

Passive Perspectives

Third Quarter 2022

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Key Points

- **Rising rates continue to cause strong headwinds in Q3.**
- **SSPY outperforms S&P 500 in another difficult quarter.**
- **Stratified weight methodology seeks to create value by diversifying across sectors and sub-sectors to avoid over-exposure to companies with similar business risks.**

Syntax Performance

The SSPY returned -4.83% in Q3 2022, in-line with the S&P 500 Index which returned -4.88%. The SSPY's underweighting of the Info Tools (8.8% underweight) and Information (7.5% underweight) sectors contributed positively to relative performance as tech underperformed, however this was largely offset by SSPY's overweighting of the Consumer sector (+4.2%), which significantly underperformed the market in Q3 2022.

The SMDY returned -5.06% for the quarter compared to -2.46% for the S&P 400 Index. SMDY overweighted Info Tools by 6.94% and the Information sectors by 6.28% compared to S&P 400. SMDY was also overweighted in the Consumer, Food, and Healthcare sectors. Meanwhile, SSLY returned -6.47% for the quarter compared to -5.20% for the S&P 600 Index. SSLY overweighted Info Tools by 5.88% and the Information sectors by 4.91% compared to S&P 600. SSLY was also overweighted in the Consumer, Food, and Healthcare sectors. The Syntax Stratified Weighting methodology allows for balance and diversification to avoid stock concentrations with leading capitalized weighted indices.

Rising Rates Create Strong Headwinds in Q3

The S&P 500 completed its third quarterly loss this year, by falling 4.88% in Q3 – the benchmark’s longest run of quarterly declines since the Financial Crisis. Rising rates and high valuations were the likely culprits and with inflationary concerns lingering, the macro picture remains challenging.

Amidst this backdrop, the Stratified LargeCap Index returned -4.78% for the quarter, outperforming the S&P 500 by 10bps* and performing in-line with the equally weighted index (Exhibit 1). The Stratified MidCap and SmallCap Indices underperformed their cap weighted counterparts in Q3, due to the relatively low growth exposure of the smaller cap-weighted indices.

*Bps refers to basis points, one basis point equals 1/100th of 1%, or 0.01%.

Exhibit 1. Core Index Comparison

Index	Benchmark	Q3 2022 (%)			12 months (%)		
		Stratified	Benchmark	Difference	Stratified	Benchmark	Difference
Stratified LargeCap	S&P 500	-4.78%	-4.88%	0.10%	-10.98%	-15.47%	4.49%
Stratified MidCap	S&P MidCap 400	-4.99%	-2.46%	-2.53%	-17.20%	-15.25%	-1.95%
Stratified SmallCap	S&P SmallCap 600	-6.38%	-5.20%	-1.18%	-22.05%	-18.83%	-3.22%
Stratified LargeCap	S&P 500 Eq. Wt.	-4.78%	-4.79%	0.01%	-10.99%	-13.53%	2.54%

Source: Syntax 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 9.30.2022.

Syntax Stratified LargeCap: SSPY

Performance Return (%) As of September 30, 2022	Cumulative		Annualized			
	YTD	3Q22	1Y	3Y	5Y	Since Fund Inception
SSPY NAV	-18.83	-4.83	-11.20	7.92	8.45	8.65
SSPY Market Price	-18.86	-4.57	-11.33	7.91	--	--
Syntax Stratified LargeCap Index (TR)	-18.71	-4.78	-10.98	8.22	8.72	--
S&P 500 Index (TR)	-23.87	-4.88	-15.47	8.16	9.24	9.48

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

Syntax Stratified MidCap: SMDY

Performance Return (%) As of September 30, 2022	Cumulative		Annualized			
	YTD	3Q22	1Y	3Y	5Y	Since Fund Inception
SMDY NAV	-22.47	-5.06	-17.49	5.85	5.93	6.75
SMDY Market Price	-22.29	-4.55	-17.40	--	--	--
Syntax Stratified MidCap Index (TR)	-22.27	-4.99	-17.20	6.31	6.34	--
S&P 400 Index (TR)	-21.52	-2.46	-15.25	6.01	5.82	7.20

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

Syntax Stratified SmallCap: SSLY

Performance Return (%) As of September 30, 2022	Cumulative		Annualized			
	YTD	3Q22	1Y	3Y	5Y	Since Fund Inception
SSLY NAV	-25.64	-6.47	-22.31	--	--	13.79
SSLY Market Price	-25.55	-6.06	-22.36	--	--	13.85
Syntax Stratified SmallCap Index (TR)	-25.41	-6.38	-22.05	--	--	14.89
S&P 600 Index (TR)	-23.16	-5.20	-18.83	--	--	13.85

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.*

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 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 6, 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 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.

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.

Important Disclaimers

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.

Investing involves risk, including possible loss of principal.

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principal.

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