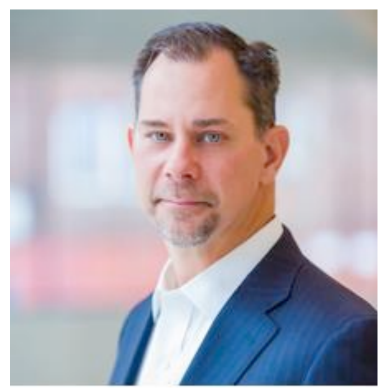
TAX-FREE INCOME IN A LOW-INCOME DESERT

GSTAX

The global search for income continues as the Federal Reserve and global central banks work to keep rates low and contain inflation expectations. Municipal bonds stand out from time to time, as they do now, given the unique nature of the municipal bond market combined with the expected multi-trillion-dollar Covid-19 relief packages (yes – I believe that is the first time I have ever written "multi-trillion") to support the underlying credits and the expected increases in tax rates that at least pretend to try and pay for all that relief.



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KEY NUMBERS (as of 3/1/21)

2020 Inflation – 1.4%
20-yr AAA Muni – 1.22%
20-yr Treasury – 1.57%
Bloomberg Barclays Municipal Bond Index - .95%
Bloomberg Barclays High Yield Muni Index – 3.56%
HYG – 4.79%
GSTAX – 5.50% (Taxable equivalent yield of 10.20%)

Bloomberg Barclays Municipal Bond Index - An unmanaged index considered representative of the tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

Bloomberg Barclays High Yield Muni Index - An unmanaged index considered representative of non-investment grade bonds.

Click here for a link to the Fund's Top Ten Holdings

THE TECHNICAL NATURE OF THE MUNICIPAL BOND MARKET

The municipal bond market remains widely held by retail participants. Nearly 2/3 of the municipal market is owned by retail buyers either directly or through managed products. Rarely are they bought in large corporate trusts or "automatic" accounts like 401ks.

In addition, the municipal bond market sits at the intersection of finance and politics. This can lead to retail buyers allowing headlines, especially political headlines, to drive their investment decisions. Short-term over-reactions, which we've seen plenty of lately, have led to outsized outflows, creating opportunities for investors who can see through the short-term noise. In Q1 2020, money poured out of the municipal bond market (over $12 billion in outflows in March and April) due to the toxic mix of pandemic fear and a heated presidential election. We expect we are now in the initial stages of the reversal of those flows back into the municipal bond market.

A TRILLION HERE, A TRILLION THERE, PRETTY SOON WE'RE TALKING REAL MONEY!

In December, Congress passed a $900 billion relief package signed by former President Trump, on top of the unprecedented $2 trillion CARES Act stimulus package in Spring 2020. Not to be outdone, the newly installed Democrat-controlled Congress is poised to pass another $1.9 trillion, on top of the $2.9 trillion. State and local governments have received about $280 billion in federal aid thus far. Roughly $120 billion was earmarked in the second relief package, and at least $300 billion of the new package is set to be targeted to state and local governments, which will indirectly help shore up the overall creditworthiness of the municipal bond market. Overall default rates have remained relatively low, though they ticked up slightly in 2020 ($2 billion in 2020 vs. $1.5 billion in 2019). There will certainly be more defaults in 2021, but we expect overall default rates to remain only slightly elevated above the long-run default rate. Recovery rates also continue to be greater than 60% in the municipal bond market due to legal covenants and the prevalence of mortgages in lesser-rated bonds.

Much of the financial aid has been, and will continue to be, targeted toward the sectors most under stress – education, healthcare and transportation. Most of the stress regarding project financings has hit those deals either in construction or those that had recently come online. These projects have wobbled, and it is unclear how much, if any, of these newer projects will be supported in the Covid-19 relief packages. Projects already up and running were able to receive direct support more quickly through the Paycheck Protection Program (PPP) and other similar programs and have generally held up better.

UP, UP AND AWAY – TAX RATES

We are sorry to report that the new tax plans currently floating around the halls of Washington, D.C. and state capitals are expected to result in higher combined state and federal tax rates of up to 58% in NY, 60% in NJ, and 62% in CA – the highest rates in more than 30 years. There will undoubtedly be an increase in the upper brackets' marginal tax rates, and the payroll tax will most certainly be extended to capture taxes on income beyond the current $142,800 income cap. We expect these tax changes to increase the value of the tax-exempt income stream provided by municipal bonds over the coming years.

THE FUNDAMENTALS OF THE MUNICIPAL BOND MARKET AND THE VALUE OF ACTIVE MANAGEMENT

Total Muni Market		$3,800,000,000,000
AAA	14.70%	$558,600,000,000
AA	50.58%	$1,922,040,000,000
A	20.42%	$775,960,000,000
BBB	6.10%	$231,800,000,000
BB/NR	8.20%	$311,600,000,000

The $3.8 trillion municipal bond market has more than 50,000 unique issuers and more than one million separate securities. Each state has different rules, regulations and tax rates that can impact the credit quality and liquidity of a bond. How should one manage all of that? We believe this market creates a real opportunity for active portfolio managers. Our expertise and due diligence policies allow us to analyze all segments of the market and uncover bonds that provide investors with a better risk/reward ratio, leading to long-term performance. We tend to find the best value in the higher-yielding and smaller corners of the muni market, so that is where we spend most of our time and energy. We look forward to putting our expertise to work for you.

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.

GROSS EXPENSE RATIO:	0.80%	1.32%

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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