

Passive Perspectives

Second Quarter 2022

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Key Points

- SSPY outperforms S&P 500 in difficult quarter.
- Stratified diversification creates value by avoiding overweighting poorly performing growth segments (which are overweighted in the S&P 500) and relatively higher exposure to the strongly performing Energy and value stocks (which are underrepresented in the S&P 500).

Syntax Performance

SSPY returned -12.99% (market price -13.26%) for the quarter compared to -16.10% for the S&P 500 Index. The 3.11% outperformance for the quarter was driven primarily by SSPY's underweighting of Info Tools and Information sectors, which significantly underperformed the broader market in Q2. This was partially offset by SSPY's overweighting in the Consumer, Energy, and Food sectors.

SMDY returned -14.36% (market price -14.69%) for the quarter compared to -15.42% for the S&P 400 Index. The 1.06% outperformance for the quarter was driven primarily by SMDY's underweighting of Info Tools and Information sectors. This was partially offset by SMDY's overweighting in the Consumer, Food, and Healthcare sectors. Meanwhile, SSLY returned -14.88 (market price -15.15%) for the quarter compared to -14.11% for the S&P 600 Index. The slight underperformance for the quarter was primarily driven by SSLY's underweighting of Info Tools and Information sectors. This was partially offset by SSLY's overweighting in the Consumer, Food, and Healthcare sectors.

Q2 2022 makes 'The List'

The S&P 500 fell 16.10% in Q2 2022. In historical context, the market had its 9th worst quarter in post-war history, claiming its spot on the Worst 10 Quarters list by displacing the quarter containing 9/11/2001 (Exhibit 1). By comparison, the Stratified LargeCap index, which holds the same stocks as the S&P 500, but with more diversified weights fell 12.98%, outperforming the cap weighted index by 3.12% and the equally weighted S&P 500 by 1.37%.

Major sell-offs were seen across all size segments in the US and internationally. The S&P MidCap 400 and S&P SmallCap 600 fell 15.42% and 14.11% respectively and the MSCI EAFE index fell 14.51%. Stratified weight indices outperformed in all comparative benchmarks, except for the S&P 600, which marginally underperformed (Exhibit 2).

Exhibit 1: S&P 500 Post-WWII performance

Rank	Quarter	QoQ
1	Q3 1974	-26.1%
2	Q4 1987	-23.2%
3	Q4 2008	-22.6%
4	Q2 1962	-21.3%
5	Q1 2020	-20.0%
6	Q2 1970	-18.9%
7	Q3 1946	-18.8%
8	Q3 2002	-17.6%
9	Q2 2022	-16.4%
10	Q3 2001	-15.0%

Source: Bloomberg

Exhibit 2. Core Index Comparison

Index	Benchmark	Q2 2022 (%)			12 months (%)		
		Stratified	Benchmark	Rel.	Stratified	Benchmark	Rel.
Stratified LargeCap	S&P 500	-12.98%	-16.10%	3.12%	-6.91%	-10.62%	3.70%
Stratified MidCap	S&P MidCap 400	-14.31%	-15.42%	1.10%	-15.63%	-14.64%	-0.99%
Stratified SmallCap	S&P SmallCap 600	-14.80%	-14.11%	-0.69%	-20.09%	-16.81%	-3.29%
SEADM*	MSCI EAFE	-14.08%	-14.51%	0.43%	-20.57%	-17.77%	-2.80%
Stratified LargeCap	S&P 500 Eq. Wt.	-12.98%	-14.36%	1.37%	-6.91%	-9.38%	2.47%

Source: Syntax, S&P Dow Jones Indices, MSCI. Total return performance does not reflect fees or implementation costs as an investor cannot directly invest in an index. Performance as on 6.30.2022.

*Syntax Stratified Europe & Asia Developed Markets Index, based on the MSCI EAFE universe.

Syntax Stratified LargeCap: SSPY

Performance Return (%) As of June 30, 2022	Cumulative		Annualized			
	YTD	2Q22	1Y	3Y	5Y	Since Fund Inception
SSPY NAV	-14.71	-12.99	-7.15	10.22	10.29	9.67
SSPY Market Price	-14.98	-13.26	-7.46	10.12	--	--
Syntax Stratified LargeCap Index (TR)	-14.63	-12.98	-6.91	10.53	10.58	--
S&P 500 Index (TR)	-19.96	-16.10	-10.62	10.60	11.31	10.54

Gross Expense Ratio is 0.45%. Net Expense Ratio is 0.30%.

Syntax Stratified MidCap: SMDY

Performance Return (%) As of June 30, 2022	Cumulative		Annualized			
	YTD	2Q22	1Y	3Y	5Y	Since Fund Inception
SMDY NAV	-18.33	-14.36	-15.91	7.48	7.46	7.73
SMDY Market Price	-18.58	-14.69	-16.24	--	--	--
Syntax Stratified MidCap Index (TR)	-18.18	-14.31	-15.63	7.96	7.88	--
S&P 400 Index (TR)	-19.54	-15.42	-14.64	6.87	7.02	7.81

Gross Expense Ratio is 0.45%. Net Expense Ratio is 0.35%.

Syntax Stratified SmallCap: SSLY

Performance Return (%) As of June 30, 2022	Cumulative		Annualized			
	YTD	2Q22	1Y	3Y	5Y	Since Fund Inception
SSLY NAV	-20.50	-14.88	-20.39	--	--	19.33
SSLY Market Price	-20.74	-15.15	-20.76	--	--	19.15
Syntax Stratified SmallCap Index (TR)	-20.32	-14.80	-20.09	--	--	20.56
S&P 600 Index (TR)	-18.94	-14.11	-16.81	--	--	18.64

Gross Expense Ratio is 0.45%. Net Expense Ratio is 0.40%.

*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.*

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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 fund began operations on January 1, 2015 and, on January 16, 2020, was reorganized into the Fund. 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.

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