



July 2022 Commentary
As of 08/09/22

The Core Alternative ETF (NYSE: CCOR) returned 2.54% (NAV) / 2.64% (Price) in July. The fund benefitted from a broad market rally as earnings reports across sectors came in more constructive than investors feared, and Fed Chair Powell eased off hawkish rhetoric. The bullish momentum coming out of the recent market trough experienced in the middle of June accelerated into July as a transition from extreme bearish positioning fueled incremental buying into risk assets, and as institutional investors rebalanced portfolios buying previous market laggards and selling recent market standouts. Consistent with the trend, defensive holdings, namely across industrials and healthcare sectors, lagged while the moderately higher beta cyclicals outperformed in the fund. Strong earnings reports from energy companies as well as select names in technology and financials helped propel CCOR to gains on the month. Put option positioning detracted from total returns as the S&P 500 moved steadily higher throughout July. Year-to-date, the option strategy remains a material contributor to performance.

Recent bullish sentiment comes amid better than anticipated earnings, mixed economic data reports, and Fed commentary pointing to a slower pace of rate hikes moving forward. A move off the lows appears supported by fundamentals, while the pace and composition deserve closer attention. The Russell 1000 Growth Index nearly lapped its “style counterpart” returning 12.00% in July compared to just 6.63% for the Value Index. Meanwhile, both Personal Consumption Expenditures (PCE) and the Consumer Price Index (CPI) measures of inflation continue to hit new peaks and the economy contracted for the second straight quarter – conditions generally not conducive to growth/high beta factors. The bulk of gains can be attributed to multiple expansion as opposed to rising earnings estimates at a time when margin growth has been challenged. Core Alternative remains focused on a more modest economic slowdown, but cautious on what we believe to be still elevated valuations.

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.

Russell 1000 Growth Index measures the performance of Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The index was developed with a base value of 200 as of August 31, 1992.

Russell 1000 Value Index measures the performance of Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The index was developed with a base value of 200 as of August 31, 1992.

The **beta (β)** of an investment security (i.e., a stock) is a measurement of its volatility of returns relative to the entire market. It is used as a measure of risk and is an integral part of the Capital Asset Pricing Model (CAPM). A company with a higher beta has greater risk and also greater expected returns.

Personal consumption expenditures (PCE) is a measure of consumer spending, reported by the Bureau of Economic Analysis. PCEs include how much is spent on durable and non-durable goods, as well as services, and the PCE Price Index (PCEPI) is the method used by the Federal Reserve to measure inflation. The PCEPI is based on prices from all households, corporations, and governments, along with gross domestic product (GDP).

The **Consumer Price Index (CPI)** measures the overall change in consumer prices based on a representative basket of goods and services over time. The CPI is the most widely used measure of inflation, closely followed by policymakers, financial markets, businesses, and consumers. The widely quoted CPI is based on an index covering 93% of the U.S. population, while a related index covering wage earners and clerical workers is used for cost-of-living adjustments to federal benefits. The CPI is based on about 94,000 price quotes collected monthly from some 23,000 retail and service establishments as well as 43,000 rental housing units. Housing rents are used to estimate the change in shelter costs including owner-occupied housing that account for nearly a third of the CPI.

Multiple expansion refers to the increase of a stock's price/earnings ratio (P/E) or other multiple ratios based on investors willingness to place more value on the company's future earnings. Multiple expansion occurs when stock prices are rising at a faster rate as compared to companies reported financials, including current and forward earnings. All else equal, higher stock multiples causing multiple expansion typically occurs during periods of broadly bullish investor sentiment.

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

Put options are derivative options contracts giving the owner the right to sell a certain amount of the underlying security at a specified price within a specified time. Owning a long put option would be profitable should the price of the underlying security decline.