Nasdaq Nexus 12% Net Cost™ Index: 3Q'26 Performance Review

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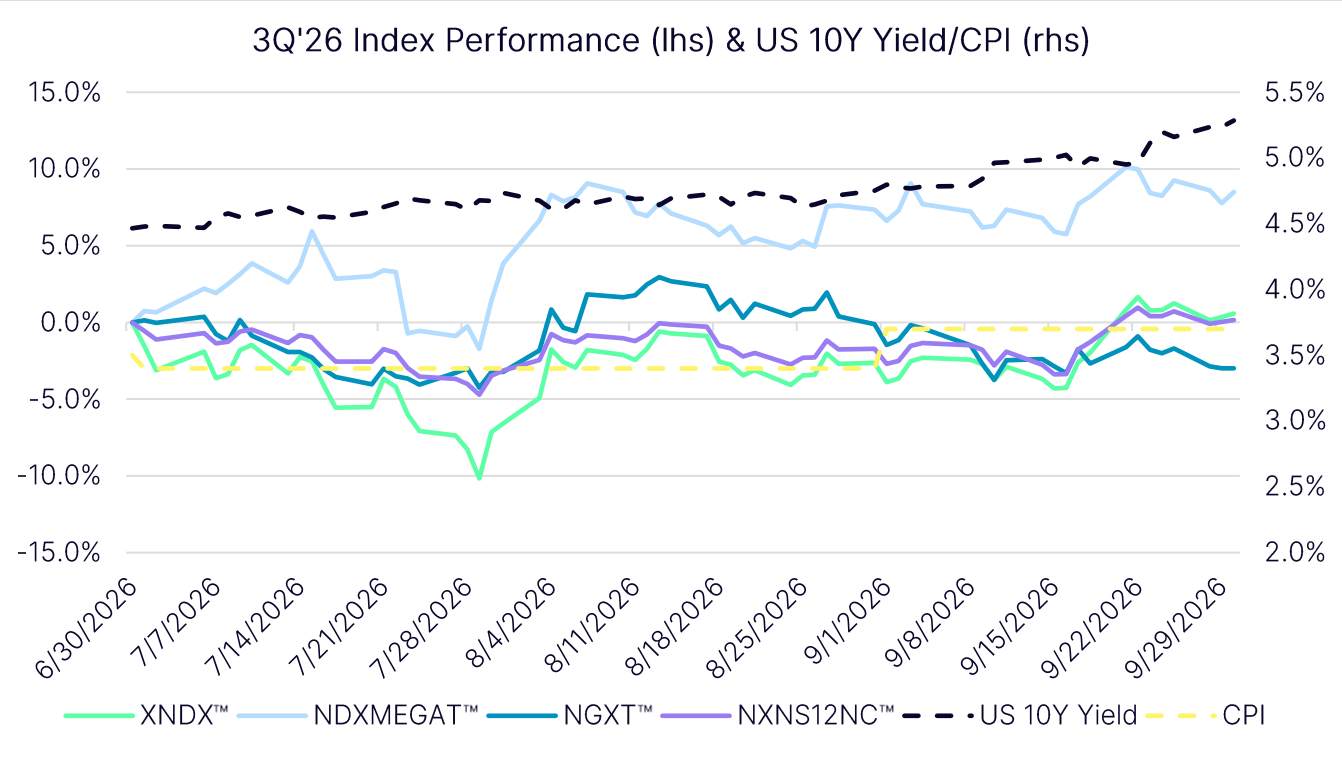
The Nasdaq Nexus 12% Net Cost™ Index (NXNS12NC™) is designed to deliver excess-return exposure to the Nasdaq-100 Total Return™ (XNDX™), the Nasdaq-100 Mega™ (NDXMEGAT™) and the Nasdaq Next Generation 100 Total Return™ (NGXT™) Indexes (i.e. "component indexes"), while targeting a constant 12% level of volatility. NXNS12NC uses the truVol® Risk Control Engine (RCE) to dynamically allocate between the indexes and non-renumerating cash (i.e. “unallocated” exposure) to achieve the volatility target. To determine allocation among the component indexes, NXNS12NC uses an allocation signal that compares current CPI and 10-year Treasury Rates to the past five years. It allocates to NDXMEGAT when rates and inflation are high (top 75th percentile), to NGXT when they are low (bottom 25th percentile), and to XNDX otherwise. On a daily basis, the maximum change in exposure is 20% for XNDX, 10% for NDXMEGAT, and 5% for NGXT. Therefore, to maintain its volatility target while following the allocation signal, NXNS12NC can tactically hold long and short positions on the Nasdaq-100 Futures Excess Return™ (NDXNQER™) Index. As NXNS12NC is an excess return index, it is important to keep in mind not only the constantly changing level of equity exposure (by design, to meet the 12% volatility target), but also the impact of financing costs on final index returns. With an effective Fed Funds rate of 3.67% through September 2026, the drag on index returns from financing costs alone was approximately 0.92% for the quarter.

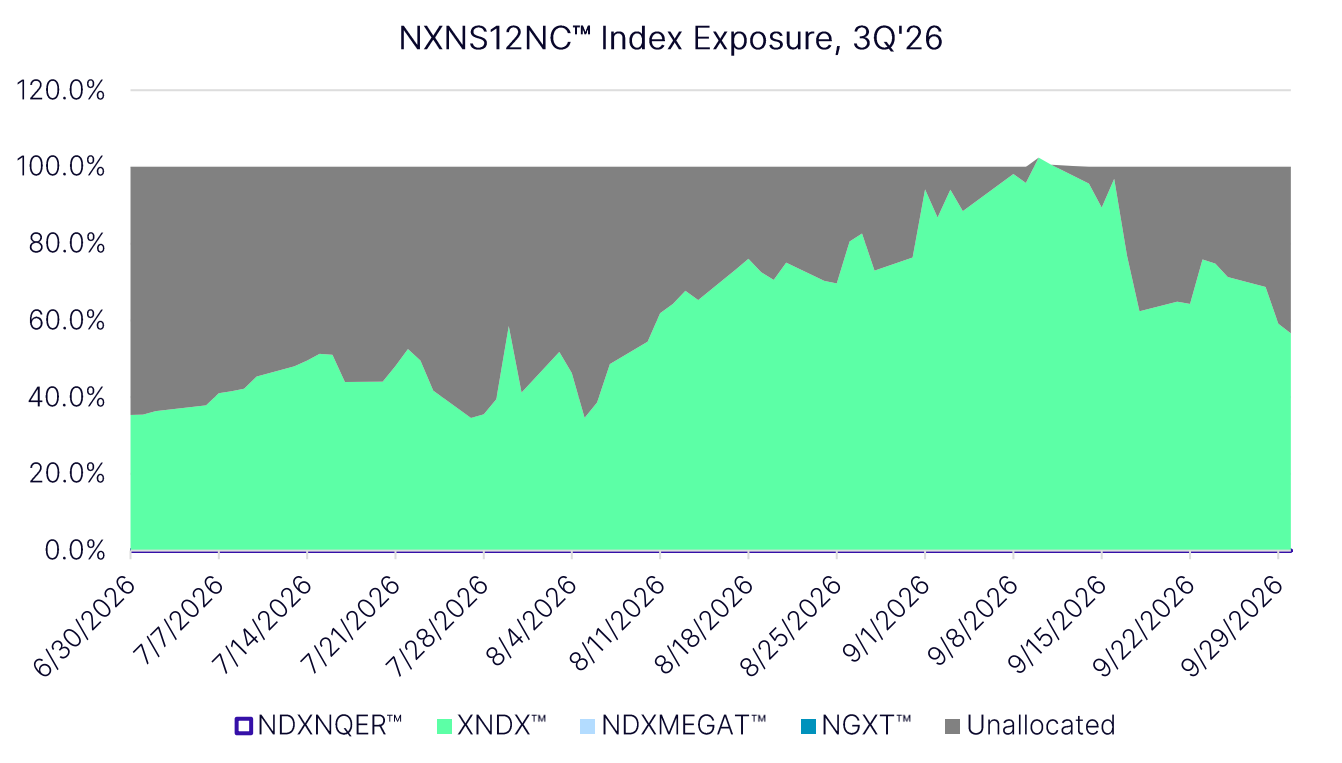
In the third quarter of 2026, NXNS12NC delivered a return of 0.2%. XNDX experienced a gross return of 0.6% in the quarter, NDXMEGAT returned 8.5%, while NGXT registered -3.0%. US Treasuries ended the quarter with the 10-year yield up by ~82 bps, while CPI finished up by ~20 bps. The third quarter of 2026 was marked by exceptional fundamental strength, with earnings growth reaching 78% year over year. Despite persistent geopolitical and macroeconomic headwinds causing a mid-summer dip, the Nasdaq-100 finished 3Q slightly positive driven by strong earnings and mega-cap performance. The Technology and Health Care sectors contributed the most to Nasdaq-100 performance, while Consumer Discretionary lagged.



Nasdaq Nexus 12% Net Cost™ Index Allocation Metrics

Asset Allocation	Starting	Minimum	Average	Maximum	Ending
Nasdaq-100 Total Return™ Index	35.4%	34.6%	62.7%	102.4%	56.6%
Nasdaq-100 Mega Total Return™ Index	0.0%	0.0%	0.0%	0.0%	0.0%
Nasdaq Next Generation 100 Total Return™ Index	0.0%	0.0%	0.0%	0.0%	0.0%
Nasdaq-100 Futures Excess Return™ Index	0.0%	0.0%	0.0%	0.0%	0.0%

As of September 30, NXNS12NC maintained a net equity allocation of 56.6%, with the rest unallocated. This was an aggregate increase in equity exposure compared to the June 30 allocation of 35.4%, while throughout the quarter the index was allocated to XNDX. With the allocation signal sitting at 8.68% on September 30 - in the 3rd quartile of the past 5 years of levels - equities were allocated to large-cap exposure through XNDX. Average net exposure to equities throughout the quarter was 62.7%. Allocations to equities began Q3 at lower levels and increased through the quarter, peaking in early September. With macro headwinds broadly unchanged, Nasdaq-100 volatility moderated slightly from Q2 to Q3.



Sources: Nasdaq, Bloomberg, Factset, Salt Financial. All Data as of 09/30/2026

About Salt Financial and their industry-leading approach to volatility control:

Salt Financial LLC is a leading provider of index solutions and risk analytics, powered by the patent-pending truVol® Risk Control Engine (RCE). We leverage the rich information contained in intraday prices to better estimate volatility to develop index-based investment products for insurance carriers, investment banks, asset managers, and fund sponsors. Salt is committed to collaborating with industry leaders to empower the pursuit of financial outperformance for investors worldwide. For more information, please visit www.saltfinancial.com.

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