Variant Perception Cycle Aware US Equity ETF

QUARTERLY LETTER

STRATEGY OVERVIEW

VPX integrates the **capital cycle**, **crowding**, and **leading economic indicators** onto a traditional quality investing framework. We seek to provide a long-only, dynamic US large-cap allocation, designed to adapt as the cycle shifts.

OUR INVESTING PHILOSOPHY

At Variant Perception, we take a "Man plus Machine" approach to navigating today's financial markets. Markets are complex ecosystems which generate a multitude of signals and feedback: the economy, capital cycles, company fundamentals, and the raw emotions of fear and greed. We believe that long-term success comes from combining systematic, data-driven discipline with seasoned human oversight.

- **First-Principles Modeling.** Fundamental economic reasoning, not historical pattern-matching.
- **A Multi-Layered Approach.** Combining models across time horizons, capturing bottom-up equity and top-down macro.
- **Risk Mitigation.** Human oversight as a guardrail. Human experience to audit the model outputs.

> *"The pessimist complains about the wind; the optimist expects it to change; the realist adjusts the sails."*
> — William Arthur Ward

FUND DETAILS

Ticker Symbol	VPX	Rebalance	Monthly
Inception Date	Mar 11, 2026	Strategy	Systematic
CUSIP	02072Q267	Universe	US Large Cap
Exchange	NYSE Arca	Benchmark	S&P 500® Index
AUM ($M)	44.0	Management	Active
# of Holdings	123	Expense Ratio	0.75%

2Q 2026 REVIEW

Performance. During 2Q 2026, VPX delivered a total return of **+23.1%**, compared with +15.2% for the S&P 500 Index and +14.9% for the MSCI USA Quality Index. Since inception, VPX has returned +18.8%, versus +11.1% for the S&P 500 Index and +10.5% for the MSCI USA Quality Index.

Attribution. In 2Q 2026, our daily upside capture vs the S&P 500 index was +122% while our daily downside capture was +90%. We generated **801 bps of outperformance** (a basis point, or bps, is 1/100th of a percent), with 194 bps attributable to sector allocation, while 607 bps was attributable to stock selection. Our Macro Risk Indicator remained "Risk-On" throughout 2Q2026 causing us to be fully invested throughout, thus there was no contribution from the Macro Risk timing element of our strategy.

Macro & market environment. The second quarter was characterized by tech/AI outperformance and the inflation scare resulting from the Iran War, ending with a new Fed chair and the generational SpaceX IPO. Despite this, we saw surprisingly muted impacts on our inflation, policy and growth indicators, which allowed our Macro Risk Indicator to remain resilient.

Sector shifts. Our fund sector tilts and timing contributed to outperformance during the quarter. Our tech/AI overweight generated outperformance in April and May, while our healthcare and financials overweight worked well in June. Due to the market volatility over the quarter, our rebalances saw significant sector shifts from month to month, with a big reduction in tech and consumer exposure at the end of May, and a subsequent rotation into more traditional value and cyclicals like energy, financials and healthcare.

FUND PERFORMANCE · TOTAL RETURNS

FUND / BENCHMARK	QUARTER	SINCE INCEP.
VPX — NAV	**+23.10%**	**+18.76%**
VPX — Market Price	**+23.21%**	**+18.82%**
S&P 500 Index	+15.20%	+11.07%
MSCI USA Quality	+14.91%	+10.50%
VPX DAILY CAPTURE · VS. S&P 500		
Upside	122%	123%
Downside	90%	99%

Fund returns are net of fees and expenses. Quarter-end as of 6/30/26; since inception from 3/11/26. Upside/downside capture are daily vs. the S&P 500. The Fund is new and therefore does not have a performance history for a full calendar year as of the most recent quarter-end. Returns less than one year are cumulative and returns over one year are annualized. Performance data quoted represents past performance. Past performance 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. Please visit etf.variantperception.com or call +1.704.926.1116 for performance current to the most recent month end. NAV Return represents the closing price of underlying securities. Market Price Return is calculated using the price that investors buy and sell ETF shares in the market. The market returns in the table are based on the midpoint of the bid/ask spread at 4 p.m. EST and do not represent the returns you would have received if you traded shares at other times.

SECTOR ACTIVE WEIGHTS VS. S&P 500 · % PTS

SECTOR	MAR	APR	MAY	JUN
Energy	**+2.46**	+0.58	**+9.56**	**+10.59**
Financials	**+3.54**	**+6.29**	**+9.24**	**+10.36**
Health Care	+0.89	**+2.42**	**+7.11**	**+6.58**
Materials	−1.15	−1.28	−1.42	+1.52
Industrials	−2.52	−4.80	+1.73	−1.29
Utilities	−0.65	−1.63	−1.69	−1.95
Info Tech	**+5.22**	**+7.62**	−8.07	−3.20
Cons. Staples	+0.55	+2.35	−3.69	−4.09
Cons. Disc.	−2.63	−3.20	−5.00	−8.28
Comm. Svcs.	−4.94	−7.37	−6.83	−8.69

Active weight = fund minus S&P 500 weight, at month-end. Each month, the three largest overweights are navy and the three largest underweights red; the rest grey. Source: Variant Perception.

Factor exposure. We believe the evolution of our sector-neutral factor exposure shows the value of combining the capital cycle, quality, crowding and macro. We started the quarter with a large cap and higher beta bias, and ended the quarter with a significant shift back towards value over growth, and away from large caps and beta.

Single-stock exposure. Single stock specific risks were centered on the large cap hyperscalers and Magnificent 7, where we broadly benefited from the stock specific shocks that occurred through the quarter. Given the extremely top-heavy nature of the benchmark S&P 500 index, we expect the strategy may continue to be exposed to mega cap stock specific risks for the foreseeable future.

FACTOR EXPOSURE VS. S&P 500 · Z-SCORE

FACTOR	MAR	APR	MAY	JUN
Value	−0.02	−0.08	+0.09	+0.20
Leverage	−0.01	+0.09	+0.12	+0.10
Volatility	+0.12	+0.13	+0.07	+0.09
Momentum	+0.04	+0.08	+0.12	−0.02
Cyclicality	+0.04	0.00	−0.08	−0.04
Profitability	+0.02	+0.07	−0.15	−0.07
Beta	+0.09	+0.12	−0.06	−0.10
Growth	+0.04	+0.01	−0.18	−0.15
Size	+0.07	+0.17	+0.02	−0.17

Sector-neutral factor exposure (Z-score) relative to the S&P 500, at month-end. Navy = tilt above +0.05, red = below −0.05, grey = within ±0.05. Source: Variant Perception.

TOP STOCK-SPECIFIC EXPOSURE · ITEV

31 MAR	30 APR	31 MAY	30 JUN
Broadcom **0.79**	Alphabet **1.20**	Apple **1.53**	Alphabet **1.55**
Eli Lilly **0.71**	Eli Lilly **0.67**	Alphabet **1.14**	Amazon **1.09**
Oracle **0.62**	Broadcom **0.67**	Micron **0.92**	Apple **0.95**
Coinbase **0.59**	Nvidia **0.63**	Nvidia **0.90**	Tesla **0.81**
Palantir **0.49**	AMD **0.62**	Tesla **0.76**	Broadcom **0.69**

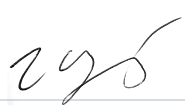
Stock-specific exposure (ITEV) = the annualized tracking error a single position contributes from its own price behavior vs. the benchmark. Each column is a rebalance, ranked #1 (top) to #5. Source: Variant Perception.

OUTLOOK

As we enter the second half of 2026, Variant Perception's leading indicators suggest the broader environment remains risk-on for now. However, we suspect we will be entering a more fragmented, late-cycle equity market regime. This typically means more volatile markets with extreme intra-market shifts, as investors respond to high-profile mega IPOs and heightened short-term, speculative trading activity. In our view, equity prices are likely to become more sensitive to shifts in growth expectations and sentiment.

We will continue to seek to take advantage of the tax efficient monthly rebalancing offered by our ETF structure, leaning on our crowding and behavioral models to add portfolio resilience. At the same time, our core capital cycle and quality models are designed to act as long-term guardrails against excessive optimism and unsustainable growth.

Sincerely,



TIAN YANG, VPX FUND MANAGER

ETF TAX EFFICIENCY

Variant Perception's ETF strategy uses a monthly rebalancing schedule, which leads to higher portfolio turnover. This section provides context on how the ETF structure can make higher-turnover strategies more tax efficient. When traditional mutual funds want to replace a stock that has appreciated in value, the fund sells it for cash, which creates a tax bill for the fund's investors. Exchange-Traded Funds (ETFs) can bypass this burden using a tax-efficient process called "in-kind" creation and redemption.

Instead of selling stocks for cash, the ETF simply swaps the actual shares directly with large brokers to move old securities out and new securities in. For example, if the ETF wants to sell shares of ABC (which has a 20% gain) to buy shares of XYZ, it swaps the ABC shares directly for the XYZ shares. It does this by trading its ABC shares away to a broker in a "redemption," and accepting the new XYZ shares from a broker in a "creation." Because this process relies on swapping assets rather than cashing them out, the IRS doesn't view it as a taxable event.

This mechanism is standard across U.S. ETFs. It can allow funds to adjust their investments while protecting shareholders from unexpected capital gains taxes. While no ETF can completely guarantee tax outcomes and distributions remain possible, the Fund has not distributed capital gains since its inception on March 11, 2026. Given the Fund's very limited operating history, this initial period should not be relied upon as an indicator of long-term tax efficiency.

Mutual Fund

When a mutual fund sells an appreciated holding, the transaction can create a tax bill for you.

1. **Mutual Fund Sells Stock**
   The manager sells appreciated shares of ABC in order to purchase shares of XYZ.
2. **Realized Capital Gain on Sale**
   The sale creates a cash profit (a taxable capital gain) for the mutual fund.
3. **Unexpected Tax Bill**
   By law, that gain is passed through to you. You receive a tax bill even if you didn't sell any shares of the mutual fund.

ETF

ETFs use "in-kind" creations and redemptions to update the portfolio without creating taxable events.

1. **ETF "In-Kind" Share Swap**
   The manager submits an in-kind creation and redemption order to replace appreciated shares of ABC with shares of XYZ.
2. **No Capital Gain Created**
   Shares of ABC are "redeemed" out of the fund and shares of XYZ are "created" into the fund. No cash sale = no tax.
3. **No Unwanted Taxes**
   In-kind swaps minimize capital gains while updating the portfolio, helping protect investors from unexpected tax bills.

Source: Variant Perception. For illustrative purposes only. Investors should consult their own tax advisors regarding the tax consequences of an investment in the ETFs.

IMPORTANT INFORMATION

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. Read the prospectus carefully before investing. This and other important information is contained in the prospectus and summary prospectus, which may be obtained at etf.variantperception.com or by calling +1.704.926.1116. There is no assurance that the Fund will achieve its investment objective.

Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when sold or 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 performance, visit https://etf.variantperception.com/ or call +1.704.926.1116. Returns are average annualized total returns, except those for periods of less than one year, which are cumulative. The Fund is new and does not have a performance history for a full calendar year as of the most recent quarter end. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged; you cannot invest directly in an index. Market price returns are based on the closing composite market price. NAV is the value of a single share, based on the underlying assets of the fund minus its liabilities, divided by shares outstanding, calculated at the end of each business day.

Management Risk. *The Fund is actively managed and may not meet its investment objective based on the Adviser's or Sub-Adviser's success or failure to implement investment strategies for the Fund.*

Quantitative Security Selection and Model Risk. *Data for some companies may be less available and/or less current than data for companies in other markets. The Sub-Adviser uses quantitative models and analysis, and its processes could be adversely affected if erroneous or outdated data is utilized. Securities selected using a quantitative model could perform differently from the financial markets as a whole, as a result of the characteristics used in the analysis, the weight placed on each characteristic and changes in the characteristic's historical trends.*

Large-Capitalization Companies Risk. *Large-capitalization companies may trail the returns of the overall stock market. Large-capitalization stocks tend to go through cycles of doing better—or worse—than the stock market in general. These periods have, in the past, lasted for as long as several years.*

Investment Risk. *When you sell your Shares, they could be worth less than what you paid for them. The Fund could lose money due to short-term market movements and over longer periods during market downturns. Securities may decline in value due to factors affecting securities markets generally or particular asset classes or industries. Geopolitical and other risks, including war, terrorism, trade disputes, political or economic dysfunction, public health crises, and environmental disasters, may add to instability in world economies and volatility in markets generally.*

Non-Diversification Risk. *Because the Fund is non-diversified, it may be more sensitive to economic, business, political or other changes affecting individual issuers or investments than a diversified fund, which may result in greater fluctuation in the value of the Shares and greater risk of loss.*

Asset Allocation Risk. *The Fund is also subject to asset allocation risk, which is the chance that the selection of investments, and the allocation of assets to such investments, will cause the Fund to underperform other funds with a similar investment objective.*

Equity Investing Risk. *An investment in the Fund involves risks similar to those of investing in any fund holding equity securities, such as market fluctuations, changes in interest rates and perceived trends in stock prices. The values of equity securities could decline generally or could underperform other investments. In addition, securities may decline in value due to factors affecting a specific issuer, market or securities markets generally.*

Sector Risk. *To the extent the Fund invests more heavily in one sector or sub-sector of the market, it presents a more concentrated risk and its performance will be especially sensitive to developments that significantly affect those sectors. In addition, the value of the Fund's shares may change at different rates compared to the value of shares of a fund with investments in a more diversified mix of sectors and industries. An individual sector or sub-sector of the market may have above-average performance during particular periods but may also move up and down more than the broader market. The several industries that constitute a sector may all react in the same way to economic, political or regulatory events. The Fund's performance could also be affected if the sectors or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or sub-sectors may adversely affect performance.*

Cash and Cash Equivalents Risk. *Holding cash or cash equivalents rather than securities or other instruments in which the Fund primarily invests, even strategically, may cause the Fund to risk losing opportunities to participate in market appreciation, and may cause the Fund to experience potentially lower returns than the Fund's benchmark or other funds that remain fully invested. In rising markets, holding cash or cash equivalents will negatively affect the Fund's performance relative to its benchmark.*

New Fund Risk. *The Fund is a recently organized investment company with no operating history. As a result, prospective investors have no track record or history on which to base their investment decision. There can be no assurance that the Fund will grow to or maintain an economically viable size.*

New Sub-Adviser Risk. *The Sub-Adviser has no experience with managing an ETF, which may limit the Sub-Adviser's effectiveness.*

Periodic Reallocation & High Portfolio Turnover Risk. *The Fund's strategy is expected to result in higher turnover, which may increase brokerage costs and short-term capital gains realizations. Periodic reallocation may also result in lags between market performance and changes to the Fund's exposure.*

The Variant Perception Cycle Aware US Equity ETF (VPX) is an actively managed ETF that seeks to achieve capital appreciation by investing in select large-capitalization U.S. equity securities and cash using a systematic approach managed by the Sub-Adviser, Variant Perception, LLC. The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks. The MSCI USA Quality Index is designed to capture the performance of quality growth stocks in the US equity market by identifying stocks with high quality scores based on three main fundamental variables: high return on equity, stable year-over-year earnings growth, and low financial leverage. Indexes are unmanaged and not available for direct investment.

Forward-Looking Statements. *Certain statements in this letter reflect Variant Perception's views, opinions and expectations as of the date of publication and are subject to change without notice. Forward-looking statements are based on current assumptions and are not guarantees of future performance or results; actual outcomes may differ materially. Nothing herein constitutes investment, tax or legal advice.*

An investment in the Fund involves risk, including possible loss of principal. *Exchange-traded funds (ETFs) trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETF's net asset value (NAV), and are not individually redeemable directly with the ETF. Brokerage commissions and ETF expenses will reduce returns. ETFs are subject to specific risks, depending on the nature of the underlying strategy of the Fund.* ***For a complete description of the Fund's principal investment risks, please refer to the prospectus.***

Shares of the Fund are not FDIC Insured, may lose value, and have no bank guarantee.

The Fund is distributed by PINE Distributors LLC. The Fund's investment adviser is Empowered Funds, LLC, which is doing business as ETF Architect. Variant Perception, LLC serves as the Sub-Adviser to the Fund. PINE Distributors LLC is not affiliated with ETF Architect, Empowered Funds, LLC, or Variant Perception, LLC.

6836 Carnegie Blvd, Suite 240, Charlotte, NC 28211 · etf.variantperception.com · info@variantperception.com · +1.704.926.1116