

Emles Federal Contractors ETF

FEDX

Fund Objective

The Emles Federal Contractors ETF (FEDX) seeks investment results that correspond, before fees and expenses, to the price and yield performance of the Emles Federal Contractors Index, an index designed to provide access to companies that have high revenue exposure to federal contracts with the U.S. government.

Key Features

Opportunity

Companies with high exposure to U.S. federal contracts may offer stable through-the-cycle revenues, as federal contracts are guaranteed by the U.S. government. The Emles Federal Contractors ETF aims to include companies with weighted average revenue exposure to federal contracts of 50% or more, which may provide investors defensive equity exposure.

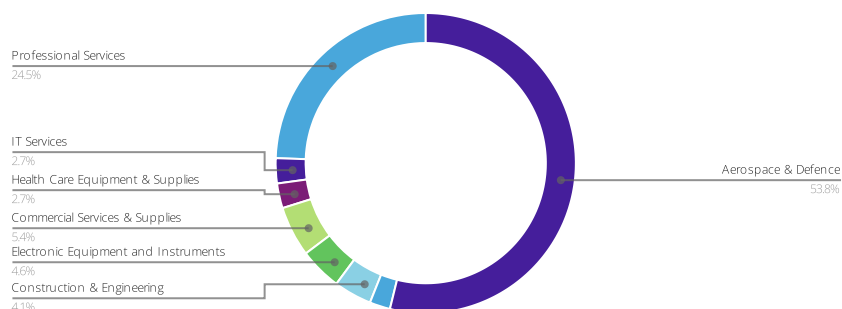
Portfolio

The Emles Federal Contractors ETF (FEDX) aims to provide investors with exposure to companies that potentially stand to benefit from the perceived stability of federal contracts with the U.S. government, particularly in periods of economic uncertainty.

- Managed by an experienced investment and portfolio management team with a track record of innovation
- Tracks a thoughtfully designed proprietary index that offers exposure to federal contract revenues
- Invests in a portfolio of U.S. companies that have significant revenue exposure to federal contracts with the U.S. government

Outcome

FEDX seeks to provide upside potential and a competitive yield for investors who seek defensive equity exposure. Complement or diversify your core equity exposure with the Emles Federal Contractors ETF (FEDX).



Fund characteristics, holdings and sector weightings are subject to change.

Fund Information

Inception Date	October 14, 2020
Underlying Index	Emles Federal Contractors Index
Total Net Assets	\$3.19MM
Distribution Frequency	Quarterly
Expense Ratio	0.60%
Number of Holdings	23

Trading Information

Ticker	FEDX
CUSIP	291361871
Listing Exchange	CBOE

Portfolio Managers and Experience

Gabriel Hammond	21 years
Yevgeniy Shelkovskiy, CFA, CAIA	8 years
Eric Qian	7 years

Fund Characteristics

Beta vs. S&P 500	0.699
Price to Earnings (P/E)	21.14x
Price to Book (P/B)	2.78x
Dividend Yield	1.31%
30-Day SEC Yield	0.81%

Top 10 Fund Holdings

Northrop Grumman Corp	9.4%
L3Harris Technologies Inc	9.1%
Lockheed Martin Corp	9.0%
Raytheon Technologies Corp	9.0%
General Dynamics Corp	8.9%
Jacobs Engineering Group Inc	4.6%
Teledyne Tech	4.6%
Leidos Holdings Inc	4.5%
Booz Allen Hamilton Holdings	4.2%
Huntington Ingalls Industrie	3.5%

The 30-Day SEC Yield represents net investment income earned by the Fund over the 30-Day period ended 06/30/2022, expressed as an annual percentage rate based on the Fund's share price at the end of the 30-Day period. The 30-Day unsubsidized SEC Yield does not reflect any fee waivers/ reimbursements/limits in effect.

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Performance Summary

For the quarter ended June 30, 2022, Fund positions delivered -5.34% at NAV, versus benchmark losses of -19.08% by the S&P Aerospace & Defense Industry Index over the same period.

- **Contributors:** Northrop Grumman, Huntington Ingalls
- **Detractors:** Teledyne, Kratos, Ameresco
- **Outlook:** In line with our previous outlook, topky markets for Aerospace and Defense benchmarks shed premium 1Q2022 valuations relative to the broader equity market. Barring an abatement to the Ukraine-Russia war, significant progress on reducing inflation, and/or improvements to financial conditions, we expect FEDX to remain a defensive, range bound investment into year end.

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Quarter in review

- Despite a down quarter, **FEDX reaped benefits** of its outsized allocation to defense names that pared losses from aerospace and cyclical fund constituents.
- Federal service providers proved **susceptible to inflation** as the services component of headline CPI rises more than 50% from its January level.
- As the armed conflict in Ukraine persists, Northrop and Huntington Ingalls emerge as **beneficiaries of the duress** while previous contributors such as Lockheed Martin fall back on below-estimate earnings.

Looking ahead

- A tale of two cities, the **Aerospace & Defense category has largely been held up by defense bellwethers** as military spending will likely persist until an abatement of the Ukraine-Russia war. On the other hand, our outlook for pent up flight demand fueling Aerospace outperformance softens as recession risks and isolated COVID outbursts stage caution for the subsector.
- Similarly, we expect **recession risks and rising services inflation to curb service demand** on a non-secular basis while federal agencies turn to legislation on where to award contracts. As such, the FEDX portfolio aims to capture these pivots in spending priorities and looks forward to analyzing the federal spending database and potential portfolio turnover.

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	Cumulative returns			Annualized returns			
	1 mos	3 mos	YTD	1 yr	3 yr	5 yr	Since Fund Inception
Emles Federal Contractors ETF at NAV	-1.62%	-5.34%	4.25%	0.57%	–	–	11.67%
Emles Federal Contractors ETF at Market Price	-1.75%	-5.66%	3.96%	0.34%	–	–	11.56%
Emles Federal Contractors Index	-1.55%	-5.19%	4.61%	0.98%	–	–	18.47%

Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and principal value will fluctuate, so that Fund shares may be worth more or less than their original cost when sold. Performance data current to the most recent month-end is available at www.emles.com or by calling +1 (833) 673-2661. You cannot invest directly in an index. Shares are bought and sold at market price (closing price), not net asset value (NAV), and are not individually redeemed from the Fund. Market performance is determined using the bid/ask midpoint at 4:00pm Eastern Time when the NAV is typically calculated. Brokerage commissions will reduce returns.

Learn more at
www.emles.com

Investors should consider the investment objectives, risks, charges and expenses of the funds carefully before investing. This and other information are contained in the Fund's prospectus, which may be obtained by visiting www.emles.com or by calling +1 (833) 673-2661. Please read the prospectus carefully before you invest.

Investing involves risk, including possible loss of principal. Small and mid-capitalization companies may be more vulnerable to adverse business or economic events than larger, more established companies. Events or conditions in one region or financial market may adversely impact issuers in a different country, region or financial market. Global events such as the current novel coronavirus (COVID-19), terrorist attacks, natural disasters, social and political discord or debt crises and downgrades, among others, may result in market volatility and have long term effects on both the U.S. and global financial markets. The Fund is non-diversified, which means that it may invest more of its assets in the securities of a single issuer or a smaller number of issuers than if it were a diversified fund. As a result, the Fund may be more exposed to the risks affecting an individual issuer or a smaller number of issuers than a fund that invests more widely. This may increase the Fund's volatility and cause the performance of a relatively smaller number of issuers to have a greater impact on the Fund's performance. The Fund is not actively managed and would only sell shares of an equity security if that security is removed from the Index or the Index is rebalanced. Please see the prospectus for details of these and other risks.

Foreside Financial Services, LLC, Distributor