

MUNICIPAL MARKET STATISTICS

	06-01-22	05-01-22	06-01-21	06-01-19	06-01-17
10-Year AAA BVAL Municipal	2.48%	2.70%	0.96%	1.64%	1.90%
10-Year US Treasury	2.85%	2.94%	1.80%	2.13%	2.21%
10-Year Muni vs. Treasury	87%	92%	60%	77%	86%
IG Fund Flows YTD	(\$46.7B)	(\$32.9B)	\$37.3B	\$26.9B	(\$2.7B)
HY Fund Flows YTD	(\$11.8B)	(\$8.5B)	\$11.1B	\$7.9B	\$2.9B
IG (LMBITR) Total Return YTD	(7.59%)	(8.82%)	0.78%	4.71%	3.94%
HY (LMHYTR) Total Return YTD	(9.01%)	(9.85%)	4.79%	6.11%	6.39%
New Issue Calendar YTD	\$174B	\$137B	\$176B	\$131B	\$149B

LIND CAPITAL PARTNERS MARKET COMMENTARY

Like every month to date in 2022, May began with rising interest rates, persistent mutual fund outflows, and limited market liquidity. By May 18th, AAA rates had risen 10 bps in 2 years to 30 bps in 30 years. Year to date mutual fund outflows have totaled \$58.6B, the second largest outflow cycle since the data series has been collected by Lipper Analytics. Additionally, the pace at which the outflows have occurred is than twice as fast as the last comparable outflow cycle during the Taper Tantrum in 2013, according to Citibank Research.

However, negative fund flows began to slow towards the end of the month. Beginning May 18th, the municipal market experienced a reversal that resulted in significantly lower rates. From May 18th through month end, rates rallied by 45 bps to 48 bps across the curve. The late month rally has reduced the negative performance of both IG and HY municipals year to date.

Retail mutual fund liquidations have resulted in the municipal market significantly underperforming US Treasuries. As reflected above, the 10-year AAA Municipal vs. US Treasury ratio has widened from 60% a year ago to 87% today. Anecdotally, while traditional mutual funds have seen persistent redemption pressure, municipal ETFs have experienced positive fund flows for the past 5 weeks. In trying to understand this disconnect, we've been told institutional investors, both domestic and international, are using ETFs to gain municipal exposure due to the dramatic underperformance and relative attractiveness of the asset class.

LIND CAPITAL PARTNERS HIGH YIELD MARKET COMMENTARY

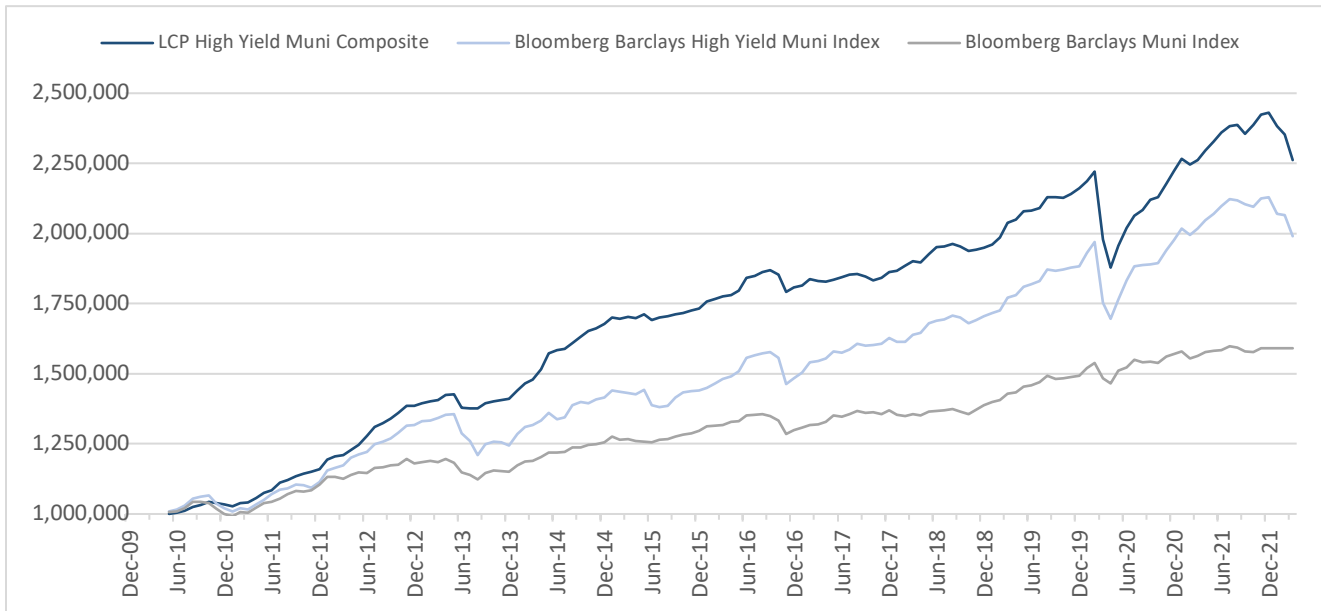
The municipal high yield market benefited from the late month rally in yields, with the yield-to-worst of the HY Index (LMHYTR) falling from 5.36% to 4.89% at month end. As is typical, the high beta names drove the performance with Buckeye Tobacco 5.00% of 2055 and COFINA 5.00% of 2058 rallying roughly 100 bps in the last two weeks of the month. High beta credits are sold by portfolio managers to raise cash to meet redemptions or bought to invest available cash. The large issue sizes, widespread familiarity of the underlying credits and broad holding among most mutual funds creates enhanced "liquidity". As evidenced by the pricing activity, the enhanced liquidity comes with a cost, extremely high price volatility. The 10 point rally in May followed a 25 point sell-off since the start of the year. This volatility is a prime example why LCP believes the liquidity provided to investors should match the liquidity of underlying portfolio assets.

While the rate rally is certainly welcomed by investors and portfolio managers, uncertainty regarding whether it will continue or not remains. There does not seem to be any consensus regarding the future path of interest rate increases, the inflation outlook or prospects for sustained economic growth or a future recession. We remain characteristically cautious regarding capital deployment. Fortunately for LCP investors, we tend to traffic in less volatile segments of the municipal market and are generally not subjected to 100 bps swings in pricing of portfolio assets. Today, we continue to acquire new assets with tax-exempt yields in excess of **6.00% or 10.15%** taxable equivalent for maximum federal tax bracket investors.

We strongly believe the ability to generate equity-like returns from a fixed income portfolio is extremely compelling in this or any environment. Particularly given the uncertainty referenced above. Unlike equity investments, if the portfolio and credit teams successfully navigate the credit landscape, investors receive their principal as their bonds mature.

***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 MARCH 31, 2021)

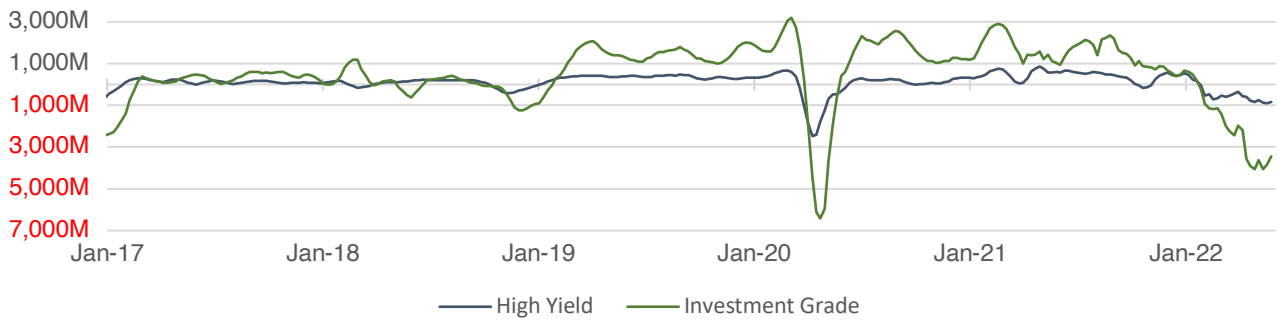


The chart above shows the increase in value of \$1,000,000 invested in the LCP composite at inception (net of management fees and expenses) vs. the benchmark, the Bloomberg High Yield Muni (LMHYTR) as well as the Bloomberg Muni (LMBITR) indices (it is not possible to invest in either Bloomberg Index).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

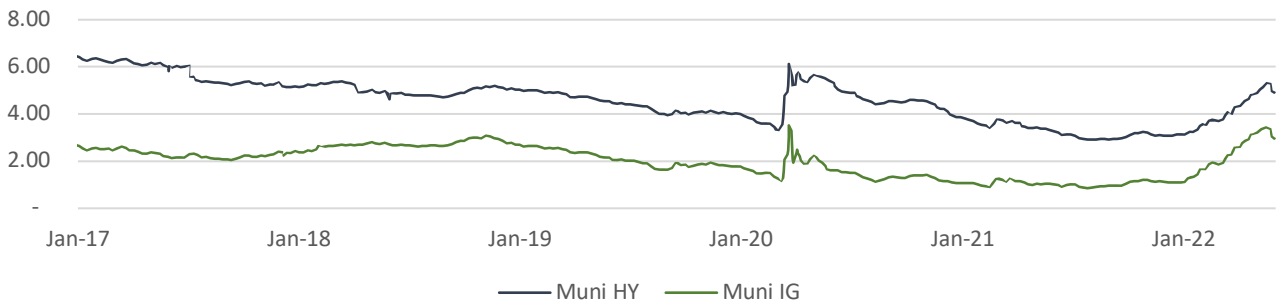
DISCLOSURE

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@LindCapitalPartners.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.

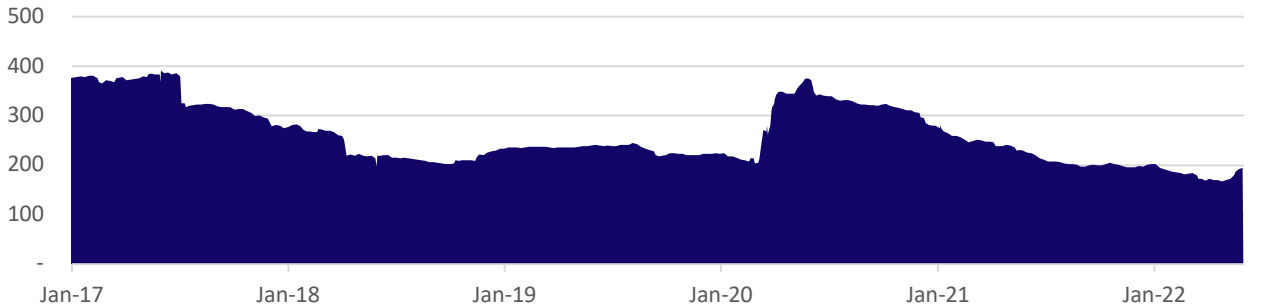
Municipal Fund Flows 4-week Moving Average



Municipal Index Yields



Municipal High Yield vs. Investment Grade Spread



Municipal vs Treasury Ratio

