LCP LIND CAPITAL PARTNERS

August 2021

MUNICIPAL MARKET STATISTICS

	08-01-21	07-01-21	08-01-20	08-01-18	08-01-16
10-Year AAA BVAL Municipal	0.83%	0.99%	0.62%	2.47%	1.46%
10-Year US Treasury	1.27%	1.45%	0.53%	2.96%	1.46%
10-Year Muni vs. Treasury	65%	68%	117%	83%	100%
IG Fund Flows YTD	$53.6B	$44.5B	$9.7B	$6.8B	$29.8B
HY Fund Flows YTD	$16.3B	$13.5B	($6.7B)	$3.4B	$8.3B
New Issue Calendar YTD	$253B	$218B	$246B	$180B	$243B

LIND CAPITAL PARTNERS MARKET COMMENTARY

The crosscurrents in today's rates markets are extraordinary. Questions abound: Is inflation transitory in nature or will it be more persistent; will the COVID Delta variant lead to a slowing economy or will enhanced growth continue as we emerge from the pandemic; and, when will Fed policy regarding tapering and ultimately tightening change? Each of these questions, and many more, play into market dynamics.

The municipal market continues to take direction from the US Treasury market following its trend towards lower rates. Fund flows in July continued the torrid positive pace, now totaling $70B YTD and $131B over the past 63 weeks. The supply demand imbalance continues to be the driving force behind historically low municipal ratios vs. USTs, tight credit spreads and low absolute yield levels. Bloomberg estimated YTD net issuance (Issuance for New Projects – Bond Calls and Redemptions – Fund Flows) to be nearly ($90B). This imbalance has resulted in irrational ratio levels on the short end of the curve, as investor's taxable equivalent yield is substantially below absolute treasury yields and historically low ratios throughout the curve. We believe this environment will persist through the late summer-early fall when we expect new issue volume to increase and concerns regarding Fed tapering to emerge. Until then, it is likely to be a quiet end of summer in the municipal market.

LIND CAPITAL PARTNERS MUNICIPAL HIGH YIELD COMMENTARY

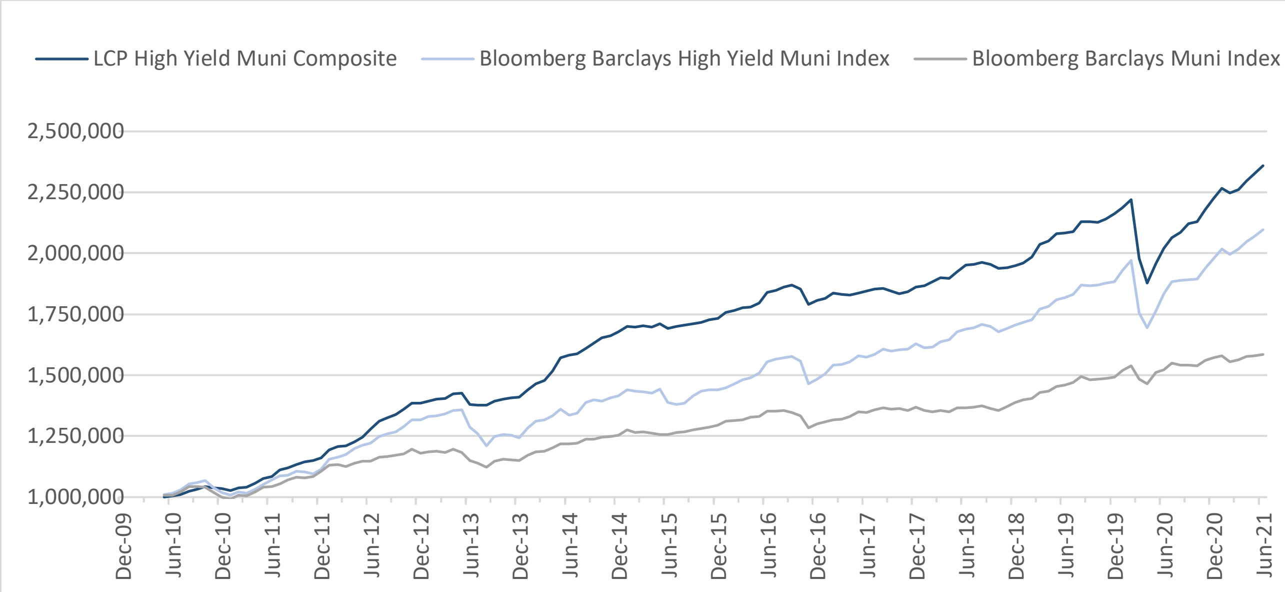
Given the above referenced market conditions, we are frequently asked how it has impacted our portfolio management approach? While discipline and patience have always been hallmarks of our investment philosophy, they have never been more important than they are today. In the high yield market, secondary activity has slowed considerably due to positive fund flows. In the primary market we have witnessed two noteworthy phenomena: Extremely aggressive pricing and market access to capital for projects that historically have struggled for financing. Recapping a recent investor call, our Director of Credit Research commented with some amusement on the negotiations between the borrower and lenders regarding a hotel-conference center. Although it was apparent the project would be financed, the team of lenders was trying to extract concessions to improve their collateral package. Covenant light deals do not make their way into LCP portfolios nor do those with overly optimistic economic assumptions and forecasts. Hotel-conference centers, water parks, and high-speed rail projects are among the many types of borrowers finding willing lenders and ample capital in these issuance starved times.

At LCP, we use these periods of slow market activity to expand our list of approved credits. We intentionally grow that list to prepare for market softness. Additionally, we are taking a deeper dive into credits that struggled through COVID to get a sense of their recovery timelines and the sustainability of their recoveries. These credits can offer the opportunity to add enhanced yield **as well as** the potential for substantial credit spread tightening. Concerns over the impact of the Delta variant, or any other variant, will continue to be an integral component of our analysis.

Despite today's market challenges, we continue to find pockets of value in our chosen sectors. Our target deals sized between $15MM - $125MM often fly below the radar of other institutional investors. We are actively pursuing defensively structured high coupon – short call issues that provide both income and insulation from rising rates. We remain confident we can construct new portfolios with an average tax-exempt yield between 5.00% and 5.25%, although investment of funds may take longer than normal. We are highly encouraged by the growing forward calendar ~~being~~ reported by underwriters in many of our revenue bond sectors. Increased supply could portend an exciting close to the year, especially if it coincides with some market softness and even slightly higher interest rates. When positive fund flows reverse, and they will, we will be ready to exploit the opportunity. Until then, LCP will remain disciplined in our approach and patient with our capital.

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*

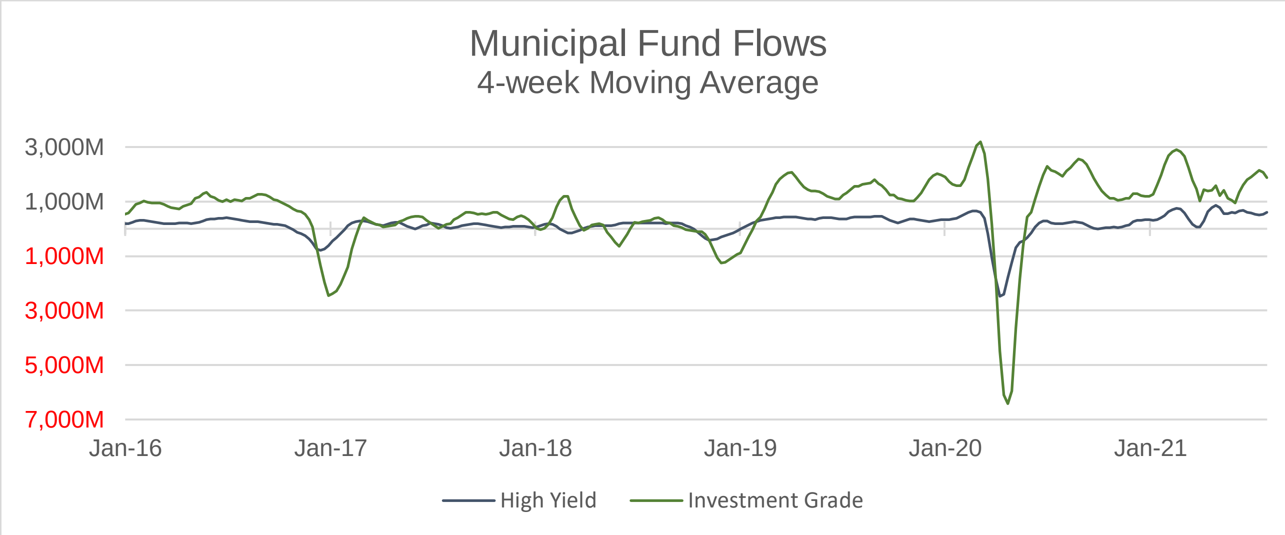
LIND CAPITAL PARTNERS HIGH YIELD MUNICIPAL STRATEGY (THROUGH JUNE 30, 2021)

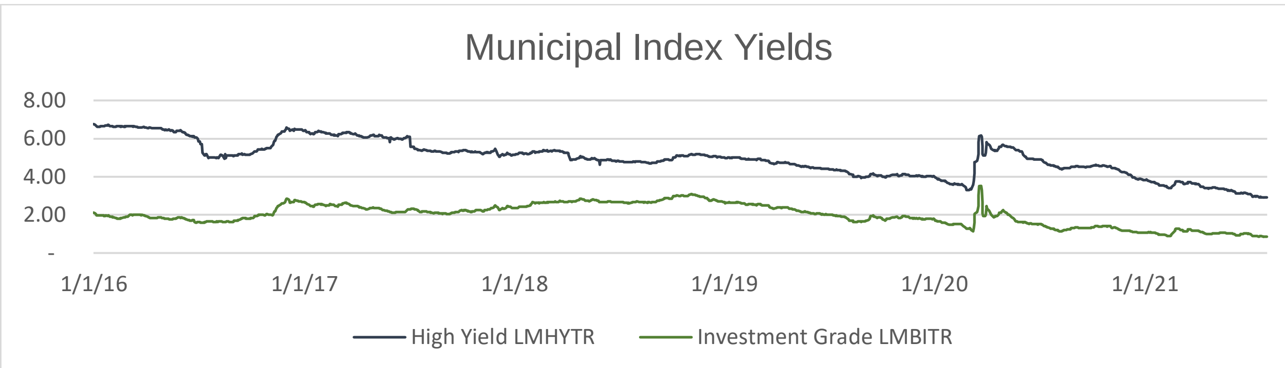


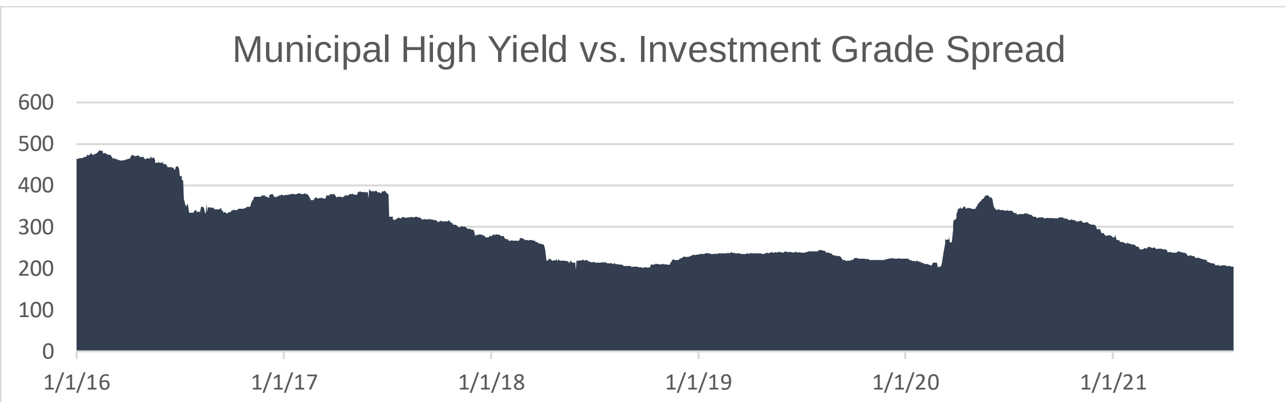
The chart above shows the increase in value of $1,000,000 invested in the LCP composite at inception vs. the benchmark, the Bloomberg High Yield Muni (LMHYTR) as well as the Bloomberg Muni (LMBITR) indices (it is not possible to invest in either Bloomberg Index). Please contact us with questions regarding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

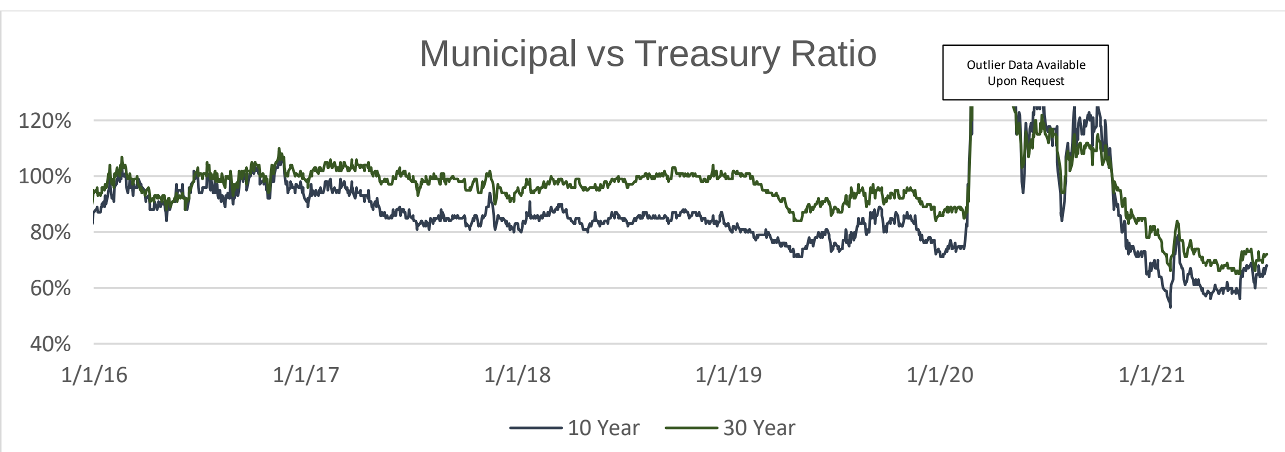
DISCLOSURE

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 June 30, 2021 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.









Sources: Refinitiv and Bloomberg LP