The Federal Reserve left interest rates unchanged at the September FOMC meeting, leaving the fed funds rate at the 5.25–5.50% range. Participants have referred to this decision as a hawkish pause as Federal Reserve Jerome Powell expressed uncertainty regarding the US economy.

With both annualized core CPI and PCE for August at nearly double the 2% target (4.3% and 3.9%, respectively), he stated the Fed is "prepared to raise rates further if appropriate," and that rates will be kept at elevated levels until policymakers are confident that "inflation is moving down sustainably."

Updated dot plot projections revealed that 12 out of 19 officials see another 25 bps increase this year, and that 50 bps (two 25 bps cuts) that were expected in 2024 were removed. Moreover, the Fed doubled its GDP forecast for 2023 and increased the 2024 estimate from 1.1% to 1.5%, while lowering both 2023 and 2024 unemployment rate expectations, echoing their hawkish stance.

In response, the yield on the 10 year Treasury surpassed 4.6% for the first time since 2007 as the bond market is convinced interest rates will stay higher for longer. As of September end, traders are currently pricing in an 18% chance of a 25 bps rate hike at the next FOMC meeting on November 1st.

**FUND PERFORMANCE AS OF 9/30/2023**

<table>
<thead>
<tr>
<th>(%)</th>
<th>3 MO</th>
<th>YTD</th>
<th>1 YR</th>
<th>SINCE INCEPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAV</td>
<td>1.63</td>
<td>4.12</td>
<td>18.68</td>
<td>4.69</td>
</tr>
<tr>
<td>Market Price</td>
<td>1.24</td>
<td>3.64</td>
<td>18.28</td>
<td>4.46</td>
</tr>
<tr>
<td>Blended Benchmark</td>
<td>-1.38</td>
<td>6.59</td>
<td>14.46</td>
<td>-2.71</td>
</tr>
</tbody>
</table>

The Total Annual Fund Operating Expenses for the Fund are 0.75%. The performance data quoted represents past performance and is not a 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 visit www.axsinvestments.com or call 833.AXS.ALTS. One cannot invest in an index. Inception date is 12/31/2021.

1. Since Inception returns are annualized.

2. Benchmark represents 70% MSCI All Country World Index, 20% Bloomberg Commodity Total Return Index and 10% Bloomberg US TIPS 1-3 Year Index.

**PERFORMANCE ANALYSIS**

The Fund produced a positive return for the quarter. Equities positively contributed to the lion’s share of the ETF’s return, while both commodities and our fixed income positions marginally decreased the ETF’s performance.

**Equities**

Below are the largest contributors and detractors to Fund performance from equities. Inpex Corporation (3.46% of PPI as of 9/30/2023) gained 36.74% for the period overall and accounted for 0.76% of the ETF’s performance.

**LARGEST CONTRIBUTORS**

<table>
<thead>
<tr>
<th>Contribution</th>
<th>% of PPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpex Corporation</td>
<td>0.76%</td>
</tr>
<tr>
<td>Suncor Energy Inc.</td>
<td>0.50%</td>
</tr>
<tr>
<td>Ovintiv Inc</td>
<td>0.50%</td>
</tr>
<tr>
<td>Valero Energy Corporation</td>
<td>0.49%</td>
</tr>
<tr>
<td>Disco Corporation</td>
<td>0.47%</td>
</tr>
</tbody>
</table>

**RELEVANT INDICATORS**

- The S&P 500 Index returned -3.27% during Q3 2023 and the MSCI All Country World Index fell 3.40%.
- While the Bloomberg Composite Crude Oil Index rose 28.29%, the S&P Energy Select Sector Index increased by 12.27% and the Bloomberg Commodity Index was up 4.71%.
- Longer duration assets such as the growth heavy NASDAQ-100 Index was down 2.86% while the S&P U.S. Government Bond 20+ Year Index fell 12.96%.
- The bond market was down as interest rates rose with the Bloomberg US Aggregate Bond Index declining by 3.23%.
- The yield on the US 10-year Treasury increased from 3.81% on 6/30/2023, to 4.57% on 9/30/2023, and the Bloomberg US Corporate Investment Grade Index was down 3.09%.
- The VIX Index increased 28.92% in Q3 amid higher for longer messaging from the Federal Reserve, rising longer-term US bond yields, and renewed inflation worries coupled with ascending oil prices.
- The CPI (Consumer Price Index) was up 3.7% year over year in August, printing slightly greater than the 3.6% consensus and up from July’s 3.2% increase. Month over month, August CPI rose by 0.6%, in line with the forecast but increasing from the prior month’s 0.2% reading.
- Core CPI (excluding food and energy) rose 4.3% year over year in August, level with expectations but decreasing from July’s 4.7% print. Month over month, the August figure was up 0.3%, just above both the estimate and the previous month’s gain of 0.2%.
- The Personal Consumption Expenditure Index (commonly referred to as “PCE”) increased 3.5% year over year in August, level with the consensus but rising slightly from July’s 3.4% measure. Month over month, August PCE gained 0.4%, just below the 0.5% forecast but greater than the prior month’s 0.2% increase.
- Core PCE (excluding food and energy) was up 3.9% year over year in August, matching the expectation and decreasing from July’s 4.3% measure. The August number rose 0.1% month over month, shy of both the estimate and the previous month’s print of 0.2%.
The largest detractor was W.W. Grainger, Inc. (2.60% of PPI as of 9/30/2023), which fell 12.04% for the period overall and detracted 0.36% of the ETF’s performance.

<table>
<thead>
<tr>
<th>LARGEST DETRACTORS</th>
<th>Contribution</th>
<th>% of PPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>W.W. Grainger, Inc.</td>
<td>-0.36%</td>
<td>2.60%</td>
</tr>
<tr>
<td>Builders FirstSource, Inc.</td>
<td>-0.28%</td>
<td>3.04%</td>
</tr>
<tr>
<td>Lincoln Electric Holdings, Inc.</td>
<td>-0.21%</td>
<td>2.37%</td>
</tr>
<tr>
<td>Pilbara Minerals Limited</td>
<td>-0.21%</td>
<td>2.99%</td>
</tr>
<tr>
<td>AGCO Corporation</td>
<td>-0.18%</td>
<td>1.69%</td>
</tr>
</tbody>
</table>

**Commodities**

For the period, the SPDR Gold MiniShares Trust (GLDM; 4.54% of PPI) was down 3.75% and detracted 0.18% of the ETF’s performance. Additionally, the Aberdeen Physical Precious Metals Basket Shares ETF (GLTR; 2.98%) fell 3.00%, subtracting 0.09% of the ETF’s return.

**Fixed Income**

TIPS (Treasury Inflation-Protected Securities) produced negative returns as both the Schwab US TIPS ETF (SCHP; 2.54% of PPI) and the SPDR Portfolio TIPS ETF (SPIP; 0%) were down for the period (2.68% and -2.84%, respectively), negatively contributing to the ETF’s performance (detracting 0.08 and 0.07%, respectively).

1SPIP was sold completely on September 21, 2023. Please see the Portfolio Changes section below for more details on the changes in reference to this security.

**Portfolio Changes**

On September 21, 2023, we executed a rebalance in which we sold completely out of our financials exposure (approximately 7% of the fund) as higher for longer interest rates pose elevated risks for the sector, along with large unrealized mark-to-market losses. The proceeds from the sales were allocated to the existing inflation sensitive sectors that remain fundamentally attractive (energy, industrials, and materials), specifically to international stocks as they have attractive valuations and growth prospects relative to US markets. We also decreased the duration of our fixed income holdings as yields on longer dated bonds are rising amid an increasing bond term premium. In commodities, we increased our overall allocation as we find them to be appealing in late cycle environments.

**Current and Prospective Economic Outlook**

The extraordinary crowding into the “magnificent seven” US stocks does not make us overly bullish. It’s important to keep in mind that bear markets and recessions have historically corresponded with a change in market leadership. We believe portfolios should be rebalanced away from the US mega-caps as US large-cap equity risk premiums are relatively unattractive.

Diversification is paramount. There are attractive areas of the market with catalysts for upside, i.e., Europe/Japan, US SMID, and structural inflation winners; i.e., the likely market leaders in a post-high real rate, higher inflation world. In the case of Europe and Japan, both have attractive estimate revisions and earnings momentum, are cheaper than the US market, and are further behind the interest rate cycle.

We’ve had the fastest rate hiking cycle in half a century, and core PCE is still nearly double the Fed’s inflation target. As we enter a world of deglobalization, onshoring, reshoring, one should own real assets and stocks in sectors such as industrials, materials, energy, etc.

In our view, there’s too much emphasis on trying to figure out the next rate hike. We think what’s more important is building a portfolio that can sustain a world of higher real rates and stubbornly high inflation.

Commentary provided by Astoria Portfolio Advisors, who serves as the Sub-Adviser for AXS Astoria Inflation Sensitive ETF and is not affiliated with AXS Investments. Holdings are subject to change and should not be considered investment advice.

**DEFINITIONS OF INDICES**

**Bloomberg US Aggregate Bond Index** is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

**Bloomberg Commodity Total Return Index (BCOM)** is composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM.

**Bloomberg Composite Crude Oil Index**, formerly known as Dow Jones-UBS Composite Crude Oil Subindex (DJUBSCR), the index is composed of futures contracts on WTI and Brent Crude Oil.

**Bloomberg U.S. TIPS 1-3 Year (USD)** Index measures the performance of the U.S. Treasury inflation-linked bond market.

**Bloomberg US Corporate Investment Grade Index** measures the performance of the long-dated, investment grade U.S. corporate bond market. Only bonds that have a maturity of more than ten years are included. Securities must be fixed rate, U.S. dollar denominated, taxable and rated investment grade as defined by the Index methodology.

**CPI (Consumer Price Index)** measures the average change in prices over time that consumers pay for a basket of goods and services.

**MSCI All Country World Index (ACWI)** is a stock index that tracks nearly 3,000 stocks in 48 developed and emerging market countries.

**NASDAQ-100 Index** is a basket of the 100 largest, most actively traded U.S companies listed on the Nasdaq stock exchange. The index includes companies from various industries except for the financial industry, like commercial and investment banks.

**Producer Price Index (PPI)** is a group of indexes published by the Bureau of Labor Statistics that calculates and represents the average movement in selling prices from domestic production over time.
Personal Consumption Expenditure Index (PCE) is a measure of the prices that people pay for goods and services. The index is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior.

S&P 500 Index is an unmanaged, capitalization-weighted index designed to measure the performance of the broad US economy through changes in the aggregate market value of 500 stocks representing all major industries.

S&P Energy Select Sector Index comprises those companies included in the S&P 500 that are classified as members of the GICS® energy sector.

S&P U.S. Government Bond 20+ Year Index is designed to measure the performance of U.S. Treasury bonds maturing in 20 or more years.

VIX Index measures the market’s expectation of future volatility and is based on options of the S&P 500 Index. It is used as a barometer for market uncertainty, providing market participants and observers with a measure of constant, 30-day expected volatility of the broad U.S. stock market.

DEFINITIONS OF TERMS

Basis points (bps) refer to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument.

Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. A beta of 1 indicates that the security's price will move with the market. A beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 indicates that the security's price will be more volatile than the market.

Closed-End Fund (CEF) is a type of mutual fund that issues a fixed number of shares through a single initial public offering to raise capital for its initial investments.

ETF (Exchange Traded Fund) is a type of security that tracks an index, sector, commodity, or other asset, but which can be purchased or sold on a stock exchange the same way a regular stock can.

FOMC (Federal Open Market Committee) refers to the branch of the Federal Reserve System that determines the direction of monetary policy in the United States by directing open market operations.

Market Price is the current price at which shares are bought and sold. Market returns are based upon the last trade price.

NAV (net asset value) is the dollar value of a single share, based on the value of the underlying assets of the fund minus its liabilities, divided by the number of shares outstanding. Calculated at the end of each business day.

Real Estate Investment Trust (REIT) is a company that owns, operates or finances income-generating real estate.

Sharpe Ratio is a risk-adjusted measure calculated using annualized standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund’s historical risk-adjusted performance.

TIPS (Treasury Inflation-Protected Securities) is a Treasury bond that is indexed to an inflationary gauge to protect investors from the decline in the purchasing power of their money.

IMPORTANT RISK DISCLOSURE

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

There is no guarantee the sectors or asset classes the advisor identifies will benefit from inflation. Fund may invest a larger portion of its assets in one or more sectors than many other funds, and thus will be more susceptible to negative events affecting those sectors.

Equity Securities Risk: Equity securities may be particularly sensitive to rising interest rates, as the cost of capital rises and borrowing costs increase. Equity securities may decline significantly in price over short or extended periods of time, and such declines may occur in the equity market as a whole, or in only a particular country, company, industry or sector of the market.

Commodities Risk: Commodity prices can have significant volatility, and exposure to commodities can cause the value of the Fund’s shares to decline or fluctuate in a rapid and unpredictable manner. The values of commodities may be affected by changes in overall market movements, real or perceived inflationary trends, commodity index volatility, changes in interest rates or currency exchange rates, population growth and changing demographics, international economic, political and regulatory developments, and factors affecting a particular region, industry or commodity.

Futures Contracts Risk: The Fund expects that certain of the Underlying ETFs in which it invests will utilize futures contracts for its commodities investments. The risk of a position in a futures contract may be very large compared to the relatively low level of margin the underlying ETF is required to deposit. In many cases, a relatively small price movement in a futures contract may result in immediate and substantial loss or gain to the investor relative to the size of a required margin deposit. The prices of futures contracts may not correlate perfectly with movements in the securities or index underlying them.

TIPS Risk: Principal payments for Treasury Inflation-Protection Securities are adjusted according to changes in the Consumer Price Index (CPI). While this may provide a hedge against inflation, the returns may be relatively lower than those of other securities. Similar to other issuers, changes to the financial condition or credit rating of the U.S. government may cause the value of the Fund’s exposure to U.S. Treasury obligations to decline.
Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the ETF. Brokerage commissions will reduce returns. NAVs are calculated using prices as of 4:00 PM Eastern Time. The closing price is the midpoint between the bid and ask price as of the close of exchange. Closing price returns do not represent the returns you would receive if you traded shares at other times.

*Investors should carefully consider the investment objectives, risks, charges and expenses of AXS Astoria Inflation Sensitive ETF. This and other important information about the Fund is contained in the Prospectus, which can be obtained by visiting www.axsinvestments.com. The Prospectus should be read carefully before investing.*

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