The Case for Emerging Markets Debt

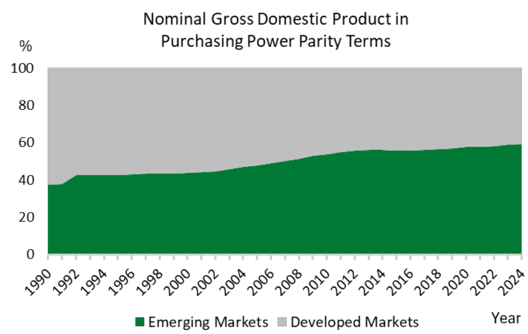
September 2024

EMERGING MARKETS FIXED INCOME AS A STRATEGIC ALLOCATION FOR INVESTORS

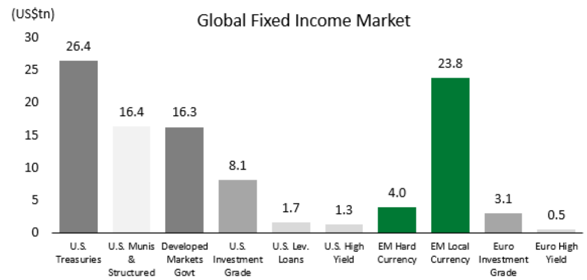
The Emerging Markets (EM) fixed income asset class is well placed to play a role in diversified investment portfolios, both as a potential driver of return and a risk mitigator.

A. Emerging Markets are too big to ignore

- EM economies now account for over half of global Gross Domestic Product (GDP).
- The EM fixed income asset class currently represents almost 30% of the global fixed income market.
- The hard currency EM debt market is 3x larger than the U.S. High Yield market.



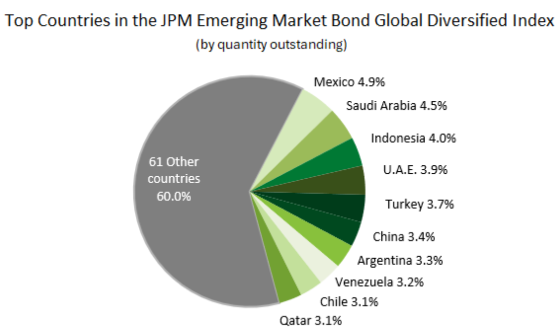
IMF World Economic Outlook, April 2024



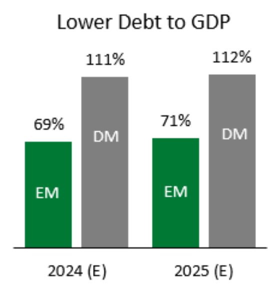
Source: JPMorgan, December 31, 2023.

B. EM fixed income is diversified and over 50% investment grade

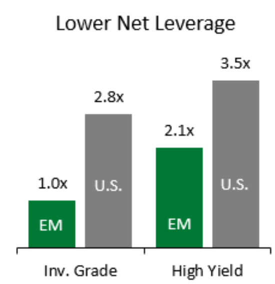
- The EM fixed income market includes debt issued by 80 countries and over 1000 issuers in 60 countries.
- Emerging market economies and companies are run more conservatively with half the debt to GDP and half the net leverage.



Source: JPMorgan. June 30, 2024.



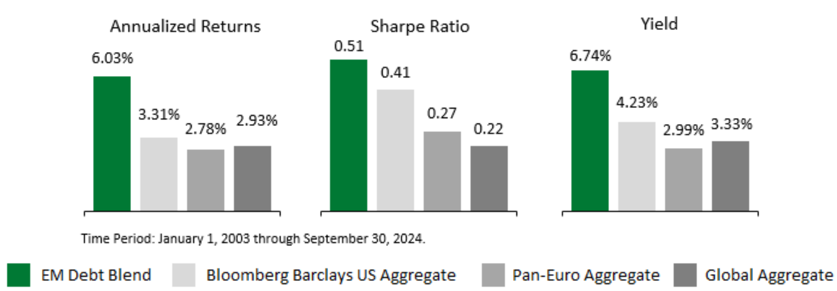
Source: IMF World Economic Outlook, April 2024



Source: JPMorgan, June 2024.

C. Over the last 20+ years, EM debt has had stronger returns, higher Sharpe ratios and better yields than developed markets

- The combination of higher yields and diversification benefits have allowed emerging markets to provide compelling risk adjusted returns relative to other markets.

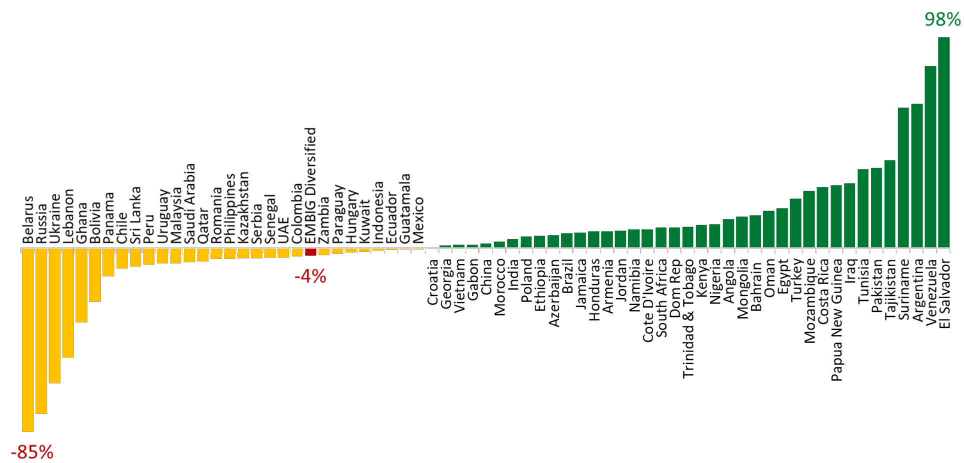


As of September 30, 2024. Source: Bloomberg, JPMorgan. EMD Blend Index = JPMorgan EM Equal Weight Index, Aggregate Indices = Bloomberg Aggregate Unhedged USD Index, Past performance is not necessarily indicative of future results.

D. EM debt is not a place for passive investors or closet indexers

- At only 6% of the index in September 2021, Russian and Ukraine cost investors over 500bps of performance contribution.

EM debt Index Performance by Country Amid Current Drawdown (Since Sept 2021)



EM debt Index = JPM EMBI Global Diversified Index. As of September 30, 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.

E. Historical drawdowns have proven to be material opportunities to deploy capital

- While EM debt has endured large event-driven sell-offs, post drawdown recoveries of +50% on average have made these drawdowns material opportunities to deploy capital.
- We are currently in the early recovery stages of the third largest dislocation historically for EM debt.
- With potential upside, now may be an attractive entry point for investors.

			Drawdown			Recovery			From Trough
	EM Event	Index Analyzed	Peak to Trough	Duration	Loss	Date	Duration	Gain	+24 Mos.
1.	Tequila Crisis	EMBI Global	1/94 - 3/95	14 Mos.	-38%	12/95	10 Mos.	+61%	+128%
2.	Asian Flu	EMBI Global	10/97 - 11/97	1 Mo.	-15%	3/98	4 Mos.	+18%	+16%
3.	Vodka Crisis	EMBI Global	3/98 - 9/98	6 Mos.	-34%	12/99	15 Mos.	+53%	+78%
4.	Tango Crisis	EMBI Global	6/01 - 7/01	1 Mo.	-10%	4/02	9 Mos.	+12%	+37%
5.	Post-9/11 Turmoil	EMBI Global	4/02 - 7/02	3 Mos.	-11%	11/02	4 Mos.	+13%	+50%
6.	Global Financial Crisis	EMBI Global CEMBI Broad	5/08 - 10/08 5/08 - 10/08	5 Mos. 5 Mos.	-29% -29%	7/09 7/09	9 Mos. 8 Mos.	+42% +41%	+82% +79%
7.	Eurozone Debt Crisis	CEMBI Broad	8/11 - 10/11	2 Mos.	-9%	2/12	4 Mos.	+10%	+20%
8.	Taper Tantrum	EMBI Global CEMBI Broad IG	5/13 - 6/13 5/13 - 6/13	2 Mos. 2 Mos.	-12% -8%	5/14 5/14	11 Mos. 10 Mos.	+14% +9%	+14% +13%
9.	China Hard Landing/ Commodity Sell-Off	CEMBI Metals & Mining CEMBI Oil & Gas	5/15 - 1/16 5/15 - 1/16	8 Mos. 8 Mos.	-19% -12%	6/16 6/16	5 Mos. 5 Mos.	+24% +14%	+57% +32%
10.	COVID Pandemic/Oil Shock	EMBI Global	3/20 - 3/20	0 Mo.	-20%	8/20	5 Mos.	+25%	+15%
Large Event Historical Average				4 Mos.	-20%		7 Mos.	+27%	+50%
11.	*Ukraine Invasion/ Inflation Shock*	*EMBI Global*	*9/21 - 10/22*	*13 Mos.*	*-26%*	*(to date)*	*23 Mos.*	*+32%*	*?*

As of September 30, 2024. Source: Bloomberg, JPMorgan. Past performance is not necessarily indicative of future results. All performance is quoted as index total returns. JPMorgan Emerging Markets Bond Index Global (EMBIG Index) tracks total returns for U.S. Dollar-denominated debt instruments issued by emerging markets sovereign and quasi-sovereign entities: Brady bonds, loans, and Eurobonds. The index start date is Jan 1, 1994. The CEMBI Broad Index is the most comprehensive investable universe of corporate bonds, tracking total returns of U.S. Dollar-denominated debt instruments issued by corporate entities in Emerging Markets countries.

GRAMERCY - A BETTER APPROACH TO EMERGING MARKETS

Gramercy's investment philosophy relies on a disciplined and comprehensive approach to active management of EM debt that invests across the full spectrum of EM debt opportunities, including hard currency sovereigns and corporates and local currency sovereigns, aiming to deliver strong risk adjusted returns consistently over time. This approach is underpinned by a rigorous investment process and led by a seasoned and dedicated team of EM professionals that have invested in the asset class through many credit cycles and for over 30 years.

Investment Team

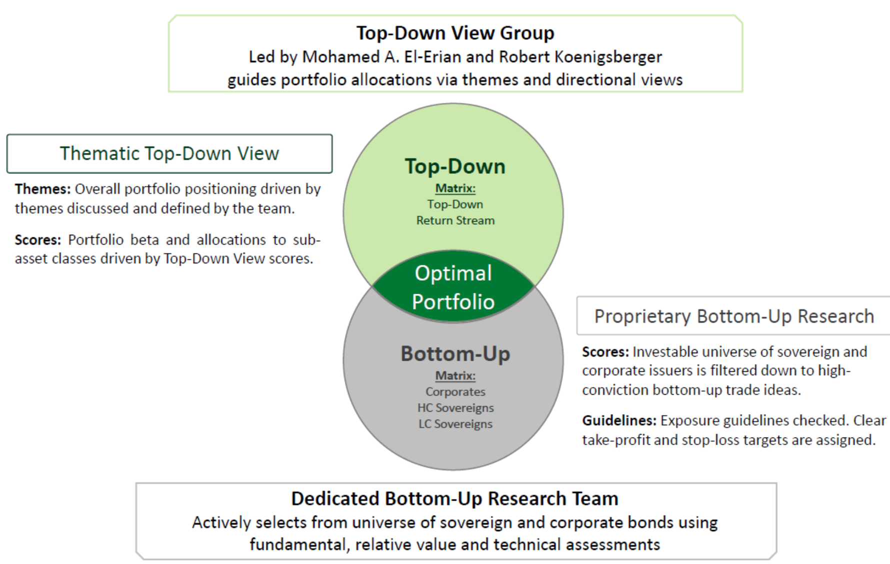
- Founded in 1998 by Robert Koenigsberger, Chief Investment Officer & Managing Partner
- Chaired by Mohamed El-Erian who provides top-down process leadership
- Co-Portfolio Managers Philip Meier and Belinda Hill have an average of 20+ years of experience in EM debt
- Portfolio Managers are supported by a dedicated team of 7 analysts
- The team draws from an additional 15 professionals focused on private credit and special situations, as well as by dedicated lending platforms in Mexico, Turkey, Peru, Pan-Africa, Brazil and Colombia
- Offices in Greenwich, CT, London, Buenos Aires, Mexico City, Miami and West Palm Beach

A. Pillars of the Investment Process

1. **Thematic Top-Down –** disciplined investment process that starts with a thematic top-down view, which is led by Mohamed El-Erian and drives our overall portfolio positioning.
2. **Proprietary Bottom-Up Research –** rigorous bottom-up process with a deep bench of dedicated and seasoned emerging market professionals that can leverage their expertise to quickly analyze market developments with the goal to drive alpha for portfolios.
3. **Integrated Risk Management –** risk management begins at portfolio construction and integrates both top-down and bottom-up risk management factors with the goal to deliver alpha consistently.
4. **Integrated ESG Construct** – portfolio construction integrates ESG on a non-exclusionary basis for an additional risk management tool.
5. **Emerging Markets Expertise -** dedicated, well-established teams that invest across public markets, private markets and special situations in emerging markets. Ability to harness the power of this platform to take advantage of rampant information asymmetry in our markets with the goal to achieve competitive returns for clients.

B. Portfolio Construction

- Portfolio construction merges Gramercy's thematic top-down view with its proprietary bottom-up research.



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 Event:** 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)**.** **Sharpe Ratio** – measures the performance of an investment such as a security or portfolio compared to a risk-free asset, after adjusting for its risk. **Yields** – refers to how much income an investment generates, separate from the principal. **Beta** – is a measure of the volatility—or systematic risk—of a security or portfolio compared to the market as a whole. **Take Profit Target** – a price level set at the initiation of a trade at which point the trader will exit for a gain. **Stop Loss Targets** – is a risk-management tool that automatically sells a security once it reaches a certain price. **Alpha** - is a measure of the active return on an investment, the performance of that investment compared with a suitable market index.

FTSE Emerging Markets Government Bond Index (EMGB Index) – measures the performance of local currency government bonds from 16 countries, providing a broad benchmark for portfolio managers looking for a measure of sovereign emerging markets. **Bloomberg US Aggregate Index Unhedged USD -** a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. **Bloomberg Pan-European Aggregate Index Unhedged USD** - is a broad-based flagship benchmark that measures fixed-rate, investment grade securities in the following European currencies: Swiss Franc, Czech Koruna, Danish Krone, Euro, British Pound, Hungarian Forint, Norwegian Krone, Polish Zloty, Romanian Leu, and Swedish Krona. **Bloomberg Global Aggregate Index Unhedged USD -** is a flagship measure of global investment grade debt from a multitude local currency markets. **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.

The Gramercy Emerging Markets Debt Fund is distributed by Foreside Fund Services, LLC.

Past Performance is no guarantee of future results. Index performance is not indicative of fund performance. You cannot invest directly in an index. For current standardized performance of the Fund, please call 800-207-7108.