PALMER SQUARE
CAPITAL MANAGEMENT®

Palmer Square Income Plus Fund (PSYPX)

April 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 54% 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.

	3/31/2022	6/30/2022	9/30/2022	12/31/2022	3/31/2023
Interest Rate Duration	0.41 yrs	0.57 yrs	0.62 yrs	0.64 yrs	0.79 yrs
Spread Duration	2.35 yrs	2.80 yrs	2.65 yrs	2.70 yrs	2.38 yrs
Yield to Expected Call*	3.40%	5.27%	6.46%	6.49%	6.42%
Yield to Maturity	3.32%	5.15%	6.19%	6.26%	6.17%
Current Yield	2.12%	3.24%	4.15%	4.90%	5.36%
30-day SEC Yield* (net of fees)	1.30%	2.39%	3.84%	5.14%	5.67%
30-day SEC Yield* (gross of fees)	1.30%	2.39%	3.84%	5.14%	5.67%

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	11.48%	98.52	180	5.86%	7.64%	8.29%	546	243	186
CLO AA	2.19%	95.98	319	6.51%	8.60%	10.16%	535	349	284
CLO A	0.74%	96.41	348	7.33%	10.12%	12.73%	587	501	394
CLO BBB	11.64%	90.89	616	9.98%	18.13%	21.90%	824	755	661
CLO BB	8.51%	89.01	988	13.88%	24.45%	30.00%	1203	1384	1193
CLO B	0.23%	78.12	1469	18.77%	37.86%	49.79%	1682	1949	1653
ABS	8.23%	98.45	67	5.40%	5.99%	6.28%	613	313	52
CMBS	5.02%	89.32	493	8.96%	17.23%	18.46%	892	225	75
RMBS	5.32%	83.56	183	6.08%	4.36%	7.32%	355	375	150
Corp HY	7.04%	90.86	282	6.36%	7.25%	10.97%	489	880	726
Corp IG	19.55%	95.64	120	5.18%	5.51%	6.10%	437	272	197
Bank Debt	4.57%	99.05	262	6.25%	7.86%	8.83%	576	844	639
Govt	15.49%	99.73	0	4.30%	4.30%	4.30%	0	0	0
Total	**100.00%**	**94.33**	**285**	**6.88%**	**9.62%**	**11.35%**	**541**	**460**	**348**

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

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	$98.39	185	5.73%	7.69%	7.94%
CLO AA	$96.96	253	6.05%	9.30%	10.07%
CLO A	$94.76	346	6.91%	11.78%	13.10%
CLO BBB	$91.38	512	8.76%	16.57%	19.30%
CLO BB	$85.73	989	13.63%	23.81%	30.81%
CLO B	$68.93	1475	19.23%	40.28%	51.89%

Source: JPM / Intex / Palmer Square. As of 3/31/2023. Below investment grade ratings are subject to higher risks. Figures shown are not indicative of the performance of the Fund. [1]Refers to the potential increase in value of the investment in one year if spreads return to 10-year average levels. [2]Refers to the potential increase in value of the investment in one year if spreads return to 10-year tight levels. The potential increase in value is calculated by determining the return resulting from the positive or negative difference between the current price of the securities and the price of the securities at the respective spread levels noted in the hypothetical performance (i.e., spread levels at 10-year averages) plus the income from anticipated coupon payments over the next 12 months. For purposes of this analysis, anticipated coupon payments incorporate the forward LIBOR 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.

*Please see Notes and Disclosure for definitions.

Summary Themes:

- **Q1 2023 Performance, Attribution and Positioning;**
- **2023 Outlook: Federal Reserve (Fed) Pause, Soft Landing, Earnings Recession, Defaults Contained, Bonds are Back**

Theme I. Q1 2023 Performance, Attribution and Positioning

- **Performance:** The Fund delivered a positive return of 1.60% in Q1 2023 in what was quite an eventful quarter. If we told you that we were going to experience a quasi-financial crisis with multiple large bank failures in both U.S. and Europe, we doubt anyone would have predicted that the Nasdaq would be up 17%! In addition to the resilient equity tape, credit also performed well, thanks mostly to rates moving lower. Even the Cboe Volatility Index (VIX)* finished lower ending the quarter under 20 (near 18 month lows). Strange times indeed. What do we make of this? We think the resilience of the market is being driven by two major factors:
  - » The system is still flush with cash which limits forced selling. Despite recent deposit flight, U.S. banks still sit on $17.3 trillion in deposits compared to $13.3 trillion pre-COVID and around $2 trillion above where they would be if the pre-COVID growth rate continued. There is also $5.2 trillion in money market funds (MMFs) compared to $4.7 trillion at the beginning of the year and $3.6 trillion pre-COVID. So let's call it $3.5-4 trillion in "excess" cash in the system between corporate and consumer balance sheets. Additionally, we also believe there are historically high cash balances within the fund management complex, where running high cash balances is no longer a drag on returns given the inverted yield curve.
  - » The recent stress in the banking and financial markets will likely cause the Fed to at least pause hiking in the near term, potentially ending the current hiking cycle. And rightly or wrongly, Fed policy is a major driver of investor risk appetite. However, this is where we think the market could potentially be off-sides. That is, the market is now pricing in rate cuts later this year which we see as unlikely given our view of inflation remaining stubbornly high.

  Combining the above two themes with what was a historically bad 2022 for performance across nearly all asset types, money managers are loathe to take off risk now. Said differently, the fear now is being wrong twice, first on the way down and then on the way back up.

  But getting back to asset performance, as the table below shows, it was a good quarter for just about every asset class, particularly in January which saw a sharp rally across the board (fixed, floating, equity, credit, etc.). The notable exception is CMBS which we will touch on later. The main driver of performance was clearly interest rates moving lower, and to a lesser extent increasing higher carry, which offset some modest spread widening.

*Please see Notes and Disclosure for definitions. [1]Quarterly data.

Selected Indicies	Q1 2023 Performance
Bloomberg U.S. Treasury Index	+3.00%
Bloomberg U.S. Aggregate Bond Index	+2.96% (spread +6bps)
Bloomberg U.S. Corporate Index	+3.50% (spread +9bps)
Bloomberg 1-3 Year U.S. Corporate Index	+1.24% (spread +30bps)
Bloomberg U.S. High Yield Index	+3.57% (spread -11bps)
iBoxx Liquid Leveraged Loan Index	+3.32% (DM -43bps)
Palmer Square CLO Senior Debt Index	+1.93% (DM -6bps)
Palmer Square CLO Debt Index	+3.00% (DM -11bps)
S&P 500 Index	+7.48%
STOXX 600 Index	+11.96%

Source: Bloomberg as of 3/31/2023

The Fund's quarterly return of 1.60% compares to 1.24% for the Bloomberg Corporate 1-3Y Index, which we are pleased with given the massive move in 2Y treasury yield which declined by 40bps in the quarter. Despite the decrease in treasury yields broadly, the yield on the Fund was nearly flat at 6.42% (vs 6.49% at 12/31/2022). Also, importantly, the Fund has a weighted average price of $94.8 implying the potential for considerable total return should spreads tighten.

- **Q1 2023 Attribution:** The Fund's exposure to CLO Debt provided the largest contribution at +0.96%, followed by IG corporate bonds at +0.50% and high yield bonds at +0.15%. On the negative side, CMBS detracted 0.11% while RMBS only contributed 0.05% during the quarter.
- **Positioning:** Up until early March the Fund's position was largely unchanged with some tactical reductions in HY and loans after a significant spread rally in January. In the wake of the Silicon Valley Bank (SVB) failure, however, we monetized around 10% of our short-dated corporate bond allocation to cash/T-bills. This was done at a net gain, despite spreads widening, and in some cases spread curves inverting, because the move lower in rates more than offset wider spreads. We also felt that if the banking crisis were to not be contained, there would be a flight to safety in T-bills. The latter happened regardless even though the banking stress was arguably contained by quarter end. We also reduced exposure in CMBS which was the clear underperforming part of credit. Lastly, we net added to HY bonds post SVC after spreads moved over 100bps wider. So at quarter end, the Fund sits on ~24% in cash equivalents (T-bills + ABS) which yields 4.7%. Overall, the Fund continues to live on the front end (and highest end) of the curve, which is consistent with our higher-for-longer macro-outlook on inflation/rates.

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

*Please see Notes and Disclosure for definitions.

incredibly robust (unemployment at record lows and job openings still near record highs). 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

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not subscribe to that view. We've found that people have forgotten just how bad the 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.

Select Portfolio Attribution and Characteristic Dashboard

	Allocation	% Allocation	Q1 2023 Attribution	Average Price	Yield to Expected Call*
IG	ABS (100% AAA)	8%	0.10%	98.5	5.4
IG	Treasury Bills	15%	0.07%	99.7	4.3
IG	CLO AAA	11%	0.22%	98.5	5.9
IG	CLO AA	2%	0.13%	96.2	6.5
IG	CLO A	1%	0.02%	96.4	7.3
IG	CLO BBB	11%	0.20%	91.1	10.0
IG	RMBS (98% AAA, 100% A and above)	5%	0.05%	83.9	6.1
IG	CMBS (88% A- and above, 97% IG)	5%	-0.11%	91.8	8.9
IG	IG Corp Bonds - Fixed	16%	0.46%	95.4	5.0
IG	IG Corp Bonds - Floating	3%	0.05%	99.5	6.0
IG	IG Bank Loans	1%	0.01%	99.9	4.7
IG	Bank Loans - Non IG	4%	0.12%	98.9	6.5
HY	HY Corp Bonds	4%	0.15%	91.1	6.4
HY	CLO BB	8%	0.39%	89.2	13.9

Source: Palmer Square as of 3/31/2023. The performance data quoted represents past performance and that past performance does not guarantee future results. Investment return and principal value will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security. To obtain performance information current to the most recent month-end please call 866-933-9033.

Summary on Attribution, Allocation and Positioning

	3/31/2022 Allocation	6/30/2022 Allocation	9/30/2022 Allocation	12/31/2022 Allocation	3/31/2023 Allocation
CLO Debt	28%	30%	34%	35%	34%
IG Corp Debt	15%	18%	27%	26%	19%
ABS	14%	16%	8%	10%	8%
Bank Loans	11%	11%	7%	7%	4%
CMBS	5%	6%	6%	7%	5%
Gov't Bonds	19%	4%	5%	5%	15%
RMBS	5%	5%	5%	5%	5%
Cash/Other	0%	1%	3%	3%	3%
HY Corp Bonds	3%	4%	3%	2%	7%
Credit Derivatives	1%	5%	1%	0%	0%
Commercial Paper	0%	0%	1%	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.

Historic Positioning Detail by Asset Type:

- **Investment Grade Corporate Bond Allocation** – The IG corporate bond exposure was reduced (from 26% to 19%). Around 10% of the short-dated corporate book was liquidated at a gain after the SVB failure – the rationale being the spread on these bonds not being sufficient relative to the yield obtainable in Treasury Bills. That relative value discrepancy somewhat reversed towards the end of the month, partly due to the massive influx of cash into MMFs that subsequently invest in bills, but also partly due to corporate spreads continuing to widen out in late March. Exposure was increased slightly towards the end of the quarter by participating in attractive primary issuance which once again came with favorable new issue concessions (NICs). *In general, after screening as expensive/tight for all of 2021 and most of 2022, we now view corporate IG as generally attractive for both spread buyers (like Income Plus) and for investors more concerned with all-in yield.*
- **High Yield Bond Allocation** – As of quarter-end, 7% of the portfolio, which was a 5% increase q/q. The Fund actually decreased HY exposure in late January after the significant rally in spreads, but subsequently added exposure in late March after the collapse in SVB pushed spreads 100bps wider generically. Our focus remains on BB-rated bonds, which are relatively less risky and benefit the most from a stabilization in rates. *The fund will continue to be tactical with its HY exposure with a new range of 350-500bps.*
- **CLO Allocation/Opportunity to Capture Income and Total Return** – As of quarter-end, 33.7% of the portfolio, which was a decrease of 1.7% from last quarter. Most of the decrease in exposure came from AA, which looked relatively rich to other parts of the capital stack. AAA exposure was steady throughout the quarter at 11.2%, and still offer tremendous value in the 180-220bps spread range and yields over 6%. Since the GFC, we have only seen AAA spreads wider during the depths of the COVID-19 pandemic and yields have never been higher. Breakeven spread widening also looks very attractive at current levels.[1] For example, over a one year holding period AAA spreads would need to reach over 400bps in order to not make money, a level wider than during the depths of the COVID-19 pandemic.
    - » CLO mezzanine exposure also stayed relatively stable with BBBs at 11.3% and BBs at 8.2%. Spreads moved mainly sideways throughout the quarter, tightening throughout Jan-Feb and giving up most of that tightening in March. Total returns still look very attractive with the average price/yield on our BBBs at $91.10/9.98% and BBs at $89.2/13.88%.

  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, 18% of the portfolio had exposure to ABS/MBS. During the quarter, our allocation to ABS decreased slightly as we opportunistically rotated into more attractive risk with the March market turmoil.
    - » **ABS** exposure (primarily prime auto ABS with a weighted average life (WAL)* of 6 months or less) ended 2% lower than Q4, currently 8% of the Fund. As a liquid and high-quality asset class, we were able to rotate some of this exposure into more interesting sectors during the quarter.

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

- **CMBS** exposure at quarter-end was at 5%, approximately 100 bps lower from Q4 2022. Throughout the quarter, we rotated out of several names given the broader macro headwinds facing commercial real estate. While we remain cautious, we continue to see value in single-asset / single-borrower deals and may opportunistically increase exposure to assets with strong fundamentals when attractive entry points present.
- **RMBS** exposure ended the quarter flat compared to the end of 2022. We added exposure in early January before spreads tightened in the January/February rally. We trimmed some of the incremental exposure later in the quarter. Our exposure 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.

ABS/MBS Positions	3/31/2023
Prime Autos	62%
Equipment	2%
ABS (100% AAA)	**8%**
Conduit	1%
Single Asset/Single Borrower	4%
CMBS (97% A- and above)	**5%**
Non-Agency	5%
RMBS (98% AAA)	**5%**

Source: Palmer Square.

- **Bank Loan Allocation** – As of quarter-end, 4% of the portfolio, a reduction of 2% over the quarter. Similar to HY we tactically reduced exposure to bank loans in late January after the broad based rally which saw BB loans trade close to par. However, unlike HY, BB loans didn't really sell off in the aftermath of SVB, driven by technical buying from ramping CLOs along with demand from banks for higher quality loans. As such we end Q1 2023 with the lowest exposure to bank loans in years for this strategy. Our remaining exposure is in shorter dated BB loans, which we think will hold up relatively well given the amount of CLOs exiting reinvestment periods this year and can only buy short dated loans due to 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 1.60% (net of fees) for the first quarter of 2023.

Fund Performance Net of Fees as of 03/31/2023 (inception 2/28/2014)

	Q1 2023	2022	2021	2020	2019	2018	2017	2016	2015
PSYPX	1.60%	-0.76%	1.17%	3.65%	5.29%	1.17%	4.03%	5.24%	1.21%
Bloomberg 1-3 Year U.S. Corporate Index	1.24%	-3.32%	-0.13%	3.79%	5.30%	1.56%	1.85%	2.36%	1.00%
Bloomberg U.S. Aggregate Bond Index	2.96%	-13.01%	-1.54%	7.51%	8.72%	0.01%	3.54%	2.66%	0.57%

Fund Performance Net of Fees as of 03/31/2023 (inception 2/28/2014)

	1 Year	3 Years	5 Years	Since Inception Annualized
PSYPX	1.42%	4.74%	2.30%	2.58%
Bloomberg 1-3 Year U.S. Corporate Index	0.36%	1.00%	1.73%	1.55%
Bloomberg U.S. Aggregate Bond Index	-4.78%	-2.77%	0.91%	1.49%

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

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Bloomberg U.S. Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. **Bloomberg U.S. Aggregate Bond Index** is an unmanaged index of publicly issued investment grade corporate, U.S. Treasury and government agency securities with remaining maturities of one to three years. **Bloomberg U.S. Corporate Index** measures the investment grade, fixed-rate, taxable corporate bond market. **Bloomberg 1-3 Year U.S. Corporate Index** measures the performance of investment grade, U.S. dollar-denominated, fixed-rate, taxable corporate and government-related debt with 1 to 2.9999 years to maturity. It is composed of a corporate and a non-corporate component that includes non-U.S. agencies, sovereigns, supranationals and local authorities. **Bloomberg U.S. High Yield Index** measures the USD-denominated, high yield, fixed-rate corporate bond market. **iBoxx Liquid Leveraged Loan Index** tracks the total return of the 100 most liquid loans from the USD LLI index universe, offering a powerful insight into the loan market. **Palmer Square CLO Senior Debt Index** is a rules-based observable pricing and total return index for collateralized loan obligation debt for sale in the United States, rated at the time of issuance as AAA or AA (or an equivalent rating). Such debt is often referred to as the senior tranches of a CLO. **Palmer Square CLO Debt Index** is a rules-based observable pricing and total return index for collateralized loan obligation debt for sale in the United States, rated at the time of issuance as A, BBB or BB (or equivalent rating). Such debt is often referred to as the mezzanine tranches of a CLO. **S&P 500 Index** is a market-capitalization-weighted index of 500 leading publicly traded companies in the U.S. **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 **Cboe 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 **AAII** 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

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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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