LIND CAPITAL PARTNERS

October 2020

MUNICIPAL MARKET STATISTICS

	10-01-20	09-01-20	10-01-19	10-01-17	10-01-15
10-Year AAA MMD Municipal	0.80	0.81	1.46	2.00	2.03
10-Year US Treasury	0.67	0.71	1.68	2.35	2.05
10-Year Muni vs. Treasury	119%	113%	87%	85%	99%
Open End Fund Flows YTD	$21B	$16.8B	$63.4B	$5.7B	$6.9B
New Issue Calendar YTD	$344B est.	$294B	$280B	$294B	$317B

LIND CAPITAL PARTNERS MARKET COMMENTARY

In contrast to the continued overall positive inflows ($21B) to municipal funds, municipal high yield mutual funds experienced outflows of $140MM in September bringing YTD outflows to ($5.9 BN). Despite the negative fund flows, LCP has experienced significant positive price performance from all of its chosen sectors during Q3 and specifically during September, albeit from previously oversold levels. 10-year municipal and treasury rates have remained largely unchanged for the past 2 months.

OPPORTUNITY TODAY

When market supply exceeds demand astute investors seek to exploit the imbalance. At month-end full year municipal supply projections exceed well over $400B which, if realized, will make 2020 one of the top new issue volume years in history and possibly the largest on record. This in spite of a sharply reduced calendar in March through early April due to the COVID-19 crisis. Given the seasonal aspects of the municipal market, Q4 frequently presents a supply-demand imbalance, rewarding investors willing to engage with smart, attractively priced portfolio purchases. As we look towards year end, we see the confluence of building supply and waning demand in high yield municipals presenting a real investment opportunity.

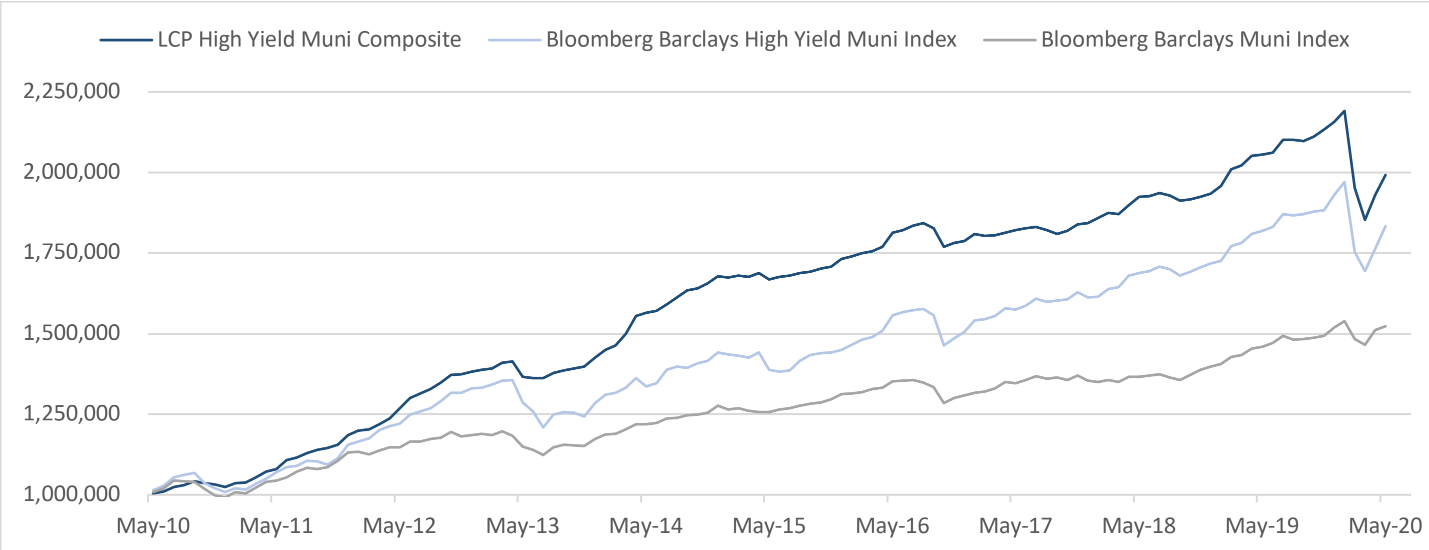
As of September 30th, the yield to worst (YTW) on the Bloomberg Barclays High Yield Muni Index (LMHYTR) was 4.52% versus 1.30% for the Bloomberg Barclays Investment Grade Index (LMBITR), a spread of 322 bps. The 322 spread is 39 and 67 bps behind the 1- and 3-year averages, respectively, and a full 120 bps behind the tightest spread of 202 bps on March 2, 2020. High yield municipals are clearly lagging investment grade municipals.

We draw two conclusions from the above. First, the investment grade market remains '*priced to perfection*' and poses multiple risks for investors: credit spread widening, rising interest rates and inflation risk. A very modest 11 bps increase in yield over the coming year on a 10-year AAA municipal purchased today at 0.80% results in a negative rate of return. A poor risk-return equation, in our opinion. Second, the recovery in the high yield municipal market continues to significantly lag the investment grade market and offers more compelling investment opportunities. Using either the Index' YTW of 4.52% or 6.25% with LCP, the high yield market provides as much as 7x more downside insulation from the same rising rates, inflation or spread widening versus the investment grade market.

Naturally, investors want to understand why the market continues to lag? Legitimate credit concerns regarding certain sectors exist in the high yield market: hospitality, skilled nursing, healthcare, and transportation are of particular concern. The financial and mainstream press continually focus on the challenges facing these and other sectors. With 50,000+ municipal borrowers and 1.2 million individual CUSIPs the municipal market remains highly inefficient. Information on non-rated issues can be difficult to obtain. As a result, retail investors have been reluctant to re-enter the market. High yield mutual funds have borne the brunt of these concerns, seeing net YTD outflows of $5.9B while investment grade funds have seen over $21B of inflows (see above).

Conclusion: We believe municipal investors should increase their allocation to the high yield market. High yield investor's primary concern should be credit selection and ongoing portfolio surveillance. Potential default and recovery scenarios have to enter into any investment equation. We believe a high-income portfolio provides excellent downside insulation in even draconian scenarios. Having modeled various default and recovery analyses for both clients and prospects, with a wide variety of variables, we conclude that high yield municipals offer far better risk reward metrics than investment grade municipals. Default analysis, pro-active research and surveillance processes, in a lagging market sector that is starting to see heavy supply makes LCP confident that new clients initiate at 6.25% (tax-exempt) today.

LIND CAPITAL PARTNERS HIGH YIELD MUNICIPAL STRATEGY (THROUGH JUNE 30, 2020)



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. Please see additional important disclosures below.

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, 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.