

Holding-Based Statistics

	Short Term Fixed Income Plus	Bloomberg Barclays 1-5yr Gov/Credit
Yield to Maturity	2.66%	2.10%
Effective Duration	2.55 years	2.59 years
Average Credit Quality	BBB+	AA

Strategy Statistics

Range of Holdings (Issuers)	100 - 150 est
Annualized Turnover	20% est
Firm Assets	205.8
Product Assets	30.94

Investment Philosophy

The Short Term Fixed Income Plus strategy is managed to provide a high degree of current income with an equal emphasis on price appreciation with limited interest rate risk. The strategy tactically allocates across a broad spectrum of investment grade corporate bonds, high yield corporate bonds, and U.S. Government securities based on relative value. The separate account strategy is actively managed with regards to security selection and yield curve exposure with an objective to generate a total return in excess of the index over a full market cycle.

Portfolio Management Team

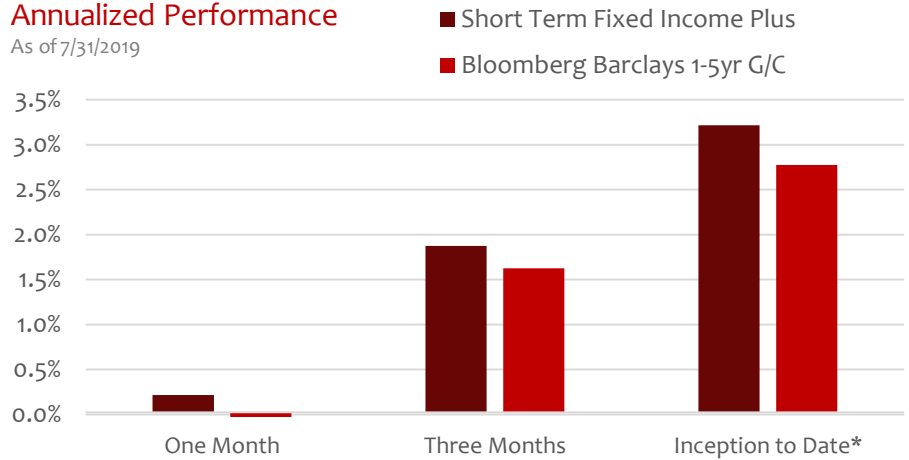
David M. Killian
Joseph D. Shacklock

Inception Date

2/28/2019

Annualized Performance

As of 7/31/2019

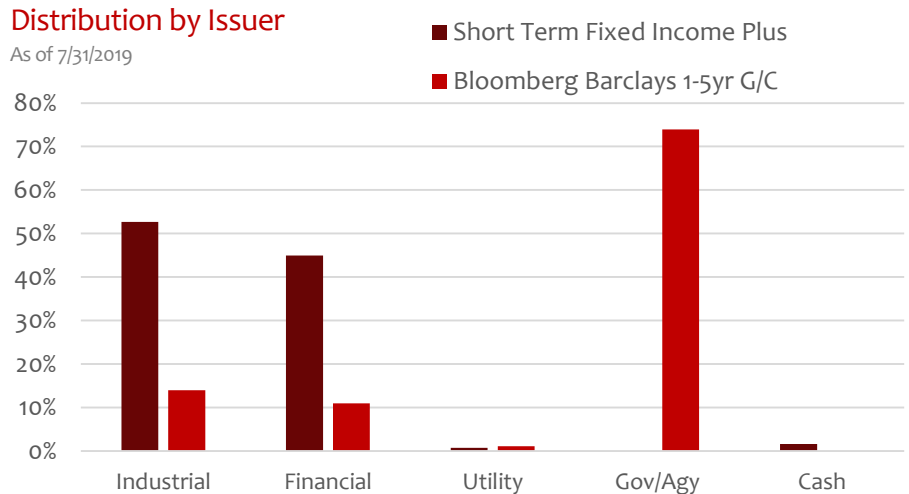


	One Month	Three Months	Inception to Date*
Short Term Fixed Income Plus	0.19%	1.85%	3.19%
Bloomberg Barclays 1-5yr G/C	-0.10%	1.60%	2.75%

* Inception 2/28/2019

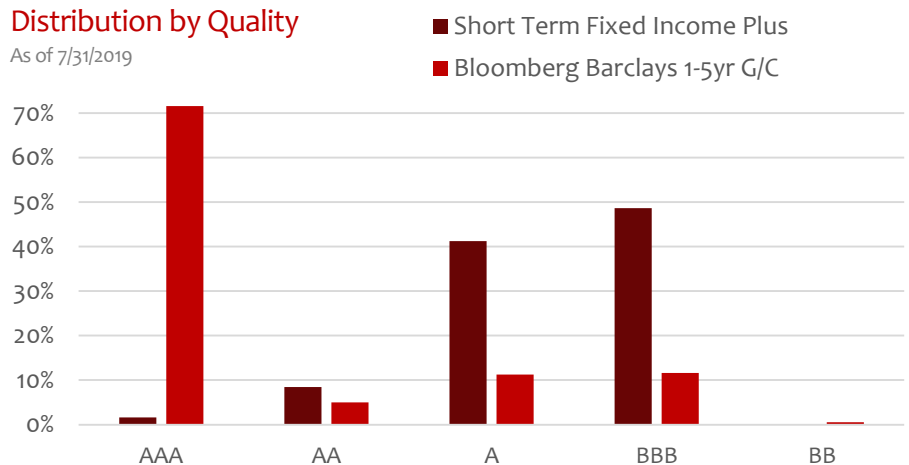
Distribution by Issuer

As of 7/31/2019



Distribution by Quality

As of 7/31/2019



Top 10 Holdings

As of 7/31/2019

Ford Motor Credit Co 5.584% - 3/18/24	1.99%
Goldman Sachs Inc 5.75% - 1/24/22	1.58%
Wells Fargo & Co 3.625% - 10/22/21	1.51%
HSBC Holdings PLC 3.95% - 5/18/24	1.48%
Bank of America Corp 2.625% - 4/19/21	1.47%
Goldman Sachs Inc 2.625% - 4/25/21	1.47%
Wells Fargo & Co 2.10% - 7/26/21	1.46%
JPMorgan Chase & Co 4.50% - 1/24/22	1.28%
JPMorgan Chase & Co 4.625% - 5/10/21	1.27%
General Motors Co 4.15% - 6/19/23	1.26%

2Q 2019 Portfolio Commentary

With the U.S. economy now entering a record 11th year of economic expansion, evidence is building that the longevity of the current cycle may be measured in quarters not years. Economic growth for the second quarter is expected to have decelerated from the first quarter advance of 3.1% to an annual growth rate of just 1.3%. This dramatic slowdown reflects both slower domestic activity and continued weakness in both Europe and China. Continued escalation in U.S. and China trade negotiations has weighed heavily on U.S manufacturing activity, which slowed to the lowest level of the Trump presidency during the month of May. Further evidence of a slowdown can be seen in weaker than expected new home sales and monthly non-farm payroll gains that have fallen below expectations. Despite the record length of the expansion and the lowest unemployment rate in close to fifty years, inflation has stubbornly remained below the Fed's target of 2.0%. Low inflation, which previously had been viewed as transitory, is now a point of growing concern among investors and the policy makers.

In light of weaker than expected economic data and persistently low inflation, the Fed has indicated a new willingness to lower interest rates in an effort to prolong the economic expansion. Such an abrupt shift by Fed officials from the 4th quarter of 2018, when they suggested interest rates would continue to climb throughout 2019, is likely underpinned by a recognition that prior rate increases were ill-timed. This pivot to a more accommodative policy can also be seen globally. ECB President Draghi has suggested that additional stimulus in the Eurozone may be warranted if inflation in the region doesn't improve. These recent developments have resulted in a repricing of interest rates globally. U.S. 10-year Treasury yields closed the quarter at 2.0%, 50 bps lower than where they traded at the end of April, while the German 10-year yield hit a new record low of negative 0.30%. U.S. Treasury yields across all maturities now trade at or below the Fed's current targeted range of 2.0%-2.5%, underscoring the likelihood of future rate reductions. Investor debate currently centers on whether pre-emptive interest rate reductions by the Fed will be successful in preventing a recession. Encouragingly, the FOMC responded in a similar way by cutting rates in the mid '90s when economic conditions changed abruptly, and the economy continued to grow for another four years.

In light of the Fed pivot to a more accommodative policy stance, we reduced the strategy's exposure to U.S Treasury securities during the quarter and increased exposure to higher yielding corporate bonds. Portfolio positioning is focused on bonds in the BBB ratings category where we currently find the most attractive relative value. Recent additions include bonds in the technology and energy sectors where yields have increased due to escalating trade and geopolitical concerns. We continue to believe the strategy's yield advantage versus the index and the opportunity for price appreciation as the Fed reduces interest rates creates a meaningful opportunity for total return.



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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.