

## Introduction

We introduced the Return Stacked® suite of ETFs in 2023 with a single goal in mind: to help investors better unlock the benefits of diversification through a series of capital efficient building blocks. We believe that the prudent application of leverage can allow investors to retain their core stock and bond exposures while introducing additional, potentially diversifying return streams to stack on top of their core portfolio's return. As such, each ETF in the suite follows a similar design: providing \$2 of exposure for every \$1 invested.

As of September 30<sup>th</sup>, the suite has passed over \$800 million in assets under management ("AUM"), having grown over \$270 million in Q3 2024.

In Q3 we introduced our fifth ETF to the suite: the Return Stacked® Bonds & Futures Yield ETF (RSBY). For every \$1 invested, RSBY seeks to provide \$1 of core U.S. bond exposure and \$1 of exposure to a multi-asset futures yield (carry) strategy. We are particularly excited about this strategy because we believe it represents a novel source of both return and diversification for most investors.

	Name	Ticker	Base	Stack	Launch Date	AUM (Millions)
<i>Capital Efficient Solutions</i>	Global Stocks & Bonds	RSSB	Global Stocks	U.S. Treasuries	12/5/2023	\$210.2
	Bonds & Managed Futures	RSBT	U.S. Bonds	Managed Futures	2/8/2023	\$102.4
<i>Pre-Stacked Alternatives</i>	U.S. Stocks & Managed Futures	RSST	U.S. Stocks	Managed Futures	9/6/2023	\$228.7
	U.S. Stocks & Futures Yield	RSSY	U.S. Stocks	Futures Yield	5/29/2024	\$158.6
	Bonds & Futures Yield	RSBY	U.S. Bonds	Futures Yield	8/21/2024	\$105.3
						\$805.2

AUM as of 9/30/2024.

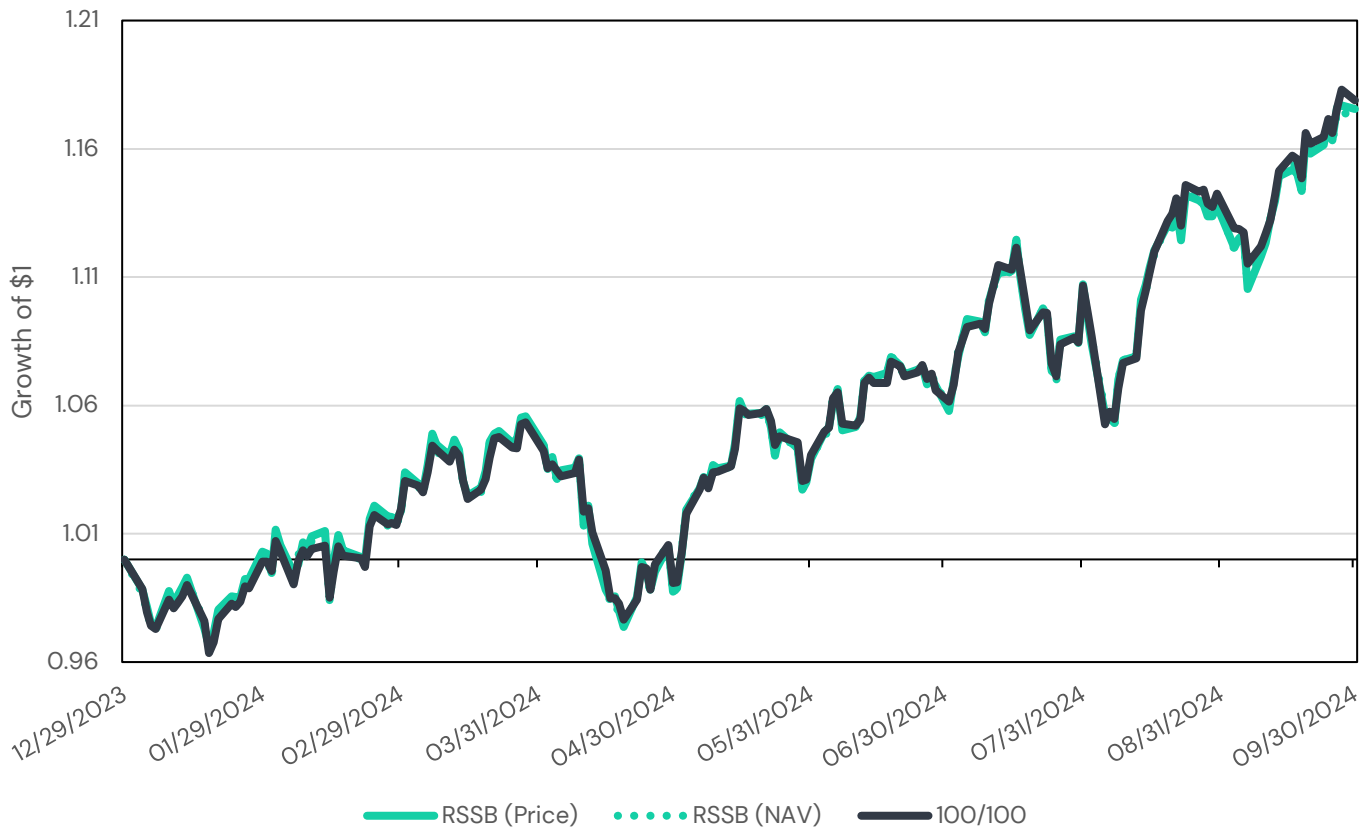
## Return Stacked® Global Stocks & Bonds (RSSB)

The aim of the Return Stacked® Global Stocks & Bonds ETF (RSSB) is to provide \$1 of exposure to a global equity strategy and \$1 of exposure to a U.S. Treasury strategy for every \$1 invested. The global equity strategy aspires to match market-capitalization weighted global equity markets and the U.S. Treasury strategy is engineered as an equal-weight ladder of 2-, 5-, 10-, and U.S. long bond Treasury futures.

The fund is designed to provide investors with *capital efficiency*. Capital efficiency refers to the ability for an investment to provide exposure to a particular asset class or strategy while investing fewer overall dollars. By using a capital efficient fund to implement strategic exposure, investors can free up capital in their portfolio. Investors can then "choose their own stack" by using this freed up capital to invest in any diversifying asset class or strategy of their choice, effectively turning it into an "overlay" on their portfolio.

Figure 1 plots the returns of the ETF versus a 100% Global Equity / 100% U.S. Treasury portfolio year-to-date.

**Figure 1: Performance in 2024**



Source: Bloomberg. Global Stocks is the FTSE Global All Cap Index (GEISAC). U.S. Treasuries is the Bloomberg U.S. Treasury Total Return Unhedged Index (LUATTRUU). U.S. T-Bills is the Bloomberg Short Treasury Total Return Index Value Unhedged Index (LD12TRUU). 100/100 is 100% Global Stocks / 100% U.S. Treasuries / -100% U.S. T-Bills, rebalanced daily. Index returns are hypothetical. You cannot invest in an index. Returns assume the reinvestment of all distributions (net of foreign withholding taxes). Past performance is not indicative of future returns. Please see glossary at the end of this commentary for index definitions. Period is December 29, 2023 through September 30, 2024.

## RSSB Standardized Performance

(December 4, 2023 through September 30, 2024)

	3-Month	6-Month	1-Year	3-Year	5-Year	Inception
RSSB (Price)	10.10%	11.36%	--	--	--	25.65%
RSSB (NAV)	9.75%	11.14%	--	--	--	25.12%
Global Stocks	7.00%	9.68%	--	--	--	24.08%
U.S. Treasuries	4.74%	4.84%	--	--	--	6.79%
U.S. T-Bills	1.36%	2.72%	--	--	--	4.50%

100/100	10.59%	11.92%	--	--	--	26.71%
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Source: Bloomberg. Global Stocks is the FTSE Global All Cap Index (GEISAC). U.S. Treasuries is the Bloomberg U.S. Treasury Total Return Unhedged Index (LUATTRUU). U.S. T-Bills is the Bloomberg Short Treasury Total Return Index Value Unhedged Index (LD21TRUU). 100/100 is 100% Global Stocks / 100% U.S. Treasuries / -100% U.S. T-Bills, rebalanced daily. Index returns are hypothetical. You cannot invest in an index. Returns assume the reinvestment of all distributions. Past performance is not indicative of future returns. Since inception returns less than a year are not annualized; since inception returns greater than a year are annualized. The total annual fund operating expense is 0.51%. The total annual fund operating expense after fee waiver is 0.36%. The Adviser has contractually agreed to waive all or a portion of its management fee until at least May 30, 2025 from exceeding 0.35%.

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 the Fund's website at <https://www.returnstackedetfs.com/return-stacked-global-stocks-bonds/>. The market price is the final price at which a security is traded on a given trading day. Net Asset Value (NAV) is value per share on a specific date or time. Returns less than one year are cumulative.

## Return Stacked® Bonds & Managed Futures (RSBT) and Return Stacked® U.S. Stocks & Managed Futures (RSST)

The aim of the Return Stacked® Bonds & Managed Futures ETF (RSBT) is to provide \$1 of exposure to a bond strategy and \$1 of exposure to a managed futures strategy for every \$1 invested. The bond strategy attempts to track the broad U.S. bond market, and the managed futures strategy is engineered in an effort to replicate the excess returns of the broad managed futures trend-following space.

Similarly, the aim of the Return Stacked® U.S. Stocks & Managed Futures ETF (RSST) is to provide \$1 of exposure to a U.S. equity strategy and \$1 of exposure to a managed futures strategy for every \$1 invested. The U.S. equity strategy attempts to track large-cap U.S. equities, while the managed futures strategy seeks to replicate the excess returns of the broad managed futures trend-following space.

The funds are designed to allow investors and allocators to introduce managed futures into their portfolio without having to sacrifice core stock and bond exposure. By selling U.S. equity exposure and buying RSST, or selling fixed income and buying RSBT, an investor has the opportunity to retain similar long-term stock and bond returns while adding the potential diversification and return stream of managed futures. In effect, when used this way, the funds allow investors to "stack" managed futures on top of their existing portfolio.

### Performance

Given the significant degrees of freedom that govern the design of managed futures strategies, the category is notorious for performance dispersion among its managers. Our goal in implementing a replication-based approach is to try to provide "index-like" exposure to the category, reducing single-manager dispersion risk.

The question to ask is, "in practice, how well have the strategies tracked their targets?" Our expectation is that the managed futures strategy will be responsible for most of each fund's tracking error, so we will focus our analysis there.

The Managed Futures strategy trades 27 futures contracts (including equity, bond, currency, and commodity markets) and employs two different approaches in trying to replicate the managed futures trend-following category:

1. **Top Down:** A regression-based approach that seeks to identify the portfolio of futures contracts that would have replicated the recent returns of the managed futures trend-following category. The top-down approach is implemented two ways: with a constrained 9-contract universe ("Top Down #1") as well as the full 27-contract universe ("Top Down #2").
2. **Bottom Up:** A composite trend-following model parameterized such that it has historically provided a high degree of fit to the broad managed futures trend-following category.

The top-down approach tries to replicate returns while the bottom-up approach tries to replicate process. We blend these two approaches (30% Top Down and 70% Bottom Up) to arrive at our target weights.

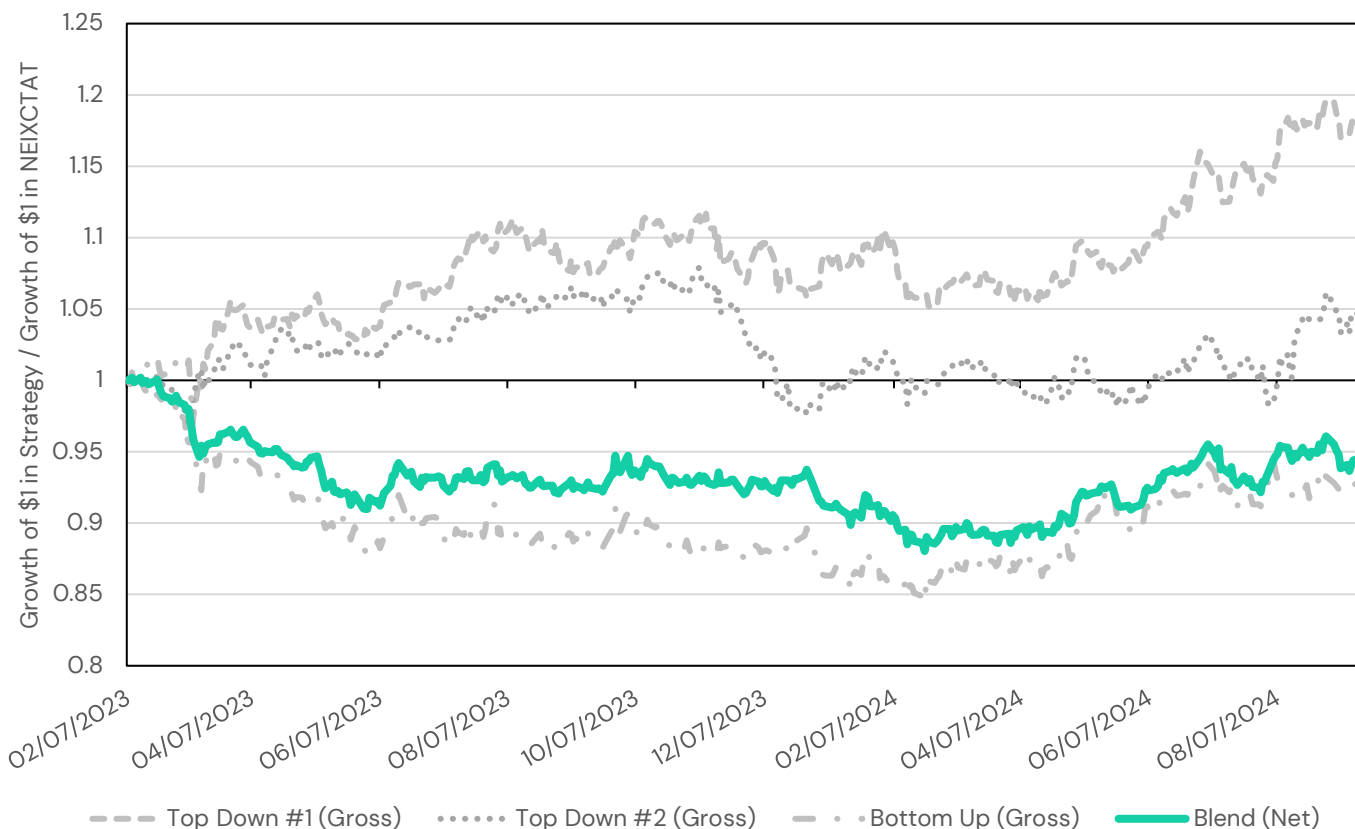
In Figure 2 we plot the results of each approach since RSBT's inception (the older of the two funds) relative to the performance of the Société Générale Trend Index (NEIXCTAT).

In Figure 3, we plot the year-to-date performance of each approach.

In Figure 4, we plot the relative performance of each approach versus the NEIXCTAT.

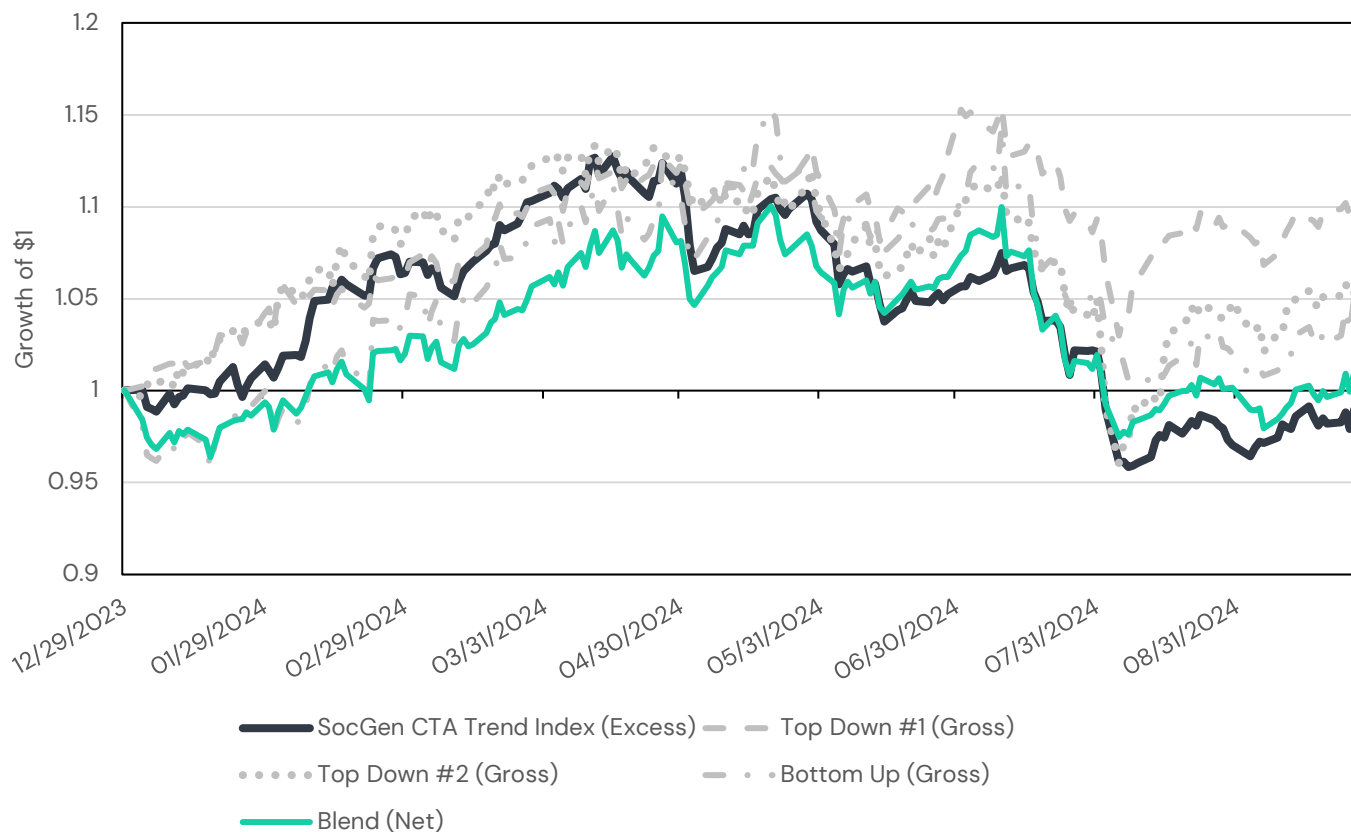
For clarity, note that Figures 1 and 3 should be interpreted as: *when the line is going up, the model is outperforming NEIXCTAT; when the line is going down, the model is underperforming NEIXCTAT; perfect replication would be a flat, horizontal line.*

Figure 2: Managed Futures Program Model Returns Relative to the NEIXCTAT Since Inception

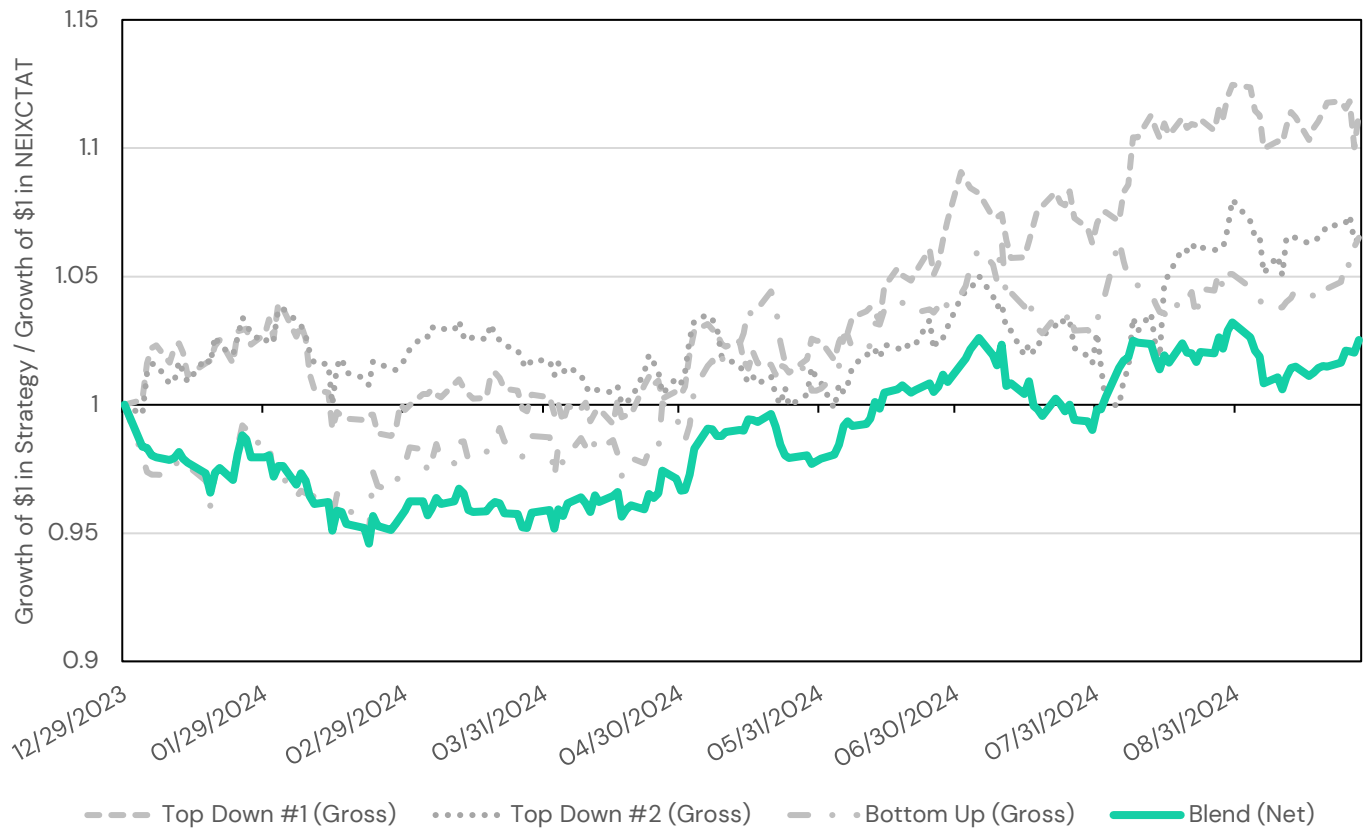


Source: Bloomberg; ReSolve Asset Management SEZC (Cayman). Calculations by Newfound Research. Top Down #1 (Gross), Top Down #2 (Gross), Bottom Up (Gross), and Blend (Net) are the hypothetical model returns of replication strategies implemented in RSBT and RSST. Blend (Net) is a 15% Top Down #1 (Gross) / 15% Top Down #2 (Gross) / 70% Bottom Up (Gross) portfolio rebalanced daily, net of estimated trading costs and a 0.95% annual expense ratio. SocGen Trend Index (Excess Return) is the Société Générale Trend Index (NEIXCTAT) minus the Bloomberg Short Treasury Total Return Index Value Unhedged Index (LD12TRUU). Returns assume the reinvestment of all distributions. Returns of NEIXCTAT are net of underlying fees. Index returns are hypothetical. You cannot invest in an index. Past performance is not indicative of future returns. Please see glossary at the end of this commentary for index definitions. Period is March 7, 2023 through September 30, 2024. This material is for illustrative purposes only and is not meant to reflect the actual investment in RSBT.

Figure 3: Managed Futures Program Model Returns in 2024



Source: Bloomberg; ReSolve Asset Management SEZC (Cayman). Calculations by Newfound Research. Top Down #1 (Gross), Top Down #2 (Gross), Bottom Up (Gross), and Blend (Net) are the hypothetical model returns of replication strategies implemented in RSBT and RSST. Blend (Net) is a 15% Top Down #1 (Gross) / 15% Top Down #2 (Gross) / 70% Bottom Up (Gross) portfolio rebalanced daily, net of estimated trading costs and a 0.95% annual expense ratio. SocGen CTA Trend Index (Excess) is the Société Générale Trend Index (NEIXCTAT) minus the Bloomberg Short Treasury Total Return Index Value Unhedged Index (LD12TRUU). Returns assume the reinvestment of all distributions. Returns of NEIXCTAT are net of underlying fees. Index returns are hypothetical. You cannot invest in an index. Past performance is not indicative of future returns. Please see glossary at the end of this commentary for index definitions. Period is December 29, 2023 through September 30, 2024. This material is for illustrative purposes only and is not meant to reflect the actual investment in the RSBT or RSST ETFs.

**Figure 4: Relative Returns of Managed Futures Models vs the NEIXCTAT in 2024**

Source: Bloomberg; ReSolve Asset Management SEZC (Cayman). Calculations by Newfound Research. The plot shows the ratio of the model equity curves in Figure 2 versus the equity curve of NEIXCTAT in Figure 2. Period is December 29, 2023 through September 30, 2024.

Astute readers will immediately notice that the Blend (Net) model has underperformed all three underlying replication models year-to-date. If the Blend (Net) model is, effectively, a portfolio of the three underlying models, how can it underperform them? The simple answer is “costs”: the Blend (Net) model is net of estimated management and transaction costs while the underlying models are plotted gross of those estimates.

While a year is a small period to draw any meaningful statistical conclusions from, we do believe there are some important features to point out from the live period of performance.

- The blended program has – albeit, with some turbulence – closely matched the cumulative excess returns of NEIXCTAT since early May 2023.
- The realized correlation between daily returns of the Blend (Net) model and NEIXCTAT has been 0.86. We believe that these correlations highlight how well the blended model has replicated the general shape of the managed futures trend-following category since inception.
- The three underlying models have all exhibited fairly unique relative patterns in their tracking (e.g. the lines in Figure 2 zig and zag in uncorrelated ways). In fact, the excess returns of the models (i.e. the returns of the

models minus the returns of the NEIXCTAT) have only had an average correlation of 0.27 to one another.

Given our belief that all three approaches have equal efficacy in tracking the broad managed futures trend-following category over the long run, we believe this low correlation suggests a significant opportunity for model diversification.

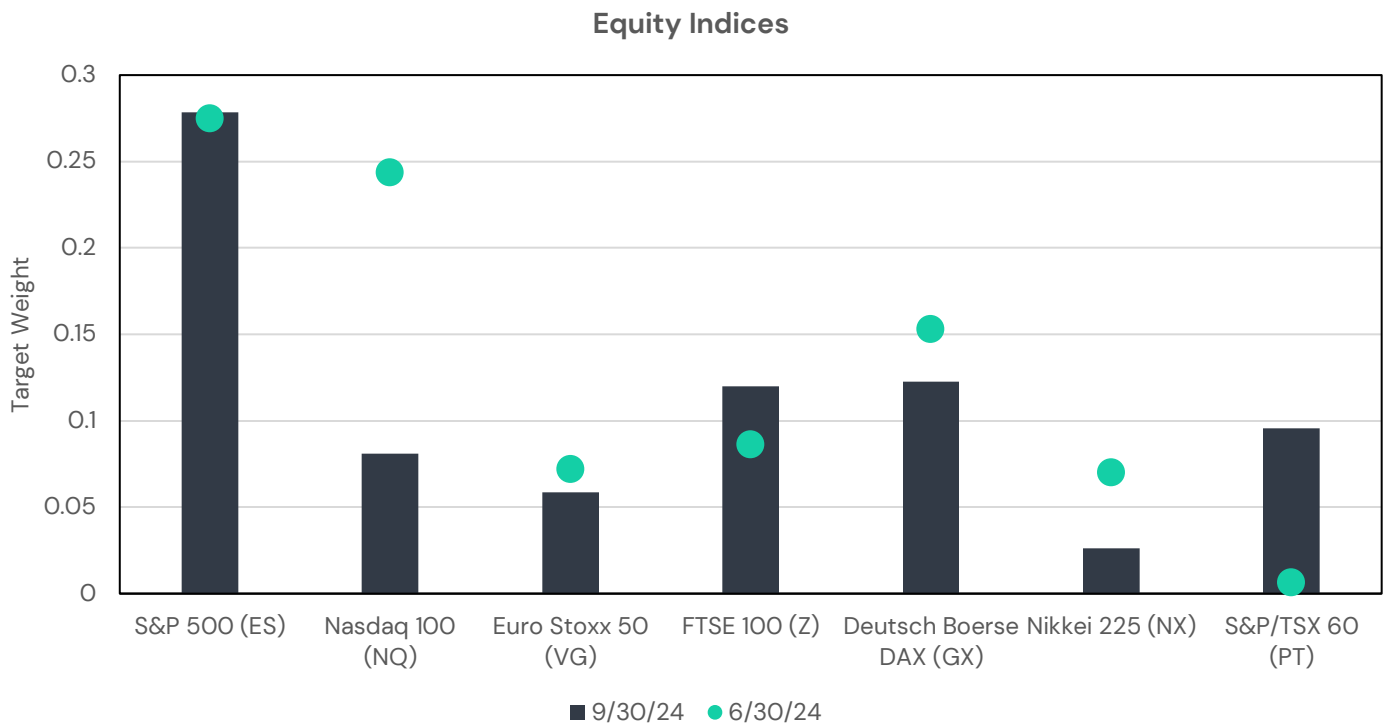
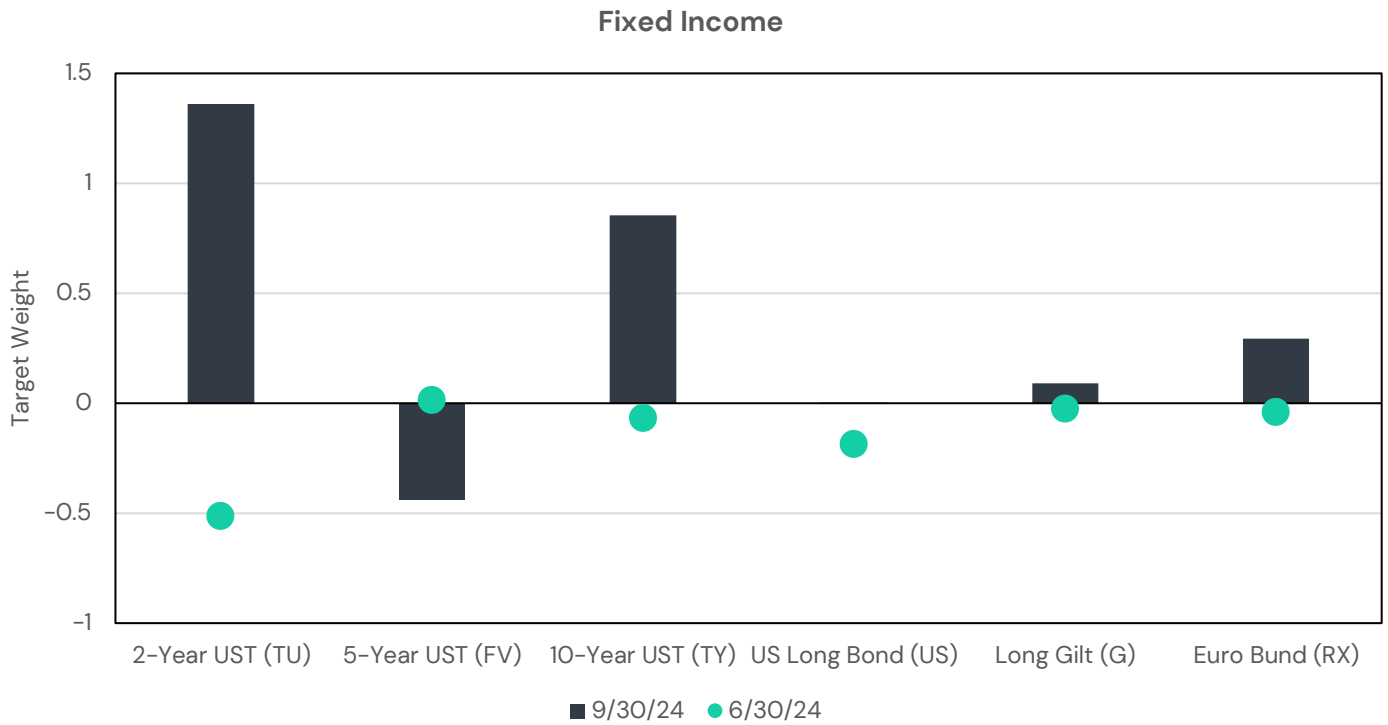
- The low realized correlation in excess returns led to a dramatic decrease in realized tracking error at the blended model level as well. The Top Down #1 (Gross), Top Down #2 (Gross), and Bottom Up (Gross) models had an annualized realized tracking error of 9.3%, 8.9%, and 10.3% respectively. The Blend (Net) model, however had an annualized realized tracking error of 7.1% despite being heavily tilted towards the model with the highest tracking error over the period!
- Despite the high degree of correlation in the fit, annualized tracking errors north of 5% suggest that quite a lot can happen in a quarter and replication can be a noisy business. For example, the 500 basis points of negative tracking error in Q1 was quickly reversed in Q2 and followed by over 100 basis points of positive tracking error in Q3. With integrity, we cannot crow about “alpha” or “skill” in Q2 and Q3 but bemoan “bad luck” in Q1.
- Finally, some may be inclined, ex-post, to ask, “why not simply use the Top Down #1 (Gross) model? It has clearly had the best relative performance, after all!” While this is true, that relative performance has come at the cost of tracking accuracy: it’s realized daily return correlation to NEIXCTAT has been just 0.66. With replication as the objective, Top Down #1 (Gross) has been, arguably, the *worst* performing model of the three. While we’re always grateful for positive tracking error over negative tracking error, we would prefer *no* tracking error.

## Positioning & Return Contribution

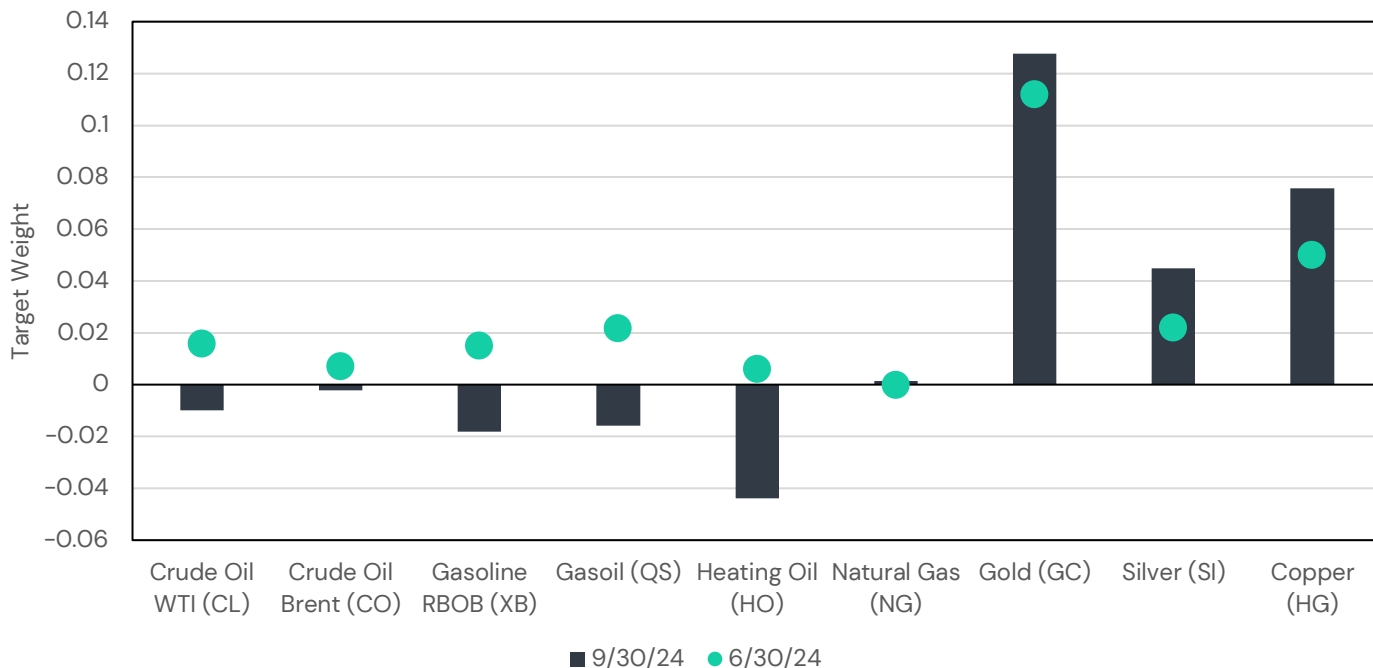
Finally, we want to address how the managed futures program reacted in Q3 2024 and how it is positioned entering Q4 2024. Figure 5 lays out model weights for the managed futures program broken into bond, equity, commodity, and currency futures. Figure 6 provides estimated Q3 and year-to-date contribution at a position level.



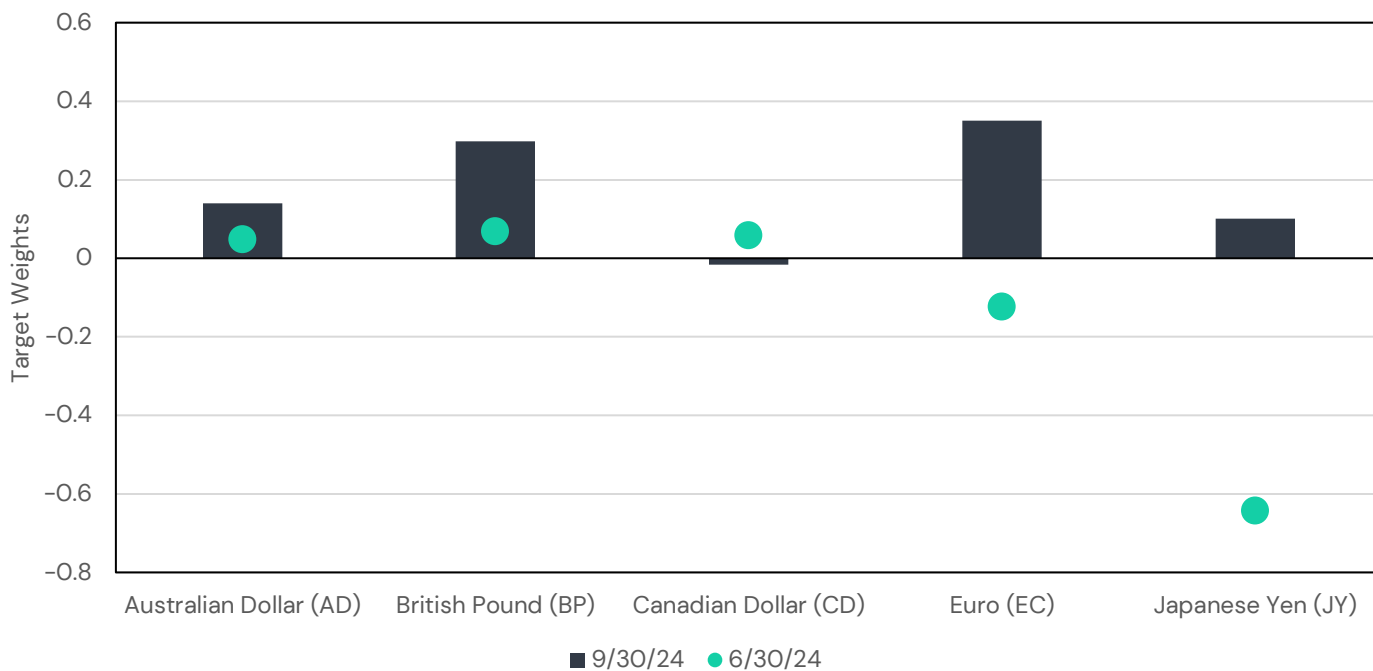
Figure 5: Managed Futures Model Weight Changes in Q3



### Commodities



### Currencies



Source: ReSolve Asset Management SEZC (Cayman). For illustrative purposes only. Weights reflect target allocations and may not reflect the actual weights held within RSBT or RSST. Holdings are subject to change.

A few important points to make before analyzing these graphs. First, the weights are not volatility adjusted. In other words, while a 70% short in 5-year US Treasury futures may appear to be substantial exposure, the *volatility* such a position contributes may actually be less than a 20% position in gold, for example. Second, these are a point-in-time snapshots of target weights. Managed futures is a dynamic strategy and these weights can shift dramatically in short order.

There were a few key trends that occurred from a positioning perspective over the quarter:

- The program flipped its positioning significantly in bonds, taking positions in 2- and 10-year US Treasuries positive, though duration is offset somewhat by a short in the 5-year US Treasury.
- The program broadly stayed long US equities, though trimmed its Nasdaq 100 exposure considerably.
- The program flipped from broadly long to broadly short in the energy sector.
- Positions in metals remain strong, slightly growing over the quarter.
- The program flipped from significantly short to slightly long on the Japanese Yen, after a swift reversal relative to the US dollar in July and early August.

**Figure 6: Position-Level Contribution to Returns in Trend Program in Q3 and Year-to-Date**

<b>CURRENCIES</b>	<b>Q3</b>	<b>Year-to-Date</b>
Australian Dollar (AD)	-0.02%	-0.72%
British Pound (BP)	0.59%	0.39%
Canadian Dollar (CD)	-0.30%	-0.37%
Euro (EC)	-0.43%	-1.85%
Japanese Yen (JY)	-2.68%	2.06%
<i>Total</i>	<i>-2.85%</i>	<i>-0.49%</i>

<b>Equity Indices</b>	<b>Q3</b>	<b>Year-to-Date</b>
S&P 500 (ES)	-0.12%	2.00%
Nasdaq 100 (NQ)	-0.79%	0.42%
Euro Stoxx 50 (VG)	-0.10%	0.96%
FTSE 100 (Z)	-0.23%	-0.42%
Deutsch Boerse DAX (GX)	-0.03%	0.24%
Nikkei 225 (NX)	-0.55%	1.22%
S&P/TSX 60 (PT)	0.10%	0.19%
<i>Total</i>	<i>-1.72%</i>	<i>4.59%</i>

<b>Bonds</b>	<b>Q3</b>	<b>Year-to-Date</b>
2-Year UST (TU)	-1.81%	-1.77%
5-Year UST (FV)	1.96%	1.56%
10-Year UST (TY)	-1.33%	-0.63%
US Long Bond (US)	-0.41%	-0.84%
Long Gilt (G)	-0.10%	-0.71%

Euro Bund (RX)	-0.02%	-1.23%
<i>Total</i>	<i>-1.71%</i>	<i>-3.63%</i>
<b>Energies</b>	<b>Q3</b>	<b>Year-to-Date</b>
Crude Oil WTI (CL)	0.04%	-0.14%
Crude Oil Brent (CO)	-0.19%	-0.51%
Gasoline RBOB (XB)	-0.02%	-0.10%
Gasoil (QS)	0.14%	-0.04%
Heating Oil (HO)	0.16%	0.03%
Natural Gas (NG)	-0.10%	-1.17%
<i>Total</i>	<i>0.03%</i>	<i>-1.93%</i>
<b>Metals</b>	<b>Q3</b>	<b>Year-to-Date</b>
Gold (GC)	1.14%	2.22%
Silver (SI)	0.13%	0.47%
Copper (HG)	-0.13%	0.12%
<i>Total</i>	<i>1.14%</i>	<i>2.80%</i>

Source: CSI and ReSolve Asset Management SEZC (Cayman). Calculations by Newfound Research.

## RSBT Standardized Performance

(February 7, 2023 through September 30, 2024)

	3-Month	6-Month	1-Year	3-Year	5-Year	Inception
RSBT (Price)	-0.68%	0.22%	3.47%	--	--	-4.29%
RSBT (NAV)	-0.65%	0.26%	3.59%	--	--	-4.46%
U.S. Bonds	5.20%	5.26%	11.57%	--	--	4.71%
SG Trend Index	-5.74%	-8.63%	-2.74%	--	--	0.23%
U.S. T-Bills	1.36%	2.72%	5.52%	--	--	5.35%
100/100	-2.18%	-6.28%	3.07%	--	--	-0.08%

Source: Bloomberg and Societe Generale. U.S. Bonds is the Bloomberg US Aggregate Total Value Unhedged USD Index (LBUSTRUU). SG Trend Index is the Société Générale Trend Index (NEIXCTAT). U.S. T-Bills is the Bloomberg Short Treasury Total Return Index Value Unhedged Index (LD12TRUU). 100/100 is 100% U.S. Bonds / 100% SG Trend Index / -100% U.S. T-Bills, rebalanced daily. Index returns are hypothetical. You cannot invest in an index. Returns assume the reinvestment of all distributions. Past performance is not indicative of future returns. Since inception returns less than a year are not annualized; since inception returns greater than a year are annualized. The total annual fund operating expenses is 1.06%.

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## RSST Standardized Performance

(September 5, 2023 through September 30, 2024)

	3-Month	6-Month	1-Year	3-Year	5-Year	Inception
RSST (Price)	-0.04%	4.84%	25.69%	--	--	21.93%
RSST (NAV)	-0.16%	4.79%	26.17%	--	--	21.76%
U.S. Stocks	5.89%	10.42%	36.35%	--	--	27.94%
SG Trend Index	-5.74%	-8.63%	-2.74%	--	--	-1.27%
U.S. T-Bills	1.36%	2.72%	5.52%	--	--	5.51%
100/100	-1.83%	-2.06%	25.30%	--	--	19.38%

Source: Bloomberg and Societe Generale. U.S. Stocks is the S&P 500 Total Return Index (SPXT). SG Trend Index is the Société Générale Trend Index (NEIXCTAT). U.S. T-Bills is the Bloomberg Short Treasury Total Return Index Value Unhedged Index (LD12TRUU). 100/100 is 100% U.S. Bonds / 100% SG Trend Index / -100% U.S. T-Bills, rebalanced daily. Index returns are hypothetical. You cannot invest in an index. Returns assume the reinvestment of all distributions. Past performance is not indicative of future returns. Since inception returns less than a year are not annualized; since inception returns greater than a year are annualized. The total annual fund operating expense is 0.98%.

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## Return Stacked® Bonds & Futures Yield (RSBY) and Return Stacked® U.S. Stocks & Futures Yield (RSSY)

The aim of the Return Stacked® Bonds & Futures Yield ETF (RSBY) is to provide \$1 of exposure to a bond strategy and \$1 of exposure to a futures yield (carry) strategy for every \$1 invested. The bond strategy attempts to track the broad U.S. bond market, while the futures yield strategy will invest long and short across commodities, currencies, bonds, and equities via futures contracts using a systematic and quantitative process that seeks to harvest roll yield (carry) in futures contracts.

Similarly, the aim of the Return Stacked® U.S. Stocks & Futures Yield ETF (RSSY) is to provide \$1 of exposure to a U.S. equity strategy and \$1 of exposure to a futures yield (carry) strategy for every \$1 invested. The U.S. equity strategy attempts to track large-cap U.S. equities, while the futures yield strategy will invest long and short across commodities, currencies, bonds, and equities via futures contracts using a systematic and quantitative process that seeks to harvest roll yield (carry) in futures contracts.

The funds are designed to allow investors and allocators to introduce a multi-asset futures yield strategy into their portfolio without having to sacrifice core stock and bond exposure. By selling U.S. equity exposure and buying RSSY, or selling fixed income exposure and buying RSBY, an investor has the opportunity to retain similar long-term stock and bond returns while adding the potential diversification and return stream of a multi-asset futures yield strategy.

In effect, when used this way, the funds allow investors to “stack” a futures yield strategy on top of their existing portfolio.

## A Brief Overview

The multi-asset carry strategy implemented in RSBY and RSSY trades 26 futures contracts covering equity indices, bonds, energies, metals, and currencies. The strategy is built upon the idea that carry is a measurable proxy for different risk premia and therefore provides important information regarding the future expected returns of a market.

Asset Class	What Does Futures Yield (Carry) Capture?	Risk-Based Theory
Equities	Expected dividends minus the risk-free rate	Compensation for fundamental risks.
Bonds	Yield in excess of the risk-free rate plus roll down	Compensation for illiquidity risk, monetary policy risk, and inflation risk.
Commodities	Convenience yield (i.e., benefit of holding a commodity minus associated costs such storage, transportation, and insurance)	Providing insurance to commodity producers.
Currencies	Interest rate spread between countries	Inflation, funding liquidity, and consumption growth risks.

Assets with a higher carry are expected to outperform those with a lower carry, assets with positive carry are expected to have positive forward returns, and assets with negative carry are expected to have negative forward returns.

This view is implemented via an optimization procedure, which seeks to build a portfolio that maximizes risk-adjusted carry (targeting an annualized volatility of 10%) by going both long and short different markets.

## A Carry Trade Unwind

When introducing multi-asset carry strategies to allocators, a common question we receive is, “aren’t carry strategies akin to picking up pennies in front of a steam roller?” The Yen unwind in Q3 seemed to re-confirm that suspicion in spectacular fashion.

A typical currency carry trade works like this: investors borrow capital in countries with low interest rates and invest it in countries with high interest rates. Given their perennial low interest rates, the Japanese Yen has been a popular funding currency. For example, an investor may borrow at short-term rates in Japan to invest in short-term rates in Australia on an *unhedged* basis. In practice, this trade requires borrowing Yen and converting them into Australian Dollars. When performed en masse, it can have the effect of depressing the value of the Yen versus the Australian Dollar.

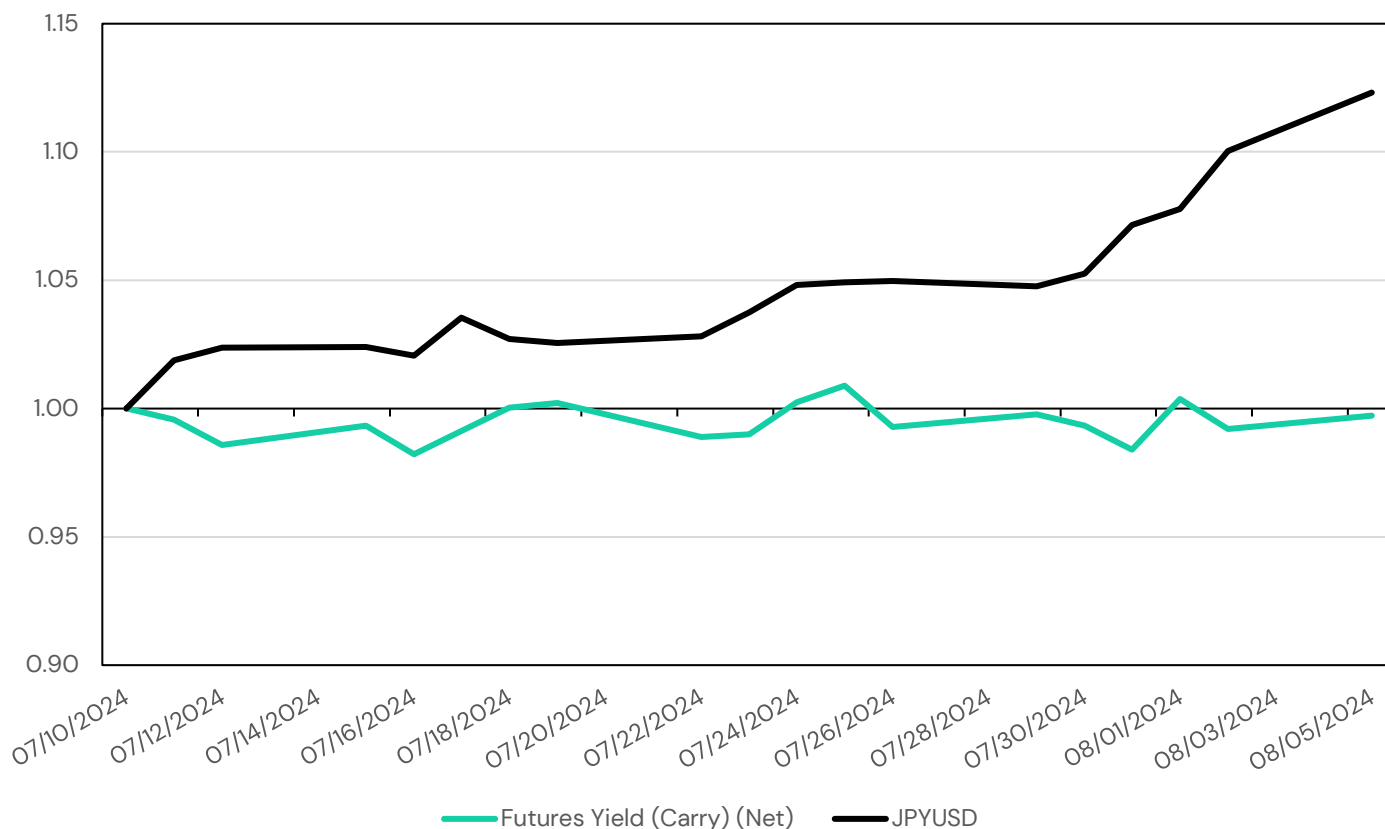
Basic macroeconomics would tell us that we should not expect to earn any return from this strategy. Specifically, uncovered interest rate parity tells us that the difference in interest rates should be offset by the relative change in currencies over the same period. If rate differentials reflect differences in inflation expectations, funding liquidity, and consumption growth rates, then the expected returns can represent a risk premium.

When the Bank of Japan hiked rates in early August, announced a tapering of its quantitative easing program, and initiated its first policy change since 1999, traders scrambled to hedge their currency risk and unwind their positions, causing the Yen to appreciate significantly against many major currencies. In truth, the unwind started almost a month before, on July 10<sup>th</sup>, as markets began to sniff out changing conditions.

It should come as no surprise that going into this event, we were short the Yen against the US Dollar. From July 10<sup>th</sup> to August 5<sup>th</sup>, the Yen rallied 12.3% against the US Dollar and we estimate our position contributed -244 basis points to our performance.

Yet, in total, we estimate that our multi-asset carry strategy was effectively *flat* over the same period. While the Yen was a significant drag, its return was more than offset by short positions in the Nikkei 225 and the Canadian Dollar. We believe this period highlights how an optimized multi-asset carry strategy has the potential to avoid significant carry trade blow ups by exploiting diversification opportunities and focusing on generating a portfolio with the highest *risk-adjusted carry*.

**Figure 7: Performance During Yen Carry Trade Unwind**



Source: Bloomberg. Calculations by Newfound Research. Futures Yield (Net) is the return of the Return Stacked® U.S. Stocks & Futures Yield ETF (RSSY) minus the S&P 500 Total Return Index (SPXT). JPYUSD is the return of the front-month Japanese Yen futures. Returns assume the reinvestment of all distributions. Returns of Futures Yield (Net) are net of underlying fees and transaction costs. Index returns are hypothetical. You cannot invest in an index. Past performance is not indicative of future returns. Please see glossary at the end of this commentary for index definitions. Period is June 28, 2024 through September 30, 2024. This material is for illustrative purposes only and is not meant to reflect the actual investment in the RSBY or RSSY ETFs.

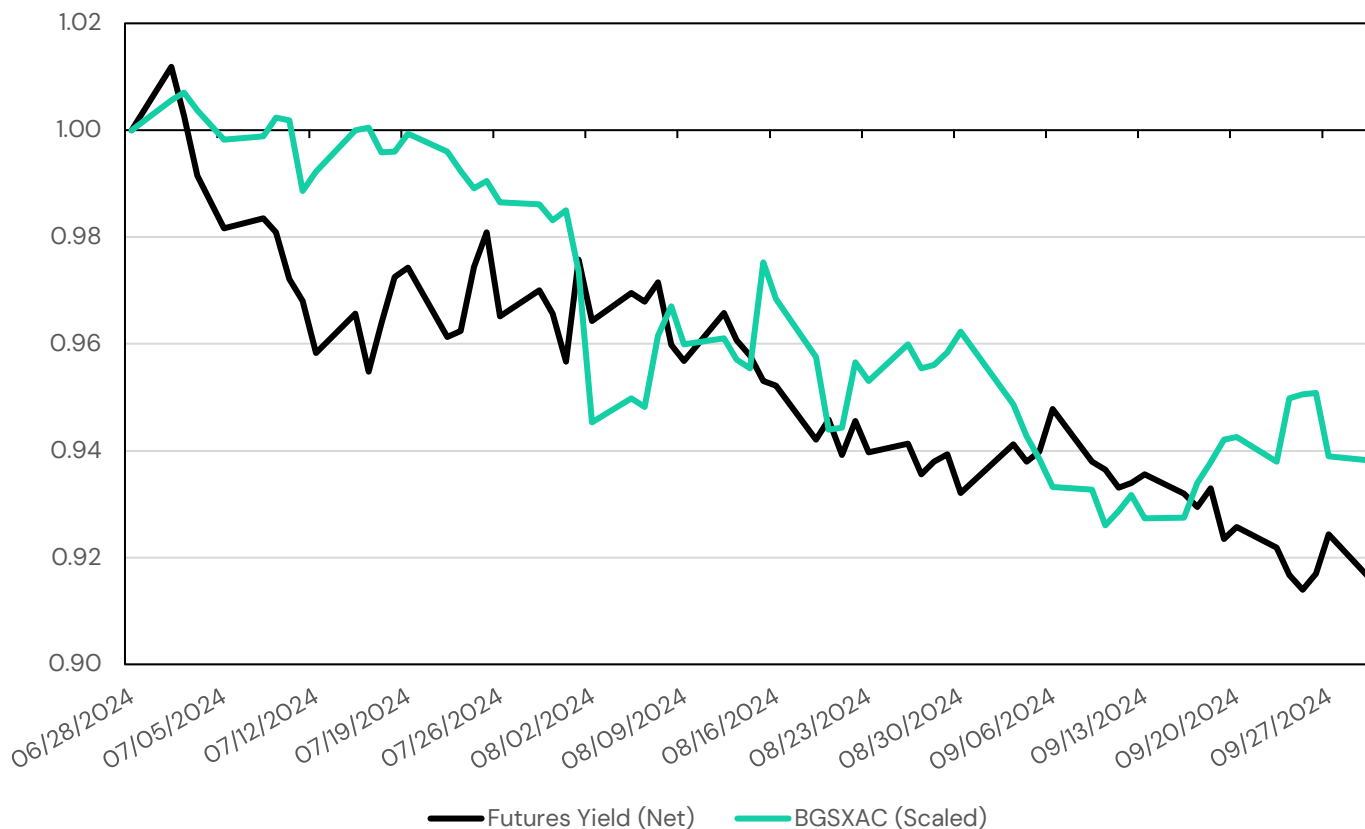
### Q3 Performance

Despite resilient performance during the Yen unwind, multi-asset carry generally struggled in Q3. The Bloomberg GSAM Cross Asset Carry Index (“BGSXAC”) was down -1.76%. The sub-indices that make up BGSXAC – the Bloomberg GSAM FX Carry Index, the Bloomberg GSAM Commodity Carry Index, and the Bloomberg GSAM Bond Carry Index – were down -2.81%, -1.68%, and -1.93% respectively. When scaled to realize the same volatility level as our multi-asset carry strategy over the quarter, BGSXAC was down -6.19%.

These indices, however, are purely cross-sectional implementations of carry. In other words, they go long high carry markets and short low carry markets within the same asset class, which can have the effect of reducing asset class level exposure. By contrast, our optimization-based approach can result in both positive (negative) net asset class exposure when the aggregate carry of the markets within an asset class is attractive (unattractive).

For example, at the end of Q2, we were generally positioned as long energies and short metals. This proved to be a painful trade in Q3, as the Bloomberg Energy Subindex was down -12.36% and the Bloomberg Precious Metals Subindex was up 9.81%.

Figure 8: Futures Yield Strategy Performance in Q3



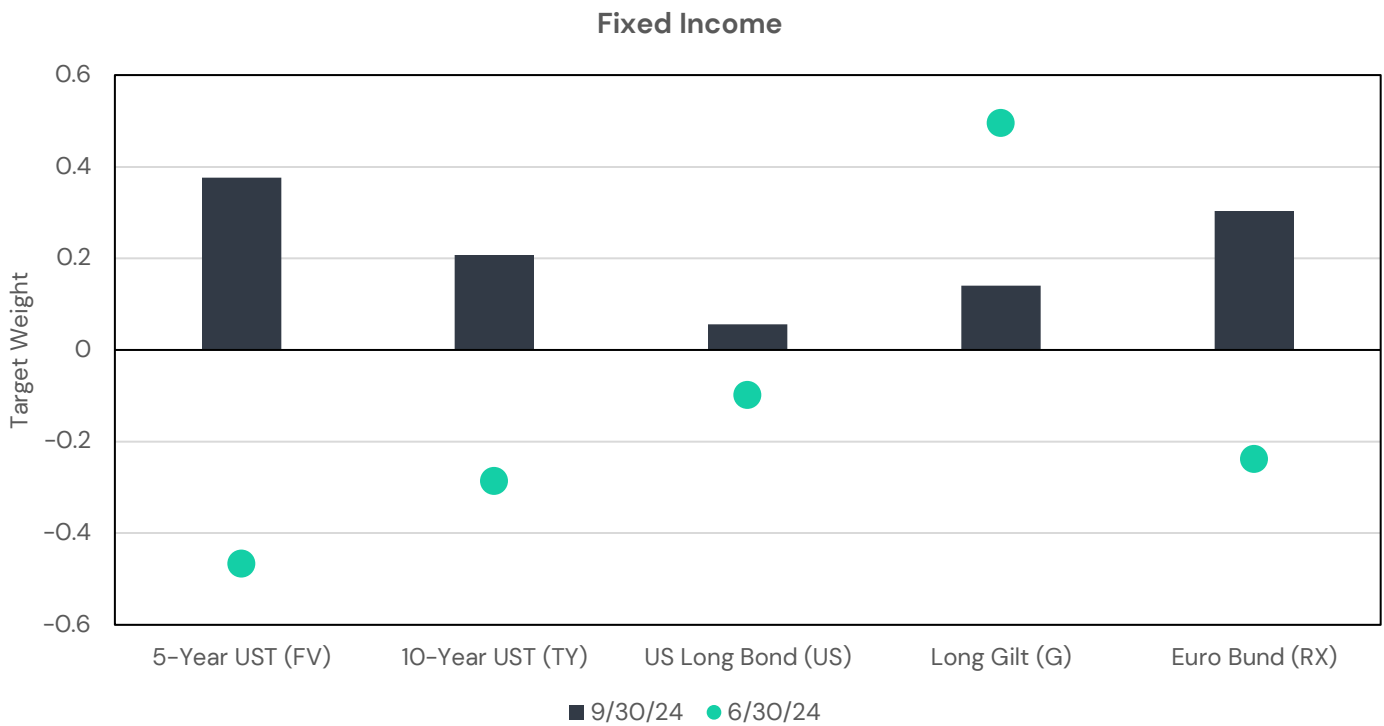
Source: Bloomberg. Calculations by Newfound Research. Futures Yield (Net) is the return of the Return Stacked® U.S. Stocks & Futures Yield ETF (RSSY) minus the S&P 500 Total Return Index (SPXT). Bloomberg GSAM Cross Asset Carry (Scaled) is the Bloomberg GSAM Cross Asset Carry Index (BGSXAC) scaled by 3.53 daily so as to realize the same volatility over the quarter as the Futures Yield (Net) strategy. Returns assume the reinvestment of all distributions. Returns of Futures Yield (Net) are net of underlying fees and transaction costs. Returns of Bloomberg GSAM Cross Asset Carry (Scaled) are gross. Index returns are hypothetical. You cannot invest in an index. Past performance is not indicative of future returns. Please see glossary at the end of this commentary for index definitions. Period is June 28, 2024 through September 30, 2024. This material is for illustrative purposes only and is not meant to reflect the actual investment in the RSBY or RSSY ETFs.



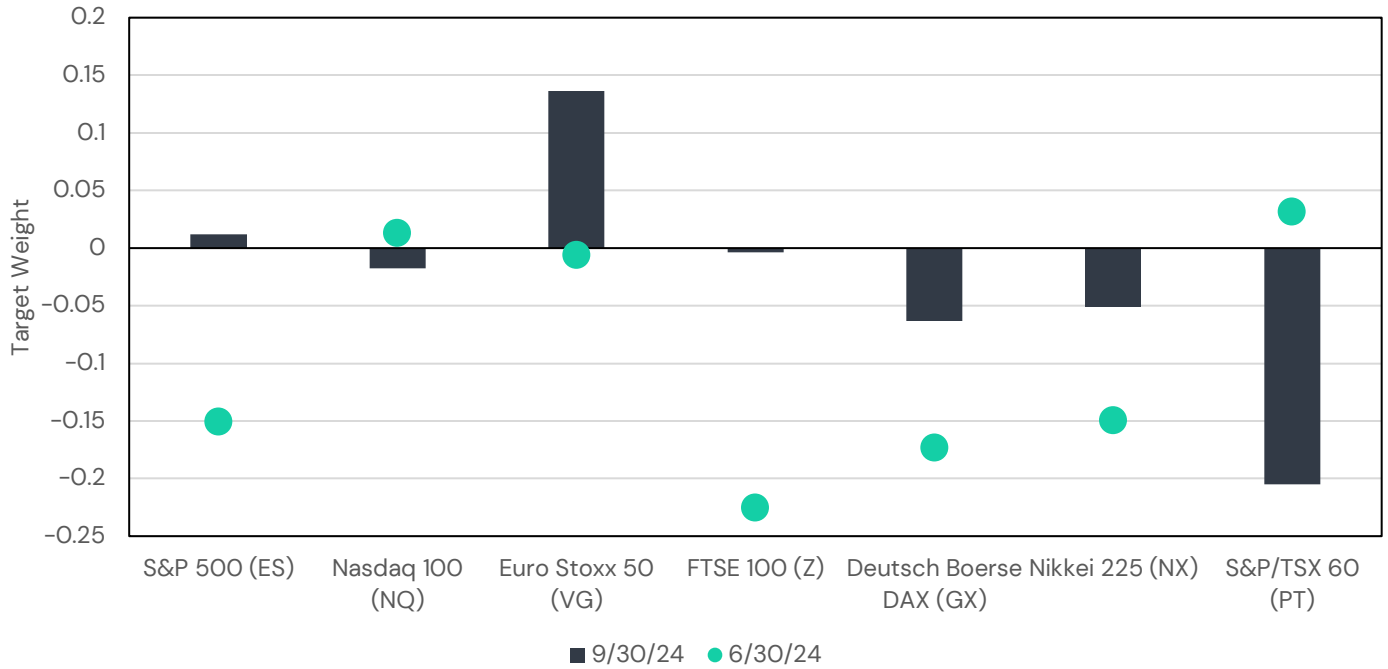
### Positioning

Figure 9 lays out model weights for the futures yield program a broken into bond, equity, commodity, and currency futures.

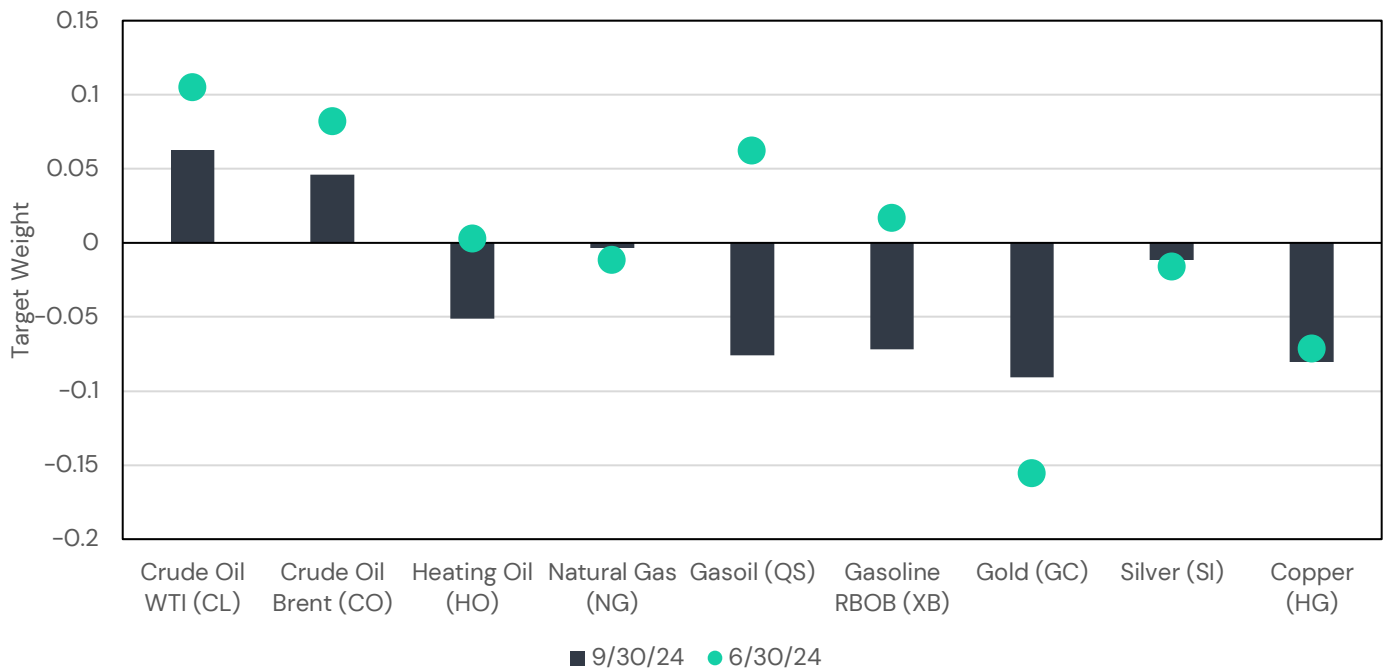
**Figure 9: Futures Yield Model Weight Targets at End of Q3**



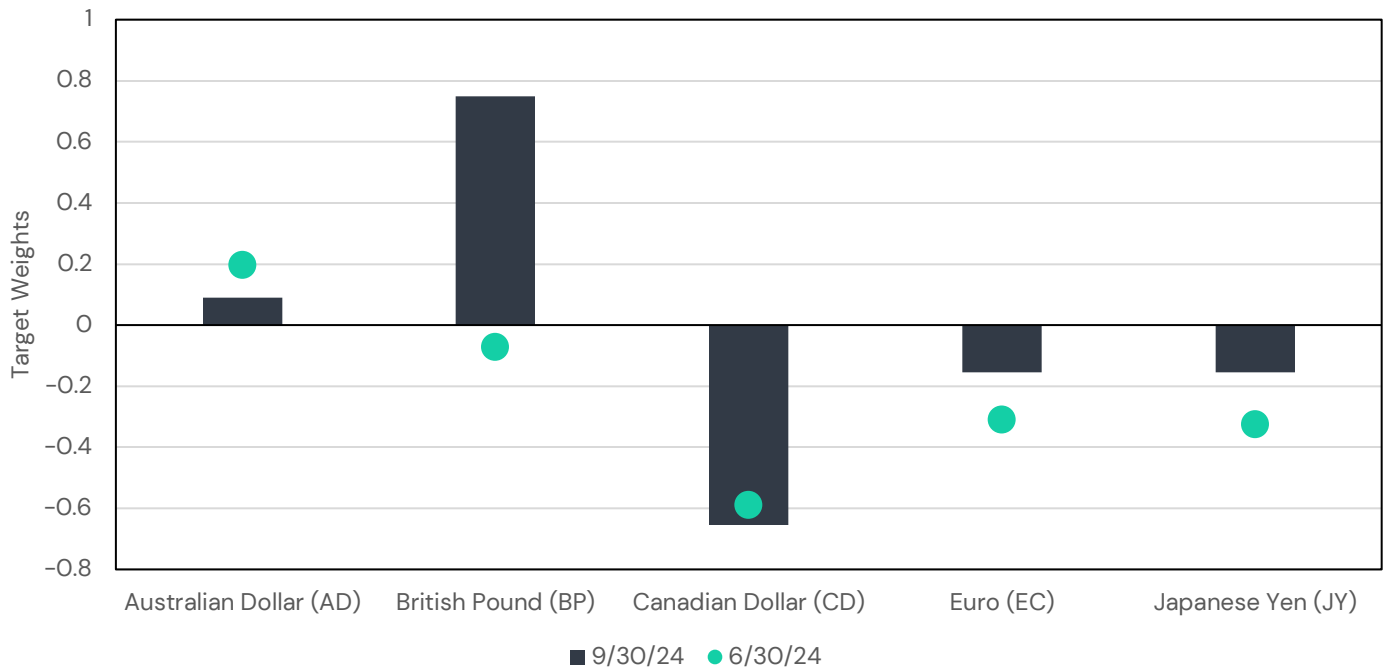
### Equity Indices



### Commodities



### Currencies



Source: ReSolve Asset Management SEZC (Cayman). For illustrative purposes only. Weights reflect target allocations and may not reflect the actual weights held within RSSY. Holdings are subject to change.

A few important points to make before analyzing these graphs. Again, the weights are not volatility adjusted. As mentioned above, a position with lower volatility and substantially greater weight may contribute an equal amount of risk as a position with higher volatility and higher weight. Second, these are a point-in-time snapshots of target weights. Futures yield is a dynamic strategy, and these weights can shift dramatically in short order.

### RSSY Standardized Performance

(May 28, 2024 through September 30, 2024)

	3-Month	6-Month	1-Year	3-Year	5-Year	Inception
RSSY (Price)	-2.67%	--	--	--	--	2.70%
RSSY (NAV)	-2.34%	--	--	--	--	2.68%
U.S. Stocks	5.89%	--	--	--	--	9.12%
U.S. T-Bills	1.36%	--	--	--	--	1.86%

Source: Bloomberg. U.S. Stocks is the S&P 500 Total Return Index (SPXT). U.S. T-Bills is the Bloomberg Short Treasury Total Return Index Value Unhedged Index (LD12TRUU). Index returns are hypothetical. You cannot invest in an index. Returns assume the reinvestment of all distributions. Past performance is not indicative of future returns. Since inception returns less than a year are not annualized; since inception returns greater than a year are annualized. The total annual fund operating expense is 1.04%.

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 the Fund's website at <https://www.returnstackedetfs.com/us-stocks-futures-yield/>. The market price is the final price at which a security is traded on a given trading day. Net Asset Value (NAV) is value per share on a specific date or time. Returns less than one year are cumulative.

## RSBY Standardized Performance

(August 20, 2024 through September 30, 2024)

	3-Month	6-Month	1-Year	3-Year	5-Year	Inception
RSBY (Price)	--	--	--	--	--	-1.15%
RSBY (NAV)	--	--	--	--	--	-1.62%
U.S. Bonds	--	--	--	--	--	1.04%
U.S. T-Bills	--	--	--	--	--	0.61%

Source: Bloomberg. U.S. Bonds is the Bloomberg US Aggregate Total Value Unhedged USD Index (LBSTRUU). U.S. T-Bills is the Bloomberg Short Treasury Total Return Index Value Unhedged Index (LD12TRUU). Index returns are hypothetical. You cannot invest in an index. Returns assume the reinvestment of all distributions. Past performance is not indicative of future returns. Since inception returns less than a year are not annualized; since inception returns greater than a year are annualized. The total annual fund operating expense is 1.00%.

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 the Fund's website at <https://www.returnstackedetfs.com/bonds-futures-yield/>. The market price is the final price at which a security is traded on a given trading day. Net Asset Value (NAV) is value per share on a specific date or time. Returns less than one year are cumulative.

## Conclusion

We believe that return stacking can reshape how investors think about asset allocation, allowing them to introduce additional return streams to their existing portfolio. In doing so, we believe there is the opportunity to enhance long-term returns and improve internal diversification.

We aim to help investors achieve these ends by offering pre-stacked solutions that can serve as portfolio building blocks. RSSB is designed to provide capital efficiency, allowing investors to free up room in their portfolio for creative cash management and overlay implementations. RSBT, RSST, RSBY, and RSSY seek to provide pre-stacked alternative solutions that allow investors to retain core stock and bond allocations while introducing exposure to both trend-following and carry-based managed futures.

Taken together, we believe these four building blocks provide investors with tremendous flexibility in portfolio design and the ability to rethink diversification within their portfolios.

We are excited for the future of this suite and the value that Return Stacked<sup>®</sup> funds can bring to investors.

## Glossary

**Bloomberg Energy Subindex** is a commodity group subindex of the Bloomberg Commodity Index and is composed of futures contracts on crude oil, heating oil, unleaded gasoline, and natural gas.

**Bloomberg GSAM Bond Futures Carry Index** ranks the government debt of 6 countries using the premium and discount that the corresponding bond futures have been trading at compared to the cheapest-to-deliver bonds. It takes a long position in the 1/3<sup>rd</sup> 10-year government bond futures with the highest carry and short the 1/3<sup>rd</sup> with the lowest.

**Bloomberg GSAM Cross Asset Carry Index** provides equal risk weight to the Bloomberg GSAM Bond Futures Carry Index, the Bloomberg GSAM Commodity Carry Index, and the Bloomberg GSAM FX Carry Index.

**Bloomberg GSAM Commodity Carry Index** provides an equal risk weighted exposure to a portfolio containing the Bloomberg GSAM Commodity Curve and Bloomberg GSAM Commodity Backwardation strategies.

**Bloomberg GSAM FX Carry Index** provides an equal risk weighted exposure to the Bloomberg GSAM FX10 and EM Carry strategies. These strategies rank the currencies using an average of recent implied US dollar interest rates as the carry measure.

**Bloomberg Precious Metals Subindex** is a commodity group subindex of the Bloomberg Commodity Index and is composed of futures contracts on gold and silver.

**Bloomberg Short Treasury Total Return Index Value Unhedged Index** is an index that covers U.S. Treasury Bills between 1-to-3 months in maturity.

**Bloomberg US Aggregate Bond Index** is an index that covers the broad U.S. investment grade, US dollar-denominated, fixed-rate taxable bond market.

**Bloomberg U.S. Treasury Total Return Unhedged Index** is an index that covers broad U.S. Treasury Bills, Notes, and Bonds.

**FTSE Global All Cap Index** is a market-capitalization weighted index representing the performance of large, mid, and small cap stocks globally.

**S&P 500 Index** is an abbreviation for the Standard & Poor's 500, a market-capitalization-weighted index of 500 leading publicly traded companies in the U.S.

**Société Générale CTA Index** is designed to track the largest commodity trading advisors ("CTAs") in the managed futures space net of underlying fees. The index does not represent the entire universe of CTAs. Actual rates of return may be significantly different and more volatile than those of the index.

**Société Générale Trend Index** is designed to track the largest trend following commodity trading advisors ("CTAs") in the managed futures space net of underlying fees. The index does not represent the entire universe of all CTAs. Actual rates of return may be significantly different and more volatile than those of the index.

**Euro Bund** is a long-term bond issued by the Federal Republic of Germany, the Republic of Italy, the Republic of France, or the Swiss Federation.

**UK Gilt** is a UK Government liability in sterling.

**WTI** is West Texas Intermediate and is the benchmark for the U.S. light oil market, sourced from U.S. fields.

**Brent** is the benchmark used for the light oil market in Europe, Africa, and the Middle East, originating from oil fields in the North Sea between the Shetland Islands and Norway.

**RBOB** stands for Reformulated Blendstock for Oxygenated Blending, a component that is used to create formulated gasoline.

## Important Disclosures

**Investors should carefully consider the investment objectives, risks, charges and expenses of the Return Stacked® ETFs. This and other important information about the ETFs is contained in their prospectuses, which can be obtained by calling 1-310-498-7655 or clicking [here](#). The prospectuses should be read carefully before investing.**

Investments involve risk. Principal loss is possible. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. Brokerage commissions may apply and would reduce returns.

**Derivatives Risk:** Derivatives are instruments, such as futures contracts, whose value is derived from that of other assets, rates, or indices. The use of derivatives for non-hedging purposes may be considered to carry more risk than other types of investments. **Cayman Subsidiary Risk:** By investing in the Funds' Cayman Subsidiaries, the Funds are indirectly exposed to the risks associated with the Subsidiaries' investments. The futures contracts and other investments held by the Subsidiaries are subject to the same economic risks that apply to similar investments if held directly by the Fund. The Subsidiaries are not registered under the 1940 Act, and, unless otherwise noted in the Funds' Prospectus, are not subject to all the investor protections of the 1940 Act. **Bond Risk:** The Funds will be subject to bond and fixed income risks through their investments in U.S. Treasury securities, broad-based bond ETFs, and investments in U.S. Treasury and fixed income futures contracts. Changes in interest rates generally will cause the value of fixed-income and bond instruments held by Funds (or underlying ETFs) to vary inversely to such changes. **Commodity Risk:** Investing in physical commodities is speculative and can be extremely volatile. **Commodity-Linked Derivatives Tax Risk:** The tax treatment of commodity-linked derivative instruments may be adversely affected by changes in legislation, regulations, or other legally binding authority. As registered investment companies (RIC), the Funds must derive at least 90% of its gross income each taxable year from certain qualifying sources of income under the Internal Revenue Code. If, as a result of any adverse future legislation, U.S. Treasury regulations, and/or guidance issued by the Internal Revenue Service, the income of the Funds from certain commodity-linked derivatives, including income from the Funds' investments in the Subsidiary, were treated as non-qualifying income, the Funds may fail to qualify as RIC and/or be subject to federal income tax at the Fund level. The uncertainty surrounding the treatment of certain derivative instruments under the qualification tests for a RIC may limit the Funds' use of such derivative instruments. **Commodity Pool Regulatory Risk:** The Funds' investment exposure to futures instruments will cause it to be deemed to be a commodity pool, thereby subjecting the Funds to regulation under the Commodity Exchange Act and the Commodity Futures Trading Commission rules. Because the Funds are subject to additional laws, regulations, and enforcement policies, they may have increased compliance costs which may affect the operations and performance of the Funds. **Credit Risk:** Credit risk refers to the possibility that the issuer of a security will not be able to make principal and interest payments when due. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also affect the value of the Funds' investment in that issuer. **Currency Risk:** Currency risk is the risk that changes in currency exchange rates will negatively affect securities denominated in, and/or receiving revenues in, foreign currencies. The liquidity and trading value of foreign currencies could be affected by global economic factors, such as inflation, interest rate levels, and trade balances among countries, as well as the actions of sovereign governments and central banks. **Equity Market Risk:** By virtue of the Funds' investments in equity securities, equity ETFs, and equity index futures agreements, the Funds are exposed to equity securities both directly and indirectly which subjects the Funds to equity market risk. Common stocks are generally exposed to greater risk than other types of securities, such as preferred stock and debt obligations, because common stockholders generally have inferior rights to receive payment from specific issuers. Equity securities may experience sudden, unpredictable drops in value or long periods of decline in value. This may occur because of factors that affect securities markets generally or factors affecting specific issuers, industries, or sectors in which the Fund invests. **Foreign and Emerging Markets Risk:** Foreign and emerging market investing involves currency, political and economic risk. **Leverage Risk:** As part of the Funds' principal investment strategies, the Funds will make investments in futures contracts to gain long and short exposure across four major asset classes (commodities, currencies, fixed income, and equities). These derivative instruments provide the economic effect of financial leverage by creating additional investment exposure to the underlying instrument, as well as the potential for greater loss. **Non-Diversification Risk:** The Funds are non-diversified, meaning that they are permitted to invest a larger percentage of its assets in fewer issuers than diversified funds. **Underlying ETFs Risk:** The Funds will incur higher and duplicative expenses because they invests in ETFs. The Funds may also suffer losses due to the investment practices of the underlying ETFs. **New Fund Risk:** The Funds are recently organized with no operating history. As a result, prospective investors do not have a track record or history on which to base their investment decisions.

Toroso Investments, LLC ("Toroso") serves as investment adviser to the Funds and the Funds' Subsidiary.

Newfound Research LLC ("Newfound") serves as investment sub-adviser to the Funds.

ReSolve Asset Management SEZC (Cayman) ("ReSolve") serves as futures trading advisor to the Return Stacked® Bonds & Managed Futures Fund, the Return Stacked® U.S. Stocks and Managed Futures Fund, and their respective Subsidiaries.

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