

Quarterly Performance Review & Attribution

Q1 2025

HEGD – Swan Hedged Equity
US Large Cap ETF

2025 First Quarter Review

The markets started out strong in 2025, with the S&P 500 setting an all-time high of 6,144 on February 19th. However, as uncertainty surrounding the true intent of President Trump's trade policy gripped investors the markets started to sell-off. The S&P 500 ended the quarter with a -4.3% return.

Since the U.S. equity market started its bull run in October 2022, most gains have been driven by the so-called "Magnificent Seven" megacap technology stocks and the promise of an A.I. future. This narrative was rattled by rumors of the much cheaper DeepSeek A.I. models out of China as well as the threat these global giants would face if deglobalization accelerates. If one were to separate the Mag-7 returns from the other 493 stocks in the S&P 500, their estimated Q1 returns were -14.7% and +1.0%, respectively.

Markets thus shifted to previously unpopular segments of the market. Value stocks (+2.1%), foreign markets (+7.0%), emerging markets (+3.0%), and bonds (+2.8%) all benefited from the rotation out of the Mag-7.

While uncertainty has been creeping back into the market, it seems unlikely that the Fed will provide a fillip to the market with any significant rate cuts. The Fed remains data dependent and focused on squeezing inflation down closer to its stated goal of 2.0%.

With the possibility of "the Fed put" and "the Trump put" in question, investors are left to fend for themselves. Swan Global Investments has had hedging via put options at the heart of its Defined Risk Strategy since its inception in 1997.

2025 Returns as of 3/31/2025

| | Q1 | YTD | | Jan | Feb | Mar |
|-----------------------|--------|--------|--|-------|--------|--------|
| S&P 500 | -4.27% | -4.27% | | 2.78% | -1.30% | -5.63% |
| Russell 2000 | -9.48% | -9.48% | | 2.62% | -5.35% | -6.81% |
| MSCI EAFE | 7.01% | 7.01% | | 5.26% | 1.95% | -0.29% |
| MSCI EM | 3.01% | 3.01% | | 1.81% | 0.50% | 0.67% |
| Russell 1000 Growth | -9.97% | -9.97% | | 1.98% | -3.59% | -8.42% |
| Russell 1000 Value | 2.14% | 2.14% | | 4.63% | 0.41% | -2.78% |
| Bloomberg US Agg Bond | 2.78% | 2.78% | | 0.53% | 2.20% | 0.04% |

Source: Morningstar Direct

Swan Hedged Equity U.S. Large Cap ETF (HEGD)

Performance Attribution & Summary

While the S&P 500 was down by a modest amount, -4.3% during the first quarter, there was a wide degree of dispersion within the various sectors of the index. Obviously, the Tech sector was down 12.7% with the Magnificent Seven sell-off, but the economically-sensitive sector of Consumer Discretionary had a similar return of -13.8%. Conversely, the more defensive sectors like Consumer Staples (+5.2%), Energy (+9.9%), and Utilities (+4.9%) had gains as investors grew more cautious.

The Swan Hedged Equity U.S. Large Cap ETF performed relatively well versus the S&P 500 during the first quarter of 2025. The Fund had a return of -2.2%, offsetting almost half of the -4.3% decline of the S&P 500.

Core Equity: the S&P 500-based ETFs representing the core equity exposure declined in value by 4.1% during the first quarter, within the realm of expectations in a down market.

Hedge: the Fund entered 2025 with two-year put options set to a market of 6150. With the S&P 500 ending the first quarter at a 5612, the put options were “in-the-money” on March 31st. The hedge portion was up 2.2% during the quarter. While most of the gains in the put options were due simply to the drop in the S&P 500, the put options also benefited from an uptick in volatility and changes in anticipated rate cuts. If the S&P 500 continues its decline, Swan will seek opportunities to re-hedge and re-balance the Fund’s holdings.

Swan Hedged Equity U.S. Large Cap (HEGD) as of 3/31/2025

| | Q1 | Q2 | Q3 | Q4 | YTD |
|-------------------------|--------|----|----|----|--------|
| Core Equity | -4.08% | | | | -4.08% |
| Hedge | 2.16% | | | | 2.16% |
| Fees/Other | -0.20% | | | | -0.20% |
| Total Portfolio (NAV) | -2.20% | | | | -2.20% |
| Total Portfolio (Price) | -2.23% | | | | -2.23% |
| S&P 500 | -4.27% | | | | -4.27% |

Source: Zephyr StyleADVISOR and Swan Global Investments

Average Annualized Returns as of 3/31/2025

| Returns | Inception Date | YTD | 1 YR | 3YR | 5YR | Since Inception |
|--|----------------|--------|-------|-------|-----|-----------------|
| HEGD (NAV) – Swan Hedged Equity US Large Cap ETF | 12/22/20 | -2.20% | 6.51% | 6.23% | N/A | 7.42% |
| Cboe S&P 500 95-10 Index | ----- | -5.35% | 4.32% | 7.01% | N/A | 7.43% |
| S&P 500 | ----- | -4.27% | 8.25% | 9.06% | N/A | 12.01% |

Source: Swan Global Investments

Performance shown is historical and does not guarantee future results. Current performance may be lower or higher. There is no assurance the fund will pay dividends or capital gains in the future. Performance assumes the reinvestment of dividends and capital gains. You cannot invest directly in an index or average. Gross annual expenses are 0.88%. For performance information or for a copy of the prospectus, visit <https://etfs.swanglobalinvestments.com/hedged-equity-etf/>, or please call (877) 896-2590.

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Investors should carefully consider the investment objectives, risks, charges and expenses of Exchange Traded Funds (ETFs) before investing. To obtain an ETF's prospectus containing this and other important information, please call 866.617.7926 or view or download a prospectus online. Please read the prospectus carefully before you invest.

The fund's investment objective is to seek capital appreciation while mitigating overall market risk.

An investment in the fund involves risk, including possible loss of principal.

Exchange Traded Funds and Mutual Funds involve risk, including possible loss of principal. There is no guarantee the Fund will meet its objective. The fund will use put and call options, which are referred to as "derivative" instruments since their values are based on, or derived from, an underlying reference asset, such as an index. Derivatives can be volatile, and a small investment in a derivative can have a large impact on the performance of the Fund as derivatives can result in losses in excess of the amount invested. Options used by the Fund to reduce volatility and generate returns may not perform as intended. There can be no assurance that the Fund's option strategy will be effective. It may expose the Fund to losses, e.g., option premiums, to which it would not have otherwise been exposed. Further, the option strategy may not fully protect the Fund against declines in the value of its portfolio securities. The prices of options may change rapidly over time and do not necessarily move in tandem with the price of the underlying securities. Selling call options reduces the Fund's ability to profit from increases in the value of the Fund's equity portfolio, and purchasing put options may result in the Fund's loss of premiums paid in the event that the put options expire unexercised. To the extent that the Fund reduces its put option holdings relative to the number of call options sold by the Fund, the Fund's ability to mitigate losses in the event of a market decline will be reduced. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund.

Shares of any ETF are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns.

The Fund is distributed by Foreside Fund Services, LLC. Foreside Fund Services, LLC and Swan Capital Management, LLC & Swan Global Investments, LLC are not affiliated.

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About Swan Global Investments

Investing Redefined® – Since 1997, our distinct investment approach has been redefining investing by directly addressing the biggest threat long-term investors face: market risk.

Market risk is too big a threat to investors to be dealt with passively. So we hedge it.

Swan Global Investments is a leader in hedged and options strategies, providing goals-based investment solutions built on an “Always Invested, Always Hedged” philosophy that seeks capital appreciation, while mitigating market risk.

Our simple, yet innovative Defined Risk Strategy is a time-tested, goals-based investment approach that seeks consistent long-term returns by combining the benefits of passive investing with active risk management to mitigate risks to irreplaceable capital.



SWAN CAPITAL
MANAGEMENT

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¹ – Although the Fund is actively managed, the Fund intends to passively invest (buy and hold) at least 80% of its assets directly or indirectly through one or more ETFs in equity securities of large cap U.S. companies. 6