



# APA POSITIVE IMPACT TAX-EXEMPT STRATEGY

SOCIALLY RESPONSIBLE, HIGH-QUALITY INTERMEDIATE MATURITY, TAX-EXEMPT MUNICIPAL BOND PORTFOLIOS

## STYLE

Positive Impact Strategy Composite

## BENCHMARK

ICE BofA 1-12 Year Municipal Securities Index

## INCEPTION

Oct 1, 2018

## STRATEGY AUM

\$97.95M

## HIGHLIGHTS

- Tailor portfolios to meet the client's specific liquidity needs and tax objectives
- Prudently manage risk by diversifying across a number of high-quality municipal issuers
- Unlimited access to members of APA's Investment Team
- Active management of portfolio holdings
- Can provide state preference for clients that reside in certain states

## ADDITIONAL INFORMATION

In addition to APA's typical credit research process, further review of use of proceeds, and the Environmental, Social and Governance (ESG) profile of the issuer is considered

## CONTACT US

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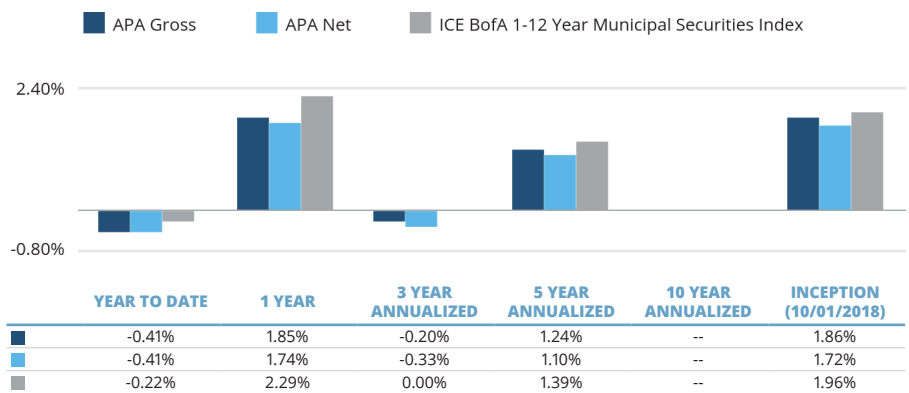
## OBJECTIVE

APA's Positive Impact Tax-Exempt Strategy seeks to provide a diversified exposure to high-quality tax-exempt bonds that meet APA's defined Environmental, Social, or Governance (ESG) criteria. Through sustainable or impact investing, the strategy looks to positively influence the environment and society while seeking to maximize returns. Bonds selected for this strategy have maturities within 1 to 20 years.

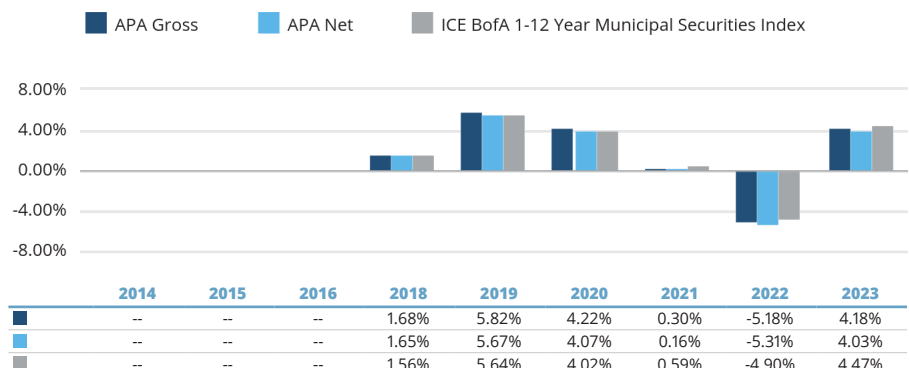
## INVESTMENT PROCESS

- This strategy primarily invests in high-quality municipal bonds that are certified green-labeled or that finance climate-aligned assets
- Bonds selected meet APA's standard after careful evaluation of multiple factors, including but not limited to the underlying credit fundamentals, transparency in the use of proceeds, and disclosure of data
- We combine our fundamental research with an investment process that emphasizes both risk management and relative-value investing in an attempt to achieve competitive risk-adjusted returns while also supporting positive social and environmental impact goals in an attempt to achieve competitive risk-adjusted returns while also supporting positive social and environmental impact goals
- Provide ongoing internal analysis of credit quality and underlying fundamentals

## ANNUALIZED PERFORMANCE AS OF 3/31/24



## CALENDAR YEAR PERFORMANCE AS OF 3/31/24



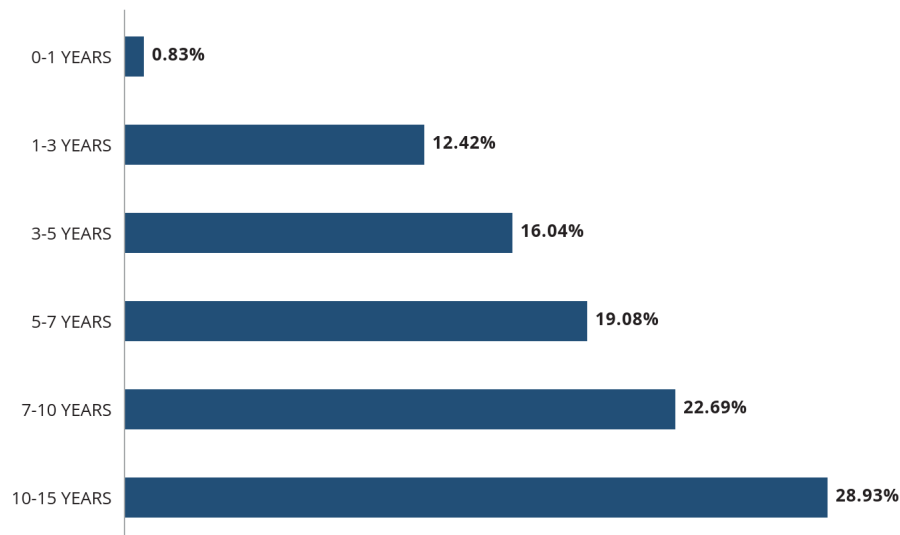
## TOP 10 HOLDINGS AS OF 3/31/24

	RATINGS	DATE OF MATURITY
BUTLER CNTY KANS UNI SCH DIST NO 385 ANDOVER	PRE	09/01/2027
FYI PPTYS WASH LEASE REV	NA/AA	06/01/2034
ARIZONA BRD REGENTS ARIZ ST UNIV SYS REV	Aa2/AA	07/01/2037
DISCOVERY CLEAN WTR ALLIANCE WASH SWR REV	NA/AA	12/01/2035
ILLINOIS HSG DEV AUTH REV	Aaa/NA	04/01/2032
KING CNTY WASH	Aaa/AAA	06/01/2031
RHODE IS HEALTH & EDL BLDG CORP PUB SCHS REV	NA/AA	05/15/2028
MINNESOTA ST HSG FIN AGY	Aa1/AA+	08/01/2036
RHODE IS INFRASTRUCTURE BK ST REVOLVING FD REV	NA/AAA	10/01/2035
TEXAS WATER DEVELOPMENT BOARD	NA/AAA	04/15/2032

## TOP 10 STATES AS OF 3/31/24

WA	11.69%	OH	5.12%
IL	10.02%	RI	4.69%
TX	9.62%	CT	4.33%
IN	9.38%	AZ	3.55%
NY	5.70%	FL	3.45%

## MATURITY BREAKDOWN AS OF 3/31/24



## MARKET COMMENTARY FOR 3/31/24

The new year began with a clear disconnect between market sentiment about the timing of a potential commencement of Federal Reserve easing and the messaging and guidance from the Fed itself with Fed funds futures indicating an 80% chance of a 25bps rate cut in March. Conversely, Fed minutes released at the beginning of January signaled a March cut was unlikely, and growth and employment data showed no sign of the need to ease.

Mid-quarter data releases underscored the persistence of inflationary pressures and the resilience of the job market. Inflation readings surpassed expectations, with the core CPI registering a year-over-year increase. With inflation remaining above target and the job market seemingly on sound footing, the market expectation of when the Fed would begin easing finally began to get pushed further out.

By the time of the March FOMC meeting, Fed futures were pricing for 2-3 rate cuts for 2024, bringing market consensus in line with the view among Fed officials as revealed in their latest Summary of Economic Projections, the first time the two were aligned in many months. Treasury yields finished the month with relatively little change, while tax-exempts experienced relative underperformance amid a larger new issue calendar and seasonal pressures around tax time, where selling often occurs to meet tax liabilities. Over the month, municipal yields across various maturities saw upward movements and tax-exempt relative value ratios nudged higher, particularly on the short end, after sitting near historically tight levels. Municipal new issue supply totaled \$100.2 billion for the quarter, a 25% increase from Q1 last year. New money issuance totaled \$67.6 billion while refunding issuance came in at \$32.7 billion, a notable uptick from recent periods.

## CHARACTERISTICS AS OF 3/31/24

Average Maturity	7.21 years
Average Duration	3.91 years
Average Coupon	4.76%
Yield to Worst/TEY**	3.10%/5.24%
Yield to Maturity/TEY**	3.56%/6.02%
Average Credit Quality	Aa1/AA+
Number of Issuers*	15 - 30

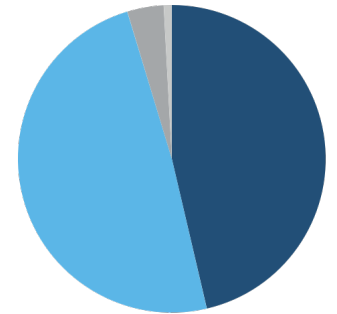
\*For a typical portfolio within this strategy.

\*\*Taxable Equivalent Yield (TEY) assumes the highest current Federal rate of 37% + the 3.8% net investment income tax, from which tax-free income is exempt.

## TOP 5 SECTORS AS OF 3/31/24

Utilities	35.16%
General Obligations	18.38%
Housing	16.56%
Education	12.96%
Transportation	9.65%

## CREDIT QUALITY AS OF 3/31/24



AAA 46.4%    AA 49.0%  
A 3.8%    NA 0.8%

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## **APA Positive Impact Tax-Exempt Composite**

Past performance is not indicative of future results. This material is not financial advice or an offer to sell any product. The performance and portfolio characteristics shown relate to the APA Positive Impact Tax-Exempt Composite (the "Composite").

Composite Description: Asset Preservation Advisors ("APA") uses a fixed income strategy that is sector-specific, generally focusing on issuers which APA believes provide environmental sustainability, positive social impact, or promote sound regulatory measures. APA typically avoids issuers that do not broadly conform with ESG client values, such as revenues tied to tobacco, alcohol, or casinos. However, APA may invest in an issuer whose use of proceeds for a particular bond issue gears towards a positive social and environmental impact, rather than the issuer's ESG values as a whole. All bonds purchased for separate managed accounts under APA's Positive Impact Tax-Exempt Strategy will ultimately be determined as appropriate according to the opinions of APA.

Not every client's account will have these exact characteristics. The actual characteristics with respect to any particular client account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market predicaments at the time of investment. APA reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs. The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed may not represent an account's entire portfolio, and in the aggregate may represent only a small percentage of an account's portfolio holdings. It should not be assumed that any of the security transactions, holdings or sectors discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

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](http://www.assetpreservationadvisors.com). A list of composite descriptions is available upon request.

The Composite contains fully discretionary, fee paying accounts with a minimum asset level of \$1MM. For comparison purposes, the Composite is measured against the ICE BofAML 1-12 Year US Municipal Securities Index. The ICE BofAML 1-12 Year US Municipal Securities Index is a subset of ICE BofAML US Municipal Securities Index including all securities with a remaining term to final maturity less than 12 years. The ICE BofAML US Municipal Securities Index tracks the performance of US dollar denominated investment grade tax-exempt debt publicly issued by US states and territories, and their political subdivisions, in the US domestic market. Qualifying securities must have at least one-year remaining term to final maturity, at least 18 months to final maturity at the time of issuance, a fixed coupon schedule and an investment grade rating (based on an average of Moody's, S&P and Fitch). Minimum size requirements vary based on the initial term to final maturity at time of issuance. Securities with an initial term to final maturity greater than or equal to one year and less than five years must have a current amount outstanding of at least \$10 million. Securities with an initial term to final maturity greater than or equal to five years and less than ten years must have a current amount outstanding of at least \$15 million. Securities with an initial term to final maturity of ten years or more must have a current amount outstanding of at least \$25 million. The call date on which a pre-refunded bond will be redeemed is used for purposes of determining qualification with respect to final maturity requirements. Original issue zero coupon bonds are included in the Index. Taxable municipal securities, 144a securities and securities in legal default are excluded from the Index. The volatility (standard deviation) of the Composite may be greater than that of the index. It is not possible to invest in this index. Leverage, derivatives or short positions are not used in this Composite. The annual composite dispersion is an equal-weighted standard deviation calculated for the accounts in the composite for the entire year. For this Composite, APA defines a significant cash flow as greater than or equal to 30% of an account's market value at the beginning of the measurement period. Accounts removed from the composite due to significant cash flows will be excluded until the account meets the composite's requirements. This significant cash flow policy has been applied for the entire history of the Composite. Effective May 2019 if 80% or more of the external cash flow's value is comprised of in-kind bonds that meet requirements of the strategy, that account is not removed from the Composite. The U.S. Dollar is used to express performance. The APA Positive Impact Tax-Exempt Composite was created August 31, 2019. The Composite's inception date is October 1, 2018.

Asset Preservation Advisors, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Asset Preservation Advisors, LLC has been independently verified for the periods January 1, 2004 through December 31, 2022. A copy of the verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation,

and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

The three-year annualized standard deviation measures the variability of the composite using gross returns, and the benchmark returns over the preceding 36-month period.

Returns are presented gross and net of investment advisory fees and include the reinvestment of all income. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. For example, a 0.50% annual fee deducted quarterly (0.125%) from an account with a ten-year annualized growth rate of 5% will produce a net result of 4.4%. Actual performance results will vary from this example. Net returns were calculated using the highest management fee charged within the Composite through December 31, 2017. From January 2018 to present, APA uses actual fees to calculate net of fee performance. The Firm's policies for valuing portfolios, calculating performance, and preparing GIPS reports are available upon request.

The fee schedule for APA's investment advisory services for separately managed accounts in the APA Positive Impact Tax-Exempt Composite is 0.50% on the first \$10 million in net assets under management and 0.40% on amounts above \$10 million in net assets under management. Actual investment advisory fees incurred by clients may vary. A complete description of APA's fee schedule can be found in Part 2 of its FORM-ADV which is available at [www.assetpreservationadvisors.com](http://www.assetpreservationadvisors.com) or by calling (404) 261-1333. A list of pooled fund descriptions for limited distribution pooled funds is available upon request.

APA Positive Impact Tax-Exempt Composite										
	Total Firm	Composite Assets			Annual Performance Results				3 Year Standard Deviation	
Year End	Assets (millions)	USD (millions)	Number of Accounts	% of Wrap Portfolios	Composite Gross <sup>1</sup>	Composite Net	ICE BofAML 1-12 Index	Composite Dispersion <sup>3</sup>	Composite	ICE BofAML 1-12 Index
2022	5,803	107	8	74%	(5.18)%	(5.31)%	(4.90)%	0.2%	4.3%	4.3%
2021	5,321	114	7	72%	0.30%	0.16%	0.59%	0.1%	NA	NA
2020	4,659	108	7	73%	4.22%	4.07%	4.02%	0.3%	NA	NA
2019	4,144	102	7	74%	5.82%	5.67%	5.64%	0.2%	NA	NA
2018 <sup>2</sup>	3,710	86	7	71%	1.68%	1.65%	1.56%	NA	NA	NA

APA Positive Impact Tax-Exempt Composite				
Annualized Performance as of 12/31/2022:				
	1 Year	5 Year <sup>1</sup>	10 Year <sup>1</sup>	Since Inception <sup>1</sup> (10/1/2018)
Composite Gross	(5.18)%	NA	NA	6.66%
Composite Net	(5.31)%	NA	NA	6.02%
ICE BofAML 1-12 Index	(4.90)%	NA	NA	6.76%

<sup>1</sup> Composite Gross Results for 2018 through 2022 are supplemental information. The returns are a mix of gross returns that do not reflect the deduction of transaction costs and gross returns that do reflect the deduction of transaction costs.

<sup>2</sup> Composite and benchmark information presented from October 1, 2018 through December 31, 2018.

<sup>3</sup> Utilizes Gross Returns for Composite Dispersion calculation.

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