Semi-Annual Report | February 28, 2025

Short Term Bond Fund
(Symbol: STBF)

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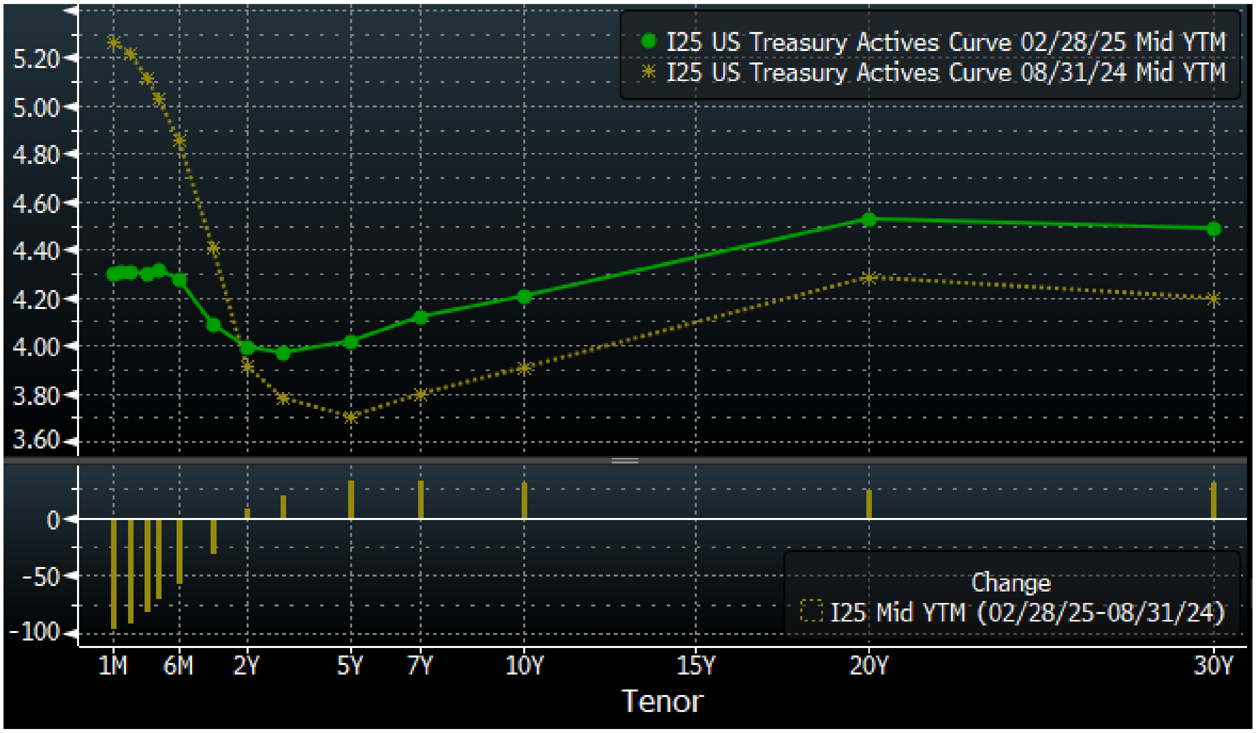
Performance Trust Short Term Bond Fund ETF (STBF) Semi-Annual Management's Discussion of Fund Performance: 9/1/2024 – 2/28/2025 (unaudited)

For the six-month period ended February 28, 2025, the Short Term Bond ETF ("STBF" or the "ETF") posted a holding period return of 3.16%. Over the same period The Bloomberg U.S. Aggregate 1-3 Year Index ("Index") returned 1.99% and the Morningstar US Short Term Bond Category ("Category") returned 2.25 %.

Interest rates continued to rally to start the period as the market anticipated the Fed's first rate cut since 2020. However, while the Fed delivered in it's September meeting by cutting the Federal Funds Target Rate by 50 basis points (bps) (0.50%), forward guidance suggested a slower path to lower rates than the market anticipated. Interest rates moved higher on this updated guidance and remained under pressure for most of the period as economic data signaled a strengthening economy. Interest rates only began to recover late in the period when economic data began to weaken and uncertainty surrounding tariffs and potential trade wars rose.

In total, the Fed cut rates 100 bps (1.00%) during the period, leading to significantly lower rates in maturities inside of 2 years. Rates further out the curve, specifically maturities 5-to-30 years, were higher by roughly 24 to 32 bps (0.24% to 0.32%). As a result of this "twist" in the treasury curve, the 10-year Treasury now yields more than the 2-year Treasury (a common reference point when quoting an inverted yield curve) for the first time since the middle of 2022. The chart below shows the yield curve at the beginning and end of the semi-annual period.

U.S. Treasury Yield Curve



Risk markets rallied for most of the period with investment grade (LUACOAS Index) and high yield (LF98OAS Index) corporate credit spreads reaching the tightest levels seen since the Great Financial Crisis. Spreads did widen to end the period but remain near all-time tights with Investment Grade (IG) and High Yield (HY) corporate credit spreads tighter by 6 and 25 (bps) (0.06% and 0.25%) respectively during the period.

The ETF's outperformance relative to the Index can be attributed to nearly all the sectors within the ETF as the additional carry and tighter credit spreads led to total returns beyond what short term Treasuries delivered (the Index's main allocation). The ETF has a larger allocation to securitized products, with sectors like Asset Backed Securities (ABS), Collateralized Loan Obligations (CLOs), and Commercial Mortgage-Backed Securities (CMBS) all performing well. In addition, the ETF's CMBS exposure saw meaningful spread tightening beyond what corporate credit spreads experienced, leading to greater price appreciation.

The table below shoes a general breakdown of the ETF's portfolio at the beginning and end of the semi-annual period.

STBF's Sector Allocation	8/31/2024	2/28/2025
Cash	0.3%	0.1%
Asset Backed Securities	21.3%	16.8%
Non-Agency RMBS	2.2%	1.6%
CLOs	24.7%	23.8%
Agency CMBS	7.4%	10.0%
Non-Agency CMBS	18.7%	24.9%
HY Corporates	2.2%	5.5%
U.S. Treasuries	15.7%	8.5%
IG Corporates	5.6%	7.0%
Taxable Municipals	1.9%	1.7%
Tax-Exempt Municipals	0.0%	0.0%

The ETF increased allocations to CMBS and HY Corporates while reducing allocations to ABS and U.S. Treasuries. The reduction in U.S. Treasuries were specifically our shortest positions, Treasury Bills (T-bills). These changes were done in response to the changing yield curve. At the start of the period, the 1-year Treasury yielded 67 basis points (0.67%) over the 5-year Treasury. Fast forward to today, that difference has all but evaporated with the 1-year Treasury only 6 basis points higher than the 5-year Treasury. At the same time, there's some positive slope at the 5-year part of the curve further enhancing total return potential. As a result, the ETF has, on the margin, focused on adding in this 3-to-5-year part of the yield curve through a combination of mostly high-quality AAA CMBS and short HY Corporates.

Looking Forward

The ETF looks to utilize our proprietary Shape Management methodology to create a short-term portfolio that combines the best defensive credit and offensive interest rate opportunities at a time when short-term yields are still very attractive. However, most short duration products, both ETFs and mutual funds, leave much to be desired in terms of sector allocation. We believe the ETF brings a proven, differentiated approach to active investment management in an ETF wrapper, presenting a very exciting opportunity for investors.

While the yield curve is less inverted today than it has been over the last two years, there are still plenty of opportunities at the front end of the yield curve, especially within securitized products. The ETF will likely continue to barbell while also adding some exposure in the 3-to-5-year part of the yield curve. As we look forward, the focus will be on leveraging Shape Management to highlight opportunities under an interest rate agnostic lens while maintaining a high quality and diversified portfolio.

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