



# BRLMX Portfolio Commentary

In April, fixed income markets were shaped by the intersection of geopolitical risk, evolving monetary policy expectations, and continued moderation in underlying economic growth. Given these headwinds, we are actively managing our securitized portfolio in regards to potential risks. First, we are avoiding subprime markets. Significant pockets of weakness persist in lower-income cohorts, particularly within select auto and unsecured consumer Asset Backed Securities (ABS) collateral pools. Second, we have been avoiding the Collateralized Loan Obligations (CLO) market as that market continues to exhibit stress. We believe elevated corporate leverage ratios and increasing refinancing risk across lower rated borrowers have raised default probabilities. However, we are finding many other opportunities within securitized products that we believe offer good risk adjusted relative value.

Credit spreads within securitized products generally demonstrated resilience relative to the broader credit markets during the month. We continue to favor residential mortgage credit fundamentals, at this time. Our seasoned Prime Jumbo Residential Mortgage Backed Securities (RMBS) allocation remains a core portfolio holding at approximately 44% of the portfolio. This sector has benefitted from significant Home Price Appreciation, which created large borrower equity cushions. We added selectively to discount priced positions offering weighted average yields of approximately 5.2%, with average seasoning of approximately 7 years and durations of approximately 5 years. Within seasoned Agency Credit Risk Transfer (CRT) RMBS, we increased our allocation from 8.4% to 9.6% of the portfolio by selectively adding positions offering compelling relative value. These positions offer approximately 7.8% yields, average seasoning of approximately 8 years, and approximately 39% home price index-adjusted Loan-To-Value ratios, and durations of approximately 5.8 years. We believe these positions offer attractive income generation with substantial borrower equity lowering default risk meaningfully.

Within ABS, we maintained an approximate 16.8% allocation to Prime Auto ABS securities given their attractive yield and favorable performance characteristics supported by resilient prime consumer credit fundamentals. Exposure to the Agriculture ABS sector changed slightly from approximately 10.2% to 9.5% of the portfolio. We slightly increased our Agency Multifamily Commercial Mortgage-Backed Securities (CMBS) exposure from 2.4% to 2.7% of the portfolio. We continue to view this sector as having an attractive source of high-quality income exposure, supported by durable housing demand fundamentals and strong structural features.

Liquidity remained sufficient, with cash holdings increasing to approximately 12.6% of the portfolio. This liquidity reserve provides flexibility to deploy capital opportunistically should spread volatility create more attractive entry points.

***This commentary must be preceded by or accompanied with a copy of the Fund's current [prospectus](#).***

## **RISKS AND DISCLOSURES**

An investment in the Bramshill Multi-Strategy Income Fund is subject to risk, including the possible loss of principal amount invested and including, but not limited to, the following risks: **Market Risk:** the market price of a security may decline, sometimes rapidly or unpredictably, due to general market conditions that are not specifically related to a particular issuer, company, or asset class. **Fixed income/interest rate:** Generally, fixed income securities decrease in value if interest rates rise, and increase in value if interest rates fall. **High Yield ("Junk") bond:** involve greater risk of default, downgrade, or price declines, can be more volatile and less liquid than investment-grade securities. **Securitized Products:** such as mortgage-backed and asset-backed securities, are subject to prepayment risk, "extension risk" (repaid more slowly), credit risk, liquidity and default risks. **Liquidity:** the Fund may not be able to sell some or all of the investments that it holds due to a lack of demand in the marketplace or it may only be able to sell those investments at a loss. Liquid investments may become illiquid or less liquid after purchase by the Fund. Illiquid investments may be harder to value, especially in changing markets. **Valuation:** From time to time, the Fund will need to fair-value portfolio securities at prices that differ from third party pricing inputs. This may affect purchase price or redemption proceeds for investors who purchase or redeem Fund shares on days when the Fund is pricing or holding fair-valued securities. Such pricing differences can be significant and can occur quickly during times of market volatility. **Credit Risk:** If an issuer or guarantor of a debt security held by the Fund or a counterparty to a financial contract with the Fund defaults or is downgraded or is perceived to be less creditworthy, the value of the Fund's portfolio will typically decline. The Fund's securities are generally not guaranteed by any governmental agency. **Real estate market:** property values may fall due to various economic factors. **Management and Strategy:** the evaluation and selection of the Fund's investments depend on the judgment of the Fund's Sub-Advisor, which may prove to be incorrect. **Sector:** emphasis of the Fund's portfolio on a specific sector may present more risks than if the portfolio were broadly diversified over numerous sectors. **Non-diversification:** focus in the securities of fewer issuers, which exposes the Fund to greater market risk than if its assets were diversified among a greater number of issuers. **Government Securities:** securities issued or guaranteed by the U.S. government or its agencies (such as securities issued by Ginnie Mae, Fannie Mae, or Freddie Mac) are subject to market risk, interest rate risk and credit risk. **Collateralized Loan Obligations:** subject to interest rate, credit, asset manager, legal, regulatory, limited recourse, liquidity, redemption, and reinvestment risks. **Recent Market Events:** Periods of market volatility may occur in response to market events and other economic, political, and global macro factors, could adversely affect the value and liquidity of the Fund's investments. **Repurchase agreement:** may be subject to market and credit risk. **Reverse repurchase agreement:** risks of leverage and counterparty risk. **Leverage:** The use of leverage may magnify the Fund's gains and losses and make the Fund more volatile. **Derivatives:** derivative instruments (e.g. short sells, options, futures) involve risks different from direct investment in the underlying assets, including possible losses in excess of amount invested or any gain in portfolio positions. **Municipal Bonds:** payment of principal and interest on these obligations may be adversely affected by a variety of factors at the state or local level. **Leveraged Loan:** subject to the risks typically associated with debt securities, and may be more credit sensitive. **Equity:** The value of equity securities may fall due to general market and economic conditions, perceptions regarding the real estate industry, or factors relating to specific companies. **Preferred Stock:** subject to company-specific and market risks applicable generally to equity securities and is also sensitive to changes in the company's creditworthiness, and changes in interest rates. **ETF:** Investing in an ETF will provide the Fund with exposure to the securities comprising the index on which the ETF is based and will expose the Fund to risks similar to those of investing directly in those securities.

**Loan-to-Value** ratio is an assessment of lending risk assessment that financial institutions and other lenders examine before approving a mortgage. Typically, assessments with high LTV ratios are higher risk. **Credit spreads** are the difference in yield between two debt securities with different credit quality but the same maturity. **Weighted Average Yield** is the average of the yield of all the bonds in a portfolio. **Duration** measures how sensitive a bond's price is to changes in interest rates, expressed in years. A **Home Price Index (HPI) adjusted loan-to-value (LTV)** ratio measures a mortgage's risk by updating a home's value based on market trends rather than just the original appraisal.

The Fund may not be suitable for all investors. We encourage you to consult with appropriate financial professionals before considering an investment in the Fund.

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Liberty Street Advisors, Inc. is the advisor to the Fund. The Fund is part of the Liberty Street Family of funds within the Investment Managers Series Trust.