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**AAF First Priority CLO Bond ETF**  
(AAA)

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**SEMI-ANNUAL REPORT**  
**January 31, 2022**  
**(Unaudited)**



# AAF First Priority CLO Bond ETF

## Table of Contents

(Unaudited)

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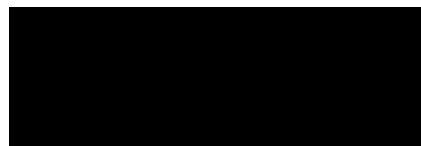
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# AAF First Priority CLO Bond ETF

## Schedule of Investments

January 31, 2022 (Unaudited)

### Sector/Asset Class Diversification\*



97.4% Collateralized Loan Obligations

\* Percentages are stated as a percent of net assets.

	Principal Amount		Value
<b>COLLATERALIZED LOAN OBLIGATIONS — 97.4%</b> <sup>(a)(b)(c)</sup>			
<b>Cayman Islands — 97.4%</b> <sup>(d)</sup>			
AGL CLO 5, Ltd.			
Series 2020-5A A1R, 1.414% (3 Month LIBOR USD + 1.160%, 1.160% Floor), 7/20/2034 .....	\$ 475,000		\$ 475,687
AIMCO CLO			
Series 2017-AA AR, 1.304% (3 Month LIBOR USD + 1.050%, 1.050% Floor), 4/20/2034 .....	350,000		348,691
AMMC CLO 18, Ltd.			
Series 2016-18A AR, 1.280% (3 Month LIBOR USD + 1.100%, 0.000% Floor), 5/27/2031 .....	248,783		248,647
Atrium XII LLC			
Series 2015-12A AR, 1.089% (3 Month LIBOR USD + 0.830%, 0.000% Floor), 4/22/2027 .....	223,497		223,435
Bain Capital Credit CLO			
Series 2018-1A A1, 1.219% (3 Month LIBOR USD + 0.960%, 0.000% Floor), 4/23/2031 .....	250,000		250,174
Battalion CLO XX, Ltd.			
Series 2021-20A A, 1.421% (3 Month LIBOR USD + 1.180%, 1.180% Floor), 7/17/2034 .....	250,000		250,620
Benefit Street Partners CLO XXIII, Ltd. ....			
Series 2021-23A A1, 1.338% (3 Month LIBOR USD + 1.080%, 1.080% Floor), 4/25/2034 .....	475,000		473,205
Burnham Park CLO, Ltd.			
Series 2016-1A AR, 1.404% (3 Month LIBOR USD + 1.150%, 1.150% Floor), 10/22/2029 .....	375,000		375,007
Cayuga Park CLO, Ltd.			
Series 2020-1A AR, 1.361% (3 Month LIBOR USD + 1.120%, 1.120% Floor), 7/17/2034 .....	375,000		374,795

	Principal Amount		Value
CBAM, Ltd.			
Series 2017-2A AR, 1.431% (3 Month LIBOR USD + 1.190%, 1.190% Floor), 7/17/2034 .....	\$ 475,000		\$ 475,142
Cedar Funding VII CLO, Ltd.			
Series 2018-7A A1, 1.254% (3 Month LIBOR USD + 1.000%, 1.000% Floor), 1/21/2031 .....	375,000		375,000
CIFC Funding, Ltd.			
Series 2014-4RA A1AR, 1.414% (3 Month LIBOR USD + 1.170%, 1.170% Floor), 1/17/2035 .....	250,000		249,861
Series 2021-4A A, 1.291% (3 Month LIBOR USD + 1.050%, 1.050% Floor), 7/15/2033 .....	290,000		288,906
Dryden 76 CLO, Ltd.			
Series 2019-76A AIR, 1.404% (3 Month LIBOR USD + 1.150%, 1.150% Floor), 10/20/2034 .....	475,000		475,000
Elmwood CLO IV, Ltd.			
Series 2020-1A A, 1.481% (3 Month LIBOR USD + 1.240%, 1.240% Floor), 4/15/2033 .....	250,000		250,060
Galaxy XXII CLO, Ltd.			
Series 2016-22A ARR, 1.441% (3 Month LIBOR USD + 1.200%, 1.200% Floor), 4/17/2034 .....	475,000		475,238
Generate CLO, Ltd.			
Series 2016-4A AIR, 1.344% (3 Month LIBOR USD + 1.090%, 0.000% Floor), 4/20/2032 .....	375,000		374,899
LCM XIX, Ltd.			
Series 2015-19A AR, 1.481% (3 Month LIBOR USD + 1.240%, 1.240% Floor), 7/15/2027 .....	95,348		95,331
LCM XVIII, Ltd.			
Series 2015-18A AIR, 1.274% (3 Month LIBOR USD + 1.020%, 0.000% Floor), 7/21/2031 .....	375,000		374,813
LCM XX, Ltd.			
Series 2015-20A AR, 1.294% (3 Month LIBOR USD + 1.040%, 0.000% Floor), 10/20/2027 .....	161,712		161,621
Magnetite XII, Ltd.			
Series 2015-12A ARR, 1.341% (3 Month LIBOR USD + 1.100%, 0.000% Floor), 10/15/2031 .....	375,000		375,074
Magnetite XXVI, Ltd.			
Series 2020-26A AIR, 1.378% (3 Month LIBOR USD + 1.120%, 1.120% Floor), 7/25/2034 .....	475,000		476,714

The accompanying notes are an integral part of the financial statements.

# AAF First Priority CLO Bond ETF

## Schedule of Investments

January 31, 2022 (Unaudited) (Continued)

	Principal Amount	Value
Octagon Investment Partners 40, Ltd. Series 2019-1A A2R, 1.654% (3 Month LIBOR USD + 1.400%, 1.400% Floor), 1/22/2035 .....	\$ 475,000	\$ 474,999
Recette CLO, Ltd. Series 2015-1A ARR, 1.334% (3 Month LIBOR USD + 1.080%, 0.000% Floor), 4/20/2034 .....	250,000	249,324
Rockford Tower CLO, Ltd. Series 2021-1A A1, 1.424% (3 Month LIBOR USD + 1.170%, 1.170% Floor), 7/20/2034 .....	300,000	299,983
Symphony CLO XXII, Ltd. Series 2020-22A A1A, 1.531% (3 Month LIBOR USD + 1.290%, 1.290% Floor), 4/18/2033 .....	375,000	375,279
Thompson Park CLO, Ltd. Series 2021-1A A1, 1.241% (3 Month LIBOR USD + 1.000%, 1.000% Floor), 4/17/2034 .....	250,000	249,751
TICP CLO IX, Ltd. Series 2017-9A A, 1.394% (3 Month LIBOR USD + 1.140%, 0.000% Floor), 1/21/2031 .....	250,000	250,252
Voya CLO, Ltd. Series 2018-3A A1A, 1.391% (3 Month LIBOR USD + 1.150%, 1.150% Floor), 10/15/2031 .....	375,000	374,999
<b>TOTAL COLLATERALIZED LOAN OBLIGATIONS</b> (Cost \$9,737,255) .....		<u>9,742,507</u>
TOTAL INVESTMENTS (Cost \$9,737,255) — 97.4% .....		9,742,507
<b>Other assets and liabilities, net — 2.6%</b> .....		<u>264,531</u>
<b>NET ASSETS — 100.0%</b> .....		<u>\$ 10,007,038</u>

Percentages are stated as a percent of net assets.

(a) To the extent the Fund invests more heavily in particular sectors or asset classes, its performance will be especially sensitive to developments that significantly affect those sectors or asset classes.

(b) Variable rate securities. The coupon is based on a reference index and spread. The rate reported is the rate in effect as of January 31, 2022.

(c) Securities exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors. The value of these securities total \$9,742,507, which represents 97.4% of total net assets.

(d) To the extent the Fund invests more heavily in particular countries, its performance will be especially sensitive to developments that significantly affect those countries.

LIBOR - London Interbank Offered Rate

The accompanying notes are an integral part of the financial statements.

# AAF First Priority CLO Bond ETF

## Statement of Assets and Liabilities

January 31, 2022 (Unaudited)

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### Assets

Investments, at value (cost \$9,737,255) .....	\$ 9,742,507
Cash .....	261,452
Interest receivable .....	5,203
Total assets .....	<u>10,009,162</u>

### Liabilities

Payable to Adviser .....	2,124
Total liabilities .....	<u>2,124</u>

**Net Assets** .....

**\$10,007,038**

### Net Assets Consists of:

Paid-in capital .....	\$ 9,993,352
Total distributable earnings .....	13,686

**Net Assets** .....

**\$10,007,038**

Shares of beneficial interest outstanding (unlimited number of shares authorized, no par value) .....

400,000

**Net Asset Value, redemption price and offering price per share** .....

**\$ 25.02**

The accompanying notes are an integral part of the financial statements.

# AAF First Priority CLO Bond ETF

## Statement of Operations

For the Six Months Ended January 31, 2022 (Unaudited)

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**Investment Income**

Interest income .....	\$ 59,057
Total investment income .....	<u>59,057</u>

**Expenses**

Advisory fees .....	<u>12,628</u>
Total expenses .....	<u>12,628</u>

<b>Net investment income</b> .....	<b><u>46,429</u></b>
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**Realized and Unrealized Gain (Loss) on Investments**

Net realized gain on investments .....	1,544
Net change in unrealized appreciation/depreciation on investments .....	<u>(23,576)</u>
Net realized and unrealized loss on investments .....	<b><u>(22,032)</u></b>

<b>Net increase in net assets from operations</b> .....	<b><u>\$ 24,397</u></b>
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The accompanying notes are an integral part of the financial statements.

# AAF First Priority CLO Bond ETF

## Statements of Changes in Net Assets

	Six Months Ended January 31, 2022 (Unaudited)	Period Ended July 31, 2021 <sup>(1)</sup>
<b>From Operations</b>		
Net investment income .....	\$ 46,429	\$ 96,472
Net realized gain on investments .....	1,544	643
Net change in unrealized appreciation/depreciation on investments .....	<u>(23,576)</u>	<u>28,828</u>
Net increase in net assets resulting from operations .....	<u>24,397</u>	<u>125,943</u>
<b>From Distributions</b>		
Distributable earnings .....	<u>(49,887)</u>	<u>(86,767)</u>
Total distributions .....	<u>(49,887)</u>	<u>(86,767)</u>
<b>From Capital Share Transactions</b>		
Proceeds from shares sold .....	—	9,980,905
Transaction fees (Note 4) .....	<u>—</u>	<u>12,447</u>
Net increase in net assets resulting from capital share transactions .....	<u>—</u>	<u>9,993,352</u>
<b>Total Increase (Decrease) in Net Assets .....</b>	<b><u>(25,490)</u></b>	<b><u>10,032,528</u></b>
<b>Net Assets</b>		
Beginning of period .....	<u>10,032,528</u>	<u>—</u>
End of period .....	<b><u>\$10,007,038</u></b>	<b><u>\$10,032,528</u></b>
<b>Changes in Shares Outstanding</b>		
Shares outstanding, beginning of period .....	400,000	—
Shares sold .....	<u>—</u>	<u>400,000</u>
Shares outstanding, end of period .....	<u>400,000</u>	<u>400,000</u>

<sup>(1)</sup> The Fund commenced operations on September 8, 2020.

The accompanying notes are an integral part of the financial statements.



# AAF First Priority CLO Bond ETF

## Financial Highlights

For a Share Outstanding Throughout Each Period

	Six Months Ended January 31, 2022 (Unaudited)	Period Ended July 31, 2021 <sup>(1)</sup>
<b>Net Asset Value, Beginning of Period</b> .....	\$ 25.08	\$ 25.00
<b>Income from investment operations:</b>		
Net investment income <sup>(2)</sup> .....	0.12	0.25
Net realized and unrealized gain (loss) on investments .....	(0.06)	0.02 <sup>(6)</sup>
Total from investment operations .....	0.06	0.27
<b>Less distributions paid:</b>		
From net investment income .....	(0.12)	(0.22)
From net realized gains .....	(0.00) <sup>(7)</sup>	—
Total distributions paid .....	(0.12)	(0.22)
<b>Capital share transactions:</b>		
Transaction fees (see Note 4) .....	—	0.03
Total transaction fees .....	—	0.03
<b>Net Asset Value, End of Period</b> .....	<u>\$ 25.02</u>	<u>\$ 25.08</u>
<b>Total return, at NAV<sup>(3)(4)</sup></b> .....	0.24%	1.21%
<b>Total return, at Market<sup>(3)(4)</sup></b> .....	0.44%	0.98%
<b>Supplemental Data and Ratios:</b>		
Net assets, end of period (000's) .....	\$ 10,007	\$ 10,033
Ratio of expenses to average net assets <sup>(5)</sup> .....	0.25%	0.25%
Ratio of net investment income to average net assets <sup>(5)</sup> .....	0.92%	1.11%
Portfolio turnover rate <sup>(4)</sup> .....	62%	34%

<sup>(1)</sup> The Fund commenced investment operations on September 8, 2020.

<sup>(2)</sup> Per share net investment income was calculated using average shares outstanding.

<sup>(3)</sup> Total return in the table represents the rate that the investor would have earned or lost on an investment in the Fund, assuming reinvestment of distributions.

<sup>(4)</sup> Not annualized for periods less than one year.

<sup>(5)</sup> Annualized for periods less than one year.

<sup>(6)</sup> Due to timing of capital share transactions, the per share amount of net realized and unrealized gain (loss) on investments varies from the amounts shown in the Statement of Operations.

<sup>(7)</sup> Amount is less than (0.005).

The accompanying notes are an integral part of the financial statements.

# AAF First Priority CLO Bond ETF

## Notes to Financial Statements

January 31, 2022 (Unaudited)

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### 1. ORGANIZATION

AAF First Priority CLO Bond ETF (the “Fund”) is a diversified series of Listed Funds Trust (the “Trust”), formerly Active Weighting Funds ETF Trust. The Trust was organized as a Delaware statutory trust on August 26, 2016, under a Declaration of Trust amended on December 21, 2018, and is registered with the U.S. Securities and Exchange Commission (the “SEC”) as an open-end management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”).

The Fund is an actively-managed exchange-traded fund (“ETF”). The Fund’s objective is to invest, under normal circumstances, at least 80% of its nets assets (plus any borrowings made for investment purposes) in AAA rated first priority debt tranches of U.S. dollar-dominated collateralized loan obligations (“CLOs”). CLOs are trusts that are typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans. The Fund may invest in CLOs of any maturity.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, Financial Services — Investment Companies. The Fund prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and follows the significant accounting policies described below.

#### New Accounting Pronouncements

In March 2020, FASB issued Accounting Standards Update (ASU) 2020-04, Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in ASU 2020-04 provides optional temporary financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of LIBOR and other interbank-offered based reference rates as of the end of 2021. ASU 2020-04 is effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management is currently evaluating the impact, if any, of applying this ASU.

#### Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from these estimates.

#### Share Transactions

The net asset value (“NAV”) per share of the Fund will be equal to the Fund’s total assets minus the Fund’s total liabilities divided by the total number of shares outstanding. The NAV that is published will be rounded to the nearest cent. The NAV is determined as of the close of trading (generally, 4:00 p.m. Eastern Time) on each day the New York Stock Exchange (“NYSE”) is open for trading.

#### Fair Value Measurement

In calculating the NAV, the Fund’s debt securities, including collateralized loan obligations are generally valued using the last available bid prices or current market quotations provided by dealers or prices (including evaluated prices) supplied by approved independent third-party pricing services. Pricing services may use matrix pricing or valuation models that utilize certain inputs and assumptions to derive values. Such valuations are typically categorized as Level 2 in the fair value hierarchy described below. Due to the inherent uncertainty of valuations, fair values may differ slightly from the values that would have been used had an active market existed.

# AAF First Priority CLO Bond ETF

## Notes to Financial Statements

January 31, 2022 (Unaudited) (Continued)

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Securities listed on the NASDAQ Stock Market, Inc. are generally valued at the NASDAQ official closing price. Foreign securities will be priced in their local currencies as of the close of their primary exchange or market or as of the time the Fund calculates its NAV on the valuation date, whichever is earlier.

If market quotations are not readily available, or if it is determined that a quotation of a security does not represent fair value, then the security is valued at fair value as determined in good faith by Alternative Access Funds, LLC (“AAF” or “Adviser”), the Fund’s Investment Adviser, using procedures adopted by the Board of Trustees of the Trust (the “Board”). The circumstances in which a security may be fair valued include, among others: the occurrence of events that are significant to a particular issuer, such as mergers, restructurings or defaults; the occurrence of events that are significant to an entire market, such as natural disasters in a particular region or government actions; trading restrictions on securities; thinly traded securities; and market events such as trading halts and early market closings. Due to the inherent uncertainty of valuations, fair values may differ significantly from the values that would have been used had an active market existed. Fair valuation could result in a different NAV than a NAV determined by using market quotations. Such valuations are typically categorized as Level 2 or Level 3 in the fair value hierarchy described below.

FASB ASC Topic 820, *Fair Value Measurements and Disclosures* (“ASC 820”) defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP, and requires disclosure about fair value measurements. It also provides guidance on determining when there has been a significant decrease in the volume and level of activity for an asset or liability, when a transaction is not orderly, and how that information must be incorporated into fair value measurements. Under ASC 820, various inputs are used in determining the value of the Fund’s investments. These inputs are summarized in the following hierarchy:

- Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.
- Level 2 — Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 — Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available; representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

All other securities and investments for which market values are not readily available, including restricted securities, and those securities for which it is inappropriate to determine prices in accordance with the aforementioned procedures, are valued at fair value as determined in good faith under procedures adopted by the Board, although the actual calculations may be done by others. Factors considered in making this determination may include, but are not limited to, information obtained by contacting the issuer, analysts, or the appropriate stock exchange (for exchange-traded securities), analysis of the issuer’s financial statements or other available documents and, if necessary, available information concerning other securities in similar circumstances.

# AAF First Priority CLO Bond ETF

## Notes to Financial Statements

January 31, 2022 (Unaudited) (Continued)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The hierarchy classification of inputs used to value the Fund's investments at January 31, 2022, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments - Assets:</b>				
Collateralized Loan Obligations .....	\$ —	\$ 9,742,507	\$ —	\$ 9,742,507
Total Investments - Assets .....	<u>\$ —</u>	<u>\$ 9,742,507</u>	<u>\$ —</u>	<u>\$ 9,742,507</u>

### Security Transactions

Investment transactions are recorded as of the date that the securities are purchased or sold (trade date). Realized gains and losses from the sale or disposition of securities are calculated based on the specific identification basis.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments and currency gains or losses realized between the trade and settlement dates on securities transactions from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

The Fund reports net realized foreign exchange gains or losses that arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on foreign currency transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains or losses arise from changes in the values of assets and liabilities, other than investments in securities at period end, resulting from changes in exchange rates.

### Investment Income

Investments in CLOs may be subject to certain tax provisions that could result in the Fund incurring tax or recognizing income prior to receiving cash distributions related to such income. CLOs that fail to comply with certain U.S. tax disclosure requirements may be subject to withholding requirement that could adversely affect cash flows and investments results. Any unrealized losses the Fund experiences with respect to its CLO investments may be an indication of future realized losses. Investment transactions are recorded on a trade-date basis. Discounts and premiums on fixed income securities purchased are accreted or amortized using the effective interest method. Gain and losses on paydowns of CLOs are reflected in interest income on the Statement of Operations.

### Tax Information, Dividends and Distributions to Shareholders and Uncertain Tax Positions

The Fund is treated as a separate entity for Federal income tax purposes. The Fund intends to qualify as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). To qualify and remain eligible for the special tax treatment accorded to RICs, the Fund must meet certain annual income and quarterly asset diversification requirements and must distribute annually at least 90% of the sum of (i) its investment company taxable income (which includes interest and net short-term capital gains) and (ii) certain net tax-exempt income, if any. If so qualified, the Fund will not be subject to Federal income tax.

Distributions to shareholders are recorded on the ex-dividend date. The Fund generally pays out dividends from net investment income, if any, monthly and distributes its net capital gains, if any, to shareholders at least annually. The Fund may also pay a special distribution at the end of the calendar year to comply with Federal tax requirements. The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with Federal income tax regulations, which may differ from U.S. GAAP. These "book/tax" differences are either considered temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the components of net assets based on their Federal tax basis treatment; temporary differences do not require reclassification. Dividends and distributions which exceed earnings and profit for tax purposes are reported as a tax return of capital.

# AAF First Priority CLO Bond ETF

## Notes to Financial Statements

January 31, 2022 (Unaudited) (Continued)

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Management evaluates the Fund's tax positions to determine if the tax positions taken meet the minimum recognition threshold in connection with accounting for uncertainties in income tax positions taken or expected to be taken for the purposes of measuring and recognizing tax liabilities in the financial statements. Recognition of tax benefits of an uncertain tax position is required only when the position is "more likely than not" to be sustained assuming examination by taxing authorities. Interest and penalties related to income taxes would be recorded as income tax expense. The Fund's Federal income tax returns are subject to examination by the Internal Revenue Service (the "IRS") for a period of three fiscal years after they are filed. State and local tax returns may be subject to examination for an additional fiscal year depending on the jurisdiction. As of July 31, 2021, the Fund's most recent fiscal period end, the Fund had no material uncertain tax positions and did not have a liability for any unrecognized tax benefits. As of July 31, 2021, the Fund's most recent fiscal period end, the Fund had no examination in progress and management is not aware of any tax positions for which it is reasonably possible that the amounts of unrecognized tax benefits will significantly change in the next twelve months.

The Fund recognized no interest or penalties related to uncertain tax benefits in the fiscal period 2021. At July 31, 2021, the Fund's most recent fiscal period end, the tax periods from commencement of operations remained open to examination in the Fund's major tax jurisdiction.

### Indemnification

In the normal course of business, the Fund expects to enter into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these anticipated arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Adviser expects the risk of loss to be remote.

## 3. INVESTMENT ADVISORY AND OTHER AGREEMENTS

### Investment Advisory Agreement

The Trust has entered into an Investment Advisory Agreement (the "Advisory Agreement") with the Adviser. Under the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's assets in accordance with its investment objectives, policies and limitations, and oversees the day-to-day operations of the Fund subject to the supervision of the Board, including the Trustees who are not "interested persons" of the Trust as defined in the 1940 Act (the "Independent Trustees").

Pursuant to the Advisory Agreement between the Trust, on behalf of the Fund, and AAF, the Fund pays a unified management fee to the Adviser, which is calculated daily and paid monthly, at an annual rate of 0.25% of the Fund's average daily net assets. AAF has agreed to pay all expenses of the Fund except the fee paid to AAF under the Advisory Agreement, interest charges on any borrowings, dividends and other expenses on securities sold short, taxes, brokerage commissions and other expenses incurred in placing orders for the purchase and sale of securities and other investment instruments, acquired fund fees and expenses, accrued deferred tax liability, extraordinary expenses, and distribution (12b-1) fees and expenses (if any).

### Distribution Agreement and 12b-1 Plan

Quasar Distributors, LLC ("Quasar" or the "Distributor"), a wholly owned subsidiary of Foreside Financial Group, LLC ("Foreside"), serves as the Fund's distributor pursuant to a Distribution Agreement. The Distributor receives compensation from the Adviser for certain statutory underwriting services it provides to the Fund. The Distributor enters into agreements with certain broker-dealers and others that will allow those parties to be "Authorized Participants" and to subscribe for and redeem shares of the Fund. The Distributor will not distribute shares in less than whole Creation Units and does not maintain a secondary market in shares.

The Board has adopted a Distribution and Service Plan pursuant to Rule 12b-1 under the 1940 Act ("Rule 12b-1 Plan"). In accordance with the Rule 12b-1 Plan, the Fund is authorized to pay an amount up to 0.25% of the Fund's average daily net assets each year for certain distribution-related activities. As authorized by the Board, no Rule 12b-1 fees are currently paid by

# AAF First Priority CLO Bond ETF

## Notes to Financial Statements

January 31, 2022 (Unaudited) (Continued)

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the Fund and there are no plans to impose these fees. However, in the event Rule 12b-1 fees are charged in the future, they will be paid out of the Fund's assets. The Adviser and its affiliates may, out of their own resources, pay amounts to third parties for distribution or marketing services on behalf of the Fund.

### Administrator, Custodian and Transfer Agent

U.S. Bancorp Fund Services LLC, doing business as U.S. Bank Global Fund Services ("Fund Services" or "Administrator") serves as administrator, transfer agent and fund accounting agent of the Fund pursuant to a Fund Servicing Agreement. U.S. Bank N.A. (the "Custodian"), an affiliate of Fund Services, serves as the Fund's custodian pursuant to a Custody Agreement. Under the terms of these agreements, the Adviser pays the Fund's administrative, custody and transfer agency fees.

A Trustee and all officers of the Trust are affiliated with the Administrator and Custodian.

## 4. CREATION AND REDEMPTION TRANSACTIONS

Shares of the Fund are listed and traded on the NYSE Arca, Inc. (the "Exchange"). The Fund issues and redeems shares on a continuous basis at NAV only in large blocks of shares called "Creation Units." Creation Units are issued and redeemed principally for cash, but may also be issued and redeemed in kind for securities held by or eligible to be held by the Fund. Shares generally will trade in the secondary market in amounts less than a Creation Unit at market prices that change throughout the day. Market prices for the shares may be different from their NAV. The NAV is determined as of the close of trading (generally, 4:00 p.m. Eastern Time) on each day the NYSE is open for trading. The NAV of the shares of the Fund will be equal to the Fund's total assets minus the Fund's total liabilities divided by the total number of shares outstanding. The NAV that is published will be rounded to the nearest cent; however, for purposes of determining the price of Creation Units, the NAV will be calculated to four decimal places.

### Creation Unit Transaction Fee

Authorized Participants will be required to pay to the Custodian a fixed transaction fee (the "Creation Unit Transaction Fee") in connection with the issuance or redemption of Creation Units. The standard Creation Unit Transaction Fee will be the same regardless of the number of Creation Units purchased or redeemed by an investor on the applicable business day. The Creation Unit Transaction Fee charged by the Fund for each creation order is \$250.

An additional variable fee of up to a maximum of 2% of the value of the Creation Units subject to the transaction imposed for (i) creations effected outside the Clearing Process and (ii) creations made in an all cash amount (to offset the Trust's brokerage and other transaction costs associated with using cash to purchase or redeem the requisite Deposit Securities). Investors are responsible for the costs of transferring the securities constituting the Deposit Securities to the account of the Trust. The Fund may determine to not charge a variable fee on certain orders when the Adviser has determined that doing so is in the best interests of Fund shareholders. Variable fees, if any, received by the Fund are displayed in the Capital Share Transactions section on the Statements of Changes in Net Assets.

Only "Authorized Participants" may purchase or redeem shares directly from the Fund. An Authorized Participant is either (i) a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of National Securities Clearing Corporation or (ii) a DTC participant and, in each case, must have executed a Participant Agreement with the Distributor. Most retail investors will not qualify as Authorized Participants or have the resources to buy and sell whole Creation Units. Therefore, they will be unable to purchase or redeem the shares directly from the Fund. Rather, most retail investors will purchase shares in the secondary market with the assistance of a broker and will be subject to customary brokerage commissions or fees. Securities received or delivered in connection with in-kind creations and redemptions are valued as of the close of business on the effective date of the creation or redemption.

A creation unit will generally not be issued until the transfer of good title of the deposit securities to the Fund and the payment of any cash amounts have been completed. To the extent contemplated by the applicable participant agreement, Creation Units of the Fund will be issued to such authorized participant notwithstanding the fact that the Fund's deposits have not been

# AAF First Priority CLO Bond ETF

## Notes to Financial Statements

January 31, 2022 (Unaudited) (Continued)

received in part or in whole, in reliance on the undertaking of the authorized participant to deliver the missing deposit securities as soon as possible. If the Fund or its agents do not receive all of the deposit securities, or the required cash amounts, by such time, then the order may be deemed rejected and the authorized participant shall be liable to the Fund for losses, if any.

### 5. FEDERAL INCOME TAX

The tax character of distributions paid was as follows:

	Ordinary Income <sup>(1)</sup>	Long-Term Capital Gain
Six months ended January 31, 2022 .....	\$ 49,887	\$ —
Period ended July 31, 2021 .....	\$ 86,767	\$ --

<sup>(1)</sup> Ordinary income includes short-term capital gains.

At July 31, 2021, the Fund's most recent fiscal period end, the components of distributable earnings (accumulated losses) and cost of investments on a tax basis, including the adjustments for financial reporting purposes as of the most recently completed Federal income tax reporting year, were as follows:

Federal Tax Cost of Investments .....	\$ 9,624,884
Gross Tax Unrealized Appreciation .....	\$ 32,376
Gross Tax Unrealized Depreciation .....	(3,548)
Net Tax Unrealized Appreciation (Depreciation) .....	28,828
Undistributed Ordinary Income .....	10,348
Distributable Earnings / (Accumulated Losses) .....	\$ 39,176

Under current tax law, net capital losses realized after October 31st and net ordinary losses incurred after December 31 may be deferred and treated as occurring on the first day of the following fiscal year. The Fund's carryforward losses and post-October losses are determined only at the end of each fiscal year. The Fund did not defer any later year losses or post-October losses for the fiscal period ended July 31, 2021, the Fund's most recent fiscal period end.

### 6. INVESTMENT TRANSACTIONS

Purchases and sales of investments (excluding short-term investments), creations in-kind and redemptions in-kind for the six months ended January 31, 2022, were as follows:

Purchases	Sales	Creations In-Kind	Redemptions In-Kind
\$ 5,822,943	\$ 5,713,325	\$ —	\$ —

During the six months ended January 31, 2022, there were no realized gains and losses from in-kind redemptions.

### 7. PRINCIPAL RISKS

As with all ETFs, shareholders of the Fund are subject to the risk that their investment could lose money. The Fund is subject to the principal risks, any of which may adversely affect the Fund's NAV, trading price, yield, total return and ability to meet its investment objective.

A CLO is a trust collateralized by a pool of credit-related assets. Accordingly, CLO securities present risks similar to those of other types of credit investments, including default (credit), interest rate and prepayment risks. The extent of these risks depend largely on the type of securities used as collateral and the class of the CLOs in which the Fund invests. In addition,

# AAF First Priority CLO Bond ETF

## Notes to Financial Statements

January 31, 2022 (Unaudited) (Continued)

CLOs are often governed by a complex series of legal documents and contracts, which increases the risk of dispute over the interpretation and enforceability of such documents relative to other types of investments. There is also a risk that the trustee of a CLO does not properly carry out its duties to the CLO, potentially resulting in loss to the CLO.

LIBOR is used extensively in the U.S. and globally as a “benchmark” or “reference rate” for various commercial and financial contracts, including CLOs. Instruments in which the Fund invests may pay interest at floating rates based on LIBOR or may be subject to interest caps or floors based on LIBOR. The industry currently anticipates the conversion of all LIBOR based instruments to SOFR based instruments in June 2023 or sooner.

Since 2017, the United Kingdom’s Financial Conduct Authority has been working towards the cessation of LIBOR at the end of December 2021. In November 2020, though, the administrator of the U.S. Dollar LIBOR benchmarks, the ICE Benchmark Administration, extended the retirement date for most U.S. Dollar LIBOR rates until June 2023. Regulators and industry working groups have suggested numerous alternative reference rates to LIBOR. Leading alternatives include Sonia in the United Kingdom, €STR in the European Union, Tonar in Japan, and in the U.S., the New York Fed has been working to develop the Secured Overnight Financing Rate (SOFR). Global consensus is still coalescing around the transition to a new reference rate and the process for amending existing contracts. Abandonment of or modifications to LIBOR could have adverse impacts on newly issued financial instruments and existing financial instruments which reference LIBOR. There also remains uncertainty and risk regarding the willingness and ability of issuers to include enhanced provisions in new and existing contracts or instruments. The transition away from LIBOR may lead to increased volatility and illiquidity in markets that are tied to LIBOR, reduced values of LIBOR-related investments, and reduced effectiveness of hedging strategies, adversely affecting the Fund’s performance or NAV. In addition, the alternative reference rate may be an ineffective substitute resulting in prolonged adverse market conditions for the Fund.

The global outbreak of COVID-19 (commonly referred to as “coronavirus”) has disrupted economic markets and the prolonged economic impact is uncertain. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries and individual issuers, are not known. The operational and financial performance of the issuers of securities in which the Fund invests depends on future developments, including the duration and spread of the outbreak, and such uncertainty may in turn adversely affect the value and liquidity of the Fund’s investments, impair the Fund’s ability to satisfy redemption requests, and negatively impact the Fund’s performance.

A complete description of the principal risks is included in the Fund’s prospectus under the heading “Principal Investment Risks.”

### 8. BENEFICIAL OWNERSHIP

The beneficial ownership, either directly or indirectly, of 25% or more of the voting securities of a fund creates a presumption of control of a fund, under section 2(a)(9) of the 1940 Act. At January 31, 2022, Beach Point Capital Management LP, as a beneficial shareholder, owned approximately 25% of the outstanding shares of the Fund.

### 9. SUBSEQUENT EVENTS

At a special meeting held on February 28, 2022, the Board has approved an Agreement and Plan of Reorganization providing for the reorganization of the AAF First Priority CLO Bond ETF into AXS First Priority CLO Bond ETF, a newly created ETF series of Investment Managers Series Trust II.

Additionally, the Fund paid distributions to shareholders as follows:

<u>Record Date</u>	<u>Ex-Date</u>	<u>Reinvestment Date/Payable Date</u>	<u>Ordinary Income Rate</u>	<u>Ordinary Income Distribution Paid</u>
03/02/2022	03/01/2022	03/03/2022	\$ 0.021	\$ 8,400

Other than as disclosed, there were no other subsequent events requiring recognition or disclosure through the date the financial statements were issued.



# AAF First Priority CLO Bond ETF

## Shareholder Expense Example

(Unaudited)

As a shareholder of the Fund you incur two types of costs: (1) transaction costs for purchasing and selling shares; and (2) ongoing costs, including management fees and other fund expenses. The following example is intended to help you understand your ongoing costs (in dollars and cents) of investing in the Fund and to compare these costs with the ongoing costs of investing in other funds. The examples are based on an investment of \$1,000 invested at the beginning of the period and held throughout the entire period (August 1, 2021 to January 31, 2022).

### ACTUAL EXPENSES

The first line under the Fund in the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line for your Fund under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

### HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The second line in the table provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as brokerage commissions paid on purchases and sales of Fund shares. Therefore, the second line in the table is useful in comparing ongoing Fund costs only and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	<b>Beginning Account Value 8/1/21</b>	<b>Ending Account Value 1/31/22</b>	<b>Annualized Expense Ratios</b>	<b>Expenses Paid During the Period<sup>(1)</sup></b>
<b>AAF First Priority CLO Bond ETF</b>				
Actual .....	\$ 1,000.00	\$ 1,002.40	0.25%	\$ 1.26
Hypothetical (5% return before expenses) .....	\$ 1,000.00	\$ 1,023.95	0.25%	\$ 1.28

<sup>(1)</sup> Expenses are calculated using the Fund’s annualized expense ratio multiplied by the average account value during the period, multiplied by 184/365 days (to reflect the six-month period).

# **AAF First Priority CLO Bond ETF**

## **Supplemental Information**

(Unaudited)

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Investors should consider the investment objective and policies, risk considerations, charges and ongoing expenses of an investment carefully before investing. The prospectus contains this and other information relevant to an investment in the Fund. Please read the prospectus carefully before investing. A copy of the prospectus for the Fund may be obtained without charge by writing to the Fund, c/o U.S. Bank Global Fund Services, P.O. Box 701, Milwaukee, Wisconsin 53201-0701, by calling 1-800-617-0004, or by visiting the Fund's website at [www.aafetfs.com](http://www.aafetfs.com).

### **QUARTERLY PORTFOLIO HOLDING INFORMATION**

The Fund files its complete schedule of portfolio holdings for its first and third fiscal quarters with the Securities and Exchange Commission ("SEC") on Part F of Form N-PORT. The Fund's Part F of Form N-PORT is available without charge, upon request, by calling toll-free at 1-800-617-0004. Furthermore, you may obtain the Part F of Form N-PORT on the SEC's website at [www.sec.gov](http://www.sec.gov).

### **PROXY VOTING INFORMATION**

The Fund is required to file a Form N-PX, with the Fund's complete proxy voting record for the 12 months ended June 30, no later than August 31 of each year. The Fund's proxy voting record will be available without charge, upon request, by calling toll-free 1-800-617-0004 and on the SEC's website at [www.sec.gov](http://www.sec.gov).

### **FREQUENCY DISTRIBUTION OF PREMIUMS AND DISCOUNTS**

Information regarding how often shares of the Fund trade on an exchange at a price above (i.e., at a premium) or below (i.e., at a discount) the NAV of the Fund is available without charge, on the Fund's website at [www.aafetfs.com](http://www.aafetfs.com).

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**Administrator, Fund Accountant & Transfer Agent:**

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Milwaukee, WI 53202

**Custodian:**

U.S. Bank N.A.  
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Milwaukee, WI 53212

This information must be preceded or accompanied by a current prospectus for the Fund.