



CORE ALTERNATIVE
C A P I T A L

April 2022 Commentary
As of 5/2/2022

The Core Alternative ETF (NYSE: CCOR) returned 0.99% (NAV) / 1.28% (Price) in April. The fund was able to navigate the volatile market environment and end the month higher as put option positioning as well as security selection in the equity holdings led to strong absolute returns. Outsized exposure to defensive sectors such as Consumer Staples and Healthcare served as a ballast in markets that saw multiple standard deviation moves in the final trading days of the month. The laddered option strategy was a material contributor to performance as we continued to take gains and reset long puts on the moves lower in equity markets. The gains from the options have allowed the fund to raise substantial cash which we will opportunistically deploy buying additional equity securities at the lower prevailing prices.

The year-to-date trends across asset classes accelerated through the month of April. The growth heavy Nasdaq Composite returned -13.2%, the S&P 500 -8.7%, and the Bloomberg US Bond Aggregate -3.8%. Multiple compression across equity markets is at the center of recent declines. Over 80% of S&P 500 Index constituents have surprised to the upside on Q1 earnings, yet a confluence of factors has led to weaker valuations: higher discount rates, elevated P/E ratios relative to historical norms, and softer guidance on future earnings from the market's tech leaders. Communication, Discretionary, and Information Technology led the declines in performance with high valuation stocks in each sector witnessing the most material selling pressure. Bonds have followed suit with minimal historic precedence for the magnitude of declines over only a several month period. As the move higher in Treasury rates has moderated, credit spreads have widened on concerns over economic growth. Both high yield as well as investment grade CDS indices are reaching levels last experienced in mid-2020.

The FOMC meeting this week, continued earnings announcements, a slew of economic data releases, and minimal sign of reprieve from geopolitical issues lead our forecast that the considerable volatility of April will persist in the near term. Option positions are continually evaluated to dampen the volatility in the fund while we remain cautious on putting cash to work amid markets seeking direction.

To view the fund's standardized returns and holdings, click here: <https://www.corealtfunds.com/fund>

Reach out to our team to find out more at sales@corealt.com

Performance data quoted represents past performance and does not guarantee future results. The 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 of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 800-617-0004 (ETF INFO). Performance figures are net of all fund expenses.



Important Disclosures:

To determine if this Fund is an appropriate investment for you, carefully consider the Fund's investment objectives, risk factors, charges and expense before investing. This and other information can be found in the Fund's full or summary prospectus which may be obtained by calling 800-617-0004 (ETF INFO) or visiting our website at www.corealtnfunds.com. Read the prospectus carefully before investing or sending money.

Investments involve risk. Principal loss is possible. There is no guarantee that the Fund will achieve its investment goal. All risks associated with this fund should be carefully considered before any investment decisions are made. In addition to the normal risks associated with investing, the Fund also includes the following risks specific to the particular investment strategy the fund employs: Derivatives Risk, Dividend Paying Security Risk, Equity Investing Risk, ETF Risks, Hedging Risk, Large Capitalization Companies Risk, Management Risk, Market Events Risk, Models and Data Risk, Options Risk, Sector Concentration Risk. For the list of applicable risks, and their descriptions, please refer to the fund's Prospectus found at corealtnfunds.com.

Opinions expressed are subject to change at any time, are not guaranteed, and should not be considered investment advice.

The Core Alternative ETF is distributed by Quasar Distributors, LLC.

Indexes are unmanaged and one cannot invest directly in an index.

Diversification may not protect against market loss.

Total annual fund operating expenses 1.07%.

Index and market data provided by Bloomberg, LP



CORE ALTERNATIVE

C A P I T A L

Definitions:

The S&P 500 is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 9.9 trillion indexed or benchmarked to the index, with indexed assets comprising approximately USD 3.4 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

The Nasdaq Composite Index is a large market-cap-weighted index of more than 3,000 stocks, American depository receipts (ADRs), and real estate investment trusts (REITs), among others. The Index's composition is over 50% technology, with consumer services, consumer goods, and financials the next most prominent industries.

The Bloomberg Barclays 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 and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

Multiple compression occurs when a company's financial multiple decreases, often representing a change in investor expectations. Multiples like the P/E ratio are used to analyze a company's relative valuation in the market. Multiple compression can occur if share prices fall while earnings stay flat or if share prices remain the same while earnings increase. The compression of a company's multiple can be interpreted as a company's valuation being called into question or a change in investor expectations.

The discount rate is the expected rate of return for an investment. It is also known as the cost of capital, hurdle rate, or required rate of return, and it helps to estimate the present value of an investment or business based on its expected future cash flow. A higher rate would estimate a lower current valuation, and vice versa for lower rates.

The price-to-earnings ratio (P/E ratio) is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS). The price-to-earnings ratio is also sometimes known as the price multiple or the earnings multiple. P/E ratios are used by investors and analysts to determine the relative value of a company's shares in an apples-to-apples comparison. It can also be used to compare a company against its own historical record or to compare aggregate markets against one another or over time.

A credit spread is the difference in yield between a U.S. Treasury bond and another debt security of the same maturity but different credit quality. Credit spreads between U.S. Treasuries and other bond issuances are measured in basis points, with a 1% difference in yield equal to a spread of 100 basis points. As an example, a 10-year Treasury note with a yield of 5% and a 10-year corporate bond with a yield of 7% are said to have a credit spread of 200 basis points. Credit spreads are also referred to as "bond spreads" or "default spreads." Credit spread allows a comparison between a corporate bond and a risk-free alternative.

The Credit Default Swap Index (CDX) is a benchmark index that tracks a basket of U.S. and emerging market single-issuer credit default swaps. Credit default swaps act like insurance policies in the financial world, offering a buyer protection in the case of a borrower's default. The index was established in the early 2000s and was the first such index to aggregate these otherwise over-the-counter (OTC) swaps. The CDX is also a tradable financial product that investors can use to gain broad exposure to the CDS market. Traders and investors can also use the CDX for hedging purposes much more efficiently than purchasing single CDSs.