



ACRUENCE CAPITAL

Financial Statements

September 30, 2024 (Unaudited)

Tidal ETF Trust

Acruence Active Hedge U.S. Equity ETF | XVOL | Cboe BZX Exchange, Inc.

Acrucence Active Hedge U.S. Equity ETF

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Consolidated Schedule of Investments

Acruence Active Hedge U.S. Equity ETF

September 30, 2024 (Unaudited)

COMMON STOCKS - 86.8%	Shares	Value
Auto Parts & Equipment - 1.4%		
Douglas Dynamics, Inc.	3,493	\$ 96,337
Banks - 6.5%		
Heritage Financial Corp.	4,899	106,651
Tompkins Financial Corp.	2,493	144,071
Truist Financial Corp.	4,981	213,037
		<u>463,759</u>
Building Materials - 3.6%		
Griffon Corp.	3,628	<u>253,960</u>
Commercial Services - 4.8%		
Cintas Corp.	601	123,734
Equifax, Inc.	408	119,895
S&P Global, Inc.	182	94,025
		<u>337,654</u>
Diversified Financial Services - 4.7%		
Intercontinental Exchange, Inc.	640	102,810
Rocket Cos., Inc. - Class A ^(a)	6,363	122,106
Tradeweb Markets, Inc. - Class A	857	105,985
		<u>330,901</u>
Electric - 9.5%		
Brookfield Infrastructure Partners LP	7,319	256,458
NRG Energy, Inc.	1,541	140,385
Public Service Enterprise Group, Inc.	1,156	103,127
Vistra Corp.	1,460	173,068
		<u>673,038</u>
Food - 1.6%		
US Foods Holding Corp. ^(a)	1,885	<u>115,927</u>
Gas - 1.8%		
Southwest Gas Holdings, Inc.	1,781	<u>131,367</u>
Healthcare-Products - 3.2%		
Boston Scientific Corp. ^(a)	1,172	98,214
Natera, Inc. ^(a)	989	125,553
		<u>223,767</u>
Insurance - 11.1%		
Axis Capital Holdings Ltd.	2,547	202,766
Fidelity National Financial, Inc.	1,853	114,997
Hanover Insurance Group, Inc.	1,118	165,587
Old Republic International Corp.	2,814	99,672
Progressive Corp.	430	109,117
Travelers Cos., Inc.	416	97,394
		<u>789,533</u>

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Schedule of Investments

Acruence Active Hedge U.S. Equity ETF

September 30, 2024 (Unaudited)

Internet - 2.5%

Cogent Communications Holdings, Inc.	2,306	<u>175,072</u>
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Miscellaneous Manufacturing - 1.8%

3M Co.	938	<u>128,225</u>
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Packaging & Containers - 1.5%

Packaging Corp. of America	484	<u>104,254</u>
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Pharmaceuticals - 1.7%

Bristol-Myers Squibb Co.	2,276	<u>117,760</u>
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Pipelines - 1.5%

MPLX LP	2,442	<u>108,571</u>
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Private Equity - 3.5%

Blackstone, Inc.	737	112,857
KKR & Co., Inc.	1,017	<u>132,800</u>
		<u>245,657</u>

Retail - 6.0%

Best Buy Co., Inc.	1,796	185,527
Walmart, Inc.	1,430	115,473
Williams-Sonoma, Inc.	820	<u>127,034</u>
		<u>428,034</u>

Savings & Loans - 2.6%

WaFd, Inc.	5,331	<u>185,785</u>
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Semiconductors - 2.3%

Broadcom, Inc.	949	<u>163,702</u>
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Software - 7.2%

AppLovin Corp. - Class A ^(a)	1,109	144,780
Fair Isaac Corp. ^(a)	67	130,216
Oracle Corp.	637	108,544
Palantir Technologies, Inc. - Class A ^(a)	3,509	<u>130,535</u>
		<u>514,075</u>

Telecommunications - 8.0%

AT&T, Inc.	5,770	126,940
Motorola Solutions, Inc.	284	127,695
Verizon Communications, Inc.	6,987	<u>313,786</u>
		<u>568,421</u>

TOTAL COMMON STOCKS (Cost \$5,839,260)

6,155,799

REAL ESTATE INVESTMENT TRUSTS - 11.3%

Getty Realty Corp.	3,316	105,482
NNN REIT, Inc.	4,187	203,028
Realty Income Corp.	2,030	128,742

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Schedule of Investments

Acrucence Active Hedge U.S. Equity ETF

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Simon Property Group, Inc.	709	119,835
Ventas, Inc.	1,920	123,130
Welltower, Inc.	962	123,165
TOTAL REAL ESTATE INVESTMENT TRUSTS (Cost \$792,015)		803,382

PURCHASED OPTIONS - 0.3% ^(e)	Notional Amount	Contracts	
Call Options - 0.3%			
CBOE Volatility Index, Expiration: 10/16/2024; Exercise Price:			
\$40.00 ^{(b)(c)}	\$ 1,254,750	750	18,750
TOTAL PURCHASED OPTIONS (Cost \$30,171)			18,750

SHORT-TERM INVESTMENTS - 1.4%	Shares	
Money Market Funds - 1.4%		
First American Government Obligations Fund - Class X, 4.82% ^(d)	100,526	100,526
TOTAL SHORT-TERM INVESTMENTS (Cost \$100,526)		100,526

TOTAL INVESTMENTS - 99.8% (Cost \$6,761,972)	7,078,457
Other Assets in Excess of Liabilities - 0.2%	13,730
TOTAL NET ASSETS - 100.0%	\$ 7,092,187

Percentages are stated as a percent of net assets.

- (a) Non-income producing security.
- (b) Exchange-traded.
- (c) 100 shares per contract.
- (d) The rate shown represents the 7-day annualized effective yield as of September 30, 2024.
- (e) The investment is a holding of Toroso Cayman Subsidiary I, a wholly-owned subsidiary of the Acrucence Active Hedge U.S. Equity ETF.

Consolidated Statements of Assets and Liabilities

Acrucence Active Hedge U.S. Equity ETF

September 30, 2024 (Unaudited)

ASSETS:

Investments, at value (Note 2)	\$	7,078,457
Dividends receivable		16,470
Interest receivable		1,263
Deposit at broker for option contracts		1,121
Return of capital receivable		305
Total assets		<u>7,097,616</u>

LIABILITIES:

Payable to adviser (Note 4)		5,429
Total liabilities		<u>5,429</u>

NET ASSETS

	\$	<u>7,092,187</u>
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NET ASSETS CONSISTS OF:

Paid-in capital	\$	19,144,074
Total accumulated losses		(12,051,887)
Total net assets	\$	<u>7,092,187</u>

Net assets	\$	7,092,187
Shares issued and outstanding ^(a)		325,000
Net asset value per share	\$	21.82

COST:

Investments, at cost	\$	6,761,972
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^(a) Unlimited shares authorized without par value.

Consolidated Statement of Operations

Acrucence Active Hedge U.S. Equity ETF

For the Period Ended September 30, 2024 (Unaudited)

INVESTMENT INCOME:

Dividend income	\$	84,826
Interest income		9,032
Total investment income		<u>93,858</u>

EXPENSES:

Investment advisory fee (Note 4)		30,217
Interest expense		77
Total expenses		<u>30,294</u>
NET INVESTMENT INCOME		<u>63,564</u>

REALIZED AND UNREALIZED GAIN

Net realized gain from:

Investments		431,540
Written options contracts expired or closed		(17,173)
Net realized gain		<u>414,367</u>

Net change in unrealized depreciation on:

Investments		(196,597)
Net change in unrealized depreciation		<u>(196,597)</u>
Net realized and unrealized gain		217,770

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS

\$	<u>281,334</u>
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Consolidated Statements of Changes in Net Assets

Acruence Active Hedge U.S. Equity ETF

	Period ended September 30, 2024 (Unaudited)	Year ended March 31, 2024
OPERATIONS:		
Net investment income	\$ 63,564	\$ 355,616
Net realized gain	414,367	1,663,683
Net change in unrealized appreciation/(depreciation)	(196,597)	107,209
Net increase in net assets from operations	<u>281,334</u>	<u>2,126,508</u>
DISTRIBUTIONS TO SHAREHOLDERS:		
Distributions to shareholders	–	(320,116)
Total distributions to shareholders	<u>–</u>	<u>(320,116)</u>
CAPITAL TRANSACTIONS:		
Subscriptions	20,074,303	20,287,885
Redemptions	(20,518,330)	(27,824,095)
ETF transaction fees (See Note 7)	–	10
Net decrease in net assets from capital transactions	<u>(444,027)</u>	<u>(7,536,200)</u>
NET DECREASE IN NET ASSETS	<u>(162,693)</u>	<u>(5,729,808)</u>
NET ASSETS:		
Beginning of the period	7,254,880	12,984,688
End of the period	<u>\$ 7,092,187</u>	<u>\$ 7,254,880</u>
SHARES TRANSACTIONS		
Subscriptions	975,000	1,125,000
Redemptions	(1,000,000)	(1,475,000)
Total decrease in shares outstanding	<u>(25,000)</u>	<u>(350,000)</u>

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Financial Highlights

Acrucence Active Hedge U.S. Equity ETF

For a share outstanding throughout the periods presented

	Period ended September 30, 2024 (Unaudited)	Year ended March 31, 2024 2023		Period ended March 31, 2022 ^(a)
PER SHARE DATA:				
Net asset value, beginning of period	\$20.73	\$18.55	\$21.24	\$20.00
INVESTMENT OPERATIONS:				
Net investment income ^(b)	0.18	0.32	0.15	0.11
Net realized and unrealized gain (loss) on investments ^(c)	0.91	2.06	(2.35)	1.20
Total from investment operations	1.09	2.38	(2.20)	1.31
LESS DISTRIBUTIONS FROM:				
Net investment income	–	(0.20)	(0.49)	(0.07)
Total distributions	–	(0.20)	(0.49)	(0.07)
Net asset value, end of period	\$21.82	\$20.73	\$18.55	\$21.24
TOTAL RETURN^(d)	5.28%	12.96%	(10.18)%	6.52%
SUPPLEMENTAL DATA AND RATIOS:				
Net assets, end of period (in thousands)	\$7,092	\$7,255	\$12,985	\$104,088
Ratio of expenses to average net assets ^(e)	0.83%	0.83%	0.83%	0.83%
Ratio of interest expense to average net assets ^(e)	0.00% ^(f)	0.02%	–%	–%
Ratio of operational expenses to average net assets excluding interest expense ^(e)	0.83%	0.85%	–%	–%
Ratio of net investment income to average net assets ^(e)	1.75%	1.73%	0.79%	0.56%
Portfolio turnover rate ^{(d)(g)}	204%	568%	14%	6%

(a) Inception date of the Fund was April 21, 2021.

(b) Net investment income per share has been calculated based on average shares outstanding during the period/year.

(c) Realized and unrealized gains and losses per share in the caption are balancing amounts necessary to reconcile the change in net asset value per share for the periods/years, and may not reconcile with the aggregate gains and losses in the Statement of Operations due to share transactions for the period/year.

(d) Not annualized for periods less than one year.

(e) Annualized for periods less than one year.

(f) Amount represents less than 0.005%.

(g) Portfolio turnover rate excludes in-kind transactions.

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NOTE 1 – ORGANIZATION

The Acruence Active Hedge U.S. Equity ETF (the “Fund”) is a diversified series of shares of beneficial interest of Tidal ETF Trust (the “Trust”). The Fund commenced operations as a non-diversified series of the Trust; however, the Fund continuously operated as diversified for three years and as of April 21, 2024, is now classified as diversified. The Trust was organized as a Delaware statutory trust on June 4, 2018 and is registered with the Securities and Exchange Commission (the “SEC”) under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company and the offering of the Fund’s shares (“Shares”) is registered under the Securities Act of 1933, as amended. The Trust is governed by the Board of Trustees (the “Board”). Tidal Investments LLC (“Tidal Investments” or the “Adviser”), a Tidal Financial Group company, serves as investment adviser to the Fund and Acruence Capital, LLC (“Acruence” or the “Sub-Adviser”) serves as the investment sub-adviser to the Fund. The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946 “Financial Services—Investment Companies.” The Fund commenced operations on April 21, 2021.

The investment objective of the Fund is to seek capital appreciation with reduced volatility as compared to the S&P 500® Index.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund. These policies are in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

- A. *Security Valuation.* Equity securities, which may include real estate investment trusts (“REITs”), listed on a securities exchange, market or automated quotation system for which quotations are readily available (except for securities traded on the NASDAQ Stock Market, LLC (“NASDAQ”), including securities traded over the counter, are valued at the last quoted sale price on the primary exchange or market (foreign or domestic) on which they are traded on the valuation date (or at approximately 4:00 p.m. EST if a security’s primary exchange is normally open at that time), or, if there is no such reported sale on the valuation date, at the most recent quoted bid price or mean between the most recent quoted bid and ask prices for long and short positions. For a security that trades on multiple exchanges, the primary exchange will generally be considered the exchange on which the security is generally most actively traded. For securities traded on NASDAQ, the NASDAQ Official Closing Price will be used. Prices of securities traded on the securities exchange will be obtained from recognized independent pricing agents each day that the Fund is open for business.

Options contracts are valued using the mean/mid of quoted bid and ask spread prices, as provided by independent pricing vendors.

Under Rule 2a-5 of the 1940 Act, a fair value will be determined for securities for which quotations are not readily available by the Valuation Designee (as defined in Rule 2a-5) in accordance with the Pricing and Valuation Policy and Fair Value Procedures, as applicable, of the Adviser, subject to oversight by the Board. When a security is “fair valued,” consideration is given to the facts and circumstances relevant to the particular situation, including a review of various factors set forth in the Adviser’s Pricing and Valuation Policy and Fair Value Procedures, as applicable. Fair value pricing is an inherently subjective process, and no single standard exists for determining fair value. Different funds could reasonably arrive at different values for the same security. The use of fair value pricing by a fund may cause the net asset value (“NAV”) of its shares to differ significantly from the NAV that would be calculated without regard to such considerations.

As described above, the Fund utilizes various methods to measure the fair value of its investments on a recurring basis. U.S. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.
- Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available; representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of

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markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a summary of the inputs used to value the Fund’s consolidated investments as of September 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Investments:</u>				
Common Stocks	\$ 6,155,799	\$ –	\$ –	\$ 6,155,799
Real Estate Investment Trusts	803,382	–	–	803,382
Purchased Options	–	18,750	–	18,750
Money Market Funds	100,526	–	–	100,526
Total Investments	<u>\$ 7,059,707</u>	<u>\$ 18,750</u>	<u>\$ –</u>	<u>\$ 7,078,457</u>

Refer to the Consolidated Schedule of Investments for further disaggregation of investment categories.

- B. *Derivatives Instruments.* As the buyer of a call option, the Fund has a right to buy the underlying reference instrument (e.g., a currency or security) at the exercise price at any time during the option period (for American style options). The Fund may enter into closing sale transactions with respect to call options, exercise them, or permit them to expire. For example, the Fund may buy call options on underlying reference instruments that it intends to buy with the goal of limiting the risk of a substantial increase in their market price before the purchase is effected. Unless the price of the underlying reference instrument changes sufficiently, a call option purchased by the Fund may expire without any value to the Fund, in which case the Fund would experience a loss to the extent of the premium paid for the option plus related transaction costs.

As the buyer of a put option, the Fund has the right to sell the underlying reference instrument at the exercise price at any time during the option period (for American style options). Like a call option, the Fund may enter into closing sale transactions with respect to put options, exercise them or permit them to expire. The Fund may buy a put option on an underlying reference instrument owned by the Fund (a protective put) as a hedging technique in an attempt to protect against an anticipated decline in the market value of the underlying reference instrument. Such hedge protection is provided only during the life of the put option when the Fund, as the buyer of the put option, is able to sell the underlying reference instrument at the put exercise price, regardless of any decline in the underlying instrument’s market price. The Fund may also seek to offset a decline in the value of the underlying reference instrument through appreciation in the value of the put option. A put option may also be purchased with the intent of protecting unrealized appreciation of an instrument when the Sub-Adviser deems it desirable to continue to hold the instrument because of tax or other considerations. The premium paid for the put option and any transaction costs would reduce any short-term capital gain that may be available for distribution when the instrument is eventually sold. Buying put options at a time when the buyer does not own the underlying reference instrument allows the buyer to benefit from a decline in the market price of the underlying reference instrument, which generally increases the value of the put option.

If a put option was not terminated in a closing sale transaction when it has remaining value, and if the market price of the underlying reference instrument remains equal to or greater than the exercise price during the life of the put option, the buyer would not make any gain upon exercise of the option and would experience a loss to the extent of the premium paid for the option plus related transaction costs. In order for the purchase of a put option to be profitable, the market price of the underlying reference instrument must decline sufficiently below the exercise price to cover the premium and transaction costs.

Writing options may permit the writer to generate additional income in the form of the premium received for writing the option. The writer of an option may have no control over when the underlying reference instruments must be sold (in the case of a call option) or purchased (in the case of a put option) because the writer may be notified of exercise at any time prior to the expiration of the option (for American style options). In general, though, options are infrequently exercised prior to expiration. Whether or not an option expires unexercised, the writer retains the amount of the premium. Writing “covered” call options

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means that the writer owns the underlying reference instrument that is subject to the call option. Call options may also be written on reference instruments that the writer does not own.

If the Fund writes a covered call option, any underlying reference instruments that are held by the Fund and are subject to the call option will be earmarked on the books of such fund as segregated to satisfy its obligations under the option. The Fund will be unable to sell the underlying reference instruments that are subject to the written call option until it either effects a closing transaction with respect to the written call, or otherwise satisfies the conditions for release of the underlying reference instruments from segregation. As the writer of a covered call option, the Fund gives up the potential for capital appreciation above the exercise price of the option should the underlying reference instrument rise in value. If the value of the underlying reference instrument rises above the exercise price of the call option, the reference instrument will likely be “called away,” requiring the Fund to sell the underlying instrument at the exercise price. In that case, the Fund will sell the underlying reference instrument to the option buyer for less than its market value, and as such the Fund will experience a loss (which will be offset by the premium received by the Fund as the writer of such option). If a call option expires unexercised, the Fund will realize a gain in the amount of the premium received. If the market price of the underlying reference instrument decreases, the call option will not be exercised, and the Fund will be able to use the amount of the premium received to hedge against the loss in value of the underlying reference instrument. The exercise price of a call option will be chosen based upon the expected price movement of the underlying reference instrument. The exercise price of a call option may be below, equal to (at-the-money), or above the current value of the underlying reference instrument at the time the option is written.

As the writer of a put option, the Fund has a risk of loss should the underlying reference instrument decline in value. If the value of the underlying reference instrument declines below the exercise price of the put option and the put option is exercised, the Fund, as the writer of the put option, will be required to buy the instrument at the exercise price, which will exceed the market value of the underlying reference instrument at that time. The Fund will incur a loss to the extent that the current market value of the underlying reference instrument is less than the exercise price of the put option. However, the loss will be offset in part by the premium received from the buyer of the put. If a put option written by the Fund expires unexercised, the Fund will realize a gain in the amount of the premium received.

By virtue of the Fund’s investment in common stocks and in option contracts on equity ETFs and equity indices, the Fund is exposed to common stocks directly and indirectly which subjects the Fund to equity market risk. Common stocks are generally exposed to greater risk than other types of securities, such as preferred stock and debt obligations, because common stockholders generally have inferior rights to receive payment from specific issuers. Equity securities may experience sudden, unpredictable drops in value or long periods of decline in value. This may occur because of factors that affect securities markets generally or factors affecting specific issuers, industries, or sectors in which the Fund invests.

The Fund has adopted financial reporting rules and regulations that require enhanced disclosure regarding derivatives and hedging activity intending to improve financial reporting of derivative instruments by enabling investors to understand how an entity uses derivatives, how derivatives are accounted for, and how derivative instruments affect an entity’s results of operations and financial position.

For the fiscal period ended September 30, 2024, the Fund’s monthly average quantity and notional value are described below:

	<u>Average Contracts</u>	<u>Average Notional Amount</u>
Options Purchased	1,770	\$ 2,502,956
Options Written	(9)	(125,320)

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Consolidated Statement of Assets & Liabilities

Fair value of derivative instruments as of September 30, 2024:

Derivative Instruments	Asset Derivatives as of September 30, 2024		Liability Derivatives as of September 30, 2024	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Equity Contracts:				
Options Purchased ^(a)	Investments in securities, at value	\$ 18,750	None	\$ —

Consolidated Statement of Operations

The effect of derivative instruments on the Consolidated Statement of Operations for the fiscal period ended September 30, 2024:

Derivative Instruments	Location of Gain (Loss) on Derivatives Recognized in Income	Realized Gain (Loss) on Derivatives Recognized in Income	Change in Unrealized Appreciation/Depreciation on Derivatives Recognized in Income
Equity Contracts:			
Options Purchased ^(a)	Realized and Unrealized Gain (Loss) on Investments	\$(256,050)	\$(6,684)
Options Written	Realized and Unrealized Gain (Loss) on Written options contracts expired or closed	\$(17,173)	\$ -

^(a) The investment is a holding of Toroso Cayman Subsidiary I, a wholly-owned subsidiary of the Fund.

- C. *Basis for Consolidation for the Fund* – The Fund may invest up to 20% of its assets in the Toroso Cayman Subsidiary I, a subsidiary that is wholly-owned by the Fund and organized under the laws of the Cayman Islands (the “Subsidiary”). The Subsidiary may invest in various types of options contracts, including options contracts (“VIX Options”) on the CBOE Volatility Index (the “VIX Index”) and other derivatives instruments. The Fund’s investment in the Subsidiary will not exceed 20% of the value of the Fund’s total assets (notwithstanding any subsequent market appreciation in the Subsidiary’s value). Asset limitations are imposed by Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”), and are measured at each taxable year and quarter end. The Adviser also serves as the investment adviser to the Subsidiary, but does not receive separate compensation.

The Subsidiary is not registered under the 1940 Act but is subject to certain protections of the 1940 Act with respect to the Fund, as described in the Fund’s Statement of Additional Information. All of the Fund’s investments in the Subsidiary are subject to the investment policies and restrictions of the Fund, including those related to leverage, collateral and segregation requirements and liquidity. In addition, the valuation and brokerage policies of the Fund are applied to the Subsidiary. The Fund’s investments in the Subsidiary are not subject to all investor protection provisions of the 1940 Act. However, because the Fund is the sole investor in the Subsidiary, it is not likely that the Subsidiary will take any action that is contrary to the interests of the Fund and its shareholders. The financial information of the Subsidiary has been consolidated into the Fund’s consolidated financial statements. The Fund had 0.3% of its total assets invested in the Subsidiary as of September 30, 2024.

The Subsidiary is an exempted Cayman Islands investment company and as such is not subject to Cayman Islands taxes at the present time. For U.S. income tax purposes, the Subsidiary is a Controlled Foreign Corporation (“CFC”) not subject to U.S. income taxes. As a wholly-owned CFC, however, the Subsidiary’s net income and capital gains, if any, will be included each year in the Fund’s investment company taxable income.

- D. *Federal Income Taxes*. The Fund has elected to be taxed as a “regulated investment company” and intends to distribute substantially all taxable income to its shareholders and otherwise comply with the provisions of the Internal Revenue Code applicable to regulated investment companies. Therefore, no provision for federal income taxes or excise taxes has been made.

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In order to avoid imposition of the excise tax applicable to regulated investment companies, the Fund intends to declare as dividends in each calendar year at least 98.0% of its net investment income (earned during the calendar year) and at least 98.2% of its net realized capital gains (earned during the twelve months ended October 31) plus undistributed amounts, if any, from prior years. As a registered investment company, the Fund is subject to a 4% excise tax that is imposed if the Fund does not distribute by the end of any calendar year at least the sum of (i) 98% of its ordinary income (not taking into account any capital gain or loss) for the calendar year and (ii) 98.2% of its capital gain in excess of its capital loss (adjusted for certain ordinary losses) for a one year period generally ending on October 31 of the calendar year (unless an election is made to use the Fund's fiscal year). The Fund generally intends to distribute income and capital gains in the manner necessary to minimize (but not necessarily eliminate) the imposition of such excise tax. The Fund may retain income or capital gains and pay excise tax when it is determined that doing so is in the best interest of shareholders. Management, in consultation with the Board of Trustees, evaluates the costs of the excise tax relative to the benefits of retaining income and capital gains, including that such undistributed amounts (net of the excise tax paid) remain available for investment by the Fund and are available to supplement future distributions. Tax expense is disclosed in the Consolidated Statement of Operations, if applicable.

As of September 30, 2024, the Fund did not have any tax positions that did not meet the threshold of being sustained by the applicable tax authority. Generally, tax authorities can examine all the tax returns filed for the last three years. The Fund identifies its major tax jurisdiction as U.S. Federal and the Commonwealth of Delaware; however, the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits on uncertain tax positions as income tax expense in the Consolidated Statement of Operations. Tax expense is disclosed in the Consolidated Statement of Operations, if applicable.

- E. *Securities Transactions and Investment Income.* Investment securities transactions are accounted for on the trade date. Gains and losses realized on sales of securities are determined on a specific identification basis. Discounts/premiums on debt securities purchased are accreted/amortized over the life of the respective securities using the effective interest method. Dividend income is recorded on the ex-dividend date. Dividends received from REITs generally are comprised of ordinary income, capital gains, and may include return of capital. Debt income is recorded on an accrual basis. Other non-cash dividends are recognized as investment income at the fair value of the property received. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.
- F. *Foreign Currency.* Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

The Fund reports net realized foreign exchange gains or losses that arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at period end, resulting from changes in exchange rates.

- G. *Distributions to Shareholders.* Distributions to shareholders from net investment income, if any, for the Fund are declared and paid at least annually. Distributions to shareholders from net realized gains on securities, if any, for the Fund normally are declared and paid on an annual basis. Distributions are recorded on the ex-dividend date.
- H. *Use of Estimates.* The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.
- I. *Share Valuation.* The NAV per share of the Fund is calculated by dividing the sum of the value of the securities held by the Fund, plus cash or other assets, minus all liabilities by the total number of shares outstanding for the Fund, rounded to the

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nearest cent. The Fund's shares will not be priced on the days on which the New York Stock Exchange ("NYSE") is closed for trading.

- J. *Guarantees and Indemnifications.* In the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.
- K. *Illiquid Securities.* Pursuant to Rule 22e-4 under the 1940 Act, the Fund has adopted a Board-approved Liquidity Risk Management Program (the "Program") that requires, among other things, that the Fund limit its illiquid investments that are assets to no more than 15% of the value of the Fund's net assets. An illiquid investment is any security that the Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment. If the Fund should be in a position where the value of illiquid investments held by the Fund exceeds 15% of the Fund's net assets, the Fund will take such steps as set forth in the Program.
- L. *Derivatives Transactions.* Pursuant to Rule 18f-4 under the 1940 Act, the SEC imposes limits on the amount of derivatives a fund can enter into, eliminates the asset segregation and cover framework arising from prior SEC guidance for covering derivatives and certain financial instruments currently used by funds to comply with Section 18 of the 1940 Act and treats derivatives as senior securities. Under Rule 18f-4, a fund's derivatives exposure is limited through a value-at-risk test. Funds whose use of derivatives is more than a limited specified exposure amount are required to establish and maintain a comprehensive derivatives risk management program, subject to oversight by a fund's board of trustees, and appoint a derivatives risk manager. The Fund has implemented a Rule 18f-4 Derivative Risk Management Program that complies with Rule 18f-4.

NOTE 3 – PRINCIPAL INVESTMENT RISKS

- A. *Equity Market Risk.* Common stocks, such as those held by the Fund, are generally exposed to greater risk than other types of securities, such as preferred stock and debt obligations, because common stockholders generally have inferior rights to receive payment from specific issuers. The equity securities held in the Fund's portfolio may experience sudden, unpredictable drops in value or long periods of decline in value. This may occur because of factors that affect securities markets generally or factors affecting specific issuers, industries, or sectors in which the Fund invests.
- B. *Options Risk.* Options enable the Fund to purchase exposure that is significantly greater than the premium paid. Consequently, the value of such options can be volatile, and a small investment in options can have a large impact on the performance of the Fund. The Fund risks losing all or part of the cash paid (premium) for purchasing options. Even a small decline in the value of a reference asset underlying call options or a small increase in the value of a reference asset underlying put options can result in the entire investment in such options being lost. Options may also present tracking risk. An imperfect or variable degree of correlation between price movements of the derivative and the underlying investment may prevent the portfolio from achieving the intended effect. The value of an option can change over time depending on several factors aside from just changes in the underlying asset's price, such as the time remaining to expiration and the expected level of volatility in the underlying asset. For option buyers, the risk of loss is limited to the option premium at the time of purchase. Additionally, the value of the option may be lost if the Sub-Adviser fails to exercise such option at or prior to its expiration. If the Sub-Adviser applies an options strategy to seek to hedge the Fund's portfolio at an inappropriate time or judges market movements incorrectly, options strategies may lower the Fund's return. The Fund's options strategies are also subject to the following risks:
- *VIX Options Strategy Risk.* One of the primary drivers of the value of a VIX Option is movement in the spot value of the VIX Index, which is a measure of implied volatility of S&P 500 options. Therefore, changing market expectations of future volatility will lead to changes in the market value of VIX Options. VIX Options will be subject to market risk. Because implied volatilities often rise during periods of market stress, the VIX Index is often negatively correlated to equity markets.
 - *Collar Strategy Risk.* By selling call options in return for the receipt of premiums, the Fund will give up the opportunity to benefit from potential increases in the value of the underlying asset above the exercise prices of such options. By purchasing put options in return for the payment of premiums, the Fund may be protected from a significant decline in the price of the underlying asset if the put options become in the money, but during periods where the underlying asset

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appreciates, the Fund will underperform due to the cost of the premiums paid and the increased value of any call options sold on the underlying asset. In addition, the Fund's ability to sell the securities that are underlying assets for the options will be limited while the options are in effect unless the Fund cancels out the options positions through the purchase or sale of offsetting identical options prior to the expiration of the options.

- *Vertical Spread Strategy Risk.* The vertical spread strategy used to seek to protect the Fund against market declines during periods of volatility may not work as intended. Effective use of a vertical spread strategy to limit potential losses to the Fund depends on the Sub-Adviser setting an appropriate spread between the two options held by the Fund. Use of vertical spread options may offer downside protection to the Fund but also limit the Fund's returns if the reference asset in a vertical spread option appreciates in value. As a consequence, the Fund may underperform relative to other Fund's that do not employ a vertical spread option strategy.
 - *Covered Call Strategy Risk.* When the Fund sells call options, it receives cash but limits its opportunity to profit from an increase in the market value of the underlying asset to the exercise price (plus the premium received). The maximum potential gain on the underlying asset will be equal to the difference between the exercise price and the purchase price of the reference asset at the time the option is written, plus the premium received. In a rising market, the option may require an underlying asset to be sold at an exercise price that is lower than would be received if the underlying asset was sold at the market price. If a call expires, the Fund realizes a gain in the amount of the premium received, but because there may have been a decline (unrealized loss) in the market value of the reference asset during the option period, the loss realized may exceed such gain. If the underlying asset declines by more than the option premium the Fund receives, there will be a loss on the overall position.
 - *Box Trade Strategy Risk.* Use of a box trade strategy is intended to limit overall risk to the Fund since the loss in one option transaction is set off against the gain from another option transaction. Because box trades involve multiple options transactions, the Fund will incur additional transaction costs when utilizing a box trade strategy which will limit returns when using such a strategy.
- C. *Dividend Investing Risks.* The Fund will be subject to the risk that issuers that have historically paid regular dividends or distributions to shareholders may not continue to do so in the future. An issuer may reduce or eliminate future dividends or distributions at any time and for any reason. Such events could lower the price or yield of that company's equity securities. Additionally, equity securities that make high or regular dividend payments may underperform other securities in certain market conditions.
- D. *Growth Investing Risks.* The Fund may invest in companies that appear to be growth-oriented. Growth companies are those that the Sub-Adviser believes will have revenue and earnings that grow faster than the economy as a whole, offering above-average prospects for capital appreciation and little or no emphasis on dividend income. If the Sub-Adviser's perceptions of a company's growth potential are wrong, the securities purchased may not perform as expected, reducing the Fund's return.
- E. *Cayman Subsidiary Risk.* By investing in the Subsidiary, the Fund is indirectly exposed to the risks associated with the Subsidiary's investments. The VIX Options and other investments held by the Subsidiary are generally similar to those investments that are permitted to be held by the Fund and are subject to the same economic risks that apply to similar investments if held directly by the Fund. The Subsidiary is not registered under the 1940 Act, and, unless otherwise noted in this Prospectus, is not subject to all the investor protections of the 1940 Act. Changes in the laws of the United States and/or the Cayman Islands could result in the inability of the Fund and/or the Subsidiary to continue to operate as it does currently and could adversely affect the Fund.
- F. *Exchange Traded Fund ("ETF") Risks.*
- *Authorized Participants, Market Makers, and Liquidity Providers Concentration Risk.* The Fund has a limited number of financial institutions that are authorized to purchase and redeem shares of the Fund ("Shares") directly from the Fund (known as "Authorized Participants" or "APs"). In addition, there may be a limited number of market makers and/or liquidity providers in the marketplace. To the extent either of the following events occur, Shares may trade at a material discount to NAV and possibly face delisting: (i) APs exit the business or otherwise become unable to process creation and/or redemption orders and no other APs step forward to perform these services; or (ii) market makers and/or liquidity providers exit the business or significantly reduce their business activities and no other entities step forward to perform their functions.

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- *Cash Redemption Risk.* The Fund’s investment strategy may require it to redeem Shares for cash or to otherwise include cash as part of its redemption proceeds. For example, the Fund may not be able to redeem in-kind certain securities held by the Fund (e.g., derivative instruments). In such a case, the Fund may be required to sell or unwind portfolio investments to obtain the cash needed to distribute redemption proceeds. This may cause the Fund to recognize a capital gain that it might not have recognized if it had made a redemption in-kind. As a result, the Fund may have less cash efficiency and pay out higher annual capital gain distributions to shareholders than if the in-kind redemption process was used.
 - *Costs of Buying or Selling Shares.* Due to the costs of buying or selling Shares, including brokerage commissions imposed by brokers and bid-ask spreads, frequent trading of Shares may significantly reduce investment results and an investment in Shares may not be advisable for investors who anticipate regularly making small investments.
 - *Shares May Trade at Prices Other Than NAV.* As with all ETFs, Shares may be bought and sold in the secondary market at market prices. Although it is expected that the market price of Shares will approximate the Fund’s NAV, there may be times when the market price of Shares is more than the NAV intra-day (premium) or less than the NAV intra-day (discount) due to supply and demand of Shares or during periods of market volatility. This risk is heightened in times of market volatility, periods of steep market declines, and periods when there is limited trading activity for Shares in the secondary market, in which case such premiums or discounts may be significant.
 - *Trading.* Although Shares are listed on a national securities exchange, such as Cboe BZX Exchange, Inc. (the “Exchange”), and may be traded on U.S. exchanges other than the Exchange, there can be no assurance that Shares will trade with any volume, or at all, on any stock exchange. In stressed market conditions, the liquidity of Shares may begin to mirror the liquidity of the Fund’s underlying portfolio holdings, which can be significantly less liquid than Shares. Also, in stressed market conditions, the market for Shares may become less liquid in response to deteriorating liquidity in the markets for the Fund’s underlying portfolio holdings. These adverse effects on liquidity for Shares, in turn, could lead to wider bid/ask spreads and differences between the market price of Shares and the underlying value of those Shares.
- G. *General Market Risk.* Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions. Securities in the Fund’s portfolio may underperform in comparison to securities in the general financial markets, a particular financial market, or other asset classes, due to a number of factors, including inflation (or expectations for inflation), interest rates, global demand for particular products or resources, natural disasters or events, pandemic diseases, terrorism, regulatory events, and government controls.
- H. *Management Risk.* The Fund is actively-managed and may not meet its investment objective based on the Sub-Adviser’s success or failure to implement investment strategies for the Fund. Although the Sub-Adviser has options trading experience, the Sub-Adviser may not be able to replicate the historical performance of its options strategies. In addition, the Sub-Adviser’s investment strategy to seek lower volatility may cause the Fund to underperform the broader equity market during market rallies. Such underperformance could be significant during sudden or significant market rallies.
- I. *Market Capitalization Risk.*
- *Large-Capitalization Investing.* The securities of large-capitalization companies may be relatively mature compared to smaller companies and therefore subject to slower growth during times of economic expansion. Large-capitalization companies may also be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes.
- J. *Models and Data Risk.* The composition of the Fund’s portfolio is heavily dependent on proprietary quantitative models as well as information and data supplied by third parties (“Models and Data”). When Models and Data prove to be incorrect or incomplete, any decisions made in reliance thereon may lead to the inclusion or exclusion of securities from the Fund’s portfolio universe that would have been excluded or included had the Models and Data been correct and complete. While the Sub-Adviser’s model measures relationships between the VIX Index, volatility, and premiums, levels may be depressed for extended periods and options can expire worthless.

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- K. *Tax Risk.* The federal income tax treatment of the Fund's income from the Subsidiary may be negatively affected by future legislation, Treasury Regulations (proposed or final), and/or other Internal Revenue Service ("IRS") guidance or authorities that could affect the character, timing of recognition, and/or amount of the Fund's investment company taxable income and/or net capital gains and, therefore, the distributions it makes. If the Fund failed the source of income test for any taxable year but was eligible to and did not cure the failure, it could incur potentially significant additional federal income tax expenses. If, on the other hand, the Fund failed to qualify as a regulated investment company ("RIC") for any taxable year and was ineligible to or otherwise did not cure the failure, it would be subject to federal income tax at the fund-level on its taxable income at the regular corporate tax rate (without reduction for distributions to shareholders), with the consequence that its income available for distribution to shareholders would be reduced and distributions from its current or accumulated earnings and profits would generally be taxable to its shareholders as dividend income.
- L. *U.S. Treasury Securities Risk.* The Fund may invest in U.S. Treasury securities issued or guaranteed by the U.S. Treasury. U.S. government securities are subject to market risk, interest rate risk and counterparty risk. Securities, such as those issued or guaranteed the U.S. Treasury, that are backed by the full faith and credit of the United States are guaranteed only as to the timely payment of interest and principal when held to maturity and the market prices for such securities will fluctuate. Notwithstanding that these securities are backed by the full faith and credit of the United States, circumstances could arise that would prevent the payment of interest or principal. This would result in losses to the Fund.

NOTE 4 – COMMITMENTS AND OTHER RELATED PARTY TRANSACTIONS

The Adviser serves as investment adviser to the Fund pursuant to an investment advisory agreement between the Adviser and the Trust, on behalf of the Fund (the "Advisory Agreement"), and, pursuant to the Advisory Agreement, provides investment advice to the Fund and oversees the day-to-day operations of the Fund, subject to the direction and oversight of the Board. The Adviser provides oversight of the Sub-Adviser and review of the Sub-Adviser's performance. The Adviser is also responsible for trading portfolio securities for the Fund, including selecting broker-dealers to execute purchase and sale transactions, subject to the supervision of the Board.

Pursuant to the Advisory Agreement, the Fund pays the Adviser a unitary management fee (the "Investment Advisory Fee") based on the average daily net assets of the Fund at the annualized rate of 0.83%. Out of the Investment Advisory Fee, the Adviser is obligated to pay or arrange for the payment of substantially all expenses of the Fund, including the cost of transfer agency, custody, fund administration, and all other related services necessary for the Fund to operate. Under the Advisory Agreement, the Adviser has agreed to pay all expenses incurred by the Fund except for interest charges on any borrowings, dividends and other expenses on securities sold short, taxes, brokerage commissions and other expenses incurred in placing orders for the purchase and sale of securities and other investment instruments, acquired fund fees and expenses, accrued deferred tax liability, extraordinary expenses, and distribution fees and expenses paid by the Fund under any distribution plan adopted pursuant to Rule 12b-1 under the 1940 Act (collectively, "Excluded Expenses"), and the Investment Advisory Fee payable to the Adviser. The Investment Advisory Fees incurred are paid monthly to the Adviser. Investment Advisory Fees for the fiscal period ended September 30, 2024 are disclosed in the Consolidated Statement of Operations.

Acrucence serves as investment sub-adviser to the Fund, pursuant to a sub-advisory agreement between the Adviser and the Sub-Adviser with respect to the Fund (the "Sub-Advisory Agreement"). Pursuant to the Sub-Advisory Agreement, the Sub-Adviser is responsible for the day-to-day management of the Fund's portfolio, including determining the securities purchased and sold by the Fund, subject to the supervision of the Adviser and the Board. The Sub-Adviser is paid a fee by the Adviser, which is calculated and paid monthly, at an annual rate of 0.02% of the Fund's average daily net assets (the "Sub-Advisory Fee"). The Sub-Adviser has agreed to assume a portion of the Adviser's obligation to pay all expenses incurred by the Fund, except for the Sub-Advisory Fee payable to the Sub-Adviser and Excluded Expenses. For assuming a portion of the payment obligations for the Fund, the Adviser has agreed to pay the Sub-Adviser a corresponding portion of the profits, if any, generated by the Fund's Investment Advisory Fee, less a contractual fee retained by the Adviser. Expenses incurred by the Fund and paid by the Sub-Adviser include fees charged by Tidal (defined below), which is an affiliate of the Adviser.

Tidal ETF Services LLC ("Tidal"), a Tidal Financial Group company and an affiliate of the Adviser, serves as the Fund's administrator and, in that capacity, performs various administrative and management services for the Fund. Tidal coordinates the payment of Fund-related expenses and manages the Trust's relationships with its various service providers.

U.S. Bancorp Fund Services, LLC, doing business as U.S. Bank Global Fund Services ("Fund Services"), serves as the Fund's sub-administrator, fund accountant and transfer agent. In those capacities, Fund Services performs various administrative and accounting

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services for the Fund. Fund Services prepares various federal and state regulatory filings, reports and returns for the Fund, including regulatory compliance monitoring and financial reporting; prepares reports and materials to be supplied to the Board; and monitors the activities of the Fund’s custodian. U.S. Bank N.A. (the “Custodian”), an affiliate of Fund Services, serves as the Fund’s custodian.

Foreside Fund Services, LLC (the “Distributor”) acts as the Fund’s principal underwriter in a continuous public offering of the Fund’s shares.

Certain officers and a trustee of the Trust are affiliated with the Adviser. Neither the affiliated trustee nor the Trust’s officers receive compensation from the Fund.

NOTE 5 – PURCHASES AND SALES OF SECURITIES

For the fiscal period ended September 30, 2024, the cost of purchases and proceeds from the sales or maturities of securities, excluding short-term investments, U.S. government securities, the Subsidiary, and in-kind transactions were \$15,037,505 and \$13,158,163, respectively.

For the fiscal period ended September 30, 2024, there were no purchases or sales of long-term U.S. government securities.

For the fiscal period ended September 30, 2024, in-kind transactions associated with creations and redemptions for the Fund were \$14,914,351 and \$17,549,919, respectively.

NOTE 6 – INCOME TAXES AND DISTRIBUTIONS TO SHAREHOLDERS

The tax character of distributions paid during the fiscal period ended September 30, 2024 (estimated), and the year ended March 31, 2024, were as follows:

<u>Distributions Paid From</u>	<u>September 30, 2024</u>	<u>March 31, 2024</u>
Ordinary income	\$ —	\$ 320,116

As of the most recent fiscal year ended March 31, 2024, components of the accumulated losses on a tax basis were as follows:

	<u>March 31, 2024</u>
Investments, at cost ^(a)	\$ 7,057,166
Gross tax unrealized appreciation	550,300
Gross tax unrealized depreciation	(362,429)
Net tax unrealized appreciation (depreciation)	187,871
Undistributed ordinary income (loss)	65,125
Undistributed long-term capital gain (loss)	—
Total distributable earnings	65,125
Other accumulated gain (loss)	(12,586,217)
Total accumulated losses	\$ (12,333,221)

^(a) The difference between book and tax-basis unrealized appreciation was attributable primarily to the treatment of wash sales.

Net capital losses incurred after October 31 (post-October losses) and net investment losses incurred after December 31 (late-year losses), and within the taxable year, may be elected to be deferred on the first business day of the Fund’s next taxable year. As of the most recent fiscal year ended March 31, 2024, the Fund had not elected to defer any late year losses or post-October losses. As of the most recent fiscal year ended March 31, 2024, the Fund had long-term and short-term capital loss carryovers of \$8,654,813 and \$3,931,404, respectively, which do not expire. During the most recent fiscal year ended March 31, 2024, the Fund utilized \$120,191 of short-term loss carryovers.

NOTE 7 – SHARE TRANSACTIONS

Shares of the Fund are listed and traded on the Exchange. Market prices for the shares may be different from their NAV. The Fund issues and redeems shares on a continuous basis at NAV generally in large blocks of shares “Creation Units”. Creation Units are issued and redeemed principally in-kind for securities included in a specified universe. Once created, shares generally trade in the secondary

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market at market prices that change throughout the day. Except when aggregated in Creation Units, shares are not redeemable securities of the Fund. Creation Units may only be purchased or redeemed by Authorized Participants. An Authorized Participant is either (i) a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation or (ii) a Depository Trust Company participant and, in each case, must have executed a Participant Agreement with the Distributor. Most retail investors do not qualify as Authorized Participants nor have the resources to buy and sell whole Creation Units. Therefore, they are unable to purchase or redeem the shares directly from the Fund. Rather, most retail investors may purchase shares in the secondary market with the assistance of a broker and are subject to customary brokerage commissions or fees.

The Fund currently offers one class of shares, which has no front-end sales load, no deferred sales charge, and no redemption fee. A fixed transaction fee is imposed for the transfer and other transaction costs associated with the purchase or sale of Creation Units. The standard fixed transaction fee for the Fund is \$500, payable to the Custodian. The fixed transaction fee may be waived on certain orders if the Fund's Custodian has determined to waive some or all of the costs associated with the order or another party, such as the Adviser, has agreed to pay such fee. In addition, a variable fee may be charged on all cash transactions or substitutes for Creation Units of up to a maximum of 2% of the value of the Creation Units and Redemption Units subject to the transaction. Variable fees received by the Fund, if any, are disclosed in the capital shares transactions section of the Consolidated Statement of Changes in Net Assets. The Fund may issue an unlimited number of shares of beneficial interest, with no par value. All shares of the Fund have equal rights and privileges.

NOTE 8 – RECENT MARKET EVENTS

U.S. and international markets have experienced and may continue to experience significant periods of volatility in recent years and months due to a number of economic, political and global macro factors including rising inflation, uncertainty regarding central banks' interest rates, the possibility of a national or global recession, trade tensions, political events, the war between Russia and Ukraine, and significant conflict between Israel and Hamas in the Middle East. As a result of continuing political tensions and armed conflicts, including the war between Ukraine and Russia, the U.S. and the European Union imposed sanctions on certain Russian individuals and companies, including certain financial institutions, and have limited certain exports and imports to and from Russia. The war has contributed to recent market volatility and may continue to do so. The Middle East conflict has led to significant loss of life, damaged infrastructure and escalated tensions both in the region and globally. These developments, as well as other events, could result in further market volatility and negatively affect financial asset prices, the liquidity of certain securities and the normal operations of securities exchanges and other markets, despite government efforts to address market disruptions. As a result, the risk environment remains elevated.

NOTE 9 – SUBSEQUENT EVENTS

In preparing these consolidated financial statements, management has evaluated events and transactions for potential recognition or disclosure through the date the consolidated financial statements were issued. Management has determined that there are no subsequent events that would need to be disclosed in the Fund's consolidated financial statements.