

Holding-Based Statistics

	Tax Exempt Total Return	Bloomberg Muni Bond
Yield to Maturity	4.01%	3.71%
Effective Duration	4.90 years	5.41 years
Average Credit Quality	A1	AA-

Strategy Statistics

Trailing 12 Month Turnover	5%
Firm Assets	270.0
Product Assets	17.4

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

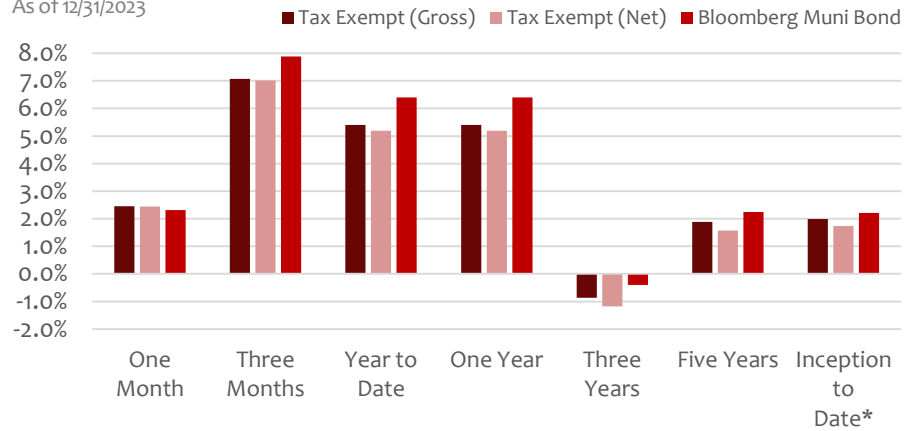
David Killian
John DeLaney, CFA

Inception Date

6/30/2017

Annualized Performance

As of 12/31/2023

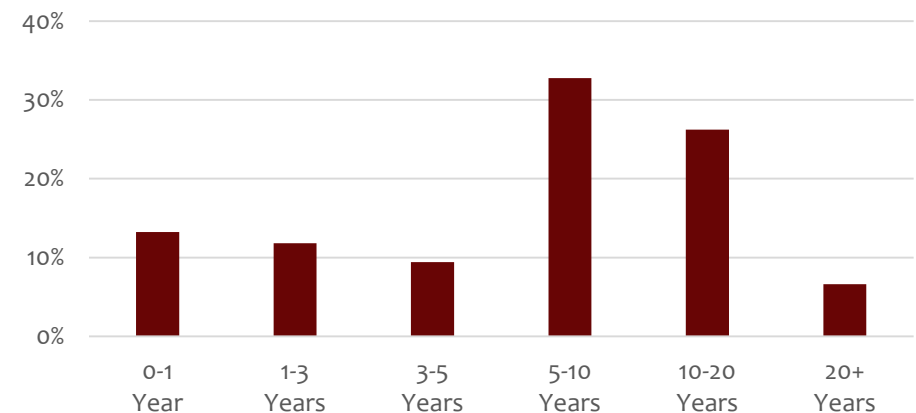


	One Month	Three Months	Year to Date	One Year	Three Years	Five Years	Inception to Date*
Tax Exempt (Gross)	2.45%	7.07%	5.40%	5.40%	-0.86%	1.88%	1.99%
Tax Exempt (Net)	2.44%	7.02%	5.19%	5.19%	-1.18%	1.57%	1.73%
Bloomberg Muni Bond	2.32%	7.89%	6.40%	6.40%	-0.40%	2.25%	2.21%

* Inception 6/30/2017

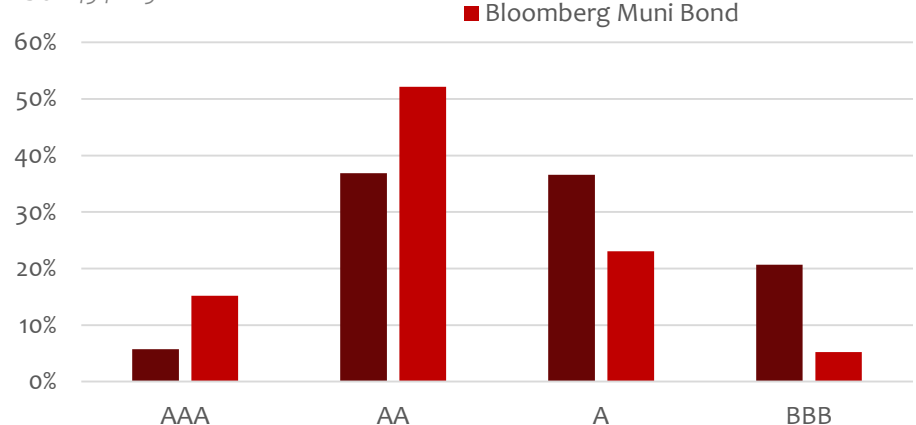
Maturity Distribution

As of 12/31/2023



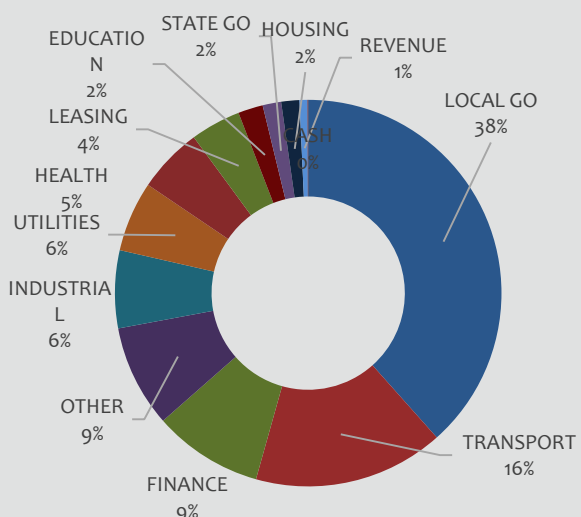
Distribution by Quality

As of 12/31/2023



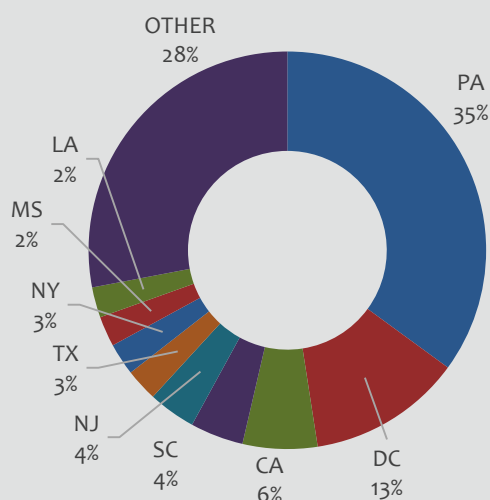
Sector Distribution

As of 12/31/2023



State Distribution

As of 12/31/2023



211 Welsh Pool Rd, Suite 234
Exton, PA 19341

610-321-3453
birchruninvestments.com

4Q 2023 Portfolio Commentary

After nearly two years of raising short term interest rates at a pace not seen in decades, the Federal Reserve during the fourth quarter telegraphed their intent to shift monetary policy towards a more neutral stance. Inflation pressures have continued to ease and recent economic data shows the deceleration on track to meet the Fed's 2.0% objective perhaps as early as March 2024. This inflation trajectory no longer warrants the highly restrictive policy rate of 5.50% which has been in place since July 2023 and would become even more restrictive as inflation pressures continue to subside. At the conclusion of the December FOMC meeting policymakers forecasted that 75 basis points of rate cuts in 2024 were likely, bond futures however price in a more optimistic view of nearly 125 basis points of cuts to be seen over the course of this year.

As we have highlighted over the past year, the U.S. economy has remained surprisingly resilient in the face of such a historic tightening of policy and despite odds to the contrary, the base case now is that the Federal Reserve will be successful in engineering a soft economic landing in the coming year. Although a few leading economic indicators remain that suggest caution with respect to near term recession odds, most notably an inverted yield curve and a recent softening in manufacturing surveys, most other data are supportive of continued economic expansion.

Bond investors were quick to embrace the bullish pivot by the Fed and aggressively purchased bonds of all maturities sparking an exceptionally strong rally to close out the year. Bond yields across the yield curve declined on average a full percentage point from the highs (see Chart 2). The Ten-Year U.S. Treasury Yield ending the year at 3.9% down from just over 5.0% in early October. Risk assets also embraced the lower interest rate outlook with credit spreads on both investment grade and high yield bonds rallying sharply to end the year at the tightest levels seen since the Fed began raising interest rates in late 2021.

In light of the new interest rate outlook, during the quarter we were opportunistic in extending the overall duration of client portfolios, repositioning to benefit from the shift lower in yields. We would expect to maintain a focus on intermediate term maturities throughout 2024 as this segment of the yield curve is poised to perform well as the yield curve normalizes, which should coincide with the Fed lowering short term interest rates. Corporate bond performance during the quarter was particularly strong and valuations have now priced in the benefits the shift in Fed policy provides, leaving limited upside for continued outperformance. The meaningful yield advantage corporate bonds provide leads us to maintain an above average weighting to the sector overall, however we continue to emphasize issuers of higher credit quality until valuations improve. In keeping with our bias toward higher quality issuers we have an increasingly favorable view towards government guaranteed mortgage backed securities. This is a sector of the market where, for many years, purchases in the open market by the Federal Reserve pushed valuations to unattractive levels and was a key factor in limiting our overall portfolio exposure. These valuations metrics have improved in recent months however and we expect to increase exposure to this high quality segment of the market in the coming months, further improving upon the portfolio's yield to maturity without compromising on credit quality.

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