LIND CAPITAL PARTNERS

Municipal Market Statistics

April 2023

	04-01-23	03-01-23	04-01-22	04-01-20	04-01-18
10-Year AAA BVAL Municipal	2.26%	2.62%	2.22%	1.43%	2.46%
10-Year US Treasury	3.48%	3.93%	2.34%	0.67%	2.74%
10-Year Muni vs. Treasury Ratio	65%	67%	95%	213%	90%
IG Fund Flows YTD	($3.0B)	($2.4B)	($16.7B)	$13.9B	$6.0B
HY Fund Flows YTD	$1.3B	$1.1B	($5.2B)	($2.5B)	$0.2B
IG (LMBITR) Total Return YTD	2.55%	0.55%	(6.23%)	(0.63%)	(1.10%)
HY (LMHYTR) Total Return YTD	2.53%	1.16%	(6.53%)	(6.68%)	(0.60%)
New Issue Calendar YTD	$70B	$41B	$91B	$92B	$63B

Lind Capital Partners Municipal Market Commentary

The performance see-saw continued in March, with the IG and HY municipal indices both posting positive returns. The municipal market was buoyed by the flight to quality following the collapse of Silicon Valley Bank and Signature Bank in mid-March. AAA municipal rates fell by 41 bps and 18 bps in 10 and 30 years, respectively. Mutual fund flows remained anemic, reflecting hesitancy of the retail investor to redeploy capital to the market. IG and HY flows diverged with modest outflows among IG funds and modest inflows to HY funds. We are not surprised by this phenomenon given the absolute yield levels in the high yield market, the highest in the past five years. Nevertheless, the municipal market has a long, long way to go to recover from the $120B+ of outflows experienced in 2022.

The municipal market continues to benefit from dramatically lower new issue volume, down 20% YTD vs. historical averages. Notably in our non-rated market, the lack of robust fund flows has resulted in underwriters of numerous new issues unable to find investors to successfully place their issues. This is creating a backlog that will ultimately be resolved, either by lower rates or a change in retail investor sentiment. April is typically a challenging month for the municipal market, retail outflows for income tax payments are often combined with rising new issue supply.

The banking crisis has created a divergence of opinion with respect to future path of interest rates. The bond market is now forecasting rate cuts beginning in 2023 with Federal Reserve Board members foretelling a "*higher for longer*" trajectory. For now, retail municipal investors seem to be listening to the Fed more than the bond market. Until the retail investor pivots and returns to the market, we expect continued volatility and excellent investment opportunities for long-term investors.

Lind Capital Partners Municipal Non-Rated Market Commentary

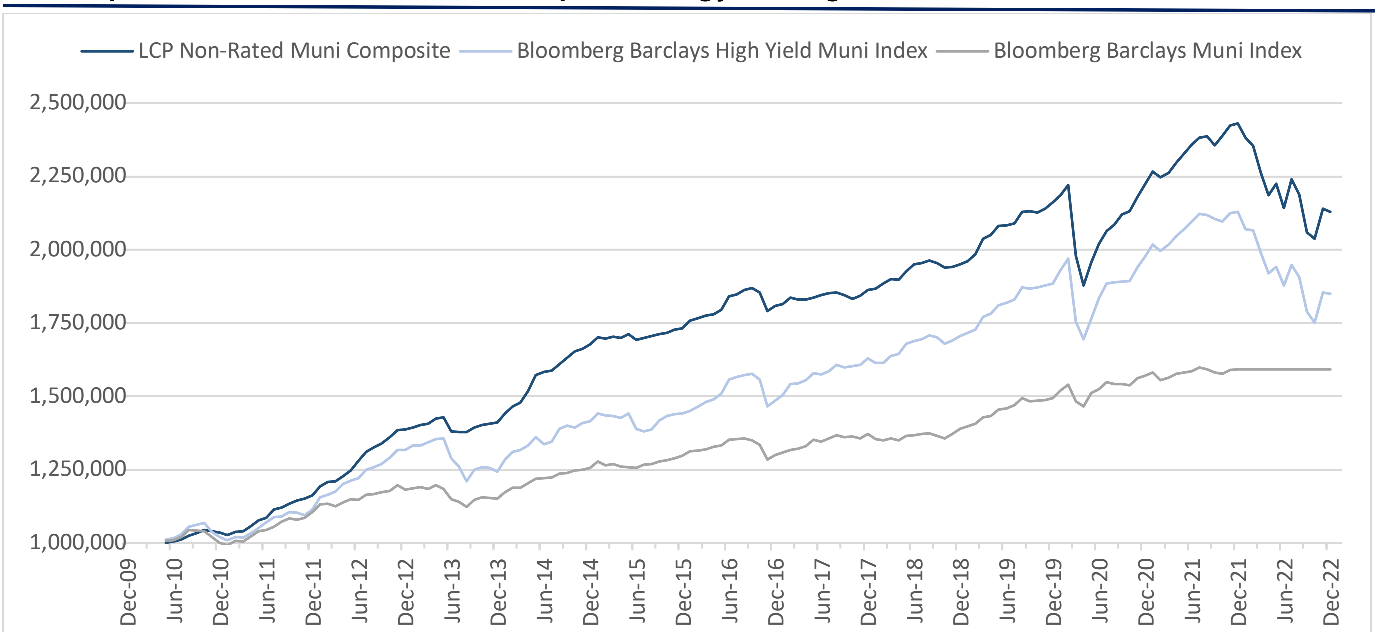
What good is a rating anyway? In the wake of the Silicon Valley Bank collapse, **a bank that carried investment grade ratings the morning it failed**, investors and regulators quickly criticized Moody's and S&P for their role in the turmoil. Recent events certainly reopened scars left by the Great Financial Crisis and the collapse of the AAA rated mortgage back securities market. Perhaps coincidentally, we have recently had clients and prospects inquire about our strategy's credit rating exposure. At LCP, we have a targeted focus on non-rated tax-exempt borrowers. Our investment strategy is rooted in fundamental, in-house credit analysis. Even among our few rated holdings (almost entirely sub-investment grade), ratings reports are used simply as a source of information rather than a basis for our investment decisions. We strongly believe that a lack of credit rating does not indicate a lack of creditworthiness. We also believe that the presence of a credit rating cannot act as a substitute for independent credit work.

There are a multitude of reasons why a non-rated municipal borrower may choose not to pursue a rating, despite creditworthiness. The overall deal size may not justify the cost of receiving and maintaining a rating, in addition to the burdensome requirements that might be placed on smaller organizations. The time it takes to go through the rating process may not align with the timing of the capital project funded by the debt issuance. And, unless an issuer can make the jump to "investment grade," they may not ultimately benefit from a lower cost of capital. With the types of idiosyncratic credits we target, often a credit rating is an attempt to "fit a square peg into a round hole." Rating agencies rely on a matrix system, weighting various credit metrics to derive the rating.

Time and time again, we have seen rated issuers where many metrics were suitable for the given rating, but one or more critical factors were, in our opinion, unacceptable. The weighted matrix system may produce a rating, but there are likely serious underlying credit risks that investors need to be aware of and consider. We believe the rating systems can't appropriately quantify the many qualitative factors that go into credit analysis (both strengths and weaknesses). In our view, this is particularly true in our target revenue bond sectors where the individual borrowers have a unique story to tell and may play an important role in their local economy. The rating agencies may also be slow to react to evolving credit situations, where independent credit analysis and ongoing surveillance can respond in real-time.

Our views are not meant to disparage the rating agencies. They certainly have an important role to play in the financial ecosystem. However, in light of recent events, it is a reminder to investors and their advisors that there is no replacement for fundamental credit analysis. Again, the morning of the historic collapse Silicon Valley Bank was rated A3 rating by Moody's and BBB by S&P. Similarly, Signature Bank carried investment grade ratings. An "investment grade" credit rating does not eliminate the responsibility of investors to know what is "*under the hood*". Overreliance on credit ratings provides investors a false sense of security, that they often pay for via lower yields.

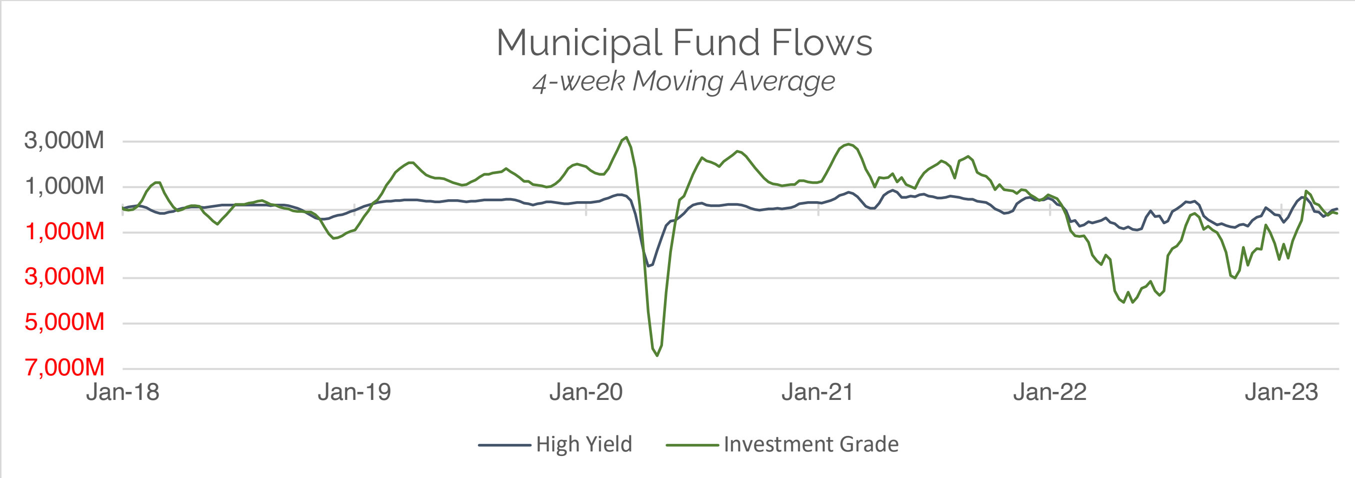
Lind Capital Partners Non-Rated Municipal Strategy (through December 31, 2022)

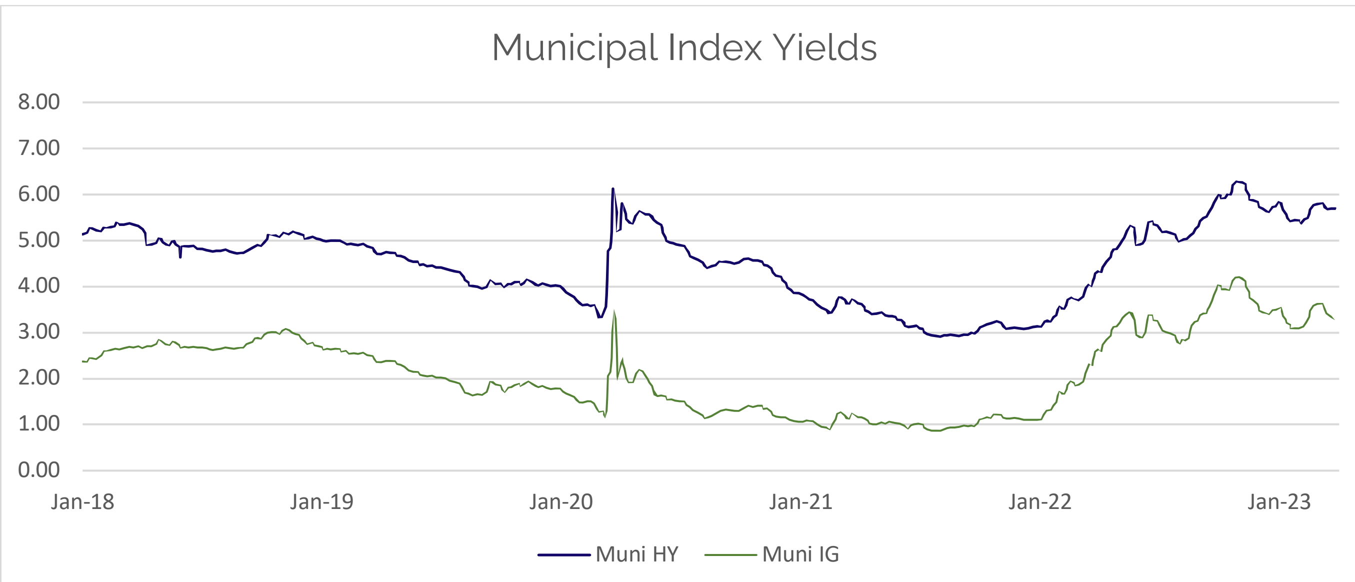


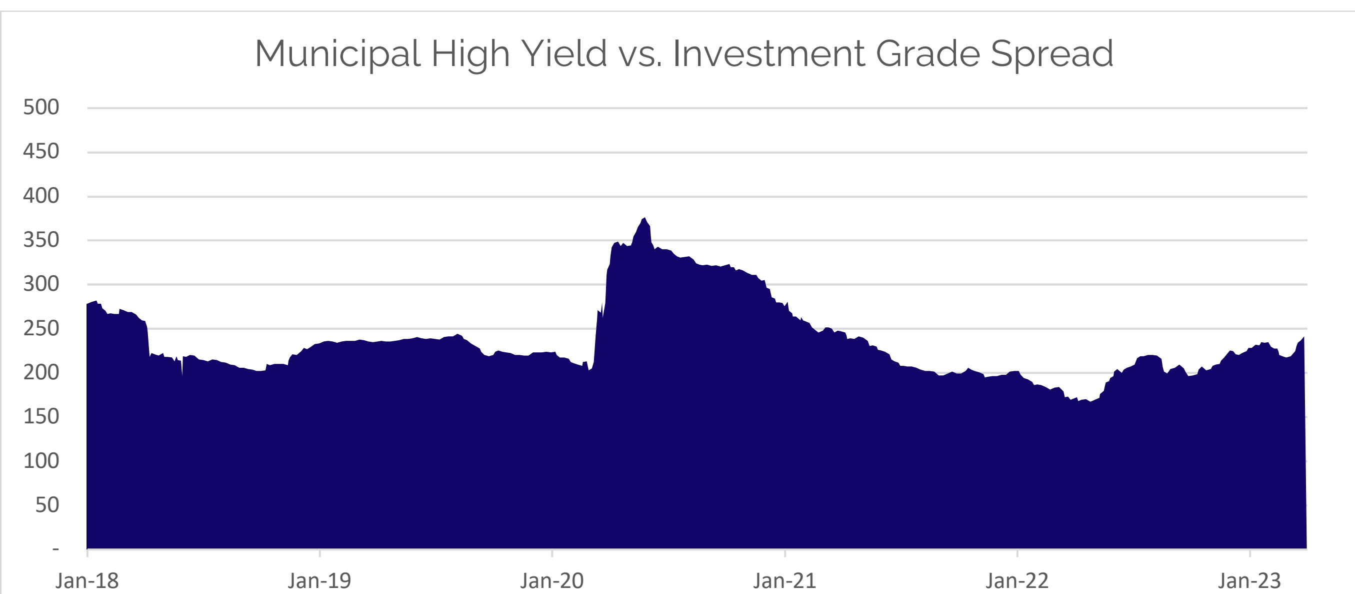
The chart above shows the increase in value of $1,000,000 invested in the LCP composite at inception (net of management fees and expenses) vs. the benchmark, the Bloomberg High Yield Muni (LMHYTR) as well as the Bloomberg Muni (LMBITR) indices (it is not possible to invest in either Bloomberg Index). 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

Past performance is not indicative of future results. An investment in the Lind Capital Partners Municipal High Yield strategy is not suitable for all investors. Investing involves risk, and municipal instruments can be affected by adverse political and economic conditions. The material contained herein is provided for informational purposes only and is not financial advice, should not be construed as an offer to buy, hold, or sell any security or to invest in the strategy, and may contain information from third party sources Lind Capital Partners, LLC (LCP) believes to be accurate. Any offer for investment in the LCP limited partnership vehicle will be made exclusively to qualified investors on a private placement basis, and only by means of a private placement memorandum, which contains detailed information concerning investment terms. LCP is an investment adviser registered with the U.S. Securities and Exchange Commission. Registration as an investment advisor does not imply a certain level of skill or training. Performance information (time-weighted rate of return) is provided for the LCP High Yield Muni Composite (Inception May 1, 2010) which is comprised of all fully discretionary accounts managed in the LCP High Yield Muni Strategy. Performance returns include realized and unrealized gains and losses; are calculated total return, net of actual advisory fees and transaction costs, including distributions to Limited Partnership investors where appropriate. Refer to LCP's Form ADV Part 2A for additional information related to advisory fees and services. This document is publicly available and upon request by contacting: Info@LindCaptialPartners.com. Performance measured by Cortland Capital Services, Clearwater Analytics, NAV Consulting, ICE Data Services and Bloomberg. Opinions expressed are those of LCP and should not be considered a forecast of future events or a guarantee of future results. Opinions and estimates offered constitute our judgment as of the date set forth above and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. All material presented is compiled from sources believed to be reliable, but no guarantee is given as to its accuracy.







Sources: Refinitiv and Bloomberg LP