

MUNICIPAL MARKET STATISTICS

	05-01-21	04-01-21	05-01-20	05-01-18	05-01-16
10-Year AAA BVAL Municipal	0.96	1.06	1.43	2.52	1.64
10-Year US Treasury	1.63	1.71	0.64	2.96	1.84
10-Year Muni vs. Treasury	59%	61%	222%	85%	89%
IG Fund Flows YTD	\$33.2B	\$26.8B	(\$10.0B)	\$6.7B	\$15.2B
HY Fund Flows YTD	\$8.7B	\$5.3B	(\$7.5B)	\$0.7B	\$3.9B
New Issue Calendar YTD	\$141B	\$102B	\$123B	\$92B	\$129B

LIND CAPITAL PARTNERS MARKET COMMENTARY

The municipal market in April outperformed the US Treasury market, once again. The recent upward trend in interest rates ceased with 10-year and 30-year AAA municipal yields falling by 15 and 18 bps mid-month before retreating to 10 and 15 bps gains, respectively. The municipal market continues to be awash in cash as investors pour money into mutual funds. The heavy fund flows have easily absorbed the new issue calendar providing the underlying foundation for the market outperformance. Investors seem to be responding to the prospects of increasing marginal tax rates and a dramatic increase in the long-term capital gains rate.

LIND CAPITAL PARTNERS MUNICIPAL HIGH YIELD COMMENTARY

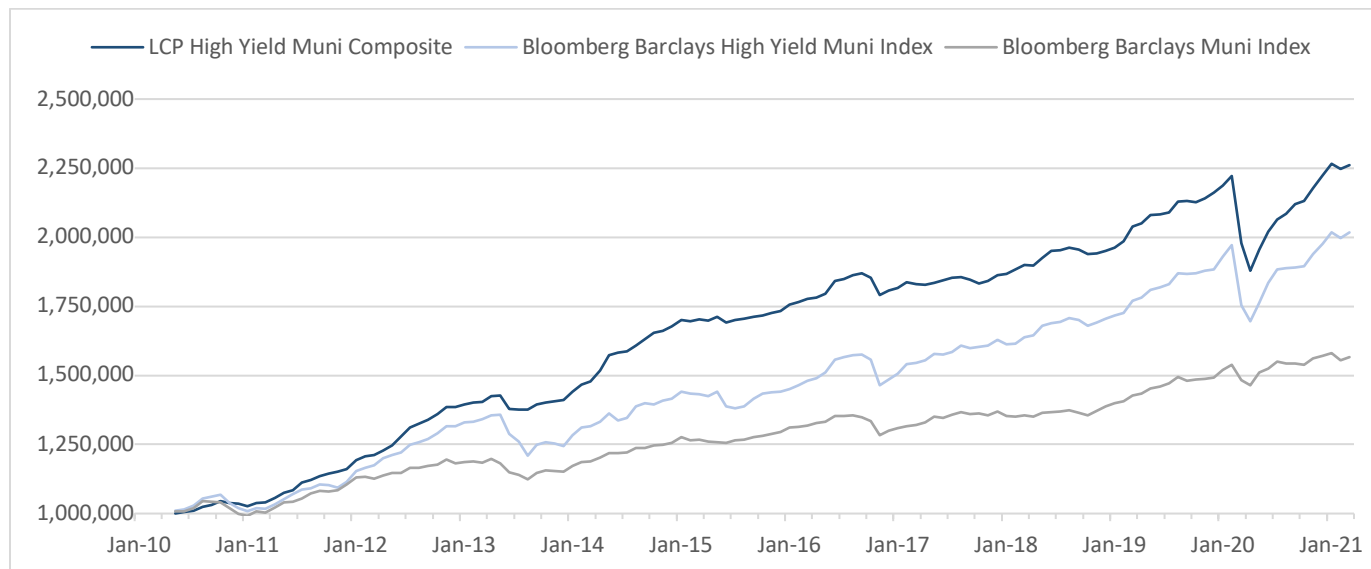
The market landscape for fixed income investors remains challenging. Low rates and tight spreads are evident across most fixed income classes. As mentioned above, the municipal bond market has not been immune from these pressures. Record fund flows have driven municipal vs. treasury ratios (historical measurement of relative market attractiveness) to seemingly irrational levels. We attribute this to several factors: High concentration of ownership among less sophisticated retail investors, a general aversion to paying federal income taxes, lack of investment alternatives exempt from federal taxation, a fundamental imbalance between market supply and demand (see fund flows above) and anticipation of higher marginal tax rates. Across different part of the interest rate curve, the taxable equivalent yield (TEY) for investment grade municipal bonds is lower than the comparable US treasury yield. With 5-year inflation expectations in excess of 2.50%, investors that choose investment grade municipals or treasuries today will lock in negative real rates of return, unnecessarily in our opinion.

By comparison, investors initiating with LCP can still earn in excess of 5.00% federally tax-exempt vs. 0.96% yield for a 10-year AAA municipal bond. To equal LCP's tax-exempt yield, investors in the highest marginal tax bracket would need to earn nearly 8.50% with the current federal tax structure and nearly 9.00% with the Biden Administration's recent tax proposal. We believe there are many benefits to an LCP tax-exempt portfolio, including a high level of **tax-exempt income**, insulation from rising interest rates, protection from inflation, and an embedded hedge against rising federal tax rates.

Many investors' perception of the high yield municipal market is limited to Detroit, Puerto Rico or highly speculative project finance issues that are frequently critiqued in the financial press. LCP intentionally chooses to focus on 6 primary subsectors of the market that offer defined security pledges, measurable financial metrics and ongoing financial and operational disclosure. Our target investments often play an important social or economic role within their respective communities. (Please visit our website to learn more about our chosen sectors). While the investment landscape across fixed income is indeed challenging, LCP believes we provide a solution to the challenges investors face today.

Milestone: As of December 2020, LCP celebrated its 10th 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 of time

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



The chart above shows the increase in value of \$1,000,000 invested in the LCP composite at inception 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. The borrowers identified and described in this communication are intended to illustrate certain concepts employed by LCP in the management of its High Yield Municipal Strategy. The borrowers identified do not represent all of the securities purchased, sold or recommended for client accounts and certain data, such as the purchase price, may not be indicative of an individual client's actual experience. The reader should not assume that an investment in the securities identified was or will be profitable. LCP's opinion of a borrower's prospects should not be considered a guarantee of future events. Performance information (time-weighted rate of return) pertains to the period ending December 31, 2020 and includes realized and unrealized gains and losses; is net of actual advisory fees and transaction costs and is total return, including distributions to Limited Partnership investors where appropriate. 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.

