Palmer Square Opportunistic Income Fund (PSOIX)

October 2026

Fund Refresher

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

Performance Summary

The Fund returned 1.49% (net of fees) in Q3 2026. We remain confident in our positioning in CLO (Collateralized Loan Obligation) debt, bank loans and high yield bonds as well as believe the total return outlook still remains very attractive. **The current yield on the Fund is now 8.84%.***

Fund Performance Net of Fees as of 9/30/2026 (inception 8/29/2014)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014[1]
PSOIX	6.32%	11.51%	18.94%	-4.48%	6.66%	5.92%	7.59%	-0.47%	11.04%	12.10%	-5.32%	-0.76%

	Q3 '26	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception Annualized[1]
PSOIX	1.49%	2.62%	3.95%	8.20%	6.83%	6.83%	5.71%

[1]Inception date is August 29, 2014. Annual Expense Ratio: Gross 2.01%/Net 2.01% with expense waivers that are in effect until December 1, 2026. See expense waiver details in Notes and Disclosures. The performance returns shown above are calculated by comparing the net asset value (NAV) on the first day of the time period to the NAV on the last day of the time period and reflect reinvested dividends and capital gains. Returns greater than 1 year are annualized. **The performance data quoted represents past performance and that past performance does not guarantee future results. Investment return and principal value will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. To obtain performance information current to the most recent month-end please call 1-800-736-1145.**

Portfolio Snapshot

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

	9/30/2025	12/31/2025	3/31/2026	6/30/2026	9/30/2026
Interest Rate Duration*	0.39 yrs	0.45 yrs	0.43 yrs	0.42 yrs	0.50 yrs
Spread Duration*	2.30 yrs	2.41 yrs	2.72 yrs	2.85 yrs	2.68 yrs
Credit Spread	349	437	565	535	535
Weighted Average Price	$99.8	$99.6	$97.3	$98.6	$98.5
Yield to Expected Call*	6.73%	7.67%	9.10%	9.16%	9.91%
Yield to Maturity	6.97%	7.92%	8.81%	9.06%	9.93%
Current Yield	7.51%	8.05%	8.29%	8.55%	8.84%
30-day SEC Yield (subsidized)*	7.43%	6.08%	4.91%	6.28%	6.29%
30-day SEC Yield (unsubsidized)*	7.43%	6.08%	4.91%	6.28%	6.29%

Past performance does not guarantee future results.

Allocation / Attribution Summary

Select Portfolio Attribution and Characteristic Dashboard

Allocation	9/30/2026 Allocation	Q3 2026 Gross Attribution	Average Price	Yield to Expected Call*
CLO Debt	66.0%	1.25%	$99.3	8.62%
Bank Loans	14.6%	0.25%	$97.2	8.89%
High Yield Bonds	5.1%	-0.04%	$94.2	8.77%
CLO Equity	9.5%	-0.12%	n/a	18.99%
IG Corporate Bonds	2.9%	-0.01%	$97.3	5.51%
ABS/MBS/CMBS	1.4%	0.03%	$94.7	12.15%

Collateralized Loan Obligation ("CLO"), Asset-backed Securities ("ABS"), Mortgage-backed Securities ("MBS"), Commercial Mortgage-backed Securities ("CMBS").

**Please see Notes and Disclosures for definitions.*

Historic Positioning Detail by Asset Type:

	9/30/2025 Allocation	12/31/2025 Allocation	3/31/2026 Allocation	6/30/2026 Allocation	9/30/2026 Allocation	Q3 2026 Gross Attribution
CLO Debt	77%	73%	66.4%	68.4%	66.0%	1.25%
Bank Loans	15%	14%	14.5%	15.2%	14.6%	0.25%
High Yield Bonds	5%	6%	6.5%	4.8%	5.1%	-0.04%
CLO Equity	1%	6%	9.0%	9.3%	9.5%	-0.12%
IG Corp Bonds	0%	0%	0%	0.4%	2.9%	-0.01%
ABS/MBS/CMBS	1%	1%	1.7%	1.4%	1.4%	0.03%

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

- **Performance and Attribution: The Fund returned 1.49% (net of fees) for the third quarter of 2026.** We are pleased with performance during the quarter, driven by the Fund's high current income, price appreciation from tighter spreads, and low interest rate duration, which together helped the Fund navigate a rising rate environment. In our view, technicals for floating rate products continue to be favorable given the volatility of interest rates and the 3-month SOFR (secured overnight financing rate) has marched higher to end the quarter at 4.08% (+50bps since last quarter). The Fund's exposure to CLO Debt provided the largest contribution at 1.25%, followed by bank loans at 0.25%. CLO Equity (-0.12%), HY (High Yield) bonds (-0.04%), IG Corp Bonds (-0.01%) were the only detractors.

  Below is a summary of major benchmark performance for comparison.

Selected Indices*	Q3 2026 Performance	YTD 2026 Performance
Bloomberg U.S. Treasury Index	-3.04% (Yield +76bps)	-2.77% (+124bps)
Bloomberg U.S. Aggregate Bond Index	-3.51% (Spread +5bps)	-2.91% (+4bps)
Bloomberg U.S. Corporate Index	-3.94% (Spread +6bps)	-3.11% (+2bps)
Bloomberg 1-3 Year U.S. Corporate Index	-0.18% (Spread +8bps)	+0.98% (-1bps)
Bloomberg U.S. High Yield Index	-1.82% (Spread +48bps)	+0.10% (+45bps)
iBoxx Liquid Leveraged Loan Index	+1.96% (DM -18bps)	+2.09% (+27bps)
Palmer Square CLO Senior Debt Index	+1.23% (DM +2bps)	+3.76% (-2bps)
Palmer Square CLO Debt Index	+1.99% (DM -8bps)	+4.38% (+13bps)
S&P 500 Index	+2.30%	+11.77%
STOXX 600 Index	-0.64%	+7.21%

Source: Bloomberg as of 9/30/2026. Bps = basis points or 0.01%. Past performance does not guarantee future results. It is not possible to invest directly in an index.

Quarter Recap and Current Themes:

I. **Quarter Recap: Floating > Fixed, Rising and Volatile Rates, AI Debt Issuance, Sticky Inflation**

II. **Current Themes: Why Credit Now, AI Earnings Bubble?, Fed Uncertainty / Higher for Longer, Case for Floating Rates**

I. Quarter Recap: Floating > Fixed, Rising Rates, AI Debt Issuance, Sticky Inflation

Floating Rate Continues to Outperform: Floating rate assets, notably CLOs and bank loans, continued to demonstrate their value to investors during the quarter, providing stable income and attractive returns amid elevated rates and volatility. The Palmer Square CLO Senior Debt Index returned 1.23% during the third quarter and 3.76% year-to-date, while S&P UBS Leveraged Loan Index returned 2.03% during the quarter and 3.42% year-to-date, both of which handily outperformed notable fixed rate benchmarks. With the U.S. likely remaining in a higher-for-longer environment for the foreseeable future, floating rate assets represent an attractive alternative to longer duration credit.

Rising and Volatile Rates: Rates continued to move higher across the curve during the quarter, with the 2-year and 10-year yields rising approximately 71bps and 82bps, respectively, and the 10-year reaching its highest level since 2002. The sharp increase in rates was driven by several factors including persistent inflation, a hawkish pivot from the Federal Reserve, longer term fiscal concerns, and, on the positive side, stronger nominal GDP (gross domestic product) growth. We believe we've entered a higher-for-longer environment and elevated rate volatility is likely to remain a defining feature of credit markets.

AI Debt Issuance Surge: AI-related debt issuance continues its rapid pace soaring to $466bn through the third quarter of 2026. The unprecedented scale of the build out has required issuers to tap any and all available financing markets – Corporate Bond, ABS, U.S. dollar ("USD"), Non-USD, etc. The magnitude of the issuance has started to raise concerns amongst some market participants, leading to a rising cost of capital for the sector. Situation likely to remain topical as capex build out shows no sign of slowing down heading into 2027.

AI-Related Debt Issuance (USD $bn)	YTD-26	YTD-25	FY25A
Total IG	306	65	156
Total HY	53	7	15
Secd Lev. Loans	10	2	2
Total US Corporate Credit	**369**	**73**	**173**
Total US Securitized Credit	**20**	**19**	**27**
Non-USD Corp. Credit	75	8	15
Non-USD Securitized Credit	2	1	1
Total Non-USD	**77**	**8**	**16**
Total Global Credit Markets	**$466**	**$101**	**$216**

Source: Morgan Stanley

Sticky Inflation, No End in Sight: Inflationary pressure stemming from the U.S.-Iran conflict shows no signs of abating with elevated refined products prices, notably diesel and jet fuel, the primary pain point for the global economy. Although higher prices were initially isolated to the energy component of inflation, elevated refined product prices have started seeping into other areas of the economy and risk leading to more persistent inflation. This inflationary pressure provided the impetus for the Federal Reserve to initiate a new hiking cycle with a 25bp hike at the September FOMC meeting. Given the ultimate source of inflation, there are concerns that rates hikes may have a limited impact on curbing prices.

Conservative Positioning Leads to Ample Rotational Flexibility: The Portfolio was able to capitalize on the market volatility, gradually adding new positions at attractive valuations while maintaining ample dry powder for further rotations. In addition, we continue to maintain a preference for high-quality, liquid assets, which should allow us to quickly reposition the Fund when opportunities arise.

II. Current Themes: Why Credit Now, AI Earnings Bubble?, Fed Uncertainty / Higher for Longer, Case for Floating Rates

Why Credit Now: The recent rise in interest rates and credit spreads has created a compelling entry point for credit, offering investors attractive yields and supported by multi-year highs in spread breakeven levels (Level to which spreads would have to widen in order to result in a negative return over a one-year period). In addition, the fundamental backdrop remains sound with robust earnings growth expected to continue and leveraged credit defaults trending down to the lowest levels since Q4 2022, per J.P. Morgan.

AI Earnings / Capex Bubble?: With no sign of slowing, the torrid pace of AI capex and associated earnings growth is increasingly raising questions about the boom's sustainability. Some market participants point to prior periods of exponential investment growth, such as the dot-com-era fiber buildout, as historical analogues. Several upcoming events could shape the AI trade and the infrastructure built out behind it: the potential Q4 Anthropic IPO, hyperscalers' Q3 earnings-call commentary on AI spending, and the U.S. election, amongst others.

Fed Uncertainty / Higher For Longer: The Federal Reserve's September rate hike, together with its hawkish commentary, signal a clear shift in policy. However, key economic data continue to send mixed signals. Adding to the uncertainty, Fed Chair Warsh has indicated a preference for providing less forward guidance on the path of policy. Questions are also emerging over whether higher rates can deliver the intended reduction in inflation, as its two largest drivers, the AI/data center buildout and energy prices, appear largely insensitive to the cost of capital. Fed funds futures currently price in one more 25bps hike this year, followed by two additional hikes in 2027.

Downside to Rising Rates: Higher rates can be a double-edged sword for credit investors; they translate to higher yields on assets, but they also raise financing costs for borrowers and tend to slow corporate activity, including mergers & acquisitions ("M&A"). The impact is also uneven across sectors: some companies can pass through or absorb higher interest costs, while rate-sensitive areas such as construction and housing tend to feel the pressure most. Dislocations of this kind can create opportunities, as near-term headwinds weigh on valuations without materially altering the long-term outlook. Importantly, the scale of tightening this time is expected to be far more modest than the move in the Fed Funds rate from near 0% to above 5% in 2022/23, which should limit the strain on borrowers.

Floating Rate as a Core Allocation: With all this uncertainty and rates drifting higher, we continue to support floating rate credit and low duration strategies as a core allocation to fixed income portfolios. As demonstrated by the volatility experienced earlier in the year, the path of interest rates remains uncertain and floating rate exposure can help neutralize volatility while providing stable income. In addition, we believe CLO Debt continues to offer a compelling spread advantage versus comparable fixed rate assets such as corporate credit.

Relative Value and Current Upside Potential

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

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	$100.04	114	5.57%	5.32%	5.70%
CLO AA	$100.06	147	5.88%	5.70%	6.07%
CLO A	$100.08	171	6.10%	5.96%	6.33%
CLO BBB	$99.81	277	7.27%	7.18%	8.18%
CLO BB	$93.18	764	12.49%	13.35%	16.57%

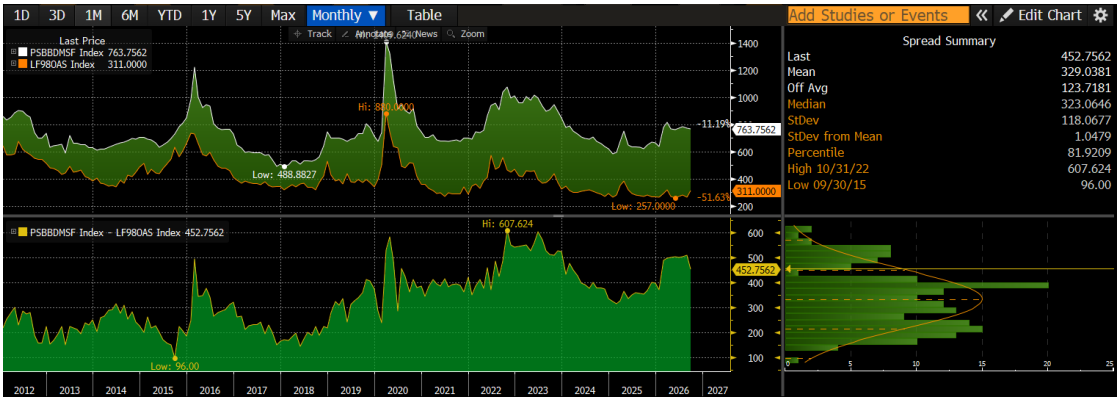
Source: JPM / Intex / Palmer Square. As of 9/30/2026. The figures presented above represent hypothetical performance and does not reflect any actual performance. The hypothetical performance was not achieved by any investor, including the Fund. Actual results may vary substantially. Below investment grade ratings are subject to higher risks. [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 above performance (i.e., spread levels at 10-year averages) plus the income from anticipated coupon payments over the next 12 months. For purposes of this analysis, anticipated coupon payments incorporate the forward LIBOR/SOFR curve. The presented performance does not reflect the impact of material economic and market factors on decision making, any changes to the Fund over time, and was prepared with the benefit of hindsight. Please see Notes and Disclosures for definitions.

- **<u>CLO Allocation/Opportunity to Capture Income and Total Return:</u>**

  As of quarter-end, CLO Debt and CLO Equity accounted for slight more than 75% of the portfolio, a decrease of 3% quarter-over-quarter. Within the portfolio, CLO BBBs are currently trading on average at a spread of 311bps and CLO BBs are at a spread of 675bps. *We continue to add to CLO portfolios that are higher quality and more liquid as we believe they will continue to outperform portfolios with more risky collateral.*

  CLO BBs remain a significant allocation in the portfolio and we believe at current valuations offer a lot of potential value on an absolute and relative basis. As compared to high yield ("HY") opportunities, CLO BBs on a historical basis still look very cheap. As indicated in Exhibit 1 below, CLO BBs currently pick up 153bps of spread versus HY, which looking back to 2012 is an 82nd percentile reading (meaning CLO BBs have been relatively cheaper only 18% of the time). The median spread differential over the same time period is 323bps, which means CLO BBs need to tighten* about 129bps just to get back to historical average levels vs HY. HY Corporate Index spreads widened towards the end of the quarter, but still sit at historically low levels (see Exhibit 2 below).

Exhibit 1: CLO BB vs HY Spreads



Source: Bloomberg as of 9/30/2026. Current performance is not a guarantee of future performance of the Fund. LF980AS is the Bloomberg U.S. Corporate High Yield Option-Adjusted Index. PSBBDMSF is the Palmer Square CLO BB Discount Margin Index.

Exhibit 2: High Yield Corporate Index Spreads



Source: Bloomberg as of 9/30/2026. Current performance is not a guarantee of future performance of the Fund. LF980AS is the Bloomberg U.S. Corporate High Yield Option-Adjusted Index.

- **Bank Loan Allocation:** As of quarter-end, bank loan exposure was approximately 15% of the portfolio, in-line with the previous quarter. Bank loans were a strong performer during the quarter, providing high current income while avoiding the interest rate headwinds experienced by fixed rate assets. Loan prices recovered throughout the quarter, bolstered by supportive credit fundamentals and moderating AI-related fears, notably in the software sector. The end of summer was relatively slow in the new issue market, but the uptick in activity post-Labor Day provided an attractive opportunity to add new positions in the primary market. Overall, credit trends continue to improve and the LTM (last twelve months) default rate on bank loans hit 2.08% in Q3, which was the lowest level since January 2023, per J.P. Morgan. *We believe loans remain attractive and will likely maintain exposure at or near current levels, focusing on opportunities in both the primary and secondary markets.*
- **High Yield Bond Allocation:** As of quarter-end, HY corporate bond exposure was 5% of the portfolio, in-line with the prior quarter. Spread volatility and dispersion were relatively muted for most of the quarter, which limited the opportunity set in HY. However, the increase in volatility in September created some attractive total return opportunities, most notably in the BB portion of the market, which we were able to take advantage of near the end of the quarter. We remain cautious about lower quality HY and certain secularly challenged sectors. *The HY corporate bond allocation is likely to remain at or near current levels but will seek to increase exposure if spreads widen to more attractive levels.*

Outlook / Focus on CLO Relative Value

- **CLO Issuance Forecast and Outlook:** CLO issuance set a new record in 2025 with $211bn in new issuance (+4% year-over-year, "y/y") along with $326bn in refi/reset activity (+7% y/y). 2026 started off at a similar pace but macro events have dramatically slowed new issuance. At the close of the third quarter, U.S. CLO new issuance year-to-date is $94.2bn, a 20% decrease year-over-year. Refi/reset activity has been mixed year-to-date as sluggish reset activity at $118.9bn (-14% y/y) but healthier refi activity at $94.6bn (+16% y/y).

Fundamentals

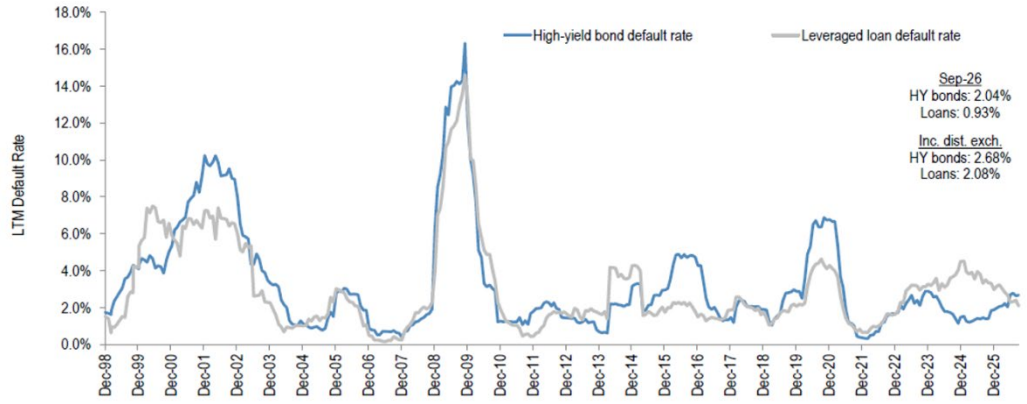
- During Q3 2026, the markets experienced the lightest quarterly default/ liability management exercise ("LME") activity since Q4 2022. Yet, payment defaults are still higher y/y, but LME activity is down 35%. HY bond default/ LME activity is outpacing loan default/ LME activity for the first time since 2020. The HY default rate is now 2.68% while the leveraged loan default rate is 2.08% (the lowest loan default rate since January 2023). Loans trading below $80 price within CLOs trended upward to 5.95% versus 5.15% in Q2. CCC+ assets held in CLOs also increased slightly to 4.33% versus 4.27% in Q2.

Summary

In essence, we believe the Fund is well-positioned and has potential to generate yield and total return. 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.

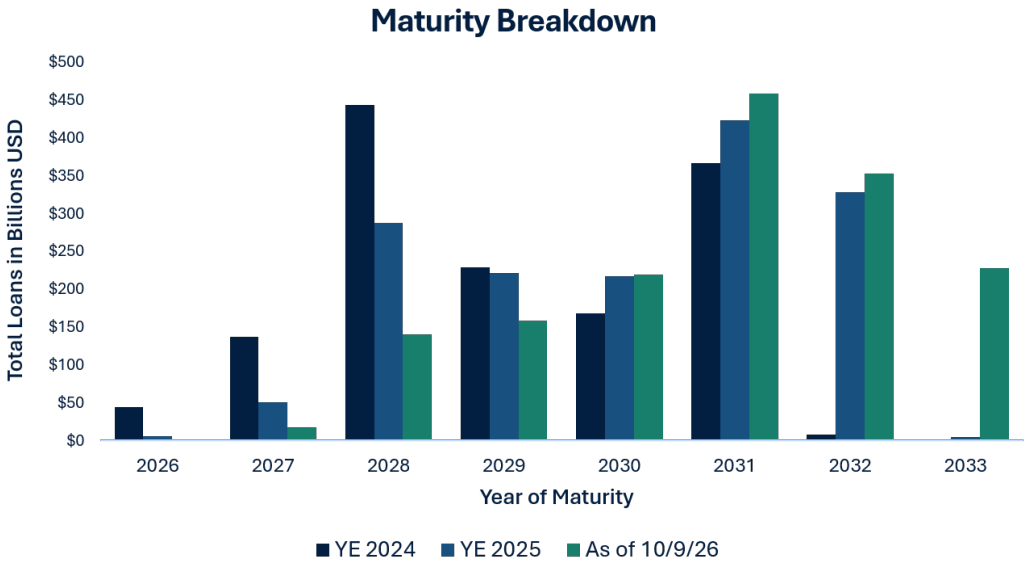
*Please see Notes and Disclosure for definitions.

Exhibit 3: Bank Loan default rates continue to decline, while high-yield defaults flattened



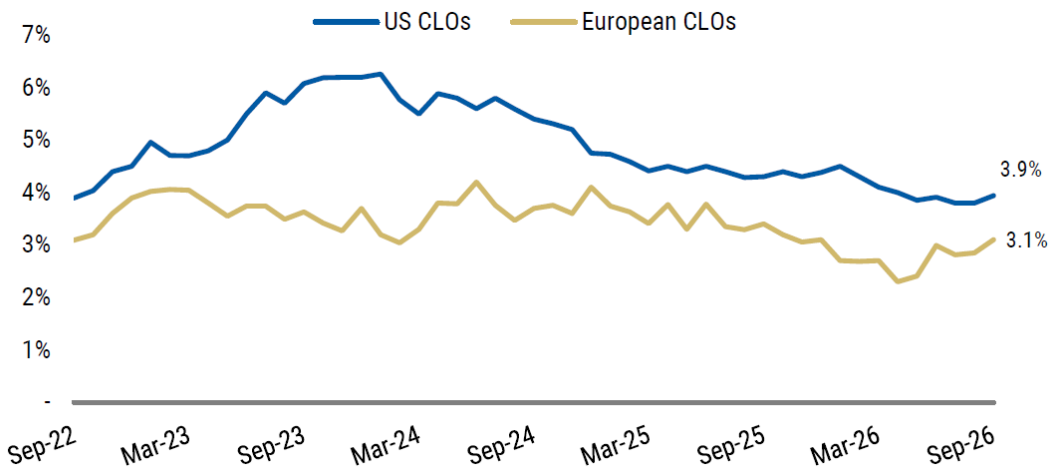
Source: J.P. Morgan; PitchBook Data, Inc; Bloomberg Finance L.P.; S&P/IHSMark; Data as of 9/30/2026.

Exhibit 4: Loan maturities continue to get pushed out



Source: Pitchbook LCD, as of 10/9/2026

Exhibit 5: Median CCC assets in CLO portfolios



Source: Morgan Stanley Research, Intex. Data as of 9/30/2026

Notes and Disclosures

Forward-looking statements: Certain information contained herein constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue," or "believe," or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events, results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements. Nothing contained herein may be relied upon as a guarantee, promise, assurance or a representation as to the future.

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

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

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

The Fund's advisor has contractually agreed to waive or reduce its management fees and/ or reimburse expenses of the Fund to ensure that total annual Fund operating expenses (excluding taxes, leverage interest, brokerage commissions, dividend and interest expenses on short sales, acquired fund fees and expenses, expenses incurred in connection with any merger or reorganization, and extraordinary expenses such as litigation expenses) do not exceed 1.50% of the Fund's average daily net assets. This agreement is in effect until December 1, 2026, and it may be terminated before that date only by the Fund's Board of Trustees. The Fund's advisor is permitted to seek reimbursement from the Fund, subject to certain limitations, of fees waived or payments made to the Fund for a period of three years from the date of the waiver or payment.

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

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

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

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

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

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

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.

Notes and Disclosures (cont'd)

Collateralized Loan Obligation (CLO) is a financial instrument that packages debts and is divided into debt tranches (CLO AAA to CLO CCC) and a CLO Equity tranche sold to investors based on their individual risk appetites. **HY Corporate Bonds** are debt instruments issued by a company with below investment grade rating. HY bonds can be rated BB, B, CCC, C with a + or – as well as NR. **HY Default Rate** is the percentage of defaults from companies issuing HY corporate bonds over a specific time period. Leveraged Loan default rate is the percentage of leverage loan defaults over a specific time period. **Liability Management Exercise** is an out-of-court financial strategy used by a company to restructure its debt obligations to delay bankruptcy and manage liquidity.

Interest Rate Duration measures a portfolio's sensitivity to changes in interest rates. **Spread Duration** measures the sensitivity of a bond price based on basis point changes of more than 100. **Yield To Call** is the yield of a bond or note if you were to buy and hold the security until the call date. **Yield To Maturity** is the rate of return anticipated on a bond if held until the end of its lifetime. **Current Yield Yield** is a weighted calculation of the annual coupon rate divided by the price of each individual security within the portfolio and represents the return an investor would expect if the securities were held for a year and the price did not change. **Beta** describes an investment's volatility in relation to that of the stock or bond market as a whole. For example, the S&P 500 is typically considered to be "the equity market" and it has a beta of 1.0. Yield to Expected Call is a Yield to Call metric that assumes callable bonds are not called on their call date, but at some later date prior to maturity. **Yield to Expected Call** considers contractual terms in a bond's indenture or other similar governing document. A bond may be called before or after this date, which has the potential to increase or decrease the Yield to Expected Call calculation. All else equal, when a bond's price is below par, Yield to Expected Call is a more conservative yield metric than Yield to Call. If a bond is not callable, Yield to Expected Call calculates the bond's Yield to Maturity. **Credit Spreads** are often a good barometer of economic health - **wide or widening (bearish sentiment)** and **narrowing/tight or tightening (bullish sentiment)**. The **option-adjusted spread (OAS)** is the measurement of the spread of a fixed-income security rate and the risk-free rate of return, which is then adjusted to take into account an embedded option. Typically, an analyst uses Treasury yields for the risk-free rate. The **original issue discount (OID)** is the difference between the original face value amount and the discounted price paid for a bond. The option-adjusted spread (OAS) is the measurement of the spread of a fixed-income security rate and the risk-free rate of return. **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. **Return on Invested Capital** ("ROIC") is a financial metric used to evaluate a company's efficiency and profitability in generating returns from the capital it has invested in the business. **LIBOR** (London Interbank Offered Rate) is the benchmark interest rate at which major global banks lend to one another. As of January 1, 2022, many banks are no longer required to submit the data needed to calculate the LIBOR rate. A **Reference Rate** is an interest rate benchmark used to set other interest rates. Various types of transactions use different reference rate benchmarks, but the most common include the Fed Funds Rate, LIBOR, the prime rate, and the rate on benchmark U.S. Treasury securities. Unlike mutual funds, indices are not managed and do not incur fees or expenses. It is not possible to invest directly in an index. **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. **CAPEX** stands for capital expenditure and refers to money a company spends to buy, fix, or improve long-term assets. A **Treasury curve** is a graph showing the relationship between the interest rates and maturity dates of U.S. government debt securities.

Benchmarks: Any indices and other financial benchmarks shown are provided for illustrative purposes only, are unmanaged, reflect reinvestment of income and dividends and do not reflect the impact of advisory fees. Investors cannot invest directly in an index. Comparisons to indexes have limitations because indexes have volatility and other material characteristics that may differ from a particular hedge fund. For example, a hedge fund may typically hold substantially fewer securities than are contained in an index. The **Bloomberg U.S. Aggregate Bond Index** is an unmanaged index of publicly issued investment grade corporate, US Treasury and government agency securities with remaining maturities of one to three years. The **Bloomberg 1-3 Year US Corporate Index** measures the performance of investment grade, US dollar-denominated, fixed-rate, taxable corporate and government-related debt with 1 to 2.9999 years to maturity. It is composed of a corporate and a non-corporate component that includes non-US agencies, sovereigns, supranationals and local authorities. **S&P 500 Index** is a market-capitalization- weighted index of 500 leading publicly traded companies in the U.S. **U.S. Treasury index** is an index based on recent auctions of U.S. Treasury bills and is commonly used as a benchmark when determining interest rates, such as mortgage rates. **Bloomberg U.S. Corporate Bond Index** measures the investment grade, fixed-rate, taxable corporate bond market. **Bloomberg U.S. High Yield Index** measures the USD-denominated, high yield, fixed-rate corporate bond market. **Bloomberg U.S. High Yield Option-Adjusted Index** measures the option-adjusted spread for USD-denominated, high yield, fixed-rate corporate bond market. **Bloomberg U.S. HY BB Corporates Index** tracks the performance of USD-denominated below investment grade rated corporate debt publicly issued in the U.S. domestic market. **Credit Suisse Leveraged Loan Index** tracks the investable market of the U.S. dollar denominated leveraged loan market. The **STOXX 600 Index** seeks to offer broader exposure to European companies. Thus, it's often cited as a close European alternative to Standard & Poor's 500 Index (S&P 500). **Palmer Square CLO Senior Debt Index (CLOSE)** seeks to reflect the investable universe for U.S. dollar denominated CLOs. CLOSE is comprised of original rated AAA and AA debt issued after January 1, 2009 subject to certain inclusion criteria. **Palmer Square CLO Debt Index (CLODI)** seeks to reflect the investable universe for U.S. dollar denominated CLOs. CLODI is comprised of original rated A, BBB, and BB debt issued after January 1, 2009 subject to certain inclusion criteria. **Palmer Square CLO BB TR Index (PCLOBBTR)** seeks to reflect the investable universe for U.S. dollar denominated CLOs. The index is comprised of original rated BB debt issued after January 1, 2009 subject to certain inclusion criteria. **Palmer Square CLO BB Discount Margin Index (PSBBDMSF)** seeks to reflect the discount margin on the investable universe for U.S. dollar denominated CLOs. The index is comprised of original rated BB debt issued after January 1, 2009 subject to certain inclusion criteria. **Bloomberg US Investment Grade Technology Index** is a rules-based market value-weighted benchmark that measures the performance of fixed-rate, taxable, USD-denominated corporate bonds issued by companies classified within the technology sector.

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