

Holding-Based Statistics

	Core Fixed Income	Bloomberg Barclays Agg. Index
Yield to Maturity	2.63%	2.68%
Effective Duration	5.71 years	5.59 years
Average Quality	AA	AA

Strategy Statistics

Range of Holdings (Issuers)	100 - 150 est
Annualized Turnover	20% est
Firm Assets	204.14
Product Assets	31.83

Investment Philosophy

The Core Fixed Income Strategy seeks to add value by capturing market inefficiencies with regards to security selection and sector rotation. Through rigorous credit research and thoughtful analysis of risk/reward, we seek to construct portfolios with a yield advantage to the overall market. Through the compounding of this yield advantage and by minimizing other areas of portfolio volatility, we believe we can offer clients an attractive risk adjusted return through different market cycles.

Portfolio Management Team

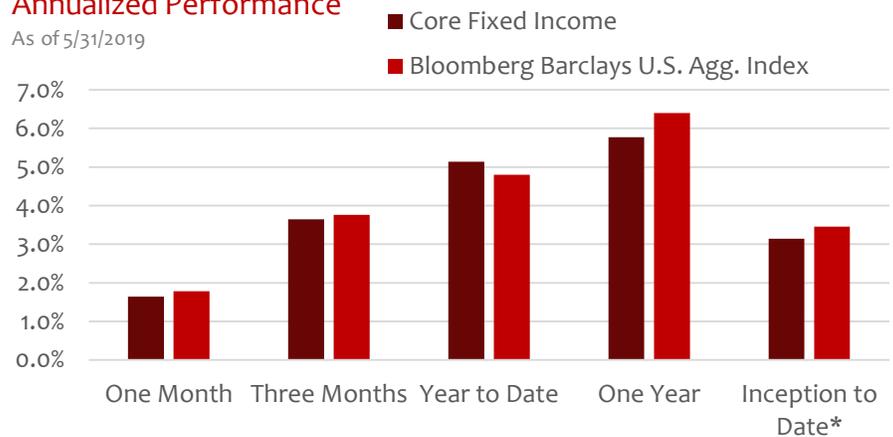
David M. Killian
Joseph D. Shacklock

Inception Date

3/31/2017

Annualized Performance

As of 5/31/2019

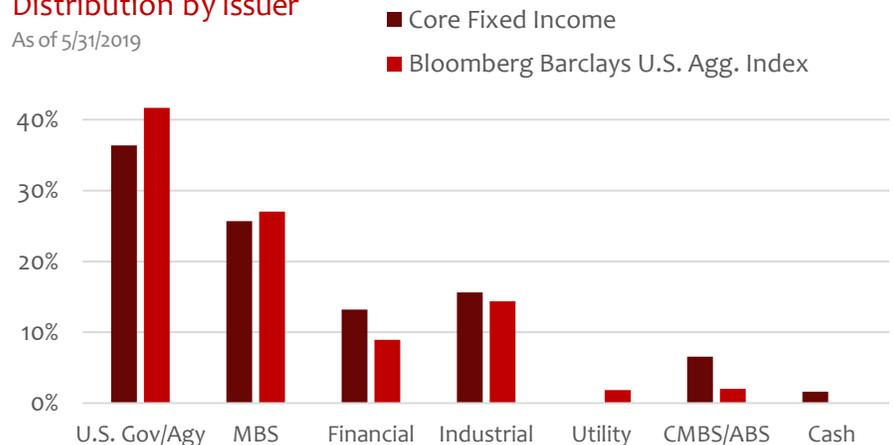


	One Month	Three Months	Year to Date	One Year	Inception to Date*
Core Fixed Income	1.64%	3.65%	5.14%	5.77%	3.14%
Bloomberg Barclays U.S. Agg. Index	1.78%	3.76%	4.80%	6.40%	3.46%

* Inception 3/31/2017

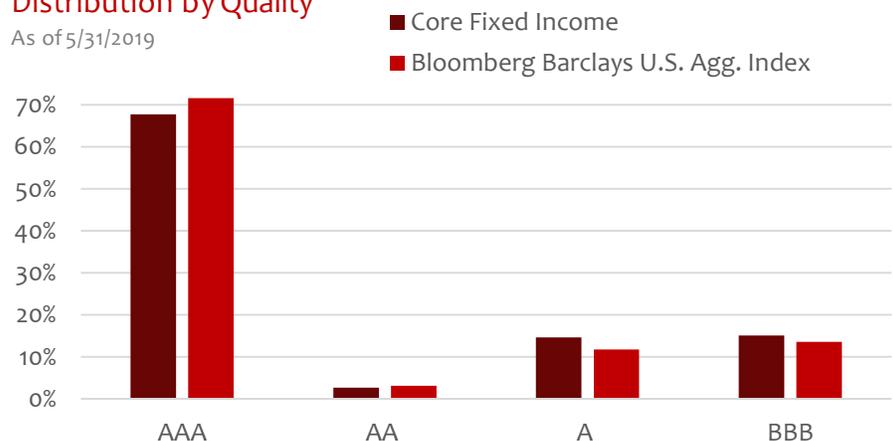
Distribution by Issuer

As of 5/31/2019



Distribution by Quality

As of 5/31/2019



Top 10 Holdings

As of 5/31/2019

US Treasury 2.875% - 8/15/28	6.17%
US Treasury 2.625% - 2/15/29	4.53%
US Treasury 2.50% - 3/31/23	3.98%
US Treasury 1.625% - 11/15/22	3.54%
US Treasury 1.375% - 9/30/20	2.41%
US Treasury 2.00% - 2/15/22	2.37%
US Treasury 2.625% - 8/15/20	2.20%
US Treasury 2.125% - 8/15/21	2.18%
US Treasury 3.00% - 2/15/48	2.06%
General Electric Co 4.125% - 10/9/42	1.97%

1Q2019 Portfolio Commentary

Despite current expectations that real GDP is expected to slow in the coming year to a range of 2%-2.5% from close to 3% last year, the S&P 500 still managed to gain 13.65% during the first quarter; the largest quarterly advance in nearly ten years. During the period the S&P recovered fully from the decline experienced during the December selloff. Positive market catalysts included an oversold technical position as we entered the year, better than expected corporate earnings, and continued progress in U.S./China trade negotiations. The market strength was further supported by the results of the March 19th FOMC meeting after which the Fed Chair indicated that no further interest rate increases would occur this year. The Fed's abrupt shift in policy stemmed from three key factors: tighter financial conditions during the fourth quarter, a significant slowdown in global growth, and limited inflation pressures. Given increasing concern among investors that the Federal Reserve may move too aggressively in raising interest rates, this surprise announcement was welcome news to the market. Interest rates declined for the period with the Ten-Year U.S. Treasury yield ending the quarter at 2.4%, down from the year end level of 2.68%. Contrary to the positive sentiment driving higher stock prices, bond market indicators are signaling a more cautious outlook. As per the fed funds futures, market investors are now expecting the Fed to cut rates this year to combat a slowing economy. This view is also consistent with the recent behavior of the yield curve, which continues to flatten and in some instances invert. The Fed's pivot to a more dovish stance, while positive in the near term, may prove insufficient to overcome both a meaningful slowing in the global economy, particularly China, and the lagged effect of prior rate hikes.

Investment Grade corporate bonds were the top performing sector during the quarter, advancing 5.14%, which reflected the overall positive market sentiment towards risk assets. The safe haven U.S. Treasury and Mortgage Backed sectors returned 2.11% and 2.17% respectively. Our relative overweight position to corporate bonds and our longstanding yield curve strategy focused on longer dated maturities benefitted results for the quarter as the yield curve has continued to flatten. At this advanced stage of the business cycle we continue to believe transitioning the portfolio toward a more high quality posture that lessens exposure to lower rated corporate bonds is appropriate. We also believe the flattening of the yield curve that we've seen over the past several years is nearly complete and we'll begin to adjust the maturity distribution of the bonds held in the portfolio accordingly.



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Birch Run Investments claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. Birch Run Investments has been independently verified for the period ending September 30, 2018. The performance data quoted represents past performance; past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted. To receive a complete list and description of Birch Run Investments composites and/or presentation that adheres to the GIPS standards, please contact David Killian by phone 610-321-3453, email info@birchruntime.com, or by mail 211 Welsh Pool Rd, Suite 234 Exton, PA 19341.