

## ABOUT

Equity Investment Strategy seeking to generate current income while maintaining prospects for capital appreciation.

Investment universe of 73 publicly-listed Residential and Commercial Mortgage REITs And Business Development Companies (BDCs).

Actively managed portfolio of 12-18 companies seeking to deliver an attractive and consistent dividend distribution.

## INVESTMENT PROCESS

**Analyze:** Company-specific bottom-up forecasts to project financial results.

**Construct:** Select 12-18 companies from five sub-sectors that may deliver an attractive dividend that is relatively resilient across various interest rate scenarios.

**Manage:** Frequently “stress-test” financial models and the market values of investment portfolios to changes in interest rates and investment spreads.

## MACRO COMMENTARY

10-year treasury yields declined a modest 5 basis points during March which allowed DVDN's active portfolio management to deliver monthly returns that more than offset the January & February return drawdowns\* largely resulting from the 37-basis-point increase in yields. Market expectations for FY24 Federal Reserve rate cuts seem to be settling in at 2 or 3 with July being the market's odds-on favorite for the first rate cut. That said, markets are also pricing a 0 or 1 rate cut as non-zero probability outcome.

Note: A basis point is 1/100th of 1.00%

\* See Definitions section for explanation.

## DVDN POSITIONING

During March, DVDN portfolio managers (a) increased total companies in the portfolio to 17 from 14; (b) continued decreasing exposure to residential REITs as median valuations rallied to 90%+ of book value\*; (c) increased exposure to commercial REITs by overweighting multifamily exposure and taking opportunistic positions in attractively priced office exposure; and (d) maintained its allocation to BDCs that should continue delivering attractive returns in a “higher-for-longer” rate environment.

\* See Definitions section for explanation.

## FUND DETAILS

Fund Inception	11/2/2023
Ticker	DVDN
Primary Exchange	NYSE Arca
Expense Ratio	0.90%
Management Fee	0.90%
30-Day SEC Yield (Mar '24)	11.97%
Distribution Yield - 1Q24	7.11%*

\*See disclosure for important information regarding the 1Q24 Distribution Yield.

## DVDN PERFORMANCE

	1Q24	MONTHLY PERFORMANCE - 1Q24			ANNUALIZED
	3/31/24	Jan '24	Feb '24	Mar '24	Inception
DVDN Price	0.52%	(1.45%)	(0.96%)	2.99%	20.25%
DVDN NAV	0.60%	(1.52%)	(0.34%)	2.50%	20.20%
SEC 30-Day Yield		13.80%	13.46%	11.97%	

**Performance data quoted represents past performance and does not guarantee future results. An investment's return and the principal value of an investment will fluctuate and an investor's shares, when redeemed, may be worth more or less than their original cost. Fund performance from the most recent month-end (March, 2024) to the current date may be lower or higher than the quoted performance and can be obtained by calling 800.242.1000.** Time periods exceeding one year are annualized unless noted otherwise. Short-term performance, in particular, is not a good indication of the Fund's future, or longer-term, performance and an investment should not be made based solely on investment returns.

## THE DVDN INVESTMENT PORTFOLIO

	NUMBER OF COMPANIES	COMPOSITION OF DVDN	EQUAL-WEIGHTED YIELD
Residential MREITs	5	16%	13.41%
Commercial MREITs	5	37%	12.22%
Business Development Companies	7	47%	13.56%

Data accurate as of 4/5/24.

Source: Bloomberg and KCM estimates.

Past performance does not guarantee future returns.

All metrics are equal-weighted by the number of stocks in each segment.

**Residential Mortgage REITs (MREITs)** investment in Agency MBS, Non-Agency MBS, mortgage loans and mortgage servicing rights. **Commercial Mortgage REITs (CREITs)** invest in loans secured by commercial properties that include offices, multifamily, distribution facilities, life science properties, etc. The majority of the CREITs in the DVDN Investment Universe invest in shorter-term “transitional loans” made to property owners that use the funds to improve the quality of the property with the intention of refinancing the loans with longer-term mortgages. **Business Development Companies (BDCs)** invest in loans made to private companies that are generally, but not always, backed by private equity sponsors. The majority of BDC loans are floating rate and are underwritten based upon a company's cash flow. A sub-segment of the BDC sector is Venture Debt Lenders that provide debt capital to early-stage private equity-backed companies.

## DEFINITIONS

**DRAWDOWN** – DVDN reported a monthly decline in price of 1.45% during January 2024 and followed with a monthly decline in price of 0.96% during February 2024. Portfolio managers typically refer to price declines as “drawdowns” rather than “declines”. Although interest rates increased during this period pressuring REIT and BDC share prices, investors should consider the risk that DVDN could have a drawdown, resulting from underperforming portfolio companies, during a period when interest rates are stable or are declining. Fortunately, this was not the case during March 2024 when, during a period of rate stability, the DVDN share price increased 2.99% which more than offset the prior two-month cumulative drawdown.

**BOOK VALUE** – A company's book value, synonymous with its net asset value, is calculated by subtracting its total liabilities from its total assets. Book value per share is calculated by dividing the book value by the common shares outstanding. Additionally, some companies have preferred equity that is subtracted from book value to compute common book value that is then divided by common shares outstanding to calculate book value per share.

## LEGAL DISCLOSURES

### **Must be preceded or accompanied by a prospectus.**

Investing involves risk, including the possible loss of principal. 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 be only be acquired or redeemed from the fund in creation units. Brokerage commissions will reduce returns.

*Fund risks:* As with all funds, a shareholder is subject to the risk that his or her investment could lose money. The principal risks affecting shareholders' investments in the Fund are set forth below.

*Equity Securities Risk.* Equity prices may fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of equity securities may fluctuate from day to day.

*Mortgage REITs Risk.* The Fund's investments in the securities of publicly traded residential and commercial mortgage REITs will be subject to a variety of risks affecting those REITs directly. Investments in BDCs, Business Development Companies may be subject to a high degree of risk. BDCs typically invest in small and medium-sized private and certain public companies that may not have access to public equity or debt markets for capital raising. As a result, a BDC's portfolio typically will include substantial amounts of securities purchased in private placements, and its portfolio may carry risks similar to those of a private equity or venture capital fund.

*Risks of investing in VDLs.* VDLs, Venture Debt Lenders, are direct lenders to private companies that are backed by private equity or venture capital investment firms. Generally, these companies have reached a stage in their business life cycle whereby their sponsors are comfortable raising debt capital to fund growth rather than investing additional equity capital.

*Fixed-Income Securities Risk.* Fixed-income securities can experience extended periods of price declines during periods of (a) sustained increases in market interest rates; and/or (b) persistent widening of credit spreads. The values of fixed-income securities may be affected by changes in the credit rating or financial condition of their issuers.

*New Fund Risk.* The Fund is a new ETF and has only recently commenced operations. As a new fund, there can be no assurance that the Fund will grow to or maintain an economically viable size, in which case it could ultimately liquidate. The Fund's distributor does not maintain a secondary market in the Fund's shares.

*Foreside Fund Services, LLC. Distributor.*

## LEGAL DISCLOSURES

The Kingsbarn Dividend Opportunity ETF (the “Fund”, or “DVDN”) is an actively managed portfolio of 12-18 publicly listed companies included in three segments that comprise the DVDN Investment Universe: Residential Mortgage Real Estate Investment Trusts (“MREITs”), Commercial Mortgage Real Estate Investment Trusts (“CREITs”), and Business Development Companies (“BDCs”). Together, these three segments comprise the DVDN Investment Universe of 74 companies that are segmented as follows: MREITs = 19 companies; CREITs = 17 companies; and BDCs = 38 companies.

The **30-Day SEC Yield** is a standard yield calculation developed by the Securities and Exchange Commission (SEC) that allows for fairer comparisons among funds. It is based on the most recent 30-day period. This yield figure reflects the interest earned during the period after deducting the Fund’s expenses for the period. It does not reflect the yield an investor would have received if they had held the Fund over the last twelve months assuming the most recent NAV.

Mortgage REITs and BDCs periodically pay “special” or “supplemental” dividends that can result in some variability in the 30-Day SEC Yield. The primary reason companies provide these distributions is to indicate to investors they may not be “permanent” whereas management believes the “core” dividend is more likely to be resilient in the face of declining interest rates. The data block provides the monthly SEC 30-Day Yield for the most recent quarter to provide investors a view on the variability in periodic cash flows into the Fund. Investors should also be aware the 30-Day SEC Yield is also based upon the NAV of the Fund that can also vary during each month and quarter.

The **Distribution Yield** is the annual yield an investor would receive if the most recent Fund distribution stayed the same going forward. The yield represents a single distribution from the Fund and does not represent the total return of the Fund. The yield is calculated by annualizing the most recent distribution and dividing it by the FUND NAV from the as-of-date.

Investors should take note of the following matters pertaining to the 4Q23, 1Q24 and 2Q24 Dividend Distributions and the calculation of the Fund’s Distribution Yield.

Investors should understand the Fund’s external accountants have a quarterly “cut-off” date prior to the actual end of a quarter (generally the 15th day of the third month of each quarter) that provides sufficient time to perform all calculations involved in declaring a dividend.

Further, as most of companies in the DVDN portfolio pay a quarterly dividend that goes ex-dividend (the date the dividend is owed to the Fund) during the last 7-10 days of the quarter, quite a few of these company dividends “go ex” after the quarterly cut-off date and are therefore not recorded as Investment Income that determines that quarter’s dividend.

With this information, a few comments on how this impacted the 4Q23 Dividend Distribution and Distribution Yield and will also impact the 1Q24 and 2Q24 Dividend Distribution and Distribution Yield.

- **4Q23** – As DVDN was launched in November 2023, the 4Q23 dividend of \$0.81 was the Fund’s first dividend distributed to investors. Further, as it was also the final quarter of the calendar year, the Fund’s accountants estimated the dividends the Fund would receive from portfolio companies after the 4Q23 cut-off date (mid-December 2023). The reason for doing this was to make sure the dividend distribution did not result in any negative tax issues for the Fund or investors. The resulting 4Q23 Distribution Yield, including actual and estimated dividends received from portfolio companies, as reported by the Fund’s accountants, was 12.79%.

- **1Q24** – During 1Q24, the Fund's accountants determined the 1Q24 investor dividend of \$0.52 based upon a 3/15/24 cut-off date that understated the total investment income used to compute the 1Q24 as it excluded the dividends received by the Fund from several of the Fund's portfolio companies. The reason for the understatement of Investment Income was due to the Fund's accountants only estimating dividends after the cut-off date for the 4th quarter of each year, rather than doing so each quarter. We believe the 1Q24 Distribution Yield would have been similar to the Fund's 4Q23 Distribution Yield if the 1Q24 cut-off date would have been in early April 2024 rather than mid-March 2024.
- **2Q24** – In response to the 1Q24 understatement, DVDN's portfolio managers requested a change in all future quarterly cut-off dates, beginning 2Q24, to occur early in the month following a quarter-end so that all stock dividends received each calendar quarter would be included in each quarterly dividend calculation. Investors should understand the result of this change in the quarterly cut-off date, specific to the 2Q24 dividend, will be (a) to include the undistributed 1Q24 income in the 2Q24 investor dividend; and (b) to include the full quarterly dividends received by the Fund as the 2Q24 cut-off date will be in early July 2024.

Investors should not rely on either the historical 30-Day SEC Yield or the Distribution Yield when considering an investment in DVDN as past results may not be indicative of future dividend distributions by companies in the DVDN portfolio.

Although the 30-Day SEC Yield and the Distribution Yield are computed over different time periods, investors / potential investors should realize the most significant determinant underlying the computation of both yields are the dividends paid to the Fund by each of the companies held in the Fund at the date each company's dividend is owed to the Fund that is commonly referred to as the company's "ex-date" or the "ex-dividend date". The company-specific dividends paid to the Fund are declared either monthly or quarterly and are subject to change without notice to the Fund.