

# F/m Emerald Life Sciences Innovation ETF

## Fund Facts as of 09/30/2025

Ticker	LFSC
Exchange	NASDAQ
CUSIP	74933W221
Inception Date	10/30/2024
Gross Expense Ratio *	0.79%
Net Assets	\$69.46 M
# of Holdings	33

## 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, 2025)

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 26 years, and averages 28 years of industry experience. We thank you for your investment in LFSC and welcome your feedback at [info@teamemerald.com](mailto:info@teamemerald.com).

## Market Environment

After a challenging first half of 2025, fading policy uncertainty, falling interest rates, and accelerating Mergers and Acquisitions activity are driving a renewed sense of optimism across the healthcare sector. The Russell 3000 Healthcare Index gained +5.1% in the third quarter, led by the Biotechnology industry which rallied +21.7%.

## Performance Review

The F/m Emerald Life Sciences Innovation ETF (LFSC) posted a total return at NAV of +21.4% for the third quarter of 2025, significantly outpacing the Russell 3000 Healthcare Sector's +5.1% gain. Stock selection was the largest contributor to performance, driven by holdings within the biotechnology, pharmaceutical, healthcare services and medical equipment industries. Emerald's portfolio holdings benefitted from clinical advancement, commercialization success, and merger & acquisition activity within the biotechnology and pharmaceutical industries. The portfolio also benefitted from a combination of innovation, market share gains and higher levels of healthcare utilization within the medical equipment and healthcare services industries. The biotechnology industry was the portfolio's most meaningful contributor to return. The portfolio's concentration (53.7% of the portfolio on average for the period), sizeable overweight to the biotechnology industry (+4482 basis points on average for the period) relative to the benchmark and strong stock selection collectively contributed to the outperformance.

At the holdings level the top contributors to return included Traverre Therapeutics, Inc. and Korro Bio, Inc.

- Traverre Therapeutics, Inc. - Traverre sells Filspari for treatment of kidney disease IgA Nephropathy and is awaiting FDA approval for Filspari for treatment of a different kidney disease called Focal Segmental Glomerulosclerosis (FSGS). Shares of the company recovered during the quarter in response to the FDA's cancellation of the advisory committee that was scheduled to discuss the approval of Filspari for the treatment of FSGS. We believe the cancellation raises the probability that Filspari will be approved, as it indicates that there are no outstanding questions on which FDA needs external input. The FDA action date is scheduled for early January.
- Korro Bio, Inc. - Korro is a biotechnology company utilizing RNA editing to treat a disease called AAT Deficiency (AATD) which is characterized by the misfolding of proteins that lead to liver and lung related manifestations of disease. Korro is developing an RNA editor to correct the misfolding and fix both the liver and the lung manifestations of the disease. Shares of the company surged >200% during the quarter, reflecting the prospect for meaningful proof-of-concept data in humans during the fourth quarter.

Conversely, the portfolio's two largest detractors to return included Soleno Therapeutics, Inc. and TransMedics Group, Inc.

- Soleno Therapeutics, Inc. – Soleno received approval for Vykat XR for treatment of a rare disease called Prader Willi Syndrome (PWS). People with PWS have an insatiable urge to eat food and non-food items. This is a serious psychiatric condition and patients with PWS have a median survival of about 40 years. Vykat XR became available in March 2025 and was met with strong patient demand from this underserved population. Safety concerns arose post-launch pressuring the shares. The most severe of these issues was the death of 17-year-old patient from a pulmonary embolism while taking Vykat XR. Ultimately, it was determined by the company and physician who treated the patient that the death was unrelated to Vykat XR. We note that a single-digit percentage of patients who die with PWS, die from pulmonary embolism. Emerald continues to believe that Vykat XR is the best available treatment for PWS and continues to estimate that peak sales will exceed \$1 billion.
- TransMedics Group, Inc. – TransMedics is the leader in organ transplant services. After reporting strong second quarter financial results, the shares languished during the third quarter as transplant volumes weakened over the seasonally soft summer months. Competitive concerns also weighed on the shares, after the announcement that TransMedics' competitor OrganOx was acquired by Terumo. Despite these near-term challenges we continue to believe that TransMedics is well positioned to see a reacceleration in growth in Q4-2025 and 2026 driven by the launch of new clinical studies and international expansion efforts.

## Market Outlook

- As we look to the balance of the 2025, we believe the Healthcare sector of the Russell 3000, particularly the small-cap companies within the benchmark, are poised to demonstrate improving relative performance. The resumption of rate cuts by the Federal Reserve and growing policy clarity have removed the most significant headwinds to performance. Valuations in the sector remain attractive, and the recent acceleration in M&A activity is bringing this valuation disconnect into focus. There have been 34 biotechnology/biopharma transactions announced year-to-date through late October worth \$85.9B, with 10 transactions worth \$37.8B announced since Labor Day, according to a recent report from Morgan Stanley. Investor interest also appears to be improving as those companies that are reporting positive data are being rewarded. The financing window is open and the companies that report positive data are seeing increasing levels of institution participation in these financings. Initial public offering activity is also accelerating with several companies in areas of digital health and medical technology demonstrating strong performance in their public company debuts.
- With headwinds to the healthcare sector abating and investor interest broadening, we are increasingly optimistic that LFSC's portfolio of small and mid-cap life sciences companies remains well positioned to reward shareholders through clinical advancement, commercialization success, merger and acquisition activity, and market share gains. As of quarter-end, holdings within the biotechnology industry represented approximately 55.11% of the portfolio, with medical equipment (21.96%), pharmaceuticals (16.32%), health care services (4.04%) and medical supplies (1.58%), comprising the balance of the exposure.

## Quarter-End Performance

as of 09/30/2025

	YTD	1 Month	3 Months	6 Months	1 Year	Since Inception
NAV	27.11%	6.64%	20.99%	32.50%	-.-%	18.89%
MKT	27.12%	6.69%	20.78%	32.44%	-.-%	18.94%

*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](http://www.emeraldetfs.com).*

## Top 10 Holdings

as of 09/30/2025

Company	Ticker	Weightings
Travere Therapeutics Inc.	TVTX	6.74%
LivaNova PLC	LIVN	5.87%
Soleno Therapeutics Inc.	SLNO	5.42%
TransMedics Group Inc.	TMDX	4.98%
Cogent Biosciences Inc.	COGT	4.55%
Nektar Therapeutics	NKTR	4.35%
Guardant Health Inc.	GH	4.24%
Madrigal Pharmaceuticals Inc.	MDGL	4.17%
RadNet Inc.	RDNT	4.04%
Korro Bio Inc.	KRRO	3.81%



## 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

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](http://www.emeraldetfs.com). The prospectus should be read carefully before investing.**

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