Palmer Square Income Plus Fund (PSYPX)

January 2024

Table of Contents

Fund Refresher

As a refresher, the investment objective of the Palmer Square Income Plus Fund ("PSYPX" or the "Fund") is income and capital appreciation. In seeking to achieve that investment objective, the Investment Team employs a flexible mandate to find the best relative value across corporate credit and structured credit. The Fund has also historically maintained low interest rate duration* and high credit quality. Due to the Fund's high-quality bias we are very comfortable with the underlying credit quality of the holdings and ability to avoid credit losses; over 82% of the portfolio is rated investment grade ("IG") and over 55% is rated A or higher. Spread duration* is 1.9 years.

What is the Fund trying to achieve in today's market to benefit clients?

- Diversified Income Generation – The Fund generates income through a diversified exposure to corporate and structured credit, including primarily corporate bonds, bank loans, collateralized loan obligations ("CLOs"), commercial mortgage backed securities ("CMBS"), residential mortgage backed securities ("RMBS"), asset backed securities ("ABS"), commercial paper and U.S. Treasury securities.
- Low Interest Rate Duration – We have had minimal interest rate duration which drives lower correlation to interest rate sensitive fixed income such as those investments which comprise the Bloomberg U.S. Aggregate Bond Index and Bloomberg 1-3 Year U.S. Corporate Index*.
- Capital Preservation – The Fund maintains a high-quality bias.
- Total Return – The Fund also seeks capital appreciation through opportunistic portfolio rotations driven by the Investment Team's assessment of relative value. Please note that the Fund can invest up to 30% in high yield rated ("HY") securities.

Portfolio Snapshot

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

	12/31/2022	3/31/2023	6/30/2023	9/30/2023	12/31/2023
Interest Rate Duration	0.64 yrs	0.79 yrs	0.89 yrs	0.91 yrs	0.90 yrs
Spread Duration	2.70 yrs	2.38 yrs	2.36 yrs	2.22 yrs	1.93 yrs
Yield to Expected Call*	6.49%	6.42%	7.07%	6.90%	6.03%
Yield to Maturity	6.26%	6.17%	6.80%	6.74%	5.90%
Current Yield	4.90%	5.36%	5.72%	5.73%	5.66%
30-day SEC Yield (subsidized)*	5.14%	5.67%	5.97%	6.05%	5.86%
30-day SEC Yield (unsubsidized)*	5.14%	5.67%	5.97%	6.05%	5.86%

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.

*Please see Notes and Disclosure for definitions.

- **<u>Performance and Attribution:</u> The Fund delivered a positive return of 2.86% (net of fees) in Q4 2023 taking the YTD 2023 return to 8.78% (net of fees)**. This compares to YTD returns of +5.53% and +5.48% for the Bloomberg U.S. Aggregate Bond Index and the Bloomberg 1-3 Year U.S. Corporate Index, respectively. The positive absolute performance over the year was driven by both a broad-based compression in credit spreads as well as current income, particularly from the Fund's floating rate exposure which directly benefitted from higher base rates. On a relative basis, the Fund managed to outperform most Investment Grade-oriented benchmarks despite the sharp decline in intermediate interest rates that occurred late in the year. For the year, the Fund's exposure to CLO debt provided the largest positive contribution at +5.23%, followed by Corporate IG at +1.43% and Corporate HY at +0.62%. On the negative side, aside from rate hedges, CMBS delivered the lowest contribution +0.05% along with RMBS at +0.12% and bank loans at +0.43%. Below we provide a summary of major benchmark performance for comparison.

Selected Indices*	Q4 2023 Performance	2023 Performance
Bloomberg U.S. Treasury Index	+5.66% (Yield -0.77%)	+4.05% (-0.07%)
Bloomberg U.S. Aggregate Bond Index	+6.82% (spread -10bps)	+5.53% (-8bps)
Bloomberg U.S. Corporate Index	+8.50% (spread --22bps)	+8.52% (-30bps)
Bloomberg 1-3 Year U.S. Corporate Index	+3.10% (spread -16bps)	+5.48% (-4bps)
Bloomberg U.S. High Yield Index	+7.16% (spread -72bps)	+13.45% (-147bps)
iBoxx Liquid Leveraged Loan Index	+2.49% (DM -28bps)	+11.78% (-120bps)
Palmer Square CLO Senior Debt Index	+2.25% (DM -18bps)	+9.02% (-67bps)
Palmer Square CLO Debt Index	+4.07% (DM -37bps)	+17.423% (-133bps)
S&P 500 Index	+11.68%	+26.26%
STOXX 600 Index	-7.86%	+19.50%

Source: Bloomberg as of 12/31/2023. *Please see Notes and Disclosure for definitions.

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Detailed Fund Performance History

The Fund delivered a return of 2.86% (net of fees) in Q4 and 8.78% (net of fees) YTD 2023.

Fund Performance Net of Fees as of 12/31/2023 (inception 2/28/2014)

	Q4 2023	YTD 2023	2022	2021	2020	2019	2018	2017	2016	2015
PSYPX	2.86%	8.78%	-0.76%	1.17%	3.65%	5.29%	1.17%	4.03%	5.24%	1.21%
Bloomberg 1-3 Yr U.S. Corp Index*	3.10%	5.48%	-3.32%	-0.13%	3.79%	5.30%	1.56%	1.85%	2.36%	1.00%
Bloomberg U.S. Aggregate Bond Index*	6.82%	5.53%	-13.01%	-1.54%	7.51%	8.72%	0.01%	3.54%	2.66%	0.57%

Fund Performance Net of Fees as of 12/31/2023 (inception 2/28/2014)

	1 Year	3 Years	5 Years	ITD Annualized
PSYPX	8.78%	2.99%	3.57%	3.09%
Bloomberg 1-3 Year U.S. Corp Index*	5.48%	0.61%	2.17%	1.86%
Bloomberg U.S. Aggregate Bond Index*	5.53%	-3.31%	1.10%	1.63%

Class I shares – Annual Expense Ratio: Gross 0.88%/Net 0.88%. Palmer Square has contractually agreed to waive its fees and/or pay for operating expenses of the Fund to ensure that total annual fund operating expenses (excluding any taxes, leverage interest, brokerage commissions, dividend and interest expenses on short sales, acquired fund fees and expenses (as determined in accordance with Form N-1A), expenses incurred in connection with any merger or reorganization, and extraordinary expenses such as litigation expenses) do not exceed 0.88% of the average daily net assets of the Fund. This agreement is in effect until October 31, 2024, and it may be terminated before that date only by the Trust'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 ending three full fiscal years after the date of the waiver or payment. **Shares of the Fund are available for investment only by clients of financial intermediaries, institutional investors, and a limited number of other investors approved by the Advisor. 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.**

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Relative Value and Current Upside Potential

- We believe the Fund is well positioned for potential upside going forward. We also believe high breakeven spread levels exist which serve as a cushion in a spread widening environment. **As shown in the highlighted box below, if spreads were to go back just to average levels over the past 10 years, the 1-year total return is estimated to be about +7%. If we go back to 10-year tights on spreads, that return goes to +8.71%.** Also given the very high coupon and spread levels currently, there is a very high hurdle to not capture a positive return over a 1 year holding period. The 1yr forward breakeven column below shows the spread levels each asset class would need to hit to not earn a positive return over the next year. At a Fund level, we would need to see over 286bps of widening from current levels, which would put us at worse levels than we saw during COVID.
- **Most notably, we see a lot of value in CLO debt at current levels, as spreads are still well wide of average levels since 2008.** If CLO debt levels return to their average post crisis spreads, total return potential is very attractive. We continue to favor shorter duration CLO deals with cleaner portfolios at a discount which we think will continue to deliver high total returns over the near term.

PALMER SQUARE INCOME PLUS FUND							1yr Forward Breakeven[3]	3/31/2020[4]	2/28/2016[5]
Rating	Allocation	Price	Spread	YTE*	Average 1yr Upside[1]	Tight 1yr Upside[2]	Spread	Spread	Spread
CLO AAA	10.1%	$99.85	141	5.61%	6.50%	7.19%	577	243	186
CLO AA	2.6%	$97.99	262	6.09%	6.80%	7.98%	437	349	284
CLO A	0.5%	$99.41	244	6.17%	6.41%	9.02%	509	501	394
CLO BBB	12.1%	$97.60	432	8.07%	10.35%	13.25%	654	755	661
CLO BB	8.1%	$96.80	783	11.74%	14.33%	18.95%	1050	1384	1193
CLO B	0.3%	$86.82	1253	16.46%	24.84%	35.32%	1477	1949	1653
ABS	9.2%	$99.23	43	5.56%	5.56%	5.56%	598	313	52
CMBS	4.4%	$86.17	524	9.39%	22.18%	23.29%	1009	225	75
RMBS	4.0%	$83.52	157	5.49%	6.09%	9.64%	295	375	150
Corp HY	4.5%	$97.11	163	5.62%	3.81%	5.65%	414	880	726
Corp IG	23.5%	$96.73	71	5.14%	4.84%	5.24%	377	272	197
Bank Debt	7.1%	$100.35	225	5.91%	6.29%	6.85%	593	844	639
Govt	13.6%	$100.10	0	4.41%	4.41%	4.41%	0	0	0
Total	**100.0%**	**$96.95**	**215**	**6.35%**	**7.43%**	**8.71%**	**501**	**463**	**348**

Source: Bloomberg, Palmer Square, as of 12/31/2023. *YTE, also known as Yield to Expected Call, is a Yield to Call metric that assumes callable bonds are not called at their call date, but some later date prior to maturity. [1]Refers to the potential increase in value of the investment in one year if spreads return to 10-year average levels. [2]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 hypothetical 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. [3]Refers to the level at which spreads would need to widen in order to cause a negative value in an individual investment over a one-year period. This is determined by reducing a security's price by its expected coupon payments over the next 12 months and then calculating the level of spread widening that would need to occur to move the security's actual price to the reduced price. For purposes of this analysis, anticipated coupon payments incorporate the forward LIBOR/SOFR curve. [4]Month end during Covid dislocation. [5]Month end of energy market dislocation. Below investment grade ratings are subject to higher risks. Figures shown are not indicative of the performance of the Fund. The presented hypothetical performance does not reflect the impact of material economic and market factors on decision-making, any changes to the strategy over time, and was prepared with the benefit of hindsight. Past performance is no guarantee of future returns.

*Please see Notes and Disclosure for definitions.

Summary Themes:

- **Macro Takeaways and Positioning;**
- **2024 Outlook: Too Much Too Soon, GDP Growth, Earnings Recovery, Credit Selection Remains Key, and Why Floating Rate Can Still Outperform Fixed**

Theme I. Macro Takeaways and Positioning

- **Macro Takeaways:** There are a few key macro and credit market takeaways from 2023. First, it was another year where interest rates dominated returns. After a decent start in Q1, driven by a wide starting point for yields and spreads, long term interest rates marched mercilessly higher from April to October, with the 10Y Treasury yield briefly touching 5.00%, dragging down all duration products. This all changed in early November after several better-than-expected inflation data points hit, followed by a surprisingly dovish pivot by the Fed in early December. All told, the 10Y treasury yield declined from 5.00% in mid-October to 3.88% by year-end, a staggering 110bps move in basically two months. The late year rally in Treasuries filled everyone's stocking with joy with equities hitting new highs and credit spreads hitting cycle lows. **This leads us to the next takeaway: the market is now fully pricing in a goldilocks scenario of a super easy fed with lower rates AND strong positive growth (earnings and GDP).** As readers may know, Palmer Square has been in the soft/no landing camp since early 2023, so in that regard we don't disagree with the consensus view on growth and earnings. But we do find the consensus view on rate cuts as too much, too soon. There are only 7 meetings in 2024 and the market is pricing in 6 cuts, implying the Fed will cut every meeting from March onward. We just don't believe in this magnitude of easiness being congruent with a soft landing and full employment. So, with that said, we are not at all surprised by the modest reversal in rates so far in 2024, and wouldn't be surprised to see rates stabilize even higher from here. **Finally, the last major takeaway: we are likely departing a period of low dispersion where duration positioning drove the vast majority of attribution, to a period of high dispersion where sector positioning and credit selection is likely to be a much larger driver of return attribution.**
- **Positioning:** The Fund made a few notable rotations in Q4. We reduced our position in Agency RMBS after both spreads and yields compressed in early November. These proceeds were rotated into U.S. Treasuries, with a focus on the 2-3Y part of the curve where it is the most inverted. We increased exposure to short corporate bonds in October (prior to the major rate move) on attractive all-in yields. Within the CLO allocation, we maintained our core positioning in CLO AAA and CLO BBB tranches on continued superior relative value. Within the CLO BB exposure, our focus was on targeting 2022 vintage deals that have a relatively high likelihood of being called in 2024. And lastly, we took profit on a large part of our HY book in late December in favor of BB bank loans, that, while at par still offer compelling current yields.

Theme II. 2024 Outlook: Too Much Too Soon, GDP Growth, Earnings Recovery, Credit Selection Remains Key, and Why Floating Rate Can Still Outperform Fixed

- **Too Much, Too Soon:** We understand why the market celebrated at the end of 2023: core inflation continues to trend towards 2%, the labor market remains historically strong, and the Fed surprised practically everyone with a dovish pivot in the December policy press conference. This sent the animal spirits soaring (along with equities) and long-term yields rallied nearly 125bps tighter in the final 2 months of the year. The result is the market is now pricing in over 6 cuts in 2024 (there are only 7 meetings!), implying the Fed Funds Rate will end the year 1.5% lower at 4.00%. Said differently, the market is now pricing in the goldilocks scenario of both a super easy Fed AND essentially no landing. We simply find that level of implied monetary easing incongruent with the current macroeconomic outlook. As such, we are not surprised by the recent move higher in long term interest rates and think the equilibrium level for the 10Y treasury yield is in the 4.0-4.5% range (vs 4.00% at the time of this letter). And while we do think the Fed will make a few "victory" cuts in 2024 we think rates will still remain higher than what is currently implied by the market.

- **GDP Growth:** 3rd quarter real GDP growth surged to an astounding 5.0% with the FY2023 estimate still a healthy +2.4%. The estimate for 2024 currently sits at 1.3%, which when parsed out is factoring in a soft landing (we define as growth between 0-1%) in the 2nd half of 2024. Our view is slightly more constructive on growth, with 2024 looking a lot like 2023, but with more dispersion in terms of sector performance.
- **Earnings Recovery:** While the broader economy managed to avoid a recession in 2023, corporate earnings did not. S&P 500 earnings declined on a y/y basis for 4 straight quarters until turning positive in Q3 2023. And current estimates for Q4 indicates earnings will be up 5% y/y. We expect corporate earnings to continue to grow in 2024, partially based on favorable comps from 2023 but also due to increased investment. Even though rates remain high, the belief that the Fed is done hiking removes a major uncertainty that likely limited investment in 2023. But we don't think the growth will be uniform. Namely, we remain cautious on consumer spending, particularly companies with exposure to the lower income cohort.
- **Credit Selection Remains Key:** 2023 was a year dominated by duration positioning. Whether you were short in the summer and long in the fall largely determined the performance of most fixed income strategies. This was not the case for the Income Plus Strategy, which is agnostic to rate duration and saw returns driven by spread compression and relatively higher current income. We are departing a period of low dispersion tethered to interest rates and entering a new period of sector dispersion where credit/stock picking will be the major driver of return attribution.
- **Floating Rate is the Optimal Relative Value Play:** Despite the recent move in rates, floating rate credit maintains a very attractive set up. Interest rates are already significantly off their highs, and despite that, floating rate still outperformed fixed in 2023. But we digress. **A bet on duration at this point is essentially a bet the Fed is going to be even easier than what is currently priced into the market (i.e cutting more than 7 times).** However, if the Fed cuts less due to continued strong growth and full employment, intermediate rates need to reset higher and floating rate likely outperforms fixed again. **Keep in mind the yields shown for floating rate assets are inclusive of the forward curve.** So if the Fed hikes less, or later, the yield on floating rate assets will increase.

*Please see Notes and Disclosure for definitions.

Summary on Attribution, Allocation and Positioning

Select Portfolio Attribution and Characteristic Dashboard

	Allocation	% Allocation	Q4 2023 Attribution	Average Price	Yield to Expected Call*
IG	ABS (100% AAA)	9%	0.19%	99.2	5.6%
IG	Treasury Bonds	13%	0.22%	100.1	4.4%
IG	CLO AAA	10%	0.20%	99.9	5.6%
IG	CLO AA	2%	0.08%	98.1	6.1%
IG	CLO A	1%	0.02%	99.4	6.2%
IG	CLO BBB	12%	0.43%	97.7	8.1%
IG	RMBS (98% AAA, 100% A and above)	4%	0.11%	86.7	5.5%
IG	CMBS (88% A- and above, 97% IG)	4%	0.09%	91.5	9.4%
IG	IG Corp Bonds - Fixed	20%	0.74%	96.4	5.0%
IG	IG Corp Bonds - Floating	3%	0.04%	100.0	6.0%
IG	IG Bank Loans	2%	0.01%	100.7	5.8%
HY	Bank Loans - Non IG	5%	0.06%	100.3	6.0%
HY	HY Corp Bonds	4%	0.40%	97.3	5.6%
HY	CLO BB/B	8%	0.35%	86.9	11.8%

Source: Palmer Square as of 12/31/2023. 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. Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security. To obtain performance information current to the most recent month-end please call 866-933-9033.

Historic Positioning Detail by Asset Type:

	12/31/2022 Allocation	3/31/2023 Allocation	6/30/2023 Allocation	9/30/2023 Allocation	12/31/2023 Allocation
CLO Debt	35%	34%	35%	34%	32%
IG Corp Debt	26%	19%	17%	16%	23%
ABS	10%	8%	12%	13%	9%
Gov't Bonds	5%	15%	9%	9%	13%
RMBS	5%	5%	9%	12%	4%
Bank Loans	7%	4%	5%	4%	7%
CMBS	7%	5%	5%	5%	4%
HY Corp Bonds	2%	7%	5%	4%	4%
Cash/Other	3%	3%	3%	3%	4%

Please note allocation and attribution above is a % of NAV and does not include hedges. Gross attribution does not include hedges, expenses and fees if applicable. Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security. Asset-backed Securities (ABS), Mortgage-backed Securities (MBS), Commercial mortgage-backed securities (CMBS), Residential mortgage-backed securities (RMBS).

- **Investment Grade Corporate Bond Allocation** – The IG corporate bond exposure increased by 7%, particularly early in the quarter when yields hit YTD highs and spreads widened out in sympathy. The bulk of this increase was focused on the 4-5Y part of the curve on an unhedged basis. *We remain conservatively positioned within our IG Corporate allocation given the recent move tighter in both yields and spreads. This leaves us ample room to add risk at a more attractive entry point.*

*Please see Notes and Disclosure for definitions.

- **High Yield Bond Allocation** – As of quarter-end, HY corporate bond exposure was flat q/q at 4.3% of the portfolio. However, there was a moderate amount of intra-period movement with HY corporate bond exposure reaching 7% of the portfolio near the end of October as HY BB spreads and yields peaked above 300bps and 8.00%, respectively. Along with tailwinds provided by the year end "everything rally", HY corporates also benefitted from accelerating fund flows ($16+bn Nov/Dec inflows) and modest net issuance. We gradually reduced exposure into year-end as HY BB corporate yields fell 1.65% from the beginning of November to the end of December and spreads fell below the 10th percentile on a short-term (1Y) and long-term (10Y) basis. *We've continued to reduce HY corporates in 2024 given challenging valuations and will likely maintain lower exposure until the relative value becomes more favorable.*
- **CLO Allocation/Opportunity to Capture Income and Total Return** – As of quarter-end, 32% of the portfolio, which was a decrease of 1.7% from last quarter. Our largest exposure in the capital stack continues to be AAA, which still offer tremendous value in the 130-160bps spread range and yields in the 5.5-6.5% range. AAA spreads are still wide of historical averages and yields have never been higher. Breakeven spread widening also looks very attractive at current levels. For example, over a one year holding period AAA spreads on shorter duration profiles would need to reach over 500bps in order to not make money, a level wider than during the depths of the COVID pandemic.[1]
  - » CLO mezzanine exposure also stayed relatively stable with BBBs at 11.6% and BBs at 7.7%. Spreads tightened throughout the back half of the year and BBB/BB CLO debt were some of the best performing asset classes in 2023 with returns of +16.91%/+24.00%. Forward looking yields still look very attractive with the average price/yield on our BBBs at $97.7/8.1% and BBs at $96.9/11.75%.

  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.
- **ABS/MBS Allocation has Provided Diversification and Income Capture** – As of quarter-end, 17% of the portfolio had exposure to ABS/MBS. During the quarter, our allocation to ABS and MBS decreased as we rotated Agency RMBS and ABS exposure to treasuries.
  - » **ABS** exposure (primarily prime auto ABS with a weighted average life (WAL)* of 6 months or less) ended 4% lower relative to Q3, currently 9% of the Fund.
  - » **CMBS** exposure at quarter-end was 4%, down 1% to Q3 2023. Our preference in CMBS continues to be single asset/single borrowers and in sectors where we find most relative value, notably industrials. We still feel there are macro headwinds for commercial real estate in certain sectors, so we have not increased exposure.
  - » **RMBS** exposure ended the quarter 8% lower compared to Q3 2023. The change was primary due to reducing agency CMOs as that was a tactical addition in Q3. Our exposure in non-agency is still primarily AAA- rated debt which are backed by collateral from borrowers with FICOs (Fair Isaac Corporation*) greater than 700 and in some cases as high as 750.

*Please see Notes and Disclosure for definitions. [1]This example is provided for illustrative purposes only.

ABS/MBS Positions	12/31/2023
Prime Autos	7%
Equipment	2%
ABS (100% AAA)	**9%**
Conduit	1%
Single Asset/Single Borrower	3%
CMBS (99% A- and above)	**4%**
Agency	0%
Non-Agency	4%
RMBS (99% AAA)	**4%**

Source: Palmer Square.

- **Bank Loan Allocation** – As of quarter-end, bank loan exposure was 6.9% of the portfolio, an increase of 2.5% over the prior quarter. Loan allocations were largely static for the majority of the quarter; however, we began increasing our exposure towards the end the December. The increase was driven by improving relative value dynamics vis-a-vis fixed rate assets following the year end in rally in rates and spreads, most notably in corporate bonds. In addition, our house view of "higher for longer" front end rates implies the realized yield offered by bank loans should be more attractive than forecasted by the forward rate curve (6 rate cuts priced in for 2024). Lastly, we view favorable market technicals (low net issuance / increasing CLO creation) as providing additional price and valuation support. *We continue to be fundamentally constructive on the higher quality part of the U.S. bank loans and have further increased exposure in early 2024.*

Given the recent market moves and the continued dislocation in credit, we believe the Fund is well-positioned to not only generate a strong yield, but also meaningful capital appreciation going forward. As mentioned in our last quarter's letter, we believe our Fund's positioning has the potential to deliver a higher Sharpe* ratio as we continue to navigate these markets. We feel we are opportune in our approach to relative value and could not be more excited about how this portfolio is positioned and its outlook.

Summary

The Fund's diverse portfolio across corporate and structured credit is positioned in predominately investment grade securities, yet has offered a strong current yield* and potential opportunity for capital appreciation. We believe we are opportune in our approach to relative value and could not be more excited about how this portfolio is positioned and its outlook.

Please do not hesitate to contact us at investorrelations@palmersquarecap.com or 816-994-3200 should you desire more information. We would also be happy to set up a call and/or meeting at your convenience.

*Please see Notes and Disclosure for definitions.

Notes and Disclosure

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 Income Plus 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 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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Bloomberg U.S. Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. **Bloomberg U.S. Aggregate Bond Index** is an unmanaged index of publicly issued investment grade corporate, U.S. Treasury and government agency securities with remaining maturities of one to three years. **Bloomberg U.S. Corporate Index** measures the investment grade, fixed-rate, taxable corporate bond market. **Bloomberg 1-3 Year U.S. Corporate Index** measures the performance of investment grade, U.S. 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-U.S. agencies, sovereigns, supranationals and local authorities. **Bloomberg U.S. High Yield Index** measures the USD-denominated, high yield, fixed-rate corporate bond market. **iBoxx Liquid Leveraged Loan Index** tracks the total return of the 100 most liquid loans from the USD LLI index universe, offering a powerful insight into the loan market. **Palmer Square CLO Senior Debt Index** is a rules-based observable pricing and total return index for collateralized loan obligation debt for sale in the United States, rated at the time of issuance as AAA or AA (or an equivalent rating). Such debt is often referred to as the senior tranches of a CLO. **Palmer Square CLO Debt Index** is a rules-based observable pricing and total return index for collateralized loan obligation debt for sale in the United States, rated at the time of issuance as A, BBB or BB (or equivalent rating). Such debt is often referred to as the mezzanine tranches of a CLO. **S&P 500 Index** is a market-capitalization-weighted index of 500 leading publicly traded companies in the U.S. 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). The **option-adjusted spread (OAS)** is the measurement of the spread of a fixed-income security rate and the risk-free rate of return.

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 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. **Yield To Maturity** is the rate of return anticipated on a bond if held until the end of its lifetime. **Current Yield** is annual income divided by price paid. **Credit Spreads** are often a good barometer of economic health - **widening (bearish sentiment)** and **narrowing/tightening (bullish sentiment)**. A **tight market (tight-trading)** is a market characterized by narrow bid-ask spreads and abundant liquidity with frenetic trading activity. The **SEC 30-day yield** is computed under an SEC standardized formula and is based on the maximum offer price per share. Subsidized yields reflect fee waivers in effect. Without such waivers, yields would be reduced. Unsubsidized yields do not reflect fee waivers in effect. **Basis points (BPS)** refers to a common unit of measure for interest rates and other percentages in finance. The relationship between percentage changes and basis points can be summarized as follows: 1% change = 100 basis points and 0.01% = 1 basis point. Past performance is not indicative of future results. 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. Diversification does not assure a profit, nor does it protect against a loss in a declining market

Notes and Disclosure cont'd

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. 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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