



EMERALD
DRIVEN BY RESEARCH
SINCE 1992
Innovation Starts Small®

Q1 2026 | ECONOMIC & PORTFOLIO COMMENTARY

F/m Emerald Life Sciences Innovation ETF

Fund Facts as of 03/31/2026

Ticker	LFSC
Exchange	NASDAQ
CUSIP	74933W221
Inception Date	10/30/2024
Gross Expense Ratio *	0.79%
Net Assets	\$93.40M
# of Holdings	40

Objective

Strategic Innovation Fueling Growth

Emerald invests in Life Sciences companies that embrace strategic innovation, driving the development of new therapies, technologies, and healthcare solutions to create value and foster long-term growth.

Biotechnology

Healthcare

Pharmaceuticals

Medical Equipment

Medical Services

Innovative companies are those developing new products or reinventing/redesigning existing products/services, with the goal of generating value for their customers, creating a competitive advantage and/or driving business growth.

* Gross expense ratio: 0.79%/Net expense ratio: 0.54% with initial Adviser waiver/reimbursement (contractually obligated until December 31, 2026)

Each quarter, our portfolio management team will provide a review of the ETF's performance, including how its performance relates to broader market trends and individual holdings that have contributed to or detracted from its performance results. As a reminder, your LFSC portfolio management team has worked at LFSC's investment sub-advisor for an average 27 years, and averages 29 years of industry experience. We thank you for your investment in LFSC and welcome your feedback at info@teamemerald.com.

Market Environment

The market entered 2026 with significant momentum. This euphoria proved short lived, as fears of AI disintermediation, tariff restructuring, private credit default risk, and ultimately the conflict in Iran conspired to undermine confidence and pressure equity market returns. The healthcare sector of the Russell 3000 declined by -4.88% for the quarter. Despite the negative overall return, the pharmaceuticals industry, which represented approximately 48.75% of the sector for the period, gained +2.28%. The biotechnology industry of the Russell 3000 also exhibited resiliency finishing the quarter approximately flat. This resilience is notable given the upward pressure on the 10-year treasury yield and the sector's recent pattern of inverse correlation to the direction of treasury yields.

Performance Review

The F/m Emerald Life Sciences Innovation ETF posted a total return at NAV of -4.34% outperforming the Russell 3000 Healthcare sector (-4.88%). At the industry level the portfolio experienced a positive contribution to return from holdings within the biotechnology and medical equipment industries. The biotech industry remains the portfolio's largest exposure at an average weight of approximately 58.5% for the quarter. Partially offsetting these positive contributors was underperformance within the pharmaceuticals and medical services industries due to stock selection and portfolio positioning.

Top contributors to return included Spyre Therapeutics and Nektar therapeutics.

- Shares of Spyre Therapeutics advanced 54% in the quarter. There is a growing appreciation for Spyre's next generation therapeutic targeting the \$30B irritable bowel disease market. Spyre has three leading extended-release antibodies in house, that will require dosing only two to four times per year. The trials are enrolling faster than expected and we expect Spyre to have strong data flow over the next 12 months. Emerald continues to hold a position in Spyre.
- Shares of Nektar Therapeutics gained 70% during the quarter following better than expected 16-week data for Rezpeg in atopic dermatitis. The extension data to 52 weeks showed a deepening in the response rate, potentially enabling remission for patients. We believe the deepening of the response rate in atopic dermatitis increases the probability that the upcoming phase 2 data in alopecia areata will also show a deepening in response. We continue to hold a position in the shares of Nektar Therapeutics.

Conversely, the portfolio's two largest detractors to return were Wave Life Sciences and Travers Therapeutics.

- Shares of Wave Life Sciences (WVE) fell 57% after releasing disappointing data on WVE-007, their INHBE siRNA for treatment of obesity. The study showed only 1% total body weight loss despite 14% visceral fat loss after six months of treatment. Emerald and the broader investment community were optimistic following the initial data release in the fourth quarter of 2025, that the significant visceral fat loss (the most harmful fat from a cardiovascular perspective), would lead to total body weight loss by six months. Although the data fell short of expectations, we continue to believe this is a viable drug. Emerald continues to hold a position in Wave.
- Travers Therapeutics (TVTX) shares declined after the FDA extended the PDUFA date for Filspari for the treatment of focal segmental glomerulosclerosis (FSGS), a rare kidney disease, for three months from mid-January to mid-April. Filspari is already approved for the treatment of IgA Nephropathy, another rare kidney disease, and we continue to believe that Filspari will be approved for treatment of FSGS and have maintained our position in the shares of Travers.

Market Outlook

As we look forward to 2026, Emerald remains optimistic on the outlook for the biotechnology industry as reflected in both the portfolio's material absolute position and relative overweight. We believe current valuations for companies with upcoming data catalysts are attractive and the portfolio is positioned to capitalize on these highly idiosyncratic opportunities. We would also highlight that the healthcare sector entered 2026 with robust merger and acquisition (M&A) momentum, driven by Big Pharma's (\$50B+ market caps) –urgent need to fill significant revenue gaps created by looming "Loss of Exclusivity" (LOE) cliffs. Nearly half of 2025 pharma sales will be subject to generic competition by 2030. Biotechnology companies in the \$2 billion to \$10 billion market cap range are particularly well-positioned as "bolt-on" acquisition targets, offering de-risked assets that can provide immediate line-of-sight to the more than \$1 billion in peak sales required by major manufacturers. Larger mega-mergers have not been well received in the past and are unlikely in 2026 due to FTC and integration issues, leaving most of the acquisition opportunity within smaller cap companies.

Conversely in MedTech, our near-term outlook is less constructive. While we anticipate that healthcare utilization will improve, cost pressures from inflation and supply chain issues remain a headwind. In the diagnostics industry, we believe the liquid biopsy market is poised to expand at a double-digit pace driven by broadening utilization in oncology and other conditions. Emerald remains invested in current market leaders and is monitoring new entrants and innovation in this segment.

Quarter-End Performance

as of 03/31/2026

	YTD	1 Month	3 Months	6 Months	1 Year	Since Inception
NAV (Net Asset Value)	-4.34%	-3.81%	-4.34%	17.83%	56.12%	26.87%
MKT (Market Price)	-4.45%	-3.82%	-4.45%	17.66%	55.83%	26.78%

Returns for periods greater than one year are annualized. The 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 may be lower or higher than the performance data quoted. Performance data current to the most recent month-end may be obtained by calling 800-722-4123 or visiting www.emeraldetfs.com.

Top 10 Holdings

as of 03/31/2026

Company	Ticker	Weightings
Cogent Biosciences Inc	COGT	9.32%
LivaNova PLC	LIVN	6.88%
Spyre Therapeutics Inc	SYRE	5.37%
United Therapeutics Corp	UTHR	5.32%
Mirum Pharmaceuticals Inc	MIRM	5.03%
KalVista Pharmaceuticals Inc	KALV	4.89%
Travers Therapeutics Inc	TVTX	4.80%
Guardant Health Inc	GH	4.42%
Bridgebio Pharma Inc	BBIO	4.08%
Nektar Therapeutics	NKTR	3.92%

Holdings subject to change

Morningstar Health Peer Ranking

as of 03/31/2026

(Based on Total Returns)	1-Year
LFSC Percentile Ranking	6
# of Funds in Peer Group	171



Definitions

Russell 1000 Index: Consists of the 1000 largest companies within the Russell 3000 index. Also known as the Market-Oriented Index, because it represents the group of stocks from which most active money managers choose.

Russell 2000 Index: The most commonly used benchmark for measuring the performance of small-cap stocks. Updated annually by FTSE Russell, the Russell 2000 consists of the 1,001st through 3,000th largest companies in the U.S. in terms of market cap.

Russell 2000 Health Care Index: A benchmark that tracks the performance of health care companies within the Russell 2000 Index. The Russell 2000 Health Care Index helps investors and analysts understand the performance of small-cap health care companies within the broader US equity market. The index is designed to measure the performance of small-cap health care companies, providing investors with a way to track the specific performance of this segment.

Russell 3000 Index: The Russell 3000 Index is a market-capitalization-weighted equity index maintained by FTSE Russell that provides exposure to the entire U.S. stock market. The index tracks the performance of the 3,000 largest U.S.-traded stocks which represent about 98% of all U.S incorporated equity securities.

Russell 3000 Health Care Index: A subset of the Russell 3000 Index, specifically focusing on companies within the healthcare sector. It tracks the performance of these healthcare companies, providing investors with a benchmark for the overall health of the healthcare market.

Russell Mid Cap Index: An index maintained and updated by FTSE Russell, the Russell Mid Cap Index is comprised of 800 publicly traded U.S. companies with market caps of between \$2 and \$10 billion.

S&P 500 Index: The Standard & Poor's index of 500 stocks is a popular standard for measuring stock market performance among the biggest, most broadly-based companies in the U.S.

Disclosures

© 2026 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

The F/m Emerald Life Sciences Innovation ETF was rated against the following numbers of Health Funds over the following time periods: 171 funds in the last one-year.

Morningstar classifies funds into categories based on similar investment objective and strategy. Morningstar percentile rankings are based on a fund's total return compared to its Morningstar Category of exchange-traded and open-end mutual funds. The highest percentile rank is 1 and the lowest percentile rank is 100. The fund's rankings may have been lower were it not for fee waivers in effect during the ranking periods. Rankings are relative to a peer group and do not necessarily mean the fund had high or positive total returns. Morningstar updates its fund rankings daily. **Past performance does not guarantee future results.**

Investing involves risk. Principal loss is possible. The Fund focuses its investments in securities of companies that are categorized in the "life sciences" sector, including companies in the pharmaceutical, biotechnology, health care services, and medical device industries. Because of this, companies in the Fund's portfolio may share common characteristics and may be more sensitive to changes in government funding or subsidies, new or anticipated legislative changes, or technological advances.

To the extent the Fund focuses on the health care sector, the Fund may be more susceptible to the particular risks that may affect companies in the health care sector than if it were invested in a wider variety of companies in unrelated sectors. Cyber security risk is the risk of an unauthorized breach and access to Fund assets, Fund or customer data (including private shareholder information), or proprietary information, or the risk of an incident occurring that causes the Fund, the investment adviser, custodian, transfer agent, distributor and other service providers and financial intermediaries to suffer data breaches, data corruption or lose operational functionality or prevent Fund investors from purchasing, redeeming or exchanging shares or receiving distributions.

Investments in securities of micro- and small-capitalization companies may be more vulnerable to adverse issuer, market, political, or economic developments than securities of larger-capitalization companies. The Fund invests in the securities of foreign companies. Investing in securities of foreign companies involves risks generally not associated with investments in the securities of U.S. companies, including the risks associated with fluctuations in foreign currency exchange rates, less stringent investor protections, unreliable and untimely information about issuers, and political and economic instability.

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. 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.

An investor should consider the investment objectives, risks, and charges and expenses of the fund carefully before investing. A prospectus, which contains this and other information about the fund, may be obtained by calling 1-800-617-0004/visiting www.emeraldetfs.com. The prospectus should be read carefully before investing.

The F/m Emerald Life Sciences Innovation ETF is distributed by Quasar Distributors, LLC.