

# ➤ KNKS by UPHOLDINGS

October 4<sup>th</sup>, 2022

Subject: KNKS Quarterly Update

Fellow Investors,

In the 3<sup>rd</sup> quarter of 2022, the Compound Kings ETF returned -4.53% vs. -4.88% for the S&P 500. Our letter continues after the results table below.

As of 9/30/22	3 <sup>rd</sup> Quarter 2022	Trailing 1 Year	Annualized Since Inception (3/1/19)
KNKS by NAV	-4.53%	-39.35%	9.81%
KNKS by Market Price	-4.64%	-39.31%	-21.78%*
S&P 500 Index*	-4.88%	-15.47%	8.93%

Net expense ratio for the fund is 0.60%. Total Annual Fund Operating Expenses through 1/31/22 were 0.97%, but the fund enacted a fee waiver for acquired fund fees of 0.37%. This fee waiver remains in place through 1/31/24. **This data represents past performance, which does not guarantee future results. The investment return and principal value of an investment in the Fund 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. To obtain performance through the most recent month, email [invest@upholdings.com](mailto:invest@upholdings.com) or 650-669-9595.**

Prior to the commencement of the Fund's operations on December 30, 2020, the Fund operated as the Predecessor Fund, a private fund with the same fee schedule and an inception date of March 1, 2019. The Fund's objectives, policies, guidelines, and restrictions are, in all material respects, equivalent to those of the Predecessor Fund, which was created for reasons unrelated to the establishment of a performance record. As part of the Predecessor Fund reorganization into the Fund, the Fund assumed the NAV and performance history of the Predecessor Fund. The Predecessor Fund was not registered under the Investment Company Act of 1940 (the "1940 Act") and did not have a Market Price.

Returns are average annualized total returns, except those for periods of less than one year, which are cumulative. \*Market Price returns began on December 30, 2020, the first day the Fund had a Market Price. The Predecessor Fund was the sole account managed by Upholdings prior to the reorganization. The S&P 500 Index is an unmanaged index of 500 stocks, which is representative of the U.S. stock market in general. It is not possible to invest directly in an index.

Share prices are based on closing market prices. Shares are bought and sold at market price, not net asset value (NAV). Market price returns are based upon the closing composite market price and do not represent the returns you would receive if you traded shares at other times. NAV: the dollar value of a single share, based on the value of the underlying assets of the fund minus its liabilities, divided by the number of shares outstanding. Calculated at the end of each business day.

### Investment Results

The uncertain path of interest rates has been the primary driver of recent market volatility. We have implemented additional risk procedures to help manage our holdings even more tightly to our estimates of intrinsic value.

### WTF Interest Rates

Today, you can purchase a US Treasury bond, and lock in a 4.2% yield for the next 5 years. The highest since 2007. Investors have been selling their stocks to instead earn a guaranteed return from the US government. But there's one small problem: that still might not be enough to beat out inflation.

My background is investing in internet businesses, which for more than 15 years have been some of the best performing stocks. This group of companies is now having its worst year on record. These businesses have been punished for the apparent breakdown in their business models: slowing growth and higher costs. But investing in sound business models always works out, and deciphering which businesses have growth rates that are momentarily slowing, versus those with irreparable economics is exactly what we are built to do.

The pandemic had a lot of consequences – one of which was to accelerate the digitization of corporate processes to support distributed workforces. ServiceNow is the market-leading provider of digital workflows with a recurring revenue business model that's primarily grown through expansion with their existing customers. While their growth may slow in a slowing economy, their long term prospects remain intact and can benefit the patient investor.

The investing business is changing, and we're changing with it. Limitless access to data has made systematic risk management a requirement to run a successful fund. Beyond our traditional selection of high quality companies, our portfolio is now also more tightly constrained by quantitative measures that systematically track price targets and multiples.

### Positions Update

Our biggest purchases in the quarter were Microsoft, Autodesk, and FICO. Our biggest reductions were Amazon, Netflix, and Roblox.

### Social Impact

This quarter, we supported the Global Fund for Widows. Persistent inflation impacts everyone, but some groups suffer even more than others.

Thanks, Robert.

## Additional Disclosures

Top 10 Fund Holdings as of 9/30/22:

9.07% Meta Platforms	4.71% Dropbox
8.92% ServiceNow	4.44% Visa
8.31% Adyen	4.43% Etsy
8.23% Alphabet	4.36% Mastercard
5.74% Datadog	4.31% Adobe

## **KNGS** by UPHOLDINGS

**An investor should consider the fund's investment objectives, risks, charges, and expenses carefully before investing. This and other important information about the fund can be found in the fund's Prospectus or Summary Prospectus. To obtain a copy of the Prospectus visit [www.kngsetf.com](http://www.kngsetf.com). Read the Prospectus carefully before investing.**

*Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.*

*IMPORTANT RISKS: There is no assurance that the Fund will achieve its investment objective. An investment in the Fund involves risk, including those described here. 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. Management Risk. The Fund is actively-managed and may not meet its investment objectives based on the Adviser's or Upholding's success or failure in implementing the Fund's investment strategy. 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. Foreign Investment Risk: The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater in emerging markets.*

*Cash and Cash Equivalents Risk. Holding cash or cash equivalents rather than securities or other instruments in which the Fund primarily invests may cause the Fund to experience potentially lower returns than the Fund's benchmark or other funds that remain fully invested. Illiquid Securities Risk. The portfolio managers may not be able to sell illiquid securities at the price it would like or may have to sell them at a loss. Securities of non-U.S. issuers in particular, are subject to greater liquidity risk. ETF Risk. Shares of any ETF are bought and sold at market price and may trade at a discount or premium to NAV. Shares are not individually redeemed from the Fund, and brokerage commissions will reduce returns.*

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