

Passive Perspectives

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Key Points

- The Syntax Stratified Large Cap (SSPY) ETF continues to outperform the 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
- Market volatility rewarded diversified ETFs in 2022

Syntax Performance

The SSPY returned 12.08% in Q4 2022, significantly outperforming the S&P 500 Index, which returned 7.56%. The SSPY's underweighting of the Info Tools (8.64% underweight) and Information (5.38% underweight) sectors contributed positively to relative performance as technology companies underperformed. The Consumer sector was the largest contributor to the outperformance of SSPY in Q4, due to the poor performance of Tesla which accounts for roughly a quarter of the S&P 500 Consumer sector.

The Syntax Stratified MidCap (SMDY) ETF returned 12.71% for the quarter compared to 10.78% for the S&P 400 Index. Relative to the S&P 400, the SMDY overweighted Info Tools by 7.18% and the Information sectors by 4.86%. SMDY also overweighted the Consumer, Food, and Healthcare sectors, which contributed to positive performance. Meanwhile, the Syntax Stratified SmallCap (SSLY) ETF returned 9.53% for the quarter compared to 9.19% for the S&P 600 Index. SSLY overweighted Info Tools by 3.99% and the Information sectors by 6.84% compared to S&P 600. SSLY also overweighted the Consumer, Food, Energy, and Healthcare sectors. 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.*

The Stratified LargeCap Index outperformed by 9.32% in 2022

Equities rebounded strongly in Q4 as markets began to discount long-term interest rates lower than had been previously expected. Consumer stocks staged a recovery, as did a wide range of growth companies. Despite the rising markets, Q4 highlighted the danger of taking concentrated stock positions, especially in mega-cap companies, as Tesla dropped by 53.56% and Amazon fell by 25.66%. These two positions alone caused a significant 2.04% drag on the cap-weighted S&P 500 Index, which rose 7.56% compared to the S&P 500 Equal Weight Index, which gained 11.64%.

The power of business risk diversification in 2022 was demonstrated by the Stratified US LargeCap Index, which substantially outperformed the S&P 500 by 9.32% and, due to its lower allocation to underperforming Information stocks, outperformed the S&P 500 Equal Weight Index by 2.65% (Exhibit 1).

Exhibit 1. Core Index Comparison

Index	Benchmark	Q4 2022 (%)			12 months (%)		
		Stratified	Benchmark	Difference	Stratified	Benchmark	Difference
Stratified LargeCap	S&P 500	12.20	7.56	4.64	-8.79	-18.11	9.32
Stratified MidCap	S&P MidCap 400	12.83	10.78	2.04	-12.30	-13.06	0.76
Stratified SmallCap	S&P SmallCap 600	9.65	9.19	0.46	-18.21	-16.10	-2.11
Stratified LargeCap	S&P 500 Equal Weight	12.20	11.64	0.56	-8.79	-11.45	2.65

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 December 2022.

Syntax Stratified LargeCap: [SSPY](#)

Performance Return (%) As of December 31, 2022	Cumulative		Annualized			
	YTD	4Q22	1Y	3Y	5Y	Since Fund Inception
SSPY NAV	-9.02	12.08	-9.02	9.53	9.62	9.92
SSPY Market Price	-9.17	11.94	-9.17	9.50	--	--
Syntax Stratified LargeCap Index (TR)	-8.79	12.20	-8.79	9.83	9.90	--
S&P 500 Index (TR)	-18.11	7.56	-18.11	7.66	9.42	10.17

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

Syntax Stratified MidCap: [SMDY](#)

Performance Return (%) As of December 31, 2022	Cumulative		Annualized			
	YTD	4Q22	1Y	3Y	5Y	Since Fund Inception
SMDY NAV	-12.61	12.71	-12.61	7.70	7.33	8.14
SMDY Market Price	-12.67	12.37	-12.67	--	--	--
Syntax Stratified MidCap Index (TR)	-12.30	12.83	-12.30	8.17	7.75	--
S&P 400 Index (TR)	-13.06	10.78	-13.06	7.23	6.71	8.35

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

Syntax Stratified SmallCap: [SSLY](#)

Performance Return (%) As of December 31, 2022	Cumulative		Annualized			
	YTD	4Q22	1Y	3Y	5Y	Since Fund Inception
SSLY NAV	-18.55	9.53	-18.55	--	--	16.38
SSLY Market Price	-18.56	9.39	-18.56	--	--	16.38
Syntax Stratified SmallCap Index (TR)	-18.21	9.65	-18.21	--	--	17.44
S&P 600 Index (TR)	-16.10	9.19	-16.10	--	--	16.30

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

Important Disclaimers

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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.

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.

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