Palmer Square Income Plus Fund (PSYPX)

April 2025

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 comfortable with the underlying credit quality of the holdings and ability to avoid credit losses; approximately 80% of the portfolio is rated investment grade ("IG") and 60% is rated A or higher. Spread duration* is 1.60 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 that drives lower correlation to interest rate sensitive fixed income such as those investments that 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.

	03/31/2024	06/30/2024	09/30/2024	12/31/2024	03/31/2025
Interest Rate Duration	0.98 yrs	0.90 yrs	0.81 yrs	0.89 yrs	0.95 yrs
Spread Duration	1.73 yrs	1.64 yrs	1.72 yrs	1.59 yrs	1.60 yrs
Yield to Expected Call*	6.18%	6.34%	5.14%	5.43%	5.20%
Yield to Maturity	6.09%	6.26%	5.10%	5.52%	5.22%
Current Yield	5.83%	6.17%	5.51%	5.39%	5.16%
30-day SEC Yield (subsidized)*	6.03%	6.19%	5.84%	5.34%	4.98%
30-day SEC Yield (unsubsidized)*	6.03%	6.19%	5.84%	5.34%	4.98%

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 Disclosures for definitions.

- **<u>Performance and Attribution:</u> The Fund returned +1.20% (net of fees) in Q1 2025.** We are pleased with the Fund's quarterly performance, with most of the positive contribution attributed to income given credit spreads finished the quarter modestly wider. Duration-sensitive benchmarks like the Bloomberg U.S. Aggregate Bond Index posted solid gains (+2.78%) driven by declines in long-term interest rates, but we would like to highlight, again, that rate volatility cuts both ways. As for attribution, CLO Debt added the most in the quarter at 0.36%, followed by IG Corporate Bonds at 0.25%. There were no detractors during the quarter. Below is a summary of major benchmark performance for comparison.

Selected Indices*	Q1 2025 Performance	YTD 2024 Performance
Bloomberg U.S. Treasury Index	+2.92% (Yield -0.35%)	+0.58% (+0.37%)
Bloomberg U.S. Aggregate Bond Index	+2.78% (spread +1bps)	+1.25% (-8bps)
Bloomberg U.S. Corporate Index	+2.31% (spread +13bps)	+2.13% (-19bps)
Bloomberg 1-3 Year U.S. Corporate Index	+1.62% (spread +5bps)	+5.28% (-15bps)
Bloomberg U.S. High Yield Index	+1.00% (spread +58bps)	+8.19% (-36bps)
iBoxx Liquid Leveraged Loan Index	-0.10% (DM +30bps)	+8.50% (-61bps)
Palmer Square CLO Senior Debt Index	+1.28% (DM +14bps)	+7.41% (-33bps)
Palmer Square CLO Debt Index	+1.53% (DM +28bps)	+13.22% (-135bps)
S&P 500 Index	-4.28%	+25.00%
STOXX 600 Index	+5.94%	+9.62%

Source: Bloomberg as of 03/31/2025.

*Please see Notes and Disclosure for definitions.

Detailed Fund Performance History

The Fund delivered a return of 1.20% (net of fees) in Q1 2025.

Fund Performance Net of Fees as of 03/31/2025 (inception 2/28/2014)

	Q1 2025	YTD 2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
PSYPX	1.20%	1.20%	6.83%	8.78%	-0.76%	1.17%	3.65%	5.29%	1.17%	4.03%	5.24%	1.21%
Bloomberg U.S. Corp 1-3 Year Index*	1.62%	1.62%	5.28%	5.48%	-3.32%	-0.13%	3.79%	5.30%	1.57%	1.85%	2.36%	1.01%
Bloomberg U.S. Aggregate Bond Index*	2.78%	2.78%	1.25%	5.53%	-13.01%	-1.54%	7.50%	8.73%	0.02%	3.54%	2.66%	0.57%

Fund Performance Net of Fees as of 03/31/2025 (inception 2/28/2014)

	1 Year	3 Years	5 Years	10 Years	ITD Annualized
PSYPX	6.29%	5.49%	5.87%	3.49%	3.46%
Bloomberg U.S. Corp 1-3 Year Index*	6.14%	3.81%	2.81%	2.37%	2.27%
Bloomberg U.S. Aggregate Bond Index*	4.89%	0.52%	-0.40%	1.47%	1.82%

Class I shares – Annual Expense Ratio: Gross 0.74%/Net 0.74%. 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, 2025, 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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Summary Themes:

I. Conservative Positioning

II. Tariff Chaos and the Impact on Growth and Corporate Fundamentals

III. 2025 Outlook: A Resilient US Economy, Rate Volatility to Continue, Floating Rate Credit Remains an Attractive Source of Steady Income

Theme I. Conservative Positioning

- The Fund maintained its defensive positioning in the first quarter, which certainly helped mitigate losses and preserve capital late in the quarter (more on tariffs below). This positioning was driven by: (i) continued spread compression, with most credit asset classes approaching historically tight levels; (ii) low spread volatility, supported by robust fundamentals and favorable market technicals; and (iii) elevated interest rate volatility, reinforcing our preference for floating rate credit. Notable changes include a modest reduction in CLO Debt (-5% q/q) and an increase in High Yield (+7% q/q). Both rotations were driven by relative value, with CLO spreads and prices hitting post crisis tight, meanwhile in early January HY bonds screened as one of the few sub classes of credit trading below par. Overall, we remain conservatively positioned throughout the quarter given the increasing uncertainty around trade/tariff policy. Post quarter end, spreads have widened significantly and we have started to deploy capital at more attractive levels.

Theme II. Tariff Chaos and the Impact on Growth and Corporate Fundamentals

- **Trump Tariffs Broader, Higher and More Permanent Than Feared:** President Trump's tariff announcement on April 2nd led to a significant market selloff, with the S&P 500 dropping by 10%+ and credit markets exhibiting increased volatility. While the tariffs were probably the most well flagged risk, what caught the market offsides was the breadth (e.g. the voluminous list of countries), magnitude (e.g. 90% tariff on Vietnam), and the implied permanence (e.g. formulaic targeting of trade deficits generically rather than simple reciprocity) of the overall tariff policy. But perhaps the most concerning element of this current episode has been the aggressive widening out of Treasury yields and acute weakening of the U.S. Dollar. Rather than benefitting from their traditional safe-haven status, long-end treasury bonds have sold off along with risky assets defying conventional wisdom. This has certainly caught the eye of key market participants as well as the Fed, and importantly, the President himself. We think the decision to delay the reciprocal tariffs was a direct consequence of treasury yield widening. As such, the Trump Put likely exists not in the equity market, but in the bond market. And the put strike might just be 4.50%.

- **Damage Control and "Transitional Costs":** Even if the tariffs were to be rescinded today, there has already been some amount of economic damage. The uncertainty around trade policy has almost hurt confidence and led to both consumers and corporates delaying big purchases. Projects and hiring will be paused. M&A activity is likely to slow to a halt, and credit issuance markets have gone quiet. As of April 9, the Fed GDPNOW forecast for Q2 growth stood at -1.5% on an adjusted basis. And most economists have slashed growth forecasts to be around zero +/- 1%. Regardless of how the tariff policy eventually plays out, what is clear is there will be a near-term negative impact on growth. We think the administration is willing to live with some "transitional costs" but also know politicians' desire to be re-elected generally can outweigh all other motivations.

- **Corporate Fundamentals Mixed, But Directionally Negative:** A lower growth environment is objectively worse for Corporate America, but no other economy is capable of adjusting faster than America's. And it has become more clear in recent days that the Trump Administration is willing to be more flexible on timing, to allow companies to adjust business models to mitigate the impact of tariffs. It's too early to assess this now, but by the end of the Q1 reporting cycle, we expect the vast majority of companies will have a mitigation plan in place. Nonetheless, we expect certain industries and business models to be significantly impacted by the new trade policy regime, with smaller companies probably faring worse than larger companies. But given the idiosyncratic nature of supply chains, it will have an incredibly mixed impact. Even companies in the same industry could see drastically different outcomes depending on sourcing strategy, production footprint, pricing power, etc. Understanding these important nuances is what our analysts have been and will continue to examine in the coming months. This presents both risks and opportunities, with credit selection being as important as it's ever been.

Theme III. Outlook: Tariff Uncertainty Creates Opportunities, Rate Volatility to Continue, Floating Rate Credit Remains an Attractive Source of Steady Income

- **Tariff Uncertainty Creates a Better Entry into Credit:** Palmer Square has been defensively positioned for the past 12 months on a generally tight credit spread environment. While we do not wish for market volatility, we have been waiting for a better entry point into credit to deploy our ample dry powder. This is true across all our strategies: Short Duration, Income Plus, Multi-Asset and Opportunistic Credit. We have begun to deploy capital in the post tariff world, but do so judiciously as there remains considerable uncertainty on the eventual economic impact of the new trade policy regime and the actual impact on individual companies. This is when having an experienced team of senior analysts is paramount and gives us confidence in the forward return profile.

- **Rate Volatility Here to Stay:** The beginning of the year has shown us that rate volatility is here to stay as the market faces a number of key issues – inflation has yet to be fully vanquished, the path of rate cuts remains very uncertain, and myriad policy questions are still left outstanding (more deficit spending? tariffs? tax cuts?). We anticipate the U.S. 10-Year Treasury Bond to trade in the broad range of 3.50-5.00% in 2025 as we believe short term rates will end up near 4.00% (*1 Fed Funds Rate cut*) and the upward sloping shape of the curve will reestablish. Within this range, we expect rate volatility to remain elevated and the potential for the market to temporarily overshoot to the up or downside. Rates outside of this range likely bode ill for the market as it likely indicates an unexpected slowdown in the economy or a reacceleration in the rate of inflation. The market is in consensus on the asymmetrical nature of rate cuts (Fed Funds = flat or down); any discussion of rate hikes by the Fed would be highly disruptive to the market.

- **Floating Rate Continues to be an Attractive Relative Value Play:** We continue to view floating rate credit as the most attractive place to invest in credit due to a number of factors including: (i) current income advantage over similarly rated fixed rate credit, (ii) expectations for continued rate volatility, (iii) strong demand technicals, and (iv) our higher-for-longer rate view. While recent Fed Fund rate cuts and a steeper yield curve have eroded some of the coupon advantage, floating rate assets continue to offer a higher current yield given the spread premium offered by CLOs and Loans. This is a crucial point of differentiation as current income tends to be the primary driver of excess return in a tight spread environment. Lastly, exposure to floating rate allows investors to avoid much of the interest rate-induced volatility that we anticipate in 2025.

Summary on Attribution, Allocation and Positioning

Select Portfolio Attribution and Characteristic Dashboard

	Allocation	% Allocation	Q1 2025 Attribution	Average Price	Yield to Expected Call*
IG	ABS (100% AAA)	17%	0.19%	100.4	4.6%
IG	Treasury Bonds	16%	0.21%	99.4	3.9%
IG	CLO AAA	13%	0.13%	100.1	5.0%
IG	CLO AA	2%	0.02%	100.5	4.7%
IG	CLO A	1%	0.01%	100.2	5.8%
IG	CLO BBB	8%	0.12%	100.2	6.7%
IG	RMBS (97% AAA, 100% A and above)	2%	0.03%	85.9	5.7%
IG	CMBS	2%	0.08%	93.8	7.9%
IG	IG Corp Bonds - Fixed	14%	0.22%	98.6	4.6%
IG	IG Corp Bonds - Floating	2%	0.02%	100.2	4.8%
IG	IG Bank Loans	1%	0.01%	99.9	5.7%
HY	Bank Loans - Non IG	5%	0.05%	99.9	6.4%
HY	HY Corp Bonds	12%	0.08%	97.4	5.7%
HY	CLO BB	4%	0.07%	100.1	10.1%

Source: Palmer Square as of 03/31/2025. 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:

	03/31/2024 Allocation	06/30/2024 Allocation	09/30/2024 Allocation	12/31/2024 Allocation	03/31/2025 Allocation
CLO Debt	33%	35%	33%	31%	27%
IG Corp Debt	20%	12%	19%	16%	16%
ABS	11%	16%	15%	17%	17%
Gov't Bonds	15%	18%	16%	17%	16%
RMBS	2%	2%	2%	2%	2%
Bank Loans	8%	9%	5%	6%	6%
CMBS	4%	3%	2%	2%	2%
HY Corp Bonds	4%	4%	6%	5%	12%
Cash/Other	3%	1%	3%	4%	2%

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).

- **CLO Allocation/Opportunity to Capture Income and Total Return** – As of quarter-end, 27% of the portfolio, a decrease of 4% from last quarter, was invested in CLO debt. Our exposure in the capital stack continues to be weighted towards AAA, which still offers tremendous value in the 130-150bps spread range and current yields over 5.5%. AAA spreads are 20-40bps wider post tariff news but still up about 1% YTD in the fund given our shorter duration bias and high current yields. To that point, 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 more than 500bps in order to not make money, a level wider than during the depths of the COVID pandemic.[1]

- CLO mezzanine exposure decreased with BBBs at 7.6% and BBs at 3.6%, overall down about 4% over the quarter. We took advantage of very tight spreads to start the year to reduce exposure in longer duration bonds with more price sensitivity if spreads were to widen. Since the start of April and tariff uncertainty, that has happened with BBBs about 100bps wider and BBs anywhere from 150-300bps wider. We see levels now at a much more constructive entry point and have slowly begun to add at these wider spreads. *We continue to add to CLO portfolios that are higher quality and as we believe they will continue to outperform portfolios with more risky collateral.*

- **Investment Grade Corporate Bond Allocation** – IG corporate bond exposure was unchanged on a q/q basis at 16%. Spreads remained near multi-year tight levels on the Bloomberg U.S. Corporate 1-3 Year Index for most of the quarter before widening modestly in March. On a yield basis, yields declined from 4.79% at the end of 2024 to 4.55% at the end of the first quarter due to a rally in short-term rates during the quarter. Recent volatility in credit markets has resulted in more than 20bps of spread widening on the Corporate 1-3 Year Index through the middle of April. Despite tariff and economic uncertainty, IG corporate fundamentals are in a good starting position and should help companies weather some economic choppiness. *We remain conservatively positioned in IG corporate bonds but may seek to increase in exposure or add spread duration given recent spread widening events.*

- **High Yield Bond Allocation** – As of quarter-end, HY corporate bond exposure was 12% of the portfolio, up moderately from 5% last quarter. Given tight valuations across credit, we selectively added exposure to HY corporates in the first quarter with a focus on short duration, discounted BB bonds. The goal was to add bonds that would provide price stability, while also adding some potential upside convexity to the portfolio through early refinancings or M&A-driven takeouts. Despite the volatility in late-March / early-April, the HY corporate allocation largely performed as anticipated, and we have reduced shorter duration bonds to rotate into other areas of credit that have underperformed. *We are likely to reduce our HY allocations modestly from quarter-end levels, but will likely seek to add incremental spread duration at more attractive spread levels.*

- **ABS/MBS Allocation has Provided Diversification and Income Capture** – As of quarter-end, 20% of the portfolio had exposure to ABS/MBS. During the quarter, our allocation to ABS was relatively unchanged

    » **ABS** exposure (primarily prime auto ABS with a weighted average life (WAL)* of 12 months or less) ended unchanged relative to Q4, currently 17% of the Fund.

    » **CMBS** exposure at quarter-end was 2%, consistent with Q4 2024. Our preference in CMBS continues to be single asset/single borrowers and in sectors where we find the most relative value, notably retail and lodging. We still feel there are macro headwinds for commercial real estate in certain sectors, so we have not increased exposure.

    » **RMBS** exposure remained steady compared to Q4 2024. Our existing exposure in non-agency is still primarily AAA rated debt which is backed by collateral from borrowers with FICOs (Fair Isaac Corporation*) greater than 700 and in some cases as high as 760.

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

ABS/MBS Positions	03/31/25
Prime Autos	11.21%
Cards	4.40%
Equipment	1.40%
ABS (100% AAA)	**17.01%**
Conduit	0.29%
Single Asset/Single Borrower	1.48%
CMBS (76% A- and above)	**1.77%**
Agency	0.06%
Non-Agency	1.66%
RMBS (97% AAA)	**1.72%**

Source: Palmer Square Capital Management.

- **Bank Loan Allocation** Bank loan exposure was unchanged on a q/q basis at 6%. The technical backdrop for loans remained strong during the first quarter, highlighted by continued fund inflows, robust CLO creation, and limited new money issuance. This technical support has weakened somewhat in early April given the volatility experienced early in the month, but conversely has largely eliminated the repricing risk that had been pressuring spreads over the last several quarters. Loan allocation remains largely focused on defensive sectors with less sensitivity to tariff related risks and economic cyclicality. *We maintain our constructive stance on higher quality U.S. bank loans and expect to keep allocations near current levels in the near term.*

Although credit market valuations remain tight, we believe the Fund remains well-positioned to not only generate a strong yield but also has potential for capital appreciation going forward. In addition, we believe our Fund's conservative positioning and low interest rate duration have the potential to deliver a higher Sharpe* ratio as we continue to navigate these markets. We are confident in our opportunistic approach to relative value and are excited about how the 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 are 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 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 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. 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). **Bloomberg Ba US High Yield Index** measures the USD-denominated, Ba-rated, fixed-rate high-yield corporate bond market. 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 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. **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. **Sharpe Ratio** is a measure of risk-adjusted return. **FICO** stands for the **Fair Isaac Corporation** and the FICO score is a number that is used to predict how likely a borrower will pay back a loan. **WAL or weighted average life** is the average length of time that each dollar of unpaid principal on a loan remains outstanding. **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 Disclosures cont'd

CAPEX refers to capital expenditure or the money a company spends to buy, improve or maintain long-term assets. Magnificent 7 is a common term used to represent seven specific technology companies (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla). The Atlanta Fed GDPNow model forecast GDP (gross domestic product) growth by aggregating the 13 subcomponents that make up GDP with the chain-weighted methodology used by the U.S. Bureau of Economic Analysis. Core CPI (consumer price index) is a measure of inflation that excludes the price of food and energy. Yield Curve is a graph that plots the yield (or interest rate) across different maturity dates. YTW (yield-to-worst) is a financial metric that calculates the lowest possible return on a bond. Put Strike, also known as the exercise price, is the predetermined price at which the holder of a put option can sell the underlying security or asset.

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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