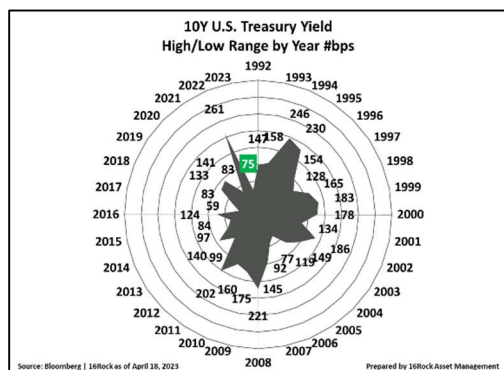
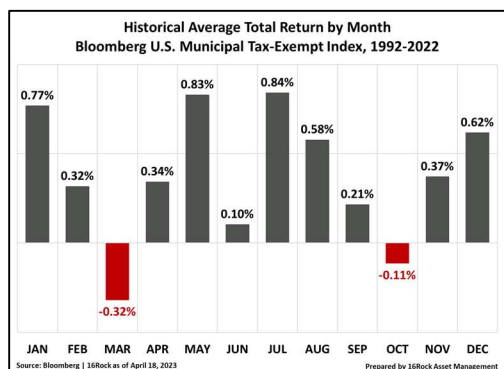


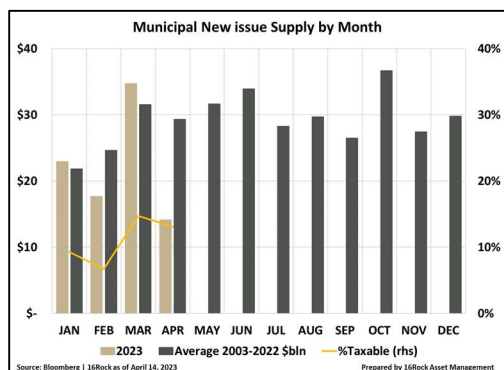
- **Week 19 is when the tide turns** from a historical perspective for U.S. treasury rates, about two weeks away. Markets ebb and flow in their own unique ways, and rate seasonality is an important factor to consider in terms of tax-exempt and taxable municipal bond portfolio construction.
- **It's a good time to invest** considering the flexibility afforded by today's absolute rate and relative value environment. Portfolio construction must be thoughtful when to speed up and slow down investment. Diversification benefits of a balanced portfolio are maximized by dollar cost averaging in terms of building gain/loss and tax flexibility. That flexibility is what affords rotation of sectors and credits when valuations change to produce quality performance.



- **Volatility creates opportunity** and after it begins to subside it's not scalable without paying adjusted prices. Tactically use liquidity to best capitalize on today's environment and have sell discipline. The seasonal strong summer months for municipals in July/August are not without some disruption along the way. Problems can arise from having an investment framework too rigid that doesn't allow to adapt quickly enough to rapidly evolving investment environments.
- **Keep some powder dry** as the debate around the Fed, inflation, and recession is likely to keep things interesting and rates trending lower, albeit not in a straight line. Rates this year have only realized half of the historical average annual range as measured by the difference between daily high/low closes. That range if realized can occur from either lower lows or higher highs.



- **May is when the plants grow** and historically it's one of the best performance months, second only to July, bolstered by clarity achieved after the April U.S. tax date for individual investors.
- **June is when school ends** and so does the fiscal year for forty-six of the fifty states. The exceptions are: New York, fiscal year ends in March; Texas, August; and in Alabama and Michigan, September. The length of budget cycles vary among states, with more than half budgeting annually and the remainder enacting biennial budgets. The volume of new issue supply in June is typically the second highest of the year, liquidity is often challenged by 2nd quarter close, and performance can be mixed, despite being a strong reinvestment month.



- **The FDIC announced plans to sell \$7bln+ of municipal bonds** last weekend from the SVB/Signature Bank portfolio. Most are deep discount coupon, intermediate-long maturity, tax-exempts, with high risk of 'busting structure.' While new issue supply is running 35% last year's pace the liquidation is equivalent to about a week's worth of issuance. There is a narrow buyer base for these bonds, and it should not impact the overall market if handled correctly.
- **Watch out for de minimis tax risk in the SVB/Signature Bank portfolio.** A 'good trade' can sometimes have unwelcome tax consequences for end users. The U.S. de minimis tax rule defines when a municipal bond is taxed at the capital gains rate rather than as ordinary income. It's important for investors to recognize this potential tax liability, factor it into price and ensure accounting is done correctly.

IMPORTANT DISCLOSURE INFORMATION

The analysis presented herein is intended for general information purposes only. The data is provided by third parties and is presumed to be accurate as of the date hereof. No portion of this presentation serves as the receipt of, or as a substitute for, personalized investment advice from 16Rock or any other investment professional of your choosing. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy, or any non-investment related or planning services, discussion, or content, will be profitable, be suitable for your portfolio or individual situation, or prove successful. 16Rock is neither a law firm nor accounting firm, and no portion of its services should be construed as legal or accounting advice. No portion of the content should be construed by a client or prospective client as a guarantee that he/she will experience a certain level of results if 16Rock is engaged, or continues to be engaged, to provide investment advisory services. Please refer to www.16Rock.com/disclosure for a complete discussion of Important Disclosure Information regarding this presentation. A copy of our current written Brochure is available upon request by emailing info@16Rock.com.