BRAMSHILL MULTI-STRATEGY INCOME FUND

October 2023

MONTHLY INSIGHTS

A Closer Look at U.S. Real Estate & Investment Opportunities in Securitized Products

Liberty Street Funds

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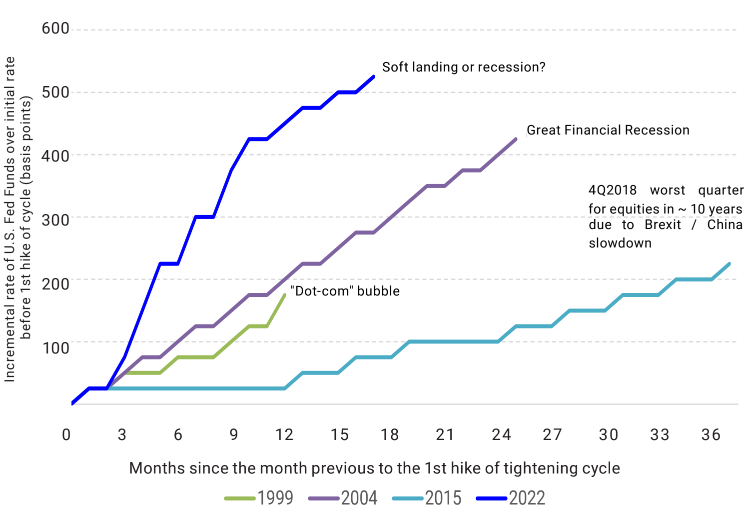
Portions of U.S. Real Estate markets may be stressed, but not all investments secured by them will be impaired

A Closer Look at U.S. Real Estate & Investment Opportunities in Securitized Products

Overview of the U.S. Real Estate Market

With the U.S. Federal Funds Rate skyrocketing as quickly as it did over the past year and a half, after over a decade of a virtually near zero interest rate policy, it shouldn't have come as a complete surprise that the economics of most mortgage-related assets and investments have been completely upended. The potential impairment of such assets was one of the major causes of the regional banking crisis earlier this year. Further, one of the hottest debates right now is whether this unprecedented rise in rates over the past year and half may still result in a "soft landing" scenario for the U.S. economy despite the "near-miss" of the regional banking crisis earlier this year. Although we are not tackling that debate today, the regional banking crisis did clearly demonstrate to us that there are still some rather large holes from impaired fair market values of assets and investments that some institutions continue to hold on their balance sheets considering the U.S. Federal Reserve Bank has been explicit about staying "higher for longer." Below is a comparison of this current tightening cycle versus previous tightening cycles since 1999 and the results of each cycle. When comparing previous cycles to this current, steepest ascent, we do feel that the full effects of the 500+ basis points of tightening may not have fully worked its way through the economy as of yet.

U.S Fed Tightening Cycles Over Past 25 Years



Sources: Bloomberg: Federal Funds Target Rate – Upper Bound

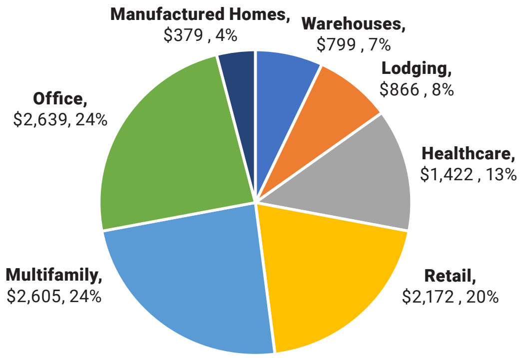
As we are constantly monitoring the mortgage-related universe as it constitutes the majority of Securitized Products, it is important to note how large it is and how it is composed from a borrower and funding perspective. The total value of residential real estate in the U.S. is approximately $44.5 trillion.[1] Comparing to the total market capitalization of public U.S. companies which was approximately $46.2 trillion as of 6/30/23[2], we should not underestimate how important of an asset class residential real estate continues to be for the U.S. economy as well as personal wealth for the many U.S. consumers that own, invest or have jobs reliant on residential homes. Further, given the size of this market, it is also important to reiterate how destructive it could be for the U.S. economy if the residential real estate market loses significant value, similar to what occurred during the Great Financial Crisis ("GFC") about a decade and a half ago. For example, every 1% decline in property value, nationally, would equate to an approximate $450 billion loss of asset value as of today. Between July 2006 and February 2012, the S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index decreased approximately 27%.

From a funding perspective, residential mortgage debt in the U.S. totaled approximately $13.8 trillion.[1] An extremely large figure when compared to the fact that the total deposits at all commercial banks in the U.S. as of 9/30/23 was approximately $17.3 trillion.[3] Nevertheless, it is important to highlight that there are other funding sources for residential mortgage debt outside of commercial banks.

Despite the sheer size of the residential real estate market, the commercial real estate market has been grabbing more of the recent headlines considering the exposure regional banks have to the sector per news reports. Although quite sizable indeed, the U.S. commercial real estate market is approximately a mere quarter of the U.S. residential real estate market. Further, there are many uses for commercial real estate versus residential, such as multifamily (housing), office, retail, lodging, industrial, etc. Below is an overview of how the property types break down across the approximate $10.9 trillion commercial real estate market.

(1) Urban Institute: Housing Finance At a Glance - A Monthly Chartbook (September 2023)
(2) Siblis Research – Total Market Value of the U.S. Stock Market
(3) FRED (St Louis Fed Economic Data)

U.S. Commercial Real Estate Market Values ($) by Property Type



Sources: Morgan Stanley – Spring Training – CRE & REITS (May 11, 2023)

From a funding perspective, commercial real estate mortgage debt as of the end of the second quarter of 2023 was approximately $4.6 trillion.[4] Although the amount of mortgage debt is lower than the residential real estate market, it is worth highlighting that it's generally a more levered market. Intuitively, this is logical as there is a typical "American dream" for U.S. Consumers to buy their homes and pay-off their mortgages, whereas many businesses that own and invest in properties are incentivized to maintain leverage on their real estate investments in order to meet return objectives and be more tax-efficient for their businesses.

U.S. Residential & Commercial Property Value and Mortgage Debt

U.S. Real Estate	Property Value	Mortgage Debt	Loan-To-Value
Residential	44.5 tn	13.8 tn	~31%
Commercial	10.9 tn	4.6 tn	~42%
Total	55.4 tn	18.4 tn	~33%

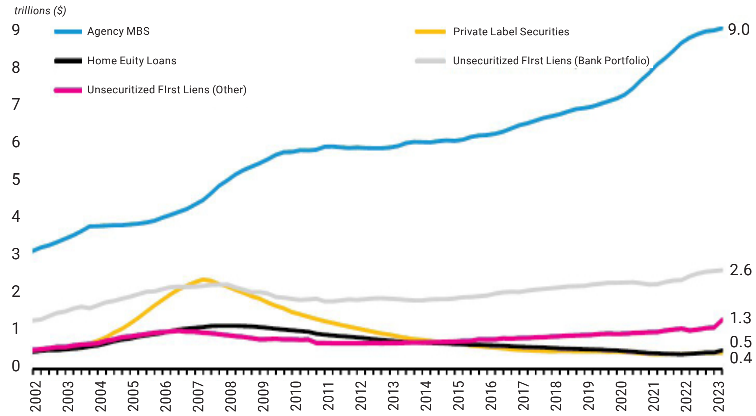
Source: Urban Institute: Housing Finance At a Glance - A Monthly Chartbook (September 2023), Morgan Stanley, Mortgage Bankers Association

Funding Composition of the U.S. Real Estate Market

Prior to the GFC, the non-agency MBS ("Mortgage-Backed Securities") market was gaining share as a source of funding for the residential real estate market as can be seen in the yellow line in the next chart. At the time, the growing sector created more competition to originate mortgages away from the Government Sponsored Enterprises ("GSEs" such as Fannie Mae and Freddie Mac) as well as government programs such as Ginnie Mae. There was a huge drive politically to promote homeownership across the U.S. and credit boxes for non-agency originations expanded aggressively to target first time homebuyers and underserved communities, even with lower credit scores. However, due to the dramatic drop of home values during the GFC there was a precipitous decline in values in generally all MBS which was one of the major causes that led both Fannie Mae and Freddie Mac to become nationalized in September 2008. Since that time, given the backing from the U.S. Government as well as a nearly zero-interest rate policy for over a decade, it's no surprise to see the funding of the residential mortgage market be completely dominated by Agency MBS, currently, representing approximately 66% of the total residential mortgage market ($9.0 trillion out of the $13.8 trillion total).

(4) Morgan Stanley, Mortgage Bankers Association

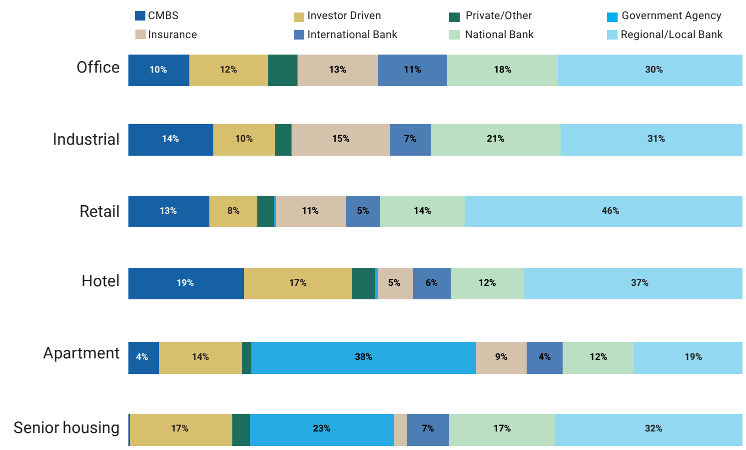
Funding Composition of the Residential Real Estate Market



Source: Urban Institute: Housing Finance At a Glance - A Monthly Chartbook (September 2023)

On the other hand, commercial real estate is not as dominated by the U.S. Government since they imposed the new oversight on the Agencies during the GFC. As a recap, the Housing and Economic Recovery Act of 2008 established the Federal Housing Finance Agency ("FHFA") which became responsible for the effective supervision and regulation of Fannie Mae, Freddie Mac, and the Federal Home Loan Bank ("FHLB") System as well as dictating their "housing mission." FHFA's mission was established to "ensure the regulated entities fulfill their mission by operating in a safe and sound manner to serve as a reliable source of liquidity and funding for the housing finance market throughout the economic cycle." As a result, since the commercial real estate market does not receive as much governmental oversight it has remained much more fragmented, especially when you view it by property type.

Funding Composition of the Commercial Real Estate Market by Property Type (2022)



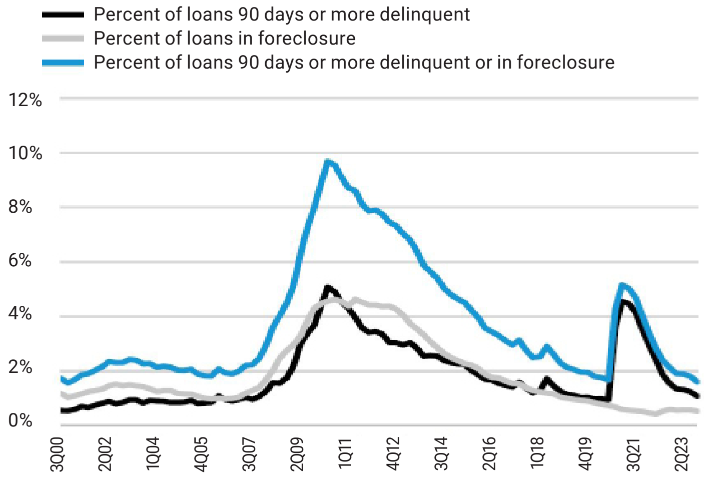
Sources: Morgan Stanley – Spring Training – CRE & REITS (May 11, 2023)

As demonstrated by the chart above, government agencies are a small portion of the funding of the commercial real estate market as they are not mandated to lend on any Property Types aside from Apartments (aka Multi-Family) and Senior Housing. Even within these property types government agencies do not fund a majority of these markets, they fund less than 40% of Apartments and less than 25% of Senior Housing, as opposed to their approximate 66% market share of funding they provide to the residential real estate market, as previously discussed. We do view that commercial mortgage loans originated by government agencies on Apartments and Senior Housing provide a good source of liquidity and stability to these subsectors versus other commercial real estate sectors.

Fundamentals of the U.S. Real Estate Market

Despite the historic tightening cycle of the U.S. Federal Funds Rate discussed earlier, the residential real estate market's fundamentals have remained relatively stable thus far. This is important to note considering how big this market is and how much exposure the GSEs, major money-center banks and regional banks continue to have to this sector.

Loan in Serious Delinquency / Foreclosure



Sources: Mortgage Bankers Association and Urban Institute (Housing Finance At a Glance – A Monthly Chartbook – September 2023)

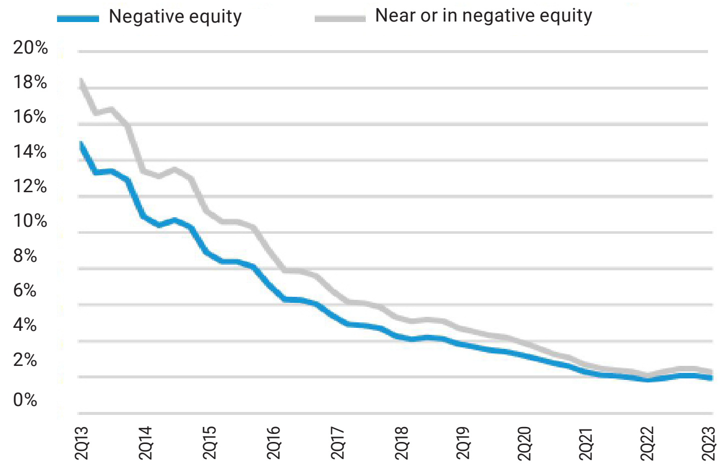
Much of this continued strength in this market can obviously be attributed to the lack of supply of residential housing inventory. The next chart shows how "months of supply" continues to remain below the long-term historical average going back to the 1990's after recovering from the oversupply post-GFC.

Months of Supply

Sources: Morgan Stanley (U.S. Housing Tracker – October 2023)

The limited supply of inventory alongside the astronomical growth in Home Price Appreciation ("HPA") stemming from the increased demand for homes at the onset of the COVID-19 pandemic, has resulted in an environment with the least amount of borrowers with negative equity over the past decade. We remain very constructive on the opportunities in the residential real estate market, however, we remain vigilant knowing that these strong fundamentals are starting to deteriorate which is why we are focusing on investments secured by assets with more positive attributes than others (i.e. more equity, more seasoning, higher credit scores, etc.).

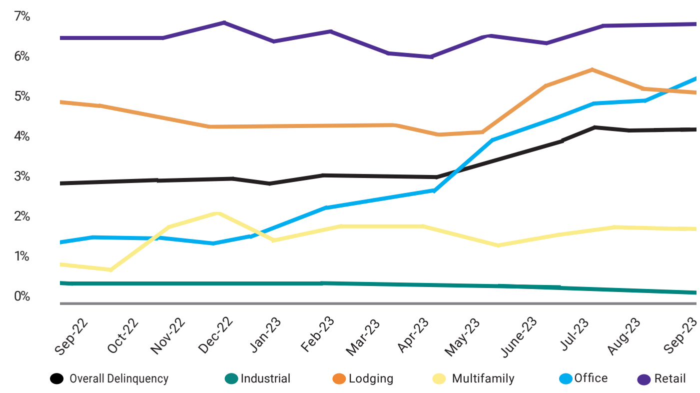
Negative Equity Share



Sources: Urban Institute – Housing Finance At a Glance – A Monthly Chartbook (September 2023)

The commercial real estate market is much more bifurcated from a fundamental perspective. Namely because the various property types have endured different cycles of supply and demand since the onset of the COVID-19 pandemic in the beginning of 2020. Retail, which has underperformed other property types since the GFC, continued to underperform during the heights of the COVID-19 pandemic but has recently started to revert back down towards the Commercial Mortgage-Backed Securities ("CMBS") overall delinquency average. Lodging, which was a stronger performer post-GFC, underperformed greatly at the beginning of the COVID-19 pandemic as travel to and within the U.S. was abruptly halted and has recovered slowly ever since. This sector has also started to revert to the CMBS overall delinquency average. On the other side of the spectrum, Industrial properties have performed and continue to perform extremely well because of the increased demand for services, such as warehousing online retailer inventory (i.e. Amazon) and computing hardware and data storage, both of which demand vast amounts of industrial space. Unfortunately, there are not abundant options to invest in Industrial property types on a standalone basis since it is a smaller sub-sector which tends to be mixed into larger more diversified portfolios in non-agency CMBS securitizations. Multifamily has performed relatively well because of the similar tailwind that has benefitted the residential real estate market stemming from the lack of supply. Office, performed well during the beginning of the COVID-19 pandemic, because many businesses were still holding onto their office space not knowing when and how the remote-work cycle, that ballooned during the pandemic, would affect their businesses. However, now that remote-work has become more embedded in the U.S. workforce culture than ever before, we are observing a considerable downsizing of office space across many businesses across the country. As these business leases start to expire and are either not being renewed or renegotiated to much lower rental levels it is leading this property type to be the weakest property type within the CMBS space as can be seen from the chart below. May 2023 marked the first month that Office property type delinquencies were higher than the CMBS overall delinquency average and September 2023 marked the first month that they were higher than Lodging property type delinquencies.

CMBS Delinquency Rates by Major Property Type



Sources: Trepp

Please refer to our Monthly Insights from July 2023 for further information in regards to our thoughts on Securitized Product opportunities with respects to the Commercial Real Estate market as we go into more detail in that edition. In summary, we continue to remain very constructive on Multifamily and Industrial properties in the CMBS space, while avoiding Office, Retail and Lodging until we see the fundamentals in those sectors have “bottomed out” and price discovery has firmed for their property valuations in this current “higher for longer” rate environment.

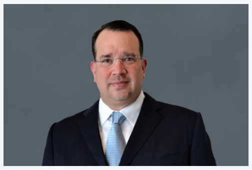
By taking all the factors into account and focusing on loss-adjusted total returns, we expect the following in regards to investments related to U.S. real estate investments for the remainder of 2023 and heading into 2024:

1. Given the universe of over tens of trillions of dollars of real estate related Securitized Products we can invest in, we will continue to remain selective and focus on investments that are secured by underlying assets with stronger fundamentals such as residential properties with prime borrowers and multifamily commercial properties. More specifically, since we can be very tactical and are not constrained or forced to buy "the market" being able to invest in such a large swath of investments within the Securitized Products space we don’t rely on one way to source assets. Being able to be selective and skip new issue deals that do not have collateral with seasoning is a huge advantage. Instead, we can focus on investments in pools of mortgage loans that were originated in 2020 and earlier as they’ve experienced a great deal of positive HPA since they were securitized into the given deal. This results in the underlying borrowers having more equity cushion in the assets they own, which should result in lower defaults and severities if they experience any life events or extraordinary circumstances. We can also continue to avoid non-agency conduit CMBS transactions as they tend to include Office, Retail and Lodging properties which tend to have a higher probability of being impaired in the current market of higher refinancing rates. We feel the selective investments we are focused on in these markets should outperform the total universe of real estate related Securitized Products on a risk-adjusted total return basis.

2. After the fundamentals flow through and “bottom out” (i.e. U.S. HPA indices stop decreasing), defaults, recoveries and potentially credit spreads should reach more distressed levels than they are currently trading at, which should potentially lead to sales of securities at very attractive valuations. We will look to make opportunistic investments in a wider array of investments secured by U.S. real estate that offer good risk-adjusted total returns.

We believe that all-in-all the backdrop of a weakening economy and a hawkish U.S. Federal Reserve Bank (albeit in the later stages) will be a good foundation for most fixed income, especially in select Securitized Products such as non-agency RMBS and certain CMBS sectors, and will help highlight that good asset selection resulting from a repeatable process with a long track record will allow Bramshill Investments to outperform our peers.

Contributors:



Paul van Lingen
Sr. Managing Dir. & Portfolio Manager
30 years experience

Ara Balabanian
Managing Dir. & Portfolio Manager
23 years experience

Bramshill Multi-Strategy Income Fund Top 10 Holdings as of 9/30/23 (% of Net Assets excluding cash): UNITED STATES TREAS 0.0000% 02/22/24 8.36, WAL 2021-CL2 M3 MTGE VAR RATE 07/25/2059 4.47, TRICON AMER HOMES TR 5.1040% 01/17/36 4.24, MILL CITY MTG LN TR VAR RT 04/25/57 3.45, WAL 2021-CL2 M4A MTG VAR RATE 07/25/2059 2.29, FARM 2023-1 B MTGE VAR RATE 3/25/52 2.25, STRUCT AGENCY CREDIT VAR RT 10/25/2027 2.16, LSTAR SECS INVT 2023 VAR RT 01/01/28 2.15, AMSR TRUST 2020-SFR1 8.1930% 04/17/37 2.14, and WAL 2021-CL2 M2 MTGE VAR RATE 07/25/2059 2.11.

Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security.

Before investing you should carefully consider the Bramshill Multi-Strategy Income Fund's investment objectives, risks, charges and expenses. This and other information about the Fund is in the prospectus and summary prospectus, a copy of which may be obtained by calling 800-207-7108 or by visiting the Fund's website at www.libertystreetfunds.com. Please read the Fund's prospectus or summary prospectus carefully before investing.

RISKS AND OTHER DISCLOSURES:

Effective December 1st, 2022, Bramshill Investments, LLC is the Fund's Sub-advisor responsible for managing the Fund's portfolio, replacing the Fund's prior sub-advisor, and the Fund's name changed to Bramshill Multi-Strategy Income Fund. Effective April 30, 2023, changes were made to the Fund's principal investment strategy. While the Fund will still invest in securitized products such as residential mortgage-backed securities ("RMBS") and asset-backed securities, it may not focus its investments in RMBS, and the strategy may include investments in other fixed income opportunities. No changes were made to the Fund's investment objective.

An investment in the Bramshill Multi-Strategy Income 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:** Generally, fixed income securities decrease in value if interest rates rise, and increase in value if interest rates fall. **High Yield ("Junk") bond:** involve greater risk of default, downgrade, or price declines, can be more volatile and less liquid than investment-grade securities. **Securitized Products:** such as mortgage-backed and asset-backed securities, are subject to prepayment risk, "extension risk" (repaid more slowly), credit risk, liquidity and default risks. **Liquidity:** the Fund may not be able to sell some or all of the investments that it holds due to a lack of demand in the marketplace or it may only be able to sell those investments at a loss. Liquid investments may become illiquid or less liquid after purchase by the Fund, Illiquid investments may be harder to value, especially in changing markets. **Valuation:** From time to time, the Fund will need to fair-value portfolio securities at prices that differ from third party pricing inputs. This may affect purchase price or redemption proceeds for investors who purchase or redeem Fund shares on days when the Fund is pricing or holding fair-valued securities. Such pricing differences can be significant and can occur quickly during times of market volatility. **Credit Risk:** If an issuer or guarantor of a debt security held by the Fund or a counterparty to a financial contract with the Fund defaults or is downgraded or is perceived to be less creditworthy, the value of the Fund's portfolio will typically decline. The Fund's securities are generally not guaranteed by any governmental agency. **Real estate market:** property values may fall due to various economic factors. **Management and Strategy:** the evaluation and selection of the Fund's investments depend on the judgment of the Fund's Sub-Advisor, which may prove to be incorrect. **Government Securities:** securities issued or guaranteed by the U.S. government or its agencies (such as securities issued by Ginnie Mae, Fannie Mae, or Freddie Mac) are subject to market risk, interest rate risk and credit risk. **Sector:** emphasis of the Fund's portfolio on a specific sector may present more risks than if the portfolio were broadly diversified over numerous sectors. **Collateralized Loan Obligations:** subject to interest rate, credit, asset manager, legal, regulatory, limited recourse, liquidity, redemption, and reinvestment risks. **Recent Market Events:** Periods of market volatility may occur in response to market events and other economic, political, and global macro factors, such as the Covid-19 pandemic, government actions to mitigate its effects, and the rise of inflation, could adversely affect the value and liquidity of the Fund's investments. **Non-diversification:** focus in the securities of fewer issuers, which exposes the Fund to greater market risk than if its assets were diversified among a greater number of issuers. Repurchase agreement: may be subject to market and credit risk. **Reverse repurchase agreement**: risks of leverage and counterparty risk. **Leverage**: The use of leverage may magnify the Fund's gains and losses and make the Fund more volatile. **Derivatives:** derivative instruments (e.g. short sells, options, futures) involve risks different from direct investment in the underlying assets, including possible losses in excess of amount invested or any gain in portfolio positions. **Municipal Bonds**: payment of principal and interest on these obligations may be adversely affected by a variety of factors at the state or local level. **Leveraged Loan:** subject to the risks typically associated with debt securities, and may be more credit sensitive. **Equity:** The value of equity securities may fall due to general market and economic conditions, perceptions regarding the real estate industry, or factors relating to specific companies. **Preferred Stock:** subject to company-specific and market risks applicable generally to equity securities and is also sensitive to changes in the company's creditworthiness, and changes in interest rates. **ETF:** Investing in an ETF will provide the Fund with exposure to the securities comprising the index on which the ETF is based and will expose the Fund to risks similar to those of investing directly in those securities. **LIBOR:** Many financial instruments use a floating rate based on the London Interbank Offered Rate ("LIBOR"), which is being phased out. Any effects of the transition away from LIBOR could result in losses.

The Fund may not be suitable for all investors. We encourage you to consult with appropriate financial professionals before considering an investment in the Fund.

S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index: measures the changes in the value of residential single-family homes in the U.S.

Loan to Value: is the ratio of a loan to the value of an asset purchased**. Basis Point:** is one hundredth of 1 percentage point.

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 in understanding the Fund's investment methodology and do not constitute investment advice.

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