

Philosophy

MCM's fixed income investment strategies pursue the belief that fixed income portfolios represent the foundational portion of an overall investment allocation, acting as the ballast to the riskier allocations. Therefore, it is our practice to avoid the riskier, or less liquid corners of the fixed income market in search of every last bit of yield. Rather, we employ a time-tested, diligent investment process to build high quality, fixed income portfolios that are suitable for a given market environment.

Objective

MCM's Tax-Exempt Bond strategy seeks to deliver total returns, on a risk-adjusted basis, that exceed the Bloomberg Municipal Bond 1-3 Yr Blend Index.

Strategy

MCM's fixed income strategies employ three stages in constructing portfolios made up of securities whose income will be exempt from income taxes. We start with a top-down viewpoint, evaluating the current economic environment, monetary and fiscal policies, and secular trends to identify the pressure on monetary authorities towards future interest rate moves. These factors inform the Fixed Income Investment Committee in determining how portfolio duration will be established. Portfolio duration can range from 1.5 – 6.0 years. We then utilize our proprietary credit analysis model to determine which candidates we would consider applying to the portfolio construction, favoring those we believe to be in an improving credit position and avoiding those moving in the opposite direction. Then we determine valuation and trading strategies, the final and most impactful step in the process on the strategy returns.

Team

Ken Green, CFA - PM, Principal
with Mitchell since 1991
analyzing fixed income since 1986

Christen Dusselier - PM, Principal
with Mitchell since 2001
analyzing fixed income since 2001

Phil Kernen, CFA - PM, Principal
with Mitchell since 2005
analyzing fixed income since 1992

What sets this strategy apart?

Long-term management team with ownership in the firm

Close working relationship with MCM's equity team to ensure the Fixed Income strategies benefit from equity research and expertise

Flexibility allowing for responsiveness to changes in the economic environment.

Tax-Exempt Bond Strategy

March 31, 2018

Strategy Characteristics

Characteristic	Portfolio	Bloomberg Municipal 1-3 year Blend Index	Bloomberg Municipal 1-10 year Blend Index	Bloomberg Municipal Bond Index
Yield to worst	1.74%	1.87%	2.26%	2.68%
Average coupon	3.65%	4.82%	4.77%	4.70%
Average maturity	1.93	2.33	5.84	12.85
Duration	1.81	2.08	4.06	5.96
Average rating	Aa2/AA	Aa2/AA	Aa2/AA	Aa2AA

Sector Weightings

Sector	Portfolio
U.S. Treasury Notes	4.7
Muni Bonds:	93.2
General Obligation	40.8
Prerefunded	3.7
Insured	13.1
Revenue Bonds	35.6
Cash	2.1

Ratings Distribution

	Portfolio
Aaa/AAA	34.5
Aa/AA	52.7
A/A	12.7
Baa/BBB	0.1

About Mitchell Capital Management

Mitchell Capital Management (MCM) was founded in 1987 and is an SEC Registered Investment Advisor. The firm manages portfolios and provides investment solutions for an array of investors nationwide, including individuals, foundations, union pension plans, retirement plans, endowments and associations. MCM has always been employee owned and intends to stay that way. Our fiduciary culture means our clients are the first priority in each decision we make.