

Holding-Based Statistics

	Short Term Fixed Income	Bloomberg Barclays 1-3yr Gov/Credit
Yield to Maturity	1.05%	0.31%
Effective Duration	2.41 years	1.85 years
Average Credit Quality	BBB+	AA+

Strategy Statistics

Number of Bonds	173
Trailing 12 Month Turnover	45%
Firm Assets	262.3
Product Assets	36.77

Investment Philosophy

The Short Term Fixed Income strategy is managed to provide a high degree of current income with limited interest rate risk by investing in high quality investment grade corporate bonds and U.S. Government securities. 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

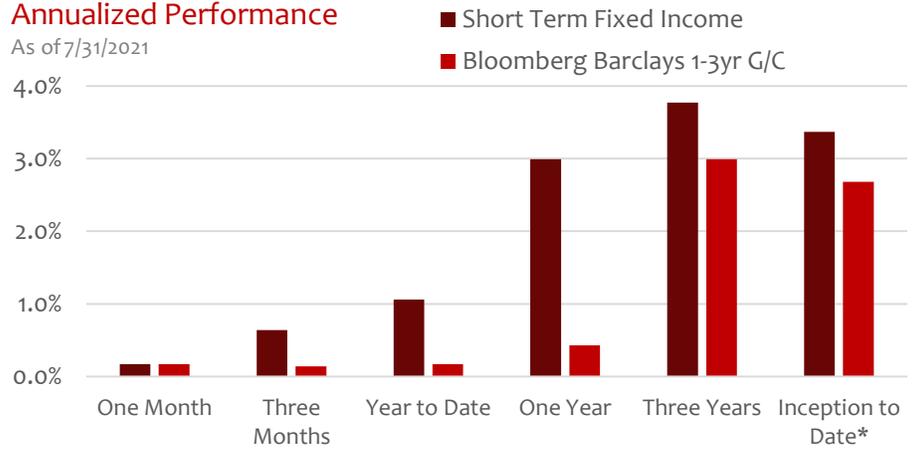
David M. Killian
Joseph D. Shacklock

Inception Date

1/31/2018

Annualized Performance

As of 7/31/2021

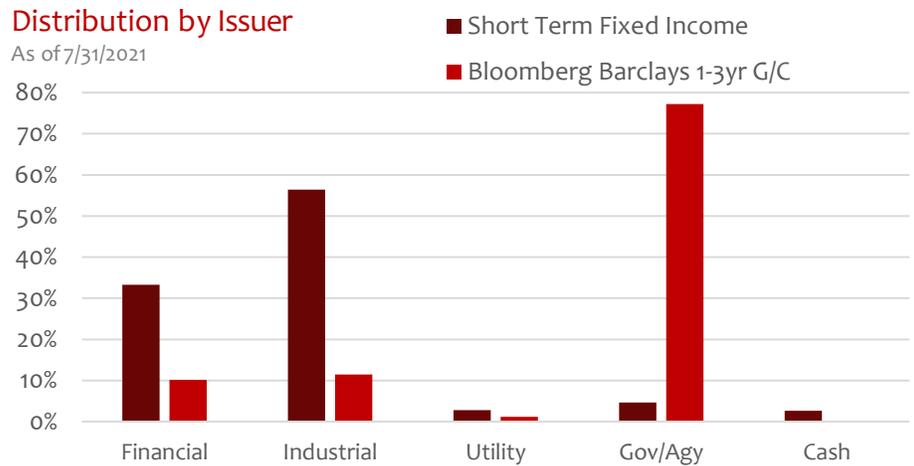


	One Month	Three Months	Year to Date	One Year	Three Years	Inception to Date*
Short Term Fixed Income	0.17%	0.64%	1.06%	2.99%	3.77%	3.37%
Bloomberg Barclays 1-3yr Gov/Credit	0.17%	0.14%	0.17%	0.43%	2.99%	2.68%

* Inception 1/31/2018

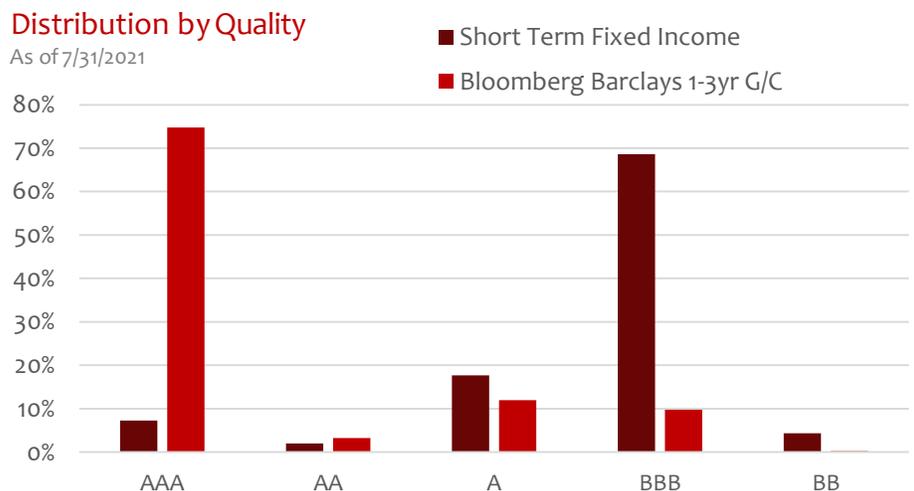
Distribution by Issuer

As of 7/31/2021



Distribution by Quality

As of 7/31/2021



Top 10 Holdings

As of 7/31/2021

Owl Rock Capital Corp 4.00% - 3/30/25	1.81%
Micron Technology 4.64% - 2/6/24	1.54%
JPMorgan Chase & Co 3.875% - 9/10/24	1.49%
Southwest Airlines Co 2.75% - 11/16/22	1.47%
Dr Pepper Snapple 3.13% - 12/15/23	1.45%
Banco Santander 2.706% - 6/27/24	1.44%
Mosaic Co 4.25% - 11/15/23	1.40%
Marriott International 5.75% - 5/1/25	1.39%
Boeing Co 4.875% - 5/1/25	1.34%
Marsh & McLennan Co 3.875% - 3/15/24	1.25%

2Q 2021 Portfolio Commentary

Vaccination efforts in the U.S. have been strong with approximately 172 million Americans, or about 67% of the adult population, having received at least one dose of a COVID-19 vaccine. These figures fall only slightly short of the Biden administration's goal of 70% before the July 4th holiday. Falling rates of new infections have allowed for the easing of many pandemic related restrictions, giving way to a surge in both consumer and business spending fueled by \$6 trillion in Federal stimulus and a large degree of the long anticipated pent-up demand. As measured by the S&P 500 Index, U.S. equities continue to post strong positive total return performance, gaining 8.5% in the most recent quarter, 15.2% year to date, and 96.1% from the March 2020 pandemic low. Market sentiment is mixed regarding the remainder of 2021 and beyond, with expectations of continued strength counterbalanced by the idea that an extended rally is unlikely given that the majority of the reopening momentum is already priced in.

Though near-term inflation expectations remain elevated, there is continued uncertainty around long-term projections. While the 2-Year U.S. Treasury yield has increased 9 basis points to end the quarter at 0.25%, the 10-Year U.S. Treasury yield has fallen 29 basis points to 1.45%. The spread, or difference in yield, between the 2-Year and 10-Year U.S. Treasury notes ended the quarter at 120 basis points, down from 158 basis points at the end of the first quarter. Movement at the short end of the yield curve is typically driven by the market's expectation of changes to the fed funds rate. At the long end, movement is driven by inflation expectations. The activity seen in the most recent quarter suggests that the market believes that the Federal Reserve (Fed) will respond to an inflation spike with higher rates, which will effectively cool the market and stifle inflation in the intermediate term. Risk appetite remains strong in credit markets: for the six months ending June 2021 the Barclays U.S. Corporate Bond Index returned -1.3% while high yield bonds as measured by Barclays U.S. Corporate High Yield index advanced 3.6%, both returns outpacing the Barclays U.S. Treasury Index return of -2.6%.

While the Fed continues to maintain an accommodative policy, how this policy will shift in the coming quarters is highly debated among investors. The latest commentary from Chairman Powell holds firmly to the position that the recent increase in inflation has been the result of transitory factors related to the reopening of the economy. Thus he believes the spike in inflation will subside, leading to a decline back to the Fed's long-term 2% target. As a group, the FOMC does not expect to increase the benchmark short-term rate until at least 2023. However, individual board members have been vocal in their opinion that continued strength may very likely force the Fed to act in 2022. Forward market pricing has responded to this internal debate among Fed officials and now implies a 41% probability of at least one rate increase in 2022, up from 12% at the start of the year. The most recently released employment and wage growth figures further cloud the outlook as investors question if the recent gain in wages is sustainable, or if it is a result of transitory pandemic related factors that will subside in the coming months.

While investor risk appetite remains robust and credit fundamentals hold relatively sound, investment grade corporate bond valuations now fully reflect this very favorable backdrop and have reached historic highs. We continue to use this environment as an opportunity to realize gains in issues where additional upside is limited while being increasingly selective when evaluating new purchases. In light of the progressively uncertain inflation outlook and how this might impact future Fed policy, we have also begun the process of establishing a defensive U.S. Treasury allocation. We expect the safety and liquidity of U.S. Treasuries will position portfolios well to respond opportunistically to any market disruptions stemming from the uncertain outlook.



211 Welsh Pool Rd, Suite 234
Exton, PA 19341

610-321-3453
birchrinvestments.com

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