KEY NUMBERS (as of 12/31/21)

2021 Inflation

CPI YoY	7.00%
CPI Core YoY	5.50%

AAA Muni Yields

3Y	0.32%
10Y	1.03%
30Y	1.46%

Other Yields/Spreads

HYD (High Yield Muni ETF)	3.52%
HYG (High Yield Corporate ETF)	4.13% (taxable)
AAA-BBB Muni Spread	0.66%
GSTAX distribution yield	**5.12%**
Taxable Equivalent Yield	8.17%
30-Day Standardized Yield[1]	5.18%
30-Day Standardized Yield[2]	5.17%

[1]Subsidized [2]Unsubsidized

2022: LOTS OF NOISE, BUT WE'RE STAYING FOCUSED ON THE INCOME

The specter of inflation reared its head for the first time in many years. Measured levels in 2021 are of the likes not seen in almost 20 years. How inflation presents in 2022, and how persistent it will be, is a topic that will monopolize debate among the talking heads, prognosticators, and investors. Will inflation expectations persist or diminish over the short run? And how will that impact short term pricing and volatility? No one can truly escape the short term impacts of market movements, but for that reason (and many others) we consistently focus on the long term and positioning our portfolios for performance over the long run. As one highly successful equity investor friend of ours likes to say, "volatility is your friend". It is indeed these short term volatile periods that provide the true active manager their best opportunities to lay the foundation for long term performance.

Our focus on yield starts us off in 2022 with a category-leading distribution yield of 5.12% in GSTAX (our flagship high yield fund institutional share class) as compared to the category average of 2.93%. More than 200 bps of additional tax-free income and the power of the elevated levels of income is expected to drive returns for years to come.

GSTAX Total Returns

As of 12/31/21	1Y	3Y	Since Inception
GSTAX	4.08%	2.81%	4.17%
Blmbg HY IX*	7.77%	7.75%	6.86%

*The Bloomberg High Yield Muni Bond Index

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. For the most recent month end performance, please visit www.principalstreetfunds.com.

GSTAX starts the year with a modified duration of approximately 6 years versus the Morningstar High Yield Municipal Bond category average of 6.9 years (15% longer on average) with the top quartile yielding peers averaging a distribution yield of 3.70% and duration of 7.50 years (some as high as 10 years). So naturally we're feeling comfortable as we start 2022 having materially more yield and less interest rate exposure.

THE MORE THINGS CHANGE…

Much has changed in the municipal bond market over the last decade or so. Long gone are the days of laddering a client's portfolio with AAA-insured individual bonds (as evidenced by the absence for years of retail desk inventory), a distant memory when high grade munis would be strongly correlated with treasuries (historically enough that a hedge ratio could be confidently established), and everyone learned you cannot comfortably rely on the rating agencies guidance to assess credit risk. This is the market that now quakes from the wrong headline or misguided talking head proclamation. Further, supply and liquidity are afforded only to those with the right market relationships (especially regarding high yield bonds). And there's a new cross-over investor, consisting of hedge funds and speculative investors, who often cause more technical stress on the once highly homogenized municipal bond market. Rich ratios of high grade municipal bonds to treasury yields, tight credit spreads, high demand and dwindling supply all gather to provide stiff head winds to the individual municipal investor. But the silver lining is that with all these new market dynamics and challenges come new opportunities. The same time tested, bottom-up, and proven fundamental yield-driven investment process we've implemented for decades is more important than ever. As we look to 2022, this is what we see…

We agree with Milton Friedman that rising inflation is always and everywhere a monetary phenomenon, yet that period of accelerated velocity of money is often correlated with a strong and growing economy. High Yield credits are the beneficiaries of a strengthening economy and typically experience improvement in credit quality and free cash flows. The credit fundamentals remain strong as Federal government largesse will continue to buttress municipal credits for years to come and revenues flowing to government coffers continue to beat expectations.

As we start 2022 high yield spreads are 200-400 basis points above high grades. An investor in such bonds benefits from the cushion of that additional spread and have been observed to outperform through rising rate environments versus alternative high grade bonds, especially over the long run. Yes, rising rates and inflation are correctly thought of as the enemy of fixed income investors. But that is inherently a short term view, when in reality it is an opportunity to actively manage a portfolio by locking in attractive, higher yielding future cash flows. This is where experience and market wisdom come in to play, where successful investors deliberately and purposely rotate fund holdings to acquire higher levels of income that help to offset the impacts of short term interest rate changes.

EVALUATING VALUE

There are countless ways to measure the relative value of the municipal market as an asset class. Each year it seems Wall Street adds to the limitless ways to slice and analyze the municipal market from the top down, often resulting in analysis that provides conflicting signals and is ultimately little use for strategy development. Looking at 2022 forecasts one may think there is little opportunity, but much like forecasting interest rates is a fool's game, so is resting your laurels on a top-down view of the municipal market. We find the long-used and simplest measures provide the appropriate guides so long as it's understood what is driving the results and where true value still persists.

For example, take the often-cited muni-to-treasury ratio and credit spreads. These metrics, while perhaps basic, have some under-the-hood value. Ratios are at or near all-time lows (meaning rich), but the drivers are due to paradigm shifts in the value of the tax exemption, supply and demand imbalances across the market, and the persistent presence of Issuers choosing to borrow in the taxable market. There is a fair amount of crowding in certain sectors of munis which are driving such trends. Yet, digging a little deeper, many pockets of opportunity still exist - particularly in the non-rated sector of the market. Here is where our credit expertise, decades of market experience and the nimble size of our AUM really begin to illustrate competitive advantage. Sharing the crumbs of an attractive deal is always frustrating, especially for the uber large managers, and 2022 will be filled with crumbs. Never are there enough bonds allocated to satisfy a large fund's appetite.

OUR WHEELHOUSE

This is where we excel. Knowing which credits to focus on, being selective and having a seat at the table with the dealer community allow us to focus on the best opportunities rather than be forced to enter orders for every deal regardless of quality. Also, the propensity of dealers to serve their clients by balancing the dynamics between large market makers and boutique clients means deal allocations, even if not equal in size, are still significantly more meaningful for the small investor. The relationships we hold provides for a direct line to those opportunities. Our nimbleness and ease of operations makes us much more responsive to the dealers (a characteristic they greatly appreciate). Often the most interesting credits are ones where a partnership between lender and borrower are necessary in order to structure the debt appropriately, and many large asset managers have far too many internal barriers to facilitate the dynamic thinking and ability to act quickly and efficiently.

So, what to expect from 2022? Honestly, your guess is as good as ours. Perhaps there will be periods where we cycle between the "risk-on/risk-off" trade, perhaps the fed raises short term rates and the yield curve changes shape, perhaps the trend of heavy flows into the asset class abates, maybe rates climb steadily all year or spooked investors drive more concentrated periods of increases. We'll all know the answers to that question together, and likely not before December 31, 2022. Until then we stay the course, we openly communicate to our shareholders, and we continue to implement the same strategies: staying focused on credit and piling up tax-free income - which have borne success for many years. Cheers to 2022.

Sincerely,

Troy Willis, Charlie Pulire, Joe Gulli, & Nick Henry
The Principal Street Partners Municipal Bond Strategies Team

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GSTAX GROSS EXPENSE RATIO:	0.82%	**GSTEX** GROSS EXPENSE RATIO:	1.32%
NET EXPENSE RATIO:	0.73%	NET EXPENSE RATIO:	1.23%

The Operating Expenses Limitation Agreement is indefinite, but cannot be terminated through at least December 29, 2022.

You should consider the Fund's investment objectives, risks, and charges and expenses carefully before you invest. This and other important information is contained in the Fund's summary prospectus and prospectus, which can be obtained by calling 1.877.914.7343 or visiting our website at principalstreetfunds.com. Read carefully before you invest.

Mutual Fund investing involves risk. Principal loss is possible. The Fund's value investments are subject to the risk that their intrinsic values may not be recognized by the broad market or that their prices may decline. Fixed-income securities are or may be subject to interest rate, credit, liquidity, prepayment and extension risks. Interest rates may go up resulting in a decrease in the value of the fixed-income securities held by the Fund. High-yield fixed income securities or "junk bonds" are fixed-income securities held by the Fund that are rated below investment grade are subject to additional risk factors such as increased possibility of default, illiquidity of the security, and changes in value based on public perception of the issuer. The municipal market is volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issuers of municipal securities. The Fund is new with no operating history ax, legislative or political changes and there can be no assurance that the Fund will grow to or maintain an economically viable size.

Tax Equivalent yield is the interest rate which must be received on a taxable security to provide the bondholder the same after-tax return as that earned on a tax-exempt security. The tax rate used to calculate the Taxable Equivalent Yield is the 37% marginal federal income tax bracket.

Credit Rating: A private independent rating service evaluates a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from "AAA", which is the highest grade, to "D", which is the lowest grade. In limited situations when the rating agency has not issued a formal rating, the rating agency will classify the security as non-rated. Weighted Average Maturity is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each bond's effective maturity by the market value of the security.

Principal Street Partners, LLC is the Investment Adviser to the Principal Street Partners High Income Municipal Fund, which is distributed by Quasar Distributors, LLC.

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