

AXS GREEN ALPHA ETF

TICKER: NXTE



Quarterly Performance Overview

The AXS Green Alpha ETF (NXTE) seeks capital appreciation by investing in companies identified by Green Alpha Investments using its Next Economy Select investment methodology. This commentary reviews the methodology and performance over the last quarter.

INVESTMENT PHILOSOPHY

Today's economy derives its most significant growth from innovative, high-performing businesses actively developing and expediting economic productivity gains, and those expanding solutions addressing critical systemic issues such as the climate crisis, resource degradation, inequality, and diseases.

Green Alpha adheres to a straightforward philosophy: we actively seek out companies pioneering scalable and rapidly evolving, economically competitive solutions.

Our investments seek to de-risk the global economy (which in turn reduces clients' long-term investment risks) by focusing on sectors and industries growing faster than underlying GDP.



Why Invest in the AXS Green Alpha ETF?

- Active research, stock selection and portfolio management
- Very low minimum purchase of 1 ETF share provides democratized access to institutional-quality investing
- Seeks long-term capital growth to preserve and grow purchasing power
- 45-65 global market-leading companies developing solutions to core economic and environmental risks

Research

Across our portfolios, we seek companies meeting the following criteria:

- They offer products and/or services that mitigate the risk profile of the global economy by providing solutions to pressing economic and environmental challenges.
- Companies allocating a significant portion of revenue to R&D, CapEx, and possessing more IP than their peers.
- Those led by shareholder-aligned, effective, and diverse executive teams and BODs with a record of increasing revenues and expanding profit margins, which in turn drives earnings growth.
- Companies with prudent capital allocation priorities and strong balance sheets.
- Those with shares trading at attractive valuations relative to proven and anticipated growth prospects.

Portfolio Construction

The objective is to seek long-term capital appreciation via investing in a diverse set of high-conviction, marketing-leading Next Economy™ companies that have competitive moats protecting and growing market share.

The AXS Green Alpha ETF's portfolio provides democratized, low-minimum investment access to institutional-quality, innovation-focused investing.

FUND PERFORMANCE AS OF 9/30/2024

(%)	3 MO	YTD	1 YR	SINCE INCEPTION
NAV	2.84	3.25	20.99	6.90
Market Price	2.88	2.72	20.69	6.89
MSCI ACWI IMI	6.84	17.83	30.96	24.75

Inception date is 9/27/2022. Total gross annual fund operating expense is 1.00%. 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.

Largest Positions

Below are the top 10 holdings in the AXS Green Alpha ETF as of 9/30/2024, followed by commentary on the largest.

COMPANY NAME	WEIGHT
Taiwan Semiconductor Manufacturing Co Ltd	7.98%
International Business Machines Corp	5.24%
Applied Materials Inc	5.09%
Sprouts Farmers Market Inc	4.45%
ASML Holding NV	4.37%
Vestas Wind Systems A/S	3.95%
Lam Research Corp	3.81%
QUALCOMM Inc	3.73%
First Solar Inc	3.46%
CRISPR Therapeutics AG	3.41%
Total Weight	45.48%

Holdings are subject to change at any time and are not a recommendation to buy or sell any security.

TAIWAN SEMICONDUCTOR

Sector: Tech, Industry: Semiconductors

- Taiwan Semiconductor Manufacturing Co ("TSMC") is the world's largest semiconductor foundry, providing advanced chip manufacturing and fabrication services to companies on a made-to-order basis. TSMC maintains a clear dominance where their specialized factories manufacture advanced custom chips for companies like Apple, NVIDIA, and Qualcomm.
- TSMC stands alone as the one foundry already operating at the 2nm node, the most advanced chip manufacturing process available anywhere in the world currently. No other competing fab comes close in leading-edge capability and capacity. Early adoption of pioneering techniques like extreme ultraviolet lithography (EUV) underpins this leadership.
- We believe that TSMC stands as the most important company in all of technology due to their vital role as an enabler to virtually every semiconductor innovator pushing the performance envelope—those firms critically depend on TSMC to transform their chip visions into scaled reality.
- Key to Innovation: Many of the world's biggest tech companies rely on TSMC to turn their cutting-edge chip designs into reality. This makes TSMC an integral part of global technological innovation.
- With over 90% of advanced global foundry market share, an unparalleled focus on sustaining the most capable fab infrastructure, and customers heavily reliant on their new node introduction cadence, TSMC's name goes nearly synonymous with "state of the art" among computing architects. Their operational prowess dominates the leading edge of possibility, and their work arguably underpins the entire modern economy.

APPLIED MATERIALS

Sector: Technology, Industry: Semiconductors

- Applied Materials is a vital player in the global semiconductor supply chain, providing the manufacturing essential for creating the chips and displays that power our connected world.

- The company's technology leadership and broad portfolio uniquely position them to capitalize on the growth of AI, cloud computing, and the expanding semiconductor market. Their solutions span chip fabrication, display production, and advanced materials engineering.
- They drive innovation with substantial R&D investments, resulting in a robust intellectual property portfolio of over 17,300 patents. This reinforces their competitive advantage and technological prowess.
- The company demonstrates a commitment to sustainability with its RE100 membership and progress towards 100% renewable energy use. As members of RE100, they are targeting 100% renewable energy use globally by 2030 (currently at 70+%), and in 2022 they reached their interim goal of 100% renewable energy use in the U.S.

IBM

Sector: Technology, Industry: Software & Tech Services

- IBM is a global technology leader driving innovation to tackle the world's most pressing challenges.
- IBM offers advanced hybrid cloud solutions, including hardware, software, and services, empowering businesses to manage their complex IT environments across public, private, and on-premises clouds.
- A pioneer in AI, IBM's Watson platform and other AI solutions optimize decision-making, improve customer experiences, and enhance operations across industries.

FIRST SOLAR

Sector: Energy, Industry: Renewable Energy

- First Solar is a leading global provider of comprehensive photovoltaic (PV) solar solutions, designing and manufacturing solar modules and systems for utility-scale and commercial installations. Their modules utilize proprietary thin-film semiconductor technology, designed and manufactured in highly automated factories. This achieves efficiencies and performance reliability advantages vs conventional panel manufacturing.
- Unique among large solar manufacturers, First Solar is a U.S.-headquartered company and does not use crystalline silicon (c-Si) semiconductors. That means they have fewer supply chain dependencies than traditional c-Si solar PV makers, and avoid dependencies on China, which dominates the c-Si industry.
- Catalysts driving results are an already-strong order flow and the Inflation Reduction Act ("IRA"). Under the IRA, First Solar stands to earn subsidies as high as 17 cents/watt, which is more than half of their production cost. They plan to grow revenues by investing \$1.1 billion in a new 3.5 GW module factory in Alabama, the company's fourth domestic facility, while an additional \$185 million will add 1 GW of new manufacturing to the company's plant in Ohio.
- First Solar has vertically integrated manufacturing providing the lowest carbon footprint among all solar module makers. They have developed a comprehensive recycling program for their modules, supporting a more circular economy, and their process uses significantly less water compared to conventional crystalline silicon solar panel production.



Macroeconomic Commentary

As we assess the developments of Q3 2024, the economic landscape has remained dynamic, with both positive growth signs and significant risks on the horizon. The list of macro concern events during Q3 paints a picture of complexity: a 50 basis point rate cut by the Federal Reserve (but with somewhat hawkish 'we're not in a hurry to cut more' vibes), [extremely costly consequences](#) of the climate crisis, an impending U.S. election wherein a nation of 330 million people and 161 million registered voters will have their leader determined by [maybe 150,000](#) voters in decisive swing states, escalating conflicts in and near the oil patch and elsewhere, destabilizing ideological and [trade conflicts](#) between China and the West, and...well, you get it.

THE MARKET ENVIRONMENT TODAY

Through it all, the U.S. economy has performed above expectations, navigating persistent inflationary pressures, geopolitical tensions, and ongoing adjustments in monetary policy. But the path forward remains complex, with, as ever, challenges and opportunities on the horizon. For the investor, then, the question is how best to future proof portfolios.

Inflation remains a key concern, with the Consumer Price Index (CPI) hovering above the Federal Reserve's 2% target. While supply chain disruptions have eased (except [where they haven't](#)), geopolitical tensions, particularly the ongoing conflict in Ukraine and instability in the Middle East, contribute to upward pressure on oil and other commodity prices. This has led to a more [hawkish stance](#) from some of the Fed's voting members, who remind us that they are committed to taming inflation, even at the risk of slowing economic growth.

LABOR MARKET

The labor market has shown remarkable strength, with unemployment rates remaining low. However, recent data suggests a potential slowdown in job growth, which could impact consumer spending in the coming months. This slowdown is likely due to a combination of factors, including the lagged effects of previous rate hikes and a tightening labor supply. Despite this, investments in infrastructure and emerging technologies, particularly AI, are expected to create new job opportunities and drive productivity gains in the medium to long term.

GROWTH DRIVERS

Consumer spending continues to be a primary driver of economic growth, supported by a healthy labor market and pent-up demand. Business investment, while slightly down from last year, remains robust, fueled by technological advancements and government incentives like the Inflation Reduction Act (IRA). These factors, combined with increased government spending, are expected to contribute to continued GDP growth for the remainder of the year.

NAVIGATING ECONOMIC COMPLEXITY IN THE AGE OF AI

The rapid advancement and adoption of artificial intelligence (AI) is transforming various sectors of the economy, leading to significant productivity gains. AI is automating tasks, improving efficiency, and creating new opportunities for innovation. While the long-term impact of AI on the labor market remains to be seen, its potential to boost productivity and drive economic growth is undeniable. Specifically:

Artificial Intelligence (AI) exhibits hallmarks of a disruptive technology

1. Steep cost declines: AI performance is doubling every four months, [outpacing Moore's Law](#)

2. Cross-sector applicability: AI is being adopted across industries, from tech to healthcare
3. Platform for innovation: AI is catalyzing advancements in various fields

Key threats to incumbents:

- Social media platforms with rich language data developing AI models
- Healthcare and finance sectors utilizing proprietary data for AI applications
- AI companies collecting nearly all Internet data

AI isn't just hype. It is transforming the economy, and that transformation is accelerating. The pace of change today is as slow now as it will be in our lifetimes, and because of huge associated productivity gains, we will realize a much more efficient economy and accelerating GDP growth.

Future proofing one's portfolio therefore involves identifying the sectors, industries, and companies best positioned to, most likely to benefit from, and most willing to leverage AI to its maximum extent. At [Green Alpha](#), we see generational opportunities in biotech, energy, consumer and, relatedly, the "picks and shovels" that make AI possible.

The macroeconomic landscape of Q3 2024 presents a tapestry of intricate challenges and transformative opportunities, emblematic of an era characterized by rapid technological advancement, a climate in crisis, and geopolitical flux. As we navigate this complex terrain, several key themes emerge that warrant careful consideration.

Persistent if moderating inflationary pressures, coupled with the Federal Reserve's nuanced approach to monetary policy, underscore the delicate balance required to foster economic stability without stifling growth. The labor market's resilience, juxtaposed against early signs of deceleration, hints at the evolving dynamics of employment in an increasingly AI-driven economy. This transition portends both disruption and innovation, as sectors adapt to the inexorable march of technological progress.

Artificial Intelligence emerges as a pivotal force, not merely as a technological novelty but as a fundamental driver of economic transformation. Its exponential growth in capability and cross-sector applicability suggests we are on the cusp of a productivity revolution akin to, if not surpassing, previous industrial paradigm shifts. The rapid pace of AI development—outstripping even Moore's Law—coupled with its potential to catalyze innovation across industries, positions it as a cornerstone of future economic growth and competitiveness.

However, this technological leap forward occurs against a backdrop of significant geopolitical and environmental challenges. The impending U.S. election, escalating global conflicts, and the mounting costs of climate change serve as stark reminders of the exogenous factors that can and will significantly impact economic trajectories. These elements underscore the importance of resilient and adaptable economic strategies, and stock selection.

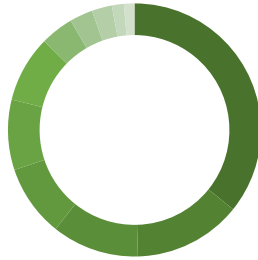
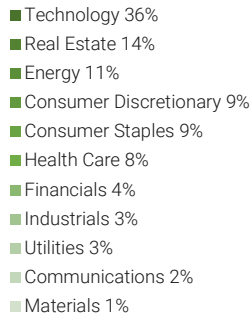
In this context, the concept of futureproofing portfolios takes on renewed significance. It necessitates a strategic pivot towards sectors and companies that not only leverage AI's transformative potential but also address the pressing challenges of our time—be they in sustainable energy, biotechnology, or advanced computing infrastructure.



In conclusion, while short-term volatility and challenges persist, the long-term economic outlook remains optimistic. The transformative power of AI and related technologies offers the potential for unprecedented productivity gains and economic growth.

Despite short-term uncertainties, we remain optimistic about the long-term prospects of the U.S. and global economies. Innovation and technological advancements, particularly in AI, are creating new industries and driving productivity gains. By focusing on companies that are at the forefront of these trends, we believe we can navigate the current market volatility and deliver competitive returns for our investors.

NXTE Sectors



Next Economy Select

CHARACTERISTICS

- **Highest conviction stocks, two investment vehicles:** democratizing access to leading Next Economy companies via a mutual fund and separately managed accounts, providing clients of all shapes and sizes with institutional-quality options
- **Fundamentals-driven:** the underlying quality of companies and the price paid for their shares are key drivers of LT returns
 - **High growth:** indicated by Sales Growth, and a decrease from Current P/E to Forward P/E as revenue and earnings grow
 - **Compelling valuation:** demonstrated by Price/Sales and Price/Book metrics relative to growth expectations
 - **Strong balance sheet and management execution:** conveyed by capital stewardship, LT Debt/Equity, and Current Ratio
- **Fossil fuel free since inception:** we have never invested in companies that prospect, extract, refine or transport fossil fuels, nor in fossil-fired utilities or internal combustion engine manufacturers
- **Diversified – we seek solutions wherever we can find them:** across the globe, in companies of all sizes, and every industry
- **Public equities, long-only:** most investors' largest asset class; largest opportunity for impact

Commentary provided by Green Alpha Investments, who serves as the Sub-Adviser for AXS Green Alpha ETF and is not affiliated with AXS Investments

MSCI All Country World Index (ACWI) is a stock index that tracks nearly 3,000 stocks in 48 developed and emerging market countries. One cannot invest directly in an index.

IMPORTANT RISK DISCLOSURE

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

Environmental Investing Risk: The universe of acceptable investments for the Fund may be limited due to the Sub-Advisor's proprietary research process, which may affect the Fund's exposure to certain companies or industries and may adversely impact the Fund's performance.

Small-Cap and Mid-Cap Company Risk: The securities of small- and 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 or market averages in general.

Foreign Investment Risk: The prices of foreign securities may be more volatile than the prices of securities of U.S. issuers because of economic and social conditions abroad, political developments and changes in the regulatory environments of foreign countries.

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 Green Alpha ETF. 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.

Green Alpha is a registered trademark of Green Alpha Advisors, LLC. Green Alpha also owns the trademark to "Next Economy."

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