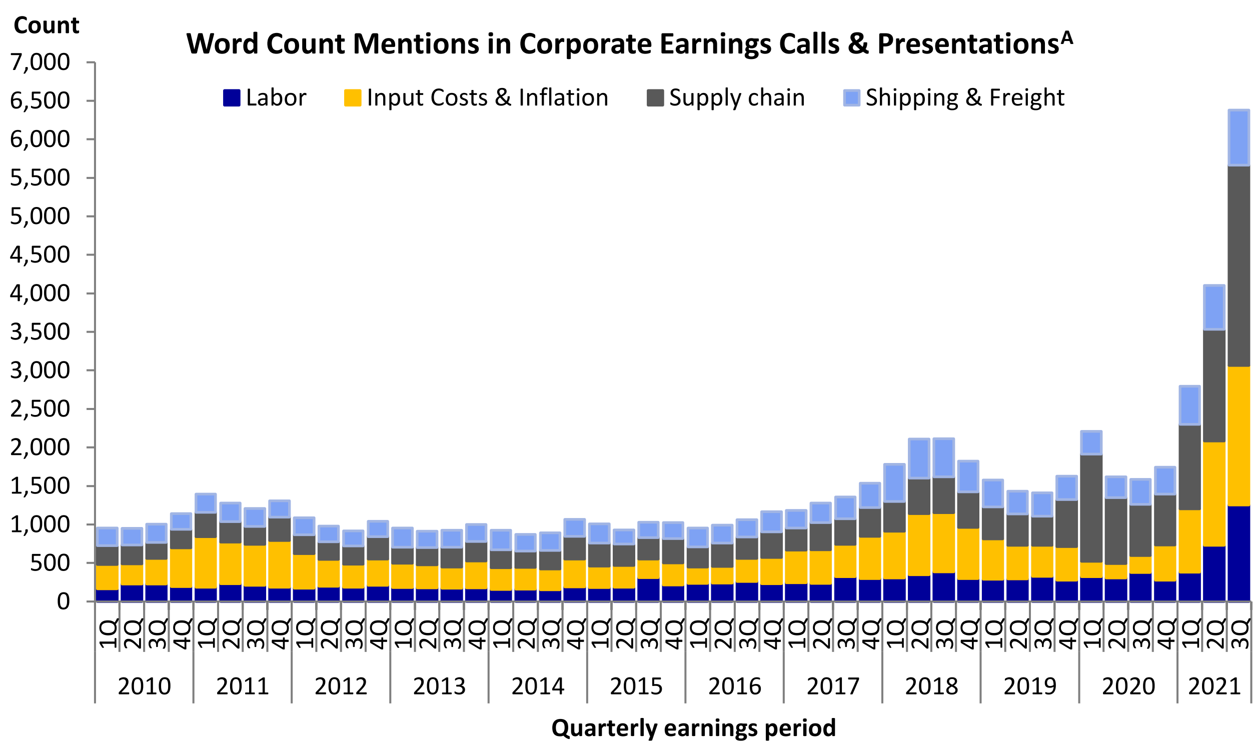
CrossingBridge Funds 4Q 2021 Commentary

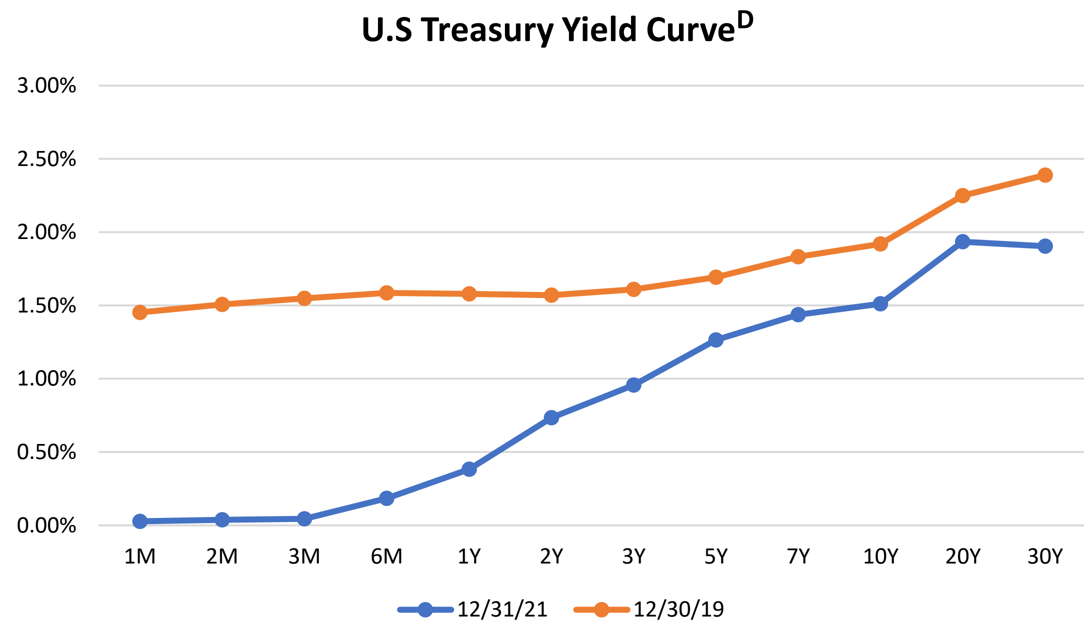
Think Positive, but Test Negative

Attributed to Richard Fisher, former president of the Dallas Federal Reserve, in his [December 30, 2021 appearance on CNBC's Squawk Box](). Unfortunately, the referenced video clip ends before he makes the statement, but David Sherman, who was listening to CNBC in his car, swears he heard Fisher say it. More importantly, we think the statement is an appropriate mantra for 2022 and we wholeheartedly agree with Fisher's comments in this interview.



Government intervention often results in unintended consequences. Thomas Hoenig, former president of the Kansas City Federal Reserve Bank, in his just-published book, *The Lords of Easy Money: How the Federal Reserve Broke the American Economy*, argues that the accommodative monetary policy initiated during the 2008 Great Recession "poured (money) through the veins of the financial system and stoked demand for assets like stocks, corporate debt and commercial real estate bonds, driving up prices across markets."[B] Hoenig warned that the Central Bank's actions would create a trap that would be difficult to escape with harmful economic, social and political ramifications. COVID, combined with the stimulative actions of the Fed and Congress over the past two years, has brought new meaning to the phrase "unintended consequences." The chart above reflects the fact that corporate executives have become fully aware of some of these outcomes. The concepts of "inflation," "supply chain bottlenecks," "labor costs" and "shortages" have become part of national headlines that are now permeating our daily lives.

After several years when the Federal Reserve held down interest rates and pumped in liquidity to stimulate the economy -- but struggled to achieve the target 2% inflation rate -- we are now experiencing inflation at levels unseen in the U.S. in 40 years. The Federal Reserve has now concluded that inflation may not be "transitory," and has begun to taper its purchase of Treasury and mortgage-backed securities. Further, there is some cause for concern that additional monetary contraction may be necessary. The Federal Open Market Committee's (FOMC) consensus in the December 2021 "dot plot"[C] implies that the Fed may be teeing up three interest rate increases in 2022. Regardless, **we believe real interest rates for many securities are likely to remain negative[1] for the foreseeable future.**



Impact of an Increase in Interest Rates

How do we think the markets react to an increase in short term interest rates? Equity markets will likely have a negative reaction to the rise in rates, particularly among growth stocks,

[1] The real rate of interest is the market rate of interest adjusted for the inflation rate (i.e. If the 10-year interest rate is 3.0% and inflation is 2.0%, the real rate of interest is 1.0%). If the real rate of interest is negative for a certain instrument, this means that inflation is greater than the market interest rate and investors in this security are losing purchasing power versus inflation. To earn a return greater than inflation, investors may need to purchase a security with higher credit risk, such as high yield bonds.

especially those with over-optimistic expectations[2], as well as cyclicals and financials. Similarly, fixed income markets would weaken but the underlying yield will partially offset the impact depending on duration and credit sensitivity to expectations for growth and the future cost of financing. Above, we show the yield curve at YE21 as well as at the end of 4Q19, shortly before the pandemic began. Assuming that the Fed raises short term rates to attempt to harness near-term inflation, the yield curve is likely to flatten – short term rates rising while long term rates rise more modestly. Thus, the yield curve may end up looking a lot like that from 4Q19.

The table below shows the estimated impact on various fixed income asset classes of a flattening of the yield curve from that at YE21 to one similar to that at YE19. These calculations assume no change in credit spreads and are not a prediction of expected total return. It is notable in this scenario that short term corporate bonds, investment grade bonds and the 10-year U.S. Treasury would lose money, but high yield may provide a positive return due to its lower duration and higher coupon.[3]

	Modified Duration [G]	Yield to Worst [H]	Price Change	Calculated Annual Return
ICE BofA 1-3 Yr Corporate Bond Index	1.46	0.55%	-1.48%	-0.93%
ICE BofA U.S. High Yield Index	4.04	4.32%	-2.18%	2.14%
ICE BofA U.S. Corporate Bond Index (investment Grade)	8.34	2.36%	-3.34%	-0.98%
US 10-Year Treasury Bond	9.15	1.51%	-3.72%	-2.21%

Shorter duration strategies such as the CrossingBridge Ultra-Short Duration Fund and CrossingBridge Low Duration High Yield Fund, which had a durations of 0.49 and 0.85 at year-end, respectively, should experience less of an impact from the rise in rates and, because of a high proportion of near-term repayments, should have the opportunity to reinvest in the rising rate environment.

[2] Per Bank of America, 79% of companies going public in 2021 (through October) were unprofitable (the highest level going back at least to 1992).[E] Enthusiasm for equities in 2021, is reflected by inflows into the equity market of an estimated $1.1 trillion, an amount which exceeds the cumulative inflows over the previous 19 years.[F]

[3] The price of a fixed income security and its yield move in opposite directions (i.e. If yield increases, price declines and vice versa, all other factors being equal). Modified duration is the measure of the sensitivity of the price of a bond to a change in interest rates. For example, if interest rates rise by 1%, a bond that has a modified duration of 5 will experience a 5% price decline. The Calculated Annual Return shown in the table reflects the expected annual rate of return for each instrument by adding the yield-to-worst for each (as of YE21) to the expected percentage change in price. The price change is calculated by multiplying the duration by the change in interest rates implied in the prior interest rate graph (i.e. if the yield curve shifted from that at YE21 to one comparable to that at YE19). The price change equals the modified duration of each instrument multiplied by the hypothetical change in yield that would take place at the point on the yield curve association with each instrument's modified duration.

427 Bedford Road, Suite 230 | Pleasantville, NY 10570 | P: 914.741.9600 | crossingbridgefunds.com

With respect to corporate credit spreads, we can look to a study conducted by UBS in which they asked the question: "How much Fed tightening can US corporate credit withstand?"[I] Their conclusions suggest:

- Based on previous bouts of rate increases, a 50-basis point increase in the 5-year Treasury rate (similar to the rise suggested above) should lead to a 22-basis point increase in high yield spreads. This would result in an additional loss to the high yield bond index of less than 0.90%, reducing total return to 1.24%. For the investment grade bond index, the credit spread evidence indicates a 4-basis point increase in spreads, negatively impacting total return by about 0.34%, reducing total return to -1.32%.
- The degree of change in credit spreads related to a rise in interest rates is, to some degree, dependent on prevailing credit quality at the time the rates are rising. At present, high yield credit quality is very strong with leverage and debt to enterprise value significantly lower than in past periods of rate increases. Thus, a rise in rates is likely to have a lesser impact on credit spreads than we have seen in the past.

UBS also expressed the view that credit spreads are already pricing in the potential impact of a growth slowdown resulting from a rise in rates; thus, any impact from a rise in rates should be further mitigated.

Below, we discuss the factors that influenced the credit markets in 2021 and **our expectations for 2022**.

Capital Flows – In 2021, high yield bonds and leveraged loans were the best performing fixed income asset class in the U.S., with total returns of 4.8% and 4.6%,[J] respectively. In comparison, investors holding U.S. Treasury and investment grade bonds lost money during the year. Interestingly, during the year, high yield had net outflows of $3 billion while investment grade bonds saw inflows of $132 billion. Investors steadily increased positions in leveraged loans, most likely attracted to the floating interest rate, adding $31 billion during the year.[K] Of course, **the Federal Reserve remained the largest single investor in U.S. Treasuries, purchasing nearly 54% of net issuance** in the 24 months ended December 31 2021[L] -- a trend that could have long-term unforgiving outcomes. Looking forward, investors' concerns regarding rising rates will likely drive continued flows into the leveraged loan market as well as fixed income alternatives with short duration, low credit risk and significant yield spread advantage, such as SPACs.
Credit Quality -- Despite the challenges presented by the pandemic, the U.S. economy grew in 2021, positively impacting credit. During the year, there were approximately $40 billion of rising

stars and less than $10 billion of fallen angels[4].[M] Further, Corporate America continued to fortify their balance sheets and retain large cash balances. As a result, **high yield gross and net leverage declined to levels not seen since 2005-06, and investment grade leverage, both gross and net, fell to levels last seen in 3Q15.**[N] Naturally, with this improvement in credit quality and a robust capital market, defaults declined. In sharp contrast to 2020, when there were 109 defaults and restructurings totaling $141.4 billion[O], there were only 21 defaults and restructurings totaling $13.0 billion in 2021, the lowest level since 2007.[P] Looking forward, **defaults are likely to remain contained as the amount of distressed bonds and loans[5] is at a seven-year low at $33 billion**.[Q] The current level equates to about 1.1% of the total high yield and leverage loan universe. Furthermore, the high yield maturity "wall of worry"[6] has been pushed out to begin four years from now through 2028. Still, caution will be required to avoid credits that are vulnerable to dislocation from rising labor costs, inflation, supply chain bottlenecks and, of course, new entry disruptors.

Credit Spreads – At year-end, the high yield option-adjusted credit spread was 310 basis points over Treasuries with an effective duration of 4.04[R], and the investment grade option-adjusted credit spread was 98 basis points with an effective duration of 8.34.[S] Although high yield spreads are tight with little room for error, the current spread reflects the bottom of our fair-value range whereas investment grade spreads represent reasonable value. **Our concern with bond yields is the paltry returns of U.S. Treasuries, as well as the level of investor speculation throughout the markets**. For example, the increase in credit spread achieved by stepping down in quality from BB to B and from B to CCC for both bonds and loans is at or near the lowest level since the end of 2014.[T] Thus, with spread levels near lows and reduced market compensation for taking on added credit risk, **the high yield and leveraged loan market will be a "picker's" market in 2022.** The good news is we are building a pipeline of interesting opportunities from existing and new issuers.

Calls & Tenders **–** Called and tendered high yield bonds totaled approximately $342.4 billion, exceeding the 2020 level of $271.5 billion.[U] As we projected in our 4Q20 investor letter, this provided significant investment opportunity for our short-term strategies. However, the universe of bonds that are ripe for redemption has been reduced. That said, with C-suites worries of potentially rising interest rates, there may be greater urgency for issuers to refinance longer-

---

[4] Rising stars are high yield credits that are upgraded to investment grade. Fallen angels are investment grade credits that are downgraded to high yield.

[5] Distressed bonds are defined as those trading below 70; distressed loans are defined as those trading below 80.

[6] The "wall of worry" in the fixed income market is the projected annual level of bond maturities stretching out into the future. A high level of near-term maturities in a constricted capital market is particularly concerning as it could cause an increase in financing costs and/or lead to a higher default rate. With the wall of worry pushed out, refinancing concerns are deferred.

427 Bedford Road, Suite 230 | Pleasantville, NY 10570 | P: 914.741.9600 | crossingbridgefunds.com

dated bonds. Opportunities among called and tendered high yield bonds will depend on **interest rate expectations, corporate actions and investor appetite for new high yield bond issuance.**

SPACs – The SPAC market grew in 2021. Today, there are 692 SPACs with $185 billion in trust.[V] Given the fixed income aspects of pre-merger SPACs, this has provided a good source of short-term fixed income alternatives. At YE21, the weighted average yield to liquidation was 2.2% with a weighted average period to liquidation of 1.1 years.[W] **This is 5.7x the yield of the comparably dated U.S. Treasury bond.** Further, we believe that SPACs' total returns are likely to be higher as most are expected to close transactions sooner than their liquidation date, and there will be some SPACs that announce well-received transactions allowing investors to sell above liquidation value. For illustrative purposes, a SPAC with a liquidation yield of 2.2% and a maturity of 14 months that closes a transaction within 7 months would achieve a simple annualized return of 4.4%, assuming the investor redeems at that time.

Additional Thoughts

Economies and markets are cyclical by nature and governments' ability to prevent downturns or permanently limit their severity is a misconception.

In order to lift the U.S. economy out of the Great Recession of 2008, the Government lowered interest rates and employed new tools to pump liquidity into the economy. In the face of the COVID-induced economic decline, Congress and the Fed doubled down and expanded on this policy:

- Lowering the Fed Funds interest rate by 150 basis points to 0.25%, within a matter of weeks in March 2020, where it remained at YE21.
- More than doubling the Federal Reserve balance sheet from $4.2 trillion at YE19 to $8.8 trillion at YE21[X] and expanding debt purchases to include investment grade corporate and asset-backed debt as well as high yield ETFs.
- Establishing a $798 billion Small Business Administration forgivable loan program commonly referred to as the Paycheck Protection Program (PPP).
- Remitting direct payments to individuals in excess of $865 billion.

As reflected in GDP growth (estimated at over 5.5%) in 2021 and the performance of the U.S. equity market, many would assert these measures have been a success. However, some individuals and business owners may disagree. Further, market psychology has embraced the belief that the Government will come to the rescue in times of need and limit investor pain as reflected in the common use of the "Fed Put."[7] **We believe the markets may be misallocating capital based on an underappreciation of risk. We are keeping close at hand our copy of *Liquidity Black Holes*,**[Y] published in 2003 following the bursting of the internet bubble.

The political divide that began building during the 2004 Presidential election **has only grown wider and more contentious**. This will make it more difficult for politicians and policy makers to enact solutions that will encourage economic growth while broadening political, social and economic equality.

Concerns about the level of inflation are likely to be more extreme than the actual outcome. However, these fears will give businesses an excuse to raise prices and some of these increases are likely to stick permanently.

The labor shortage, started by pandemic-driven lockdowns, but exacerbated by immigration policies[Z] and an aging populace, is driving a shift in power from management to workers. **This is likely to lead to increased wages and disposable income**, which may factor into a more permanent level of inflation.

We have entered a new wave of technological innovation. Electric and autonomous vehicles, cloud computing, cost-competitive renewable energy, gene-based medicine and commercial use of outer space are just a sampling of our future. As these advances progress from the lab and the garage into our daily lives, **the capital markets will need to continue to step up to fund their commercialization** (perhaps, at more realistic valuations).

We believe that entrepreneurs, scientists, engineers and hard-working individuals will continue to pursue their endeavors. We are hopeful that the capital markets will be supportive. We are deeply concerned that policy makers and politicians may screw it up. Once again, on his car radio, David Sherman, claims he heard CNBC financial pundit, Jim Cramer say that in order to beat inflation, they may have to destroy the economy. We prefer to think positive but will be on guard for the negative.

Prepared for 2022 while hopeful for a happy and healthy new year,

DKS

David K. Sherman and the CrossingBridge Team

---

[7] The belief that the Federal Reserve would provide the monetary stimulus necessary to support the financial markets.

427 Bedford Road, Suite 230 | Pleasantville, NY 10570 | P: 914.741.9600 | crossingbridgefunds.com

P.S. Typically, we include some investment examples in our letter. For the sake of brevity and to encourage folks to reach out to us, we have chosen to omit them. We enjoy the interaction with our stakeholders and welcome your call (914) 741-9600 or email to david@cohanzick.com.

Endnotes

[A] *Credit Notes: 2021 in retrospect: Strong fundamentals, reduced premium*, Goldman Sachs, December 17, 2021
[B] *The Fed's Doomsday Prophet Has a Dire Warning About Where We're Headed*, Politico, 12/28/21 https://www.politico.com/news/magazine/2021/12/28/inflation-interest-rates-thomas-hoenig-federal-reserve-526177
[C] *Summary of Economic Projections*, Federal Reserve, December 15, 2021 https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20211215.htm
[D] Bloomberg
[E] *SMID Cap Focus Point – IPOs: Party like its 2021*, Bank of America, November 29, 2021
[F] BofA, Bloomberg and Mehlman, Castagnetti, Rosen & Thomas
[G] Bloomberg
[H] Bloomberg
[I] *How much Fed tightening can US corporate credit withstand?* UBS, December 16, 2021
[J] *CS Credit Strategy Daily Comment*, Credit Suisse, January 4, 2022
[K] *CS Credit Strategy Daily Comment*, Credit Suisse, January 4, 2022
[L] Oxford Economics
[M] *CS Credit Strategy Daily Comment*, Credit Suisse, January 4, 2022
[N] Morgan Stanley, Bloomberg, S&P Capital IQ
[O] *High Yield Bond and Leveraged Loan Market Monitor*, J.P. Morgan, January 3, 2022
[P] *Default Monitor*, J.P. Morgan, January 3, 2022
[Q] *Default Monitor*, J.P. Morgan, January 3, 2022
[R] ICE BofA U.S. High Yield Index, Bloomberg
[S] ICE BofA U.S. Corporate Index, Bloomberg
[T] *High Yield Bond and Leveraged Loan Market Monitor*, J.P. Morgan, January 3, 2022, Morgan Stanley, Bloomberg, S&P Capital IQ
[U] *High Yield Bond and Leveraged Loan Market Monitor*, J.P. Morgan, January 3, 2022
[V] www.Spacinformer.com SpacInformer.com is owned by eBuild Ventures, an affiliate of CrossingBridge Advisors, LLC.
[W] www.Spacinformer.com SpacInformer.com is owned by eBuild Ventures, an affiliate of CrossingBridge Advisors, LLC.
[X] Federal Reserve, https://www.federalreserve.gov/monetarypolicy/bst_recenttrends.htm
[Y] *Liquidity Black Holes: Understanding, Quantifying and Managing Financial Liquidity Risk*, edited by Avinash D. Persaud, Risk Books, 2003
[Z] *Without Immigration, U.S. Economy Will Struggle to Grow*, Federal Reserve Bank of Dallas, April 9, 2020 https://www.dallasfed.org/research/economics/2020/0409

Disclosures

The prospectus for the CrossingBridge Low Duration High Yield Fund can be found by clicking here. To obtain a hardcopy of the prospectus, call 855-552-5863. Please read and consider the prospectus carefully before investing. Per rule 30e-3, the fiscal Q1 holdings and Q3 holdings can be found by clicking on the respective links.

The prospectus for the CrossingBridge Ultra-Short Duration Fund and CrossingBridge Responsible Credit Fund can be found by clicking here. The statement of additional information (SAI) can be found by clicking here. To obtain a hardcopy of the prospectus, call 855-552-5863. Please read and consider the prospectus carefully before investing.

The prospectus for the CrossingBridge Pre-Merger SPAC ETF can be found by clicking here. The statement of additional information (SAI) can be found by clicking here. To obtain a hardcopy of the prospectus, call 855-552-5863. Please read and consider the prospectus carefully before investing.

The funds are offered only to united states residents, and information on this site is intended only for such persons. Nothing on this website should be considered a solicitation to buy or an offer to sell shares of the fund in any jurisdiction where the offer or solicitation would be unlawful under the securities laws of such jurisdiction.

CrossingBridge mutual funds' disclosure: Mutual fund investing involves risk. Principal loss is possible. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. Because the fund may invest in ETFs and ETNs, they are subject to additional risks that do not apply to conventional mutual fund, including the risks that the market price of an ETF's and ETN's shares may trade at a discount to its net asset value ("NAV"), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may

impact a fund's ability to sell its shares. The value of ETN's may be influenced by the level of supply and demand for the ETN, volatility and lack of liquidity. The fund may invest in derivative securities, which derive their performance from the performance of an underlying asset, index, interest rate or currency exchange rate. Derivatives can be volatile and involve various types and degrees of risks, and, depending upon the characteristics of a particular derivative, suddenly can become illiquid. Investments in asset backed, mortgage backed, and collateralized mortgage backed securities include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. Investing in commodities may subject the fund to greater risks and volatility as commodity prices may be influenced by a variety of factors including unfavorable weather, environmental factors, and changes in government regulations. Shares of closed-end fund frequently trade at a price per share that is less than the nav per share. There can be no assurance that the market discount on shares of any closed-end fund purchased by the fund will ever decrease or that when the fund seek to sell shares of a closed-end fund it can receive the nav of those shares. There are greater risks involved in investing in securities with limited market liquidity.

CrossingBridge Pre-Merger SPAC ETF disclosure: Investing involves risk; principal loss is possible. The fund invests in equity securities and warrants of SPACs. Pre-combination SPACs have no operating history or ongoing business other than seeking combinations, and the value of their securities is particularly dependent on the ability of the entity's management to identify and complete a profitable combination. There is no guarantee that the SPACs in which the fund invests will complete a combination or that any combination that is completed will be profitable. Unless and until a combination is completed, a SPAC generally invests its assets in U.S. Government securities, money market securities, and cash. Public stockholders of SPACs may not be afforded a meaningful opportunity to vote on a proposed initial combination because certain stockholders, including stockholders affiliated with the management of the SPAC, may have sufficient voting power, and a financial incentive, to approve such a transaction without support from public stockholders. As a result, a SPAC may complete a combination even though a majority of its public stockholders do not support such a combination. Some SPACs may pursue combinations only within certain industries or regions, which may increase the volatility of their prices. The fund may invest in SPACs

domiciled or listed outside of the U.S., including, but not limited to, Canada, the Cayman Islands, Bermuda and the Virgin Islands. Investments in SPACs domiciled or listed outside of the U.S. May involve risks not generally associated with investments in the securities of U.S. SPACs, such as risks relating to political, social, and economic developments abroad and differences between U.S. And foreign regulatory requirements and market practices. Further, tax treatment may differ from U.S. SPACs and securities may be subject to foreign withholding taxes. Smaller capitalization SPACs will have a more limited pool of companies with which they can pursue a business combination relative to larger capitalization companies. That may make it more difficult for a small capitalization SPAC to consummate a business combination. Because the fund is non-diversified it may invest a greater percentage of its assets in the securities of a single issuer or a smaller number of issuers than if it were a diversified fund. As a result, a decline in the value of an investment in a single issuer could cause the fund's overall value to decline to a greater degree than if the fund held a more diversified portfolio.

Definitions: The S&P 500, or simply the S&P, is a stock market index that measures the stock performance of 500 large companies listed on stock exchanges in the united states. The **ICE BOFA Investment Grade Index** tracks the performance of us dollar denominated investment grade rated corporate debt publicly issued in the us domestic market. The **ICE BOFA High Yield Index** tracks the performance of us dollar denominated below investment grade rated corporate debt publicly issued in the us domestic market. **EBITDA** is a company's earnings before interest, taxes, depreciation, and amortization is an accounting measure calculated using a company's earnings, before interest expenses, taxes, depreciation, and amortization are subtracted, as a proxy for a company's current operating profitability. **A Basis Point (BP)** is 1/100 of one percent. **Pari-Passu** is a Latin term that means 'on equal footing' or 'ranking equally'. It is an important clause for creditors of a company in financial difficulty which might become insolvent. If the company's **debts** are **Pari-Passu**, they are all ranked equally, so the company pays each creditor the same amount in insolvency. **LIBOR** is the average interbank interest rate at which a selection of banks on the London money market are prepared to lend to one another. **Yield to Maturity (YTM)** is the total return anticipated on a bond (on an annualized basis) if the bond is held until it matures. **Yield to Worst (YTW)** is a measure of the lowest possible yield (on an annualized basis) that can be received on a bond that fully operates within the terms of its contract without defaulting. **Free Cash Flow (FCF)** is the cash a company produces through its operations, less the cost of expenditures on assets. In other words, Free Cash Flow is the cash left over after a company pays for its operating expenses and capital expenditures. **Duration** is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates. **Debtor-in-Possession (DIP)** financing is a special kind of financing meant for companies that are in bankruptcy. Only companies that have filed for bankruptcy protection under chapter 11 are allowed to access dip financing, which usually happens at the start of a filing. Dip financing is used to facilitate the reorganization of a Debtor-in-Possession (the status of a company that has filed for bankruptcy) by allowing it to raise capital to fund its operations as its bankruptcy case runs its course. **Yield to Call (YTC)** refers to the return a bondholder receives if the bond is held until the call date, which occurs sometime before it reaches maturity. The SEC Yield is a standard yield calculation developed by the U.S. Securities and Exchange Commission (SEC) that allows for fairer comparisons of bond funds. It is based on the most recent 30-day period covered by the fund's filings with the SEC. The yield figure reflects the dividends and interest earned during the period after the deduction of the fund's expenses. It is also referred to as the "standardized yield." The **Dow Jones Industrial Average, Dow Jones, or simply the Dow,** is a price-weighted measurement stock market index of 30 prominent companies listed on stock exchanges in the United States. The **Nasdaq** Composite is a stock market index that includes almost all stocks listed on the Nasdaq stock exchange. Along with the Dow Jones Industrial Average and S&P 500, it is one of the three most-followed stock market indices in the United States.

ETF definitions: the ICE BOFA 0-3 Year U.S. Treasury Index tracks the performance of U.S. dollar denominated sovereign debt publicly issued by the U.S. government in its domestic market with maturities less than three years. **Gross Spread** is the amount by which a SPAC is trading at a discount or premium to its pro rata share of the collateral trust value. For example, if a SPAC is trading at $9.70 and shareholders' pro rata share of the trust account is $10.00/share, the SPAC has a gross spread of 3% (trading at a 3% discount). **Yield to Liquidation:** similar to a bond's yield to maturity, SPACs have a yield to liquidation/redemption, which can be calculated using the gross spread and time to liquidation. **Maturity:** similar to a bond's maturity date, SPAC also have a maturity, which is the defined time period in which they have to complete a business combination. This is referred to as the liquidation or redemption date. Price refers to the price at which the ETF is currently trading. The sec yield is a standard yield calculation developed by the U.S. Securities and Exchange Commission (SEC) that allows for fairer comparisons of bond funds. It is based on the most recent 30-day period covered by the fund's filings with the SEC. The yield figure reflects the dividends and interest earned during the period after the deduction of the fund's expenses. It is also referred to as the "standardized yield."

All performance data greater than 1 year is annualized.

Diversification does not assure a profit nor protect against loss in a declining market.

A stock is a type of security that signifies ownership in a corporation and represents a claim on part of the corporation's assets and earnings. A bond is a debt investment in which an investor loans money to an entity that borrows the fund for a defined period of time at a fixed interest rate. A stock may trade with more or less liquidity than a bond depending on the number of shares and bonds outstanding, the size of the company, and the demand for the securities. The securities and exchange commission (sec) does not approve, endorse, nor indemnify any security. Duration is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates.

Tax features may vary based on personal circumstances. Consult a tax professional for additional information.

The CrossingBridge Ultra-Short Duration Fund, Low Duration High Yield Fund, and Responsible Credit Fund are distributed by Quasar Distributors, LLC.

The CrossingBridge Pre-Merger SPAC ETF is distributed by Foreside Fund Services, LLC.

427 Bedford Road, Suite 230 | Pleasantville, NY 10570 | P: 914.741.9600 | crossingbridgefunds.com