



**QUARTERLY
COMMENTARY
Q3 2023**

ROBINSON | TAX ADVANTAGED INCOME FUND

THIRD QUARTER COMMENTARY

The Robinson Tax-Advantaged Income Fund (the “Fund”), as measured by the Fund’s Institutional Class (ROBNX), returned a negative 6.76% in the third quarter of 2023, well behind its benchmark, the Bloomberg Short-Intermediate 1-10 Years Municipal Bond Index, which returned a negative 1.95% for the quarter. Following is the third quarter attribution analysis for the Fund relative to its benchmark index:

	<u>Q3 '23</u>	-
NAV Return	- 7.41%	
Less: Duration Hedge	+ 3.36%	
Less: Expense Ratio	- 0.34%	
General Change in Discounts	- 2.26%	
Security Selection	<u>- 0.11%</u>	
ROBNX Return	- 6.76%	
Bloomberg Short-Intermediate 1-10 Year Municipal Index	- 1.95%	

The Fund seeks to neutralize the impact changes in risk-free interest rates may have on the underlying holdings of the tax-exempt closed-end funds (CEFs) it holds. The Fund does this through carefully weighted short positions in various US Treasury bond futures contracts. The net result is to isolate, as much as practical, the inherent credit spreads of the underlying investment grade portfolio of municipal bonds. The Fund’s hedging strategy also isolates tax-exempt CEF discounts. While the Fund’s hedges were highly additive (+3.36%) to its performance in the third quarter, the isolating of the Muni-Treasury taxable equivalent yield spread and CEF discounts proved to be a major drag on the Fund’s performance. The taxable equivalent yield spread between municipal bonds and Treasury bonds widened 0.50% during the quarter. While we expected some widening of credit spreads in a slowing economic environment, we are at a loss to explain why taxable equivalent municipal bond yields widened 0.70% versus investment grade corporate bond yields during the quarter. As one would expect in a rising rate environment, tax-exempt CEF discounts also widened 2.26%. The combination of yield spreads and discounts widening cost the Fund approximately 5% during the quarter—pretty much all of its underperformance relative to the benchmark.

At the end of the quarter, Robinson Capital Management’s Market Cap-Weighted National Tax-Exempt CEF Composite, tax-exempt CEF discount index we maintain on Bloomberg was at -13.5%, about 2.25% wider than the previous widest month-end level over the past 20+ years. That includes the COVID lockdown months in 2020 and the Great Financial Crisis in 2008/09. Needless to say, from an historic perspective, this is an extremely attractive entry point for the strategy, but I’ll be the first to admit the data has been suggesting that for a while now, and discounts have only gotten wider. Likewise, the taxable equivalent yield spread between municipal bonds and investment grade corporate bonds is at its widest level since the Detroit bankruptcy rocked the municipal bond market a decade ago. We have yet to see any credit research that even attempts to rationalize the current dislocation—we believe that is because there is no fundamental reason for it to exist other than a complete lack of demand from individual investors. Municipalities are rarely, if ever, more prone to default than corporate issuers, and we would argue they are even less prone in this environment on the heels of receiving \$350 billion from the American Recovery Act. The taxable bond market is dominated by institutional players, whereas the tax-exempt markets are primarily dominated by individual investors. While institutional investors have continuously rebalanced into these falling bond markets, individual investors, as evidenced by the \$148 billion of outflows in tax-exempt mutual funds over the past 21 months, as reported by the Investment Company Institute, have stayed on the sidelines.

While the Fed appears to be near the end of this rate hike cycle, it has finally convinced bond investors of its likelihood to maintain these levels of rates for longer. Bond market participants now anticipate the Fed holding these levels through at least the first half of 2024. In addition to “higher for longer”, the underlying municipal bond market and tax-exempt closed-end funds face several more headwinds in the coming months. Specifically, about a month ago tax-loss harvesting season began. Unlike last year, when most asset classes were at a loss, this year the vast majority of trailing 12-month losses are concentrated in the fixed income markets. While we believe most of the damage will be done by the end of October, sloppy retail selling over the next month could keep downward pressure on tax-exempt CEF discounts. Likewise, we are at that stage of the cycle when the bond market recalibrates longer term bond yields to reflect the Fed’s “higher for longer” stance. That process began after the Fed’s July meeting and resumed in earnest after the Fed’s most recent meeting in September. Longer term Treasury yields, as measured by the Bloomberg 10+ Year Treasury Index, have increased 0.9% since late-July. We suspect they could continue to increase, as much as 0.50%, in the coming months. As such, the Fund continues to maintain its interest rate risk hedges for maturities longer than 7-years.

Performance data quoted represents past performance and is no guarantee of future results. Total return figures include the reinvestment of dividends and capital gains. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than original cost. For the most recent month end performance, please call (800) 207-7108.

That’s a pretty gloomy near-term outlook for municipal bonds and tax-exempt CEFs; but, it isn’t all bad news. Following are our top 5 reasons for WHY NOW for the Robinson Tax-Advantaged Income Fund in these challenging times:

- Upside Potential #1:** the weighted average discount of the CEFs held in the Fund is -15.6%--the historic average discount for those same funds is -3.7%. The endgame for discounts is they go to zero.
- Upside Potential #2:** the taxable equivalent yield spread between municipal bonds and investment grade corporate bonds is at levels we haven’t seen since the Detroit bankruptcy 10 years ago. We estimate municipal bond yields are approximately 0.50% above fair value.
- Rising Rate Mitigation:** the Fund’s hedging strategy is designed to potentially neutralize the negative impact rising long-term interest rates could have on bond prices.
- Sustainability:** the Fund’s hedging strategy allows it to generate competitive income and monetize discounts whether rates are rising or falling. Over trailing 3-years, a period in which municipal bond yields increased 3% and tax-exempt CEF discounts widened nearly 6%, the Fund managed to generate a positive 0.14% annualized return, whereas the benchmark index, the Bloomberg 1-10 Year Municipal Bond Index returned a negative 1.35% annualized return, and unhedged tax-exempt CEFs returned a negative 7.10%.
- Reduced Volatility:** since the Fund’s inception nine years ago, its process for evaluating tax-exempt closed-end funds, coupled with its hedging strategy, has enabled it to generate a higher net annualized return (1.49% versus 1.36%) than the First Trust Tax-Exempt CEF Index, with 77% of the volatility.

PERFORMANCE AS OF 9/30/23

	Q3 2023	YTD	1 Year	3 Year	5 Year	Ann ITD*
ROBNX	-6.76%	-6.39%	-0.88%	0.14%	0.89%	1.49%
ROBAX	-6.82%	-6.56%	-1.13%	-0.16%	0.63%	1.24%
ROBAX w/ load	-10.29%	-10.11%	-4.82%	-1.41%	-0.13%	0.57%
ROBCX	-7.01%	-7.10%	-1.89%	-0.88%	-0.11%	0.48%
Bloomberg Short-Intermediate 1-10 Years Municipal Bond Index	-1.95%	-0.69%	2.16%	-1.34%	1.13%	1.25%

Performance data quoted represents past performance and is no guarantee of future results. Total return figures include the reinvestment of dividends and capital gains. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than original cost. For the most recent month end performance, please call (800) 207-7108. Returns showing less than one year are cumulative. The gross operating expense ratio for the Class A, C, and Institutional Shares are 2.90%, 3.65%, and 2.65%, respectively. The total net annual fund operating expenses after fee waiver and/or pay expenses reimbursements are 2.80%, 3.55%, and 2.55% for the Class A, C, and Institutional Shares, respectively. The contractual agreement between the Fund and the Advisor for fee waiver and/or expense reimbursement is in effect until April 30, 2024. Without the contractual agreement, performance would have been lower. Performance results with load reflect the deduction for Class A Shares of the 3.75% maximum front-end sales charge. Class C Shares are subject to a contingent deferred sales charge of 1.00% when redeemed within 12 months of purchase. Performance presented without the load would be lower if this charge was reflected **Because of ongoing market volatility, Fund performance may be subject to substantial short term changes.** *ITD represents inception-to-date; Inception 9/30/2014.

STANDARDIZED 30-DAY SEC YIELD - 9/30/23

	ROBNX	ROBAX	ROBCX
SEC Yield	2.77%	2.42%	1.73%
Unsubsidized Yield	2.75%	2.40%	1.71%
Tax-Equivalent Yield	4.42%	3.99%	2.55%
Unsubsidized Tax-Equivalent Yield	4.39%	3.95%	2.52%

Subsidized 30-Day SEC Yield is based on a 30-day period ending on the last day of the previous month and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period. This subsidized yield is based on the net expenses of the Fund of which the yield would be lower without the waivers in effect. Negative 30-Day SEC Yield results when accrued expenses of the past 30 days exceed the income collected during the past 30 days. Unsubsidized 30 Day SEC Yield as well as Unsubsidized Tax-Equivalent Yield are based on total expenses of the Fund. Tax-equivalent yield is for illustrative purposes only and assumes a 40.80% Federal marginal tax rate, and does not take into account any other taxes. Each individual’s actual tax burden will vary.

This communication must be preceded by or accompanied with a copy of the Fund's current [prospectus](#).

RISKS AND OTHER DISCLOSURES:

An investment in the Fund is subject to risk, including the possible loss of principal amount invested and including, but not limited to, the following risks: **Market Risk:** the market price of a security may decline, sometimes rapidly or unpredictably, due to general market conditions that are not specifically related to a particular issuer, company, or asset class. **Fixed income/interest rate risk:** A rise in interest rates could negatively impact the value of the Fund's shares. Generally, fixed income securities decrease in value if interest rates rise, and increase in value if interest rates fall, with longer-term securities being more sensitive than shorter-term securities. **Municipal Bond risk:** The underlying funds in which the Fund invests will invest primarily in municipal bonds. Litigation, legislation or other political events, local business or economic conditions or the bankruptcy of the issuer could have a significant effect on the ability of an issuer of municipal bonds to make payments of principal and/or interest. Changes related to taxation, legislation or the rights of municipal security holders can significantly affect municipal bonds and may cause them to decline in value. **Closed-end fund (CEF), exchange-traded fund (ETF) and open-end fund (Mutual Fund) Risk:** The Fund's investments in CEFs, ETFs and Mutual Funds ("underlying funds") are subject to various risks, including reliance on management's ability to manage the underlying fund's portfolio, risks associated with the fund's portfolio, risks associated with the underlying securities held by the underlying fund, fluctuation in the market value of the underlying fund's shares, and the Fund bearing a pro rata share of the fees and expenses of each underlying fund in which the Fund invests. **U.S. Treasury Futures Contracts Hedge Risk:** To the extent the Fund holds short positions in U.S. Treasury futures contracts, should market conditions cause U.S. Treasury prices to rise, the Fund's portfolio could experience a loss; and should U.S. Treasury prices rise at the same time municipal bond prices fall, these losses may be greater than if the hedging strategy not been in place. **Recent Market Events:** Periods of market volatility may occur in response to market events and other economic, political, and global macro factors, such as governmental actions to mitigate the Covid-19 pandemic, and the recent rise of inflation, could adversely affect the value of the Fund's investments. **Management and Strategy:** the evaluation and selection of the Fund's investments depend on the judgment of the Fund's Sub-Advisor about the quality, relative yield, value or market trends affecting a particular security, industry, sector or region, which may prove to be incorrect. **Leveraging Risk:** The underlying funds in which the Fund will invest may be leveraged as a result of borrowing or other investment techniques. As a result, the Fund may be exposed indirectly to leverage, and may expose the Fund to higher volatility and possible diminishment of long-term returns. In addition, future regulations may hinder or restrict an underlying fund's ability to maintain leverage; which in turn may reduce the total return and tax exempt income generated by the underlying funds and may cause a reduction in the value of the Fund's shares. **Tax Risk:** There is no guarantee that the Fund's income will be exempt from regular federal income taxes. Events occurring after the date of issuance of a municipal bond or after an underlying fund's acquisition of a municipal bond may result in a determination that interest on that bond is subject to federal income tax. The Fund's opportunistic trading strategies may also result in a portion of the Fund's distributions to shareholders being characterized as capital gains. **Portfolio Turnover Risk:** The Fund's turnover rate may be high. A high turnover rate may lead to higher transaction costs, a greater number of taxable transactions, and negatively affect the Fund's performance. **High Yield ("Junk") Bond risk:** The ETFs and Mutual Funds in which the Fund invests may invest in high yield ("junk") bonds which involve greater risks of default, downgrade, or price declines and are more volatile and tend to be less liquid than investment-grade securities. **Liquidity Risk:** There can be no guarantee that an active market in shares of CEFs and ETFs held by the Fund will exist. The Fund may not be able to sell some or all of the investments it holds due to a lack of demand in the marketplace or other factors such as market turmoil, or if the Fund is forced to sell an asset to meet redemption requests, it may only be able to sell those investments at a loss. **Derivatives Risk:** The Fund and the underlying funds may use futures contracts, options, swap agreements, and/or sell securities short. Futures contracts may cause the value of the Fund's shares to be more volatile and expose the Fund to leverage and tracking risks; the Fund may not fully benefit from or may lose money on option or shorting strategies; swaps may be leveraged, are subject to counterparty risk and may be difficult to value or liquidate.

Diversification does not assure a profit or protect against a loss.

Credit Spreads are the difference between the quoted rates of return on two different investments, usually of different credit qualities but similar maturities.

The Bloomberg Short-Intermediate 1-10 Years Municipal Bond Index is an unmanaged index that measures the performance of municipal bonds with time to maturity of between one and ten years.

One cannot invest directly in an index.

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The views expressed in this material reflect those of the Fund's Sub-Advisor as of the date this is written and may not reflect its views on the date this material is first published or anytime thereafter. These views are intended to assist shareholders in understanding the Fund's investment methodology and do not constitute investment advice. This material may contain discussions about investments that may or may not be held by the Fund. All current and future holdings are subject to risk and to change. To the extent this report contains forward looking statements, unforeseen circumstances may cause actual results to differ materially from the views expressed as of the date this was written.

Liberty Street Advisors, Inc. is the advisor to the Fund. The Fund is part of the Liberty Street family of funds within the Investment Managers Series Trust.