portfolio

Domestic Fixed: Barclays Capital Mortgage Benchmark

For the month of:

August

2020

Manager Performance Calculations** Annualized returns*

	Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
Idaho Commercial Mortgages	-0.34%	0.65%	9.11%	7.16%	5.96%
BC Mortgage	0.04%	0.13%	4.54%	3.64%	3.13%

Portfolio Summary

Market Value: \$ 941,725,939

Delinquencies/REOs

				\$ Amt	% of Portfolio
Originations/Payoffs		30 days	\$	-	0.00%
Month:	\$ 15,653,157	60 days	\$	-	0.00%
Year to Date:	\$ 84,765,611	90 days	\$	-	0.00%
		120+ days	\$	-	0.00%
Payoffs:	\$ -	REOs	\$	-	0.00%

Performance Attribution & Strategy Comments

The Idaho Commercial Mortgage Portfolio underperformed the Barclays US MBS Index by 38 basis points in August as Treasury bond yields rose. The portfolio's long-term outperformance (283 basis points annualized during the last five years) is a function of its low historical delinquency rate combined with a significant yield advantage over broad fixed income indices. The weighted average coupon of the portfolio was 4.18% at the end of August.

The Idaho economy was in a strong position prior to the onset of the health crisis and has survived the downturn relatively well. As the state moves to re-open both consumers and businesses are showing resilience, though fiscal stimulus remains a key variable for the next several months. Consumer behavior (willingness to stay in a hotel, physically enter a retail outlet, etc.) will be a critical factor for commercial real estate as the health crisis evolves, with some sectors (hotels, retail) impacted disproportionately. Within our portfolio there are signs that even the hardest hit property types have seen some improvement during the last two months, though the situation remains fluid.

The Idaho Commercial Mortgage Portfolio has been stable without any new payment relief requests the last two months. Two loans (out of 282 total) remain on deferred payments, with all other deferred payment loans having returned to interest-only or full principal and interest payments. There are currently 26 loans on short term interest-only payments as part of a relief request. All loans within the portfolio are paid current through the month of August.

This page left intentionally blank