

Quadratic Interest Rate Volatility and Inflation Hedge ETF

Ticker: IVOL

Principal Listing Exchange: NYSE Arca

Annual Shareholder Report: March 31, 2025



This annual shareholder report contains important information about the Quadratic Interest Rate Volatility and Inflation Hedge ETF (the "Fund") for the period from April 1, 2024 to March 31, 2025. You can find additional information about the Fund at <https://kfafunds.com/ivol/>. You can also request this information by contacting us at 1-833-IVOL-ETF (1-833-486-5383).

What were the Fund costs for the last year?

(based on a hypothetical \$10,000 investment)

<u>Fund Name</u>	<u>Costs of a \$10,000 investment</u>	<u>Costs paid as a percentage of a \$10,000 investment</u>
Quadratic Interest Rate Volatility and Inflation Hedge ETF	\$101	1.00%

How did the Fund perform in the last year?

During the Funds' fiscal year ended March 31, 2025 ("the period"), the macro environment was challenging. At the beginning of 2024, 150 bps of Fed cuts were priced in, but the Fed ultimately delivered only 100 bps of cuts. Major central banks across the world tried to balance the risk of persistently high inflation with the risk of keeping interest rates too high and pushing economies into recession. As the year passed, investors grew less concerned with inflation and more concerned about a potential recession. There remains a persistent concern with the high U.S. Federal deficit and its impact on the government's overall debt servicing costs.

More recently in 2025, the headlines have been focused on the new administration as it imposes new tariffs and negotiates trade deals with other countries. It is still unclear how this process will play out and how it will impact the economy. A significant amount of uncertainty remains, and markets are likely still not pricing in the vast array of outcomes.

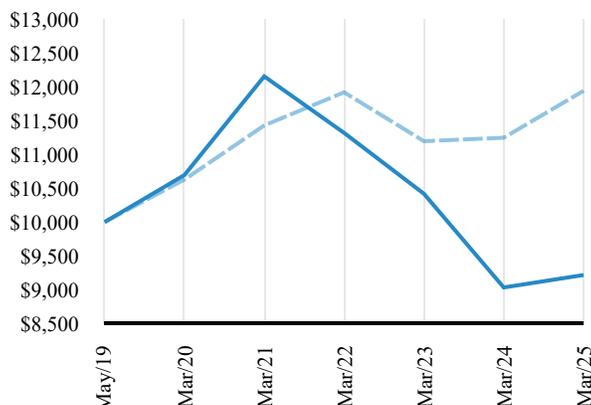
IVOL is a fixed income ETF that seeks to hedge relative interest rate movements, whether these movements arise from falling short-term interest rates or rising long-term interest rates, and to benefit from market stress when fixed income volatility increases, while providing the potential for enhanced inflation-protected income.

During the period, IVOL underperformed an index of TIPS alone. (Please note that this passive bond index is provided for comparative purposes only, as the fund's strategy is benchmark agnostic.) This was a result of IVOL's options positions losing value. Specifically, implied volatility fell, and the spot curve did not meet where the forward curve was priced. Instead, the curve steepened far less than expected and flattened the forwards as a result of fewer Fed cuts than were expected. The spot curve only reverted to a positive slope in early 2025, after having been inverted since mid-2022. This was the longest period of inversion since 1978, when the data became available, and this multi-year inversion negatively impacted IVOL's performance.

How did the Fund perform since inception?

Total Return Based on \$10,000 Investment

- Quadratic Interest Rate Volatility and Inflation Hedge ETF - \$9,217
- - - Bloomberg U.S. Treasury Inflation-Linked Bond Index (TR) (USD) - \$11,941



Average Annual Total Returns as of March 31, 2025

<u>Fund/Index Name</u>	<u>1 Year</u>	<u>5 Years</u>	<u>Since Inception</u>
Quadratic Interest Rate Volatility and Inflation Hedge ETF	2.03%	-2.93%	-1.38%
Bloomberg U.S. Treasury Inflation-Linked Bond Index (TR) (USD)	6.17%	2.36%	3.06%

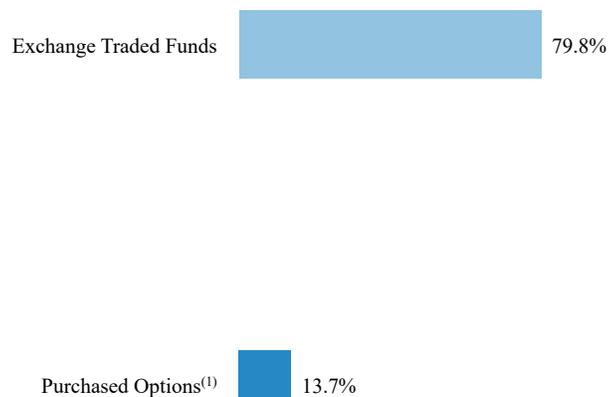
The line graph represents historical performance of a hypothetical investment of \$10,000 in the Fund since its inception on May 13, 2019. Returns shown are total returns, which assume the reinvestment of dividends and capital gains. The table and graph presented above do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares. **Past performance is not indicative of future performance.** Call 1-833-IVOL-ETF (1-833-486-5383) or visit <https://kfafunds.com/ivol/> for current month-end performance.

Key Fund Statistics as of March 31, 2025

Total Net Assets	Number of Holdings	Total Advisory Fees Paid	Portfolio Turnover Rate
\$477,783,321	8	\$6,028,220	0%

What did the Fund invest in?

Asset Weightings^{*^}



Top Holdings

<u>Holding Name</u>	<u>Percentage of Total Net Assets</u>
Schwab US TIPS ETF	79.8%
Purchased Option - CMS 10Y - 2Y, 0.05%, 04/08/26, ⁽¹⁾	4.1%
Purchased Option - CMS 10Y - 2Y, 0.10%, 07/15/26, ⁽¹⁾	2.5%
Purchased Option - CMS 10Y - 2Y, 0.20%, 04/14/27, ⁽¹⁾	2.4%
Purchased Option - CMS 10Y - 2Y, 0.03%, 01/28/26, ⁽¹⁾	1.9%
Purchased Option - CMS 10Y - 2Y, 0.28%, 12/09/26, ⁽¹⁾	1.4%
Purchased Option - CMS 10Y - 2Y, 0.08%, 09/17/25, ⁽¹⁾	0.9%
Purchased Option - CMS 10Y - 2Y, 0.13%, 06/25/25, ⁽¹⁾	0.5%

⁽¹⁾ At market value.

* Percentages are calculated based on total net assets.
[^] Investments as a percentage of total net assets will not add up to 100% because this chart does not include cash and other assets and liabilities. The difference between 100% and the sum of the percentages above is mostly cash held by the fund.
⁽¹⁾ At market value.

Material Fund Changes

There were no material changes during the reporting period.

Changes in and Disagreements with Accountants

There were no changes in or disagreements with accountants during the reporting period.

Additional Information

For additional information about the Fund, including its prospectus, financial information, holdings, and proxy voting information, visit <https://kfafunds.com/ivol/>.

Householding

You may have consented to receive one copy of a shareholder report at your address if you and one or more individuals in your home have multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses. If you wish to change your householding status or receive individual copies of your shareholder report, please contact us at 1-833-IVOL-ETF (1-833-486-5383) or your financial intermediary.

