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The Difference is Weighting™

Market Perspectives

Third Quarter 2023 – September 30, 2023

Key Points

- The Syntax Stratified Large Cap (SSPY) ETF outperforms the S&P 500 Equal Weight Index in Q3, despite a challenging quarter against the S&P 500 Index.
- Stratified Weight seeks to diversify across sectors and sub-sectors to prevent one sector, industry, or company from becoming overconcentrated in the portfolio.
- The Fed confirms that “the Committee is firmly committed to returning inflation to its 2% objective.”

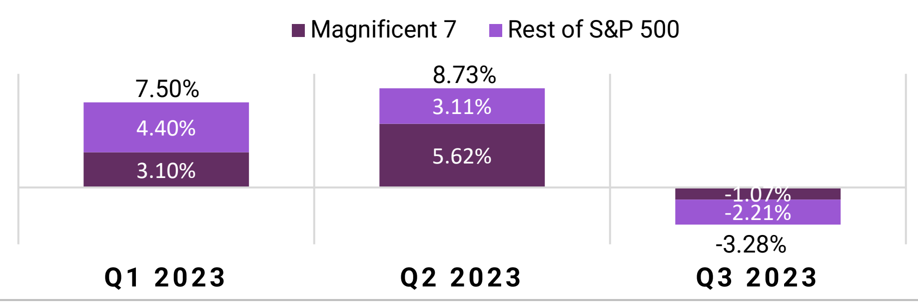
Syntax Performance

For the quarter ending September 30, 2023, the Syntax Stratified LargeCap ETF (SSPY) returned -4.01%. In comparison, the S&P 500 Index, returned -3.27%, while, the S&P 500 Equal Weight Index returned -4.90% for the quarter, underperforming SSPY.

SSPY’s Stratified Weight seeks to diversify across sectors and sub-sectors and avoid overconcentration risk. Unlike previous quarters where the overweighting of the Information and Information Tools sectors in the S&P 500 Index, helped drive its outperformance, SSPY’s relative underweighting of the Info Tools sector in Q3 (13.50% underweight) contributed positively to its performance versus the S&P 500 Index, as the IT sector saw negative performance for Q3. However, the S&P 500 Index still slightly outperformed SSPY for the quarter, helped by the relative underweighting of the Consumer sector (5.33% underweight) in the S&P 500 Index, which underperformed for the quarter.

Looking deeper in the S&P 500 Index this quarter, we see that the performance of the “Magnificent Seven” companies (Apple, Alphabet, Amazon, Microsoft, Nvidia, Meta, and Tesla) at 27.80% weight in the S&P 500 Index was a significant driver of the overall negative performance. These seven stocks collectively returned -1.07%, while the whole S&P 500 returned -3.27%. In contrast, these seven stocks were only 2.43% weight of SSPY. In Q1, the “Magnificent Seven” accounted for over a third of the S&P’s 7.50% return and almost two thirds of its 8.74% return in Q2. In Q3, however, the story began to shift as market breadth expanded; these seven stocks collectively returned -1.07%, while the whole S&P 500 declined 3.27% (as seen in Exhibit 1*). The overall market fell 3.27% in Q3, in large part due to falloff in Information Tools stocks, which carried the market in the first half of the year. Despite negative topline returns, breadth expanded slightly in Q3: while 35.31% of stocks outperformed the market in Q1, falling to 31.56% in Q2, this number has risen to almost 42% in Q3. Companies in Q3 such as Alphabet A (+9.32% QTD), Alphabet C (+8.99% QTD), Meta (+4.61% QTD), and Nvidia (+2.84% QTD), contributed significantly, while Apple (-11.61% QTD), Amazon (-2.49% QTD), Microsoft (-7.08% QTD), and Tesla (-4.41% QTD) were a drag.

Exhibit 1: “Magnificent 7” Contribution vs. Rest of S&P



*Source: Syntax, LLC, and S&P Dow Jones Indices.

Another sector that had a significant impact on the S&P 500 Index was Consumer Products and Services. This sector outperformed for the year's first half, yet significantly lagged in Q3, which returned -7.40% in the S&P 500 Index and returned -11.16% in SSPY. Financials, which had recovered in Q2 after a stumble driven by Q1's regional banking issues, also lagged in Q3, which returned -2.33% in the S&P 500 Index and returned -2.00% in SSPY. Both sectors continue to adjust to the possibility of prolonged periods of strict monetary policy.

Meanwhile, surging oil prices led energy stocks, which had a lackluster start to the year, to a comeback in Q3. With more supply issues on the horizon, oil prices may keep rising, which might lead the energy sector to outperform in Q4. Strong performance from companies like Chevron Corp (+8.18% in Q3), Exxon Mobil (+10.55%) and ConocoPhillips (+16.70%) helped mitigate losses from other sectors. For Q3, SSPY's relative overweighting of the Energy sector (+5.34%) was a positive contributor to its performance.

The Syntax Stratified MidCap (SMDY) ETF returned -4.95% for the quarter, versus the S&P 400 Index which returned -4.20%. Meanwhile, the S&P 400 Equal Weight Index returned -4.17% in Q3 2023. Relative to the S&P 400, the SMDY overweighted Info Tools by 6.58% and the Information sectors by 5.54%. SMDY also overweighted the Consumer, Food, and Healthcare sectors compared to the S&P 400 Index.

In addition, the Syntax Stratified SmallCap (SSLY) ETF returned -7.31% for the quarter, versus the S&P 600 Index which returned -4.93%. The S&P 600 Equal Weight Index returned -5.03%. SSLY overweighted Info Tools by 3.69% and the Information sectors by 6.50% compared to S&P 600. SSLY also overweighted the Consumer, Food, and Healthcare sectors compared to the S&P 600 Index.

Exhibit 2. Core Index Comparison

		Q3 2023 (%)			12 months (%)		
Index	**Benchmark**	**Stratified**	**Benchmark**	**Difference**	**Stratified**	**Benchmark**	**Differen**
Stratified LargeCap	S&P 500	-3.95	-3.27	-0.68	15.37	21.62	-6.25
Stratified MidCap	S&P MidCap 400	-4.86	-4.20	-0.66	18.27	15.51	2.76
Stratified SmallCap	S&P SmallCap 600	-7.20	-4.93	-2.27	8.50	10.08	-1.58
Stratified LargeCap	S&P 500 Equal Weight	-3.95	-4.90	0.95	15.37	13.64	1.73
Stratified MidCap	S&P 400 Equal Weight	-4.86	-4.17	-0.69	18.27	17.28	0.99
Stratified SmallCap	S&P 600 Equal Weight	-7.20	-5.03	-2.17	8.50	9.03	-0.53

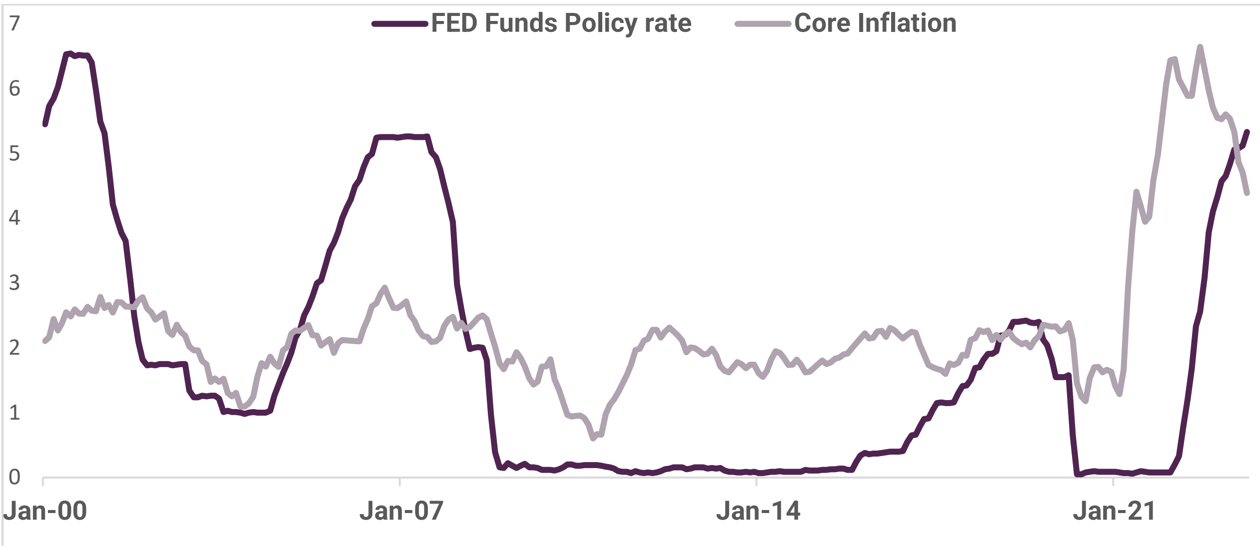
Source: Syntax, LLC and S&P Dow Jones Indices. Total return performance does not reflect fees or implementation costs as an investor cannot directly invest in an index. Performance as of 30 September 2023.

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, 2024.**

Inflation in Q3

During its recent meetings, the Federal Open Market Committee (FOMC) repeatedly stated its commitment to achieving its 2% inflation target. The question remains: how far is the Fed willing to go to fulfill its mandate? The Fed has demonstrated a willingness to take uncomfortable measures to maintain price stability, raising interest rates from 0.25% - 0.50 % in March 2022 to 5.25% - 5.50% in September 2023. Correspondingly, inflation has dropped from 9.1% in June 2022 to a month-over-month rate of 3.7% in August.

Exhibit 3: Fed Funds Rate and Core Inflation (FRED) (%)



Source: FRED Graph Obersations, Federal Reserve Economic Data

However, the Fed has a challenging task ahead as they continue to address inflation. Despite the addition of 187,000 jobs in August, increased labor participation led the unemployment rate to rise by 0.3%, bringing it to 3.8%. The healthy job market, which was starting to soften, added 338,00 jobs in September - a sign that the economy may be more robust than expected, and that inflation concerns may therefore persist despite high rates. This concern appears to be reflected in the bond market as yields continued to rise during the quarter as the Bloomberg US Aggregate index, a measure of the broad US fixed income market, lost 3.2% for the quarter.

Persistently low unemployment highlights that the US economy continues to be resilient in the face of sharp interest rate measures from the Fed. The Fed has been effective in its approach as strict monetary policy continues to impact the spending habits of consumers, which has helped bring inflation closer to the longer-term target of 2%. However, challenges still remain as the economy faces headwinds tied to the impacts of higher energy costs exacerbated by the geopolitical turmoil in the Middle East, the scheduled restart of student loan payments, and the ongoing automotive strike. The inflationary pressures, along with the new reality that interest and mortgage rates may remain elevated for a prolonged period, raises questions on whether the Fed can avoid a recession or engineer a soft landing as it tries to achieve its dual mandate of price stability and low unemployment.

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Syntax Stratified LargeCap: SSPY inception as of 01/01/2015

Performance Return (%) As of September 30, 2023	Cumulative		Annualized			
	YTD	3Q23	1Y	3Y	5Y	Since Fund Inception
SSPY NAV	**2.59**	**-4.01**	**14.99**	**12.28**	**8.58**	**9.36**
SSPY Market Price	2.67	-4.13	14.93	12.21	--	--
Syntax Stratified LargeCap Index (TR)	2.83	-3.95	15.37	12.65	8.85	--
S&P 500 Index (TR)	13.07	-3.27	21.62	10.15	9.92	10.80
S&P 500 Equal Weight Index (TR)	1.79	-4.90	13.64	11.45	7.97	8.85

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 September 30, 2023	Cumulative		Annualized			
	YTD	3Q23	1Y	3Y	5Y	Since Fund Inception
SMDY NAV	**4.48**	**-4.95**	**17.76**	**11.95**	**6.09**	**7.96**
SMDY Market Price	4.49	-5.06	17.42	11.88	--	--
Syntax Stratified MidCap Index (TR)	4.83	-4.86	18.27	12.44	6.52	--
S&P 400 Index (TR)	4.27	-4.20	15.51	12.05	6.06	8.12
S&P 400 Equal Weight Index (TR)	4.89	-4.17	17.28	14.85	6.68	8.15

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 September 30, 2023	Cumulative		Annualized			
	YTD	3Q23	1Y	3Y	5Y	Since Fund Inception
SSLY NAV	**-1.41**	**-7.31**	**7.98**	**9.98**	**--**	**12.02**
SSLY Market Price	-1.36	-7.32	7.90	10.00	--	12.04
Syntax Stratified SmallCap Index (TR)	-1.05	-7.20	8.50	10.79	--	12.94
S&P 600 Index (TR)	0.81	-4.93	10.08	12.10	--	12.71
S&P 600 Equal Weight Index (TR)	-1.23	-5.03	9.03	13.99	--	15.06

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

Important Information

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, 2024.**

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

Fund Shares, losses from trading in secondary markets, periods of high volatility and disruption in the creation/redemption process of the Fund. MARKET DISRUPTION RISK: Geopolitical and other events, including but not limited to war, terrorism, economic uncertainty, trade disputes and public health crises have led, and in the future may lead, to disruptions in the U.S. and world economies and markets, which in turn may increase financial market volatility and have significant adverse direct or indirect effects on the Fund and its investments. AUTHORIZED PARTICIPANTS RISK. The Fund has a limited number of financial institutions that may act as Authorized Participants ("APs"). Investing involves risk, including possible loss of principal.

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Index performance does not represent actual fund or portfolio performance and such performance does not reflect the actual investment experience of any investor. An investor cannot invest directly in an index. In addition, the results actual investors might have achieved would have differed from those shown because of differences in the timing, amounts of their investments, and fees and expenses associated with an investment in a portfolio invested in accordance with an index. None of the Syntax Indices or the benchmark indices portrayed herein charge management fees or incur brokerage expenses, and no such fees or expenses were deducted from the performance shown; provided, however that the returns of any investment portfolio invested in accordance with such indices would be net of such fees and expenses. Additionally, none of such indices lend securities, and no revenues from securities lending were added to the performance shown.