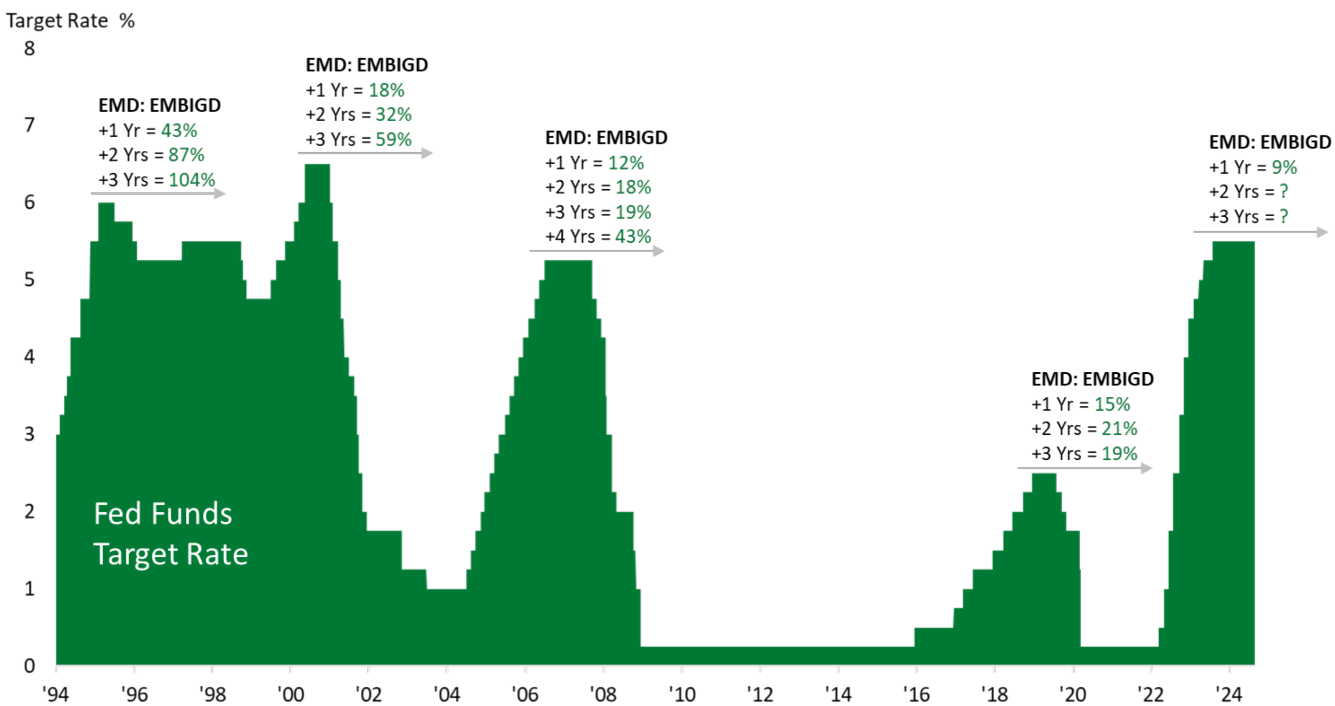
EMERGING MARKETS FIXED INCOME
OPPORTUNITY IN THE FED'S EASING WAVE

After two years of an aggressive Federal Reserve ("Fed") tightening cycle whereby the Federal Open Market Committee ("FOMC") raised the federal funds target rate by 525 basis points, making it the fastest tightening cycle in four decades, we are finally on the cusp of a first rate cut by the Fed later this month. With U.S. inflation having come down drastically from its peak of 9.1% in mid-2022 (although still short of the 2% target) and with a softening labor market, some investors are currently pricing in 200 basis points of Fed cuts through the end of 2025, with a 25 to 50 basis point cut expected this September.

The Emerging Markets ("EM") fixed income asset class has potential to be a beneficiary of an easing cycle by the Fed. Historically, the average cumulative return of the EMBI Global Diversified Index ("EMBIGD") was 19%, 39% and 50% in the 1, 2 and 3 years, respectively following the conclusion of a hiking cycle in the U.S. (see Exhibit 1).

Exhibit 1: EM debt performs well following the conclusion of a Federal Reserve hiking cycle



Source: Bloomberg and JPMorgan. Data as of August 31, 2024.

There are three primary reasons why we believe EM debt could benefit in this easing cycle as well.

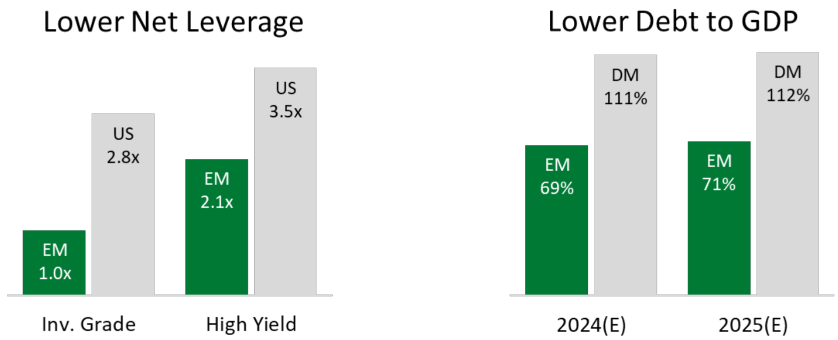
1. *Fed easing creates space for EM Central Banks to follow suit, which could lead to a positive feedback loop to local growth and fundamentals*

   When the Fed begins to cut rates, several key EM central banks may find themselves in a position to follow suit and lower interest rates, thereby boosting economic growth and fundamentals domestically by making borrowing cheaper for corporates and consumers. For countries with significant debt, lower interest rates can reduce the cost of servicing debt, freeing up resources for other productive uses such as infrastructure. Considering the historically strong connection between Latin America and Fed policy, we anticipate that central banks in the region, including those in Chile, Colombia and Mexico, may seize the opportunity presented by the Fed's cuts this September to enact their own reductions amidst slower than anticipated economic activity and expectations that inflation metrics continue to trend toward target ranges.

2. *EM debt yields supported by solid fundamentals*

EM debt is currently offering compelling yields, with the JPMorgan EMBI Global Diversified Index yielding 7.9% and the JPMorgan CEMBI Broad Diversified Index yielding 6.5% (as of September 4th). These figures represent significant increases of 160 and 76 basis points over the last decade's average, respectively. Such attractive valuations are bolstered by the strong fundamentals of EM sovereigns and corporates compared to their developed market ("DM") counterparts (see Exhibits 2 & 3).

Exhibits 2 & 3: EM economies and companies have half the debt to GDP and half the net leverage of DM

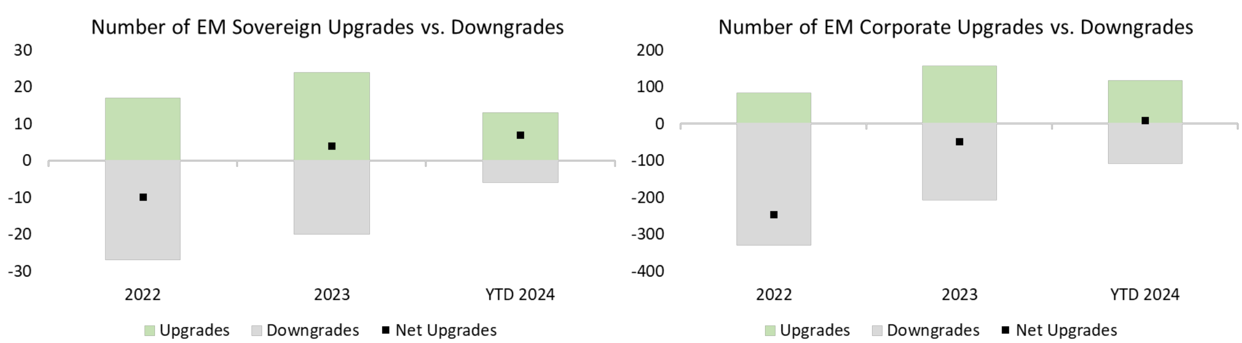


Source: JPMorgan, Bloomberg, IMF World Economic Outlook (April/July 2024). As of August 2024.

Over the past few years, EM economies have demonstrated remarkable resilience, driven by several key factors: proactive central banks implementing effective monetary policies, prudent macroeconomic strategies, substantial foreign exchange reserves providing stability, and proactive liability management during low interest rates. This robust framework fuelled economic growth, with EM GDP surprising at 4.3% in 2023, significantly outpacing the 1.6% growth in developed markets. Similar trends are expected by the IMF for 2024.

Additionally, positive structural reforms have led to a wave of credit rating upgrades for EM sovereigns, which in turn have enhanced corporate credit ratings (see Exhibits 4 & 5). This upward trend in ratings reduces borrowing costs, thereby strengthening fundamentals and setting the stage for improved bond performance over time.

Exhibits: 4 & 5: Net upgrades have turned positive on the back of improving fundamentals and solid policymaking



Source: JPMorgan, Bloomberg, S&P, Fitch and Moody's. Sovereign data as of June 15, 2024; Corporate data as of July 18, 2024.

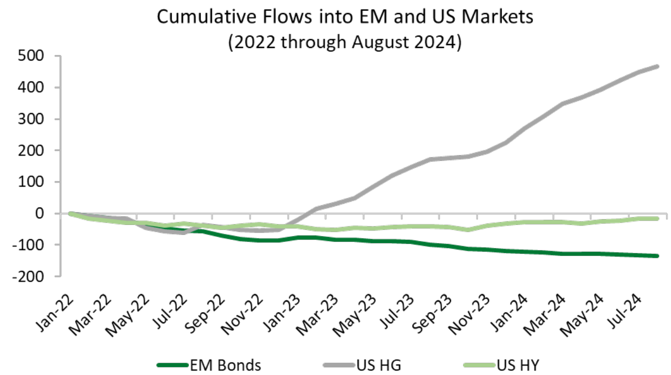
3. *Improved global risk sentiment could drive inflows into the asset class following years of substantial outflows*

EM bond funds faced substantial outflows of approximately $90 billion (bn) in 2022, with the flows evenly divided between hard currency and local currency. This trend continued in 2023, resulting in an additional

$34bn in outflows, $25bn of which came from hard currency. As of August 2024, there were additional outflows from EM debt of $16bn, bringing the total cumulative outflow to $134bn since early 2022. In contrast, U.S. investment grade and U.S. high yield bond funds saw cumulative inflows of $241bn and $17bn, respectively, from 2022 through August 2024. Despite the ongoing significant outflows from EM bond funds, the EMBI GD and CEMBI BD delivered impressive positive returns of 11.1% and 9.1% in 2023. Through August 31st, 2024, returns are also trending nicely at 6.7% and 7.2%, respectively (data sourced from JPMorgan).

We believe these trends indicate that investor allocations to EM debt are at multi-year lows, positioning the asset class for a potential rebound once the Fed initiates its easing cycle and global risk sentiment improves (see Exhibit 6).

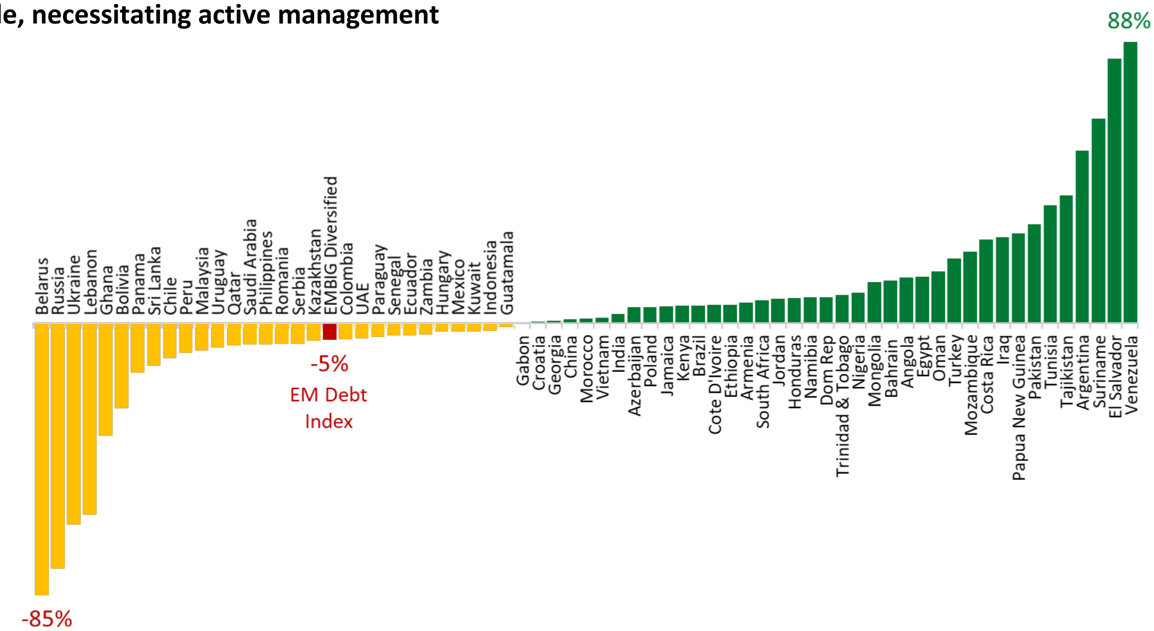
Exhibit 6. After almost three years of outflows, EM debt technicals are set to become a powerful tailwind



Source: EPFR, Bloomberg, JPMorgan Weekly Flows Monitor as of August 30, 2024. EM Flows Weekly includes fund flow data, non-resident EM portfolio flow data, weekly retail fund flow models, EM-dedicated retail bond fund beta trackers, and historical cross-asset fund flows.

While the global macroeconomic environment has become more favorable for EM debt and fundamentals are improving, we believe active management is essential for navigating the diverse opportunities within the EM debt space as well as addressing potential tail risks, such as rising geopolitical tensions or increased volatility surrounding the upcoming U.S. Presidential election in November, which may impact some EM economies and companies more than others. The significant potential for dispersion of performance within EM debt underscores the necessity for a strong team of EM research analysts and portfolio managers who possess a deep understanding of the intricacies of EM credit (see Exhibit 7).

Exhibit 7: EM debt index performance by country since September 2021 shows that dispersion of returns is wide, necessitating active management



EM Debt Index = JPM EMBI Global Diversified Index. As of August 31, 2024. Source: Bloomberg, JPMorgan. Country data reflects that of the EMBIG Diversified sub-indices. The Emerging Market Bond Index Global Diversified (EMBIG Diversified) and its relevant sub-indices provide full coverage of the USD-denominated EM sovereign bond asset class with representative countries, investable instruments (sovereign and quasi-sovereign), a diversified allocation scheme and transparent rules.

In conclusion, we believe the upcoming easing cycle by the Federal Reserve could represent a significant opportunity for EM debt. Historically, the EM debt space has performed well following U.S. rate cuts, and with EM central banks likely to lower rates to stimulate growth, the asset class is positioned for the potential for compelling returns. Potential competitive yields, supported by solid fundamentals and a rebound in global risk sentiment, further enhance its appeal. However, the complexities and potential risks inherent in EM debt necessitate active management. By leveraging expertise and thorough research, investors can navigate this dynamic landscape and potentially capitalize on diverse opportunities offered by EM debt.

Before investing you should carefully consider the 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.

An investment in the Gramercy Emerging Markets Debt 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. **Foreign Investment:** the prices of foreign securities may be more volatile than the prices of securities of U.S. issuers because of economic and social conditions abroad, political developments, changes in the regulatory environments of foreign countries, and changes in U.S. laws regarding such countries. **Emerging Markets:** many of the risks with respect to foreign investments are more pronounced for investments in issuers in developing or emerging market countries. Emerging market countries tend to have more government exchange controls, more volatile interest and currency exchange rates, less market regulation, and less developed and less stable economic, political and legal systems than those of more developed countries. **High Yield ("Junk") bond**: involve greater risk of default, downgrade, or price declines, can be more volatile and less liquid than investment-grade securities. **Credit:** 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. **Convertible Securities:** are subject to market and interest rate risk and credit risk. **Contingent Convertible Securities:** subject to the risk of a triggering event occurring which may result in the issuer converting the security to an equity interest, cancelling interest payments, or writing down the principal value of such securities, and are inherently risky because of the difficulty of predicting triggering events. **Foreign Sovereign Debt**: Foreign governments rely on taxes and other revenue sources to pay interest and principal on their debt obligations. The payment of principal and interest on these obligations may be adversely affected by a variety of factors. **Currency Risk:** the values of investments in securities denominated in foreign currencies increase or decrease as the rates of exchange between those currencies and the U.S. dollar change. Currency conversion costs and currency fluctuations could erase investment gains or add to investment losses. **Prepayment or Call Risk:** if interest rates fall, an issuer may exercise the right to prepay their securities, and the Fund will not benefit from the rise in market price that normally accompanies a decline in interest rates. The Fund may also lose any premium it paid on the security. **ESG Criteria**: the Fund's consideration of ESG criteria in making its investment decisions may affect the Fund's exposure to risks associated with certain issuers; the criteria can result in excluding securities of certain issuers; there are significant differences in interpretations of what it means for a company to have positive or negative ESG characteristics. **Inflation**: risk that as inflation increases, the real value of the Fund's assets can decline. This risk is greater for fixed-income instruments with longer maturities. **Derivatives**: Using derivatives exposes the Fund to additional or heightened risks, including leverage risk, liquidity risk, valuation risk, market risk, counterparty risk, and credit risk. **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**: the sales price the Fund could receive for any particular portfolio investment may differ from the Fund's valuation of the investment, particularly for securities that trade in thin or volatile markets or that are valued by the Adviser using a fair value methodology. 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. The value of foreign securities, certain fixed income securities, and currencies may be materially affected by events after the close of the market on which they are valued but before the Fund determines its net asset value. **Portfolio Turnover Risk:** active and frequent trading of the Fund's portfolio securities may lead to higher transaction costs and could negatively affect the Fund's performance. **No Operating History**. The Fund is recently organized and has no operating history. As a result, prospective investors have no track record or history on which to base their investment decisions. **Management and Strategy Risk**: the evaluation and selection of the Fund's investments depend on the judgment of the Fund's Sub-Adviser, which may prove to be incorrect. **Recent Market Events:** periods of market volatility may occur in response to market events and other economic, political, and global macro factors, and could adversely affect the value and liquidity of the Fund's investments. Debt to GDP – is the metric comparing a country's public debt to its gross domestic product (GDP). Net Leverage – means the ratio of net financial debt (sum of interest-bearing loans and borrowings, current and non-current, less cash and cash equivalents) to Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA). Yields – refers to how much income an investment generates, separate from the principal.

JPM EM Equal Weight Index - is composed of 33.3% JP Morgan Corporate Emerging Market Bond Index Broad Diversified, 33.3% JP Morgan Emerging Markets Bond Global Diversified Index, and 33.3% JP Morgan Government Bond Emerging Market Global Diversified Index. The JPM Emerging Market Bond Index Global Diversified (EMBI Global Diversified) is a uniquely weighted USD-denominated emerging markets sovereign index. It has a diversified allocation scheme which allows a more even distribution of weights among the countries in the index. The JPM Corporate Emerging Market Bond Index (CEMBI) Broad Diversified is a comprehensive USD-denominated corporate emerging markets bond index, with broad issuer coverage (including small and short-dated bonds) and a diversified weighting scheme. The JPMGBI-EM Global Diversified version is a comprehensive global emerging markets index of local government bond debt offering a diversified weighting scheme and broad country coverage.

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