



May 2022 Commentary  
As of 6/6/2022

The Core Alternative ETF (NYSE: CCOR) returned 0.11% (NAV) / -1.14% (Price) in May. Significant intra-month volatility in equity markets allowed the fund to monetize gains from put options in the front half while reinvesting into equity securities at cheaper valuations across the last two weeks. Portions of cash holdings were used to add to higher conviction holdings which have sold off in sympathy with peers, yet maintain relatively stronger balance sheets and growth prospects going forward. Additional funds were put to work to purchase shares pro rata across the equity portfolio. Energy continued its run as oil prices moved continually higher throughout the month. Exposure to companies in the retail subsector were the largest detractors from returns on the month as earnings releases showed margin pressures weighing on the near-term outlook. The sector had outperformed YTD relative to broader indices and we believe the selling to be overdone.

On eight of the twenty-one trading days in May, the S&P 500 Index experienced gains or losses of 2% or more with even greater volatility intraday. A strong rally, led by high growth factor names, commenced following the S&P briefly touching bear market territory. Meanwhile, the Index finished essentially flat on the month. We expect the heightened volatility to persist as market participants digest mixed economic data, Fed policy decisions, and geopolitical developments. The current environment offers few clear signals as to the path of asset prices as we approach the second half of 2022. We remain cautious on the outlook for several key reasons: 1) the Fed is expected to raise the fed funds rate and increase quantitative tightening simultaneously (a dynamic we have never experienced), 2) equity valuations remain moderately elevated, while earnings forecasts have yet to budge, and 3) the consumer is already dipping into savings and increasing borrowing as real disposable income drops below its long-term trend.

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](mailto: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.**



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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](http://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](http://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

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### 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.