AXS MERGER FUND

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

Quarterly Performance Overview

KELLNER Capital

The AXS Merger Fund (GAKIX) returned +1.95% for the fourth quarter of 2023, and +6.84% for the year. The Fund held 20 positions at the end of December with 17 deals completing successfully during the quarter, including Broadcom's $70.2 billion deal for VMware, Microsoft's $67.9 billion merger with Activision Blizzard, Pfizer's $41.2 billion transaction with Seagen, and Amgen's $30 billion takeover of Horizon Therapeutics.

Positive performance was driven by the completion of the aforementioned deals, and further helped by overall spread compression in the portfolio. In late November, after almost a year and a half, China approved the $70 billion transaction between Broadcom and VMware. Our strategy of keeping the duration of the portfolio short and getting involved later in deals paid off as we were able to take advantage of significant spread widening in the second quarter. The companies received approval from the UK and the U.S. process expired without the agencies taking action, leaving only Chinese approval outstanding. As tensions mounted between the countries over U.S. curbs on semiconductor exports, increased volatility allowed the Fund to maximize its position at a very favorable spread. Broadcom's CEO attended a White House roundtable with the president of China in early November, smoothing the way for its approval and closure only a couple of weeks later.

SEAGEN | PFIZER

Also contributing positively to performance was the closing of the Seagen transaction with Pfizer. The spread remained wide as investors were unsure how the current U.S. administration, which had blocked a smaller deal between Amgen and Horizon Pharmaceuticals earlier in the year but then settled before going to court, would react to a $40 billion deal in the same industry. We believed the deal had minimal traditional antitrust concerns. The Fund built a sizeable position in Seagen, believing that the deal would not face a lawsuit and would be cleared in late 2023 or early 2024. After Pfizer agreed to donate the rights of royalties from the sales of one of its drugs to the American Association of Cancer Research, the FTC approved the transaction in mid-December, and the deal closed a couple of days later.

Deal Activity

Global deal volume was $2.9 trillion for the year, down 17% from last year, and the first-time volume failed to reach $3 trillion since 2013. Deals over $5 billion fell 15% and $10 billion plus transactions fell 11%. This was not surprising given the quick rise in interest rates and economic uncertainty. Despite this, there were signs activity was picking up as volumes increased 28% in the fourth quarter over the third quarter. Volume in the U.S. declined 6% for the year to $1.42 trillion, while Europe declined 28%. Two large energy deals, Exxon Mobil's $62.4 billion deal for Pioneer Natural Resources and Chevron's $52.4 billion transaction with Hess, helped jump-start activity early in the quarter. Healthcare, especially tuck-in acquisitions by large pharmaceutical companies, a theme we have been talking about for a couple of years, gathered momentum with Bristol-Myers Squibb announcing three deals with its acquisitions of Karuna Therapeutics for $12.5 billion, Mirati Therapeutics for $4.0 billion and RayzeBio for $3.8 billion. AbbVie joined the party announcing two deals with its $9 billion takeover of ImmunoGen, and $8.1 billion acquisition of Cerevel Therapeutics. This theme is continuing as we enter the new year with several large transactions already being announced in 2024. According to Berenberg estimates, large-cap pharma is expected to have $262 billion of unallocated cash available from 2024 to 2028, which could be used for further acquisitions. Other notable deals announced during the quarter include Nippon Steel Corp.'s $12.3 billion takeover of United States Steel, Choice Hotels International's $7.3 billion transaction for Wyndham Hotels & Resorts, Realty Income's $5.4 billion deal for Spirit Realty Corp. and Thermo Fisher Scientific's $3.2 billion acquisition of Olink Holdings.

VISTA EQUITY | ENGAGE SMART

A lack of private equity deals was one of the major drags on volumes in 2023, with activity down 38% from 2022 to $433.6 billion. Where private equity activity has accounted for approximately 30% of overall volume the last couple of years, it was nearly non-existent this year. Price disagreements and difficulty getting financing from traditional banks, in addition to higher funding costs, led to the drop. As of year-end, private equity firms were sitting on a record $2.6 trillion in cash reserves. In addition, they sit on a record $2.8 trillion of unsold investments as very little capital has been returned to investors over the last five years. These factors should help facilitate more deal activity. The largest private equity deal of the quarter was Vista Equity Partner's $3.8 billion buyout of EngageSmart. Others included Insight Venture Partners $3.5 billion takeover of Alteryx and Ascendent Capital Partners $1.4 billion deal for Hollysys Automation Technologies.

Outlook

The overall tone of the M&A market has changed dramatically over the last month and a half. Corporate confidence seems to be gaining momentum and animal spirits are percolating as we enter the new year. Higher financing costs, economic uncertainty and increased regulatory scrutiny were a recipe for a pullback in volumes. All of this helped to widen the gap between buyers and sellers, making it difficult to agree on a price to get a deal across the finish line. The loss by the U.S. government in the Horizon transaction emboldened healthcare M&A in the fourth quarter, which has continued into the new year. The Federal Reserve's pivot after holding interest rates steady after a 22-year high should comfort those that were worried about runaway inflation. It looks like interest rate cuts are penciled in for next year, which should only increase the amount of activity we see. We continue to keep the duration of the portfolio on the shorter end, three to six months, which has served us very well over the last two years. The uncertainty of the global regulatory environment has kept spreads extremely attractive despite the aforementioned government losses. This, along with a more accommodative Fed and pent-up demand for deals, has made us exceedingly bullish on the prospects for the strategy over the next few years.

Fund Performance as of 12/31/2023

(%)	3 MO	YTD	ANNUALIZED RATES OF RETURN 1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
Class I Shares	1.95	6.84	6.84	3.47	3.08	2.63	2.88
Investor Class	1.83	6.49	6.49	3.20	2.82	2.32	2.58

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 ***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 1/31/2024.*

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	5.22%	6.04%
Splunk Inc | Cisco Systems Inc	3.61%	4.17%
Pioneer Natural Resources | Exxon Mobil Corp	2.70%	3.12%
Capri Holdings Ltd | Tapestry Inc	1.95%	2.26%
Spirit Realty Capital Inc | Realty Income Corp	1.77%	2.05%
SP Plus Corp | Metropolis Technologies Inc	1.61%	1.86%
Alteryx Inc | Clearlake Capital, Insight Partners	1.16%	1.34%
Mirati Therapeutics Inc | Bristol Myers Squibb	1.12%	1.30%
RPT Realty | Kimco Realty Co	1.07%	1.24%
Sovos Brands Inc | Campbell Soup	1.06%	1.23%
Total Portfolio %	**21.27%**	**24.60%**

[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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