Palmer Square EUR CLO Senior Debt Index (ECLOSE)
Palmer Square EUR CLO Debt Index (ECLODI)

Index Methodology

October 31, 2026

The Palmer Square EUR CLO Senior Debt Index ("EUR CLO Senior Debt Index") (ticker: ECLOSE) and the Palmer Square EUR CLO Debt Index ("EUR CLO Debt Index") (ticker: ECLODI) are rules-based observable pricing and total return indices for collateralized loan obligation ("CLO") debt originated in Europe, original rated AAA, AA, A, BBB, BB, B or equivalent.

Historical index performance for total returns and statistics are available since December 2017.

Bloomberg Index Tickers	
Palmer Square EUR CLO Senior Debt Index	ECLOSE
Palmer Square EUR CLO Debt Index	ECLODI

**Please see Notes and Disclosures for the sub-components Bloomberg tickers.*

Inception Date: December 29, 2017 / **Launch Date:** March 1, 2024

CLO Instruments Included:

- "Arbitrage" CLOs, collateralized by broadly syndicated loans
- Only floating rate tranches are eligible for inclusion
- Tranche must be denominated in Euro (€)
- Closing date on or after January 1, 2009
- Minimum deal size of €350,000,000

The following types of CLO instruments are NOT eligible for inclusion:

- "Middle-market" CLOs, collateralized by loans to small or medium-sized firms and/or by loans of a small or medium size
- Fixed rate, revolver, combo, and step up notes
- Asset-backed CDOs, collateralized by residential, commercial or consumer credit loans
- Emerging market CLOs, collateralized by loans to or securities of emerging markets issuers
- "Balance Sheet" CLOs

Additional Inclusion Criteria:

In addition to being Original-Rated, AAA, AA, A, BBB, B, CLO debt eligible for inclusion in the EUR CLO Debt Indices must be issued on or after January 1, 2009, following the financial crisis of 2008. Index components must include debt issued by CLOs managed by managers who manage at least three outstanding CLOs, at least two of which commenced on or after January 1, 2009. For managers with more than 2 deals issued in one calendar year, the two largest based on par outstanding will be included. Additionally, the CLO tranches eligible for inclusion in the Underlying Index will include the top 50% based on deal issuance size per quarter.

Diversity Scores:

Using the Index's rules-based criteria, Moody's assigns a "diversity score" to eligible Index components, based on the diversification of the CLO's underlying loan assets. CLOs that are collateralized by loans of a limited number of issuers or that are limited to a particular industry are considered to be less diversified and are assigned a lower diversity score. CLO debt with a score lower than 40 during its reinvestment period will be excluded from the Underlying Index, in accordance with the Underlying Index methodology.

After the reinvestment period ends, deals originally in the index will not be removed if the diversity score falls below 40.

Constituent Definition and Weighting:

Each tranche of a CLO included in the EUR CLO Senior Debt Indices is treated as a separate Index component. There is no limit to the number of components in the Underlying CLO Debt Index. Individual weightings are based on market value.

Index Rebalancing:

The index will be rebalanced at the close of the last business day of each quarter, following the EUR holiday calendar. Refinancing transactions will be included in rebalances at the close of the last business day of each month, following the EUR holiday calendar. New transactions that meet the above inclusion criteria and that are priced by the service provider will be included.

Pricing:

Each constituent is valued daily by using a proprietary relative value pricing matrix.	*Multiple scenarios are calculated by generating cashflows using assumed default, prepayment, reinvestment and loss vectors on a granular level.*
Matrix levels are appointed through a mosaic of daily market color and parametric analysis across constituent level characteristics.	*Including CLO manager's objective performance, collateral/asset level performance and structural features.*
Daily review allows for appropriate adjustments based upon macro and idiosyncratic asset class events.	*Although all constituents are mandated to be floating rate in nature, the daily analysis requires an update on forward curves which impact valuations.*
This relative price framework allows for the construction of a matrix that is applied to the entire market.	*Valuation methodology utilizes market expertise and analyzing live market color through various mediums*

This analysis and review results in a price for each constituent.

Extraordinary Events:

Extraordinary market events may occur, including but not limited to a missed principal payment, event of default, removal of a deal, or adjustment of a deal's weight. The occurrence of such events may trigger an ad-hoc review by the Palmer Square Index Committee to ensure the index appropriately reflects these changes at the appropriate time. An intra-quarter rebalancing may occur in such instances. To reflect an event, official announcements and information from the Palmer Square Index Committee will be made available.

Index Governance and Quality:

Palmer Square Capital Management, LLC ("Adviser") has established an Index Committee, which shall have the following responsibilities:

- Determining the Rules-Based Methodology for any newly created proprietary index;
- Periodically reviewing the Rules-Based Methodology of any existing index, and approving any modifications to the Rules-Based Methodology;
- Determining all changes in the constituent components of the index;
- Oversight of index calculation;
- Preparing, maintaining and publishing an Index Methodology Guide and other publications regarding the Adviser's indices or index methodology;
- Disseminating public announcement of any changes to the index or methodology.

The Index Committee is currently comprised of the following individuals: Jeff Fox, President; Scott Betz, Chief Operating Officer; Jeremy Goff, Managing Director; Teemu Tiitinen, Executive Director.

The Index Pricing and Valuation Team, which is responsible for day-to-day management of the indices is comprised of the following individuals: Brooks Kendall, Vice President; Andy Betz, Operations Analyst; Bennett Walleck, Operations Analyst.

Information Barriers:

Members of the Index Committee are not permitted to provide access to other personnel of the Adviser concerning changes and adjustments to the index. Accordingly, information related to (1) changes in the Rules-Based Methodology for the inclusion of component securities, (2) the inclusion or exclusion of specific component securities, or (3) methodology for the calculation or return of component securities the Rules-Based Methodology shall be restricted from other Adviser personnel until such time as such modifications have been announced by the Index Committee. Such information shall be maintained in a restricted location at the Adviser which shall not be accessible to other employees.

Investment personnel who are not members of the Index Committee shall not participate in deliberations of the Index Committee regarding changes to the Rules-Based Methodology or index constituents.

Adviser shall implement controls to ensure that personnel with access to changes to the Rules-Based Methodology or the constituent components do not disseminate such information to others, including personnel of the Adviser, in advance of its public announcement.

Palmer Square EUR CLO Indices – Calculations

The indexes started on 12/31/2017 with a value of 100.00 On a daily basis the index is calculated as follows:

$$Index_t = Index_{t-1} \text{ x } (1 + TR_{t)}$$

Where:

- $Index_t$ = Index close on day t
- $Index_{t-1}$ = Index close on day t-1
- TR_t = Total Return on day t

Market Value

The market value of each EUR CLO index on day t is calculated as follows:

$$MV_t = \sum_{i=1}^{n} MF_t \times PAR_t \times \frac{P_t + AI_i}{100}$$

Where:

- MV_t = Market Value of the tranche i on day t
- PAR = Par amount of the tranche i as of the last rebalance adjusted for principal pre-payments etc.
- ${}_tP_t$ = Clean price of the tranche i on day t
- AI_i = Accrued interest on tranche i up to and including day t
- MF_t = Mortgage factor of tranche i used to adjust the par at principal paydown ($0 \leq MF_t \leq 1$)

The weights of the CLO tranche is defined as the market value of the tranche expressed as a percentage of the aggregate market value of all the tranches in the index portfolio

$$weight_k = \frac{MV_k}{\sum_{i=1}^{n} MV_i}$$

Returns

Total Return

The Total Return TR_t of a tranche at time t is the sum of the Interest Return and the Price Return on the day t

$$TR_t = IR_{i,t} + PR_{i,t}$$

Where:

- IR_t = Interest Return on day t
- PR_t = Price Return on day t

Price return measures the return due to the change in the market price of the tranche. Interest Return (or Coupon Return) includes the return due to the interest earned on that tranche.

Interest Return

$$IR_{i,t} = \sum_{i=1}^{n} \frac{PAR_{i,t} \times C_{i,t} \times d_{i,t,t-1}/360}{MV_{i,beg}}$$

Where:

- $IR_{i,t}$ = Interest Return of tranche i on day t
- $PAR_{i,t}$ = Par balance of the tranche i as on day t adjusted for principal pre-payments etc.
- $C_{i,t}$ = Coupon amount of tranche i as of day t
- $d_{i,t,t-1}$ = Day-count from the previous business day, t-1 to today, t
- $MV_{i,beg}$ = Market Value of tranche i at the beginning of day t

Price Return

$$PR_{i,t} = \sum_{i=1}^{n} \frac{PAR_{i,t} \times \left(\frac{P_{i,t} - P_{i,t-1}}{100}\right) + PP_{i,t} \times \left(\frac{RP - P_{i,t-1}}{100}\right)}{MV_{i,beg}}$$

Where:

- $PR_{i,t}$ = Price Return of tranche i on day t
- $PAR_{i,t}$ = Par balance of the tranche i as on day t adjusted for principal pre-payments etc.
- $P_{i,t}$ = Clean price of tranche i on day t
- $P_{i,t-1}$ = Clean price of tranche i in previous business day, t-1
- $PP_{i,t-1}$ = Principal Prepayment of tranche i on day t
- $MV_{i,beg}$ = Market Value of tranche i at the beginning of day t
- RP = Redemption Price, always 100

Notes and Disclosure

Sub-Components	Bloomberg Ticker
Palmer Square EUR CLO AAA Total Return	PSQEAAAT
Palmer Square EUR CLO AA Total Return	PSQEAATR
Palmer Square EUR CLO A Total Return	PSQEATR
Palmer Square EUR CLO BBB Total Return	PSQEBBBT
Palmer Square EUR CLO BB Total Return	PSQEBBTR
Palmer Square EUR CLO B Total Return	PSQEBTR

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