

MUNICIPAL MARKET STATISTICS

	09-01-21	08-01-21	09-01-20	09-01-18	09-01-16
10-Year AAA BVAL Municipal	0.92%	0.83%	0.79%	2.45%	1.46%
10-Year US Treasury	1.28%	1.23%	0.71%	2.86%	1.58%
10-Year Muni vs. Treasury	72%	68%	112%	85%	93%
IG Fund Flows YTD	\$63.1B	\$53.6B	\$19.9B	\$7.6B	\$36.0B
HY Fund Flows YTD	\$18.2B	\$16.3B	(\$5.7B)	\$4.3B	\$9.6B
New Issue Calendar YTD	\$301B	\$260B	\$289B	\$215B	\$282B

LIND CAPITAL PARTNERS MARKET COMMENTARY

Investment grade municipals underperformed US Treasuries through the month of August. 5, 10, and 30-year AAA municipal vs. US Treasury ratios widened from levels we found very hard to justify, despite widespread expectations of higher federal tax rates. The underperformance occurred despite record inflows into both investment grade and high yield mutual funds. Year-to-date fund flows into investment grade funds totaled \$63B in 2021 vs. \$20B in 2020 and \$18B in 2021 vs. (\$6B) in 2020 for high yield funds.

Last week, Federal Reserve Chairman Jerome Powell's press conference following the annual Jackson Hole Conference provided a guide to future Fed policy. Highlights included: an expectation that tapering could begin by year-end, with a slowing of open-market purchases of US Treasuries and mortgage backed securities; the Fed will continue to closely monitor the unemployment rate and the inflation rate; the Fed believes "full-employment" has not been reached and they want to see employment return to pre-COVID levels; while inflation has exceeded their 2% target over recent months, the Fed still views the drivers of current inflation as transitory; and finally, the Fed is closely monitoring the negative economic impacts of COVID variants on economic activity.

Significantly, any increase in short-term rates appears to be on a separate timeline from tapering. The Fed stated that it plans to hold the Fed Funds rate steady until "full employment" and/or it views inflation in excess of 2% as more permanent in nature, rather than transitory. Domestic markets responded favorably to the press conference with US stocks advancing to record highs while US Treasury yields and the dollar both fell. It is apparent the Federal Reserve Board is in no hurry to raise interest rates.

LIND CAPITAL PARTNERS MUNICIPAL HIGH YIELD COMMENTARY

Given most economists expect short-term rates will remain in the current range for the next 12 to 18 months, municipal investors are faced with a challenging market environment. Rates are at historic lows and we feel are likely to remain so for the foreseeable future. So, how can a portfolio be constructed to generate any income. We continue to believe the municipal high yield market provides an attractive solution to these challenges. The following example illustrates the income generation differential between a \$10 million portfolio invested with Lind Capital and an investment grade alternative.

	Portfolio Size	Average Rating	Modified Duration	Portfolio Yield	Tax-Exempt Income	Rising Rate Breakeven (bps)
LCP Portfolio	\$10,000,000	Non-Rated	4.55 years	5.00%	\$500,000	108 bps
Investment Grade ¹	\$10,000,000	A Rated	5.05 years	1.00%	\$100,000	20 bps

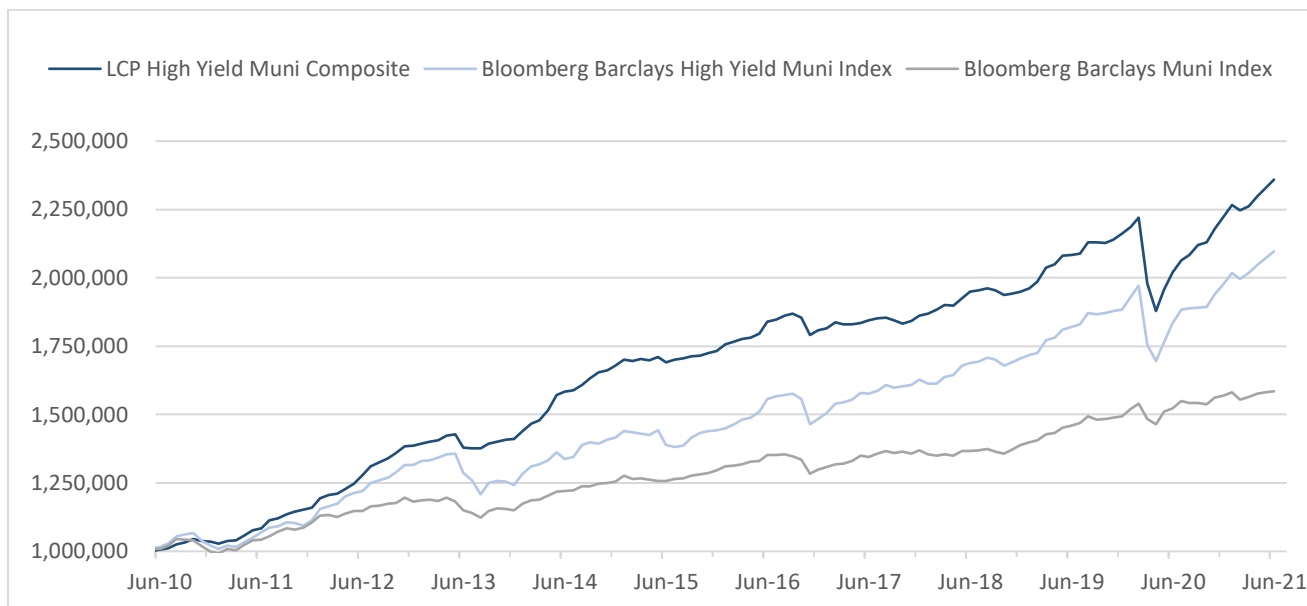
This table illustrates the potential opportunity cost of municipal investors maintaining their current allocation to the investment grade municipal market. On a **\$10 million portfolio an investment grade investor could forgo \$400,000 of tax-free income per year**. If expectations are realized and rates remain steady for an extended period, the opportunity cost increases significantly. Additionally, it is our view a high-income portfolio provides investors with effective total return insulation in a rising interest rate environment. In the above example, an LCP portfolio stands to provide 88 bps (over 1-year time horizon) of downside protection from a negative total return over the hypothetical investment grade alternative should interest rate forecasts prove to be too optimistic. A significant increase in tax-exempt income and insulation from rising rates are just two of the many reasons we find the high yield municipal market compelling in today's environment.

Note: LCP has historically delivered our high yield strategy via pooled vehicles (LPs) and separately managed accounts (SMAs). We are currently preparing a 1940 Act registered investment vehicle, Lind Capital Partners Municipal Credit Income Fund, to provide wider access to our strategy. Details to follow.

¹ Assumes a hypothetical A rated portfolio with 5.00% coupon due May 1, 2027 yielding 1.00%, on average (40 bps greater than the comparable Bloomberg A rated GO Index yield)

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.

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

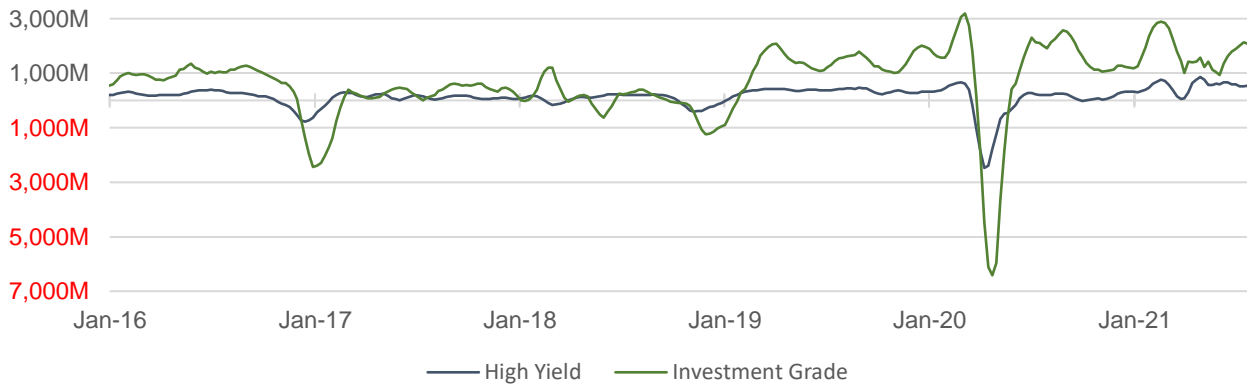


The chart above shows the increase in value of \$1,000,000 invested in the LCP composite at inception (net of management fees and expenses) vs. the benchmark, the Bloomberg High Yield Muni (LMHYTR) as well as the Bloomberg Muni (LMBITR) indices (it is not possible to invest in either Bloomberg Index).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

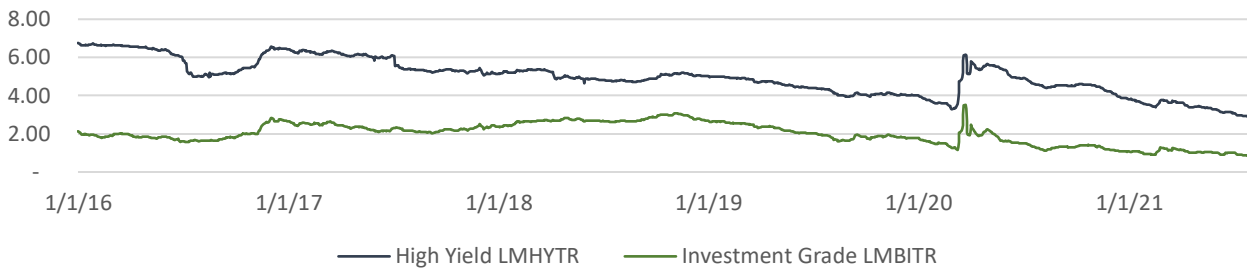
DISCLOSURE

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.

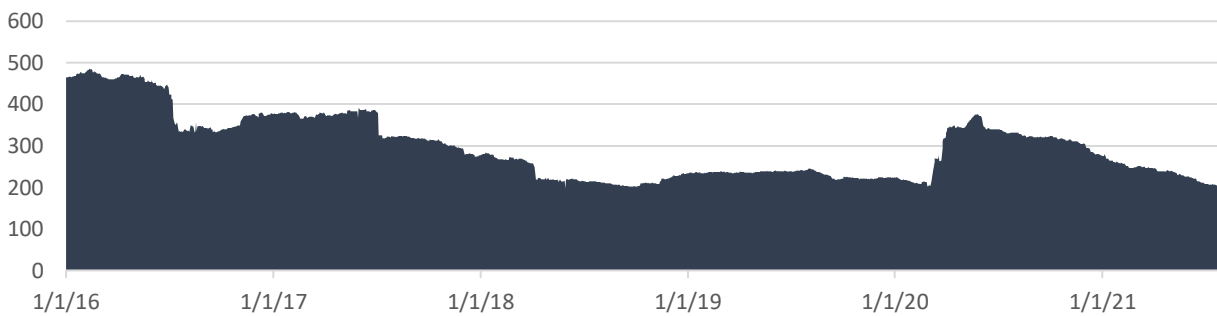
Municipal Fund Flows 4-week Moving Average



Municipal Index Yields



Municipal High Yield vs. Investment Grade Spread



Municipal vs Treasury Ratio

