ECONOMY & MARKETS: As we approach the end of 2023, the overall market has remained lackluster. Economic growth has, on the whole, been stronger than anticipated; however, consumer pressures, such as gas prices have persisted and student loan payments have returned for millions of Americans. Businesses and prospective homeowners have also had to contend with the prospect that high interest rates from the Federal Reserve will remain. These factors have led to concern about a future economic slowdown. Alongside these concerns, global bond yields and fear of a rebound in inflation led to a quarter of volatility.

The S&P 500 concluded the quarter with a 3.6% decline, and even the “Magnificent Seven,” which includes Apple, Meta Platforms, and Nvidia, have faced challenges, thereby exerting a downward pressure on the overall return.
CHGX: CHGX closed out the quarter down 5.2%, underperforming relative to the S&P by 1.6%, much of this can be attributed to our fossil fuel free methodology as the Energy sector was up 11.3% for the quarter. This accounted for most of the gains in the S&P 500, while most of the other sectors underperformed.

We remain confident in our long-term investment thesis, which is focused on sustainability, innovation, and ethical corporate behavior. While our portfolio underperformed the S&P 500 by Q3 2023, we believe this is due to short-term market factors and does not reflect the underlying strength of our holdings.

We are committed to our mission of sustainable, fossil fuel-free investing. As we move forward, we will continue to focus on balancing risk and return while ensuring our investments align with our ESG principles and objectives.

IMPACT AND ADVOCACY:
Proxy season trends:

With the Proxy season mostly wrapped up for 2023 it marked a pivotal moment in the trajectory of Environmental, Social, and Governance (ESG) issues, as they continued to gain momentum and reshape the corporate landscape. Shareholders and investors are continuing to exert increasing pressure on companies to address ESG concerns, with a focus on climate...
change, social responsibility, and board diversity. There were 889 shareholder proposals filed, a 2% increase and the most since 2016.

ESG-positive trends were prominently featured throughout the season, although support was down overall, likely due to the complex backdrop resulting from the ESG backlash. Even so, companies increasingly recognize the financial advantages of ESG integration, from enhancing long-term performance to mitigating risks. Investors and consumers alike demanded greater transparency, sustainability, and accountability, pushing corporations to adopt responsible practices to remain competitive.

Change Finance filed several shareholder proposals during this proxy season building on work from partners Rhia Ventures and The Center for Political Accountability (CPA). We are particularly proud to have withdrawn our proposal at PayPal after a successful dialogue that resulted in an agreement from PayPal to increase transparency related to the political contributions made by trade associations and other third party organizations to which they contribute a move which will increase PayPal’s alignment with CPA-Zicklin Model Code of Conduct for Corporate Political Spending. These initiatives reflect our commitment to ESG principles and we look forward to continuing our work going forward.

The 2023 proxy season demonstrated the undeniable ascent of ESG topics within the corporate world. While ESG-positive trends gained traction and prominent ESG-focused investors made their voices heard, the political backlash underscored the ongoing complexity surrounding these issues. Despite the challenges, ESG considerations continue to shape corporate strategies, demonstrating the enduring importance of sustainability and responsible governance in today’s business environment.

**SUSTAINABILITY & ESG:**
ESG Investing: A Vital Response to Accelerating Climate Change

In an era marked by accelerating climate change effects worldwide, the significance of Environmental, Social, and Governance (ESG) investing has never been more pronounced. So far in 2023 according to the NOAA in the US there have been 23 separate billion-dollar disasters, the largest number of billion-dollar disasters since records have been kept. This approach to investment seeks to make a positive impact on people and the planet, and it has gained substantial

| AXS CHANGE FINANCE ESG ETF |  |
|----------------------------|  |
| Fossil Fuel Exposure       | 0% |
| Carbon Intensity           | 97% Lower than S&P 500** |
| Weapons Exposure           | 0% |

**PORTFOLIO CARBON FOOTPRINT REPRESENTED AS CO₂ PER $1MILL INVESTED**

**TOTAL CARBON SEQUESTERED**

* SOURCE: Grassroots Carbon [https://buildgrassroots.com/](https://buildgrassroots.com/)

** SPY is used as a proxy for the S&P 500 because VettaFi does not calculate Carbon Intensity for indices.**
traction in recent years for compelling reasons as well as a litany of political attacks.

First and foremost, the urgency of addressing climate change cannot be overstated. Rising temperatures, extreme weather events, and melting ice caps are becoming increasingly prevalent, posing grave threats to our planet and society. ESG investing directs capital toward companies that are actively working to reduce their carbon footprint, promoting renewable energy, and developing sustainable practices. By doing so, it incentivizes the business world to adopt eco-friendly strategies, mitigating the harmful effects of climate change (IPCC, 2021).

Moreover, ESG investing aligns with the growing awareness and demand for corporate responsibility. Consumers and investors are becoming more conscious of where they put their money, favoring businesses that prioritize ethical conduct and social responsibility. Companies that score high on ESG criteria tend to be better equipped to navigate reputational risks and are more likely to foster trust and goodwill among their stakeholders (Global ESG Benchmark for Real Assets, 2020). It isn’t just about climate and social issues either, according to a new study by Kroll, companies who are ESG Leaders outperformed 12.9% to 8.6% respective to the ESG laggard peers.

The COVID-19 pandemic further highlighted the importance of ESG factors in investment decisions. Companies with strong ESG profiles demonstrated resilience and adaptability during times of crisis, attracting investors seeking stability and long-term growth prospects (BlackRock, 2020).

ESG investing is a potent tool in addressing the urgent challenges posed by accelerating climate change, as supported by findings from the Intergovernmental Panel on Climate Change (IPCC), the Global ESG Benchmark for Real Assets, and BlackRock. It not only helps combat environmental degradation but also encourages businesses to adopt sustainable and ethical practices. As investors increasingly recognize the value of ESG principles, they are not only safeguarding their portfolios but also contributing to a more sustainable and equitable
world. As we face the ever-pressing reality of climate change, we believe ESG investing has never been more important.

**LOOKING FORWARD:** As we look toward the end of the year, ESG investing continues to gain traction in 2023, with more investors looking to put their money into companies that are making a positive impact on the world.

This trend is expected to continue in 2024, as investors become more aware of the importance of ESG factors, such as climate change, social inequality, and corporate governance, in their investment decisions.

The performance of ESG investments has been generally strong in 2023, despite the challenging market conditions. This is likely due to a number of factors, including the fact that companies with strong ESG performance are often better positioned to manage risks and drive innovation and growth.
ETFs involve risk including possible loss of principal. There is no assurance that the Fund will achieve its investment objective. Fund holdings are subject to risk and should not be considered recommendations to buy or sell any security.

The 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. Market and Equity Risk: The value and market price of an equity security may decline due to general market conditions that may or may not be specifically related to a particular company or industry. Passive investment risk: The Fund invests in securities included in the Index regardless of investment merit. It is not actively managed and generally will not attempt to take defensive positions in declining markets. ESG Investing Risk: The Fund’s ESG policy could cause it to make or avoid investments that could result in the portfolio underperforming similar funds that do not have such policies. Market Cap Risks: Companies with larger capitalization may be unable to attain the high growth rates of successful, smaller companies during periods of economic expansion. The securities of mid-capitalization companies may be subject to more abrupt or erratic market movements and may have lower trading volumes or more erratic trading than securities of larger, more established companies. Real Estate Risk: Investments in Real Estate Investment Trusts (REITs) involve risks such as declines in the value of real estate and increased susceptibility to adverse economic or regulatory developments.

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 Change Finance ESG 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.

Carbon Neutral Certification: Ethos performs an independent analysis of a fund’s carbon footprint and carbon credits (offsets) to verify whether the fund is carbon neutral during a specified period. The carbon footprint consists of verified Scope 1 and Scope 2 emissions of every holding of the fund. Ethos defines the carbon footprint of a fund as the total tons of Scope 1 and Scope 2 CO2 emissions of its holdings multiplied by the fund’s percentage ownership of those holdings. Percentage ownership is based on the market value of the fund’s shares divided by the total market value of the holdings.

While Ethos researches and models Scope 3 emissions for every fund holding, the company does not consider Scope 3 for fund-level certification. This is due to limitations with Scope 3 data, including: lack of standardized reporting methodology by companies; low coverage of companies reporting Scope 3 emissions; and, likely overlap of Scope 3 emissions across company value chains.

As part of the Carbon Neutral Certification, Ethos requires funds to submit proof of purchase of carbon credits from a list of approved providers of carbon credits. When information is not available the following modeling formula used is: Expected emissions = peer-average carbon intensity (CO2 per $M revenue) * $M revenue calculated as AUM as of 3/31/23.

EthosESG audits this estimation and will address discrepancies should they arise. Emissions data is limited by the voluntary disclosure by individual companies and is not independently audited. Change Finance and EthosESG make every effort to ensure data is accurate but cannot guarantee absolute carbon neutrality.

S&P 500 Index: A market-capitalization-weighted index of the 500 largest publicly traded companies in the U.S.

Carbon Sequestration: Change Finance utilizes Grassroots Carbon to purchase Carbon Sequestration Credits for its Carbon Neutral Certification. Carbon sequestration numbers are updated quarterly and reflect carbon offset credits purchased year to date. Verity analyzes the funds carbon footprint quarterly and that analysis is used to purchase credits. Grassroots Carbon certifies and audits carbon capture by taking measurements performed by an unaffiliated third party based on actual 3 feet deep measurements conducted after rigorous stratification in accordance with Verra VMD0021. More information available from buildgrassroots.com

Environmental, Social and Governance (ESG): Environmental criteria considers how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers and the communities where it operates. Governance deals with a company’s leadership, executive pay, audits, internal controls, and shareholder rights.

Fossil Fuels Exposure: Fossil Fuel Exposure is calculated at least quarterly by Fossil Free Funds and measures the percentage of a fund’s net assets invested in companies which own, extract, process, or burn fossil fuels for electricity generation as determined by inclusion in the Carbon Underground 200; the Macromilclimate 30; Morningstar industry classifications Thermal Coal, Coking Coal, Oil and Gas Drilling, Oil and Gas Extraction, Oil and Gas Production, Oil and Gas Equipment and Services, Oil and Gas Integrated, Oil and Gas Midstream, Oil and Gas Refining and Marketing; the Global Coal Exit List marked as Mining or Services for the Coal Industry Sector or Power for the Coal Industry Sector; or the Global Oil/Gas Exit List upstream and midstream companies. More information available from fossilfreefunds.com

Climate Intensity: Climate Intensity measures an ETF’s exposure to carbon intensive companies. The figure is the sum of security weight (normalized for corporate positions only) multiplied by the security Climate Intensity. Climate Intensity measures a funds exposure to carbon intensive companies in terms of CO2 emissions per $ million in sales. Data provided by VettaFi, more information available from etfd.com. SPY is used as a proxy for the S&P 500 because VettaFi does not calculate Climate Intensity for indices.

Weapon Exposure: Weapon Exposure is calculated at least quarterly by Weapon Free Funds and Gun Free Funds and measures the percentage of a fund’s net assets invested in companies that manufacture or sell civilian firearms, manufacture or service nuclear weapons, manufacture cluster munitions or land mines, or are among the 100 largest military contractors using data from the Stockholm International Peace Research Institute Arms Industry Database; PAX; and Gun Free Funds’s lists of the largest firearms manufacturers and retailers. More information available from weaponfreefunds.org and gunfreefunds.org.

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