

# Palmer Square Opportunistic Income Fund (PSOIX)



September 2020

## Investment Objective

- The Fund seeks a high level of current income.
- As a secondary objective, the Fund seeks long-term capital appreciation.

## Strategy Overview

### Exposure to Palmer Square Expertise in Opportunistic Credit

- Seeks to leverage the Fund's flexible mandate with the intention of locating the best relative value opportunities across corporate credit and structured credit
- Given the current opportunity, the Fund is primarily focused on executing on relative value available in floating rate areas such as collateralized loan obligation ("CLO") debt and bank loans
- Strategy has diversification potential and may benefit in a rising rate environment
- Managers utilize a rigorous multi-step fundamental process to manage credit risk

## Firm Overview

Based in Mission Woods, KS, Palmer Square manages approximately \$12.6 billion in assets in mutual funds, separate accounts and private investment funds

- » ~34 employees
- » ~21 investment professionals

## Portfolio Management Team

### Christopher D. Long

- Founder, Chairman/CEO, 23 years industry experience

### Angie K. Long, CFA

- Chief Investment Officer, 23 years industry experience

### Taylor R. Moore, CFA

- Portfolio Manager, 10 years industry experience

## What Makes the Palmer Square Opportunistic Income Fund Unique?

- Niche Credit Access/Broad Opportunity Set - given the depth of Palmer Square's corporate and structured credit team, we believe we are able to traffic in less "traveled" credit sectors
  - » Research process driven by top-down analysis across corporate and structured credit, analyzing spreads, duration, yield, trends, industry sectors, etc.
- Research bias to investing in securities Palmer Square believes have low potential for default (i.e., first lien, senior secured bank loans, CLOs with plenty of credit subordination)
- Expanded set of credit opportunities coupled with low interest rate duration bias provides diversification potential for fixed income portfolios
- Lower spread duration positioning should lessen susceptibility to spread widening risk and volatility, while still maintaining solid yield potential
- Senior members of Palmer Square's Investment Team average 18 years credit investing experience

Please see last page for definitions.

Portfolio Characteristics (as of 9/30/2020)		Allocation (as of 9/30/2020)		Select Allocation Total Return Opportunity Snapshot			
Interest Rate Duration	0.70 yrs	CLO BBB-B	72%	<b>PSOIX Allocation</b>	<b>%NAV</b>	<b>Price</b>	<b>Spread</b>
Spread Duration	3.77 yrs	HY Corporate Debt	12%	CLO BBB	26%	\$95.4	439
Average Price	\$93.1	Bank Loans	10%	CLO BB	42%	\$90.9	856
Yield to Expected Call	7.85%	Sub Notes	4%	CLO B	4%	\$74.0	1,584
Yield to Maturity	7.40%	Cash	1%	1st Lien Bank Loans	9%	\$93.5	631
Current Yield	6.40%	IG Corporate Debt	1%				
		ABS/MBS	1%				

As of 9/30/2020.

Please note allocation above is a % of NAV and does not include hedges. Please see Notes and Disclosure.

## Fund Performance Net of Fees as of 9/30/2020 (Inception 8/29/2014)

	Sep 2020	YTD 2020	2019	2018	2017	2016	2015	2014
PSOIX	1.39%	-1.61%	7.61%	-0.47%	11.04%	12.10%	-5.32%	-0.76%

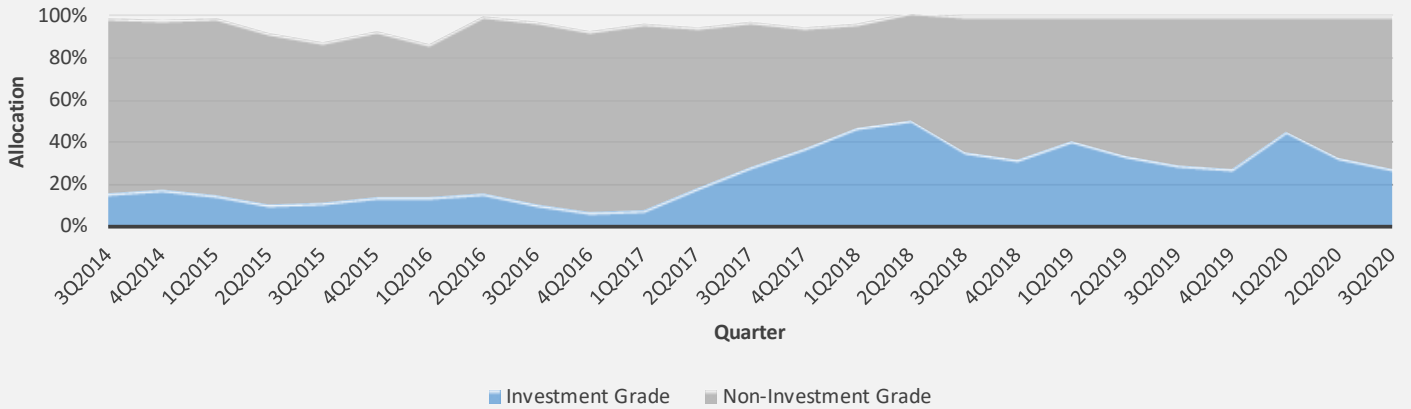
## Fund Performance Net of Fees (as of 9/30/2020)

	Q3 2020	1 Year	3 Year	5 Year	ITD Annualized
PSOIX	5.47%	1.28%	2.42%	3.94%	3.49%

**Annual Expense Ratio: Gross 1.86%/Net 1.86%. 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, 2020, and it may be terminated before that date only by the Fund's Board of Trustees. The Fund's advisor is permitted to seek reimbursement from the Fund, subject to certain limitations, of fees waived or payments made to the Fund for a period of three years from the date of the waiver or payment. 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.**

Registration of an investment advisor does not imply a certain level of skill or training.

### PSOIX Historical Credit Quality (IG vs. Non-IG)



#### Portfolio Credit Quality (as of 9/30/2020)

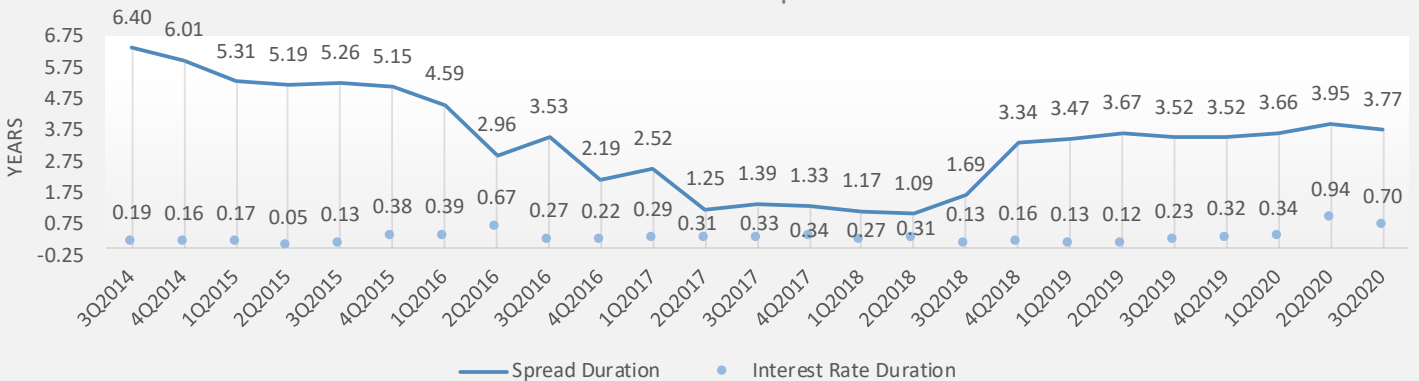
AA	1%
BBB	26%
BB	48%
B	17%
CCC	4%
NR	4%

#### Fund Details

Inception	8/29/2014
Distributions	Quarterly Dividend/Annual Capital Gains
Ticker/CUSIP	PSOIX/611776105
Minimum Investment	\$250,000 (subject to discretion)
Management Fee	1.00%
Liquidity	Quarterly
Purchases	Daily
Quarterly Repurchase Offer*	5-25%
Tax Form	1099

Please note credit quality distribution above is a % of the invested portfolio and does not include cash. Please see Notes and Disclosure.

### PSOIX Interest Rate and Spread Duration



#### Low Interest Rate Sensitivity

- Seeks to maintain return potential when rates rise
- Manage price volatility

#### Not Taking High Spread Duration

- Invest in low spread duration portfolio to help manage risk should credit spreads widen

#### Diversify Income Sources to Help Generate Income/ Total Return

- Primarily Investing in:
- Asset-backed securities
  - CLOs
  - Corporates
  - Bank loans

#### What We Believe to be a UNIQUE Portfolio Opportunity

- Choice as compared to traditional Barclays Aggregate focused universe

## Palmer Square Opportunistic Income Fund

### Disclosures

**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. **Spread widening** refers to an increase in the yield spread. **Current Yield** is annual income 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. **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.

The allocation and credit quality distribution figures shown are used for illustrative purposes only. Palmer Square does not guarantee to execute that allocation and credit quality distribution. Allocation and exposures information, as well as other referenced categorizations, reflect classifications determined by Palmer Square as well as certain Palmer Square assumptions based on estimated portfolio characteristic information. Allocation and credit quality distribution figures may not sum to 100%. Ratings listed herein are assigned by Standard & Poor's (S&P) and Moody's Investor Service (Moody's). Credit quality ratings are measured on a scale with S&P's credit quality ratings ranging from AAA (highest) to D (lowest) and Moody's credit quality ratings ranging from Aaa (highest) to C (lowest). We use the higher of the two ratings. Credit ratings listed are subject to change. Please contact Palmer Square for more information.

Market opportunities and/or yields shown are for illustration purposes only and are subject to change without notice. Palmer Square does not represent that these or any other strategy/opportunity will prove to be profitable or that the Fund's investment objective will be met.

This material represents an assessment of the market environment at a specific point in time, is subject to change without notice, and should not be relied upon by the reader as research or investment advice. With regard to sources of information, certain of the economic and market information contained herein has been obtained from published sources and/or prepared by third parties. While such sources are believed to be reliable, Palmer Square or their respective affiliates, 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 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 U.S. 1-3 Year Corporate Bond Index is an unmanaged index that is designed to measure the performance of the short term U.S. corporate bond market. The Index includes publicly issued US dollar denominated corporate issues that have a remaining maturity of greater than or equal to 1 year and less than 3 years, are rated investment grade (must be Baa3/BBB- or higher using the middle rating of Moody's Investor Service, Inc., Standard & Poor's, and Fitch Rating), and have \$250 million or more of outstanding face value. The ICE BofAML U.S. High Yield Index tracks the performance of below investment grade, but not in default, US dollar denominated corporate bonds publicly issued in the US domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P. The S&P 500 Index is a market-value weighted index provided by Standard & Poor's comprised of 500 stocks chosen for market size and industry group representation. Unlike mutual funds, indices are not managed and do not incur fees or expenses. It is not possible to invest directly in an index.

Performance shown represents past performance and is 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 index returns. Past performance does not guarantee future results.

\*The Fund has an interval fund structure pursuant to which the Fund will conduct quarterly repurchase offers, typically for 10% of the Fund's outstanding Shares at NAV per Share, subject to applicable law and to approval of the Board of Trustees of the Fund. In all cases such repurchases will be for at least 5% and not more than 25% of the Fund's outstanding shares. In connection with any repurchase offer, the Fund may offer to repurchase only a minimum amount of 5% of its outstanding Shares. A repurchase offer may be oversubscribed, with the result that shareholders may only be able to have a portion of their Shares repurchased.

**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 Fund is new and has a limited history of operations.**

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