

TAX EXEMPT TOTAL RETURN

March 2021

Morningstar Rating™



Holding-Based Statistics

	Tax Exempt Total Return	Bloomberg Barclays Muni Bond
Yield to Maturity	2.42%	2.34%
Effective Duration	5.48 years	4.70 years
Average Credit Quality	A	AA-

Strategy Statistics

Number of Bonds	291
Trailing 12 Month Turnover	19%
Firm Assets	245.06
Product Assets	22.06

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

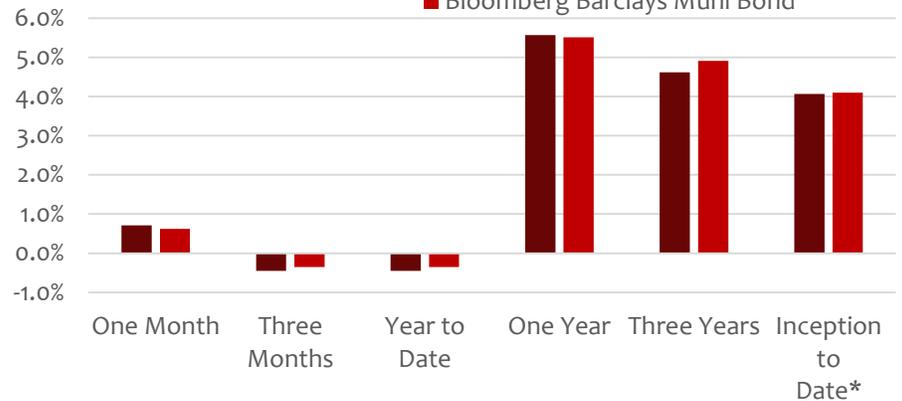
David M. Killian
Joseph D. Shacklock

Inception Date

6/30/2017

Annualized Performance

As of 3/31/2021

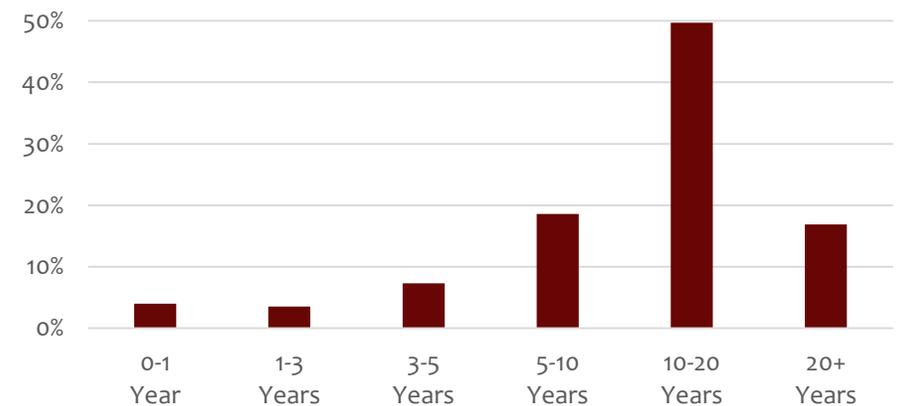


	One Month	Three Months	Year to Date	One Year	Three Years	Inception to Date*
Tax Exempt Total Return	0.71%	-0.45%	-0.45%	5.57%	4.62%	4.07%
Bloomberg Barclays Muni Bond	0.62%	-0.35%	-0.35%	5.51%	4.91%	4.10%

* Inception 6/30/2017

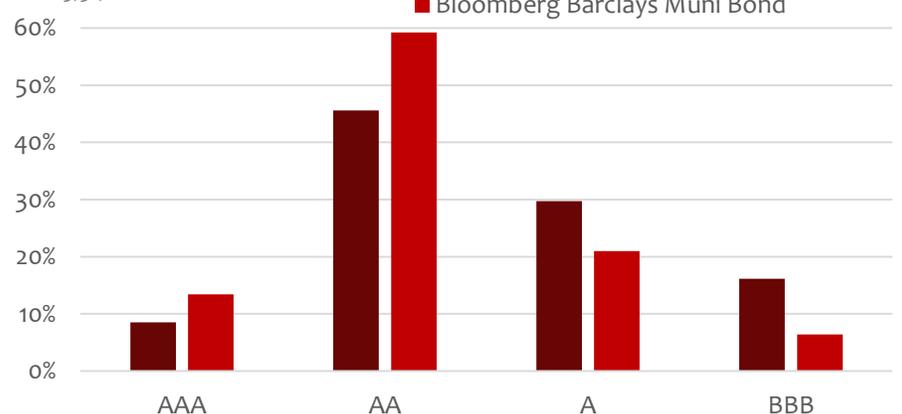
Maturity Distribution

As of 3/31/2021



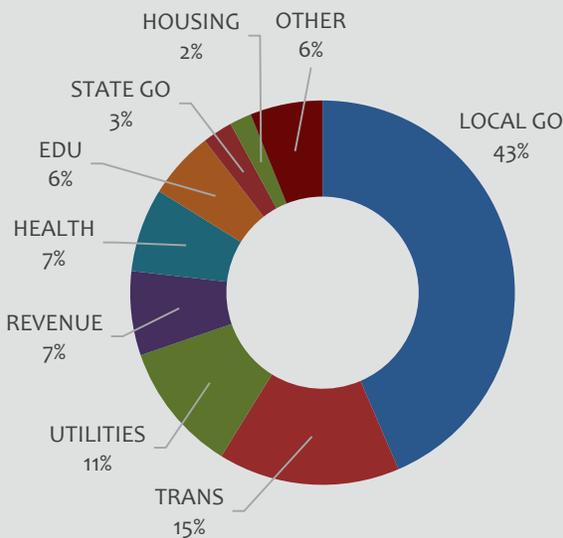
Distribution by Quality

As of 3/31/2021



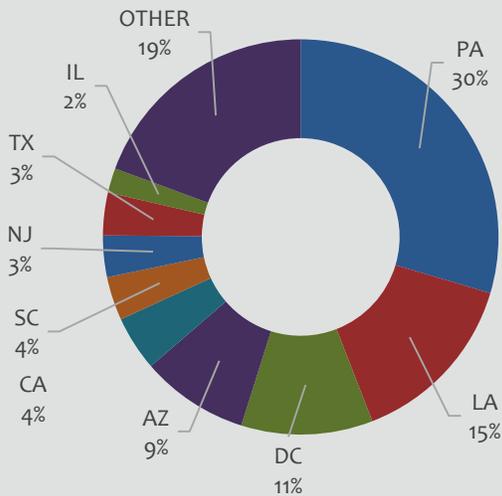
Sector Distribution

As of 3/31/2021



State Distribution

As of 3/31/2021



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1Q 2021 Portfolio Commentary

More than one year removed from the onset of the COVID-19 pandemic in the U.S., the current economic outlook is largely positive. Historic levels of government stimulus, growing consumer confidence, and the general consensus that the pandemic is close to abating has laid the foundation for what will likely be above trend GDP growth for, at a minimum, the balance of 2021. Faster than initially anticipated vaccine rollout and availability is expected to propel consumer spending in the coming quarters as more states lift restrictions and consumers grow more comfortable dining, shopping, and traveling outside of their homes. This anticipated resurgence in both consumer and business spending will be supported by proceeds received from federal stimulus programs as well as increased personal savings accrued during the pandemic. U.S. Treasury yields have responded to the improving economic outlook, moving sharply higher during the quarter reflecting both increased investor confidence in the economic recovery and the associated risks of higher inflation.

The FOMC currently projects annual inflation will reach 2.4% by the end of this year before receding to the central bank's 2% target in 2022. Achieving this elusive 2% inflation objective would be a welcome development by investors, however if inflation were to increase more significantly the Fed may be forced to tighten policy more aggressively than currently planned. The continued steepening of the yield curve is due in part to this uncertain inflationary outlook. The spread, or difference in yield, between the 2-year and 10-year Treasury Notes now stands at 1.58%, an increase of nearly 1.0% from levels seen throughout the summer of 2020. While rates will likely continue to rise modestly in the coming months, we do not expect them to increase as sharply and quickly as they have since the start of the year.

Despite the increased volatility in the U.S. Treasury market, intermediate maturity municipal bonds, a segment of the market we have been particularly focused on in client portfolios, have continued to perform well. Continuation of a very strong technical backdrop for the sector has resulted in municipal bond yields holding relatively unchanged, which has supported valuations. For the twelve months ending March 31, 2021 the Barclays 10 Year U.S. Municipal Bond Index gained 5.44%, far outpacing the Barclays U.S. Treasury Index return of -4.43%.

We continue to believe that the most attractive opportunities in the municipal sector remain in intermediate and longer dated maturities. Despite concerns around the stability of state and local government financials that were prevalent in the early days of the pandemic, municipal bonds have fared quite well due to increased demand, faster than anticipated economic recovery, and various stimulus packages. In our view, municipal bond investors seek stability, liquidity, and income. For this reason, we have a strong bias toward general obligations bonds of the highest quality, which are typically backed by the unlimited taxing authority of the issuer. In the area of revenue backed issues, we prefer higher quality "essential service" revenue, such as water infrastructure, rather than project based issues that can be susceptible to possible revenue shortfalls. As always, we intend to be opportunistic in continuing to realize gains in securities where appropriate while maintaining a high quality and liquid portfolio, well equipped to respond quickly to changing market conditions.

At the short end of the curve (maturities less than or equal to 5 years) we continue to favor higher yielding short term corporate bonds where the after tax yields are consistently more favorable than high priced municipal bonds of similar maturity. Given our expectation for rising yields, our overall bias continues to be in favor of shorter dated bonds that are less price sensitive to changes in the yield curve. However, given the recent steepening of the curve we have begun to selectively add exposure to longer maturity bonds where the yield differential is increasingly attractive. As yields continue to increase we would expect this repositioning process to continue, which will improve the overall level of portfolio income.

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