

FIAX

NICHOLAS FIXED INCOME
ALTERNATIVE ETF

— FIAX

Overview

Nicholas Wealth Management provides investment advisory services to individuals and institutions. We use distinct tactics to measure risk and seek to minimize portfolio volatility.

With XFUNDS, our primary research focuses on risk mitigation and income producing securities. The firm's strategies attempt to find non-correlated returns in both up and down-market cycles.

Understanding risk and how it affects portfolios is our mission.



FIAX

A New Kind of Bond Fund





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Nicholas Fixed Income Alternative ETF

The Nicholas Fixed Income Alternative ETF (FIAX) is an actively managed ETF that is distinct in the fixed-income space. Through the use of options, the fund can replicate a diversified portfolio of income producing ETFs while seeking to mitigate risk with a core holding in United States treasuries. With this distinct structure, FIAX may have lower correlation to traditional equity and fixed-income asset classes.



Strategy

FIAX consists of 3 components:



U.S. Treasuries

Under normal circumstances, the Fund will invest at least 80% of its net assets in U.S. Treasury fixed income securities.



Options spread across multiple ETFs

The Fund's defined risk option premium strategy uses options on ETFs across multiple asset classes (e.g., equities, commodities, fixed income).



Directional S&P 500 Exposure

By creating a directional S&P 500 option position, the Fund can participate in upside movement of the underlying SPY ETF.

- A put is an option contract that gives the owner the right (but not the obligation) to sell a specified amount of an underlying asset at a set price within a specified time.
- A call is an option contract that gives the owner the right (but not the obligation) to buy a specified amount of an underlying security at a specified price within a specified time.
- S&P 500: Standard and Poor's 500
- SPX - Standard and Poor's 500 Index
 - A value representing the level of the Standard and Poor's index and cannot be directly traded.
 - SPX options are AM-settled options that expire monthly on the third Friday of each month.
- SPXW - S&P 500 Weeklys Options
 - SPXW options are weekly (and daily) options that expire after market close.

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Current Yield-to-Maturity



4.84%

• Past performance is not indicative of future results . As of 9/30/2024.



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Average Duration



1.64 yrs

• Duration: The average time it takes to receive all the cash flows of a bond, weighted by the present value of each of the cash flows. As of 9/30/2024.

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Current Distribution Rate



8%

Disclosure:

The performance data quoted above represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted above.

Performance current to the most recent month-end can be obtained by calling (855) 563-6900.

Short term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on historical returns. Returns beyond 1 year are annualized.

A fund's NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. The market price is the most recent price at which the fund was traded.

Investing involves risks and possible loss of principal. Distributed by Foreside Fund Services, LLC.



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3.19%

30-Day SEC Yield

*The 30-Day SEC Yield is calculated with a standardized formula mandated by the SEC. The formula is based on the maximum offering price per share and does not reflect waivers in effect. As of 9/30/2024.

*The Distribution Yield takes the most recent distribution, multiplies it by 12 to get an annuitized total, and then divides by the NAV.

Standardized Performance Table to Most Recent Quarter-End

09/30/2024

Fund Ticker	1MO	3MO	6MO	YTD	1YR	3YR	5YR	Since Inception Cumulative	Since Inception Annualized
FIAX NAV	-0.07%	3.23%	4.48%	4.66%	7.09%	–	–	8.16%	4.36%
FIAX MKT	-0.04%	3.24%	4.60%	4.86%	7.29%	–	–	8.23%	4.40%
Bloomberg US Aggregate Bond Index	1.34%	5.20%	5.26%	4.45%	11.57%	–	–	10.39%	5.53%

- Gross expense ratio: 0.95%
- Past Performance is no guarantee of future results.
- Fund inception date: 11/29/2022



Strategy

The Nicholas Fixed Income Alternative ETF (FIAX) Fund is an actively managed exchange-traded fund (“ETF”) that seeks to provide income using U.S. Treasury fixed income securities and a “defined risk option premium.”



- The Fund’s defined risk option premium strategy uses options on ETFs across multiple asset classes (e.g., equities, commodities, fixed income).
- The Fund’s option positions will be comprised of vertical credit spreads and vertical debit spreads that aim to capture a premium representing a combination of dividends and growth of the underlying assets.
- Through the defined risk option premium strategy, two options transactions are paired together in order to create a “defined risk” trade that caps the maximum possible gains and losses from the outset.
- Under normal circumstances, the Fund will invest at least 80% of its net assets in U.S. Treasury fixed income securities.
- The Fund’s assets will also be invested in Treasury Bills, cash and cash equivalents to act as collateral for any margin requirements. Due to the nature of the Fund’s options strategy, the Fund’s Treasury Bills, cash and cash equivalent holdings may comprise 90% or more of the Fund’s net assets.
- The Fund will limit the use of leverage by ensuring that the aggregate notional value of the underlying ETFs or indexes (as measured by the strike price of the options) of the put options sold will not exceed the Fund’s total net assets.

FIAX

Not Your Grandpa's Bond Fund



U.S Treasury Securities



U.S. Treasuries are debt obligations issued and backed by the full faith and credit of the United States government. That backing carries weight due to the federal government's taxing power and the relative size and strength of the U.S. economy. U.S. Treasury securities can provide dependable, steady cash flow and preserve invested principal, if held to maturity.

$\leq 1\text{yr}$

T-Bill

Short-term Treasuries,
maturing in 1 year or
less

2-10yrs

T-Note

Medium-term
Treasuries, maturing in 2
to 10 years

$\geq 10-30\text{yrs}$

T-Bond

Long-term Treasuries
maturing in 10 to 30
years or longer

History of Government Bonds

- The U.S. Savings Bonds Program Begins
- On February 1, 1935, President Franklin D. Roosevelt signed legislation that allowed the U.S. Department of the Treasury to sell a new type of security, the U.S. Savings Bond. One month later, the first Series A Savings Bond was issued. Its low purchase price of \$18.75, with a face value of \$25, eventually led the bond – along with the subsequent B (1936), C (1938) and D (1941) bond – to be nicknamed “the baby bond.”
- US Government Bonds played a fundamental role in war effort. Before the war, America’s military was small, and its weapons were obsolescent. The military needed to purchase thousands of ships, tens of thousands of airplanes, hundreds of thousands of vehicles, millions of guns, and hundreds of millions of rounds of ammunition.
- Government bonds helped finance the war, fund our allies, embargo our enemies, stabilize the economy, and plan the postwar return to peacetime activities.



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Government Bonds

Full faith and
credit of the
US Government



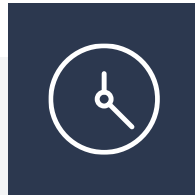
Options Overlay

Options writing is an attractive way to generate income with a defined risk exposure. By creating a directional S&P 500 option position, the Fund can participate in upside movement of the underlying SPY ETF.



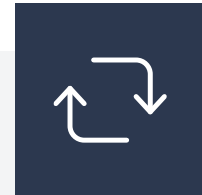
Stability

Options can be a very efficient way to replicate the stability of yield based and bond ETFs in a portfolio. At times, options can provide *more* price stability than the underlying ETFs themselves



Time Decay

Time decay of options can capture returns that mirror dividends inherent in option prices



Replicate

Options can replicate the dividend capture of higher yielding ETFs

Structure



Government
Bonds

+



Options
Overlay

=



Nicholas Fixed Income Alternative
ETF

Vertical Option Spreads

FIAX seeks to achieve its investment objective primarily by entering into options transactions that are either vertical credit spread transactions or vertical debit spread transactions.



In each vertical spread transaction, the Fund would simultaneously purchase and write (sell) put or call options on other ETFs or securities indices.

“Vertical” means that the options purchased and written are in the same expiration cycle on the same underlying asset, but at different exercise (“strike”) prices.



To initiate a debit spread transaction, the Fund would buy an option closer to the money and sell another option further out-of-the-money.

To initiate a credit spread transaction, the Fund would do the opposite — buy an option further from the money while selling another option closer to the money.

An “out of the money” call option has a strike price that is higher than the market price of the underlying asset.

An “out of the money” put option has a strike price that is lower than the market price of the underlying asset.



The Fund’s returns are primarily driven by the premiums received by the Fund when writing options (puts or calls) from purchasers seeking protection below a certain level of asset decline (through a put) or seeking participation in the asset price increase above a certain level (through a call).

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Structure: Selling Options Spreads Across Diversified Asset Classes



The Fund will enter into debit and/or credit spread transactions based upon the risk/return profile of the underlying asset and sector.

The selection of option positions will be based on the outlook of the broader economic and market environments, the probability of success using option-based metrics, and the appropriateness of risk taken by the position within the Fund's limits.

For yield-focused ETFs, the fund will build an option position seeking to generate a return that mirrors the dividend of the underlying security.

For non-yield-focused asset classes (e.g., gold), the Sub-Advisers will decide based on their view of the economic and market environments particular to that sector. The Sub-Advisers will then choose particular credit spread and/or debit spreads based on their view as to which offers the most advantageous risk/reward characteristics.



Diversified Asset Classes

The Fund's defined risk option premium strategy uses options on ETFs across multiple asset classes (e.g., equities, commodities, fixed income).



S&P 500 - SPY

Large cap U.S. Index



REAL ESTATE - VNQ

Office buildings, hotels, and other real property



BONDS - AGG

Broad exposure to U.S. investment grade bonds



ENERGY - XLE

Oil, gas, fuel and energy services



PREFERRED - FPE

Preferred and income producing debt securities



COMMODITIES - GLD

Exposure to alternative asset classes



- SPY: Standard and Poor's 500 Index
- VNQ: Vanguard Real Estate Index Fund
- AGG: Bloomberg U.S. Aggregate Bond Index
- FPE: Standard and Poor's U.S. Preferred REIT Stock Index
- GLD: Gold
- XLE: Energy Sector Index
- 0.6% of the fund is in this ETF as of 2/21/24



Top 10 Holdings: Holdings are subject to change without notice.

02/14/2024

Name	CUSIP	Shares	Price	Market Value	Weightings
Cash & Other	Cash&Other	2,975,786	1.00	2,975,786.37	4.70%
UNITED STATES TREAS NTS 1% 12/15/2024	91282CDN8	25,374,000	96.62	24,516,639.44	38.73%
UNITED STATES TREAS NTS 0.25% 03/15/2024	91282CBR1	13,445,000	99.58	13,388,853.81	21.15%
UNITED STATES TREAS NTS 4.625% 10/15/2026	91282CJC6	11,024,000	100.27	11,053,928.40	17.46%
UNITED STATES TREAS NTS 2.625% 02/15/2029	9128286B1	11,869,000	92.38	10,964,915.96	17.32%
CBOE S&P CLL OPT 05/24 4890	SPX 240517C04890000	30	203.45	610,350.00	0.96%
CBOE S&P PUT OPT 03/24 5000	SPXW 240328P05000000	60	99.60	597,600.00	0.94%
CBOE S&P CLL OPT 03/24 5100	SPXW 240328C05100000	60	32.20	193,200.00	0.31%
CBOE S&P PUT OPT 05/24 4725	SPX 240517P04725000	30	56.75	170,250.00	0.27%
ENERGY S CLL OPT 03/24 85	XLE 240315C00085000	215	1.33	28,595.00	0.05%

• Holdings are subject to change without notice.



Portfolio Managers



David Nicholas

Portfolio Manager of FIAX
Chief Executive Officer of
Nicholas Wealth Management

Mr. Nicholas is the CEO and Founder of Nicholas Wealth Management. Mr. Nicholas has over 17 years of experience in the financial industry. Prior to founding BluePath Capital Management (dba Nicholas Wealth Management) in 2016, Mr. Nicholas spent 4 years as the President & Founder of Nicholas & Company, Inc, where he provided insurance and capital preservation strategies to retirees.

Mr. Nicholas received his Bachelor of Business Administration in Finance from Kennesaw State University and a Master's degree in Financial Planning from the University of Georgia



Jay Pestrighelli

Portfolio Manager of FIAX
Chief Executive Officer and Co-
Founder, ZEGA Financial

Jay Pestrighelli is co-founder and managing director of ZEGA Financial. Mr. Pestrighelli leads the development and execution of the firm's investment strategies, which are designed to help investors successfully navigate volatile and uncertain markets through innovative hedging strategies.

ZEGA's founding principles grew out of the bestselling book Mr. Pestrighelli co-authored entitled, "Buy and Hedge, the Five Iron Rules for Investing Over the Long Term." His book highlights how to bridge the complicated nature of options investing with the needs of the every day investor.

Mr. Pestrighelli has been a regular contributor on NASDAQ Trade Talks and the TD Ameritrade Network and is a regularly quoted in top news outlets including Bloomberg, TheStreet, MarketWatch, US News and World Report, Fox Business and CNBC.



Michael Venuto

Portfolio Manager of FIAX
Chief Investment Officer, Toroso
Investments

Michael Venuto is the Chief Investment Officer of Toroso Investments and Portfolio Manager of the Nicholas Fixed Income Alternative ETF (FIAX). Mr. Venuto is an ETF industry veteran with over a decade of experience in the design and implementation of ETF-based investment strategies. Previously, he was Head of Investments at Global X Funds where he provided portfolio optimization services to institutional clients.

Before that, he was Senior Vice President at Horizon Kinetics where his responsibilities included new business development, investment strategy and client and strategic initiatives.



Charles A. Ragauss, CFA

Portfolio Manager of FIAX
Portfolio Manager, Toroso
Investments

Charles A. Ragauss, CFA, is a Portfolio Manager at Toroso Investments and Portfolio Manager the Nicholas Fixed Income Alternative ETF (FIAX). Through Toroso, Mr. Ragauss also provides support services to CSat Investment Advisory, L.P., doing business as Exponential ETFs ("Exponential"). Mr. Ragauss previously served as Chief Operating Officer and in other roles at Exponential from April 2016 to September 2020. Previously,

Mr. Ragauss was Assistant Vice President at Huntington National Bank ("Huntington"), where he was Product Manager for the Huntington Funds and Huntington Strategy Shares ETFs, a combined fund complex of almost \$4 billion in assets under management. At Huntington, he led ETF development bringing to market some of the first actively managed ETFs. Mr. Ragauss joined Huntington in 2010.

Investments involve risk. Principal loss is possible.

Derivatives Risk. Derivatives are financial instruments that derive value from the underlying reference asset or assets, such as stocks, bonds, or funds (including ETFs), interest rates or indexes. The Fund's investments in derivatives may pose risks in addition to, and greater than, those associated with directly investing in securities or other ordinary investments, including risk related to the market, imperfect correlation with underlying investments or the Fund's other portfolio holdings, higher price volatility, lack of availability, counterparty risk, liquidity, valuation and legal restrictions. **Counterparty Risk.** The Fund is subject to counterparty risk by virtue of its investments in option contracts which exposes the Fund to the risk that the counterparty will not fulfill its obligation to the Fund.

Equity Market Risk. By virtue of the Fund's investments in option contracts equity ETFs and equity indices, the Fund is exposed to common stocks indirectly which subjects the Fund to equity market risk. **High Portfolio Turnover Risk.** The Fund may actively and frequently trade all or a significant portion of the Fund's holdings. A high portfolio turnover rate increases transaction costs, which may increase the Fund's expenses. **Non-Diversification Risk.** Because the Fund is "non-diversified," it may invest a greater percentage of its assets in the securities of a single issuer or a smaller number of issuers than if it was a diversified fund.

Hedging Transactions Risk. Hedging transactions involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of hedging transactions and price movements in the position being hedged means that losses on the hedge may be greater than gains in the value of the Fund's positions, opportunities for gain may be limited or that there may be losses on both parts of a transaction.

Illiquid Investments Risk. The Fund may, at times, hold illiquid investments, by virtue of the absence of a readily available market for certain of its investments, or because of legal or contractual restrictions on sales. **Interest Rate Risk.** The value of the Fund's investments in fixed income Treasury securities will fluctuate with changes in interest rates. **New Fund Risk.** The Fund is a recently organized management investment company with no operating history. As a result, prospective investors do not have a track record or history on which to base their investment decisions.

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Interest Rate Risk. The value of the Fund's investments in fixed-income Treasury securities will fluctuate with changes in interest rates.

Options Contracts. The use of options contracts involves investment strategies and risks different from those associated with ordinary portfolio securities transactions. The prices of options are volatile and are influenced by, among other things, actual and anticipated changes in the value of the underlying instrument, including the anticipated volatility, which are affected by fiscal and monetary policies and by national and international political, changes in the actual or implied volatility or the reference asset, the time remaining until the expiration of the option contract and economic events.





XFUNDS
BY NICHOLAS WEALTH

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ALTERNATIVE ETF

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