

Holding-Based Statistics

	Tax Exempt Total Return	Bloomberg Barclays Muni Bond
Yield to Maturity	2.62%	2.81%
Effective Duration	4.87 years	4.82 years
Average Credit Quality	A	AA-

Strategy Statistics

Range of Holdings (Issuers)	75 - 100 est
Annualized Turnover	20% est
Firm Assets	207.93
Product Assets	18.62

Investment Philosophy

The Tax Exempt Total Return strategy seeks to deliver total return and a high level of tax-exempt income by constructing a diversified and high quality portfolio of municipal securities. Using a value oriented and opportunistic approach, the strategy takes advantage of the entire yield curve and investment grade credit quality spectrum. This separate account strategy can be customized to meet individual liquidity needs or risk tolerance.

Portfolio Management Team

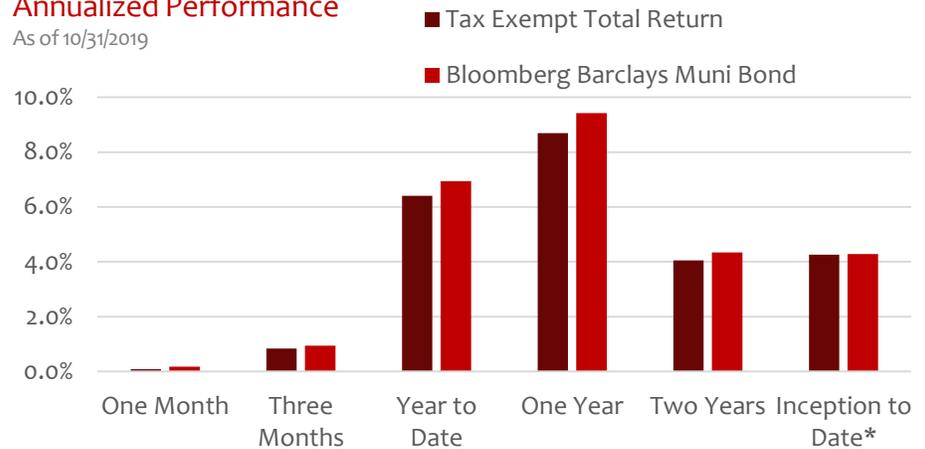
David M. Killian
Joseph D. Shacklock

Inception Date

6/30/2017

Annualized Performance

As of 10/31/2019

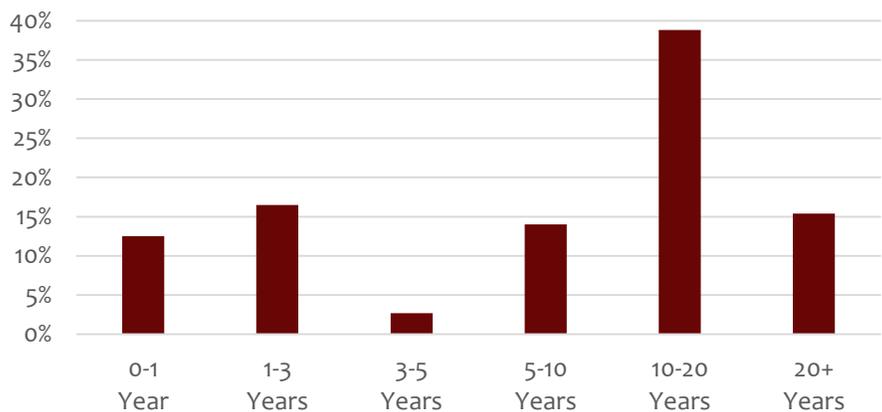


	One Month	Three Months	Year to Date	One Year	Two Years	Inception to Date*
Tax Exempt Total Return	0.08%	0.84%	6.41%	8.69%	4.05%	4.26%
Bloomberg Barclays Muni Bond	0.18%	0.94%	6.94%	9.42%	4.34%	4.28%

* Inception 6/30/2017

Maturity Distribution

As of 10/31/2019



Distribution by Quality

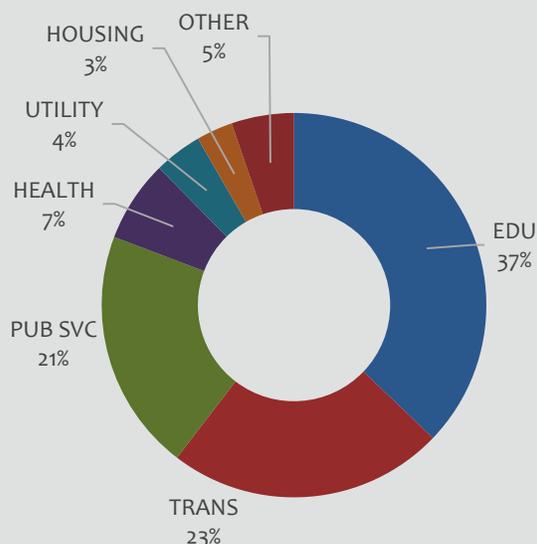
As of 10/31/2019



3Q2019 Portfolio Commentary

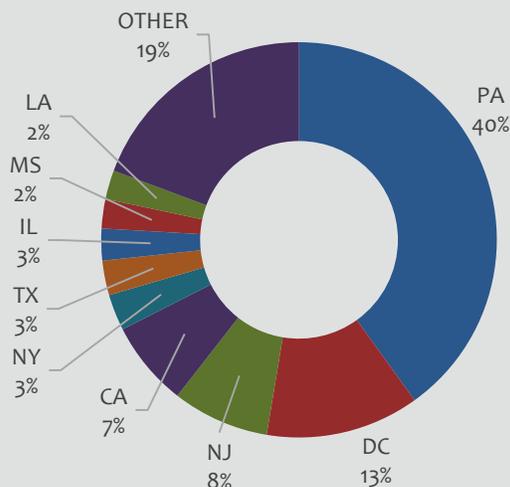
Sector Distribution

As of 10/31/2019



State Distribution

As of 10/31/2019



The increasingly cautious tone to investor sentiment witnessed throughout the year was again evident this past quarter as global economic growth and inflation expectations continued to decline. While the economy is continuing to advance, the rate of growth has clearly slowed. Current expectations are that GDP will advance 2.0% in 2019 and slow further in 2020 to 1.7%, a meaningful deceleration from the 2.9% growth experienced in 2018. A central theme underlying the slowing U.S. growth outlook has been the lagged effect of ill-timed prior Fed rate increases and the ongoing uncertainties resulting from the U.S. China trade dispute. A key catalyst for increased investor concern during the third quarter was a surprisingly sharp decline in the manufacturing outlook to a level not seen in nearly ten years. Trade tensions and the resulting pullback in business sentiment has been a meaningful headwind for the manufacturing sector, and the recent reading now suggests that this segment of the economy is already in the grips of a recession. The modest strength the U.S. economy has been experiencing has been heavily weighted on the resilience and strength of consumer spending. Although a lagging indicator, the strength of the labor market continues to impress with the most recent payroll data showing the unemployment rate at a fifty year low of 3.5% and wage growth advancing 2.9% year over year. Whether a contraction in the manufacturing sector and growing trade uncertainties results in a slowdown of consumer spending is a growing point of concern and central to the economic outlook. The most recent economic survey that measures the pace of consumer spending has slowed, but encouragingly still suggests positive momentum. As expected, the Federal Reserve has responded to this uncertain outlook by continuing to reduce short term interest rates. Expectations are high that they will again cut rates at the upcoming October meeting of the FOMC.

Reflecting increased recession risks, U.S. Treasury yields declined sharply during the quarter with U.S. 10-year bonds re-testing the all-time low in yields last seen in 2016. The 10-year U.S. Treasury closed the quarter at a yield of 1.67%. In light of the large portion of global bonds with negative yields, slowing global growth, and little to no inflation pressure, it's of little surprise that interest rates in the U.S. continue to decline. In light of the uncertain economic outlook, our top down view favors higher quality GO and essential services backed revenue bonds with intermediate and longer term maturities where valuations remain attractive relative to U.S. Treasuries. Unrelenting demand for short term tax exempt bonds has resulted in stretched valuations along this segment of the curve where we currently find greater value in taxable alternatives.



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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.