

**Clough Select Equity ETF (Ticker: CBSE)****Clough Hedged Equity ETF (Ticker: CBLS)**

## **Clough ETFs Performance Review & Market Outlook**

The second quarter of 2025 witnessed a strong rebound in capital markets following a sharp decline in the first quarter. The S&P 500 Index surged 10.9%, its best quarterly gain since Q3 2023<sup>1</sup>, driven by resumed optimism following the White House's pause in tariff actions and progress in trade talks. Growth and technology stocks led the recovery, with the tech-heavy Nasdaq-100 Index rising 17.9%, while defensive sectors lagged<sup>1</sup>.

Bond yields remained volatile but ended the quarter near prior levels, with the 10-year Treasury yield at 4.23%<sup>1</sup>. Gold prices rose by around 6%<sup>1</sup>, reflecting ongoing uncertainty.

Despite risks from geopolitical tensions and concerns about inflation, markets closed the second quarter on a positive note, supported by improving investor sentiment and expectations for continued economic growth.

Looking ahead, concerns regarding a potential collapse of the U.S. dollar and the sustainability of government debt we think are likely overstated, as a U.S. Treasury default is highly unlikely given its ability to issue debt in its currency. We think the principal risk is not default but rather an inflationary event caused by the supply of new securities. We believe that the long-term trend of

declining inflation and interest rates will ultimately continue.

Despite the expansion of public debt, the total supply of U.S. dollar liabilities is only expected to grow slowly, if at all. This is because private sector debt, which is much larger than public debt, is declining relative to the economy as the baby boomer generation saves more and borrows less. This demographic shift has created a surplus of savings, while the Federal Reserve (the "Fed") has concurrently tightened monetary policy by reducing its balance sheet over the last 18 months.

This economic backdrop helps to explain the resilience of the stock market despite high interest rates. Also, it clarifies why any sign of economic weakness could trigger a rally in the bond market.

We remain bullish on equities and believe that short-term rates will decline, as the financial sector will struggle to deploy the immense pool of savings currently available. The economy appears to be generating liquidity, becoming less dependent on the Fed, while the U.S. dollar remains stable within its historical trading range. While dynamic, this has been a suitable environment for experienced active managers, and we think that the trend will continue.

<sup>1</sup>Source: Bloomberg as of 6/30/2025



## The Clough Select Equity ETF

finished the second quarter up +22.72% on a net asset value ("NAV") basis\*, placing CBSE's performance ~11% ahead of the Morningstar Global Small/Mid Stock Category Average return of +12.11% over the same period\*\*.

For the one-year trailing period, CBSE was up +21.24% on a NAV basis. This annual performance exceeded the Morningstar Category by ~10% and exceeded its World All-Cap Index benchmark by ~6%.

During the quarter, sector strength was concentrated in technology, communications, materials, and utilities. International exposure has also played a more prominent positive role in exposure and attribution over the last several quarters.

The long-only, actively managed CBSE has consistently demonstrated significant outperformance on both an absolute and relative basis since its inception, resulting in top percentile performance on a three-year basis, top decile performance since inception, and a 5-star Morningstar Rating™. CBSE may be a suitable option for an actively managed/core equity allocation in your model portfolios.



\*Clough Select Equity ETF inception: 11/13/20. Performance represents past performance and does not guarantee future results. Investment returns and the 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. Current performance as of the most recent month end is available by calling 855-393-0559. NAV returns are based on the ETF's net asset value, which represents the market value of the ETF's underlying investments minus liabilities divided by the ETF's outstanding shares.

\*\*Morningstar Category Averages are designed to represent the average return of funds within their category over time. Morningstar Category Averages are equal-weighted category returns. The calculation is simply the average of the returns for all the funds in a given category. The standard average calculation is based on constituents of the category at the end of the period.

## Top three contributors in Q2 2025

*Oklo Inc. (OKLO)* is a nuclear energy technology company specializing in advanced fission reactors. Oklo's stock performed well in Q2 2025 for CBSE following optimism around clean energy initiatives and strong investor interest in next-generation nuclear solutions. Momentum was further fueled by new government incentives for alternative energy projects and a series of strategic partnerships that bolstered confidence in Oklo's long-term growth potential.

*Magnite Inc. (MGNI)* operates as an independent sell-side advertising platform, enabling publishers to monetize premium digital ad inventory, particularly in Connected TV & video ("CTV"). The company has outperformed thanks to robust growth in CTV programmatic advertising, new partnerships, and improved profitability metrics, which have boosted investor sentiment.

*Ouster Inc. (OUST)* manufactures high-performance lidar sensors for use in automotive, industrial, robotics, and infrastructure applications. Its stock has outperformed the market due to surging demand for digital lidar across multiple sectors, rapid revenue growth, and strong analyst sentiment driven by partnerships and innovation momentum.

## Top three detractors in Q2 2025

*New Fortress Energy Inc. (NFE)* develops and operates liquefied natural gas (LNG) infrastructure and power projects, primarily serving global markets. Its stock has underperformed due to mounting debt, project delays resulting in missed cash flow targets, and governance issues, including late SEC filings and looming credit downgrades.

*BYD Co. Ltd. (BYDDY)* is a Chinese conglomerate best known as a global leader in electric vehicle and battery manufacturing. The stock has lagged recently as aggressive price cuts to battle heightened competition have pressured margins. At the same time, production slowdowns and delayed expansion plans reflect softer-than-expected demand and rising inventory levels.

*Federal Home Loan Mortgage Corp (FMCC)*, known as Freddie Mac, is a government-sponsored enterprise supporting the U.S. mortgage market by purchasing and securitizing residential loans. Shares have underperformed amid ongoing conservatorship uncertainty, regulatory overhang and a challenging housing finance environment, which has dampened investor interest.



## The Clough Hedged Equity ETF

finished the second quarter up +9.76% on a NAV basis\*, which underperformed the strategy's World All-Cap Index benchmark, which was up +12.12% for the same period and outpaced its secondary benchmark (World All-Cap/UST 0-1 Yr 50/50 Index), which returned +6.44% for the same period. The ETF outperformed its Morningstar Equity Hedged Category by 3.04% during the quarter\*\*.

For the trailing one year, CBLS was up +12.95% on a NAV basis, exceeding the Morningstar Category by 3.82%, and behind its World All-Cap Index benchmark by 1.92% and behind the S&P 500 Index by 2.19%. CBLS delivered 86% of the S&P 500 Index returns over the year, despite an average net exposure of ~60%.

During the second quarter, sector performance was supported by strength in technology, communications, materials, and industrials. CBLS also continued to exhibit exposure to international businesses, which were positive contributors to its aggregate performance.

CBLS is a liquid alternative strategy that may be suitable in the "alternative" or "long/short equity" allocations within your model portfolios. CBLS now has a 4-star Morningstar Rating™ in addition to top quintile performance on both a one-year and three-year basis.



\*Clough Hedged Equity ETF inception: 11/13/20. Performance represents past performance and does not guarantee future results. Investment returns and the 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. Current performance as of the most recent month end is available by calling 855-393-0559. NAV returns are based on the ETF's net asset value, which represents the market value of the ETF's underlying investments minus liabilities divided by the ETF's outstanding shares.

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## Top three contributors in Q2 2025

*Magnite Inc. (MGNI)* operates as an independent sell-side advertising platform, enabling publishers to monetize premium digital ad inventory, particularly in CTV. The company has outperformed thanks to robust growth in CTV programmatic advertising, new partnerships, and improved profitability metrics, which have boosted investor sentiment.

*Micron Technology Inc. (MU)* designs and produces memory and storage solutions for global computing and data markets. The stock has advanced on strong earnings beats, record artificial intelligence-driven demand for advanced memory products, and highly optimistic guidance from management for coming quarters.

*Tesla Inc. (TSLA)* designs, manufactures, and sells electric vehicles, energy storage products, and related software. In Q2, the stock outperformed due to renewed optimism surrounding growth in Tesla's energy storage and software segments, alongside an increased focus on upcoming autonomous driving advancements and a positive shift in sentiment following CEO engagement, despite ongoing margin pressures and lower vehicle deliveries.

## Top three detractors in Q2 2025

*Champion Homes Inc. (SKY)* is a leading manufacturer of factory-built housing in North America, offering a range of manufactured and modular homes. The stock has underperformed over the past year due to weaker earnings, a sharp decline in housing demand that has impacted order flow, and a drop in profitability despite an initially strong outlook.

*ConocoPhillips (COP)* is a leading independent oil and gas exploration and production company with global operations. The stock has recently trailed the sector following falling oil prices, concerns about future production growth, and greater scrutiny of fossil fuels' long-term demand outlook.

*Oklo Inc. (OKLO)* is a nuclear energy technology company specializing in advanced fission reactors. The stock underperformed in CBLS during Q2 due to concerns regarding deepening financial losses, ongoing regulatory delays for its Aurora reactor projects, and investor concern over premium valuation combined with rising macroeconomic risk aversion, which outweighed optimism that had arisen earlier in the quarter regarding the long-term potential of advanced nuclear technology.





### Average net exposures in Q2 2025+

#### Market Capitalization

Small Capitalization	17.2%
Mid Capitalization	8.6%
Large Capitalization	69.2%

#### Sector (Top 5)

Technology	20.4%
Consumer Discretionary	17.4%
Energy	13.4%
Materials	9.7%
Communications	9.0%

#### Geographic

North America	65.8%
Western Europe	13.8%
Asia	12.0%
South & Central America	3.5%

#### Top 10 Holdings as of 6/30/2025+

GRAIL Inc	3.22%
Solaris Energy Infrastructure Inc	3.19%
Reddit Inc	3.19%
Meta Platforms Inc	3.11%
Magnite Inc	3.07%
MakeMyTrip Ltd	3.06%
Cadence Design Systems Inc	3.03%
Spotify Technology SA	3.02%
Micron Technology Inc	2.98%
Chart Industries Inc	2.80%



### Average net exposures in Q2 2025+

#### Long/Short

Long	90.5%
Short	-31.0%

#### Market Capitalization

Small Capitalization	1.0%
Mid Capitalization	1.9%
Large Capitalization	56.5%

#### Sector (Top 5)

Technology	15.8%
Energy	11.1%
Materials	9.0%
Consumer Staples	6.0%
Communications	5.8%

#### Geographic

North America	34.5%
Western Europe	12.9%
Asia	8.8%
South & Central America	3.2%

#### Top 5 Long Holdings as of 6/30/2025+

Spotify Technology SA	3.23%
Magnite Inc	3.07%
Microsoft Corp	3.06%
Siemens AG	3.01%
Solaris Energy Infrastructure Inc	2.96%

#### Top 5 Short Holdings as of 6/30/2025+

KinderCare Learning Cos Inc	-1.65%
Ralph Lauren Corp	-1.56%
Toro Co	-1.55%
Appian Corp	-1.54%
Tanger Inc	-1.54%

+Holdings and allocation data are subject to change without notice and are not a recommendation to buy or sell any security. Excludes cash positions. Calculated as a % of net assets.

## Clough Select Equity ETF (CBSE) Performance Summary as of 6/30/2025

Trailing Returns	3 Month	YTD	1 Year	3 Year	Since Inception
<b>ETF Performance</b>					
Net Asset Value (NAV)	22.72%	10.98%	21.24%	22.56%	14.62%
Market Price	22.70%	10.94%	21.22%	22.65%	14.61%
<b>Index Performance</b>					
World All-Cap Index <sup>1</sup>	12.12%	10.16%	14.87%	10.79%	7.04%
<b>Peer Group Performance</b>					
Morningstar Global Small/Mid Stock Category Avg <sup>2</sup>	12.11%	7.94%	11.15%	8.83%	3.88%
Morningstar Rating <sup>TM</sup> <sup>3</sup>	-	-	-	★★★★★	-
Fund Rank Percentile <sup>4</sup>	-	-	14%	1%	6%
# of Investments in Category	-	-	170	167	156

Returns greater than one year are annualized.

**ETF Gross Expense Ratio: 0.86% as of 3/11/2025.** ETF inception: 11/13/2020.

**Performance represents past performance and does not guarantee future results. Investment returns and the 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. Current performance as of the most recent month end is available by calling 855-393-0559.**

NAV returns are based on the ETF's net asset value, which represents the market value of the ETF's underlying investments minus liabilities divided by the ETF's outstanding shares. Market price returns are based upon the midpoint of the bid/ask spread at 4:00pm Eastern Time, when the NAV is normally calculated.

<sup>1</sup>The Bloomberg World All-Cap Equal Weight TR Index ("World All-Cap Index") is an equal weighted equity benchmark that covers 99% market cap of the measured market. Performance information for each listed index is for illustrative purposes only and does not represent actual fund performance. Indexes do not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. Indexes are unmanaged and an investor cannot invest directly in an index.

<sup>2</sup>Morningstar Category Averages are designed to represent the average return of funds within their category over time. Morningstar creates a category average daily total return index series, as well as monthly, quarterly, and annual averages of return and non-return data. Morningstar Category Averages are equal-weighted category returns. The calculation is simply the average of the returns for all the funds in a given category. In Morningstar, exchange-traded funds and open-end mutual funds are considered a single population for comparative purposes.

<sup>3</sup>For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating<sup>TM</sup> based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating<sup>TM</sup> for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating<sup>TM</sup> metrics. Ratings are determined monthly and subject to change. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics. Past performance does not guarantee future results. The ETF was rated 5 stars against 167 funds in the Global Small/Mid Stock Category based on the overall and three-year risk-adjusted return ending 6/30/2025.

<sup>4</sup>The rank percentile is based on total return within the Morningstar Global Small/Mid Stock Category for the 1-year, 3-year and since inception periods as of 6/30/2025.

## Clough Hedged Equity ETF (CBLS) Performance Summary as of 6/30/2025

Trailing Returns	3 Month	YTD	1 Year	3 Year	Since Inception
<b>ETF Performance</b>					
Net Asset Value (NAV)	9.76%	9.71%	12.95%	14.11%	8.38%
Market Price	9.72%	9.44%	12.91%	14.18%	8.37%
<b>Index Performance</b>					
World All-Cap Index <sup>1</sup>	12.12%	10.16%	14.87%	10.79%	7.04%
World All-Cap / UST 0-1 Yr 50/50 Index <sup>1</sup>	6.44%	6.01%	9.60%	7.69%	5.13%
UST 0-1 Year Index <sup>1</sup>	0.93%	1.89%	4.29%	4.12%	2.67%
<b>Peer Group Performance</b>					
Morningstar Equity Hedged Category Average <sup>2</sup>	6.72%	4.56%	9.13%	11.80%	7.72%
Morningstar Rating <sup>TM 3</sup>	-	-	-	★★★★	-
Fund Rank Percentile <sup>4</sup>	-	-	13%	12%	32%
# of Investments in Category	-	-	155	137	108

Returns greater than one year are annualized.

**ETF Gross Expense Ratio: 1.90% as of 3/11/2025.** ETF inception: 11/13/2020.

**Performance represents past performance and does not guarantee future results. Investment returns and the 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. Current performance as of the most recent month end is available by calling 855-393-0559.**

NAV returns are based on the ETF's net asset value, which represents the market value of the ETF's underlying investments minus liabilities divided by the ETF's outstanding shares. Market price returns are based upon the midpoint of the bid/ask spread at 4:00pm Eastern Time, when the NAV is normally calculated.

<sup>1</sup>The Bloomberg World All-Cap Equal Weight TR Index ("World All-Cap Index") is an equal weighted equity benchmark that covers 99% market cap of the measured market. The Bloomberg World All-Cap Equal Weight/UST 0-1 Yr 50/50 Index ("World All-Cap/UST 0-1 Yr 50/50 Index") is a blend of 50% of the Bloomberg World All-Cap Equal Weight TR Index and 50% of the Bloomberg US Treasury 0-1 Year Maturity TR Index. The Bloomberg US Treasury 0-1 Year Maturity Index ("UST 0-1 Yr Index") is an index created by Bloomberg which functions as a cash proxy. Performance information for each listed index is for illustrative purposes only and does not represent actual fund performance. Indexes do not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. Indexes are unmanaged and an investor cannot invest directly in an index.

As of 12/31/2024, the primary benchmark of the ETF was updated to the World All-Cap Index from the UST 0-1 Yr Index.

<sup>2</sup>Morningstar Category Averages are designed to represent the average return of funds within their category over time. Morningstar creates a category average daily total return index series, as well as monthly, quarterly, and annual averages of return and non-return data. Morningstar Category Averages are equal-weighted category returns. The calculation is simply the average of the returns for all the funds in a given category. In Morningstar, exchange-traded funds and open-end mutual funds are considered a single population for comparative purposes.

<sup>3</sup>For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating<sup>TM</sup> based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating<sup>TM</sup> for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating<sup>TM</sup> metrics. Ratings are determined monthly and subject to change. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics. Past performance does not guarantee future results. The ETF was rated 4 stars against 137 funds in the Equity Hedged Category based on the overall and three-year risk-adjusted return ending 6/30/2025.

<sup>4</sup>The rank percentile is based on total return within the Morningstar Equity Hedged Category for the 1-yr, 3-year and since inception periods as of 6/30/2025.

Investors should consider the investment objectives, risks, charges, and expenses of Clough Select Equity ETF ("CBSE") and the Clough Hedged ETF ("CBLs") (each, an "ETF" and collectively, the "ETFs") carefully before investing. This and other information are contained in each ETF's prospectus, which may be obtained by visiting [www.cloughetfs.com](http://www.cloughetfs.com) or by calling 855-393-0559. Please read the prospectus carefully before you invest.

The ETFs are NYSE listed ETFs and may trade at a price above or below each ETF's NAV. Shares of the ETF may trade at a premium or discount to NAV and may be bought and sold throughout the day at their market price on the exchange on which they are listed. The market price may be at, above or below the ETF's NAV and will fluctuate with changes in the NAV as well as supply and demand in the market for the shares. The market price of the ETF's shares may differ significantly from its NAV during periods of market volatility. Shares of the ETF may only be redeemed directly at NAV by Authorized Participants, in very large creation units. There can be no guarantee that an active trading market for the ETF's shares will develop or be maintained, or that their listing will continue or remain unchanged. Buying or selling shares of the ETF on an exchange may require the payment of brokerage commissions and frequent trading may incur brokerage costs that detract significantly from investment returns.

Investments in securities are not insured, protected, or guaranteed and may result in loss of income and/or principal. Diversification does not eliminate the risk of market loss. A long-term investment approach cannot guarantee a profit. All financial products have an element of risk and may experience loss. Past performance is not indicative of, nor does it guarantee future results. Purchases are subject to suitability, risk tolerance and any other investment limitations.

The ETFs are distributed by Paralel Distributors LLC. Paralel Distributors LLC and Clough Capital Partners L.P. ("Clough Capital") are not affiliated.

#### **Risk Factors**

Investing involves risk. Principal loss is possible. The equity securities held in the portfolio may experience sudden, unpredictable drops in value or long periods of decline in value. This may occur because of factors that affect securities markets generally or factors affecting specific issuers, industries, or sectors in which the ETFs invests.

Short selling involves the sale of securities borrowed from a third party. The short seller profits if the borrowed security's price declines. If a shorted security increases in value, a higher price must be paid to buy the stock back to cover the short sale, resulting in a loss. The ETFs may incur expenses related to short selling, including compensation, interest or dividends, and transaction costs payable to the security lender, whether the price of the shorted security increases or decreases. The amount an ETF could lose on a short sale is theoretically unlimited. Short selling also involves counterparty risk – the risk associated with the third-party ceasing operations or failing to sell the security back.

Hedging Risk. Options used by the ETFs to reduce volatility and generate returns may not perform as intended. There can be no assurance that the ETFs' option strategy will be effective. It may expose the ETFs to losses, e.g., option premiums, to which it would not have otherwise been exposed. Further, the option strategy may not fully protect the ETFs against declines in the value of its portfolio securities.

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Although not generally stated throughout, the information in this letter is the opinion of Clough Capital, which opinion is subject to change and neither Clough Capital nor the ETFs have any obligation to inform you of any such changes. Opinions expressed herein are solely those of Clough Capital. Clough Capital is an investment adviser registered with the U.S. Securities and Exchange Commission (the "SEC"). Registration with the SEC should not be construed as an endorsement or an indicator of investment skill, acumen or experience.

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Performance information presented was obtained from Morningstar Direct. Morningstar's calculation of total return is determined by taking the change in price, reinvesting, if applicable, all income and capital gains distributions during the period, and dividing by the starting price. Unless otherwise noted, Morningstar does not adjust total returns for sales charges (such as front-end loads, deferred loads, and redemption fees), preferring to give a clearer picture of performance. Total returns do account for the expense ratio, which includes management, administrative, 12b-1 fees, and other costs that are taken out of assets. Total returns for periods longer than one year are expressed in terms of compounded average annual returns (also known as geometric total returns), affording a more meaningful picture of fund performance than nonannualized figures. The ETFs managed by Clough Capital do not charge any loads, nor do they have redemption fees. In this instance, total return would equate to net return.

The Morningstar Global Small/Mid Stock Category includes funds whose portfolios invest in a variety of international stocks that are smaller. Global-stock portfolios have a few geographical limitations. It is common for these portfolios to invest the majority of their assets in developed markets, with the remainder divided among the globe's smaller markets. These portfolios are not significantly overweight in US equity exposure relative to the Morningstar Global Market Index and maintain at least a 20% absolute US exposure. The Clough Select Equity ETF was categorized in the Morningstar Category of Global Small/Mid Stock by Morningstar.

The Morningstar Equity Hedged Category includes funds whose strategies use a variety of means to protect their equity exposure during times of market weakness. These funds may exchange equity risk for some other risk premium, such as volatility. They may also make opportunistic trades, like employing market-timing moves to exit the market altogether. These funds will typically have beta values to relevant benchmarks of less than 0.6. The Clough Hedged Equity ETF was categorized in the Morningstar Category of Equity Hedged by Morningstar. Morningstar assigns categories based on funds' average holdings statistics over the past three years. When necessary, Morningstar may change a category assignment based on recent changes to the portfolio.