3rd Quarter Review & Commentary

CLSE - A Way to "Proceed with Caution" in the Equity Market

During the third quarter of 2025, the Convergence Long/Short Equity ETF (CLSE or the "Fund") delivered a strong 9.73% return, as measured by the change in NAV. The Fund's benchmark, the Bloomberg US 3000 Index, was up 8.25% for the quarter, and the Russell 3000 Index was up 8.18%. The Fund's return for the quarter was approximately 118% of that of the benchmarks' returns. Over the past quarter, the Fund's portfolio averaged a 62.4% net exposure (the weekly average of the allocation to long stock positions less the allocation to short stock positions).

Looking at longer time periods, the Fund has experienced strong results. Over the trailing 3- and 5-year periods the Fund returned 24.58% and 18.36% respectively. The Bloomberg 3000 returned 24.09% and 15.70%, while the Russell 3000 Index returned 24.12% and 15.74% over these same periods. These results are included in the table below.

Performance

	1-Year	3-Year	5-Year	10-Year
CLSE @ NAV	17.99%	24.58%	18.36%	12.43%
CLSE @ Market Price	17.98%	24.60%	18.38%	12.44%
Morningstar Long-Short Equity	9.22%	12.00%	8.26%	5.72%
Russell 3000 Index	17.41%	24.12%	15.74%	14.71%
Bloomberg US 3000	17.43%	24.09%	15.70%	14.70%

As of 09/30/2025. Periods greater than 1 year have been annualized

These results become even more compelling when considering volatility. The table below presents the standard deviation for the Fund, its benchmarks, and the Long-Short peer group.

Standard Deviation

	1-Year	3-Year	5-Year	10-Year
CLSE @ NAV	11.1%	10.8%	11.7%	12.3%
Morningstar Long-Short Equity	7.8%	7.5%	8.3%	8.1%
Russell 3000 Index	13.5%	13.9%	16.3%	15.8%
Bloomberg US 3000	13.6%	14.0%	16.3%	15.9

As of 09/30/2025

Performance data quoted represents past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end performance, please call 877-677-9414 or visit the Fund's website at investcip.com/etfstrategies.html.

Total Expense Ratio on the fund is applicable to investors is 1.44%, comprised of the Management Fee of 0.95%, and dividends and interest on short positions of 0.49%.

OVERALL MORNINGSTAR RATING™

★★★★★

As of 09/30/2025, 79 funds in the Long/Short Equity category. The Overall Morningstar Rating is based on risk adjusted gross returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

We are especially proud of the returns per unit of risk we've delivered for our investors. We continuously strive to do our best for our clients. The equity market continued its steady though volatile, at times, climb during the second and third quarters while investors noted increasing valuation concerns. Because of its emphasis on stock selection in both the long and short portions of the portfolio, we believe Convergence Long/Short Equity ETF is positioned for an investor who seeks to 'Proceed with Caution' in this environment. In the following sections, we will detail our historical performance and how our systematic management process navigated this last quarter.

Drawdown and Up-Market History

Drawdowns

The Bloomberg 1000 Equal Weighted Index's five largest drawdowns (the negative performance, or decline in value, between a relative peak and subsequent trough over time) since the start of 2020 and how the Convergence Long/Short Equity ETF performed during those periods are presented in the table below. In three of the index's drawdown periods CLSE also had a negative return in proportion to the fund's hedge ratio (net of long stock exposure minus short stock exposure). In other words, the fund was roughly 65% exposed to the market, and its returns in the same period were roughly that percentage of the market's drawdown.

Maximum Index Drawdowns

Start Date	End Date	Bloomberg 1000 Equal Weighted Index	Convergence Long/Short Equity ETF	Over/Under Performance	CLSE as a % of the B1000EW
Jan-20	Mar-20	-27.1%	-18.0%	9.1%	66%
Jan-22	Sep-22	-24.3%	-13.2%	11.1%	54%
Aug-23	Oct-23	-12.9%	0.7%	13.6%	n/a
Dec-24	Apr-25	-11.8%	-6.5%	5.3%	55%
Feb-23	May-23	-6.6%	3.3%	9.9%	n/a

What is quite noteworthy is that in the other two of the five drawdowns, the Convergence Long/Short Equity ETF generated a positive return while the broader set of equities had a negative return. Related to this, we note that over the past five years, the Convergence Long/Short Equity ETF has had a monthly down capture ratio of 24% versus the equal weight index. We are very proud of these results.

Up-Market

How did CLSE perform when markets moved up? The past five years was a positive period for the stock market. Over that period, the Convergence Long/Short Equity ETF is cumulatively up 132.3% versus the Bloomberg 3000 Index up 107.3% (18.36% vs. 15.70% average annual).

One side note on benchmarks - We chose to compare performance to the Bloomberg 1000 Equal Weighted for the drawdown analysis because it is a good approximation of the Fund's stock selection universe which is the top (largest) half of the Bloomberg 3000 Index. We believe this gives us a good idea of how well we do at stock selection while controlling for the influence of market capitalization in other stock market indexes.

Market Commentary

The market continues to grind higher as we transition from summer into the quarter of pumpkin spice and the holidays. After the first-quarter sell-off due to a tariff tantrum and AI (artificial intelligence) concerns stemming from the DeepSeek announcement, the markets rallied in Q2 as tariffs were rolled back, investors' AI enthusiasm resumed, and company earnings remained strong. The third quarter rally was a continuation of the Q2 rally. These results have produced a mix of excitement for recent returns and worry that returns have left prices too high.

At Convergence, we felt the rally was a bit frothy and "unfundamental" at the start. However, stock fundamentals seem to have kicked in during the second half of the third quarter as we saw numerous all-time highs across most US markets. These all-time highs have made many quite nervous about the sustainability of the rally. High valuations are an oft-cited fear, as they have stretched well above historical norms. At Convergence, our process relies heavily on reported financial data. We quantify investor preferences and adjust quickly to attempt to capture those qualities that the market is rewarding or punishing.

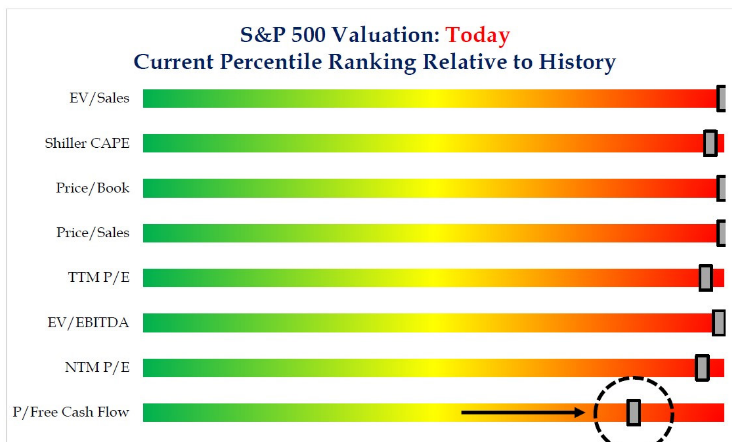
As discussed below we see there is both a compelling case for the continuation of the current rally, and a myriad of risks that may portend a sell-off in the near future. We have faced these market conditions in the past. We offer investors a solution through thoughtful stock selection and lower net exposure to stocks compared to a long-only portfolio. In this way, we seek to achieve meaningful participation on the upside and lower participation on the downside, as we have done over the past five years.

Bull vs. Bear Case: Data Points

Why might the market continue to run? Most market participants don't see a recession on the horizon. This year started with the odds of a recession this year down around 18%, according to Polymarkets.com. In the spring, Trump's Tariffs Turmoil raised recession expectations back up over 65%. As we closed out the third quarter, odds were back down to 7%. GDP data remains quite strong: The final estimate of second-quarter gross domestic product was 3.8 percent. Consumers are spending, as evidenced by the upward revisions in real consumer spending during Q2 and Q3. August's personal income report indicates resilient consumer spending despite moderating income growth. Our friends at DataTrek Research remain bullish on US large cap stocks going into Q4-2025, stating:

> *"While current valuations are very high versus historical norms, they are associated with very strong companies growing substantially faster than the rest of the S&P 500. The US economy is at little risk of recession, and Fed policy has room to be supportive if needed. Lastly, corporate earnings momentum is strong and Q3 results should reflect that fact."* (09/29/2025)

Why might the market sell off? Stocks finished the quarter strong but in late September they stumbled a bit, buffeted by concerns about stock price valuations and a possible government shutdown. Also, expectations of a significant economic slowdown have been widespread since the Bureau of Labor Statistics began reporting much weaker payroll employment data. Additionally, inflation remains quite stubborn and above the Federal Reserve's target, but in-line with estimates. Core PCE has moved up from a 2.6% low in April to 2.9% at the end of August. Finally, Federal Reserve Chair Powell, made cautious comments on stock price valuations near the end of the quarter. The following graphic from our friends at Strategas does a great job of visualizing how stretched valuation are currently.



Source: Strategas, FactSet, Bloomberg, Robert Shiller, Data as of 9/30/25

In summary, we can see a compelling case for the Bulls and for the Bears. As such, we see Convergence Long/Short Equity ETF as well suited for the current environment. As most of our long-term investors know, we recommend Convergence Long/Short Equity ETF as a core equity holding because it emphasizes fundamentally strong stocks in the long portfolio and shorts fundamentally weak stocks. We believe this combination can provide meaningful upside participation and risk mitigation in periods of market stress.

Performance Discussion

The "Risk-On" price appreciation in the speculative areas of that market which we discussed last quarter continued in the third quarter. Large-cap technology and Artificial Intelligence (AI) related stocks were again strong performers, but heavily shorted names and technology stocks with no profits performed even better. Small-cap and Value names delivered some much better performance quarter over quarter. We view this as very constructive and a broadening of the rally. Conversely, we remain concerned that unprofitable tech and high short interest names are performing so well, since these unfundamental names are subject to bubbles and meaningful pullbacks. Such a pullback could spark fear and spike volatility. These and similar low-quality names tend to be in our short portfolio and so the shorts would stand to benefit from such a selloff. The following table summarizes some key returns from the second and third quarters of 2025.

Name	Q2 Total Return %	Q3 Total Return %	Q2&Q3 Total Return	Description
UBS High Short Int Basket	31.55	27.82	68.14	Most Heavily Shorted Companies
GS Non Profitable Tech	27.41	30.55	66.33	Unprofitable Tech Companies
MS High Short Int Basket	23.99	17.98	46.29	Most Heavily Shorted Companies
Bloomberg 1000 Growth Ind	15.24	9.00	25.61	U.S. Large Growth
Russell 2000 Ind	8.50	12.39	21.94	U.S. Small Blend
CLSE	9.53	9.73	20.19	CLSE
S&P 500 Index	10.94	8.11	19.94	U.S. Large Blend
Bloomberg 1000 Value Index	1.98	5.65	7.75	U.S. Large Value

Our process aims for our long positions to outperform our short positions within every industry group. During the second quarter of 2025, we achieved this in 17 out of the 25 groups. For the quarter, CLSE had an average net exposure of 62.4% of total invested assets, with long positions averaging 115.9% and short positions averaging 53.5%.

In the third quarter of 2025, our long positions contributed positively to performance, while our shorts had a very slight negative impact. Our long portfolio nicely outperformed both the Bloomberg 3000 Index and our short portfolio (giving us positive long-short spread). Our short portfolio was up slightly more than the index detracting from our relative performance. Interestingly, over the trailing 6-month, year-to-date, and 12-months periods our short portfolio has slightly outperformed the benchmark, while our longs have nicely outperformed the benchmark. Also, in all three periods, we have generated a positive long-short spread, meaning that our long portfolio has outperformed our short holdings. More importantly we have delivered very strong returns in the three periods.

Signal Attribution

The fund's investment process seeks strong performance and to both capture upside and mitigate downside by using a systematic, signal-driven investment process. To guide portfolio construction, Convergence builds and maintains its own suite of factors, which we use as signals for what the market is rewarding and punishing. More generally, these signals are robust enough to drive stock selection decisions across all portfolios managed for clients. Please note that the following attribution commentary compares the Fund's performance to a particular signal's performance. These are computed relative to the Fund's selection universe, defined as an equally weighted composite of the top half of the Bloomberg 3000 Index when stocks are ranked by market capitalization.

For the long holdings during the third quarter, our Price Momentum, Price Reversal, and Earnings Momentum signal composites were the largest contributors to our relative returns. The largest detractors from the long side of the portfolio were our Profitability, Size, and RiskOn composites. Both strong spread performance and a larger allocation to the Price Momentum signal composite allowed this signal to contribute significantly. The Size signal had a sizable allocation for the third quarter and contributed negatively. At the same time the Price Reversal signal had a meaningful negative spread (detracting), but held at a significant underweight which resulted in a positive contribution to performance.

Looking at the short portfolio during the quarter, there was positive contribution from the Price Reversal, Price Momentum and Sales Momentum signals. The short signal composites that detracted the most were Earning Risk, Earnings Momentum, and Profitability. Interestingly, although we had a smaller allocation to our Earnings Risk signal in our shorts relative to the index, the fifth quintile of this signal generated a very strong return in the quarter and pushed this massively inverted signal to be the largest of our detractors. The Q2 and Q3 signal contributions are summarized in the tables below.

Q3-2025	Contributors	Detractors
Long	Price Momentum Price Reversal Earnings Momentum	Profitability Size RiskOn
Short	Price Reversal Price Momentum Sales Momentum	Earnings Risk Earnings Momentum Profitability

Q2-2025	Contributors	Detractors
Long	Price Momentum Historic Growth Sales Momentum	Size Traditional Value Earnings Risk
Short	Price Momentum Price Reversal Historic Growth	Earnings Risk Earnings Momentum Value

Final Thoughts

We noted last quarter that markets are making a sawtooth pattern. Q4 up, Q1 down, Q2 up... now Q3 is extending the strong returns of Q2, and on the back of Price Momentum. It seems these high momentum names might have fundamental support according to some of the economic data cited above. This view is bolstered by the fact that market advance seems to be broadening, incorporating value names and small caps. However, valuations are quite stretched, and the employment picture is unclear. We think back-and-forth market action reflects the disparate views of market participants. We are not a market timing strategy and we always depend on our data driven signals, and our fundamentally driven investment process. We are maintaining a portfolio of sound, fundamentally-driven long positions and a short portfolio comprised of companies with deteriorating fundamentals. The disciplined, diversified, and risk-aware approach of the Convergence Long/Short Equity ETF is well suited for this environment and can be a critical contributor to an investment portfolio.

Disclosures:

ETF investing involves risk. Principal loss is possible.

Prior to listing on February 22, 2022, the ETF operated as a mutual fund. The NAVs of the predecessor mutual fund are used for both NAV and market price performance from inception to listing. Performance includes reinvestment of dividends and other earnings. Returns for periods shorter than one year are not annualized. The market price return is calculated from closing prices as determined by the fund's listing exchange. If you trade your shares at another time, your return may differ. For ETFs, the market price return is calculated from closing prices as determined by the Fund's listing exchange. If you trade your shares at another time, your return may differ. For the period from inception date to listing date, the NAV of the Fund is used as a proxy for the market price to calculate returns.

ETFs trade like stocks, fluctuate in market value and may trade either at a premium or discount to their net asset value. ETF shares trade at market price and are not individually redeemable with the issuing fund, other than in large share amounts called creation units. ETFs are subject to risk similar to those of stocks, including those regarding short-selling and margin account maintenance. Brokerage commissions and expenses will reduce returns. Certain fund investments may be subject to restrictions on resale, trade over-the-counter or in limited volume, or lack an active trading market. Illiquid securities may trade at a discount and may be subject to wide fluctuations in market value. The portfolio managers of an actively managed portfolio will apply investment techniques and risk analyses that may not have the desired result.

The Bloomberg US 3000 Index is a float market-cap-weighted benchmark of the 3,000 most highly capitalized US companies The Russell 3000 Index measures the performance of the 3,000 largest publicly traded US companies based on total market capitalization. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Indices are not available for direct investment. The Bloomberg US 1000 Equal Weight Total Return Index is a float equal-weight benchmark of the 1,000 most highly capitalized US companies.

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The summary prospectus and statutory prospectus contain this and other important information about the investment company, and may be obtained by calling 877-677-9414, or visiting investcip.com/etfstrategies.html. Read it carefully before investing.

Not FDIC Insured | Not Bank Guaranteed | May Lose Value

The Fund may use derivatives which may involve risks different from, or greater than, those associated with more traditional investments. Short sales by the fund is subject to the risk of when the value of a security sold short may increase and because the market price of the security sold short could increase without limit, the fund could be subject in theory to unlimited loss. Fund holdings and sector allocations are subject to change. The Fund may lend securities from its portfolio to brokers, dealers, and financial institutions in order to increase the return on its portfolio, primarily through the receipt of borrowing fees and earnings on invested collateral. The Fund may invest in foreign companies, typically through the sale and purchase of American Depositary Receipts ('ADRs'). Exposures to foreign securities entail special risks, including political, diplomatic, economic, foreign market and trading risks. In addition, a Fund's investments in securities denominated in other currencies could decline due to changes in local currency relative to the value of the U.S. dollar, which may affect the Fund's returns.

Investments in midcap companies involve additional risk such as limited liquidity and greater volatility than larger capitalization companies. The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. The Fund regularly makes short sales of securities, which involves unlimited risk including the possibility that losses may exceed the original amount invested. However, a mutual fund investor's risk is limited to one's amount of investment in a mutual fund.

Standard Deviation is a measure of price variability (risk). Alpha is an indication of how much an investment outperforms or underperforms on a risk-adjusted basis relative to its benchmark. Beta is a measure of price variability relative to the market. Sharpe Ratio is a measure of excess reward per unit of volatility. Drawdown is the measurement of the greatest difference between an investment's highest cumulative performance (peak) and subsequent lowest cumulative performance (trough) over a specified time period. Up-Capture Ratio is the ratio of the average monthly returns of a portfolio to the average monthly returns of the benchmark in months when the market was up. Similarly, Down-Capture Ratio applies to months during the time period when the benchmark was down.

Convergence Investment Partners is the advisor to the Convergence Long/Short Equity ETF, which is distributed by Foreside Fund Services, LLC. Convergence Investment Partners is not affiliated with Foreside Fund Services, LLC.

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