

# Taxable Bond

2<sup>nd</sup> Qtr 2020

## Investment Objective:

The 1607 Capital Partners Taxable Bond strategy seeks to maximize returns on an after-tax basis through investments in closed-end funds that invest primarily in fixed income securities. Specifically, the Fund targets a total annualized "net rate of return on assets" which exceeds, on a long-term basis, (defined as one market cycle), the return of the Bloomberg Barclays US Aggregate Index.

## Investment Strategy:

1607 Capital Partners uses a unique, bottom-up, value-oriented approach to evaluate closed-end funds within the fixed income arena. Few other firms employ this process and the 1607 investment team has identified key inefficiencies within the closed-end fund universe that have consistently created value over the last couple of decades. The firm's philosophy is based upon the belief that discounts and/or premiums will tend to revert to the mean over the long-term. Hence, the investment team purchases funds when discounts look attractive relative to their own history and sells when they look expensive.

## Competitive Advantage:

- **Unique investment vehicle:** Closed-end funds provide opportunities to buy top-rate managers at a discount
- **Few competitors:** There are only a few institutional managers in the closed-end fund space which allows 1607 Capital to take advantage of many of the inefficiencies existing in the retail market.
- **Experienced team:** With more than 100 years of combined experience specific to the closed-end fund universe, 1607 Capital has one of the most experienced teams currently investing in this space.
- **Dedicated to closed-end funds:** Since inception, 1607 Capital has been solely focused on investing in closed-end funds.
- **Fully diversified portfolios:** 1607 Capital's portfolios are extremely diversified by holding a broad mix of diversified funds.
- **Superior client service:** As a boutique firm, 1607 Capital is flexible in making business decisions and able to provide a superior level of service to each client.
- **Lack of investment style bias:** At different points in the typical market cycle, different investment styles tend to outperform others (e.g. - growth vs. value). With abundant opportunities across the spectrum of investment strategies, the firm is able to favor funds with the best opportunity to outperform, with no bias toward a specific style.

## Taxable Fixed Income Performance

	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception*
1607 Capital Taxable Fixed Income Composite (Gross)	2.26%	7.15%	5.75%	6.54%	5.77%	6.94%
1607 Capital Taxable Fixed Income Composite (Net)	2.08%	6.58%	5.26%	5.99%	5.25%	6.41%
Bloomberg Barclays US Aggregate Bond Index	6.14%	8.74%	5.32%	4.30%	3.82%	4.27%

See Page 2 for performance disclosures.

## Taxable Fixed Income Characteristics

	2 <sup>nd</sup> Qtr 2020		2 <sup>nd</sup> Qtr 2020
Number of Holdings	36	Duration	5.85
Current Avg. Weighted Discount	-5.2%	Dividend Yield	3.95%
10 Year Historical Discount	-2.8%	Weighted Avg. Net Assets (\$M)	\$7,931
Average Credit Quality	Aa-		

Characteristics are those of a representative account in the taxable fixed income composite.

# 1607

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### Strategy Inception:

January 31, 2008\*

### Firm AUM:

\$3,873M

### Strategy AUM:

\$624M

### Minimum:

Sep Acct: \$25M

### Fee Schedule:

0.50% on all assets

### Range of holdings:

Typically 15-40 Funds

### Turnover:

Typically 30%-100%

### Primary Portfolio Manager:

Ashley Long

*\*Closed-End Fund strategy developed in 1988 by Chairman, Fred Tattersall and has been managed since that time by the current 1607 team.*

### For More Information Contact:

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### 1607 CAPITAL PARTNERS, LLC

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2<sup>nd</sup> Qtr 2020

## The 1607 Investment Team

1607's dedicated group of experienced professionals value a team approach in utilizing a proven, disciplined investment process. Ideas and concepts are shared and evaluated on a daily basis in an effort to provide superior client service and consistent outperformance of our benchmarks.



**Jim Mallory, CFA**  
Founding Partner,  
Senior Portfolio Manager  
32 Years  
Investment Experience



**Shannon Fake, CFA**  
Founding Partner,  
Senior Portfolio Manager  
26 Years  
Investment Experience



**Ashley Long, CFA, CMT**  
Founding Partner,  
Senior Portfolio Manager  
26 Years  
Investment Experience



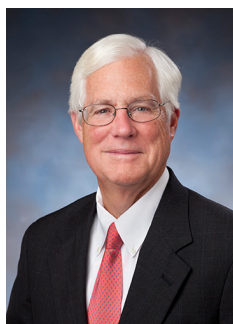
**Ryan Kalkowsky, CFA**  
Partner,  
Research Analyst  
14 Years  
Investment Experience



**Angus Wilton**  
Associate,  
Head of UK Operations  
19 Years  
Investment Experience



**Ruiyi Zhang, CFA**  
Associate,  
Quantitative Analyst  
10 Years  
Investment Experience



**Fred Tattersall**  
Senior Advisor  
49 Years  
Investment Experience

## Performance Disclosure

Past performance is no guarantee of future results and a loss of principal can occur. Inherent in any investment is the potential for loss since the value of investments and the income derived from them can go down as well as up.

Gross of fees returns are calculated gross of management, performance, custodial and administrative fees and net of transaction costs. Net of fees returns are calculated net of actual management and performance fees and transaction costs and gross of custodial and administrative fees. Accruals for dividends and interest are included in calculations, and performance results reflect the reinvestment of dividends and other earnings. The returns shown include all of the accounts participating in the strategy and the actual fees paid by those accounts. Consequently, the return shown is not representative of any one account, nor should it be construed to be the return of any new account.

The returns are compared to the Bloomberg Barclays Aggregate Bond Index, which is an index that measures the performance of investment grade bonds. The volatility of this index is materially different from that of the composite and the holdings differ significantly from the securities that comprise the index. The index has been selected to represent an appropriate benchmark that will allow for comparison of the composite to that of a well-known and widely recognized index.

Performance is as of 6/30/20. All performance returns greater than 1 year are annualized

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### Disclosure

The material in this presentation is based on information from sources considered reliable, but 1607 Capital Partners does not represent that the information is accurate or complete. The material provided herein is for information purposes only.

Opinions expressed are current opinions as of the date appearing in this material only, and are subject to change without notice.

This presentation is neither an offer to sell, nor a solicitation of an offer to buy any securities.

1607's portfolio risk management process includes an effort to monitor and manage risk, but should not be confused with, and does not imply low risk or the ability to control risk.

Please refer to 1607's Form ADV Part 2 for more information regarding the firm and its practices.

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