

Palmer Square Income Plus Fund (PSYPX)

July 2023

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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 80% of the portfolio is rated investment grade (“IG”) and over 55% is rated A or higher. Spread duration* is 2.4 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.

	6/30/2022	9/30/2022	12/31/2022	3/31/2023	6/30/2023
Interest Rate Duration	0.57 yrs	0.62 yrs	0.64 yrs	0.79 yrs	0.89 yrs
Spread Duration	2.80 yrs	2.65 yrs	2.70 yrs	2.38 yrs	2.36 yrs
Yield to Expected Call*	5.27%	6.46%	6.49%	6.42%	7.07%
Yield to Maturity	5.15%	6.19%	6.26%	6.17%	6.80%
Current Yield	3.24%	4.15%	4.90%	5.36%	5.72%
30-day SEC Yield* (net of fees)	2.39%	3.84%	5.14%	5.67%	5.97%
30-day SEC Yield* (gross of fees)	2.39%	3.84%	5.14%	5.67%	5.97%

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.

Relative Value and Current Upside potential

- We see a lot of value in CLO debt at current levels, as spreads are near the wides only seen for a few short periods since 2008. If CLO debt levels return to their average post crisis spreads, total return potential is very attractive. Please see the table below highlighting current price/spreads and potential upside from current levels. Yield to expected illustrates yields if spreads were to stay the same and the bonds pull to par by maturity. The Average 1-year upside represents the 1yr total return if spreads return to their 10yr average levels, and the Tight 1-year upside represents the 1yr total return if spreads return to their 10yr tight levels^{1,2}.

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	11.95%	98.86	169	6.42%	7.64%	8.25%	593	243	186
CLO AA	2.28%	96.02	289	6.81%	8.66%	9.84%	438	349	284
CLO A	0.55%	96.72	304	7.54%	9.42%	12.46%	534	501	394
CLO BBB	11.88%	92.77	577	10.22%	16.59%	19.99%	766	755	661
CLO BB	8.71%	90.90	963	14.24%	22.61%	27.73%	1204	1384	1193
CLO B	0.26%	80.85	1404	18.71%	34.25%	45.78%	1655	1949	1653
ABS	12.41%	98.79	52	5.88%	5.88%	5.88%	655	313	52
CMBS	4.83%	87.02	605	10.80%	23.89%	25.16%	1128	225	75
RMBS	9.42%	87.62	168	5.90%	7.58%	10.55%	345	375	150
Corp HY	5.14%	90.74	260	6.83%	5.86%	9.02%	430	880	726
Corp IG	17.87%	94.65	106	5.87%	5.52%	6.18%	378	272	197
Bank Debt	5.22%	99.84	238	6.70%	7.85%	8.65%	659	844	639
Govt	9.48%	98.32	0	5.38%	5.38%	5.38%	0	0	0
Total	100.00%	94.33	281	7.53%	10.00%	11.66%	576	478	348

Source: Bloomberg, Palmer Square, as of 6/30/2023. *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. ¹Refers to the potential increase in value of the investment in one year if spreads return to 10-year average levels. ²Refers 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. ³Refers 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. ⁴Month end during Covid dislocation. ⁵Month 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.

PALMER SQUARE CLO INDEX LEVELS AND 1YR UPSIDE TO AVERAGE/TIGHTS					
Rating	Current Average Price	Discount Margin	Yield to Expected	Average 1yr Upside ¹	Tight 1yr Upside ²
CLO AAA	\$98.81	162	6.22%	7.68%	7.94%
CLO AA	\$97.71	223	6.46%	8.92%	9.69%
CLO A	\$96.54	290	7.13%	10.20%	11.50%
CLO BBB	\$93.03	479	9.01%	15.00%	17.69%
CLO BB	\$87.03	968	14.05%	22.49%	29.38%
CLO B	\$68.49	1524	19.61%	41.18%	52.86%

Source: JPM / Intex / Palmer Square. As of 6/30/2023. Below investment grade ratings are subject to higher risks. Figures shown are not indicative of the performance of the Fund. ¹Refers to the potential increase in value of the investment in one year if spreads return to 10-year average levels. ²Refers 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. The presented hypothetical 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.

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Summary Themes:

- **Q2 2023 Performance, Attribution and Positioning;**
- **2023 Outlook: Federal Reserve (Fed) Pause, Soft Landing, Earnings Recession, Defaults Contained, Bonds are Back**

Theme I. Q2 2023 Performance, Attribution and Positioning

- **Performance:** The Fund delivered a positive return of 1.70% (net of fees) in Q2 2023 taking the YTD 2023 return to 3.33% (net of fees). Compared to the first quarter, the second quarter was much less eventful. The regional banking crisis was (and still is) seemingly contained to a few weak links and not a systemic issue. This led to a mostly steady and broad-based grind tighter* in credit spreads, which finished the quarter near the YTD tightness last seen in early March. Partially offsetting the spread move was another leg higher in interest rates as the market went from “pause” to “skip” and quickly priced in two more hikes this year. Therefore, it’s not surprising the outperforming areas of credit were floating rate product - bank loans and CLOs – which was the obvious driver of the Fund’s outperformance versus the Bloomberg U.S. Aggregate Bond Index (-0.84%) and the Bloomberg 1-3 Year U.S. Corporate Index (+0.28%) in Q2 2023.
- Macro-economic data continues to support our house view of a higher-for-longer (than the market expects) interest rate environment. The labor market remains extremely strong with both near record-low unemployment AND historically elevated wage growth. Retail spending remains robust, although some areas (services) are clearly stronger than others (goods). Even the housing market has found new life as, somewhat ironically, the lack of supply of existing homes is pushing home buyers into the new build market. Taking all this into account, plus the absence of something else “breaking” in the system since March, the Fed clearly has scope to continue raising rates. So we agree with the market pricing in 2 more hikes this year, but we don’t necessarily agree with the shape of the curve from January 2024 on, which from that point the market is pricing in a full 100bps of cuts throughout the next year. We sympathize. The excess COVID stimulus savings are clearly running out, the resumption in student loan payments in October, plus the general delayed impact of the cumulative increase in interest rates will act as a big liquidity drain on consumer bank accounts. But given the strength of the labor market and lack of a real negative catalyst in the corporate world – inventories are low, balance sheets remain in decent shape, cost inflation is moderating – we think the odds point to a proverbial soft landing rather than a sharp 2%+ contraction in real GDP (Gross Domestic Product). And as long as core inflation is running 3.5%+ AND the labor market remains strong we don’t think the Fed would cut rates in a soft landing environment.

Getting back to asset performance, as the table below shows, duration was (again) the biggest differentiator. Bank loans led the way (in credit at least), which in turn drove CLO secondary levels tighter (albeit still sitting at very wide* levels). But it’s worth pointing out that, despite the 2Y and 10Y treasury yield widening out by 87bps and 37bps respectively, the total return of short and intermediate corporates were +0.28% and -0.29% respectively. This highlights the power of carry in the current rate environment – breakevens are high.

*Please see Notes and Disclosure for definitions.

Selected Indices	Q2 2023 Performance	YTD 2023 Performance
Bloomberg U.S. Treasury Index	-1.38% (Yield +0.54%)	+1.59% (+0.22%)
Bloomberg U.S. Aggregate Bond Index	-0.84% (spread -8bps)	+2.09% (+0bps)
Bloomberg U.S. Corporate Index	-0.29% (spread -16bps)	+3.21% (-7bps)
Bloomberg 1-3 Year U.S. Corporate Index	+0.28% (spread -30bps)	+1.52% (+0bps)
Bloomberg U.S. High Yield Index	+1.75% (spread -60bps)	+5.38% (-78bps)
iBoxx Liquid Leveraged Loan Index	+2.76% (DM -30bps)	+6.17% (-72bps)
Palmer Square CLO Senior Debt Index	+2.12% (DM -13ps)	+4.08% (-23bps)
Palmer Square CLO Debt Index	+4.03% (DM -28bps)	+7.15% (-41bps)
S&P 500 Index	+8.74%	+16.88%
STOXX 600 Index	+2.69%	+11.50%

Source: Bloomberg as of 6/30/2023

The Fund's quarterly return of 1.70% (net of fees) compares to 0.28% for the Bloomberg 1-3 Year U.S. Corporate Index. The yield on the Fund continues to increase as well, now at 7.1% yield to worst* (vs 6.4% last quarter end). Also, importantly, the Fund has a weighted average price of \$94.9 implying the potential for considerable total return should spreads tighten.

- **Q2 2023 Contribution/Attribution:** The Fund's exposure to CLO Debt provided the largest contribution at +1.26%, followed by bank loans at +0.12% and ABS at +0.12%. On the negative side, RMBS detracted 0.02% while CMBS only contributed 0.02% during the quarter.
- **Positioning:** There were 3 notable positioning shifts during the quarter. We continued reducing short IG corps early in the quarter as spreads flattened after inverting in March. Corp 1-3Y spreads were 30bps tighter in Q2 vs 16bps for the full Corporate Index. We also reduced the exposure to Treasury Bills (15% to 9%) given the noise around the debt-ceiling crisis and rotated those proceeds into ABS money market tranches that were paying 40-50bps over. So doing this picked up some spread and avoided a potential nonpayment (however unlikely). Lastly, proceeds from the IG Corp sales were used to increase exposure to both agency and non-agency MBS, where we took exposure from 5% to 9%. Agency spreads were already wide at the start of the year (approximately 100bps), but widened out substantially in the aftermath of regional bank failures, partially due to forced selling of portfolios by regional banks to raise liquidity, and then by the FDIC itself which continues to unwind the \$120BN MBS portfolio of Signature Bank. In late May we were able pick-up agency sequential pays with spreads in the 150bps area. We liked the sequential structures as they limit extension risk and have WALs in the 2-4 range.

Theme II. 2023 Outlook: Fed Pause, Soft Landing, Earnings Recession, Defaults Contained, Bonds are Back

- **Pause, Not Pivot:** Recent inflation data is mixed at best, with "goods" prices decelerating but "services" inflation remaining stubbornly high. Core inflation has also likely peaked, but what is not clear is how long it will take to normalize back to the Fed's target level of 2%. Due to the way core inflation is calculated, the housing component of the Consumer Price Index (CPI (42% weight in headline, 54% in core)) works on a lag and will take time to fully reflect the current state of the housing and rental markets. Additionally, the inflation in core services is also unlikely to trend meaningfully lower without a sustained loosening in the labor market, which remains incredibly robust (unemployment at record lows and job openings still near record

*Please see Notes and Disclosure for definitions.

high). Therefore, our base case is core y/y numbers, currently +6.0% y/y, will remain stubbornly high throughout 2023. And until the Fed feels core inflation has normalized, they will be forced to keep rates in restrictive territory (i.e. > 5%). That said, we also believe the Fed will pause the current hiking cycle in 1H 2023 once the Fed Funds Rate reaches 5.25% in order to observe the cumulative impact of higher interest rates on the economy. Furthermore, we do not see the Fed cutting rates in 2023 without a material weakening of the labor market combined with negative GDP (Gross Domestic Product) growth, which is not our base case. In summary, we believe short term interest rates will remain higher for longer than the market is currently pricing in. This would be positive for floating-rate securities as their coupons would remain higher for longer than the market currently anticipates.

- **Soft(ish) Landing:** Our view that rates will stay higher for longer is, in part, based on our view that the macro picture looks resilient. The labor market is as strong as ever, literally. In fact, so strong that the Fed would like to see it cool a bit to ease inflation pressure. We have seen some layoffs starting, but so far this has been isolated to the tech space. The consumer remains in decent shape, with debt/income levels still historically low and excess savings still high. In Europe, the macro picture has improved substantially thanks to warmer weather and government actions. And lastly, geopolitical risks have eased as well – Russia in a stalemate in Ukraine, Ukraine exporting grain, China reopening, European unity, etc. Growth will undoubtedly slow as high interest rates restrict investment, but we don't envision a hard landing.
- **Earnings Headwinds to Intensify:** The numerous headwinds facing corporate earnings in 2H 2022 will continue into 2023 and likely intensify as the lagged impact of higher interest rates pressures more parts of the global economy. Revenue growth will slow on overall weaker demand and less ability to pass through inflation, and margins will be impacted by both lower revenue and continued cost pressure in wages and labor scarcity. But as we have highlighted previously (many times!), corporates started this current cycle from a period of strength, particularly when compared to previous cycles when corporates entered recessions over-levered and under prepared. On the whole, most measures of credit metrics are strong: debt leverage, interest coverage, liquidity, maturity profile, etc. As such, we think most corporates are well positioned to withstand several quarters of weak earnings without a deterioration in credit profiles. The exception to this will be the weakest cohort of companies with bad business models and/or bad capital structures (i.e. CCCs and cyclical single Bs). But this is why fundamental credit research and selection remains so important, now more than ever.
- **Defaults Contained:** The current cycle started with default rates practically at zero. So to say they will increase is certainly no hot take. In fact, they have already increased to around 1.25-1.50% depending on how one treats distressed exchanges. From a historical perspective, around half of CCCs default in an economic downturn. The weight of CCCs in the HY and bank loan market are 10% and 6% respectively. So you could make the argument that half of those might default in 2023. You might also make the argument that another 1-3% from companies with 1) bad/disrupted business models and/or 2) bad capital structures, inadequate liquidity/maturities and you get to 4-5%. We have noticed several prognosticators calling for 10+% default rates, which is nearly what the market experienced during the GFC (Global Financial Crisis). We do not subscribe to that view. We've found that people have forgotten just how bad the

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set up was in 2008: corporates were max levered, consumers were max levered, and the banking system was massively over levered and dependent on short term financing. All 3 pillars of the economy are in significantly better shape today. This underpins our view that defaults will increase but be contained in 2023.

- **Bonds are Back:** After the worst year for fixed income in decades, the silver lining is that yields are as attractive as they've been since the mid 2000s. Fortunately for this Fund, we got the historically high yields without the 10+% drawdown seen in most duration strategies. Credit spreads are also wider than average, which combined with high base rates allows for great carry plus upside if/when spreads tighten. And versus equities, fixed income hasn't looked this relatively attractive in most investors' lifetimes.

Summary on Attribution, Allocation and Positioning

Select Portfolio Attribution and Characteristic Dashboard

Allocation	% Allocation	Q2 2023 Attribution	Average Price	Yield to Expected Call*
ABS (100% AAA)	12%	0.11%	98.8	5.9
Treasury Bills	9%	0.11%	98.3	5.4
CLO AAA	12%	0.22%	98.9	6.4
CLO AA	2%	0.05%	96.3	6.8
CLO A	1%	0.02%	96.7	7.5
CLO BBB	12%	0.51%	93.0	9.1
RMBS (98% AAA, 100% A and above)	9%	-0.02%	88.5	5.9
CMBS (88% A- and above, 97% IG)	5%	0.02%	89.9	7.1
IG Corp Bonds - Fixed	15%	0.00%	94.2	5.9
IG Corp Bonds - Floating	2%	0.05%	100.1	5.8
IG Bank Loans	1%	0.02%	100.3	5.7
Bank Loans - Non IG	4%	0.10%	99.7	7.0
HY Corp Bonds	5%	0.05%	91.1	6.8
CLO BB	9%	0.46%	91.0	14.2

Source: Palmer Square as of 6/30/2023. 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:

	6/30/2022 Allocation	9/30/2022 Allocation	12/31/2022 Allocation	3/31/2023 Allocation	6/30/2023 Allocation
CLO Debt	30%	34%	35%	34%	35%
IG Corp Debt	18%	27%	26%	19%	17%
ABS	16%	8%	10%	8%	12%
Gov't Bonds	4%	5%	5%	15%	9%
RMBS	5%	5%	5%	5%	9%
Bank Loans	11%	7%	7%	4%	5%
CMBS	6%	6%	7%	5%	5%
HY Corp Bonds	4%	3%	2%	7%	5%
Cash/Other	1%	3%	3%	3%	3%
Credit Derivatives	5%	1%	0%	0%	0%

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).

*Please see Notes and Disclosure for definitions.

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- **Investment Grade Corporate Bond Allocation** – The IG corporate bond exposure was further reduced this quarter, from 19% to 17%. Credit spread curves flattened and normalized post the regional bank failures in March. As a result of this diminishing relative value, we continue to reduce short-dated corporates and rotate proceeds into CLOs, RMBS and CMBS. *In general, we remain somewhat neutral on corporate IG spreads as they are currently in the middle of their 18 month range despite yields and cash prices screening as attractive.*
 - **High Yield Bond Allocation** – As of quarter-end, HY corporate bond exposure was 5% of the portfolio, which was a decrease of 2% from last quarter. We reduced HY exposure throughout the quarter, most notably in June, as the HY spread widening that occurred in the wake of the Silicon Valley Bank(SVB)-crisis was methodically reduced and spreads ended the quarter near the tightness of the year. We remain singularly focused on BB-rated bonds with an additional bias toward defensive sectors and issuers. The fund will continue to be tactical with its HY exposure, but in the near term is likely to reduce exposure below the 5% quarter end level, particularly as the spread relationship versus low-BBB IG corporates has compressed.
 - **CLO Allocation/Opportunity to Capture Income and Total Return** – As of quarter-end, 35% of the portfolio, which was a decrease of 1.3% from last quarter. Most of the increase in exposure came from AAA, which still offer tremendous value in the 170-200bps spread range and yields in the 6-7% range. Since the GFC, we have only seen AAA spreads wider during the depths of the COVID pandemic 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 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 11.7% and BBs at 8.5%. Spreads moved mainly sideways throughout the quarter, tightening slightly in June. Total returns still look very attractive with the average price/yield on our BBBs at \$93.0/10.21% and BBs at \$91.0/14.24%.

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, 26% of the portfolio had exposure to ABS/MBS. During the quarter, our allocation to ABS and MBS increased as we decreased T-Bills and IG Corps.
 - » **ABS** exposure (primarily prime auto ABS with a weighted average life (WAL)* of 6 months or less) ended 4% higher than Q1, currently 12% of the Fund. We reduced T-Bill exposure as the U.S. Debt Ceiling event created some noise in the space. We selectively added short dated ABS that picked up incremental spread.
 - » **CMBS** exposure at quarter-end was 5%, approximately flat to Q1 2023. We rotated out of select names given continued macro headwinds for commercial real estate. However, we increased exposure to one single-asset / single-borrower transaction where we had a credit view and saw compelling relative value. While we remain cautious toward the sector, we may opportunistically increase exposure to assets with strong fundamentals when attractive entry points present.

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

- » **RMBS** exposure ended the quarter 4% higher compared to Q1 2023. We added 2% non-agency but most notably added 3% agency CMOs. 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. Agency spreads are at historical wide levels as rate volatility created an attractive entry point in the space.

ABS/MBS Positions	6/30/2023
Prime Autos	10%
Equipment	2%
ABS (100% AAA)	12%
Conduit	1%
Single Asset/Single Borrower	4%
CMBS (99% A- and above)	5%
Agency	3%
Non-Agency	7%
RMBS (99% AAA)	9%

Source: Palmer Square.

- **Bank Loan Allocation** – As of quarter-end, bank loan exposure was 5% of the portfolio, an increase of 1% over the last quarter. Loan exposure was largely unchanged through most of the quarter as we maintained a somewhat neutral position on loans, particularly in relation to HY bonds which had widened meaningfully at the end of the first quarter. However, we did modestly add exposure in the latter half of the quarter in conjunction with the reduction in HY corporates. The bulk of our bank loan exposure remains in shorter-dated BB loans, which we believe offer attractive current income and should be well insulated from volatility given CLO technicals related to investment periods and WAL constraints. *We continue to be fundamentally constructive on the higher quality part of the U.S. bank loan asset class and would look to increase exposure if prices moved lower.*

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.

*Please see Notes and Disclosure for definitions.

Detailed Fund Performance History

The Fund returned 1.70% (net of fees) for the second quarter of 2023.

Fund Performance Net of Fees as of 06/30/2023 (inception 2/28/2014)

	Q2 2023	YTD 2023	2022	2021	2020	2019	2018	2017	2016	2015
PSYPX	1.70%	3.33%	-0.76%	1.17%	3.65%	5.29%	1.17%	4.03%	5.24%	1.21%
Bloomberg 1-3 Year U.S. Corporate Index	0.28%	1.52%	-3.32%	-0.13%	3.79%	5.30%	1.56%	1.85%	2.36%	1.00%
Bloomberg U.S. Aggregate Bond Index	-0.84%	2.09%	-13.01%	-1.54%	7.51%	8.72%	0.01%	3.54%	2.66%	0.57%

Fund Performance Net of Fees as of 06/30/2023 (inception 2/28/2014)

	1 Year	3 Years	5 Years	Since Inception Annualized
PSYPX	5.64%	2.52%	2.52%	2.69%
Bloomberg 1-3 Year U.S. Corporate Index	1.67%	-0.24%	1.69%	1.54%
Bloomberg U.S. Aggregate Bond Index	-0.94%	-3.96%	0.77%	1.36%

Class I shares – Annual Expense Ratio: Gross 0.75%/Net 0.75%. 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 0.75% of the average daily net assets of the Fund. This agreement is in effect until October 31, 2023, 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.

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.

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 employees or representatives do not assume any responsibility for the accuracy of such information. Palmer Square is under no obligation to verify its accuracy.

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. **Bloomberg Commodity Index** is a broadly diversified commodity price index distributed by Bloomberg Index Services Limited. **The Credit Suisse Liquid Leveraged Loan Index** is designed to represent a subset of the Leveraged Loan Index, based on the following criteria: Facilities rated at least Caa3/CCC- and no higher than Ba1/BB+ by Moody's/S&P, facilities with an amount outstanding of at least \$1 billion, facilities which rank first lien in seniority, institutional facilities, such as facility types Term Loan B ("TL-b"), Term Loan C ("TL-c"), Term Loan D ("T- d"), etc. Bank-held facilities, facility types TL and TL-a, are excluded, only the largest facility per issuer is eligible; in the case of a tie, the facility with the longer maturity is selected, eligible new loans are added at the beginning of the month following issuance. **Bloomberg CMBS AAA Index** measures the AAA-rated market of US Agency and US Non-Agency conduit and fusion CMBS deals with a minimum current deal size of \$300mm. The **Boe Volatility Index (VIX)** is a real-time index that represents the market's expectations for the relative strength of near-term price changes of the S&P 500 Index (SPX). **Credit Default Swap Index (CDX)**, formerly the Dow Jones CDX, is a benchmark financial instrument made up of credit default swaps (CDS) that have been issued by North American or emerging market companies. The **AAIL Sentiment Survey** measures the percentage of individuals who are bullish, bearish, and neutral about the stock market over the next six months. Unlike mutual funds, indices are not managed and do not incur fees or expenses. It is not possible to invest directly in an index.

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

Notes and Disclosure cont'd

divided by price paid. **Sharpe Ratio** is used to measure risk-adjusted performance. The Sharpe ratio is calculated by subtracting the risk-free rate - such as that of the 10-year U.S. Treasury bond - from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns. **WARF** The weighted average rating factor is a measure that is used by credit rating companies to indicate the credit quality of a portfolio. The **Weighted Average Life (WAL)** is the average length of time that each dollar of unpaid principal on a loan, a mortgage, or an amortizing bond remains outstanding. **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. A mutual fund's **30-Day SEC Yield** refers to a calculation that is based on the 30 days ending on the last day of the previous month. The yield figure reflects the dividends and interest earned during the period, after the deduction of the fund's expenses. **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. **The London Interbank Offered Rate (LIBOR)** is a benchmark interest rate at which major global banks lend to one another in the international interbank market for short-term loans. The **Secured Overnight Financing Rate (SOFR)** is a benchmark interest rate for dollar-denominated derivatives and loans that is replacing the London interbank offered rate (LIBOR). **Dry powder** refers to cash or marketable securities that are low-risk and highly liquid and convertible to cash. A **discount margin (DM)** is the average expected return of a floating-rate security (typically a bond) that's earned in addition to the index underlying, or reference rate of, the security. A FICO score is a credit score created by the **Fair Isaac Corporation (FICO)**. Lenders use borrowers' FICO scores along with other details on borrowers' credit reports to assess credit risk and determine whether to extend credit.

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

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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