



ASSET
PRESERVATION
ADVISORS

Municipal Bond Portfolio Management

Q2 2023



Since our founding in 1989, Asset Preservation Advisors (APA) has specialized in delivering the highest level of customization and active management of municipal bond portfolios for registered investment advisors, family wealth offices and institutional clients.



We Are Specialists

Boutique Municipal Manager with \$6.33 Billion AUM (6/30/23)

SEC Registered Investment adviser registered with the SEC*

Based in Atlanta, Georgia

Founded more than 30 years ago

Focused on a single fixed income asset class

Specializing exclusively on the management of Municipal Bond portfolios in Separately Managed Accounts (SMA)

Currently manage assets for clients in more than 35 states

*Registration does not imply a certain level of skill or training

APA ADVANTAGE

6.33B

Assets under
management
as of 6/30/23

20

Dedicated
professionals

Investment
team average
Experience

20+
years

Dedicated to Municipal Bond Management

Our dedication to one sector of the market, municipal bonds, allows us to focus our resources and strengthen our capabilities in credit research, trading and overall portfolio management.

Boutique Size = Agility

We believe our size is an advantage, allowing us to be more nimble in the secondary market.

Proven Investment Discipline

The same investment philosophy has been followed since our inception in 1989.

We believe in maintaining a consistent set of principles to meet our clients' objectives.

Emphasis on Separately Managed Customized Portfolios

APA believes that investors are better served owning individual bonds rather than mutual funds.

This allows for customization to meet their specific objectives and risk tolerance parameters.

Integrity and Commitment to Service

We are best known for our client service. The Advisors that utilize us to manage their client portfolios have direct and unlimited access to our portfolio managers and traders.

**Credit
Research
Group**

*(Career Analyst
Expertise)*

**Trading
Team**

*(Capturing Market
Inefficiencies)*

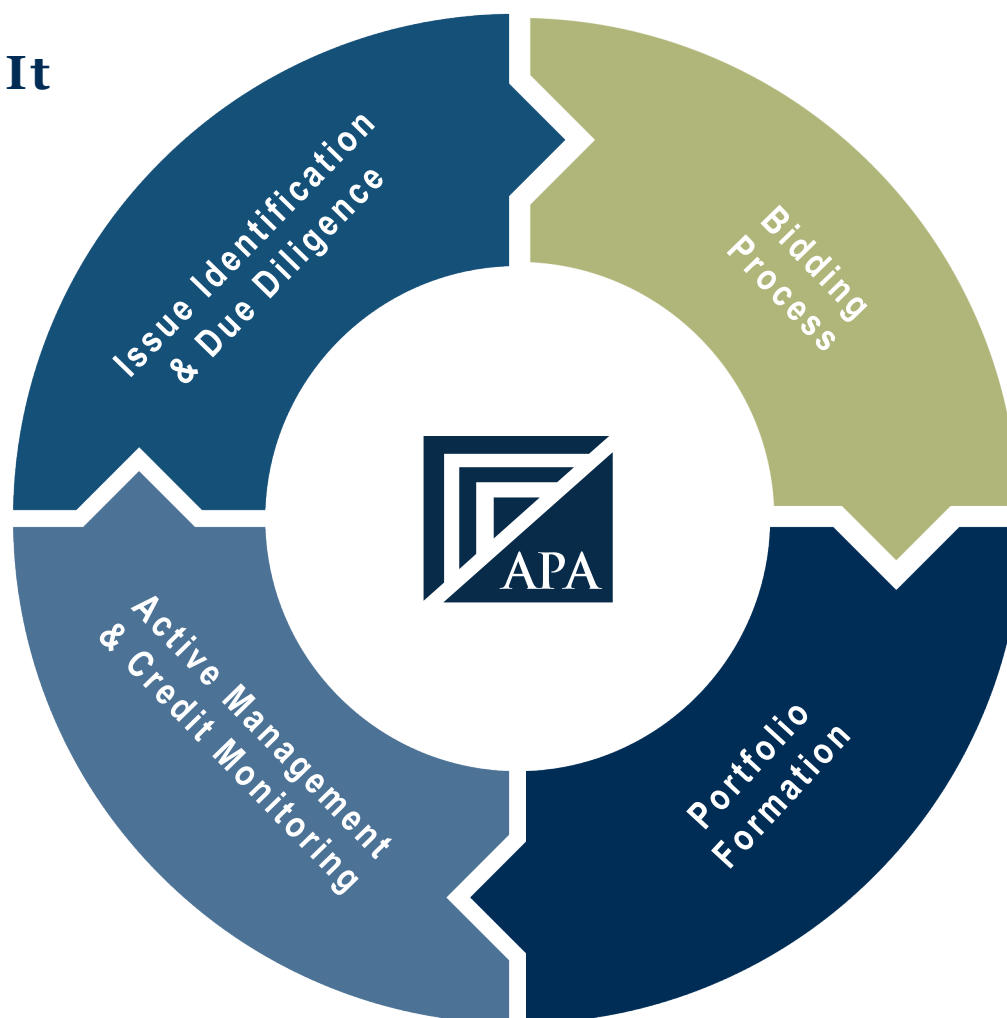
**Portfolio
Managers**

*(Continuous
Oversight)*

INVESTMENT PROCESS

APA is covered by more than 120 National and Regional Broker-Dealers. We compete with dealers in the bidding process in an effort to capture market inefficiencies; we believe our managed portfolios benefit by our purchasing methods which eliminate the mark-up of the broker-dealer sales process

How We Do It



Focus on
high-quality investment grade
issues with intermediate
maturities



Actively seek
bids/offers on issues that meet
our credit, maturity, & spread
requirements



Custom
allocation of issuers
for each portfolio



Continuous
monitoring of credit
quality & fundamentals

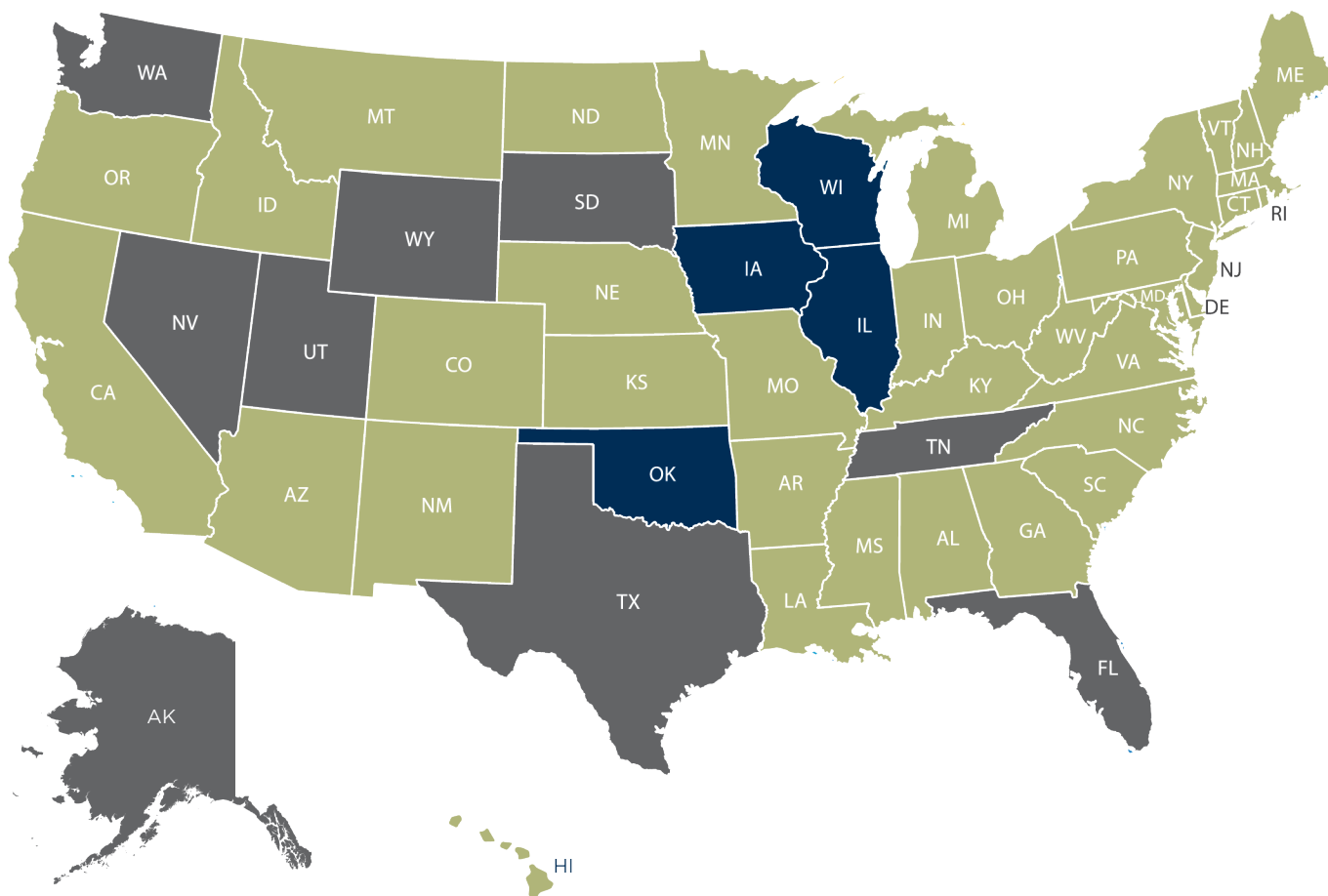


Tax efficiency
is employed through
active management

INVESTMENT PROCESS

APA focuses on tailoring portfolios to meet the unique investment goals and tax-sensitivities of each client.

Within a state specific portfolio, APA generally targets an in-state allocation of approximately 50-80%. However, this can be adjusted to meet a client's custom mandate.



States with No Earned
Income Tax
Nationally Diversified Portfolio

Washington
Texas
Florida
Alaska
South Dakota
Wyoming
Nevada
Utah*
Tennessee

**States that Tax Interest
on In-State Bonds**
Nationally Diversified Portfolio

Iowa
Wisconsin
Illinois
Oklahoma

**Utah does not tax bonds issued within the state, and also does not tax bonds issued in states that do not tax Utah bonds (WA, TX, FL, AK, SD, WY, NV, TN). New Hampshire only tax interest and dividend income.*

INVESTMENT PROCESS

APA's dedicated credit research group focuses on maintaining the investment approach our firm has relied on for more than 30 years; an emphasis on asset preservation while evaluating the risk/reward in exploiting market inefficiencies.

APA reviews each credit on a continuous basis, employing both a top-down and bottom-up approach to determine a proprietary credit opinion and rating. Within the rigorous credit review process there are several main inputs that help shape APA's propriety research which are used to identify bonds that we believe offer above market value for their rating category. Some examples are outlined in the table below.

CREDIT REVIEW PROCESS KEY INPUTS

| General Obligations (State/City/County) | Special Revenue (i.e., Hospitals) |
|---------------------------------------------|-------------------------------------------------|
| Purpose of Project | Purpose of Project |
| Population Size & Growth/Decline | Market Share (Based on Admissions) |
| Economy (Unemployment, etc.) | Total Operating Revenue |
| Wealth (Per Capita Income, % Poverty etc.) | Operating Margins |
| Top Ten Taxpayers | Payer Mix (% Medicare, % Medicaid, % Self-Paid) |
| General Fund Balance | Average Age of Property, Plant and Equipment |
| Liquidity (Days Cash on Hand) | Liquidity (Days Cash on Hand) |
| Expenses | Debt Service Coverage |
| Debt Levels (% Assessed Value & Per Capita) | Debt Ratios (LT Debt/Capital) |
| Pension Obligations (OPEB) | Reliance on State/Federal Funding |

Source: APA June 2023

MUNIS VS. CORPORATES: A SIDE-BY-SIDE COMPARISON

| | Municipal Securities | Corporate Securities |
|----------------------------|----------------------|----------------------|
| Market Size | \$4.0 Trillion | \$10.0 Trillion |
| No. of Securities | ~1,000,000 | ~43,000 |
| Daily Trading Volume | \$9.0 Billion | \$36.7 Billion |
| New Issuance Volume | \$487 Billion | \$1,958 Billion |
| Default Rates ¹ | 0.10% | 2.24% |

Note: Calendar year 2021 data unless otherwise noted

¹According to Moody's Investment-Grade, 10 year cumulative default rates average over the period 1970-2020

Sources: MSRB, Federal Reserve, FINRA, SIFMA, Moody's and Bloomberg.

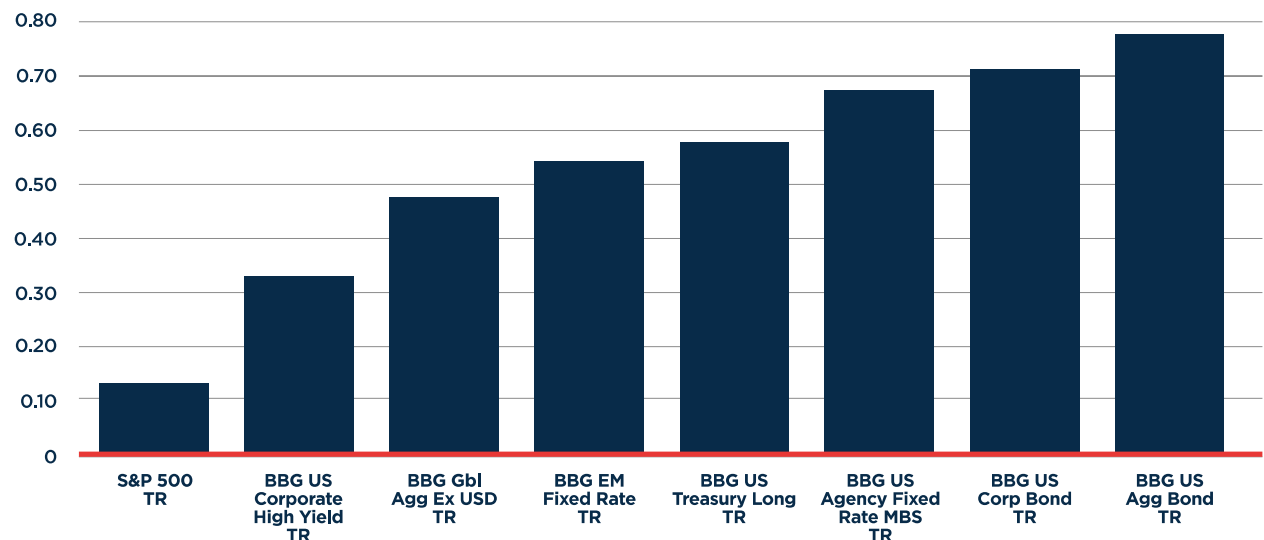
ASSET CLASS CORRELATION

Correlation to municipal bonds, January 2003-December 2022

Historically, munis have had a low correlation with taxable bonds and a negative correlation with the S&P 500 index.



Approximately 50,000 different state and local governments and other issuing authorities



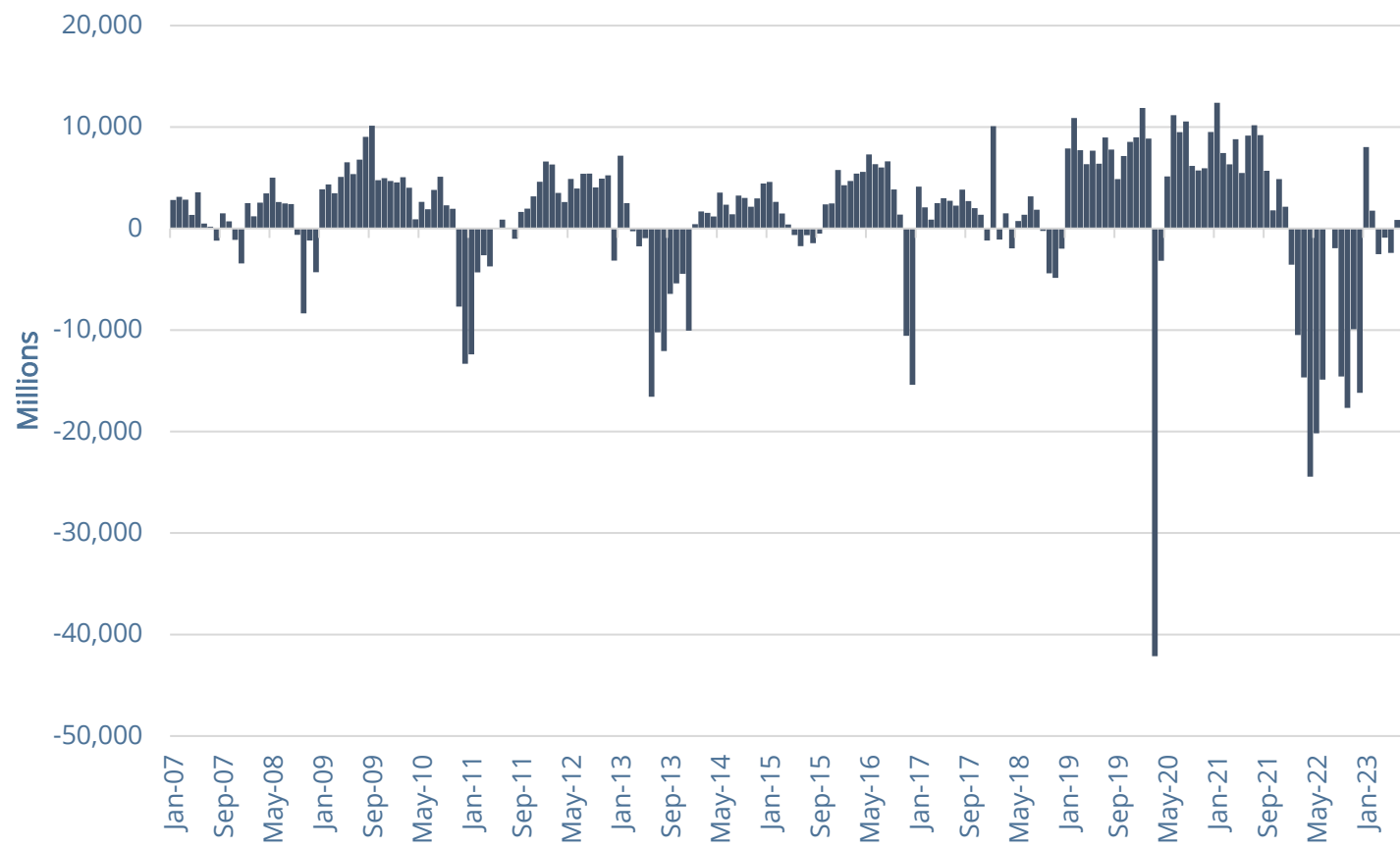
Past performance not indicative of future results. Please see the attached disclosures.

ICI MONTHLY MUNICIPAL FUND FLOWS

Historically, municipal fund outflow cycles have been followed by periods of vigorous inflows and price rebounds.



Fund flows by month, January 2007- June 2023

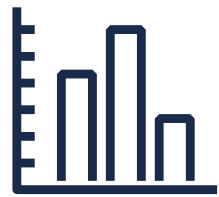


Source: Fund flows shown monthly between January 2007 and June 2023 according to Investment Company Institute (ICI)

HOW WE CAN HELP

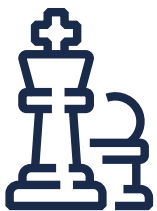
PORTFOLIO ANALYSIS

offered for prospective clients,
provided with portfolio
review and management
recommendations



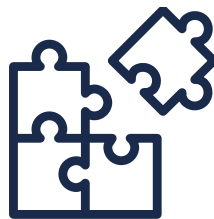
CUSTOMIZATION

for specific state tax-exempt
portfolios, duration goals, specific
liquidity needs, ESG investing,
and many other customizable options



SAMPLE PORTFOLIOS

available for any APA Strategy
and customizable to meet
individual client needs



TAILOR PORTFOLIOS

to meet specific liquidity needs
and tax objectives for each
individual client



UNLIMITED ACCESS

to APA's Municipal Bond Portfolio
Team including direct access to
portfolio managers and traders

TAXABLE-EQUIVALENT YIELD

APA focuses on tailoring portfolios to meet the unique investment goals and tax-sensitivities of each client.

| Combined Fed + State Tax Rate | Tax-Free Yield: | | | | | | |
|-------------------------------------|---------------------------|-------|-------|-------|-------|-------|-------|
| | 2.50% | 2.75% | 3.00% | 3.25% | 3.50% | 3.75% | 4.00% |
| | Taxable-Equivalent Yield: | | | | | | |
| 35% | 3.85% | 4.23% | 4.62% | 5.00% | 5.38% | 5.77% | 6.15% |
| 38% | 4.00% | 4.40% | 4.80% | 5.20% | 5.60% | 6.00% | 6.40% |
| 40% | 4.17% | 4.58% | 5.00% | 5.42% | 5.83% | 6.25% | 6.67% |
| 43% | 4.35% | 4.78% | 5.22% | 5.65% | 6.09% | 6.52% | 6.96% |
| 45% | 4.55% | 5.00% | 5.45% | 5.91% | 6.36% | 6.82% | 7.27% |
| 48% | 4.76% | 5.24% | 5.71% | 6.19% | 6.67% | 7.14% | 7.62% |
| 50% | 5.00% | 5.50% | 6.00% | 6.50% | 7.00% | 7.50% | 8.00% |

For informational purposes only, individual client experience may differ.

OUR TEAM



Kenneth R. Woods
CHAIRMAN /
PARTNER



Charles R. Doty
CO-CEO/
PARTNER



Kevin B. Woods
CO-CEO / CIO /
PARTNER



Patricia H. Hodgman
PRESIDENT /
PARTNER



Kyle Gerberding
DIRECTOR OF TRADING
/ PORTFOLIO MANAGER /
PARTNER



Trisha Broussard
SENIOR VICE PRESIDENT
/ PORTFOLIO MANAGER



Bob Farmer
SENIOR MANAGING
DIRECTOR



Wesley Williams
COO,
PARTNER



Paul Nolan
CO-DIRECTOR
OF RESEARCH



Matthew Riggle
CO-DIRECTOR
OF RESEARCH



Katelin Butkus
SENIOR VICE PRESIDENT



Wesley Pond
PORTFOLIO
MANAGER



Marisol Reeves
CCO



Courtney Taylor
ASSOCIATE •
COMPLIANCE



Peyton Bogard
ASSOCIATE



Meghan Bynum
ASSOCIATE



Brandon Durnwald
ANALYST



Thomas Welch
TRADING ANALYST



Henry Trapnell
JUNIOR
ASSOCIATE



Amethyst Dvorak
ADMINISTRATIVE
ASSISTANT

ABOUT APA

Asset Preservation Advisors (APA) is a registered investment advisor founded in 1989. APA specializes in managing high quality tax-exempt and taxable municipal bond portfolios for other registered investment advisors, family wealth offices and institutional clients.

Since its founding, Asset Preservation Advisors is committed to delivering a high level of service, quality and wealth preservation. APA believes our growth in assets under management can be attributed to a consistent investment process and corresponding trading discipline.

We value highly the trust our clients have shown in APA and remain committed to adhering to a high level of ethical, moral and business standards first envisioned at our founding in 1989. Asset Preservation Advisors (APA) is a registered investment advisor and specializes in managing high quality, tax-exempt and taxable municipal bond portfolios for other registered investment advisors, family wealth offices and institutional clients.



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APA is an investment adviser registered with the U.S. Securities and Exchange Commission. Registration does not imply a certain level of skill or training.

More information about the advisor including its investment strategies and objectives can be obtained by visiting www.assetpreservationadvisors.com. A copy of APA's disclosure statement (Part 2 of Form ADV) is available without charge upon request. Our Form ADV contains information regarding our Firm's business practices and the backgrounds of our key personnel. Please contact APA at 404-261-1333 if you would like to receive this information.

3344 Peachtree Road, Suite 2050
Atlanta, GA 30326

email: contactus@assetpreservationadvisors.com
phone: (404) 261-1333