INVESTMENT STRATEGY

Our investment philosophy for private investors is to protect principal through prudent risk management and opportunistically capitalize on anomalies in the inefficient municipal bond market. Our bottom-up security selection process is designed to take advantage of these market inefficiencies.

STRATEGY CHARACTERISTICS

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>IR+M Short Municipal Portfolio¹</th>
<th>Bloomberg Barclays 1-5 Yr Municipal Short Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield (%)</td>
<td>1.80</td>
<td>1.80</td>
</tr>
<tr>
<td>Effective Duration (yrs)</td>
<td>2.53</td>
<td>2.46</td>
</tr>
<tr>
<td>Average Quality²</td>
<td>Aa2</td>
<td>Aa2</td>
</tr>
<tr>
<td>Average Maturity (yrs)</td>
<td>2.79</td>
<td>2.81</td>
</tr>
<tr>
<td>Convexity</td>
<td>0.10</td>
<td>0.07</td>
</tr>
</tbody>
</table>

Quality Distribution

- Aaa: 23.7% (26.4%) 56.4% (53.2%)
- Aa: 19.9% (17.2%) 56.4% (53.2%)
- A: 19.9% (17.2%) 56.4% (53.2%)
- Baa: 0.0% (3.2%) 0.0% (0.0%) 0.0% (0.0%)

Sector Distribution

- Revenue: 65.9% (44.2%)
- Pre-Re: 28.0% (14.4%)
- GO: 19.7% (27.8%)

INVESTMENT PROCESS

+ CREDIT

Our credit focus is on larger, A to AAA-rated monopolistic and essential purpose issuers. We purchase high quality, but not plain vanilla bonds. We seek out issuers that provide reliable, consistent, and timely financial information.

+ STRUCTURE

We focus on non-callable bonds with a convexity advantage. We look to take advantage of inefficiently priced bond structures that may present income advantages; such as, sinking funds, escrowed zeroes, and mandatory puts.

+ PRICE

Our main focus is after tax-returns. We seek to minimize transaction costs and maintain liquid portfolios.

All data as of 12/31/17. ¹Representative portfolio characteristics. Some statistics require assumptions for calculations which can be disclosed upon request. A similar analysis can be provided for any portfolio we manage.

²Yields are represented as of the above date and are subject to change.

³Average quality and quality distribution are calculated using a split to high methodology. Sources: Bloomberg Barclays

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