LIND CAPITAL PARTNERS

February 2022

MUNICIPAL MARKET STATISTICS

	02-01-22	01-01-22	02-01-21	02-01-19	02-01-17
10-Year AAA BVAL Municipal	1.56%	1.04%	0.68%	2.17%	2.32%
10-Year US Treasury	1.78%	1.51%	1.07%	2.63%	2.46%
10-Year Muni vs. Treasury	88%	68%	64%	82%	95%
IG Fund Flows YTD	($0.9B)	$79.0B	$9.4B	$1.2B	($7.5B)
HY Fund Flows YTD	($0.2B)	$23.1B	$1.9B	$0.0B	$0.2B
IG (LMBITR) Total Return YTD	(2.70%)	1.52%	2.08%	0.76%	0.66%
HY (LMHYTR) Total Return YTD	(2.65%)	7.76%	0.64%	0.67%	1.40%
New Issue Calendar YTD	$28B	$463B	$26B	$20B	$32B

LIND CAPITAL PARTNERS MARKET COMMENTARY

January was marked by a "sea of red" across major fixed income and equity markets as investors worried about the highest inflation rate in 40 years and the anticipated response from the Federal Reserve. The municipal market was not immune to negative returns and underperformed the US Treasury market, significantly. According to Bloomberg, 10- and 30-year AAA municipal rates rose 52 bps and 47 bps respectively, compared to 27 bps and 20 bps in US Treasury rates. The volatility in the municipal market was driven by retail investors who withdrew nearly $1B from investment grade mutual funds and $200 million from high yield mutual funds. These outflows followed a record year for mutual fund inflows. Importantly, in our opinion, the reversal from positive to negative does not appear to be credit driven, but rather concern regarding rising interest rates. The municipal market underperformance resulted in significant correction in municipal vs. treasury ratios. The 5-year ratio rose from 45% to 75%, the 10-year ratio from 68% to 88% (see above) and the 30-year ratio from 78% to 93%. This move represents a reversion to the historical 5-year averages of 81%, 88% and 98% (5-, 10- and 30-year). We have opined that the municipal market has been "priced to perfection" since May 2021 and that a correction was inevitable. We expect continued volatility as Fed policy unfolds and uncertainty regarding inflation continues. As rates rise, municipal mutual fund investors should understand the implications of leverage utilization within their mutual fund investments and bond investors need to be cognizant of the "de minimis" pricing cliff for par bonds. Despite the negative return profile for the month, fixed income significantly outperformed domestic equity markets.

LIND CAPITAL PARTNERS HIGH YIELD MARKET COMMENTARY

The municipal high yield index barely outperformed the investment grade index (2.65%) vs. (2.70%) in January, due in part to inherently higher income levels. New issues struggled to find investors at preliminary pricing levels and larger issues postponed indefinitely. The secondary market experienced liquidity challenges, as well. This past month, a municipal high yield ETF sold positions 100-150 bps below independent pricing levels. We have not witnessed this type of market activity seen since the onset of the COVID crisis that is unique to ETF liquidation procedures. According to Bloomberg, municipal secondary average daily bid wanted levels exceeded $1B per day for the last two weeks of January compared to $550 million per day in 2021 while dealer inventories are rising. Combined with traditionally elevated issuance in late winter-early spring, this portends additional municipal market challenges in the weeks/months ahead. The municipal market has quickly turned from a seller's market into a buyer's market. A cash bid in today's market is very valuable.

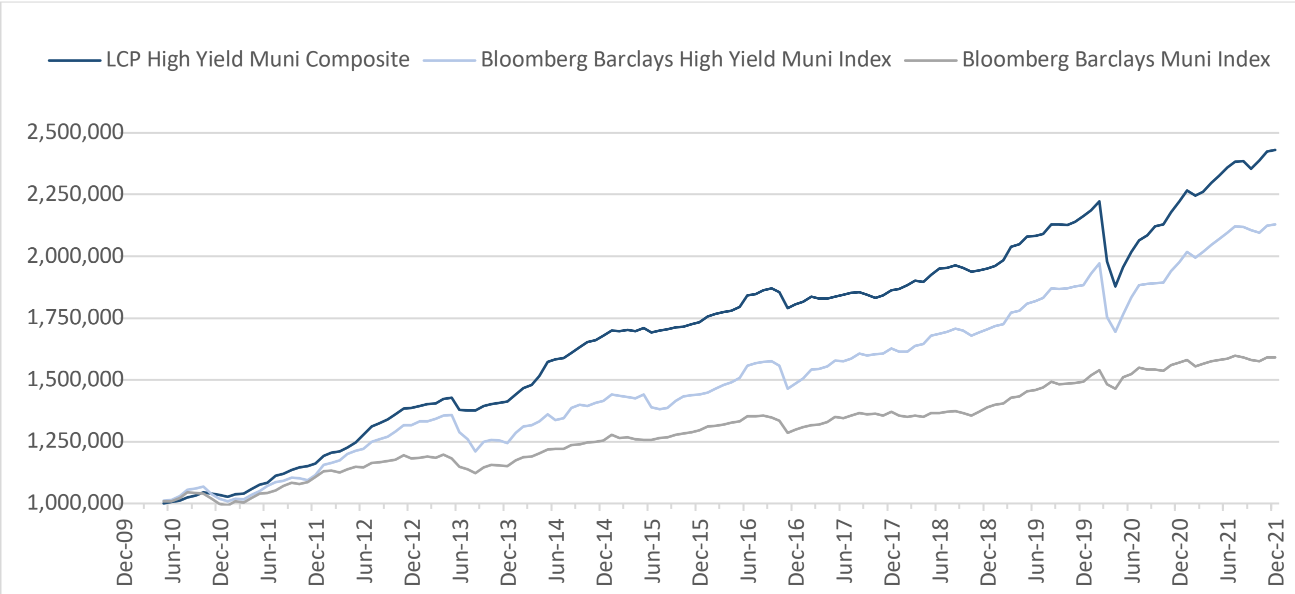
Lind Capital has always viewed these periods of volatility and instability as opportunities to strategically deploy capital. Given the current dislocation is largely rate, not credit driven, we have greater conviction in this view today. With the uncertainty regarding Federal Reserve policy and its impact on economic growth, corporate earnings and stock valuations, we believe constructing a fixed income portfolio with an average tax-exempt yield between 5.50% and 6.00% (9.25% - 10.00% taxable equivalent) is very compelling in today's market. Given volatility across all asset classes, it is inevitable there will be price volatility in municipal high yield portfolios. However, successful credit selection and diligent ongoing credit surveillance can help minimize volatility and maximize total return potential.

As we have consistently stated in our various communications, we strongly believe a high-income municipal bond portfolio provides investors with greater insulation from rising rates and inflation than an investment grade portfolio, in addition to the obvious benefit of higher levels tax-exempt income. The recent market dislocation and our expectation that it is likely to persist for the foreseeable future only strengthens our conviction.

Lind Capital Partners will launch our new Lind Capital Partners Municipal Credit Income Fund (NASDAQ ticker: **LCPMX**) at the beginning of February. Details to follow.

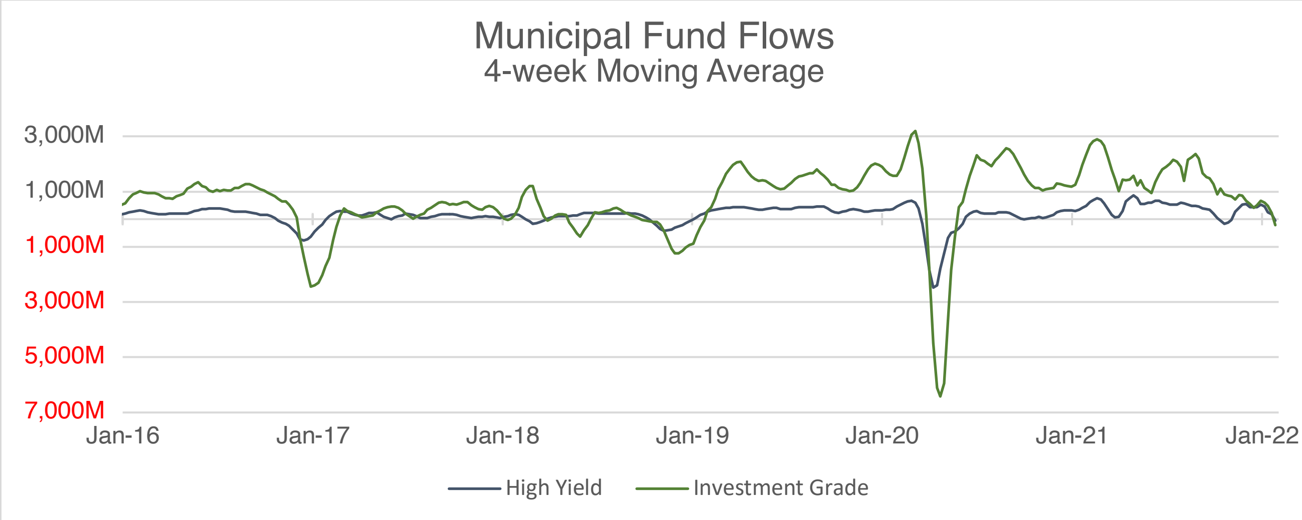
Milestone: *As of December 2021, LCP celebrated its 11th consecutive year of annual, positive total return. While always confident that our disciplined approach to the high yield municipal market was sound, we are grateful to see our investment thesis confirmed over an extended period.*

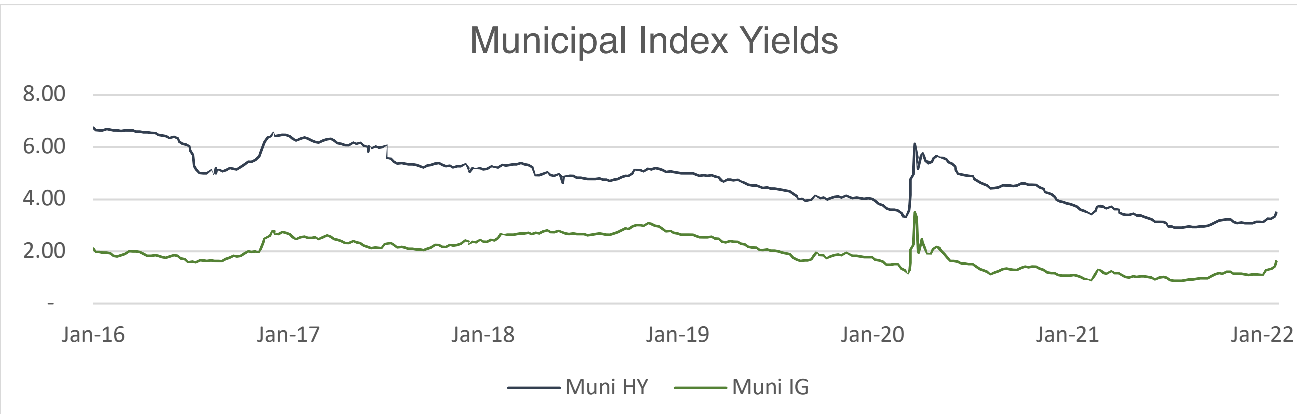
LIND CAPITAL PARTNERS HIGH YIELD MUNICIPAL STRATEGY (THROUGH DECEMBER 31, 2021)

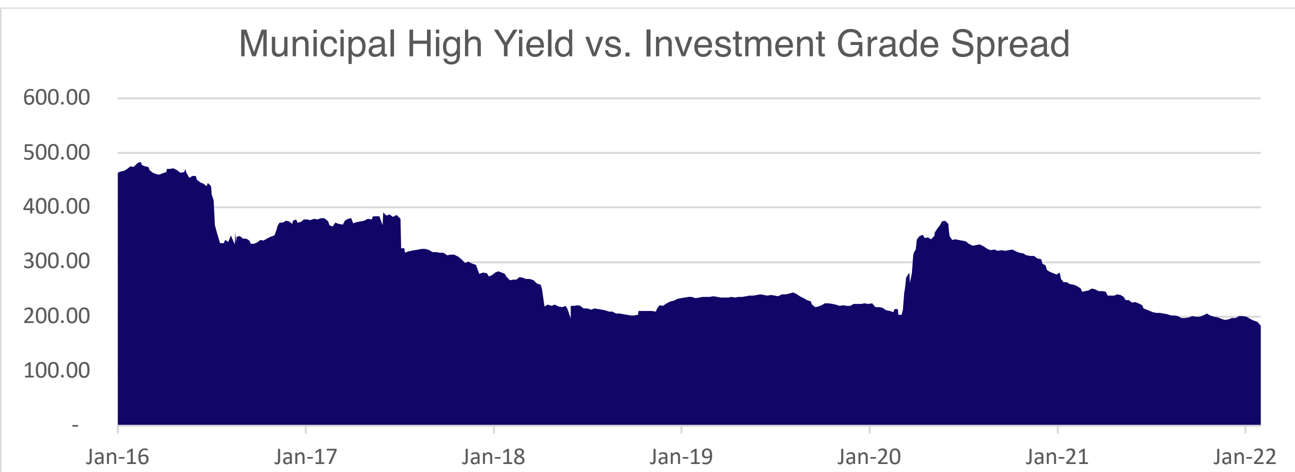


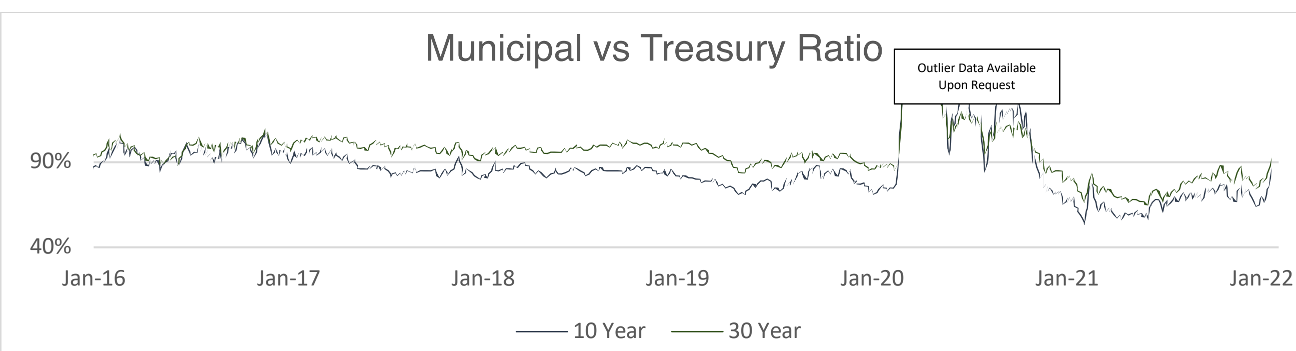
The chart above shows the increase in value of $1,000,000 invested in the LCP composite at inception (net of management fees and expenses) vs. the benchmark, the Bloomberg High Yield Muni (LMHYTR) as well as the Bloomberg Muni (LMBITR) indices (it is not possible to invest in either Bloomberg Index). Please contact us with questions regarding credit profile, returns, taxable equivalent yields or further portfolio information. Past performance is not indicative of future results.

DISCLOSURE









Sources: Refinitiv and Bloomberg LP