

**Fund Objective**

The Rainwater Equity ETF seeks to provide investors with greater stability and better growth by investing in a focused portfolio of recurring revenue businesses built by extraordinary leaders. We believe companies that generate sales through repeat purchases, subscriptions and long-term contracts encounter fewer surprises and allow for greater reinvestment, which can lead to better growth over the long term.

**Fund Commentary**

This marks the ninth annual letter that we have shared and the first annual letter we have shared since the launch of the Rainwater Equity ETF. It is a privilege and honor to manage Rainwater on your behalf.

**Recurring Revenue Businesses – The Untold Advantage**

Before we get into the details of the fund’s holdings and performance allow me a moment to discuss our investment philosophy. Our fundamental belief is that most businesses cannot be predicted (even by top management) and because stock prices follow business performance most stocks cannot be predicted. A recent example is Nvidia. In 2022 Nvidia shares declined by 50% and over the course of the decline management sold over \$3 billion of NVDA shares. One year later Nvidia shares went up ten fold. Perhaps the smartest management team in the world could not foresee that its business and stock price would be manyfold higher in just a year’s time.

We therefore seek to invest in what we believe is one of the most durable business models, those that operate recurring revenue businesses. These models sell products that are so important to the customer that the customer commits, generally in advance, to purchase more of the product over time. This can manifest itself in a multiple year maintenance subscription for a mission critical software package, an extended commitment to purchase a sole sourced part for an airplane, a perpetual listing fee on a national stock exchange and a multi-year commitment by a city to a single waste management company.

**Why We Buy Recurring Revenue Businesses:**



*The Adviser’s views and investment philosophy are based on current market conditions, assumptions, and judgment and are subject to change without notice. While the Adviser believes that recurring revenue business models may offer certain characteristics such as revenue visibility and durability, there can be no assurance that these characteristics will persist, that such businesses will experience fewer disruptions, or that the Fund’s investment strategy will achieve its stated objectives. Investments in recurring revenue businesses may underperform the broader market or experience periods of significant volatility and loss.*

Investing in recurring revenue businesses offers, in our view, significant advantages. First, it is far easier for the operators of these businesses to make prudent investments in people and machinery and create an efficient capital structure when they have high confidence their revenue forecast. In our view this reduces the risk that management makes serious planning mistakes which result in shortfalls. Recurring revenue gives management the confidence it needs to wisely invest in growth projects and acquisitions which can yield better growth and value creation over time.

Secondly, we believe that recurring businesses are easier to accurately evaluate and value. They generally sell a critical, non-discretionary product to customers, can often have significant regulatory barriers to entry and therefore hold high market share positions, and have customers tied to longer-term contracts that make it more likely that we will be able to forecast where the company's earnings and free cash flow will be over the long run. "Ultimately, our ability to accurately price these recurring businesses allows us to construct a portfolio with a margin of safety and growth potential that we believe offers more attractive risk adjusted returns than the broader market."

### **Investing With Great Leaders – Are You a Fanatic?**

Recurring revenue models provide predictability, but it is management that determines whether that predictability translates into durable compounding. In evaluating management teams, we focus on a single, defining question – the same question Warren Buffett described asking executives he evaluated in his 2003 speech at the University of Omaha:

#### **“Are You A Fanatic?”**

In our experience fanatics like the Mendelson Family (Heico), Dave Cote (CompoSecure) and Hock Tan (Broadcom) care more, work harder and generate better results than “hired guns”. To a fanatic the business is a part of them, perhaps even an appendage. In addition to an appraisal of the executive's personality we seek to ensure that their incentives are tied to creating value for shareholders. Our core belief is that the growth of recurring free cash flow, on a per share basis, is what physically drives stock prices higher over the longer term. We therefore seek to invest with management teams that have compensation plans and capital allocation philosophies that are tied to the growth of cash flow over time.

### **Update on Recent Performance**

Since the fund's launch on June 18, 2025, through December 31, 2025, the Rainwater Equity ETF has generated a total net return of 0.08% vs. a 15.15% return for the S&P 500 Index. The gap in performance was largely driven by a narrow, AI-focused rally and a specific leadership transition at one of our businesses. While we are not pleased with this outcome, we are heartened by the strong operational performance of our portfolio companies. It is worth noting that while managing my previous fund over the last decade, we experienced similar periods of short-term underperformance while ultimately delivering strong results over the long term. We are confident that strong business performance will translate into the growth in equity value of our portfolio over time.

The top three negative contributors to performance over this period were Constellation Software, Loar Holdings, and Lumine Group. Constellation Software and Lumine Group (a Constellation spin-off) were negatively impacted by the resignation of founder and CEO Mark Leonard due to a serious illness, as well as a growing market concern that software businesses will be negatively impacted by AI.

*References to specific executives or companies are provided for illustrative purposes only and do not constitute an endorsement, guarantee of future performance, or an indication that any investment will continue to be held by the Fund. Performance quoted represents past performance and does not guarantee future results. Investment return and principal value will fluctuate so shares may be worth more or less when redeemed or sold. Current performance may be lower or higher than that quoted.*

We significantly reduced our investment in the business prior to and after Mark's resignation in September. Management change and certainly abrupt management change is cause for careful reevaluation. We continue to study the company, the team and the evolving opportunity that AI may present the business closely. Loar Holdings was negatively impacted by uncertainty surrounding the closing of an announced acquisition. With the transaction closing just before year-end, we remain optimistic about the company's prospects for 2026 and beyond.

The top three positive contributors to performance were General Aerospace, Amphenol, and Tel Aviv Stock Exchange. General Aerospace shares benefited from very strong commercial aerospace engine service growth, which translated into strong free cash flow and demonstrated that the aerospace cycle is indeed alive and well. Amphenol shares benefited from record demand from the data center end market and the announcement of an attractive acquisition. Tel Aviv Stock Exchange benefited from increased trading activity in equities, growth in initial public offerings, price increases, and very tight cost controls to deliver record results.

We appreciate the trust you place in us and look forward to building long-term partnerships as stewards of your capital. If you have questions about the fund or would like additional details on our investment approach, we would be happy to speak with you.

Warm regards,

**Joseph R. Shaposhnik**

Portfolio Manager

Rainwater Equity ETF

*Certain statements contained in this letter reflect the Adviser's current expectations or beliefs and may be considered forward-looking statements. Forward-looking statements are subject to risks, uncertainties, and assumptions, including changes in market conditions, economic developments, regulatory actions, and company-specific factors, many of which are beyond the Adviser's control. Actual results may differ materially from those expressed or implied, and there can be no assurance that any outlook or expectation will be realized.*

**Joseph R. Shaposhnik****Portfolio Manager, Rainwater Equity ETF****Founder, Rainwater Equity, LLC**

Mr. Shaposhnik is portfolio manager of the Rainwater Equity ETF and the Founder of Rainwater Equity, LLC. Before establishing the firm, he founded TCW's New America business unit in 2015, where he led and served as portfolio manager of a suite of investment strategies, including the TCW New America Premier Equities Fund/Compounders ETF (GRW), Global Premier Sustainable Equities UCITS, and Global Space Technology Equities portfolios. Before joining TCW in 2011, he was an Equity Research Associate at Fidelity Management and Research Company, where he covered the semiconductor and entertainment software sectors for the firm's U.S. domestic equity funds. Mr. Shaposhnik holds a BS in Business Administration from the Haas School of Business at the University of California, Berkeley, and an MBA from the UCLA Anderson School of Management.

Rainwater Equity is an independent investment management firm established by Joseph Shaposhnik in Los Angeles. The firm seeks to achieve long term capital appreciation by owning recurring revenue growth businesses built by strong leaders and held for the long term. Its flagship fund, the Rainwater Equity ETF (NYSE: RW), provides financial advisors and investors with a tax-efficient vehicle to invest in a focused portfolio of recurring revenue businesses which can help grow wealth with greater stability and transparency.

**Top 10 Securities**

<b>Company</b>	<b>Sector</b>	<b>Portfolio (%)</b>
GE Aerospace Co.	Industrials	8.2
HEICO Corp.	Industrials	6.8
CompoSecure Inc.	Industrials	6.6
Jack Henry & Associates Inc.	Technology	5.0
TransDigm Group Inc.	Industrials	4.4
Microsoft Corp.	Technology	4.0
Tel Aviv Stock Exchange Ltd.	Financials	3.9
Fair Isaac Corp.	Technology	3.9
Thermo Fisher Scientific Inc.	Healthcare	3.6
Alphabet Inc.	Communication Services	3.5

**Sector Breakdown**

<b>Sector</b>	<b>Portfolio (%)</b>	<b>Benchmark (%)</b>
Industrials	33.3	8.3
Technology	26.9	34.1
Financial Services	13.6	9.5
Health Care	9.4	13.6
Communication Services	3.6	10.5
Materials	1.4	1.9
Consumer Discretionary	0.0	10.4
Consumer Staples	0.0	4.7
Energy	0.0	2.9
Utilities	0.0	2.2
Real Estate	0.0	1.8

*Fund holdings and allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security.*

**Disclaimer**

*Investors should consider the investment objectives, risks, charges, and expenses carefully before investing. [Click here](#) for a Prospectus with this and other information about the Fund. Read the [Prospectus](#) or [Summary Prospectus](#) carefully before investing.*

***Investing involves risk. Principal loss is possible.***

Recurring Revenue Businesses generally secure their revenues from contracts, subscriptions, or repeat purchases.

**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. The values of equity securities could decline generally or could underperform other investments.

**Management Risk.** The Fund is actively managed and may not meet its investment objective based on the Adviser's, Sub-Adviser's, or portfolio manager's success or failure to implement investment strategies for the Fund. The success of the Fund's investment program depends largely on the investment techniques and risk analyses applied by the Adviser, Sub-Adviser, and the portfolio manager and the skill of the Adviser, Sub-Adviser, and/or portfolio manager in evaluating, selecting, and monitoring the Fund's assets.

**Risk of Investing in Other ETFs.** Because the Fund may invest in other ETFs, the Fund's investment performance is impacted by the investment performance of the selected underlying ETFs. An investment in the Fund is subject to the risks associated with the ETFs that then currently comprise the Fund's portfolio.

**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, which may result in greater fluctuation in the value of the Shares and greater risk of loss.

**New Fund Risk.** The Fund is a recently organized investment company with no operating history. As a result, prospective investors have no track record or history on which to base their investment decision.

**Preferred Stock Risk.** Preferred stock is subject to issuer-specific and overall market risks that are generally applicable to equity securities as a whole; however, there are special risks associated with investing in preferred stock. Preferred stock may be less liquid than many other types of securities, such as common stock, and generally provides no voting rights with respect to the issuer.

The Fund is distributed by PINE Distributors LLC. The Fund's investment adviser is Empowered Funds, LLC, which is doing business as ETF Architect. Rainwater Equity, LLC serve as the Sub-advisers to the Fund. PINE Distributors LLC is not affiliated with ETF Architect and Rainwater Equity, LLC. Learn more about PINE Distributors LLC at FINRA's BrokerCheck.