

# International Equity-EAFE

# 1607

CAPITAL PARTNERS

3<sup>rd</sup> Quarter 2020

## Investment Objective:

The 1607 Capital Partners International Equity strategy seeks to achieve long-term capital growth through investments in exchange-traded closed-end funds that invest primarily in the equity securities of non-U.S. Companies. Specifically, this 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 MSCI EAFE Index.

## Investment Strategy:

1607 Capital Partners uses a unique, bottom-up, value-oriented approach to evaluate closed-end funds within the international 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 several 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 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.

**Strategy Inception:**  
January 31, 2008\*

**Firm AUM:**  
\$4,101M

**Strategy AUM:**  
\$2,379M

**Minimum:**  
Sep Acct: \$25M

**Fee Schedule:**  
0.75% on the first \$100 million;  
0.65% for the next \$150 million;  
0.50% for the balance in excess  
of \$250 million

**Range of holdings:**  
Typically 50-100 Funds

**Turnover:**  
Typically 15%-40%

**Primary Portfolio Managers:**  
James Mallory  
Shannon Fake

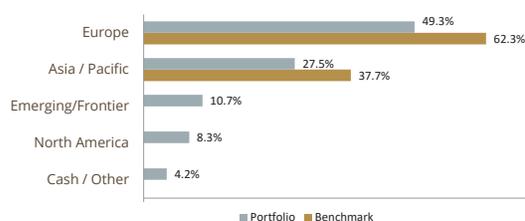
*\*Closed-End Fund strategy developed in 1988 by Fred Tattersall, and has been managed since that time by the current 1607 team.*

## International Equity Performance

	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception*
1607 Capital Int'l Equity Composite (Gross)	-3.97%	7.18%	2.99%	8.03%	7.61%	5.17%
1607 Capital Int'l Equity Composite (Net)	-4.65%	6.15%	2.29%	7.27%	6.82%	4.41%
MSCI EAFE (USD)	-7.09%	0.49%	0.62%	5.26%	4.62%	2.12%

See Page 2 for performance disclosures.

## Region Exposure:



## Portfolio Characteristics:

	3 <sup>rd</sup> Qtr 2020
Number of Holdings	106
Current Avg. Weighted Discount	-15.6%
10 Year Historical Discount	-10.7%
Weighted Avg. Net Assets (\$M)	\$2,733

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Region Exposure and Portfolio Characteristics are those of a representative account in the international equity composite.

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## 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**  
Co-Director, Investments  
32 Years  
Investment Experience



**Shannon Fake, CFA**  
Co-Director, Investments  
26 Years  
Investment Experience



**Ashley Long, CFA, CMT**  
Co-Director, Investments  
26 Years  
Investment Experience



**Ryan Kalkowsky, CFA**  
Investments  
14 Years  
Investment Experience



**Angus Wilton**  
Investments  
19 Years  
Investment Experience



**Ruiyi Zhang, CFA**  
Investments  
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. 1607 client accounts invest in securities that conduct investment activities outside the U.S. and may be denominated in foreign currencies. Investing in non-U.S. securities can result in opportunities and risk not associated with investing in U.S. securities. In addition, changes in the exchange rate between U.S. dollars and any foreign currency may have an adverse effect on the value, price, or income of any investment. These factors could have a material impact on account performance.

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. Both returns are calculated net of actual non-reclaimable withholding taxes on foreign dividends. As of January 1, 2018, reclaimable taxes are recognized when and if received. 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 MSCI EAFE, which is an index that measures international equity performance. 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 9/30/20. All performance returns greater than 1 year are annualized.

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## Disclosure

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

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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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