AXS MERGER FUND

Institutional Class (I): GAKIX Investor Class (A): GAKAX

Quarterly Performance Overview

KELLNER Capital

The AXS Merger Fund (GAKIX) returned -1.17% for the second quarter of 2024. The Fund held 40 positions at the end of June with 12 deals completing successfully during the quarter, including Exxon Mobil's $68.6 billion deal for Pioneer Natural Resources, Johnson & Johnson's $12.5 billion merger with Shockwave Medical, Blackstone's $5.7 billion buyout of Apartment Income REIT and Metropolis Technologies $1.6 billion transaction with SP Plus.

Performance was driven by a rare lawsuit brought by the Federal Trade Commission (FTC) on a retail transaction and general spread widening. In late April, the FTC sued to block the $8.5 billion merger between Capri Holdings and Tapestry claiming the deal would stifle competition in the "accessible luxury" handbag market. Capri owns the Versace, Jimmy Choo and Michael Kors brands while Tapestry owns Coach, Kate Spade and Suart Weitzman. The FTC posits that these brands constantly monitor each other to determine pricing. The response from the companies stated that even if this narrow market definition exists, it faces competitive pressures from both lower- and higher-end priced products. The companies listed hundreds of competitors at every price point and showed that barriers to entry are low. Capri's stock has traded down to a deep discount to the $57 deal price as the fundamentals of its underlying business have deteriorated from increased competition and an erosion in pricing power. This should only help their case as they head to court in September for a two-week trial. We believe the companies will prevail and expect a ruling in the middle of the fourth quarter.

CHEVRON | HESS

Also affecting performance was the widening of the spread in Chevron's $53 billion takeover of Hess. In March, Exxon Mobil (which has a joint venture (JV) with Hess on valuable assets in Guyana) accused Chevron of trying to sidestep its right of first refusal to buy the JV assets. The case will head to arbitration in the third quarter. In late April/early May the spread tightened after proxy advisor ISS recommended that Hess shareholders abstain from voting on the deal pending its arbitration with Exxon Mobil. Investors thought they might be able to force Chevron to increase the consideration as compensation for the deal's extended timeframe. Shareholders ultimately approved the current deal and the spread drifted as concerns turned back to arbitration. We expect regulatory approval and a positive arbitration approval/settlement before the end of the year.

Deal Activity

Global deal activity continued its rebound from decades-low volume last year and was up 22% for the first half to $1.5 trillion. While the overall number of deals was down, mega deals rose 70% from the same time last year. Small deals, those below $500 million that make up a large portion of total announcements, were down 13%. This probably has to do with smaller cap stocks lagging the overall market and the lack of interest rate cuts this year. The U.S. made up more than half of global volume for the first time since 2019 with $796 billion in activity, up 43% from a year ago. Energy was a bright spot with $254 billion in deals in the first half, with ConocoPhillips's $22.8 billion acquisition of Marathon Oil the largest deal announced in the second quarter. Schlumberger's $7.8 billion deal for ChampionX and Noble's $2.2 billion deal for Diamond Offshore Drilling helped produce a 27% increase in energy deals, putting it second only behind technology as the most active space this year. Other notable deals in the quarter included IBM's $7.2 billion transaction with HashiCorp, Waste Management's $5.8 billion takeover of Stericycle, Vertex Pharmaceuticals $4.7 billion deal for Alpine Immune Sciences and Prysmian's $4.6 billion merger with Encore Wire. European deals kept pace with the U.S. for the first half with a 43% increase in activity.

Private Equity

Private equity deals showed promise after a slow first quarter with activity rising 41% to $286 billion for the year thanks to a strong second quarter. The interest rate picture has become clearer with the possibility of cuts before the end of the year, taking away the fear of hikes that some had in the first quarter. Advent International led the quarter with its $6.1 billion deal for Squarespace. Other deals included Sliver Lake Management's $5.8 billion buyout of Endeavor Group, Bain Capital's $3.8 billion takeover of PowerSchool Holdings and EQT's $2.7 billion offer for Perficient. We are encouraged by the marked increase in activity and believe this bodes well for the second half of the year.

Outlook

While deal activity showed positive momentum in the first half, post-trough years historically bring explosions in volumes. Interest rate uncertainty has kept financing costs elevated, holding back private equity transactions. Boardroom confidence, a main driver of M&A activity, is there but the difficult regulatory environment is still holding many at bay. A change in administration, which would likely revert to historical antitrust enforcement, could provide the catalyst for increased activity that we believe is bubbling below the surface. We have initiated and increased positions in some longer dated transactions that we avoided in the first half of the year as they moved further along in their respective processes. The Fund is positioned well for the second half of the year with two-thirds of the portfolio set to close by year-end.

Fund Performance as of 6/30/2024

			ANNUALIZED RATES OF RETURN				
(%)	3 MO	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
Class I Shares	-1.17	0.27	5.67	3.21	2.66	2.49	2.78
Investor Class	-1.22	0.19	5.49	2.97	2.40	2.20	2.48

The inception date for the Fund is 6/29/2012. Total gross/net annual fund operating expense are 2.38%/2.08% for Class I shares and 2.63%/2.33% for Class A shares. The Advisor has contractually agreed to waive its fees and/or pay for operating expenses of the Fund to ensure that total annual fund operating expenses (excluding any taxes, leverage interest, brokerage commissions, dividend and interest expenses on short sales, acquired fund fees and expenses (as determined in accordance with SEC Form N-1A), expenses incurred in connection with any merger or reorganization and extraordinary expenses such as litigation expenses) do not exceed 1.50% and 1.75% of the average daily net assets of Class I and Investor Class shares of the Fund, respectively, through at least 1/31/2025.

The performance data quoted represents past performance and is no guarantee of future results. 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 may be lower or higher than the performance data quoted. For the most recent month-end performance, please call 833.AXS.ALTS or visit the Fund's website at www.axsinvestments.com.

Performance for periods prior to January 22, 2021, reflect the performance of the Kellner Merger Fund (the "Predecessor Fund") whose assets and liabilities were acquired by the Fund as of that date.

TOP 10 EQUITY HOLDINGS[1] (Target | Acquirer)	Gross Weight	Net Weight
Hess Corp | Chevron Corp	6.95%	11.77%
Encore Wire Corp | Prysmian SpA	3.33%	5.64%
ANSYS Inc | Synopsys Inc	2.65%	4.48%
Capri Holdings Ltd | Tapestry Inc	2.22%	3.76%
Axonics Inc | Boston Scientific Corp	1.80%	3.04%
Hollysys Automation Technologies Ltd | Ascendent Capital Partners Ltd	1.33%	2.24%
Surmodics Inc | GTCR	1.17%	1.98%
Everbridge Inc | Thoma Bravo	1.17%	1.98%
Hibbett Inc | JD Sports	1.13%	1.92%
Vizio Holding Corp| Walmart	1.07%	1.80%
Total Portfolio %	**22.82%**	**38.63%**

[1] *Source: UMB Fund Services.*

Holdings are subject to change at any time and are not a recommendation to buy or sell any security. Gross weight is the percentage of the investment value over the absolute value of the fund's long and short positions. Net weight is the percentage of the investment value over the net value of the fund's long and short positions. Cash and money markets are included in the total investment value.

Commentary provided by Kellner Capital, who serves as the Sub-Adviser and is not affiliated with AXS Investments

IMPORTANT RISK DISCLOSURE

Mutual funds involve risk including possible loss of principal. There is no assurance that the Fund will achieve its investment objective.

Investments in companies that are the subject of a publicly announced transaction carry the risk that the proposed or expected transaction may not be completed or may be completed on less favorable terms than originally expected, which may lower the Fund's performance. Investments in foreign securities involve greater volatility and political, economic and currency risks and difference in accounting methods. Investments in small and medium sized companies involve additional risks such as limited liquidity or greater volatility. Derivatives involve special risks including correlation, counterparty, liquidity, operational, accounting and tax risks. These risks, in certain cases, may be greater than the risks presented by more traditional investments. The Fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested. The Fund may use leverage which may exaggerate the effect of any increase or decrease in the value of portfolio securities or the Net Asset Value of the Fund, and money borrowed will be subject to interest costs. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund.

Investors should carefully consider the investment objectives, risks, charges and expenses of AXS Merger Fund. This and other important information about the Fund is contained in the Prospectus, which can be obtained by calling 833.AXS.ALTS (833.297.2587). The Prospectus should be read carefully before investing.

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