PALMER SQUARE CAPITAL MANAGEMENT

Palmer Square Opportunistic Income Fund (PSOIX)

January 2022

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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 0.68% (net of fees) for the fourth quarter and 6.66% (net of fees) for the full year of 2021, driven by the Fund's positioning in Collateralized Loan Obligation ("CLO") debt as well as corporate bonds and bank loans.

Fund Performance Net of Fees as of 12/31/2021 (inception 8/29/2014*)

	Q4 2021	YTD 2021	2020	2019	2018	2017	2016	2015	2014*
PSOIX	0.68%	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	6.66%	6.72%	6.08%	4.84%

Annual Expense Ratio: Net 1.69%. 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, 2021, 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 ending three full fiscal years after the date of the waiver or payment. **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.

	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021
Interest Rate Duration*	0.44 yrs	0.52 yrs	0.48 yrs	0.49 yrs	0.49 yrs
Spread Duration*	3.31 yrs	2.49 yrs	2.22 yrs	2.31 yrs	2.40 yrs
Credit Spread	647	565	546	585	553
Weighted Average Price	$97.70	$98.13	$98.19	$98.06	$98.5
Yield to Expected Call*	6.82%	6.08%	5.95%	6.33%	6.39%
Yield to Maturity	6.78%	6.52%	6.49%	7.15%	6.61%
Current Yield	6.16%	5.64%	5.66%	6.17%	5.56%
Beta vs. S&P 500	0.53	0.52	0.51	0.51	0.48
Beta vs. Bloomberg Barclays U.S. Aggregate Bond Index	0.38	0.33	0.33	0.32	0.32

Past performance does not guarantee future results. *Please see Notes and Disclosure for definitions.

Allocation / Attribution Summary

Select Portfolio Attribution and Characteristic Dashboard

Allocation	12/31/2021 Allocation	YTD 2021 Gross Attribution	Average Price	Yield to Expected Call*
CLO Debt	65%	5.35%	$98.60	6.73%
Bank Loans	9%	1.01%	$98.40	7.10%
High Yield Bonds	6%	0.59%	$100.40	6.97%
Sub Notes	7%	1.27%	$72.30	12.57%
ABS/MBS	2%	0.23%	$92.10	5.34%

Historic Positioning Detail by Asset Type:

	12/31/2020 Allocation	3/31/2021 Allocation	6/30/2021 Allocation	9/30/2021 Allocation	12/31/2021 Allocation*	YTD 2021 Gross Attribution
CLO Debt	72%	72%	71%	73%	65%	5.35%
Bank Loans	13%	14%	12%	11%	9%	1.01%
High Yield Credit	7%	7%	4%	5%	5%	0.59%
Sub Notes	3%	1%	3%	7%	7%	1.27%
ABS/MBS	2%	3%	3%	3%	2%	0.23%
IG Corp Debt	0%	0%	0%	1%	1%	0.05%

Please note the allocation above is on a gross exposure basis as a percent of NAV. 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. *Please note cash as of year-end is currently being invested.

- **CLO Allocation/Opportunity to Capture Income and Total Return** – As of quarter-end, 65% of the portfolio. We were able to selectively add very high quality B rated paper in the 10-12% yield range during the quarter. And, given the relative value in CLO BBB and BB, we anticipate returning to a similar portfolio weighting as seen in Q3 2021. We are currently buying more paper. As credit fundamentals continue to improve and the economy reopens, we believe CLOs will continue to outperform given they still offer attractive spreads and little to no interest rate duration. As the Fed starts to hike rates, floating rate products such as loans will continue to see inflows, which is a tailwind for CLO portfolios. We continue to see improvements in more seasoned loan portfolios (net upgrades, lower WARFs*, improving default rates, etc.) and believe that will continue for the foreseeable future. *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.*
- **Bank Loan Allocation** – As of quarter-end, 9% of the portfolio. We continue to view bank loans as relatively attractive and continue to see opportunities in 1st lien and 2nd lien loans with coupons of 400-450 and 700-800 respectively. Of the 9% allocation to loans, 7% were 1st liens and 2% were 2nd liens. *Overall, we currently view the bank loan market as attractive and continue to participate in new issuance.*
- **High Yield Bond Allocation** – As of quarter-end, 6% of the portfolio (which is up 1% vs Q3 2021). HY bonds performed reasonably well in 2021, adding 59bps of attribution for the year, which equates to approximately a 9.8% return given its average weight throughout the year. The Fund also added some HY exposure in early November after HY spreads widened as a result of both the news of the Omicron variant as well as rate

*Please see Notes and Disclosure for definitions.

volatility. However, HY spreads quickly tightened* back towards the end of the year and we took profit on several positions. *Overall, however, we view the HY market as generically expensive on a spread vs duration basis, and continue to only participate in bonds that have idiosyncratic upside potential such as earnings or ratings catalysts.*

- **CMBS Allocation has Provided Diversification and Total Return** – As of quarter-end, 2.4% of the portfolio had exposure to CMBS, which was similar to last quarter at 2.6%. The portfolio's current exposure includes AAA/AA-rated retail investments and mezzanine debt in mixed use and office. Of note, the portfolio's investment in a single asset CMBS transaction collateralized by Union Station in Washington, DC paid off at par in January 2022:
  - The Fund's blended cost basis across the BBB-/AA(low) and BBB(low) tranches was approximately $87.
  - This is expected to add approximately +13 bps of performance attribution in Q1-2022 and returned an IRR of 25%+ during a one-year hold.
  - While there was noise on this name throughout 2021 as the sponsor sought additional forbearance due to COVID-19 underperformance, the investment team had a strong credit and real estate view on this asset. The team's confidence in Union Station's inherent real estate value allowed us to add to this position throughout the year at an attractive cost basis, resulting in a strong total return outcome for the Fund.

Outlook / Focus on CLO Relative Value

Issuance Forecast and Outlook

- 2021 was a record setting year for CLO issuance with record volumes of $185bn new issue, $140bn resets, and $110bn refi. The size of the CLO market in the US is now $850bn and $1 trillion globally, which is now the largest credit sector within securitized products. Looking forward to 2022, we see issuance slowing down modestly to $150bn new issue and $100bn in resets/refis. With expectations of higher rates and Fed liftoff in 2022, demand should continue. Underlying loan fundamentals remain strong, with stressed credits (under $90) close to post crisis lows. We also continue to see rating improvement, with CLO portfolio WARFs* decreasing by about 290pts in 2021. Given these factors, we remain very bullish on CLO mezz. CLO BBs still remain the largest portion of the portfolio at 43%, and also look very attractive from a relative value standpoint with a pickup of almost 400bps vs high yield. We have also selectively added CLO equity in the secondary, with exposure now at 8% (+5% since the beginning of 2021). Given the benign default outlook and arbitrage still near post crisis wides*, we think equity will continue to deliver strong returns for the foreseeable future. **We view this as a significant buying opportunity and very attractive versus other areas of corporate and structured credit.**

*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 wider* from their 2021 tights* and well wide of the tights seen in 2018. In comparison, almost all other areas of corporate credit are near all time tights. 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.

CURRENT SPREAD AND YIELD LEVELS

Rating	Current Avg Price	Discount Margin	Yield to Expected
CLO AAA	$99.96	108	1.97%
CLO AA	$99.70	164	2.72%
CLO A	$99.45	211	3.27%
CLO BBB	$98.91	325	4.41%
CLO BB	$97.13	676	8.11%
CLO B	$85.52	1003	11.52%

Source: JPM / Intex / Palmer Square. As of 12/31/2021. Below investment grade ratings are subject to higher risks. Figures shown are not indicative of the performance of the Fund.

- 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 392bps of spread versus HY, which looking back to 2012 is a 95th percentile reading (meaning CLO BBs have been relatively cheaper only 5% of the time). The median spread differential over the same time period is 230bps, which means CLO BBs need to tighten about 160bps just to get back to historical average levels vs HY.

CLO BB vs HY Spreads

Source: Bloomberg.

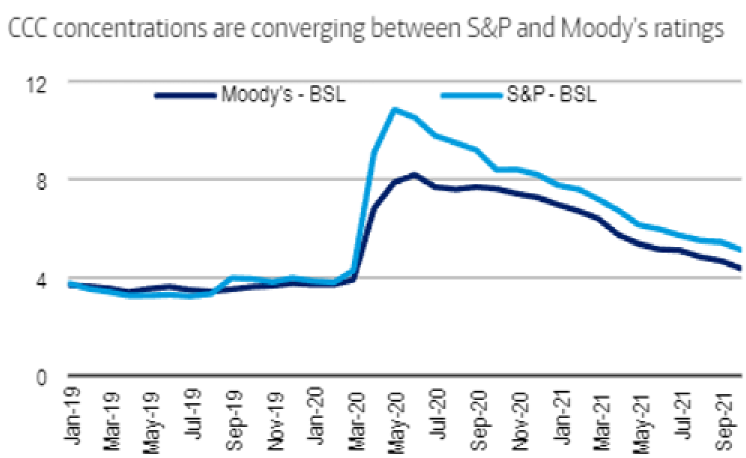
Fundamentals Remain Positive

- As spreads have remained range bound on higher supply, underlying loan fundamentals have continued to be a tailwind and we expect that to continue. Loan defaults are hovering near multi year lows at 0.29%, with no defaults being reported in December (see below). We also continue to see loan upgrades and lower Caa1/CCC balances in CLOs as company earnings continue to surprise to the upside. The current CCC% in CLO portfolios stand at around 5% and continues to trend lower (Exhibit 4).

Exhibit 3 - Loan default rates continue to decline

Source: Leveraged Commentary & Data (LCD); S&P LSTA Leveraged Loan Index. As of 12/31/2021. LTM (last twelve months)

Exhibit 4 - CCC assets continue to decline in CLO Portfolios



Source: BofA Global Research, Intex. As of 12/31/2021.

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.

Summary Themes:

- **A Look Back on 2021 Performance and Positioning;**
- **A Hawkish Fed Pivot Sets the Stage for a Hiking Cycle;**
- **2022 Outlook: Positioning for Policy Normalization.**

Theme I. A Look Back on 2021 Performance and Positioning

» We'd like to start off this update by thanking our investors for their continued support of our opportunistic strategies and hope you all had a happy and healthy holiday break. 2021 was, by almost all measures, a strong year for risky asset returns. Most equity benchmarks were up 15-30%. Structured and sub-investment grade corporate credit saw continued positive returns of 4-10%. Real estate, commodities, and crypto (for the most part) also continued to inflate higher (along with nearly all consumer goods and services for that matter!). The main exception was bonds, which were down 25-150bps depending on the duration flavor. Indeed, inflation was clearly the number one theme of 2021 (and possibly 2022 as well), along with the beginning of monetary policy normalization.

» CLO mezzanine and equity were some of the top performers across fixed income in 2021, CLO BBB returned 4%, CLO BB 9.4%, and CLO equity 20-30%. The strong performance was driven by continued improving fundamentals in the underlying loan market and increased demand for high quality floating rate paper. Our overweight to CLO mezz and equity led our opportunistic strategies to return +6 to 15% on the year depending on the strategy. The Bloomberg HY Index finished +5.28% on the year.

» In our January 2021 Credit Macro / Relative Value meeting we began to see significant inflationary pressures start to build, first in commodities, semiconductors and housing-related products as well as in several forward-looking indicators and surveys. This view on inflation led us to having an even more defensive posture with respect to interest rates. This led us to reduce exposures in IG/HY corporates across the platform. This exposure was recycled into CLO debt (mostly BBB and BB). We have maintained our overweight on CLO mezz and still believe it's the best allocation of risk given our view on relative value and rates/duration.

Theme II. A Hawkish Fed Pivot Sets the Stage For a Hiking Cycle

» During his 30-November testimony in front of Congress, Jerome Powell arguably settled the debate on whether inflation was transitory or not by stating "it's probably a good idea to retire that word [transitory]." Indeed, the inflationary pressures we have been focused on (and writing to you about) throughout 2021 were finally punctuated by Fed's hawkish pivot in late 2021. This policy change was further emphasized in the DOTS in December, and later in the FOMC minutes released the first week of 2022, which suggested the Fed was open to policy normalization that was both sooner and larger in scope. The market has quickly digested this and is now pricing in 3.5 hikes in 2022 compared to only 2 hikes back in November 2021. And since Powell's congressional testimony the yields on 2Y and 10Y treasuries are 40bps and 37bps wider* respectively. The Fed's job is never an easy one but threading the needle of tapering a $9 trillion balance sheet without causing market volatility is quite possibly the hardest job a monetary authority has ever had.

» To gauge the potential impact of a hiking cycle it's worth looking at the last such cycle in 2016-2018 which saw the Fed hike rates 8 times over the course of 2 years. As the chart below shows, after a period of initially flattish returns the S&P 500 eventually moved sharply higher from early 2016 to late 2018 returning around 40%. Over the same period, Treasury yields widened* out by around 100bps, increasing from around 2.00% to around 3.00%. Lastly, front end rates largely tracked Fed Funds with 3-month LIBOR increasing from 25bps to 275bps.

Source: Bloomberg. Please see Notes and Disclosure for definitions.

» Looking at returns over this period (table below), a couple interesting things stand out. By and large, equities performed well after the initial period of uncertainty around monetary policy and the impact on earnings. Not surprisingly, Treasuries and the US Aggregate performed poorly on both absolute and relative terms. IG corporate bonds did "okay" with credit spreads tightening* modestly and positive carry offsetting the rate impact. High Yield performed well but this is misleading because in 2016 the asset class was still recovering from the oil & gas bust which disproportionately impacted HY bonds. For this hiking cycle we do not expect HY to perform nearly as well – the current spread on HY bonds is 298bps vs 575bps in mid-2016. Lastly, and not surprisingly, bank loans and CLO debt performed quite well over the last hiking cycle given their floating rate coupons that benefited from rising LIBOR (now the Secured Overnight Financing Rate (SOFR)).

*Please see Notes and Disclosure for definitions.

Asset Class	Total Return (6/2016 to 9/2018)
S&P 500	38.84%
BBG US Treasury	-3.53%
BBG US Aggregate	-0.69%
BBG US IG Corporates	2.42%
BBG US IG 1-3Y Corporates	2.79%
BBG US HY Corporates	18.43%
BBG US HY BB Corporates	13.05%
CS Leveraged Loans	14.69%
PS Senior CLO	7.29%
PS Mezzanine CLO	23.54%
PS CLO BB	44.27%

Source: Bloomberg. Please see Notes and Disclosure for definitions.

» While the last cycle is a good benchmark to assess potential asset performance, there are 2 key differences in the current macro environment. The first we already mentioned, which is that credit spreads were generically higher in 2016 compared to today. Corporate bonds won't benefit from this same spread cushion in the current market. The second main difference is inflation, which is running considerably hotter than in 2016. This means two things. The first is that the hurdle to earn a "real" return is higher today. And the second is that the current inflationary environment may lead to a faster normalization process where rates are hiked sooner and more frequently, AND the Fed's balance sheet being tapered more rapidly. This latter point remains a major risk for both traditional fixed income (e.g. treasuries, aggregate) and other yield-sensitive assets (e.g. tech stocks, REITs/utes, etc.). We'll outline the Fund's positioning for this environment in the next section of this letter, but suffice to say we remain overweight floating rate and low duration credit with a preference for structured over corporates.

Theme III. 2022 Outlook: Positioning for Policy Normalization

We believe our strategies are positioned to benefit our investors:

- Attractive yields;
- Lower duration, higher quality bias;
- Diversification potential;
- Rotational ability to potentially take advantage of dislocations as they arise.

Investment Considerations:

» Inflation and Fed Policy are likely to continue to be the main focus of the market for at least the first part of 2022. While investors are currently debating the form and pace of normalization – hikes vs quantitative tightening ("QT") – the Fed has made clear that policy normalization is likely to begin in March. But if inflation remains stubbornly high, and in particular if inflation expectations begin to become unanchored, we think the Fed will be forced to act more strongly. Add to this

*Please see Notes and Disclosure for definitions.

the political element of 2022 being an election year, there remains considerable upside to longer term yields. *As such, our defensive view on interest rates remains as strong as ever and we believe our opportunistic strategies are well positioned to outperform and provide stable income in a rising rate environment.*

» Corporate fundamentals remain strong, despite the inflationary pressures that are a headwind to certain sectors (and a tailwind for others). The trailing 12-month default rate for sub-investment grade borrowers is currently near a historical low, thanks in part to fiscal and monetary support. And even though these tailwinds are admittedly fading, corporate balance sheets are in most cases stronger than pre-COVID levels and cost structures have been optimized. Furthermore, the consumer balance sheet has never been stronger, which bodes well for domestic demand over the medium term. *Strong corporate fundamentals should keep default rates low over the medium-term supporting valuations of both corporate and structured credit.*

» The key macro risks that Palmer Square will continue to evaluate include Fed policy errors, a resurgence in the COVID-19 pandemic including new variants, a further acceleration inflation leading and/or supply chain disruptions that could pressure corporate fundamentals, as well as geopolitical events that could lead to market volatility and capital market dysfunction. It is always difficult to predict the timing or reason for the next volatility spike, which is why it's paramount to stick to our well-worn investment processes. *Within our opportunistic strategies, we intend to maintain a high-quality, low-duration approach, which includes having a high degree of liquidity, while constantly seeking out the best relative value opportunities within corporate and structured credit.*

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 fund.

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 **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 U.S.ed 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. 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 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.

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Notes and Disclosure cont'd

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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 Palmer Square Opportunistic Income Fund is distributed by Foreside Fund Services LLC.

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