Ecofin Tax-Exempt Private Credit Fund **(TSIFX)**

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3Q 2023 QUARTERLY COMMENTARY

Fund Update

TSIFX had a total return of -6.72% for the third quarter of 2023. Income remains the core component of return generation, with the income stream producing a positive return of 0.88% during the quarter, offset by a price decline of -7.60%. The fund ended the quarter with an effective duration of 1.05 years and a gross yield to worst of 6.39%. The distribution rate as of September 30, 2023, was 3.58%.

Performance data shown is net of fees and reflects fee waivers in effect. In the absence of such waivers, total return would be reduced. 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 redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Current performance of the funds may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 855-TCA-FUND (855-822-3863) or visiting www.ecofininvest.com.

On July 3, following the close of the second quarter, the NAV for the fund dropped from $8.95 to $8.49, a decline of 5.14%. Effective July 3, Refinitiv cancelled their pricing service related to private tax-exempt bonds. As such, the fund changed the primary pricing vender from Refinitiv to ICE for the private tax-exempt bonds within the portfolio. Pricing vendors utilize different methodologies which may result in a range of valuations. For example, one vendor may value certain collateral differently than another vendor, such as valuations of secured additional cash flows, corporate guarantees and/or personal guarantees. The assets that made up the decline in NAV were as follows: 80% was related to a remaining legacy asset (a senior living investment known as Montage). The assets had previously been marked at $90.25 and were repriced at $63.00 on July 3. There are currently contracts and/or offers on the primary real estate collateral. Due to the corporate and personal guarantees we have on this investment, the intention is to structure an additional note for the residual portion of the remaining loan prior to the sale in order to capture as much residual value as possible over the current mark. In addition, approximately 11% was related to Dove Mountain, and 6.7% was related to material moves in two immaterial positions. There were no discernible credit events causing a change in asset valuation at that time. We believe there are opportunities for these valuations to increase in the future.

In other credit related moves during the quarter, there was a -$0.04 NAV decline on September 27 caused by a markdown on certain legacy senior living assets in the RHCSC/Affinity relationship during quarter-end revaluations. The updated valuations were based on recent offers on the underlying collateral. Additionally, there was a -$0.02 NAV decline on September 28 due to an interest write-off on the legacy charter school operator, Championship.

Other negative NAV movements during the quarter were related to market volatility and don't reflect any additional issues in the underlying credit quality of the remaining portfolio.

Investment highlights

- Investment objective is to seek to generate attractive total return with an emphasis on tax-exempt income
- Exposure to social purpose providers in the fields of education, healthcare, and waste transition
- Focus on directly originated credit securities backed by real infrastructure assets
- Seeks to capitalize on market inefficiencies where there is capital dislocation

Key reasons to invest

- Attractive after-tax return potential, including tax-exempt income
- Diversification through generally uncorrelated alternative assets
- Shorter effective duration in a rising interest rate environment
- Experienced team

Structure highlights

- Seeks to capture illiquidity premium of private investments
- Provides transparency of registered fund
- Daily mark-to-market valuations
- Low minimum investment
- 1099 tax treatment
- Scalability to clients

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Market Update

The Treasury curve steepened throughout third quarter as intermediate and long-term government bond yields broke through the highs reached in October 2022. Continued economic resilience in the U.S. and an increase in the supply of coupon denominated Treasuries helped spur the rise in yields. After a strong first half of the year, the S&P 500 Index fell 3.3% in the third quarter. Energy was the best performing sector following a surge in oil prices. High-yield spreads were relatively unchanged during the quarter but moved swiftly higher into quarter end.

The Bloomberg Corporate Investment Grade, High Yield, Municipal, and High Yield Muni Indices returned -3.1%, 0.5%, -4.0%, and -4.3% for the quarter, respectively. The Federal Funds target rate increased 25 basis points (bps) to 5.50% in July following a pause at the June Federal Open Market Committee (FOMC) meeting; futures markets are now signaling the Fed is finished hiking rates this cycle. Two-year T-Note yields finished the quarter up 15 bps at 5.05% and the benchmark ten-year Note surged 73 bps higher to close the quarter at 4.58%.

It has now been 18 months since the Fed began lifting rates. Sentiment has whipsawed back-and-forth over this timeframe, with consensus beliefs of an imminent recession making headlines throughout much of 2022 and into early 2023. Signs of a soft landing continue to emerge, however, as evidenced by consecutive months of disinflation and strong labor market data. Conversely, the potential impacts of depleted excess pandemic savings have yet to be felt but are beginning to emerge in auto loan and credit card delinquency data.

We continue to believe that the short duration approach of our strategy is a prudent selection as returns of the portfolio are driven more by opportunistic credit selection rather than going further out on the yield curve. The portfolio is weighted towards actively selected investments that we believe to be less correlated to the U.S. business cycle relative to other private credit and high yield options. Highlights of these sectors are noted below.

Education

The public bond market for new issuance of K-12 charter school and private school revenue bonds in Q3 2023 continued to decline, with only 17 new issues for a par value of $592,780,000, a 56.9% decrease from the same period in 2022. Year to date, there have been 64 new issues with par value totaling $1,682,348,000 as compared to 138 new issues at par value of $3,712,500,000 for the first 9 months of 2022.[1] Through the third quarter of 2023, Ecofin has been a stable player in the market being responsible for just over 6.5% of the total market.

It is Ecofin's assessment that outflows from municipal bond funds are the primary driver of the slowdown. Cumulative outflows are $9.8 billion year-to-date with $2.95 billion in outflows in third quarter alone.[2] Another significant factor was the dramatic rise in the 30-year Municipal Market Data (MMD) daily rate, the traditional benchmark for public charter school bond offerings. Over the third quarter, 30-year MMD rose 85 bps to 4.34%.[3]

School choice continued to make headlines throughout the quarter. In September, North Carolina gave final approval to a new state budget that triples funding for their Opportunity Scholarship "voucher" program, removing all income restrictions. This means that every family in North Carolina will be eligible to receive up to $6,495 toward K-12 private school tuition beginning in the 2024-2025 school year.[4] North Carolina joins 18 other states around the country that have expanded private school choice programs in 2023.[5] Ecofin has seen a significant uptick in opportunities within this growing segment of the K-12 facility finance sector and will continue to evaluate them on a case-by-case basis.

Classical schools were also in the news for their growth throughout the country. Ecofin has financed facilities for a number of classical charter schools and continues to evaluate opportunities with this highly popular educational model. A recent report from the Texas Public Policy Foundation indicates the demand for classical schools is only growing, particularly among parents who place the highest value on schools with an intensive focus on "core academic subjects", "independent thinking" and "moral character and virtue." The report states: "Over the last decade, enrollment in classical charter schools in Texas has increased sevenfold while enrollment in other charter schools has doubled."[6]

The tailwinds behind the educational choice movement, in combination with the limited supply of capital in the lending environment, allows for a very advantageous period for investors to achieve improved returns while at the same time investing in lower risk transactions.

Senior Living

In the third quarter of 2023, the for-profit senior living sector recorded its ninth quarter in a row of occupancy gains. Statistically, nationwide occupancy for independent living and assisted living is 86.1% and 82.6%, respectively. Recovery has been stronger in the higher acuity and needs based assisted living setting; however, independent living is not far behind. As of the third quarter, assisted living occupancy had recovered 8.7%, while independent living had recovered 4.6% since the pandemic lows of 2021. Based on the past two years of absorption, senior living occupancy is projected to reach pre-pandemic levels in 2024.[7] Non-profit senior living has fared better than their for-profit peers since the pandemic hit. As of Q2 2023, non-profit continuing care retirement communities ("CCRC's") were 90.0% occupied.[7]

In the past quarter, new research has highlighted the value proposition of senior living. According to the National Opinion Research Center (NORC) at the University of Chicago, "fragility levels" of senior residents increase until they move into a community. Within three months, fragility levels plateau and eventually decrease.[8]

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Occupancy recovery has been fueled by almost three years of slowing construction starts which as of the first quarter 2023 recorded the lowest primary market inventory growth since 2005, when the National Investment Center for Seniors Housing & Care (NIC) started recording the data. Rising interest rates, elevated construction costs and tight lending conditions will continue to propel occupancy in the months to come. Given the incredibly low units under construction, we project the market is setting up for a severe supply and demand imbalance just as the baby boomer population is knocking on the doorstep.

From now until 2030, an average of 10,000 baby boomers will turn 65 every day.[9] With the combination of increased population and a slower pace of new senior living inventory supply, we remain confident in the senior living industry's ability to rebound and prepare for the upcoming "Silver Tsunami" as our population continues to age.

Waste Transition

In July 2023, the Coalition for Renewable Natural Gas announced that there are now 300 facilities in operations in the U.S. producing renewable natural gas (RNG) from organic waste. These RNG facilities have a dual role - first, capturing methane before it escapes into the atmosphere, where it otherwise would have a climate-warming impact up to 80 times greater than carbon dioxide; and second, transforming the captured methane into RNG for a significantly decarbonized source of energy when compared to fossil fuel equivalents.

The growth in the RNG sector is worth further noting. When the Coalition for Renewable Natural Gas was formed in 2011, there were only about 30 RNG producing facilities in operations in the U.S., and there were only 157 as recently as year-end 2020. In addition to the 300 facilities now in operations at mid-year 2023, the Coalition for Renewable Natural Gas stated that there are 178 more in construction and 303 in planning, making the case that there could be 750 RNG producing facilities in operations in the U.S. by 2025.

Growth in RNG facility construction has historically been driven in large part by federal and state-level fuel credit programs, such as California's Low Carbon Fuel Standard (LCFS). During the third quarter, Michigan became the most recent state to introduce legislation supporting an LCFS-style program, attempting to join California, Oregon, Washington, British Columbia, and Canada in implementing a fuel credit program.

The Michigan program, if enacted into law, would require a 25% reduction in the carbon intensity of transportation fuels by 2035.

Of course, the investment tax credits available under the Inflation Reduction Act have further propelled RNG facility construction. But the sector has also more recently benefited from the voluntary market, where large utility companies and transportation firms have been willing to sign long-term purchase contracts for RNG, often in the 10-year range, for prices at or above $20 per one million British thermal units (MMBtu), which is nearly seven times the spot market price for natural gas. That pricing multiple reinforces the notion that firms are willing, on a voluntary basis, to pay premium prices for RNG as part of their sustainability efforts.

In the waste-to-value sector, the White House announced $100 million in new grants available to expand recycling infrastructure and waste management systems nationwide under the Investing in America agenda. The White House stated that the grant program is the largest national recycling funding program in at least the last 30 years.

Although most extended producer responsibility (EPR) efforts are targeted at plastics recycling, Connecticut became the first state to pass an EPR law addressing end-of-life tire recycling. The Connecticut law requires tire manufacturers to provide funding for facilities that collect and recycle end-of-life tires, with a goal to increase both tire recycling rates and tire re-treading rates. Of note, waste-to-energy solutions for tires is not considered to be "recycling" under the Connecticut law. EPR efforts are expected to continue and are currently underway in several states, legislating the funding of recycling programs for a variety of specific waste streams such as plastics, mattresses, fuel cylinders, and now tires.

Conclusion

Our opportunities for investing expanded for many reasons, primarily as our sectors continued to see robust growth and competing financing providers were forced to scale back allocations. While we continued to experience negative news in some legacy portfolio assets, the more recent assets, added within the last four years, continued to perform nicely and contributed positively to the returns experienced by the fund. We will continue down the path of exiting underperforming loans in the portfolio and have a line of sight on the execution of some of these exits over the next quarter.

[1] Electronic Municipal Market Access (https://emma.msrb.org/) & MuniOS (https://www.munios.com/)
[2] Bloomberg
[3] Refinitiv Lipper US Fund Flows (https://www.lipperusfundflows.com/)
[4] North Carolina passes universal school choice, Jonah McKeown, Catholic News Agency (CNA), September 25, 2023 https://www.catholicnewsagency.com/news/255474/north-carolina-passes-universal-school-choice
[5] All In on School Choice: In 2023, States Said Yes to School Choice, Lauren Forte, School Choice Week, July 11, 2023 https://schoolchoiceweek.com/2023-yes-to-school-choice/
[6] The Demand of Texas Parents for Classical Charter Schools, Albert Cheng & Cassidy Syftestad, Texas Public Policy Foundation, June 2, 2023 https://www.texaspolicy.com/the-demand-of-texas-parents-for-classical-charter-schools/
[7] NIC
[8] norc.org
[9] census.gov

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Performance (as of 9/30/2023)

		as of 9/30/2023			as of 9/30/2023			
		1 Month	3 Month	Calendar YTD	1 year	3 year	5 year	Since inception[1]
TSIFX	Ecofin Tax-Exempt Private Credit Fund	-0.67%	-6.72%	-4.40%	-3.31%	0.78%	1.72%	1.76%

Note: For periods over one year, performance reflected is for the average annual returns. [1]The fund commenced operations on 3/26/2018. [2]The adviser has contractually agreed to reimburse expenses of the fund so that certain of the fund's expenses will not exceed 0.25% of managed assets (annualized) through Feb. 28, 2024. Under the advisory agreement, the adviser receives compensation of 1.25% of our daily managed assets for the services rendered on an annual basis.

Performance data shown is net of fees and reflects fee waivers in effect. In the absence of such waivers, total return would be reduced. 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 redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 855-TCA-Fund (855-822-3863) or visiting www.ecofininvest.com.

Portfolio statistics (as of 9/30/2023)

Effective duration[1]	1.16yrs
Yield to worst[2]	6.39%
Gross current yield[3]	5.24%
30-Day SEC Yield (unsubsidized)[4]	2.96%
30-Day SEC Yield (subsidized)[4]	4.03%

Distribution (as of 9/30/2023)

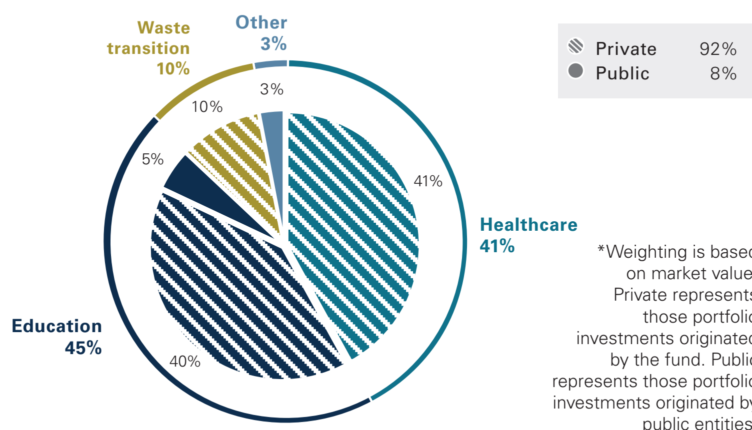
Distribution rate[5]	3.58%

Fees (as of 9/30/2023)

Gross expense ratio	1.54%
Net expense ratio[6]	1.50%

Net expense ratio is as of the most recent prospectus and is applicable to investors

Sector allocation* as of 9/302023



*Weighting is based on market value. Private represents those portfolio investments originated by the fund. Public represents those portfolio investments originated by public entities.

Top 10 issuers as of 9/30/2023 (unaudited)

1. La Sonora at Dove Mountain	16.0%
2. Athenian Academy	12.4%
3. Vonore Fiber Products LLC	8.4%
4. Montage Senior Living	5.7%
5. Championship Academy of Distinction West Broward	4.9%
6. Championship Charter School I	4.6%
7. Ability Connection Colorado	4.1%
8. The Baldwin Senior Living	4.0%
9. Genesis Christian Academy	3.8%
10. MBS SPV I LLC	3.1%

Fund holdings are subject to change and should not be considered to buy or sell securities. "Top 10 issuers" reflects investments made that are in accordance with the strategy of the fund and do not include cash and/or cash equivalents.

[1] Effective duration is a measure of the price sensitivity of bonds with embedded options (e.g., callable bonds), to changes in benchmark yields. This measure of duration takes into account the fact that expected cash flows will fluctuate as interest rates change. Effective duration can be estimated using modified duration for bonds without option features.

[2]Does not reflect the deduction of management fees and other fund expenses up to the expense cap. If management fees and expenses had been included, returns would be reduced. This calculation includes non-income items such as loan proceeds, borrowings and/or return of capital.

[3]The gross current yield of a bond or other debt instrument is calculated by dividing the annual coupon amount by the current market price. This measure does not reflect fees or expenses

[4]Reflects the deduction of management fees and other fund expenses up to the expense cap. Subsidized yield reflects fee waivers and/or expense reimbursements recorded by the fund during the period. Without waivers and/or reimbursements, yields would be reduced.

[5]Distribution rate is not performance and is calculated by annualizing the daily distribution per share for the preceding 3-month period and dividing it by the net asset value as of the reported date. This calculation does not include any non-income items such as loan proceeds or borrowings or return of capital.

[6]The adviser has contractually agreed to reimburse expenses of the fund so that certain of the fund's expenses will not exceed 0.25% of managed assets (annualized) through Feb. 28, 2024. Under the advisory agreement, the adviser receives compensation of 1.25% of our daily managed assets for the services rendered on an annual basis.

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TCA Advisors is the adviser to the fund and Ecofin Advisors, LLC is the sub-adviser.

Must be preceeded or accompanied by a current prospectus.

Investing involves risks. Principal loss is possible. The fund is suitable only for investors who can bear the risks associated with the limited liquidity of the fund and should be viewed as a long-term investment. The fund will ordinarily accrue and pay distributions from its net investment income, if any, once a quarter; however, the amount of distributions that the fund may pay, if any, is uncertain. There currently is no secondary market for the fund's shares and the advisor does not expect that a secondary market will develop. Limited liquidity is provided to shareholders only through the fund's quarterly Repurchase Offers for no less than 5% of the fund's shares outstanding at net asset value. There is no guarantee that shareholders will be able to sell all of the shares they desire in a quarterly Repurchase Offer. The fund invests in Municipal-Related Securities. Litigation, legislation or other political events, local business or economic conditions or the bankruptcy of the issuer could have a significant effect on the ability of an issuer of municipal bonds to make payments of principal and/or interest. Changes related to taxation, legislation or the rights of municipal security holders can significantly affect municipal bonds. Because the fund concentrates its investments in Municipal-Related Securities the fund may be subject to increased volatility. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by the fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. The fund may invest in derivative securities, which derive their performance from the performance of an underlying asset, index, interest rate or currency exchange rate. Derivatives can be volatile and involve various types and degrees of risks. Depending on the characteristics of the particular derivative, it could become illiquid. The fund may utilize leverage, which is a speculative technique that may adversely affect common shareholders if the return on investments acquired with borrowed fund or other leverage proceeds do not exceed the cost of the leverage, causing the fund to lose money.

Duration is a commonly used measure of the potential volatility of the price of a debt security, or the aggregate market value of a portfolio of debt securities, prior to maturity. Securities with a longer duration generally have more volatile prices than securities of comparable quality with a shorter duration. The municipal investments in the portfolio may be tax-exempt at the federal level, but taxes may still be applicable at the state and/or local level.

Yield to worst is the lowest yield an investor can expect when investing in a callable bond.

Par value, also known as nominal value, is the face value of a bond or the stock value stated in the corporate charter.

The Bloomberg U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed rate and hybrid adjustable rate mortgage pass-through securities), asset-backed securities and commercial mortgage-backed securities (agency and non-agency). The Bloomberg US Corporate Option Adjusted Spread Index references the option adjusted spread of the Bloomberg US Corporate High Yield Bond Index. The Bloomberg U.S. Corporate High Yield Bond Index measures the U.S. dollar-denominated, High Yield, fixed-rate corporate bond market. Securities are classified as High Yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on the indices' EM country definition, are excluded. The Bloomberg US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers." The U.S. Corporate High Yield Index is a component of the U.S. Universal and Global High Yield Indices. The Bloomberg U.S. Municipal Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed tax exempt bond market. The index includes state and local general obligation, revenue, insured and pre-refunded bonds. The Bloomberg U.S. Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers. The U.S. Corporate Index is a component of the U.S. Credit and U.S. Aggregate Indices, and provided the necessary inclusion rules are met, U.S. Corporate Index securities also contribute to the multi-currency Global Aggregate Index. The S&P 500® Index is an unmanaged, market-value weighted index of stocks that is widely regarded as the standard for measuring large-cap U.S. stock market performance.

A basis point is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

Sharpe ratio measures risk-adjusted performance. It is calculated by subtracting the risk-free rate from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been.

Diversification does not assure a profit nor protect against loss in a declining market.

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