

## Palmer Square Opportunistic Income Fund (PSOIX)

October 2024

### Fund Refresher

As a refresher, the Palmer Square Opportunistic Income Fund (“PSOIX” or the “Fund”) seeks to not only capture a high level of current income, but also long-term capital appreciation by investing with a flexible mandate to find the best relative value opportunities across corporate credit and structured credit.

### Performance Summary

The Fund returned **+2.01% (net of fees) for the third quarter of 2024 and +9.14% YTD**. We remain confident in our positioning in CLO (Collateralized Loan Obligation) Debt, bank loans and high yield bonds and believe the total return outlook still remains very attractive. The current yield on the Fund is now 9.37%.\*

### Fund Performance Net of Fees as of 09/30/2024 (inception 8/29/2014)

	Q3 2024	YTD 2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014 <sup>1</sup>
PSOIX	2.01%	9.14%	18.93%	-4.47%	6.66%	5.91%	7.61%	-0.47%	11.05%	12.10%	-5.32%	-0.76%
			<b>1 Year</b>		<b>3 Years</b>		<b>5 Years</b>		<b>10 Years</b>		<b>Since Inception Annualized<sup>1</sup></b>	
PSOIX			13.64%		7.68%		7.60%		5.76%		5.73%	

<sup>1</sup>Inception date is August 29, 2014. Annual Expense Ratio: Gross 2.34%/Net 2.34% with expense waivers that are in effect until December 1, 2024. See expense waiver details in Notes and Disclosures. The performance returns shown above are calculated by comparing the net asset value (NAV) on the first day of the time period to the NAV on the last day of the time period and reflect reinvested dividends and capital gains. Returns less than 1 year are not annualized. The performance data quoted represents past performance and that past performance does not guarantee future results. Investment return and principal value will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. To obtain performance information current to the most recent month-end please call 866-933-9033.

### Portfolio Snapshot

Please refer to the table below for a portfolio snapshot by quarter.

	9/30/2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024
Interest Rate Duration	0.40 yrs	0.38 yrs	0.40 yrs	0.36 yrs	0.40 yrs
Spread Duration	2.90 yrs	2.79 yrs	2.59 yrs	2.38 yrs	2.35 yrs
Credit Spread	707	665	544	471	443
Weighted Average Price	\$95.4	\$96.8	\$98.5	\$99.4	\$99.5
Yield to Expected Call	11.44%	10.24%	9.65%	9.10%	7.91%
Yield to Maturity	10.80%	9.68%	9.34%	8.94%	7.84%
Current Yield	10.73%	10.70%	10.13%	9.79%	9.37%

Past performance does not guarantee future results.

### Allocation / Attribution Summary

#### Select Portfolio Attribution and Characteristic Dashboard

Allocation	9/30/2024 Allocation	Q3 2024 Gross Attribution	Average Price	Yield to Expected Call <sup>†</sup>
CLO Debt	72%	1.88%	\$99.9	7.89%
Bank Loans	18%	0.43%	\$98.9	7.57%
High Yield Bonds	6%	0.21%	\$97.6	9.38%
Sub Notes	3%	0.04%	n/a	21.07%
ABS/MBS/CMBS	1%	0.01%	\$77.3	11.12%

Asset-backed Securities (ABS), Mortgage-backed Securities (MBS), Commercial Mortgage-backed Securities (CMBS).

\*Please see Notes and Disclosures for definitions.

### Historic Positioning Detail by Asset Type:

	9/30/2023 Allocation	12/31/2023 Allocation	3/31/2024 Allocation	6/30/2024 Allocation	9/30/2024 Allocation	Q3 2024 Gross Attribution
CLO Debt	71%	71%	72%	74%	72%	1.88%
Bank Loans	17%	19%	18%	17%	18%	0.43%
High Yield Bonds	6%	6%	5%	5%	6%	0.21%
Sub Notes	5%	5%	4%	3%	3%	0.04%
ABS/MBS/CMBS	1%	1%	1%	1%	1%	0.01%

Please note the allocation above is on a gross exposure basis as a percent of NAV and does not include cash. Gross attribution does not include hedges, expenses and fees if applicable. Investment return and principal value will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. Attribution refers to the process of measuring returns generated by various sources.

- **Performance and Attribution: The Fund returned +2.01% (net of fees) for the third quarter of 2024 and +9.14% YTD.** The positive absolute performance was driven by a broad-based rally in credit spreads and high coupons, particularly within our CLO exposure, which in turn was driven by stronger than expected growth and earnings data. Also, as Fed cuts have slowly been priced out over the course of the year, technicals for floating rate products have been favorable. The Fund's exposure to CLO debt and sub notes provided the largest contribution at +1.92%, followed by bank loans at +0.43% and HY (High Yield) bonds at +0.21%. There were no meaningful detractors during the quarter. Below is a summary of major benchmark performance for comparison.

Selected Indices*	Q3 2024 Performance	YTD 2024 Performance
Bloomberg U.S. Treasury Index	+4.74% (Yield -0.81%)	+3.84% (-0.32%)
Bloomberg U.S. Aggregate Bond Index	+5.20% (spread -3bps)	+4.45% (-6bps)
Bloomberg U.S. Corporate Index	+5.84% (spread -5bps)	+5.32% (-10bps)
Bloomberg 1-3 Year U.S. Corporate Index	+3.17% (spread -4bps)	+5.08% (-11bps)
Bloomberg U.S. High Yield Index	+5.28% (spread -14bps)	+8.00% (-28bps)
iBoxx Liquid Leveraged Loan Index	+2.02% (DM -30bps)	+6.01% (-41bps)
Palmer Square CLO Senior Debt Index	+1.72% (DM -1bps)	+5.66% (-22bps)
Palmer Square CLO Debt Index	+2.42% (DM -13bps)	+10.44% (-102bps)
S&P 500 Index	+5.53%	+20.08%
STOXX 600 Index	+2.24%	+9.17%

Source: Bloomberg as of 09/30/2024.

### Macro Takeaways and Outlook

- **Macro Takeaways:** In the third quarter, the key macro debate shifted from when the Federal Reserve would begin cutting rates to *how much* and *how fast*. This transition culminated in the Fed's 50bp (basis point) rate cut at the September meeting but was presaged during the quarter by a confluence of factors including gradually slowing employment data (e.g. July and August nonfarm payroll (NFP) both missed), steady progress on inflation, and dovish commentary from Chair Powell at Jackson Hole in late August. By the end of the third quarter, the market was pricing in an implied Fed Funds Rate below 3.00% by July 2025, implying *more* than 7 additional 25bp rate cuts in less than 12 months. As we have espoused numerous times over the course of the last couple of years, our view is that rates are likely to remain "higher for longer" and the market's expectations for rates cuts is likely to prove too optimistic – especially if U.S. economic growth remains resilient like we expect it to. At the time of writing this letter, we have already seen the rates market start moving in our direction with short- and long-term rates beginning to retrace some of their third quarter rally.

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- Although the U.S. economy remains on stable footing, we are starting to see some signs of weakness in other developed markets across the world, most notably in Europe. Whereas the monetary policy discussion in the U.S. largely centers around whether the Fed will cut *rates too fast*, the discussion surrounding the European Central Bank (ECB) is whether they have been too slow to cut rates despite already cutting rates twice in 2024. The other big piece of macroeconomic news outside the U.S. was China's late September announcement of a flurry of stimulus measures (largely monetary at this stage) to restore confidence and kickstart growth in the world's second-largest economy. The jury is still out on the effect of the stimulus, but global commodity markets and local equity markets are already reacting very favorably to the news.
  - Overall, we remain confident the U.S. economy is likely to achieve a soft landing, despite some pockets of potential weakness that we are closely watching – notably within the consumer finance space. At the same time, credit spreads remain near historic tightness across several asset classes and are largely reflective of our favorable view of macroeconomic and corporate fundamentals. Given this dynamic, we believe maintaining a conservative positioning across the fund is the prudent risk management decision and affords us the opportunity to redeploy capital to more attractive opportunities when they arise.
  - **Floating Rate Continues to be an Attractive Relative Value Play:** Although the forthcoming Fed rate cut cycle is set to erode some of the current income advantage offered by floating rate products, we believe floating rate / low duration credit continues to present an attractive opportunity due to several factors. These include: (i) potential for rate cuts to materialize slower than market expectations – consistent with our view, (ii) more attractive spread valuations than comparable fixed rate products, (iii) longer-term fiscal concerns that could prevent any material tightening of the long end of the curve, (iv) and lower rate-driven volatility versus longer duration assets.
  - **Economy Remains Resilient:** The U.S. economy remains resilient, with Real GDP (gross domestic product) growth modestly trailing 2023's pace but still tracking well above 2% and stronger than almost all other developed world economies. Final second quarter Real GDP growth (Q/Q) came in at 3.0%, which was well above the initial street estimate of 1.4% and above 1.6% in the first quarter. Street estimates for the full year 2024 Real GDP have been trending higher throughout 2024 and now stand at 2.6%. Additionally, after a few months of softer NFP job numbers, the September jobs report (Released Oct 4th) totaled 254k new jobs (above 12-month average of 203K) and included 72k of positive revisions for July and August.
  - **Corporate Fundamentals Stable:** Corporate fundamentals remain stable and generally supportive of the tight credit spread levels seen throughout the Investment Grade and Sub-Investment Grade corporate universe. In the third quarter, revenue from investment grade issuers returned to positive y/y growth for the first time since Q3 2023 and EBITDA (earnings before interest, taxes, depreciation and amortization) growth turned positive after five quarters of consecutive y/y declines. In addition, ratings momentum remains very strong with the ratio of Investment Grade upgrades to downgrades in 2024 at a multi-year high (6:1).
  - The picture is slightly less favorable in the Sub-Investment Grade space; however, y/y revenue and EBITDA growth was positive in the third quarter and credit fundamentals remain on generally stable footing. Gross leverage for High Yield bond issuers increased modestly to 4.0x in Q3 2024, but is still comfortably below the long-run average (since 2008) of 4.3x. Additionally the start of the Fed rate cutting cycle should be supportive of Leveraged Loan and hybrid (Loans + Bonds) issuers, helping to ease the interest burden that has moved steadily higher over the last couple of years. Lastly, default rates (incl. distressed exchanges) remain stable with Last Twelve Months

(LTM) HY defaults at 1.64%, well below the 25 year average of 3.40%, and Leveraged Loan defaults moderately higher at 3.7% versus a long term average of 3.0%.

- **Tighter Spreads + Less Dispersion = Discipline and Patience:** Outside the brief bout of volatility in early August, spreads across corporate credit have continued to grind tighter throughout the year and remain near multi-year tights. IG Corporate spreads remain at or just above all-time tights and spread dispersion within the market is at the lowest levels since 2007. Some areas of credit, notably CLOs and Bank Loans, do offer more attractive spread valuations, but remain below long-term averages. We believe our prudent approach to risk management and our relative value framework leave us well prepared to capitalize on opportunities when they arise and minimize potential downside risk.

### Relative Value and Current Upside Potential

- **We see value in CLO debt at current levels, as spreads are still wide compared to other areas of corporate credit.** If CLO debt levels return to their tight post crisis spreads, total return potential is still attractive. We continue to favor shorter duration CLO deals with cleaner portfolios at a discount. Please see the table of indices below highlighting current price and spreads as well as potential upside from current levels. Yield to Expected (YTE) illustrates the yields if spreads were to stay the same and the bonds pull to par by maturity. The Average 1-yr Upside represents an opportunity for the 1 year total return if spreads return to their 10 year average levels, and the Tight 1yr Upside represents the an opportunity for the 1 year total return if spreads return to their 10 year tight levels.<sup>1,2</sup>

PALMER SQUARE CLO INDEX LEVELS AND 1YR UPSIDE TO AVERAGE/TIGHTS					
Rating	Current Average Price	Discount Margin	Yield to Expected	Average 1yr Upside <sup>1</sup>	Tight 1yr Upside <sup>2</sup>
CLO AAA	\$100.12	121	5.35%	6.53%	6.78%
CLO AA	\$100.14	164	5.78%	7.00%	7.50%
CLO A	\$100.18	194	6.21%	7.37%	7.87%
CLO BBB	\$100.13	300	7.21%	8.06%	9.56%
CLO BB	\$98.11	674	10.78%	11.96%	15.02%
CLO B	\$74.14	1219	15.81%	31.03%	41.15%

Source: JPM / Intex / Palmer Square. As of 9/30/2024. Below investment grade ratings are subject to higher risks. Figures shown are not indicative of the performance of the Fund. <sup>1</sup>Refers to the potential increase in value of the investment in one year if spreads return to 10-year average levels. <sup>2</sup>Refers to the potential increase in value of the investment in one year if spreads return to 10-year tight levels. The potential increase in value is calculated by determining the return resulting from the positive or negative difference between the current price of the securities and the price of the securities at the respective spread levels noted in the above performance (i.e., spread levels at 10-year averages) plus the income from anticipated coupon payments over the next 12 months. For purposes of this analysis, anticipated coupon payments incorporate the forward LIBOR/SOFR curve. The presented performance does not reflect the impact of material economic and market factors on decision making, any changes to the Fund over time, and was prepared with the benefit of hindsight. Please see Notes and Disclosures for definitions.

- CLO Allocation/Opportunity to Capture Income and Total Return:** As of quarter-end, 76% (i.e. CLO Debt and Sub Notes) of the portfolio, mostly unchanged from last quarter, was invested in CLO debt. CLO BBBs are currently trading on average at a spread of 321bps and BBs are at a spread of 617bps for higher quality portfolios. When looking across corporate and structured credit, CLO BBB and BBs are one of the few asset classes that are still trading close to their historical averages and continue to look compelling vs. corporates. Given wider spreads and high base rates, breakeven spread widening on CLO BBB and BB is still very high. *We continue to add to CLO portfolios that are higher quality and more liquid as we believe they will continue to outperform portfolios with more risky collateral.*
- CLO BBs remain a significant allocation in the portfolio and at current valuations offer a lot of potential value on an absolute and relative basis. As compared to High Yield (HY) opportunities, CLO BBs on a historical basis still look very cheap. CLO BBs currently pick up 351bps of spread versus HY, which looking back to 2012 is a 69th percentile reading (meaning CLO BBs have been relatively cheaper only 31% of the time). The median spread differential over the same time period is 262bps, which means CLO BBs need to tighten\* about 89bps just to get back to historical average levels vs HY.

### CLO BB vs HY Spreads



Source: Bloomberg as of 10/11/2024. Current performance is not a guarantee of future performance of the Fund. \*Please see Notes and Disclosure for definitions.

- Bank Loan Allocation:** As of quarter-end, bank loan exposure was 18% of the portfolio, roughly unchanged from last quarter. We remain focused on selecting high-quality primary opportunities, with select discounted secondary investments. The primary market remains very busy, but is heavily skewed towards refinancing and repricing transactions, which has limited the number of attractive new money opportunities. In addition to modest net primary volumes, CLO issuance and retail inflows remain robust, creating a supportive price environment and driving incremental spread compression. *We continue to view the asset class as attractive given the combination of high current income and low interest rate duration and will continue to focus our efforts on seeking high quality/lower risk credits.*

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- **High Yield Bond Allocation:** As of quarter-end, HY corporate bond exposure was 6% of the portfolio, up modestly from 5% at the end of the second quarter. Valuations in HY remain challenging with spreads on the Bloomberg U.S. Corporate High Yield Bond Index near all-time tights; however, spread volatility during the quarter did create some tactical opportunities to add HY exposure at more attractive valuations. In addition, robust issuance in September (highest issuance month YTD) resulted in several attractive opportunities in the primary market. Strong YTD fund flows and limited net new supply continue to provide strong technical support for the market, despite the challenging spread environment. *We remain focused on identifying credit-specific opportunities we believe can outperform the current tight spread environment.*

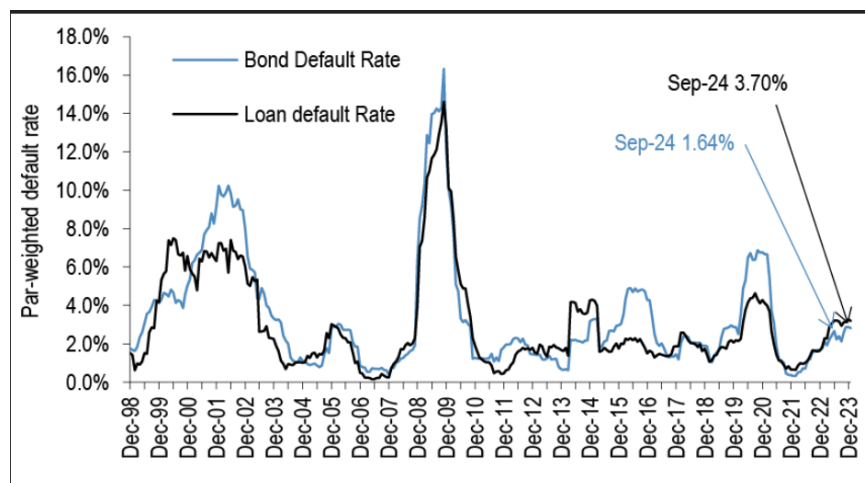
#### Outlook / Focus on CLO Relative Value

- **CLO Issuance Forecast and Outlook:** CLO issuance is off to its busiest start of the year ever with \$113.2B in new issue volumes, up about 78% from 2023. Reset/refi activity has also exploded higher with \$188B pricing so far in 2024. The size of the CLO market continues to grow in the U.S. and has surpassed \$1 trillion and \$1.4 trillion globally, which is now the largest credit sector within securitized products. We expect demand to continue for 3 main reasons: 1) Higher for longer rates continue and demand for floating rate instruments remains strong. 2) Demand from banks at the AAA level is returning and 3) an uptick in deal liquidations from out of reinvestment deals force investors to put capital to work in new issue transactions. We estimate that even though gross issuance has been record setting, net issuance for AAAs is actually negative on the year when factoring in liquidations and amortizations.

#### Fundamentals

- Loan defaults including restructurings are above long-term averages at 3.70%, down slightly from last quarter. Current defaults in CLO portfolios are lower at 0.50%, also down from last quarters reading of 0.53%. We expect defaults will stay rangebound in the next year and remain in the 2-3% range, closer to long-term averages. The percentage of underlying CLO collateral trading at distressed levels (under \$80) is currently around 3.75%, which is typically a good barometer of future defaults (Palmer Square deals are much lower in the 1-3% range). Also, loans with maturities before 2026 represent a small portion of the loan market at about 10%, meaning refinancing risk is low. The current CCC% in CLO portfolios is 5-7% (Palmer Square deals are lower in the 3-4% range) and still have ample cushion to withstand an uptick in downgrades.

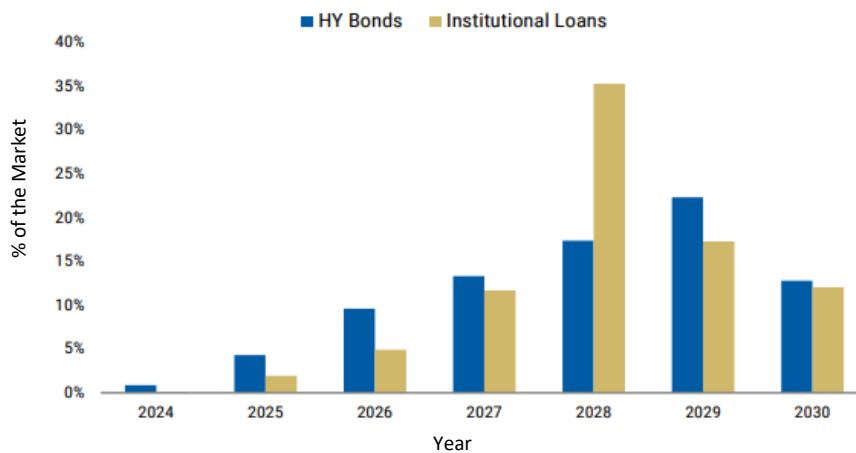
**Exhibit 1: Loan default rates off the lows, but still below long-term average**



Source: J.P.Morgan Research 10/1/2024

**Exhibit 2: Loan maturity walls (\$BN)**

**US Leveraged Debt Maturity Profile**

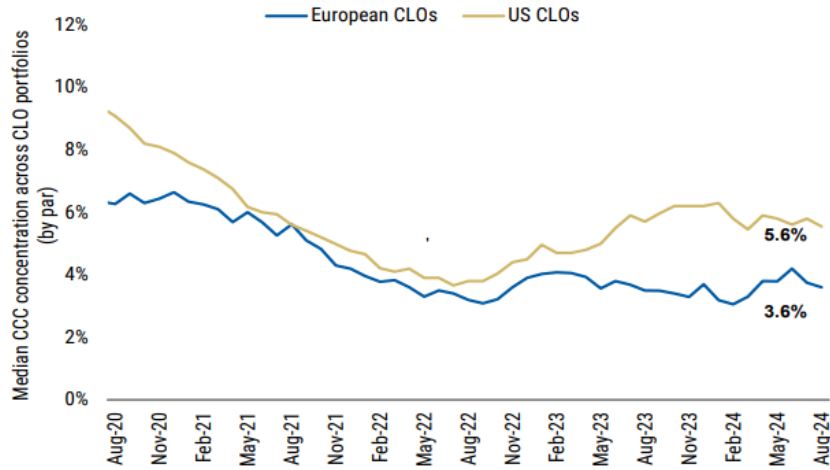


Source: ICE, Pitchbook LCD, Morgan Stanley Research as of 9/5/2024



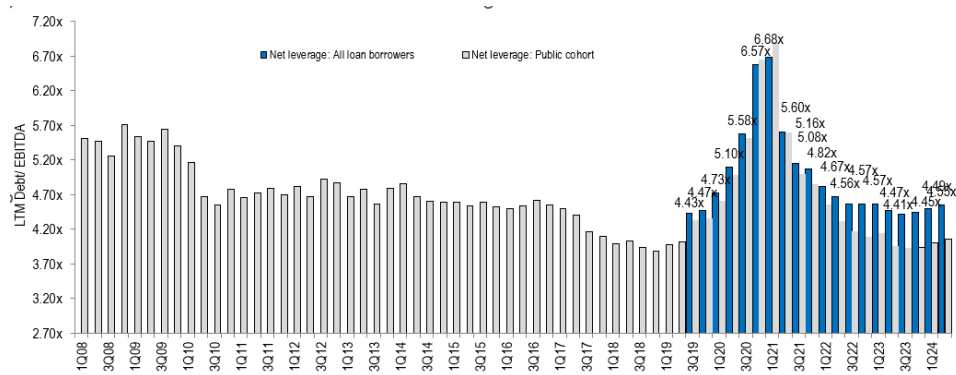
**Exhibit 3: Median CCC assets in CLO portfolios**

**Median CCC Assets in CLO Portfolios**



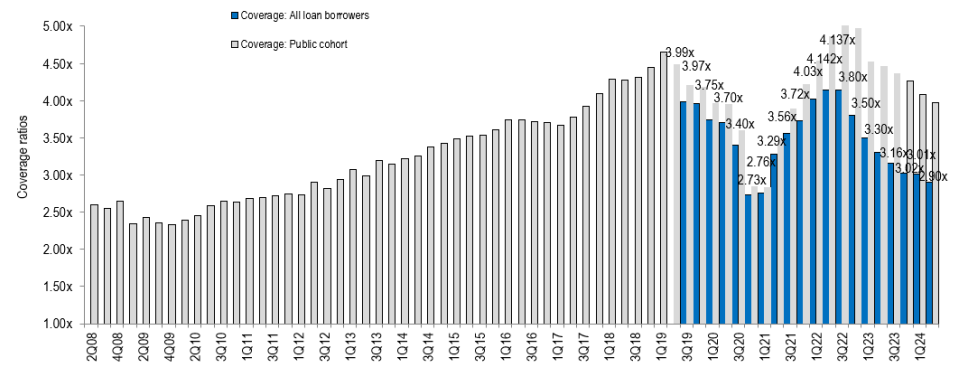
Source: J.P.Morgan Research 9/5/2024

**Exhibit 4: Loan gross leverage still near multi year low, trending lower**  
Bank Loan Net Leverage (TM)



Source: J.P.Morgan Research 9/27/2024

**Exhibit 5: Interest coverage ratios in line with historical averages, larger companies outperforming**



Source: J.P.Morgan Research 9/27/2024



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## Notes and Disclosures

This overview is for informational and comparative purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any interests in the Palmer Square Opportunistic Income Fund, the (“Fund”), and/ or any other securities, or to provide any other advisory services. Any offer to invest in the funds will be made pursuant to the Fund’s prospectus, which will contain material information not contained herein and to which prospective investors are directed. Before investing, you should carefully read such materials in their entirety.

This overview is not intended to replace such materials, and any information herein should not be relied upon for the purposes of investing in the Funds or for any other purpose. This overview is a summary and does not purport to be complete.

The Palmer Square Opportunistic Income Fund is a closed-end interval fund. You should not expect to be able to sell your Shares other than through the Fund’s repurchase policy, regardless of how the Fund performs.

The Fund’s advisor has contractually agreed to waive or reduce its management fees and/ or reimburse expenses of the Fund to ensure that total annual Fund operating expenses (excluding taxes, leverage interest, brokerage commissions, dividend and interest expenses on short sales, acquired fund fees and expenses, expenses incurred in connection with any merger or reorganization, and extraordinary expenses such as litigation expenses) do not exceed 1.50% of the Fund’s average daily net assets. This agreement is in effect until December 1, 2024, and it may be terminated before that date only by the Fund’s Board of Trustees. The Fund’s advisor is permitted to seek reimbursement from the Fund, subject to certain limitations, of fees waived or payments made to the Fund for a period of three years from the date of the waiver or payment.

**Interest Rate Duration** measures a portfolio’s sensitivity to changes in interest rates. **Spread Duration** measures the sensitivity of a bond price based on basis point changes of more than 100. **Yield To Call** is the yield of a bond or note if you were to buy and hold the security until the call date. **Yield To Maturity** is the rate of return anticipated on a bond if held until the end of its lifetime. **Current Yield** is a weighted calculation of the annual coupon rate divided by the price of each individual security within the portfolio and represents the return an investor would expect if the securities were held for a year and the price did not change. **Beta** describes an investment’s volatility in relation to that of the stock or bond market as a whole. For example, the S&P 500 is typically considered to be “the equity market” and it has a beta of 1.0.

Yield to Expected Call is a Yield to Call metric that assumes callable bonds are not called on their call date, but at some later date prior to maturity. **Yield to Expected Call** considers contractual terms in a bond’s indenture or other similar governing document. A bond may be called before or after this date, which has the potential to increase or decrease the Yield to Expected Call calculation. All else equal, when a bond’s price is below par, Yield to Expected Call is a more conservative yield metric than Yield to Call. If a bond is not callable, Yield to Expected Call calculates the bond’s Yield to Maturity. **Credit Spreads** are often a good barometer of economic health - **wide or widening (bearish sentiment)** and **narrowing/tight or tightening (bullish sentiment)**. The **option-adjusted spread (OAS)** is the measurement of the spread of a fixed-income security rate and the risk-free rate of return, which is then adjusted to take into account an embedded option. Typically, an analyst uses Treasury yields for the risk-free rate. The **original issue discount (OID)** is the difference between the original face value amount and the discounted price paid for a bond. The option-adjusted spread (OAS) is the measurement of the spread of a fixed-income security rate and the risk-free rate of return.

The **Bloomberg U.S. Aggregate Bond Index** is an unmanaged index of publicly issued investment grade corporate, US Treasury and government agency securities with remaining maturities of one to three years. The **Bloomberg 1-3 Year US Corporate Index** measures the performance of investment grade, US dollar-denominated, fixed-rate, taxable corporate and government-related debt with 1 to 2.9999 years to maturity. It is composed of a corporate and a non-corporate component that includes non-US agencies, sovereigns, supranationals and local authorities. **S&P 500 Index** is a market-capitalization-weighted index of 500 leading publicly traded companies in the U.S. **U.S. Treasury index** is an index based on recent auctions of U.S. Treasury bills and is commonly used as a benchmark when determining interest rates, such as mortgage rates. **Bloomberg U.S. Corporate Bond Index** measures the investment grade, fixed-rate, taxable corporate bond market. **Bloomberg U.S. High Yield Index** measures the USD-denominated, high yield, fixed-rate corporate bond market. **Bloomberg U.S. HY BB Corporates Index** tracks the performance of USD-denominated below investment grade rated corporate debt publicly issued in the U.S. domestic market. **Credit Suisse Leveraged Loan Index** tracks the investable market of the U.S. dollar denominated leveraged loan market. The **STOXX 600 Index** seeks to offer broader exposure to European companies. Thus, it’s often cited as a close European alternative to Standard & Poor’s 500 Index (S&P 500). **Palmer Square CLO Senior Debt Index (CLOSE)** seeks to reflect the investable universe for U.S. dollar denominated CLOs. CLOSE is comprised of original rated AAA and AA debt issued after January 1, 2009 subject to certain inclusion criteria. **Palmer Square CLO Debt Index (CLODI)** seeks to reflect the investable universe for U.S. dollar denominated CLOs. CLODI is comprised of original rated A, BBB, and BB debt issued after January 1, 2009 subject to certain inclusion criteria. **Palmer Square CLO BB TR Index (PCLOBBTR)** seeks to reflect the investable universe for U.S. dollar denominated CLOs. The index is comprised of original rated BB debt issued after January 1, 2009 subject to certain inclusion criteria. **LIBOR** (London Interbank Offered Rate) is the benchmark interest rate at which major global banks lend to one another. As of January 1, 2022 many banks are no longer required to submit the data needed to calculate the LIBOR rate. In June 2023, LIBOR will be replaced by SOFR. A **Reference Rate** is an interest rate benchmark used to set other interest rates. Various types of transactions use different reference rate benchmarks, but the most common include the Fed Funds Rate, LIBOR, the prime rate, and the rate on benchmark U.S. Treasury securities. Unlike mutual funds, indices are not managed and do not incur fees or expenses. It is not possible to invest directly in an index.

The allocation and credit quality distribution figures shown are used for illustrative purposes only. Palmer Square does not guarantee to execute that allocation and credit quality distribution. Allocation and exposures information, as well as other referenced categorizations, reflect classifications determined by Palmer Square as well as certain Palmer Square assumptions based on estimated portfolio characteristic information. Allocation and credit quality distribution figures may not sum to 100%. Ratings listed herein are assigned by Standard & Poor’s (S&P) and Moody’s Investor Service (Moody’s). Credit quality ratings are measured on a scale with S&P’s credit quality ratings ranging from AAA (highest) to D (lowest) and Moody’s credit quality ratings ranging from Aaa (highest) to C (lowest). We use the higher of the two ratings. Credit ratings listed are subject to change. Please contact Palmer Square for more information.

Market opportunities and/or yields shown are for illustration purposes only and are subject to change without notice. Palmer Square does not represent that these or any other strategy/opportunity will prove to be profitable or that the Fund’s investment objective will be met.

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## Notes and Disclosures (cont'd)

This material represents an assessment of the market environment at a specific point in time, is subject to change without notice, and should not be relied upon by the reader as research or investment advice. With regard to sources of information, certain of the economic and market information contained herein has been obtained from published sources and/or prepared by third parties. While such sources are believed to be reliable, Palmer Square or their employees or representatives do not assume any responsibility for the accuracy of such information. Palmer Square is under no obligation to verify its accuracy.

The performance presented here is past performance and not indicative of future returns. Different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will be profitable. Please note that the performance of the funds may not be comparable to the performance of any index shown. Palmer Square has not verified, and is under no obligation to verify, the accuracy of these returns. Past performance does not guarantee future results.

**Collateralized Loan Obligations Risk** – The Fund may invest in CLOs. The Fund is subject to asset manager, legal and regulatory, limited recourse, liquidity, redemption, and reinvestment risks as a result of the structure of CLOs in which the Fund may invest. A CLO's performance is linked to the expertise of the CLO manager and its ability to manage the CLO portfolio. Changes in the regulation of CLOs may adversely affect the value of the CLO investments held by the Fund and the ability of the Fund to execute its investment strategy. CLO debt is payable solely from the proceeds of the CLO's underlying assets and, therefore, if the income from the underlying loans is insufficient to make payments on the CLO debt, no other assets will be available for payment. CLO debt securities may be subject to redemption and the timing of redemptions may adversely affect the returns on CLO debt.

**The CLO manager may not find suitable assets** in which to invest and the CLO manager's opportunities to invest may be limited. The risks of an investment in a collateralized debt obligation depend largely on the type of the collateral securities and the class of the debt obligation in which the Fund invests. Collateralized debt obligations are generally subject to credit, interest rate, valuation, prepayment and extension risks. These securities are also subject to risk of default on the underlying asset, particularly during periods of economic downturn. Defaults, downgrades, or perceived declines in creditworthiness of an issuer or guarantor of a debt security held by the Fund, or a counterparty to a financial contract with the Fund, can affect the value of the Fund's portfolio. Credit loss can vary depending on subordinated securities and non-subordinated securities.

**If interest rates fall**, an issuer may exercise its right to prepay their securities. If this happens, the Fund will not benefit from the rise in market price, and will reinvest prepayment proceeds at a later time. The Fund may lose any premium it paid on the security. If interest rates rise, repayments of fixed income securities may occur more slowly than anticipated by the market which may result in driving the prices of these securities down. The Fund is "non-diversified," meaning the Fund may invest a larger percentage of its assets in the securities of a smaller number of issuers than a diversified fund. Investment in securities of a limited number of issuers exposes the Fund to greater market risk and potential losses than if its assets were diversified among the securities of a greater number of issuers.

**Foreign investments** present additional risk due to currency fluctuations, economic and political factors, government regulations, differences in accounting standards and other factors. Investments in emerging markets involve even greater risks. High yield securities, commonly referred to as "junk bonds," are rated below investment grade by at least one of Moody's, S&P or Fitch (or if unrated, determined by the Fund's advisor to be of comparable credit quality high yield securities).

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**Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus, or summary prospectus, that contains this and other information about the Funds, call 866-933-9033 or visit our website at [www.palmsquarefunds.com](http://www.palmsquarefunds.com). Please read the prospectus carefully before investing. An investment in the Fund is not designed to be a complete investment program and should be considered speculative. Investing in the Fund entails substantial risk and may result in a loss of some or all of the amount invested. An investment in the Fund is not appropriate for investors with a short-term investing horizon and/or cannot bear the loss of some or all of their investment.**