



## LETTER TO SHAREHOLDERS OF THE AFFINITY WORLD LEADERS (WLDR)

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May 2020

Dear Shareholders:

The Affinity World Leaders Equity ETF (ticker: WLDR) returned -16.77% over the six-month period from October 31, 2019 through April 30, 2020. Stocks in the Materials sector contributed positively to Fund performance, while the fund's holdings in sectors such as Technology, Consumer Discretionary, and Industrials detracted from performance. Equity securities in countries such as Germany and Australia contributed most to performance, while those in the United States and France detracted.

The six-month period referenced above was marked by drastic changes in the direction of the global equity markets, increased volatility, and rampant uncertainty. The period began with very strong economic metrics accompanied by a robust stock market that spilled into the beginning of 2020. Suddenly, it was learned that a dangerous, highly contagious virus spread to its first human carrier in the Wuhan Province of China. The first patient in the U.S. contracted the Covid-19 virus in January of 2020. The ensuing policies to lockdown the vast majority of businesses as well as public establishments in order to contain the virus pushed the global economy into a recession. Equity markets plummeted causing bear markets around the world, prices on U.S. Treasuries rose rapidly, and promises were made by sovereign governments to provide any stimulus necessary to avoid a global depression.

At the market close on October 31, 2019, the S&P 500 Index price closed at 3,037 and the MSCI World Index price stood at 2,233. Remarkably, on April 30, 2020 these same two indices posted index prices of 2,912 and 2,052, respectively. This is remarkable because there is no clear treatment or vaccine for the virus, many highly populated States and cities have yet to open, unemployment numbers have risen to unprecedented levels, and most publicly traded companies are having difficulty providing any reasonable revenue and earnings guidance. The markets have truly "climbed a wall of worry."

While it is nearly impossible to predict the duration of this pandemic and the impact on global economies, it does seem likely to us that the equity markets have already established their low point. That is not to say that further declines are not possible, nor that volatility will not remain elevated; however, businesses will reopen, the job market will return, and global fiscal and monetary stimulus will continue to help reignite economic growth. It is hard to bet against the ingenuity and determination of the developed markets, and we will not attempt to do so.

On behalf of the entire staff at Affinity we are indebted to our shareholders and thank you for your support. We look forward to communicating with you again soon.

A handwritten signature in cursive script that reads "Gregory R. Lai".

Gregory R. Lai, CFA  
CEO & Founder