



# **Clockwise Capital Innovation ETF (TIME)**

*NYSE Arca, Inc.*

## **Semi-Annual Report**

**February 28, 2022**

**Fund Adviser:  
Clockwise Capital LLC  
1395 Brickell Avenue, Unit 800  
Miami, Florida 33131  
(800) 610-6128**

# Investment Results (Unaudited)

## Total Returns\* as of February 28, 2022

	Since Inception <u>(1/27/2022)</u>
Clockwise Capital Innovation ETF - NAV	1.28%
Clockwise Capital Innovation ETF - Market Price	1.20%
S&P MidCap 400® Index <sup>(a)</sup>	5.34%

Total annual operating expenses, as disclosed in the Clockwise Capital Innovation ETF's (the "Fund") prospectus dated December 22, 2021, were 0.95% of average daily net assets. Pursuant to its Investment Advisory Agreement, Clockwise Capital LLC (the "Adviser") pays all other expenses of the Fund (other than taxes and governmental fees, brokerage fees, commissions and other transaction expenses, certain foreign custodial fees and expenses, costs of borrowing money, including interest expenses, and extraordinary expenses (such as litigation and indemnification expenses)). Additional information pertaining to the Fund's expense ratio as of February 28, 2022 can be found in the financial highlights.

*The performance quoted represents past performance, which does not guarantee future results. The investment return and 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. The returns shown do not reflect the deduction of taxes that a shareholder would pay on the Fund distributions or the redemption of the Fund shares. Current performance of the Fund may be lower or higher than the performance quoted. The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. Performance data current to the most recent month end may be obtained by calling (800) 610-6128. The Fund's per share net asset value ("NAV") is the value of one share of the Fund as calculated in accordance with the standard formula for valuing shares. The NAV return is based on the NAV of the Fund and the market return is based on the market price per share of the Fund. The price used to calculate market return ("Market Price") is determined by using the midpoint between the highest bid and the lowest offer on the primary stock exchange on which the shares of the Fund are listed for trading, as of the time that the Fund's NAV is calculated. Market Price and NAV returns assume that dividends and capital gain distributions have been reinvested in the Fund at Market Price and NAV, respectively. Since exchange-traded funds are bought and sold at prices set by the market, which can result in a premium or discount to NAV, the returns calculated using Market Price can differ from those calculated using NAV.*

\* Return figures reflect any change in price per share and assume the reinvestment of all distributions. Total returns for less than one year are not annualized.

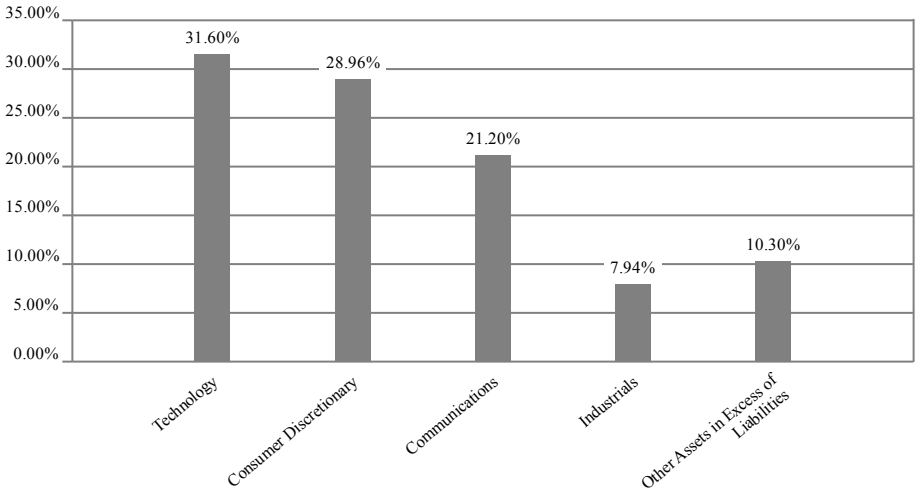
(a) The S&P MidCap 400® Index is widely recognized unmanaged index consisting of mid-sized U.S. companies. Index returns do not reflect the deduction of expenses, which have been deducted from the Fund's returns. Index returns assume reinvestment of all distributions and do not reflect the deduction of taxes and fees. Individuals cannot invest directly in an index.

*The Fund's investment objectives, strategies, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the Fund and may be obtained by calling (800) 610-6128. Please read it carefully before investing.*

*The Fund is distributed by Northern Lights Distributors, LLC, Member FINRA/SIPC.*

# Fund Holdings (Unaudited)

## Clockwise Capital Innovation ETF Holdings as of February 28, 2022.\*



\* As a percentage of net assets.

The investment objective of the Fund is long-term growth of capital.

Portfolio holdings are subject to change.

## Availability of Portfolio Schedule (Unaudited)

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the “SEC”) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The Fund’s Form N-PORT reports are available on the SEC’s website at <http://www.sec.gov> or on the Fund’s website at <https://clockwisefunds.com>.

# Clockwise Capital Innovation ETF

## Schedule of Investments

February 28, 2022 (Unaudited)

	<u>Shares</u>	<u>Fair Value</u>
<b>COMMON STOCKS — 89.70%</b>		
<b>Communications — 21.20%</b>		
Airbnb, Inc., Class A <sup>(a)</sup>	1,399	\$ 211,935
Alphabet, Inc., Class A <sup>(a)</sup>	56	151,264
Spotify Technology SA <sup>(a)</sup>	1,482	231,473
Uber Technologies, Inc. <sup>(a)</sup>	5,844	210,559
		<u>805,231</u>
<b>Consumer Discretionary — 28.96%</b>		
Amazon.com, Inc. <sup>(a)</sup>	110	337,839
Best Buy Co., Inc.	3,617	349,547
Membership Collective Group, Inc. <sup>(a)</sup>	13,346	109,304
Tesla, Inc. <sup>(a)</sup>	182	158,418
Whirlpool Corp.	720	144,914
		<u>1,100,022</u>
<b>Industrials — 7.94%</b>		
Deere & Co.	498	179,290
GXO Logistics, Inc. <sup>(a)</sup>	1,458	122,370
		<u>301,660</u>
<b>Technology — 31.60%</b>		
Apple, Inc.	936	154,552
Block, Inc., Class A <sup>(a)</sup>	1,022	130,305
Crowdstrike Holdings, Inc., Class A <sup>(a)</sup>	739	144,260
NVIDIA Corp.	533	129,972
Okta, Inc. <sup>(a)</sup>	687	125,611
Palo Alto Networks, Inc. <sup>(a)</sup>	193	114,690
Snowflake, Inc., Class A <sup>(a)</sup>	468	124,329
Twilio, Inc., Class A <sup>(a)</sup>	678	118,514
Unity Software, Inc. <sup>(a)</sup>	1,487	158,292
		<u>1,200,525</u>
<b>Total Common Stocks/Investments — 89.70% (Cost \$3,401,587)</b>		<u>3,407,438</u>
<b>Other Assets in Excess of Liabilities — 10.30%</b>		<u>391,207</u>
<b>NET ASSETS — 100.00%</b>		<u>\$ 3,798,645</u>

(a) Non-income producing security.

# Clockwise Capital Innovation ETF

## Statement of Assets and Liabilities

February 28, 2022 (Unaudited)

<b>Assets</b>	
Investments in securities, at fair value (cost \$3,401,587)	\$ 3,407,438
Cash	439,945
Receivable for investments sold	292,819
Dividends receivable	<u>1,260</u>
<b>Total Assets</b>	<u>4,141,462</u>
<b>Liabilities</b>	
Payable for investments purchased	339,753
Payable to Adviser	<u>3,064</u>
<b>Total Liabilities</b>	<u>342,817</u>
<b>Net Assets</b>	<b>\$ 3,798,645</b>
<b>Net Assets consist of:</b>	
Paid-in capital	3,839,345
Accumulated deficit	<u>(40,700)</u>
<b>Net Assets</b>	<b>\$ 3,798,645</b>
Shares outstanding (unlimited number of shares authorized, no par value)	<u>150,000</u>
Net asset value per share	<u>\$ 25.32</u>

# Clockwise Capital Innovation ETF

## Statement of Operations

For the Period Ended February 28, 2022<sup>(a)</sup> (Unaudited)

<b>Investment Income</b>	
Dividend income	\$ 1,432
<b>Total investment income</b>	<u>1,432</u>
<b>Expenses</b>	
Adviser	3,064
Net operating expenses	<u>3,064</u>
<b>Net investment loss</b>	<u>(1,632)</u>
<b>Net Realized and Change in Unrealized Gain (Loss) on Investments</b>	
Net realized gain (loss) on:	
Investment securities	(44,919)
Change in unrealized appreciation on:	
Investment securities	<u>5,851</u>
<b>Net realized and change in unrealized gain (loss) on investment securities</b>	<u>(39,068)</u>
<b>Net decrease in net assets resulting from operations</b>	<u>\$ (40,700)</u>

(a) For the period January 27, 2022 (commencement of operations) to February 28, 2022.

# Clockwise Capital Innovation ETF

## Statement of Changes in Net Assets

	<b>For the Period Ended February 28, 2022<sup>(a)</sup></b>
	(Unaudited)
<b>Increase (Decrease) in Net Assets due to:</b>	
<b>Operations</b>	
Net investment loss	\$ (1,632)
Net realized loss on investment securities	(44,919)
Change in unrealized appreciation on investment securities	5,851
<b>Net decrease in net assets resulting from operations</b>	<u>(40,700)</u>
<b>Capital Transactions</b>	
Proceeds from shares sold	6,353,413
Amount paid for shares redeemed	(2,514,068)
<b>Net increase in net assets resulting from capital transactions</b>	<u>3,839,345</u>
<b>Total Increase in Net Assets</b>	<u>3,798,645</u>
<b>Net Assets</b>	
Beginning of period	\$ —
<b>End of period</b>	<u>\$ 3,798,645</u>
<b>Share Transactions</b>	
Shares sold	250,000
Shares redeemed	(100,000)
<b>Net increase in shares outstanding</b>	<u>150,000</u>

(a) For the period January 27, 2022 (commencement of operations) to February 28, 2022.

# Clockwise Capital Innovation ETF

## Financial Highlights

(For a share outstanding during the period)

	<b>For the Period Ended February 28, 2022<sup>(a)</sup></b>
	<b>(Unaudited)</b>
<b>Selected Per Share Data:</b>	
Net asset value, beginning of period	\$ 25.00
Investment operations:	
Net investment loss	(0.01)
Net realized and unrealized gain on investments	<u>0.33<sup>(b)</sup></u>
Total from investment operations	<u>0.32</u>
Net asset value, end of period	<u>\$ 25.32</u>
Market price, end of period	<u>\$ 25.30</u>
<b>Total Return<sup>(c)</sup></b>	1.28% <sup>(d)</sup>
<b>Ratios and Supplemental Data:</b>	
Net assets, end of period (000 omitted)	\$ 3,799
Ratio of net expenses to average net assets	0.95% <sup>(e)</sup>
Ratio of net investment loss to average net assets	(0.51)% <sup>(e)</sup>
Portfolio turnover rate <sup>(f)</sup>	7% <sup>(d)</sup>
(a)	For the period January 27, 2022 (commencement of operations) to February 28, 2022.
(b)	The amount shown for a share outstanding throughout the period does not accord with the change in aggregate gains and losses in the portfolio of securities during the period due to the timing of sales and purchases of fund shares in relation to fluctuating market values during the period.
(c)	Total return is calculated assuming a purchase of shares at net asset value on the first day and a sale at net asset value on the last day of the period. Distributions are assumed, for the purpose of this calculation, to be reinvested at the ex-dividend date net asset value per share on their respective payment dates.
(d)	Not annualized.
(e)	Annualized.
(f)	Portfolio turnover rate excludes securities received or delivered from in-kind processing of creations or redemptions.



# Clockwise Capital Innovation ETF

## Notes to the Financial Statements

February 28, 2022 (Unaudited)

### NOTE 1. ORGANIZATION

Clockwise Capital Innovation ETF (the “Fund”) is registered under the Investment Company Act of 1940, as amended (“1940 Act”), as a non-diversified series of Capital Series Trust (the “Trust”) on December 8, 2021. The Trust is an open-end investment company established under the laws of Ohio by an Agreement and Declaration of Trust dated September 18, 2013 (the “Trust Agreement”). The Trust Agreement permits the Board of Trustees of the Trust (the “Board”) to issue an unlimited number of shares of beneficial interest of separate series. The Fund is one of a series of funds currently authorized by the Board. The Fund’s investment adviser is Clockwise Capital LLC (the “Adviser”). The investment objective of the Fund is long-term growth of capital.

**Non-Diversification Risk** – The Fund is non-diversified, which means it may invest a greater percentage of its assets in a fewer number of stocks as compared to other mutual funds that are more broadly diversified. As a result, the Fund’s share price may be more volatile than the share price of some other mutual funds, and the poor performance of an individual stock in the Fund’s portfolio may have a significant negative impact on the Fund’s performance.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The Fund is an investment company and follows accounting and reporting guidance under Financial Accounting Standards Board Accounting Standards Codification (“ASC”) Topic 946, “Financial Services-Investment Companies”, including Accounting Standards Update 2013-08. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements. These policies are in conformity with generally accepted accounting principles in the United States of America (“GAAP”).

**Estimates** – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 those estimates.

**Federal Income Taxes** – The Fund makes no provision for federal income or excise tax. The Fund has qualified and intends to qualify each year as a regulated investment company (“RIC”) under subchapter M of the Internal Revenue Code of 1986, as amended, by complying with the requirements applicable to RICs and by distributing substantially all of its taxable income. The Fund also intends to distribute sufficient net investment income and net realized capital gains, if any, so that it will not be subject to excise tax on undistributed income and gains. If the required amount of net investment income or gains is not distributed, the Fund could incur a tax expense.

# Clockwise Capital Innovation ETF

## Notes to the Financial Statements (continued)

February 28, 2022 (Unaudited)

The Fund recognizes tax benefits or expenses of uncertain tax positions only when the position is “more likely than not” to be sustained assuming examination by tax authorities. Management of the Fund has reviewed tax positions taken in tax years that remain subject to examination by all major tax jurisdictions, including federal (i.e., the interim tax period since inception, as applicable) and has concluded that no provision for unrecognized tax benefits or expenses is required in these financial statements and does not expect this to change over the next twelve months. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the period, the Fund did not incur any interest or penalties.

**Expenses** – Expenses incurred by the Trust that do not relate to a specific fund of the Trust are allocated to the individual funds based on each fund’s relative net assets or another appropriate basis (as determined by the Board).

**Security Transactions and Related Income** – Throughout the reporting period, security transactions are accounted for no later than one business day following the trade date. For financial reporting purposes, security transactions are accounted for on trade date on the last business day of the reporting period. The specific identification method is used for determining gains or losses for financial statements and income tax purposes. Dividend income is recorded on the ex-dividend date.

**Dividends and Distributions** – The Fund intends to distribute its net investment income and net realized long-term and short-term capital gains, if any, at least annually. Dividends and distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date. The treatment for financial reporting purposes of distributions made to shareholders during the period from net investment income or net realized capital gains may differ from their ultimate treatment for federal income tax purposes. These differences are caused primarily by differences in the timing of the recognition of certain components of income, expense or realized capital gain for federal income tax purposes. Where such differences are permanent in nature, they are reclassified among the components of net assets based on their ultimate characterization for federal income tax purposes. Any such reclassifications will have no effect on net assets, results of operations or net asset value (“NAV”) per share of the Fund.

### NOTE 3. SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS

The Fund values its portfolio securities at fair value as of the close of regular trading on the New York Stock Exchange (the “NYSE”) (normally 4:00 p.m. Eastern time) on each business day the NYSE is open for business. Fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. GAAP establishes a three-tier hierarchy to maximize the use of observable market data and minimize the

# Clockwise Capital Innovation ETF

## Notes to the Financial Statements (continued)

February 28, 2022 (Unaudited)

use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk (the risk inherent in a particular valuation technique used to measure fair value including a pricing model and/or the risk inherent in the inputs to the valuation technique). Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained and available from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below.

- Level 1 – unadjusted quoted prices in active markets for identical investments and/or registered investment companies where the value per share is determined and published and is the basis for current transactions for identical assets or liabilities at the valuation date
- Level 2 – other significant observable inputs (including, but not limited to, quoted prices for an identical security in an inactive market, quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining fair value of investments based on the best information available)

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy which is reported is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Equity securities that are traded on any stock exchange are generally valued at the last quoted sale price on the security's primary exchange. Lacking a last sale price, an exchange-traded security is generally valued at its last bid price. Securities traded in the NASDAQ over-the-counter market are generally valued at the NASDAQ Official Closing Price. When using market quotations and when the market is considered active, the security is classified as a Level 1 security. In the event that market quotations are not readily available, the Adviser determines that the market quotation or the price provided by the pricing service does not accurately reflect the current fair value, such securities are valued as determined in good faith by the Trust's Valuation Committee, based on

# Clockwise Capital Innovation ETF

## Notes to the Financial Statements (continued)

February 28, 2022 (Unaudited)

recommendations from a pricing committee comprised of certain officers of the Trust, certain employees of the Fund's administrator, and representatives of the Adviser (together the "Pricing Review Committee"). These securities will be classified as Level 2 or 3 within the fair value hierarchy, depending on the inputs used.

In accordance with the Trust's Portfolio Valuation Procedures, the Pricing Review Committee, in making its recommendations with the Adviser's participation, is required to consider all appropriate factors relevant to the value of securities for which it has determined other pricing sources are not available or reliable as described above. No single standard exists for determining fair value, because fair value depends upon the circumstances of each individual case. As a general principle, the current fair value of an issue of securities being valued pursuant to the Trust's Fair Value Guidelines would be the amount which the Fund might reasonably expect to receive for them upon their current sale. Methods which are in accordance with this principle may, for example, be based on (i) a multiple of earnings; (ii) a discount from market prices of a similar freely traded security (including a derivative security or a basket of securities traded on other markets, exchanges or among dealers); or (iii) yield to maturity with respect to debt issues, or a combination of these and other methods. Fair value pricing is permitted if, in accordance with the Trust's Portfolio Valuation Procedures, the validity of market quotations appears to be questionable based on factors such as evidence of a thin market in the security based on a small number of quotations, a significant event occurs after the close of a market but before the Fund's NAV calculation that may affect a security's value, or other data calls into question the reliability of market quotations.

The following is a summary of the inputs used to value the Fund's investments as of February 28, 2022:

<b>Assets</b>	<b>Valuation Inputs</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Common Stocks <sup>(a)</sup>	\$3,407,438	\$—	\$—	\$3,407,438
Total	\$3,407,438	\$—	\$—	\$3,407,438

<sup>(a)</sup> Refer to Schedule of Investments for sector classifications.

The Fund did not hold any investments at the end of the reporting period for which significant unobservable inputs (Level 3) were used in determining fair value; therefore, no reconciliation of Level 3 securities is included for this reporting period.

# Clockwise Capital Innovation ETF

## Notes to the Financial Statements (continued)

February 28, 2022 (Unaudited)

### **NOTE 4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES AND OTHER SERVICE PROVIDERS**

The Adviser, under the terms of the management agreement with the Trust with respect to the Fund (the “Agreement”), manages the Fund’s investments. As compensation for its management services, the Fund is obligated to pay the Adviser a fee computed and accrued daily and paid monthly at an annual rate of 0.95% of the Fund’s average daily net assets. Pursuant to its Agreement, the Adviser pays all other expenses of the Fund (other than taxes and governmental fees, brokerage fees, commissions and other transaction expenses, certain foreign custodial fees and expenses, costs of borrowing money, including interest expenses, and extraordinary expenses (such as litigation and indemnification expenses)) so that total annual fund operating expenses remain at 0.95% of the Fund’s average daily net assets. For the period ended February 28, 2022, the Adviser earned a fee of \$3,064 from the Fund.

Ultimus Fund Solutions, LLC (“Ultimus”) provides administration and fund accounting services to the Fund. The Adviser pays Ultimus fees in accordance with the agreements for such services.

Northern Lights Compliance Services, LLC (“NLCS”), an affiliate of Ultimus, provides a Chief Compliance Officer to the Trust, as well as related compliance services, pursuant to a consulting agreement between NLCS and the Trust. Under the terms of such agreement, NLCS receives fees from the Adviser, which are approved annually by the Board.

The Board supervises the business activities of the Trust. Each Trustee serves as a Trustee for the lifetime of the Trust or until the earlier of his or her retirement as a Trustee at age 78 (which may be extended for up to two years in an emeritus non-voting capacity at the pleasure and request of the Board), or until he/she dies, resigns, or is removed, whichever is sooner. “Independent Trustees,” meaning those Trustees who are not “interested persons” of the Trust, as defined in the 1940 Act, as amended, have each received an annual retainer of \$1,500 per Fund and \$500 per Fund for each quarterly in-person Board meeting. In addition, each Independent Trustee may be compensated for preparation related to and participation in any special meetings of the Board and/or any Committee of the Board, with such compensation determined on a case-by-case basis based on the length and complexity of the meeting. The Trust also reimburses Trustees for out-of-pocket expense incurred in conjunction with attendance at Board meetings.

The officers and one trustee of the Trust are employees of Ultimus. Northern Lights Distributors, LLC (the “Distributor”) acts as the principal distributor of the Fund’s shares. The Distributor is an affiliate of Ultimus. The Distributor is compensated by the Adviser (not the Fund) for acting as principal underwriter.

# Clockwise Capital Innovation ETF

## Notes to the Financial Statements (continued)

February 28, 2022 (Unaudited)

### NOTE 5. INVESTMENT TRANSACTIONS

For the period ended February 28, 2022, purchases and sales of investment securities, other than short-term investments, were \$543,239 and \$292,817, respectively.

For the period ended February 28, 2022, purchases and sales for in-kind transactions were \$5,281,962 and \$2,086,144, respectively.

For the period ended February 28, 2022, the Fund had in-kind net realized gains of \$25,406.

There were no purchases or sales of long-term U.S. government obligations during the period ended February 28, 2022.

### NOTE 6. CAPITAL SHARE TRANSACTIONS

Shares are not individually redeemable and may be redeemed by the Fund at NAV only in large blocks known as “Creation Units.” Only Authorized Participants or transactions done through an Authorized Participant are permitted to purchase or redeem Creation Units 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 the National Securities Clearing Corporation or (ii) a Depository Trust Company participant and, in each case, must have executed a Participant Agreement with the Distributor. Such transactions are generally permitted on an in-kind basis, with a balancing cash component to equate the transaction to the NAV per share of the Fund on the transaction date. Cash may be substituted equivalent to the value of certain securities generally when they are not available in sufficient quantity for delivery, not eligible for trading by the Authorized Participant or as a result of other market circumstances. In addition, the Fund may impose transaction fees on purchases and redemptions of Fund shares to cover the custodial and other costs incurred by the Fund in effecting trades. A fixed fee payable to the Custodian may be imposed on each creation and redemption transaction regardless of the number of Creation Units involved in the transaction (“Fixed Fee”). Purchases and redemptions of Creation Units for cash or involving cash-in-lieu are required to pay an additional variable charge to compensate the Fund and its ongoing shareholders for brokerage and market impact expenses relating to Creation Unit transactions (“Variable Charge,” and together with the Fixed Fee, the “Transaction Fees”). Transactions in capital shares for the Fund are disclosed in the Statement of Changes in Net Assets. For the six months ended February 28, 2022, the Fund received \$750 and \$0 in fixed fees and variable fees, respectively. The Transaction Fees for the Fund are listed in the table below:

Fixed Fee	Variable Charge
\$250	2.00%*

\* The maximum Transaction Fee may be up to 2.00% of the amount invested.

# Clockwise Capital Innovation ETF

## Notes to the Financial Statements (continued)

February 28, 2022 (Unaudited)

### NOTE 7. FEDERAL TAX INFORMATION

At February 28, 2022, the net unrealized appreciation (depreciation) and tax cost of investments for tax purposes was as follows:

Gross unrealized appreciation	\$ 74,534
Gross unrealized depreciation	(68,683)
Net unrealized appreciation on investments	<u>\$ 5,851</u>
Tax cost of investments	<u>\$ 3,401,587</u>

### NOTE 8. SECTOR RISK

If the Fund has significant investments in the securities of issuers within a particular sector, any development affecting that sector will have a greater impact on the value of the net assets of the Fund than would be the case if the Fund did not have significant investments in that sector. In addition, this may increase the risk of loss in the Fund and increase the volatility of the Fund's NAV per share. For instance, economic or market factors, regulatory changes or other developments may negatively impact all companies in a particular sector, and therefore the value of the Fund's portfolio will be adversely affected. As of February 28, 2022, the Fund had 31.60% and 28.96% of the value of its net assets invested in stocks within the Technology and Consumer Discretionary sectors, respectively.

### NOTE 9. COMMITMENTS AND CONTINGENCIES

The Trust indemnifies its officers and Trustees for certain liabilities that may arise from their performance of their duties to the Trust or the Fund. Additionally, in the normal course of business, the Trust enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Trust's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Trust that have not yet occurred.

### NOTE 10. SUBSEQUENT EVENTS

Management of the Fund has evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date at which these financial statements were issued. Based upon this evaluation, management has determined there were no items requiring adjustment of the financial statements or additional disclosure.

## Summary of Fund Expenses (Unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction and (2) ongoing costs, including management fees and other Fund expenses. These examples are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from January 27, 2022 (commencement of operations) through February 28, 2022.

### Actual Expenses

The first line of 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 under the heading “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

### Hypothetical Example for Comparison Purposes

The second line of the table below 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 other funds.

Expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs. Therefore, the second line of the table below is useful in comparing ongoing costs only and will not help you determine the relative costs of owning different funds. In addition, if transaction costs were included, your costs would have been higher.

	<b>Beginning Account Value January 27, 2022</b>	<b>Ending Account Value February 28, 2022</b>	<b>Expenses Paid During Period<sup>(a)</sup></b>	<b>Annualized Expense Ratio</b>
<b>Clockwise Capital Innovation ETF</b>				
Actual	\$ 1,000.00	\$ 1,012.80	\$ 0.86	0.95%
Hypothetical <sup>(b)</sup>	\$ 1,000.00	\$ 1,020.09	\$ 4.75 <sup>(c)</sup>	0.95%

- (a) Expenses are equal to the Fund’s annualized expense ratios, multiplied by the average account value over the period, multiplied by 33/365 (to reflect the period since commencement of operations on January 27, 2022).
- (b) Hypothetical assumes 5% annual return before expenses.
- (c) Expenses are equal to the Fund’s annualized expense ratios, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).



## Investment Advisory Agreement Approval (Unaudited)

At a quarterly meeting of the Board of Trustees of Capitol Series Trust (the “Trust”) on December 8, 2021, the Trust’s Board of Trustees (the “Board”), including all of the Trustees who are not “interested persons” of the Trust (the “Independent Trustees”) as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (the “1940 Act”), considered and approved for an initial two-year period the Investment Advisory Agreement between the Trust and Clockwise Capital LLC (“Clockwise Capital”) (the “Investment Advisory Agreement”) with respect to the Clockwise Capital Innovation ETF (the “Fund”), a series of the Trust.

Prior to the meeting, the Trustees received and considered information from Clockwise Capital and the Trust’s administrator designed to provide the Trustees with the information necessary to evaluate the terms of the proposed Investment Advisory Agreement between the Trust and Clockwise Capital, including, but not limited to, Clockwise Capital’s response to counsel’s due diligence letter requesting information relevant to the approval of the Investment Advisory Agreement and peer group expense and performance data provided by Broadridge for comparative purposes (collectively, the “Support Materials”). At various times, the Trustees reviewed the Support Materials with Clockwise Capital, Trust management, and with counsel to the Independent Trustees. The completeness of the Support Materials provided by Clockwise Capital, which included both responses and materials provided in response to initial and supplemental due diligence requests, was noted. Representatives from Clockwise Capital met with the Trustees and provided further information, including but not limited to, the services it proposed to provide to the Fund and the proposed management fee for those services, the business strategy for the Fund, firm ownership, resources available to service the Fund, including compliance resources, other investment strategies managed by Clockwise Capital, and profitability. This information formed the primary, but not exclusive, basis for the Board’s determinations.

Before voting to approve the Investment Advisory Agreement, the Trustees reviewed the terms and the form of the Investment Advisory Agreement and the Support Materials with Trust management and with counsel to the Independent Trustees. The Trustees also received a memorandum from counsel discussing the legal standards for their consideration of the proposed Investment Advisory Agreement, which memorandum described the various factors that the U.S. Securities and Exchange Commission (“SEC”) and U.S. Courts over the years have suggested would be appropriate for trustee consideration in the advisory agreement approval process, including the factors outlined in the case of Gartenberg v. Merrill Lynch Asset Management Inc., 694 F.2d 923, 928 (2d Cir. 1982); cert. denied sub. nom. and Andre v. Merrill Lynch Ready Assets Trust, Inc., 461 U.S. 906 (1983).

After having received and reviewed the Support Materials, as well as Clockwise Capital’s presentation, and noting additional discussions with representatives of Clockwise Capital that had occurred at various times, the Trustees determined that they had all of the information they deemed reasonably necessary to make an informed decision concerning the approval of the Investment Advisory Agreement. The Trustees discussed the facts and factors relevant to the approval of the Investment Advisory Agreement, which incorporated and reflected their knowledge of the services that Clockwise Capital will provide to the Fund. Based upon discussions with Clockwise Capital and the Support Materials provided, the Board concluded that the overall arrangements between the Trust and Clockwise Capital as set forth in the Investment Advisory Agreement are fair and reasonable in light of the services Clockwise Capital will perform, the investment advisory fees that the Fund will pay, and such other matters as the Trustees considered relevant in the exercise of their reasonable business judgment. The material factors and conclusions that formed the basis of the Trustees’ determination to approve the Investment Advisory Agreement are summarized below.

## Investment Advisory Agreement Approval (Unaudited) (continued)

In determining whether to approve the Investment Advisory Agreement, the Trustees considered all factors they believed to be relevant with respect to the Fund, including the following: (1) the nature, extent, and quality of the services to be provided by Clockwise Capital; (2) the cost of the services to be provided and the profits to be realized by Clockwise Capital from services rendered to the Trust with respect to the Fund; (3) comparative fee and expense data for the Fund and other investment companies with similar investment objectives; (4) the extent to which economies of scale may be realized as the Fund grows and whether the advisory fee for the Fund reflects these economies of scale for the Fund's benefit; and (5) other financial benefits to Clockwise Capital resulting from services to be rendered to the Fund. In their deliberations, the Trustees did not identify any particular information that was all-important or controlling.

**Nature, Extent and Quality of Services Provided.** The Trustees considered the scope of services that Clockwise Capital would provide under the Investment Advisory Agreement, noting that such services include but are not limited to the following: (1) obtaining and evaluating such information and advice relating to the economy, securities markets, and securities and other investments as it deems necessary or useful to discharge its duties under the Investment Advisory Agreement; (2) investing the Fund's assets consistent with the Fund's investment objective and investment policies; (3) determining the portfolio securities to be purchased, sold or otherwise disposed of and the timing of such transactions; (4) voting all proxies with respect to the Fund's portfolio securities; (5) maintaining the required books and records for transactions that Clockwise Capital effects on behalf of the Fund; (6) selecting broker-dealers to execute orders on behalf of the Fund; (7) performing compliance services on behalf of the Fund; and (8) engaging in marketing activities to support the Fund's growth. The Trustees considered Clockwise Capital's capitalization and its assets under management. The Trustees further considered the investment philosophy and investment industry experience of the portfolio managers, and noted the investment methodology Clockwise Capital would utilize to manage the Fund's portfolio in accordance with its investment strategy. The Trustees also considered the Fund's back-tested performance relative to the S&P 500 for the calendar years 2016-2020 and 2021 year to date . The Trustees concluded that they were satisfied with the nature, extent, and quality of services that Clockwise Capital would provide to the Fund under the Investment Advisory Agreement.

**Cost of Advisory Services and Profitability.** The Trustees considered the unitary fee that the Fund would pay to Clockwise Capital under the Investment Advisory Agreement, noting that Clockwise Capital is obligated to pay all of the operating expenses of the Fund under such agreement, and also reviewed Clockwise Capital's projected profitability from the services that it would render to the Fund, noting that the Adviser would expect to be slightly unprofitable assuming average net assets of \$60 million. The Trustees also considered Clockwise Capital's commitment with respect to the Fund and the growth of assets in the Fund over time. Finally, the Trustees reviewed Clockwise Capital's financial condition and fiscal health as it relates to the firm's financial ability to provide contractually required services to the Fund.

**Comparative Fee and Expense Data.** The Trustees also reviewed and discussed with Clockwise Capital the projected advisory fee and contractual expenses of the Fund as compared to those of other funds in the peer group category analysis provided by Broadridge. The Trustees noted that the peer group category for the Fund's comparison included other actively managed exchange-traded funds in the Morningstar Technology category, and they discussed the appropriateness of

## Investment Advisory Agreement Approval (Unaudited) (continued)

the selected category for the comparison. The Trustees noted that the Fund's proposed management fee of 0.95% was higher than the average and median management fee as compared to both the Morningstar Technology category and the custom peer group category, that its gross expense ratio was lower than the average but higher than the median for the category, and that its net expense ratio was higher than both the average and median for the category. The Trustees also considered that the proposed fee structure of the Fund was a unitary fee wherein Clockwise Capital would be contractually obligated to pay all operating expenses of the Fund. While recognizing that it is difficult to compare management fees because the scope of advisory services provided and fee structures may vary from one investment adviser to another, the Trustees concluded that Clockwise Capital's proposed management fee is reasonable at this time.

**Economies of Scale.** The Trustees considered whether Fund may benefit from any economies of scale and noted that the pro forma profitability projections indicated that the Fund would remain unprofitable at an asset level of \$60 million but would approach break even at higher asset levels. The Trustees concluded that no material economies exist at this time.

**Other Benefits.** The Trustees noted that Clockwise Capital confirmed that the firm will not utilize soft dollar arrangements with respect to portfolio transactions in the Fund and does not anticipate the use of affiliated brokers to execute the Fund's portfolio transactions. The Trustees concluded that Clockwise Capital will not receive any other material financial benefits from services rendered to the Fund.

**Other Considerations.** The Trustees also considered potential conflicts of interest for Clockwise Capital. Based on the assurances from representatives of Clockwise Capital, the Trustees concluded that no conflict of interest existed that could adversely impact the Fund.

Based upon Clockwise Capital's presentation to the Board and the Support Materials considered in connection with the approval of the Investment Advisory Agreement, the Board concluded that the overall arrangements between the Trust and Clockwise Capital, as set forth in the Investment Advisory Agreement, are fair and reasonable in light of the services to be performed, the fees to be paid and such other matters as the Trustees considered relevant in the exercise of their reasonable judgment.

## **PROXY VOTING**

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the Fund voted those proxies during the most recent twelve month period ended June 30, are available (1) without charge upon request by calling the Fund at (800) 610-6128 and (2) in Fund documents filed with the Securities and Exchange Commission (“SEC”) on the SEC’s website at [www.sec.gov](http://www.sec.gov).

## **TRUSTEES**

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Lori Kaiser  
Janet Smith Meeks  
Mary M. Madick

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## **ADMINISTRATOR AND FUND ACCOUNTANT**

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This report is intended only for the information of shareholders or those who have received the Fund’s prospectus which contains information about the Fund’s management fee and expenses. Please read the prospectus carefully before investing.

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