PALMER SQUARE CAPITAL MANAGEMENT

Palmer Square Opportunistic Income Fund (PSOIX)

July 2023

Table of Contents **Page**

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 corporate credit and structured credit.

Performance Summary

The Fund returned 3.93% (net of fees) for the second quarter of 2023 and 7.31% (net of fees) through the first half of 2023. We remain confident in our positioning in CLO Debt, bank loans and high yield bonds and believe the total return outlook hasn't looked this constructive since mid-2020. The current yield on the Fund is now 11.3%, which is the highest[1] it's been since inception in 2014.

Fund Performance Net of Fees as of 6/30/2023 (inception 8/29/2014*)

	Q2 2023	YTD 2023	2022	2021	2020	2019	2018	2017	2016	2015	2014*
PSOIX	3.93%	7.31%	-4.48%	6.66%	5.92%	7.59%	-0.47%	11.04%	12.10%	-5.32%	-0.76%

	1 Year	3 Years	5 Years	Since Inception Annualized
PSOIX	10.61%	7.47%	4.04%	4.30%

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.

Portfolio Snapshot

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

	6/30/2022	9/30/2022	12/31/2022	3/31/2023	6/30/2023
Interest Rate Duration*	0.53 yrs	0.51 yrs	0.48 yrs	0.43 yrs	0.43 yrs
Spread Duration*	3.58 yrs	3.84 yrs	3.62 yrs	3.26 yrs	3.23 yrs
Credit Spread	902	997	866	892	835
Weighted Average Price	$90.5	$89.1	$90.4	$90.2	$92.0
Yield to Expected Call*	12.04%	13.97%	13.24%	12.59%	12.74%
Yield to Maturity	11.37%	12.95%	12.40%	11.56%	11.70%
Current Yield	7.82%	9.66%	11.00%	11.18%	11.30%
Beta vs. S&P 500	0.44	0.41	0.40	0.39	0.39
Beta vs. Bloomberg Barclays U.S. Aggregate Bond Index	0.31	0.34	0.38	0.35	0.35

Past performance does not guarantee future results. [1]Based on quarterly current yield metrics since inception.
*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 OPPORTUNISTIC INCOME 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 AA	2.43%	94.25	311	6.57%	8.43%	9.89%	409	349	284
CLO BBB	28.10%	92.09	592	10.44%	17.07%	20.94%	782	755	661
CLO BB	33.76%	90.82	980	14.46%	22.64%	27.43%	1230	1384	1193
CLO B	4.97%	82.68	1394	18.79%	31.75%	41.54%	1687	1949	1653
CLO Equity	4.68%	39.28	2032	24.38%	30.23%	35.23%	3193	2000	1850
CMBS	0.54%	61.90	1466	19.30%	38.63%	40.99%	2494	1030	665
Corp HY	6.46%	89.25	491	9.23%	8.62%	12.70%	719	880	726
Corp IG	0.22%	82.28	131	4.27%	4.14%	8.14%	190	272	197
Bank Debt	18.70%	96.52	481	9.07%	11.97%	12.68%	939	844	639
Total	**100.00%**	**86.11**	**799**	**12.46%**	**18.65%**	**22.53%**	**1114**	**1099**	**935**

Source: Bloomberg, Palmer Square, as of 6/30/2023. *YTE, also known as Yield to Expected Call, is a Yield to Call metric that assumes callable bonds are not called at their call date, but some later date prior to maturity. [1]Refers to the potential increase in value of the investment in one year if spreads return to 10-year average levels. [2]Refers to the potential increase in value of the investment in one year if spreads return to 10-year tight levels. The potential increase in value is calculated by determining the return resulting from the positive or negative difference between the current price of the securities and the price of the securities at the respective spread levels noted in the hypothetical performance (i.e., spread levels at 10-year averages) plus the income from anticipated coupon payments over the next 12 months. For purposes of this analysis, anticipated coupon payments incorporate the forward LIBOR/SOFR curve. [3]Refers to the level at which spreads would need to widen in order to cause a negative value in an individual investment over a one-year period. This is determined by reducing a security's price by its expected coupon payments over the next 12 months and then calculating the level of spread widening that would need to occur to move the security's actual price to the reduced price. For purposes of this analysis, anticipated coupon payments incorporate the forward LIBOR/SOFR curve. [4]Month end during Covid dislocation. [5]Month end of energy market dislocation. Below investment grade ratings are subject to higher risks. Figures shown are not indicative of the performance of the Fund. The presented hypothetical performance does not reflect the impact of material economic and market factors on decision-making, any changes to the strategy over time, and was prepared with the benefit of hindsight. Past performance is no guarantee of future returns.

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

Source: JPM / Intex / Palmer Square. As of 6/30/2023. Below investment grade ratings are subject to higher risks. Figures shown are not indicative of the performance of the Fund. [1]Refers to the potential increase in value of the investment in one year if spreads return to 10-year average levels. [2]Refers to the potential increase in value of the investment in one year if spreads return to 10-year tight levels. The potential increase in value is calculated by determining the return resulting from the positive or negative difference between the current price of the securities and the price of the securities at the respective spread levels noted in the hypothetical performance (i.e., spread levels at 10-year averages) plus the income from anticipated coupon payments over the next 12 months. For purposes of this analysis, anticipated coupon payments incorporate the forward LIBOR/SOFR curve. 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.

Allocation / Attribution Summary

Select Portfolio Attribution and Characteristic Dashboard

Allocation	6/30/2023 Allocation	Q2 2023 Gross Attribution	Average Price	Yield to Expected Call*
CLO Debt	69.2%	3.49%	$91.1	12.83%
Bank Loans	18.5%	0.60%	$97.0	9.06%
High Yield Bonds	6.8%	0.27%	$89.7	9.23%
Sub Notes	4.6%	-0.01%	$44.0	24.38%
ABS/MBS	0.5%	-0.01%	$69.4	19.28%
IG Corp Debt	0.2%	0.01%	$82.3	4.27%

Asset-backed Securities (ABS), Mortgage-backed Securities (MBS).

Historic Positioning Detail by Asset Type:

	6/30/2022 Allocation	9/30/2022 Allocation	12/31/2022 Allocation	3/31/2023 Allocation	6/30/2023 Allocation	Q2 2023 Gross Attribution
CLO Debt	63%	60%	63%	71%	69%	3.49%
Bank Loans	17%	24%	25%	17%	19%	0.60%
High Yield Bonds	11%	9%	7%	6%	7%	0.27%
Sub Notes	6%	5%	5%	5%	5%	-0.01%
ABS/MBS	1%	0%	0%	0%	1%	-0.01%
IG Corp Debt	1%	1%	0%	0%	0%	0.01%

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.

- **Q2 2023 Performance and Attribution:** The Fund delivered a positive return of 3.93% in Q2 (net of fees) and +7.31% (net of fees) for the first half of 2023. Compared to the first quarter, the second quarter was much less eventful. The regional banking crisis was (and still is) seemingly contained to a few weak links and not a systemic issue. This led to a mostly steady and broad-based grind tighter in credit spreads, which finished the quarter near the YTD tights last seen in early March. Partially offsetting the spread move was another leg higher in interest rates as the market went from "pause" to "skip" and quickly priced in two more hikes this year. Therefore, it's not surprising the outperforming areas of credit were floating rate product - bank loans and CLOs – which was the obvious driver of the Fund's outperformance versus the Bloomberg U.S. Aggregate Bond Index (-0.84%) in Q2 2023.
- Macro-economic data continues to support our house view of a higher-for-longer (than the market expects) interest rate environment. The labor market remains extremely strong with both near record-low unemployment AND historically elevated wage growth. Retail spending remains robust, although some areas (services) are clearly stronger than others (goods). Even the housing market has found new life as, somewhat ironically, the lack of supply of existing homes is pushing home buyers into the new build market. Taking all this into account, plus the absence of something else "breaking" in the system since March, the Fed clearly has scope to continue raising rates. So we agree with the market pricing in 2 more hikes this year, but we don't necessarily agree with the shape of the curve from January 2024 on, which from that point the market is pricing in a full 100bps of cuts throughout the next year. We sympathize. The excess COVID stimulus savings are clearly running out, the resumption in student loan payments in October, plus the general delayed impact of the cumulative increase in interest rates will act as

*Please see Notes and Disclosure for definitions.

a big liquidity drain on consumer bank accounts. But given the strength of the labor market and lack of a real negative catalyst in the corporate world – inventories are low, balance sheets remain in decent shape, cost inflation is moderating – we think the odds point to a proverbial soft landing rather than a sharp 2%+ contraction in real GDP (Gross Domestic Product). And as long as core inflation is running 3.5%+ AND the labor market remains strong we don't think the Fed would cut rates in a soft landing environment.

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

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

Source: Bloomberg as of 6/30/2023

- **Q2 2023 Attribution**: The Fund's exposure to CLO Debt provided the largest contribution at +3.49%, followed by Bank Loans at +0.60% and HY bonds at +0.27%. There were no meaningful detractors during the quarter.
- **CLO Allocation/Opportunity to Capture Income and Total Return:** As of quarter-end, 74% (CLO debt and sub notes) of the portfolio, down from 76% last quarter. CLO BBBs are currently trading on average at a spread of 592bps with prices in the low $90s and BBs are at a spread of 980bps with prices in the low to mid to high $80s/low $90s. Since 2008 we have only seen wider levels during two short time-frames, February 2016 and March-May 2020 (please see table below). Looking at CLO BBs in particular, there have only been 9 months in the past 10 years where spreads were wider than 900bps. Looking at 12 month forward returns from those points in time, the average return was +40.33% and the minimum return was +25.04%[1]. The breakeven spread widening on CLO BBs is approximately 360bps, which means that spreads could widen a further 360bps over the next 12 months before one lost money on $1 invested[2]. That type of spread widening from here would put us back at levels we saw in March of 2020. Another tailwind for CLO debt going forward is the increase in LIBOR/SOFR*. In July almost the entire CLO portion of the portfolio will reset higher by almost 30bps (3m LIBOR/SOFR is currently at 5.56%/5.30%). *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.*

*Please see Notes and Disclosure for definitions. [1,2]See page 5 BB Spreads and 1Yr Forward Returns table and disclosure. This example is provided for illustrative purposes only.

BB SPREADS AND 1YR FORWARD RETURNS		
Period	**CLO BB Spread**	**1yr Forward Return[1]**
1/29/2016	954	32.57%
2/29/2016	1193	51.32%
3/31/2016	972	35.39%
5/31/2016	916	30.62%
6/30/2016	909	30.77%
3/31/2020	1384	63.03%
4/30/2020	1299	55.59%
5/29/2020	1094	38.61%
7/31/2020	916	25.04%

Source: Bloomberg / Palmer Square CLO Indices. As of 12/31/2022. [2]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. 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. The above analysis looks specifically at CLO BB's. Upon request, Palmer Square will provide this analysis for other CLO rating classes.

- **Bank Loan Allocation:** As of quarter end, bank loans were 18.5% of the portfolio, slightly up from 17.2% last quarter. In the 2nd quarter, we net added loan exposure via select attractive primary opportunities. We purchased $3.9mm of new loans in the primary at a weighted average purchase price of $99.0. We continue to maintain a bias towards high quality and liquid loans in the facility. W*e continue to view the asset class as attractive given the low interest rate duration and will focus our efforts on adding high quality/lower risk credits in the coming quarter.*
- **High Yield Bond Allocation:** As of quarter end, HY bonds were 6.8% of the portfolio, up moderately from 5.9% last quarter. Although quarter end exposure was only up 110bps, we did take up the HY allocation near a peak of 8.3% towards the end of May before reducing near the end of June as spreads rallied 69bps during the month. For the quarter, HY Index (Bloomberg U.S. Corp HY Index) OAS finished 65bps tighter q/q and ended the quarter at 390bps, only 5bps above YTD and 2Y lows. The decision to increase HY exposure in late-May was driven by a combination of technical and fundamental factors including: favorable supply/demand (negative net supply, improving fund flows), defensive HY fund positioning (high cash balances, underweight Bs/CCCs), and better than expected 1Q earnings + guidance. We continue to find idiosyncratic opportunities within HY, but the opportunity set has diminished somewhat following the aforementioned spread rally in June. *Our focus remains on identifying idiosyncratic credit opportunities, which we believe are capable of outperforming the underlying HY market.*

Outlook / Focus on CLO Relative Value

- **CLO Issuance Forecast and Outlook:** CLO issuance ended 2022 with about $132BN in new issue volumes. This is impressive given the volatility we have seen so far this year and is only down 28% from last year's record setting issuance and the 3rd highest issuance year ever. The size of the CLO market continues to grow in the U.S. and is now $1 trillion and over $1.2 trillion globally, which is now the largest credit sector within securitized products. So far in 2023, we see new issue slowly ramping higher throughout the first half, which is currently sitting at 56.4B (down 22$ YoY). Barring a material tightening in AAAs, we expect issuance to be in the $80-100BN range in 2023.

*Please see Notes and Disclosure for definitions.

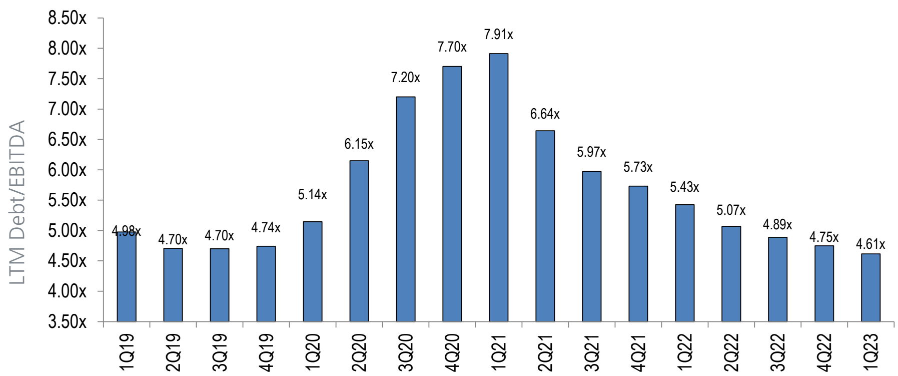
- **Pause, Not Pivot:** Recent inflation data is mixed at best, with "goods" prices decelerating but "services" inflation remaining stubbornly high. Core inflation has also likely peaked, but what is not clear is how long it will take to normalize back to the Fed's target level of 2%. Due to the way core inflation is calculated, the housing component of the Consumer Price Index (CPI (42% weight in headline, 54% in core)) works on a lag and will take time to fully reflect the current state of the housing and rental markets. Additionally, the inflation in core services is also unlikely to trend meaningfully lower without a sustained loosening in the labor market, which remains incredibly robust (unemployment at record lows and job openings still near record 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 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.
- **Defaults Contained:** The current cycle started with default rates practically at zero. So to say they will increase is certainly no hot take. In fact, they have already increased to around 1.25-1.50% depending on how one treats distressed exchanges. From a historical perspective, around half of CCCs default in an economic downturn. The weight of CCCs in the HY and bank loan market are 10% and 6% respectively. So you could make the argument that half of those might default in 2023. You might also make the argument that another 1-3% from companies with 1) bad/disrupted business models and/or 2) bad capital structures, inadequate liquidity/maturities and you get to 4-5%. We have noticed several prognosticators calling for 10+% default rates, which is nearly what the market experienced during the GFC (Global Financial Crisis). We do not subscribe to that view. We've found that people have forgotten just how bad the 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.

*Please see Notes and Disclosure for definitions.

» **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.

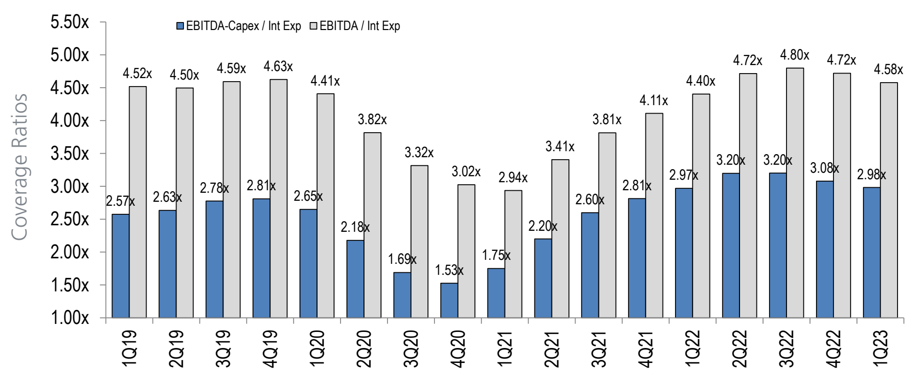
- **Earnings Headwinds to Intensify:** The numerous headwinds facing corporate earnings in 2H 2022 will continue into 2023 and likely intensify as the lagged impact of higher interest rates pressures more parts of the global economy. Revenue growth will slow on overall weaker demand and less ability to pass through inflation. 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 stable: debt leverage, interest coverage, liquidity, maturity profile, etc. (Exhibit 1-2 below). 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. But this is why fundamental credit research and selection remains so important.

Exhibit 1: Loan gross leverage still near multi year low



Source: JP Morgan Research as of 6/21/2023.

Exhibit 2: Interest coverage ratios in line with historical averages



Source: JP Morgan Research as of 6/21/2023.

- CLO BBs remain a significant allocation in the portfolio and 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. CLO BBs currently pick up 577bps of spread versus HY, which looking back to 2012 is a 98th percentile reading (meaning CLO BBs have been relatively cheaper only 2% of the time). The median spread differential over the same time period is 260bps, which means CLO BBs need to tighten* about 317bps just to get back to historical average levels vs HY.

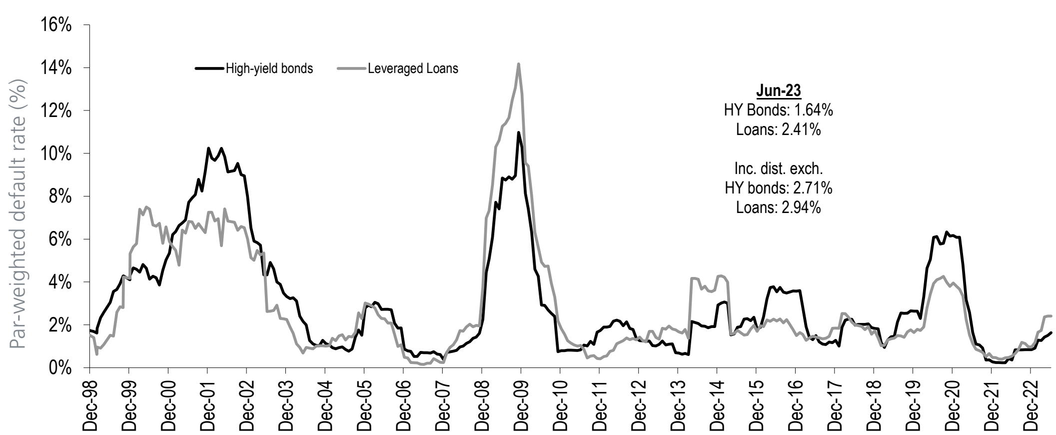
CLO BB vs HY Spreads

Source: Bloomberg.

Fundamentals

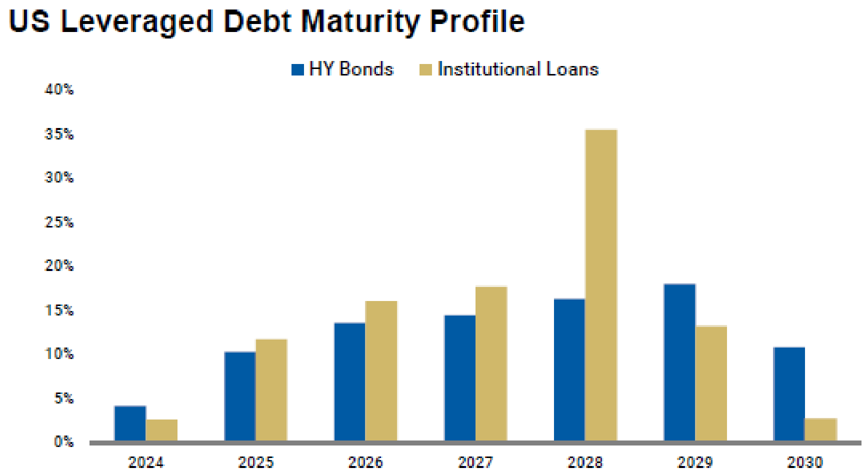
- As spreads drift wider with broader macro concerns, underlying loan fundamentals have been resilient. Loan defaults are hovering around longer term averages at 2.41%, with current defaults in CLO portfolios lower at 0.81%. We expect defaults to tick modestly higher in the next year but remain in the longer term averages of 2-4% range. The percentage of underlying CLO collateral trading at distressed levels (under $80) is currently around 6%, which is typically a good barometer of future defaults (Palmer Square deals are much lower in the 3-4% range). Also, loans with maturities before 2024 represent a small portion of the loan market at about 3%, meaning refinancing risk is low. The current CCC% in CLO portfolios is 5% (Palmer Square deals are lower in the 2-3% range) and still have ample cushion to withstand an uptick in downgrades.

Exhibit 3 - Loan default rates off the lows, but still below long term average



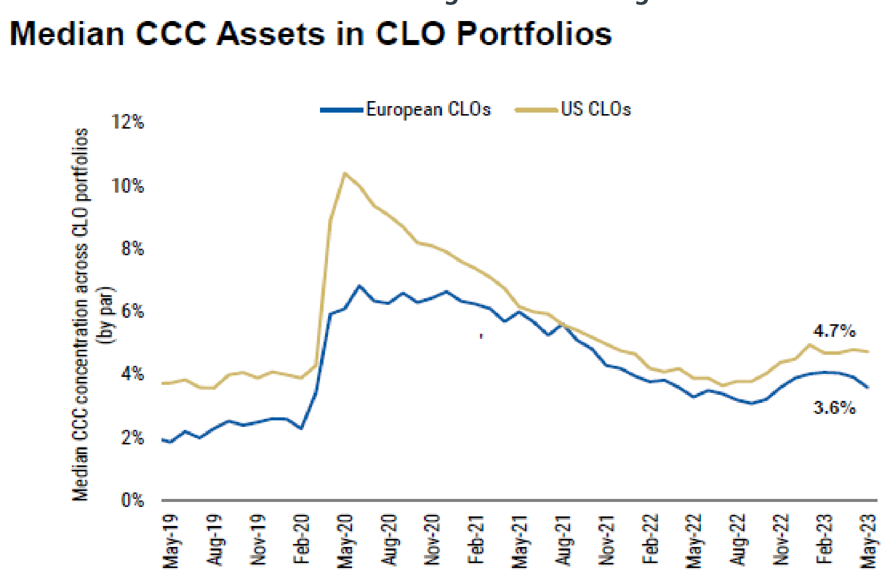
Source: J.P. Morgan as of 6/30/2023

Exhibit 4 - Loan Maturity Wall



Source: Morgan Stanley Research, S&P LCD as of 6/30/2023

Exhibit 5 - CCC Assets Closer to Longer Term Averages



Source: Morgan Stanley Research, Intex as of 6/30/2023

Summary

Given the portfolio positioning, we are confident in the outlook moving forward. We believe our portfolio is embedded with strong catalysts that will not only drive potential returns, but will also help mitigate volatility. More specifically, the portfolio has high current yield and the potential to generate price appreciation, and finally the portfolio has been providing low interest rate and relatively low spread duration*.

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. Current performance is not a guarantee of future performance of the Fund.

Notes and Disclosure

This overview is for informational and comparative purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any interests in the Palmer Square 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.

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** is annual income divided by price paid. **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 **Bloomberg Barclays 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 Barclays 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 Barclays U.S. Corporate Bond Index** measures the investment grade, fixed-rate, taxable corporate bond market. **Bloomberg Barclays U.S. High Yield Index** measures the USD-denominated, high yield, fixed-rate corporate bond market. **Bloomberg Barclays 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. **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. **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. In June 2023, LIBOR will be replaced by SOFR. 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.

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

Notes and Disclosure cont'd

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 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).

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This material must be preceded or accompanied by a prospectus. Please read the prospectus carefully before investing. For a prospectus, or summary prospectus, that contains this and other information about the Funds, call 866-933-9033 or visit our website at www.palmersquarefunds.com. Please read the prospectus, or summary prospectus carefully before investing.