AXS MERGER FUND

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

Quarterly Performance Overview

KELLNER Capital

The AXS Merger Fund (GAKIX) returned +1.92% for the third quarter of 2024. The Fund held 41 positions at the end of September with 10 deals completing successfully during the quarter, including AbbVie's $8.4 billion deal for Cerevel Therapeutics, Ascendent Capital Partner's $1.4 billion buyout of Hollysys Automation Technologies, SAP's $1.3 billion merger with WalkMe and Boston Scientific's $1 billion transaction for Silk Road Medical.

Performance was driven by the recovery in our position in the $8.5 billion merger between Capri Holdings and Tapestry. Recall that in late April, the Federal Trade Commission (FTC) sued to block the deal claiming it would stifle competition in the "accessible luxury" handbag market. We attended the trial, which started in early September, at the US District Court in New York. The companies did an excellent job of defending themselves and providing the judge with their rationale on why the FTC's market definition was too narrow and didn't account for the robust competition it faces from several different markets. The company's defense was especially strong in undermining the FTC's economist, one of the only witnesses the FTC brought that was not an employee of one of the companies. In addition, the defense's economic witness, a former chief economist at the U.S antitrust division at the FTC, who has testified on behalf of the FTC on enforcement actions before, did a tremendous job of highlighting the flaws in the analysis done by the FTC's economist. At one point she said, "I would not be able to get away with this type of analysis." While we believe the FTC failed to meet its burden to show the merger will substantially lessen competition, it is up to the judge to make that determination. The fundamentals of Capri stock have deteriorated somewhat since the announcement of the merger, increasing the downside if the deal fails to close. However, we believe the outcome will be favorable to the companies when the judge renders her decision in the fourth quarter.

ASCENDENT | HOLLYSYS

Also contributing to performance was the closing of Ascendent Capital's buyout of Hollysys (HOLI). Back in April, HOLI shares traded down significantly after there were reports that a Chinese approval would be needed to complete the transaction, which would add uncertainty and lengthen the timeline. The shares continued to weaken into the third quarter and recovered after the companies reported that all approvals were received and the deal closed in late July.

CHEVRON | HESS

Our position in Chevron's $53 billion takeover of Hess was a drag on performance as the arbitration case between Exxon Mobil and Hess, which operate a joint venture will not be heard until next year. The companies recently received FTC approval, the last condition remaining, other than the arbitration ruling. We are hoping the parties can negotiate a settlement that will allow the deal to close before the ruling.

Global Deal Activity

Global deal activity continued its rebound with volumes up 14% for the quarter to $848 billion. So far, $2.4 trillion in merger activity has been announced this year, up 22% from the same period last year. The U.S. saw a slight dip in volumes to $338 billion, down 8% from the year earlier period, though activity is still up 26% for the year to $936.6 billion. The regulatory environment has continued to weigh on "megadeals," but transactions in the $1 billion to $10 billion range were up 27%. Activity was spread across all sectors with privately held confectionery and pet food maker Mars buying Kellanova for $29.2 billion, the largest deal announced in the third quarter. Other notable deals in the quarter included Skydance Media's $11.1 billion takeover of Paramount Global, Verizon Communications' $9.6 billion transaction with Frontier Communications, Boeing's $4.3 billion deal for Spirit AeroSystems and Cleveland-Cliffs' $2.7 billion merger with Stelco Holdings. European deals slowed from the first half, climbing 7% to $160 billion.

An improved financing market drove private equity deals higher in the third quarter, jumping 42% to $166.2 billion. Lower interest rates with more cuts to come bode well for leveraged buyouts after years of an aggressive tightening by the Fed. Traditional lenders, which had been out of the financing market after being stuck with hung loans from the pre-covid LBO boom, are telling PE firms, along with private credit managers, that they can provide up to $15 billion of debt for a single junk-rated deal. This is approximately 50% higher than what was offered a year ago. We started to see movement this quarter with several notable deals announced. Blackstone and Vista Equity Partners announced the largest deal of the quarter with its $7.9 billion takeover of Smartsheet. Other deals included Clayton Dubilier & Rice's $3.9 billion buyout of R1 RCM, a consortium led by Bain Capital's $3.5 billion takeover of Envestnet and Apax Partners' $1.4 billion offer for Thoughtworks Holding. We continue to be encouraged by the increased activity and believe it will help propel volumes again over the next several quarters.

Outlook

Deal volumes continued to show marked improvement during the first three quarters of the year. The level of activity has been encouraging for an election year, which always brings uncertainty to the M&A market. That being said, many companies have put off transformational deals until after the election to get clarity on which direction antitrust policy will go. Recent reports are that the head of the FTC is unpopular with both candidates. A change in that seat would remove what was a large impediment to deal activity over the last four years. The Federal Reserve's commitment to lowering interest rates should help loosen financing markets and fuel the appetite for mergers. There are several situations in the portfolio that we expect to come to fruition in the fourth quarter which will drive performance. The removal of uncertainty around the election, the prospect for lower rates and potential resolution in several of our positions have us excited for a strong close to the year.

Fund Performance as of 9/30/2024

(%)	3 MO	YTD	ANNUALIZED RATES OF RETURN 1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
Class I Shares	1.92	2.20	4.19	4.29	2.76	2.58	2.88
Investor Class	1.80	1.99	3.86	4.01	2.50	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 (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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