

Passive Perspectives

First Quarter 2023

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Key Points

- The Syntax Stratified Large Cap (SSPY) ETF outperforms the S&P 500 Equal Weight Index, with a challenging quarter against the tech-heavy S&P 500 Index
- Stratified weight methodology seeks to create value by diversifying across sectors and sub-sectors to avoid over-exposure to companies with similar business risks.
- Apple and Microsoft's large concentration in the S&P 500 Index drive its outperformance and pose a challenge to investors looking for diversified exposure to the U.S. equity market

Syntax Performance

SSPY returned 3.00% in Q1 2023, while the S&P 500 Index returned 7.50. SSPY's Stratified Weight seeks to diversify across sectors and sub-sectors to prevent one sector, industry, or company from becoming overconcentrated in the portfolio. The S&P 500 Index, in contrast, had over 24% of its weight in Info Tools and over 18% weight in Information. The performance of these sectors helped contribute to SSPY's relative underperformance versus the S&P 500 Index for the quarter. Additionally, the concentration and performance of two stocks, Apple and Microsoft, accounted for approximately 12% of the average weight of S&P 500 Index, and were large drivers of the S&P 500's outperformance this past quarter.

SSPY outperformed the S&P 500 Equal Weight Index which returned 2.93% in Q1 2023. The Stratified approach reduced the negative impact in underweighted sectors, such as the SSPY's overweighting of the Information Tools (3.00% overweight) and Food (5.97% overweight) sectors which contributed positively to the relative performance of SSPY over the Equal Weight Index. SSPY uses the Stratified Weight methodology to evenly weigh and diversify across sectors and sub-sectors. The result is better diversification.

The Syntax Stratified MidCap (SMDY) ETF returned 4.83% for the quarter, outperforming the S&P 400 Index which returned 3.81%. The SMDY also outperformed the S&P 400 Equal Weight Index which returned 4.42% in Q1 2023. Relative to the S&P 400, the SMDY overweighted Info Tools by 7.52% and the Information sectors by 6.00%. SMDY also overweighted the Consumer, Food, and Healthcare sectors compared to the S&P 400 Index. The Stratified weight methodology seeks to create value by diversifying across sectors and sub-sectors to avoid over-exposure to companies with similar business risks.

Meanwhile, the Syntax Stratified SmallCap (SSLY) ETF returned 3.71% for the quarter, outperforming the S&P 600 Index which returned 2.57%. The SSly returned 3.71%, which significantly outperformed the S&P 600 Equal Weight Index with returns at 2.03%. SSly overweighted Info Tools by 3.83% and the Information sectors by 6.89% compared to S&P 600. SSly also overweighted the Consumer, Food, Energy, and Healthcare sectors compared to the S&P 600 Index. The Syntax Stratified Weighting methodology allows for balance and diversification to avoid stock concentrations with leading capitalization-weighted indices.

Disclaimer

*Performance quoted represents past performance and does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown here. Performance data current to the most recent month end is available by calling (866) 972-4492. Performance would have been lower without fee waivers/expense reimbursements in effect. *The Adviser has contractually agreed to waive and/or reimburse certain fees/expenses until May 1, 2023.*

Apple & Microsoft Dominate the FAANG

Mega-cap tech stocks served as a haven in March during the collapse of Silicon Valley Bank and the period of increased volatility experienced by the banking sector. As a result, investors flocked to the safety of the cash-rich, tech stocks, specifically Apple (AAPL) and Microsoft (MSFT), whose weights grew drastically in the S&P 500, AAPL is (7.14%), and MSFT is (6.25%) as of 31 March 2023.

Where the FAANG¹ once dominated the tech sector, AAPL and MSFT, with a combined market capitalization of over \$4 trillion, have split from the group and now account for approximately (13.2%) of the S&P 500, making the already tech-heavy Index even more concentrated, posing a challenge to investors looking for diversified exposure to the U.S. equity market. Nevertheless, investors continued to pour capital into the tech sector, which has gained momentum since the Fed indicated its intention to slow or pause rate hikes.

Despite the volatility experienced by banks, tech names showed some resilience, posting significant gains of 21.8% which drove the tech-heavy S&P 500's 7.50% return for Q1 (Exhibit 1). The Syntax Stratified LargeCap Index rose 3.08% in the first quarter. However, investors should pay attention to the drivers of the S&P 500's outperformance, namely five companies: Nvidia Corp., Meta Platforms Inc., Tesla Inc., Warner Bros. Discovery Inc., and Advanced Micro Devices Inc., were responsible for most of the gains. In comparison, the S&P 500 Equal Weight Index rose 2.93% for the quarter.

¹FAANG is an acronym for five well-known, U.S. technology stocks: Facebook (now Meta Platforms), Amazon, Apple, Netflix and Google (now Alphabet).

Exhibit 1. Core Index Comparison

Index	Benchmark	Q1 2023 (%)			12 months (%)		
		Stratified	Benchmark	Difference	Stratified	Benchmark	Difference
Stratified LargeCap	S&P 500	3.08	7.50	-4.42	-4.17	-7.73	3.56
Stratified MidCap	S&P MidCap 400	4.95	3.81	1.14	-3.61	-5.12	1.51
Stratified SmallCap	S&P SmallCap 600	3.81	2.57	1.24	-9.20	-8.82	-0.38
Stratified LargeCap	S&P 500 Equal Weight	3.08	2.93	0.15	-4.17	-6.31	2.14
Stratified MidCap	S&P 400 Equal Weight	4.95	4.42	0.53	-3.61	-3.84	0.23
Stratified SmallCap	S&P 600 Equal Weight	3.81	2.03	1.78	-9.20	-10.71	1.51

Source: Syntax, LLC and S&P Dow Jones Indices. Total return performance does not reflect fees or implementation costs as an investor cannot directly invest in an index. Performance as of 31 March 2023.

Syntax Stratified LargeCap: [SSPY](#) inception as of 01/01/2015

Performance Return (%) As of March 31, 2023	Cumulative		Annualized			
	YTD	1Q23	1Y	3Y	5Y	Since Fund Inception
SSPY NAV	3.00	3.00	-4.40	21.92	10.54	10.00
SSPY Market Price	3.08	3.08	-4.49	21.99	--	--
Syntax Stratified LargeCap Index (TR)	3.08	3.08	-4.17	22.40	10.82	--
S&P 500 Index (TR)	7.50	7.50	-7.73	18.60	11.19	10.81
S&P 500 Equal Weight Index (TR)	2.93	2.93	-6.31	22.06	9.96	9.56

For holdings click the fund ticker. Gross Expense Ratio is 0.45%. Net Expense Ratio is 0.30%.

Syntax Stratified MidCap: [SMDY](#) inception as of 01/01/2015

Performance Return (%) As of March 31, 2023	Cumulative		Annualized			
	YTD	1Q23	1Y	3Y	5Y	Since Fund Inception
SMDY NAV	4.83	4.83	-3.93	23.08	8.34	8.50
SMDY Market Price	4.86	4.86	-4.05	23.13	--	--
Syntax Stratified MidCap Index (TR)	4.95	4.95	-3.61	23.67	8.77	--
S&P 400 Index (TR)	3.81	3.81	-5.12	22.10	7.67	8.58
S&P 400 Equal Weight Index (TR)	4.42	4.42	-3.84	26.31	8.49	8.60

For holdings click the fund ticker. Gross Expense Ratio is 0.45%. Net Expense Ratio is 0.35%.

Syntax Stratified SmallCap: [SSLY](#) inception as of 05/28/2020

Performance Return (%) As of March 31, 2023	Cumulative		Annualized			
	YTD	1Q23	1Y	3Y	5Y	Since Fund Inception
SSLY NAV	3.71	3.71	-9.56	--	--	16.34
SSLY Market Price	3.70	3.70	-9.59	--	--	16.33
Syntax Stratified SmallCap Index (TR)	3.81	3.81	-9.20	--	--	17.35
S&P 600 Index (TR)	2.57	2.57	-8.82	--	--	15.82
S&P 600 Equal Weight Index (TR)	2.03	2.03	-10.71	--	--	19.30

For holdings click the fund ticker. Gross Expense Ratio is 0.45%. Net Expense Ratio is 0.40%.

Important Disclaimers

*Performance quoted represents past performance and does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown here. Performance data current to the most recent month end is available by calling (866) 972-4492. Performance would have been lower without fee waivers/expense reimbursements in effect. *The Adviser has contractually agreed to waive and/or reimburse certain fees/expenses until May 1, 2023.*

A privately offered fund managed by Syntax Advisors, LLC was reorganized into the Syntax Stratified LargeCap ETF as of January 2, 2019, upon commencement of the ETF operations. For periods prior to the commencement of ETF operations, the fund's performance is that of the private fund. The Fund's NAV price as of January 2, 2019, was used in calculating market price performance for January 2 and January 3, prior to the fund's first trading on the New York Stock Exchange on January 4, 2019. A privately offered fund managed by Syntax Advisors, LLC was reorganized into the Syntax Stratified MidCap ETF as of January 16, 2020, upon commencement of the ETF operations. For periods prior to the commencement of ETF operations, the fund's performance is that of the private fund.

The returns were calculated using the methodology the SEC requires of registered funds. However, since the private fund did not calculate its returns on a per share basis, its returns have been calculated on its total net asset value. While the performance of the private fund is net of all fees and expenses, the performance of the private fund has not been restated to reflect the management and fee waivers applicable to the Fund. The Fund may be subject to higher fees which would negatively impact performance. The private funds began operations on January 1, 2015 and, on January 2, 2019 was reorganized into the Syntax Stratified LargeCap ETF, and on January 16, 2020, was reorganized into the Syntax Stratified MidCap ETF. Prior to the reorganization, the private fund had investment objectives, policies and strategies that were, in all material respects, the same as those of the Fund, and was managed in a manner that, in all material respects, complied with the investment guidelines and restrictions of the Fund. However, as a registered investment company, the Fund is subject to certain restrictions under the Investment Company Act of 1940 (the "1940 Act") and the Internal Revenue Code of 1986 (the "Internal Revenue Code") which did not apply to the private fund. If the private fund had been subject to the provisions of the 1940 Act and the Internal Revenue Code, its performance could have been adversely affected. However, these restrictions are not expected to have a material effect on the Fund's investment performance.

Shares of any ETF are bought and sold at market price (not NAV) and may trade at a discount or premium to NAV. Shares are not individually redeemable from the Fund and may only be acquired or redeemed from the fund in creation units. Brokerage commissions will reduce returns.

Before investing, consider the fund's investment objectives, risks, charges and expenses. To obtain a prospectus or summary prospectus which contains this and other information, please visit www.syntaxadvisors.com, call (866) 972-4492, or talk to your financial advisor. Read it carefully before investing.

The Syntax Stratified LargeCap (SSPY) ETF is subject to certain other risks, including but not limited to, equity securities risk, index tracking risk, passive strategy/index risk, and market trading risk. The Syntax Stratified MidCap (SMDY) ETF is subject to certain other risks, including but not limited to, equity securities risk, small- and mid-capitalization risk, index tracking risk, passive strategy/index risk, and market trading risk. The Syntax Stratified SmallCap (SSLY) ETF is subject to certain other risks, including but not limited to, equity securities risk, small-capitalization risk, index tracking risk, passive strategy/index risk, and market trading risk.

The S&P 500® Index is an unmanaged index considered representative of the US large-cap stock market. The S&P 400® Index is an unmanaged index considered representative of the US mid-cap stock market. The S&P 600® Index is an unmanaged index considered representative of the US small-cap stock market.

Investing involves risk, including possible loss of principal.

The Fund is subject to certain other risks, including but not limited to, MARKET RISK: Overall securities market risks will affect the value of individual instruments in which the Fund invests, and the market price of a security may fluctuate, sometimes rapidly and unpredictably. TRACKING ERROR RISK: The Fund may be subject to tracking error, which is the divergence of the Fund's performance from that of its corresponding Index., PASSIVE STRATEGY/INDEX RISK: The Fund is managed with a passive investment strategy, attempting to track the performance of an unmanaged index of securities. MARKET TRADING RISK: The Fund faces numerous market trading risks, including the potential lack of an active market for

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