

SANJAC ALPHA'S QUICK TAKE

2025 Year End Funds Review

THE CASE FOR ACTIVE DEFENSE

As we close out 2025, we find it essential to review how markets moved and our framework in navigating them. This year's volatility acted as a stress test for fixed income.

Bond investors often ask the question: Can you generate solid overall returns without stretching to unacceptable levels of risk?

At SanJac Alpha, our objective was to answer that question affirmatively. By decoupling our performance from the volatility of the broader passive indices, we sought to actively position portfolios to be robust in a high-volatility market. Active management is not only aiming to outperform benchmarks with higher returns but also trying to suppress volatility and reduce the chance of drawdowns.

We share our review of what went well in 2025, and where we are refining our approach for the year ahead.

The Macro Context: When Passive Bond Strategies Can Struggle

To understand our performance, we first have to look at the environment within the context of history. The Merrill Lynch Option Volatility Estimate (MOVE) Index measures overall bond uncertainty by measuring implied volatility across options in the 2-year, 5-year, 10-year and 30-year bonds. Generally, in low MOVE environments (< 75) carry trades work as well as long duration and other passive strategies.

The 15-year MOVE chart shows how during the decade from 2011 through 2021, the average MOVE reading was 67.8 and passive strategies often performed as well as active strategies. When the market changed in late 2021 and volatility rose, the subsequent 5 years averaged 104.8. The peak to trough measurements were stark as well, wreaking havoc on income portfolios that were not actively managed to risk and uncertainty.

The "quiet" years of bond investing appear to be behind us, and passive funds are forced to absorb this volatility. SanJac Alpha's active management mandate places us in a position to emphasize risk management as a core feature of a fixed income portfolio. This was the cornerstone of our success this year.



Source: Bloomberg

What Went Well: Defense Against Drawdowns (SJCP)

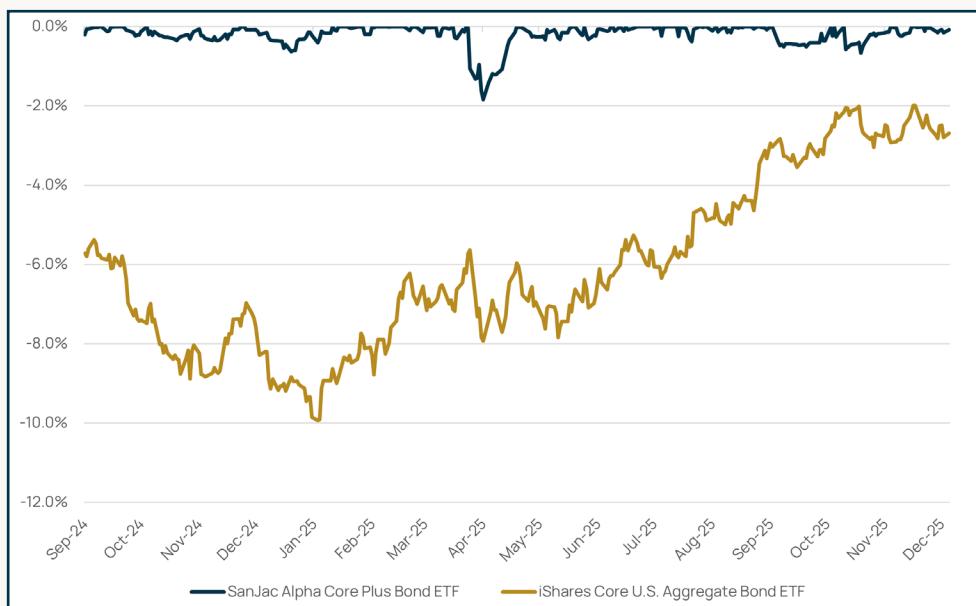
For the SanJac Alpha Core Plus Bond ETF (SJCP), our primary victory for 2025 was controlling the duration of our portfolio and featuring investment grade credit and government agency mortgage exposure.

Early in 2025, the broader bond market experienced a significant drawdown. The passive benchmark (the iShares Core U.S. Aggregate Bond ETF, or "AGG") suffered a drawdown nearing -10%. In a passive fund, investors have no choice but to ride through the declines.

SanJac Alpha Core Plus Bond ETF Drawdown

December 2024 - December 2025

Drawdowns for SJCP since inception date 9/10/2024, compared to the iShares Core U.S. Aggregate Bond ETF, measuring the magnitude and duration of declines from prior peaks.



Source: ETFAction.com, December 2025

As illustrated above, SJCP maintained a controlled drawdown profile throughout the period shown. Despite heightened volatility around April, the fund's maximum drawdown for the year remained below 2%.

SanJac Alpha Core Plus Bond ETF vs. iShares Core US Agg Bond ETF

FEATURE	SANJAC ALPHA CORE PLUS BOND ETF SJCP	ISHARES CORE US AGG BOND ETF AGG
Objective / Strategy	Seeks current income and total returns consistent with limited volatility and the preservation of capital.	Seeks to track the investment results of an index composed of the total U.S. investment-grade bond market
Expense Ratio	0.65%	0.03%
Liquidity / Trading	Nasdaq: typically, intraday trading at market prices. Bid-ask spreads may vary with market conditions and fund size.	NYSE Arca: individual shares trade in the secondary market at market prices and may trade at a premium or discount to NAV. The bid-ask spread reflects the difference between highest bid and lowest ask price when trading ETF shares.
Risk / Considerations	Subject to interest-rate, credit, and active-management risk. Allocations among sectors may increase short-term volatility and tracking error relative to the benchmark. Returns and principal value fluctuate with market conditions; losses are possible.	Subject to interest-rate, credit, market, index-related, asset class, prepayment and extension risks. Share value fluctuates with bond market conditions; investors may lose money if bond prices decline due to rising rates or credit events.
Guarantees / Insurance	None — shares are not insured or guaranteed by the FDIC, SIPC, or any government agency. The fund's value may fluctuate, and investors can lose money.	None — shares are not insured or guaranteed by the FDIC or any government agency. The fund's value will fluctuate with market conditions and may be worth more or less than the original investment.
Turnover	For the fiscal period September 10, 2024 (commencement of operations) through May 31, 2025, the Fund's portfolio turnover rate was 15% of the average value of its portfolio.	During the most recent fiscal year, the Fund's portfolio turnover rate was 81% of the average value of its portfolio

Comparisons are for illustrative purposes only. Each ETF has distinct objectives, risks, and expenses, which should be considered carefully before investing.

From SJCP's launch we made the case that "Core Plus" should not be limited to chasing higher returns, it should also mean avoiding the long duration traps that hurt benchmarks. The chart below shows the total return profile for SJCP vs the AGG since our September 2024 inception:

SanJac Alpha Core Plus Bond ETF vs. iShares Core US Agg Bond ETF

Total Return December 2024 - December 2025

Total return performance of SJCP since inception 09/10/2024 vs. iShares Core U.S. Aggregate Bond ETF over that period. The data reflect the cumulative total return for each fund, showing relative performance trends over time.



Source: ETFAction.com, December 2025

Performance data quoted 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 redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted and can be found at www.sanjacalpah.com. For the most recent SEC standardized and month end performance, please click [here](#) for the SanJac Alpha Low Duration ETF, and [here](#) for the SanJac Alpha Core Plus Bond ETF.

What Went Well: Alpha Generation (SJLD)

While SJCP aimed to defend against expected duration volatility, the SanJac Alpha Low Duration ETF (SJLD) was more a story of alpha generation.

In the low-duration space, many investors settle for money-market-style returns. With volatility already low without longer duration to hedge, we aimed to find alpha in the short end of the rate curve. By utilizing our heavily researched bottom-up credit selection, we were able to identify pockets of what we believed were high-quality, short-term bonds with potential to offer yield premiums without excessive credit risk. The use of floating rate instruments also paid off in a market that was overestimating Fed rate cuts for the year.

SanJac Alpha Low Duration ETF vs. Vanguard Short - Term Bond ETF

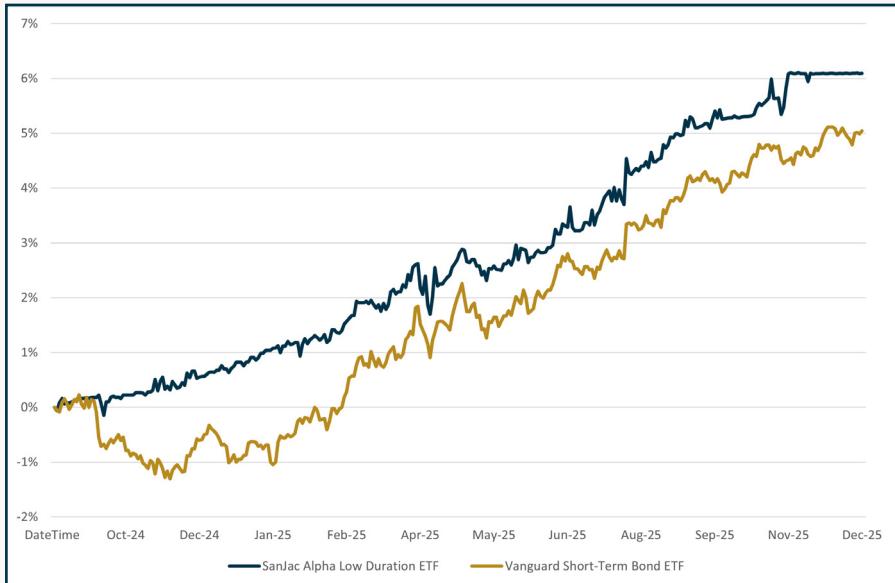
FEATURE	SANJAC ALPHA CORE PLUS BOND ETF SJCP	iSHARES CORE US AGG BOND ETF AGG
Objective / Strategy	Seeks current income consistent with preservation of capital and daily liquidity.	Seeks to track the performance of the Bloomberg U.S. 1-5 Year Government/Credit Float Adjusted Index, a market-weighted bond index that covers investment-grade bonds with a dollar-weighted average maturity of 1 to 5 years.
Expense Ratio	0.35%	0.03%
Liquidity / Trading	Nasdaq: typically, intraday trading at market prices	NYSE Arca: highly liquid, large AUM, broad index exposure
Risk Considerations	Subject to interest-rate, credit, and maturity profile risks, including duration and interest-rate risk, call, extension, and prepayment risk, and government obligations risk. Returns and principal value fluctuate with market conditions; losses are possible.	Subject to interest-rate and credit risk of investment-grade bonds within the benchmark. Index-tracking risk may occur in volatile markets. Share value will fluctuate with bond market conditions.
Guarantees / Insurance	None — shares are not insured or guaranteed by the FDIC, SIPC, or any other government agency. The fund's value may fluctuate, and investors can lose money.	None — shares are not insured or guaranteed by the FDIC or any government agency. The fund's value will fluctuate with market conditions and may be worth more or less than the original investment.
Turnover	For the fiscal period September 10, 2024 (commencement of operations) through May 31, 2025, the Fund's portfolio turnover rate was 60% of the average value of its portfolio.	During the most recent fiscal year, the Fund's portfolio turnover rate was 56% of the average value of its portfolio.

Comparisons are for illustrative purposes only. Each ETF has distinct objectives, risks, and expenses, which should be considered carefully before investing.

SanJac Alpha Low Duration ETF vs. Vanguard Short-Term Bond ETF

Total Return December 2024 - December 2025

Total return performance of SJLD since inception date 9/10/2024, compared to the Vanguard Short-Term Bond ETF over that period. The data reflect the cumulative total return for each fund, showing relative performance trends over time.



Source: ETFAction.com, December 2025

Performance data quoted 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 redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted and can be found by visiting sanjacalpha.com.

SJLD consistently pulled away from the Vanguard Short-Term Bond ETF (BSV), ending the period with a total return near 6% compared to the benchmark's ~4.5%. Looking for extra spread in a short-duration environment is one of the primary research goals of our trading team.

Areas for Refinement: The Path Forward

Transparency is a core value at SanJac Alpha. While we are proud of our 2025 performance, we are constantly analyzing where we can do better.

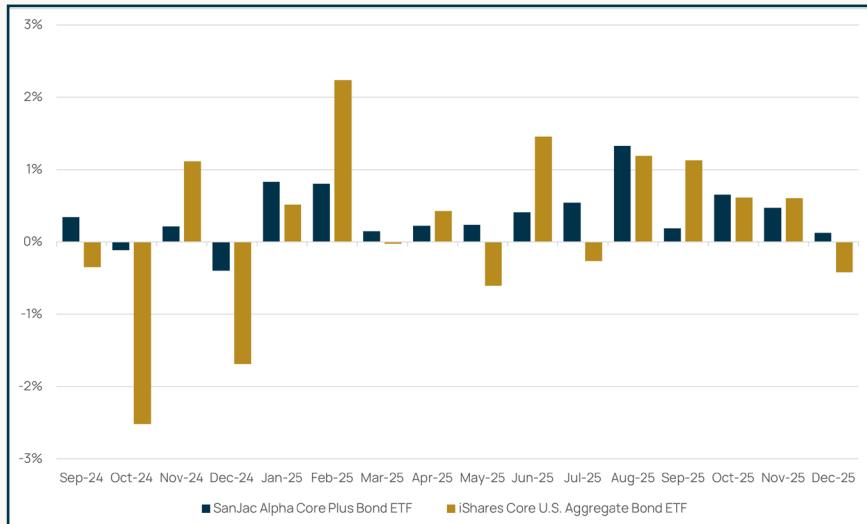
- Optimizing Upside Capture** - For SJCP, our defensive posture worked effectively in limiting drawdowns during periods of market stress this year. At the same time, we continuously evaluate ways to improve participation during market rallies. In July, we added Treasury Inflation-Protected Securities (TIPS), which differ from traditional Treasuries in that their principal value adjusts with changes in inflation, while continuing to pay a real yield. As a result, TIPS can contribute to downside resilience during inflationary or growth-uncertain environments while also supporting improved return participation when rates stabilize or decline. As shown in the monthly total return chart below, SJCP made some progress in outperformance during duration rallies by achieving better total returns than the AGG in August and October, both months in which bond markets were generally up.

SanJac Alpha Core Plus Bond ETF vs. iShares Core US Agg Bond ETF

Monthly Total Returns
December 2024 - December 2025

Month-to-month total returns for SJCP since inception date 9/10/2024, directly compared to the iShares Core U.S. Aggregate Bond ETF.

Performance data quoted 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 redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted and can be found by visiting sanjacalpha.com.



Source: ETFAction.com, December 2025

2. **Managing Volatility in Short Duration** While SJLD outperformed solidly on returns, that performance came with a higher variance. Our data shows that SJLD at times operated with a higher relative standard deviation than the passive Vanguard Short-Term Bond Index Fund ETF (BSV) even as absolute volatility remained low overall.

The chart below shows the rolling standard deviation in SJLD vs BSV. Often there is a fine risk-reward tradeoff to a more active reactivity, but we would strive to dampen volatility spikes as much as possible. Ideally, low duration should be a smooth path to attractive income.

SanJac Alpha Low Duration ETF vs. Vanguard Short-Term Bond ETF

Rolling Annualized Standard
Deviation (σ) December 2024 -
December 2025

Rolling annualized standard
deviation of monthly returns
since inception date 9/10/2024,
between SJLD and the
Vanguard Short-Term Bond ETF.



Source: ETFAction.com, December 2025

The Outlook for 2026

We expect to release an outlook in early 2026 to share our macro views in greater detail, along with our plans to continue performing for investors.

In short, we see volatility continuing and possibly increasing into 2026 as investors in many large cap equities may seek greater diversification in areas like active fixed income. Tax selling in Q1 of 2026 could be a theme as investors seek to postpone taxes on the capital gains of previous years into 2027.

Our management team is anticipating this rotation while remaining mindful of many challenges in the rate markets, including a slowdown in Fed cuts, persistent inflation, and large fiscal government deficits which could place pressure on bond prices by increased supply in treasury issuance.

As we navigate the complexities of duration and risk in fast changing markets, our objective remains the same: maximizing current income and total return while guarding against excess volatility and occasional drawdowns, which are primary characteristics of the current bond market.

IMPORTANT INFORMATION

The Funds' investment objectives, risks, charges, and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company. Please read it carefully before investing. A hard copy of the prospectus can be requested by calling 1-800-617-0004.

These market observations are the views of SanJac Alpha as of December 18, 2025, and we undertake no obligation to update these observations. Our views are shared for information purposes only, and should not be considered, or relied upon as, financial advice. SanJac Alpha accepts no responsibility for any loss arising from the use of any information contained herein, and investors should consider their own personal circumstances and, as appropriate, seek professional advice for any investment decisions.

All investing involves risk, including loss of principal.

SJLD is subject to additional risks related to its shorter maturity profile, including duration and interest rate risk, call risk, extension and prepayment risk, and government obligations risk. SJCP is subject to additional risks associated with its broader investment mandate, including structured products risk, mortgage servicing rights risk, mREIT risk, preferred securities risk, and municipal securities risk.

Shares of any ETF are bought and sold at market price (not NAV) and are not individually redeemed from the ETF. Brokerage commissions will reduce returns.

Please refer to the prospectus for a complete discussion of these and other risks. **Drawdown** - the investment loss experienced from a high point to a low point. **MOVE Index** - the Merrill Lynch Option Volatility Estimate (MOVE) Index reflects the level of volatility in U.S. Treasury futures. The index is considered a proxy for term premiums of U.S. Treasury bonds. **Carry Trade** - any strategy where an investor borrows capital at a lower interest rate to invest in assets with potentially higher returns. **Duration** - measures how long it takes, in years, for an investor to be repaid a bond's price through its total cash flows. It is also used as a tool to determine the change in a bond's value in relation to interest rate movements. **iShares Core U.S. Aggregate Bond ETF (AGG)** - seeks to track the investment results of an index composed of the total U.S. investment-grade bond market. **Alpha** - a measure of an investment's performance that indicates its ability to generate returns in excess of its benchmark. **Yield Premium** - the incremental yield associated with an investment relative to lower-risk alternatives, which may reflect compensation for factors such as credit risk, liquidity, or structural characteristics rather than a defined benchmark spread. **Treasury Inflation-Protected Securities (TIPS)** - a form of compensation that a mortgage broker, acting as the intermediary, receives from the originating lender for selling an interest rate to a borrower that is above the lender's par rate for which the borrower qualifies. **Variance** - a statistical measurement of how large of a spread there is within a data set. **Vanguard Short-Term Bond Index Fund ETF (BSV)** - Vanguard Short-Term Bond Index Fund ETF (BSV).

ETFs are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of an ETF's shares may trade at a premium or discount to its net asset value, an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact an ETF's ability to sell its shares.

Diversification does not eliminate the risk of experiencing investment loss.

Distributed by Quasar Distributors, LLC.