



**Nicholas Fixed Income Alternative ETF**  
Ticker: FIAX

**Semi-Annual Report**  
**April 30, 2023**  
**(Unaudited)**

# Nicholas Fixed Income Alternative ETF

## TABLE OF CONTENTS

Portfolio Allocation .....	1
Schedule of Investments .....	2
Statement of Assets and Liabilities .....	3
Statement of Operations .....	4
Statement of Changes in Net Assets .....	5
Financial Highlights .....	6
Notes to Financial Statements .....	7
Expense Example .....	12
Approval of Advisory Agreement and Sub-Advisory Agreement and Board Considerations .....	13
Additional Information .....	15

# Nicholas Fixed Income Alternative ETF

## PORTFOLIO ALLOCATION at April 30, 2023 (Unaudited)

Security Type	% of Net Assets
United States Treasury Notes	66.8%
Cash & Cash Equivalents <sup>(1)</sup>	33.2
Total	100.0%

<sup>(1)</sup> Represents cash, short-term investments, and other assets in excess of liabilities.

# Nicholas Fixed Income Alternative ETF

## SCHEDULE OF INVESTMENTS at April 30, 2023 (Unaudited)

	Principal Amount	Value
<b>United States Treasury Obligations – 66.8%</b>		
<b>United States Treasury Notes – 66.8%</b>		
1.375%, 08/31/2023	\$ 2,040,000	\$ 2,014,820
0.750%, 12/31/2023	14,408,000	14,014,486
0.750%, 11/15/2024	1,039,000	983,397
1.000%, 12/15/2024	8,520,000	8,081,020
		<u>25,093,723</u>
<b>Total United States Treasury Obligations</b>		
(Cost \$25,139,675)		<u>25,093,723</u>
	<b>Shares</b>	
<b>Short-Term Investments – 0.3%</b>		
<b>Money Market Funds – 0.3%</b>		
First American Government Obligations Fund, Class X, 4.275% <sup>(1)</sup>	100,001	100,001
<b>Total Short-Term Investments</b>		<u>100,001</u>
(Cost \$100,001)		
<b>Total Investments in Securities – 67.1%</b>		
(Cost \$25,239,676)		25,193,724
Other Assets in Excess of Liabilities - 32.9%		12,351,671
<b>Total Net Assets – 100.0%</b>		<u>\$ 37,545,395</u>

<sup>(1)</sup> The rate shown is the annualized seven-day effective yield as of April 30, 2023.

## Nicholas Fixed Income Alternative ETF

### STATEMENT OF ASSETS AND LIABILITIES at April 30, 2023 (Unaudited)

<b>Assets:</b>	
Investments in securities, at value (Note 2) . . . . .	\$ 25,193,724
Receivables:	
Investment securities sold . . . . .	12,200,000
Deposit at broker . . . . .	95,056
Dividends and interest . . . . .	84,736
Total assets . . . . .	<u>37,573,516</u>
<b>Liabilities:</b>	
Payables:	
Management fees (Note 3) . . . . .	28,121
Total liabilities . . . . .	<u>28,121</u>
<b>Net Assets</b> . . . . .	<u>\$ 37,545,395</u>
<b>Components of Net Assets:</b>	
Paid-in capital . . . . .	\$ 37,472,151
Total distributable (accumulated) earnings (losses) . . . . .	73,244
Net assets . . . . .	<u>\$ 37,545,395</u>
<b>Net Asset Value (unlimited shares authorized):</b>	
Net assets . . . . .	\$ 37,545,395
Shares of beneficial interest issued and outstanding . . . . .	1,875,000
Net asset value . . . . .	<u>\$ 20.02</u>
Cost of investments . . . . .	<u>\$ 25,239,676</u>

# Nicholas Fixed Income Alternative ETF

## STATEMENT OF OPERATIONS For the Period Ended April 30, 2023<sup>(1)</sup> (Unaudited)

<b>Investment Income:</b>	
Interest income .....	\$ 466,977
Total investment income .....	<u>466,977</u>
<b>Expenses:</b>	
Management fees (Note 3) .....	102,721
Tax fees .....	<u>1,026</u>
Total expenses .....	<u>103,747</u>
<b>Net investment income (loss) .....</b>	<b><u>363,230</u></b>
<b>Realized and Unrealized Gain (Loss):</b>	
Net realized gain (loss) on:	
Investments .....	(533,243)
Options Written .....	554,658
Change in net unrealized appreciation/depreciation on:	
Investments .....	<u>(45,952)</u>
Net realized and unrealized gain (loss) on investments .....	<u>(24,537)</u>
<b>Net increase (decrease) in net assets resulting from operations .....</b>	<b><u>\$ 338,693</u></b>

<sup>(1)</sup> The Fund commenced operations on November 29, 2022. The information presented is from November 29, 2022 to April 30, 2023.

# Nicholas Fixed Income Alternative ETF

## STATEMENT OF CHANGES IN NET ASSETS

	<b>Period Ended April 30, 2023<sup>(1)</sup> (Unaudited)</b>
<b>Increase (Decrease) in Net Assets From:</b>	
<b>Operations:</b>	
Net investment income (loss) .....	\$ 363,230
Net realized gain (loss) .....	21,415
Change in net unrealized appreciation/depreciation .....	(45,952)
<b>Net increase (decrease) in net assets resulting from operations</b> .....	<b>338,693</b>
<b>Distributions to Shareholders:</b>	
Net distributions to shareholders .....	(265,449)
<b>Capital Share Transactions:</b>	
Net increase (decrease) in net assets derived from net change in outstanding shares <sup>(2)</sup> .....	37,472,151
<b>Total increase (decrease) in net assets</b> .....	<b>37,545,395</b>
<b>Net Assets:</b>	
Beginning of period .....	—
<b>End of period</b> .....	<b>\$ 37,545,395</b>

<sup>(1)</sup> The Fund commenced operations on November 29, 2022. The information presented is from November 29, 2022 to April 30, 2023.

<sup>(2)</sup> Summary of share transactions is as follows:

	<b>Period Ended April 30, 2023<sup>(1)</sup> (Unaudited)</b>	
	<b>Shares</b>	<b>Value</b>
Shares sold .....	1,875,000	\$ 37,464,758
Shares redeemed .....	—	—
Variable fees .....	—	7,393
<b>Net increase (decrease)</b> .....	<b>1,875,000</b>	<b>\$ 37,472,151</b>

## Nicholas Fixed Income Alternative ETF

### FINANCIAL HIGHLIGHTS For a capital share outstanding throughout the period

	<b>Period Ended April 30, 2023 (Unaudited)<sup>(1)</sup></b>
Net asset value, beginning of period	\$ 20.00
<b>Income (Loss) from Investment Operations:</b>	
Net investment income (loss) <sup>(2)</sup>	0.28
Net realized and unrealized gain (loss)	(0.09)
Total from investment operations	<u>0.19</u>
<b>Less Distributions:</b>	
From net investment income	<u>(0.17)</u>
Total distributions	<u>(0.17)</u>
Net asset value, end of period	\$ <u>20.02</u>
Total return <sup>(3)(4)</sup>	<u>0.97%</u>
<b>Ratios / Supplemental Data:</b>	
Net assets, end of period (millions)	\$ 37.5
Portfolio turnover rate <sup>(3)(5)</sup>	57%
Ratio of expenses to average net assets <sup>(6)(7)</sup>	0.96%
Ratio of net investment income (loss) to average net assets <sup>(6)</sup>	3.36%

<sup>(1)</sup> The Fund commenced operations on November 29, 2022. The information presented is from November 29, 2022 to April 30, 2023.

<sup>(2)</sup> Calculated using average shares outstanding method.

<sup>(3)</sup> Not annualized.

<sup>(4)</sup> The total return is based on the Fund's net asset value.

<sup>(5)</sup> Excludes the impact of in-kind transactions, if applicable.

<sup>(6)</sup> Annualized.

<sup>(7)</sup> The ratio of expenses to average net assets includes tax expenses. The expense ratio excluding tax expenses is 0.95% for the period ended April 30, 2023.



# Nicholas Fixed Income Alternative ETF

## NOTES TO FINANCIAL STATEMENTS April 30, 2023 (Unaudited)

### NOTE 1 – ORGANIZATION

The Nicholas Fixed Income Alternative ETF (the “Fund”) is a series of the Tidal Trust II (the “Trust”). The Trust was organized as a Delaware statutory trust on January 13, 2022. The Trust is registered with the Securities and Exchange Commission (“SEC”) under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company and the offering of the Fund’s shares (“Shares”) is registered under the Securities Act of 1933, as amended. The Trust is governed by the Board of Trustees (the “Board”). Toroso Investments, LLC (“Toroso” or the “Adviser”), a Tidal Financial Group company, serves as investment adviser to the Fund and BluePath Capital Management, LLC doing business as Nicholas Wealth Management, and ZEGA Financial, LLC (together the “Sub-Advisers”) serve as sub-adviser to the Fund. The Fund is considered diversified under the 1940 Act. The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification Topic 946 “Financial Services – Investment Companies” including FASB Accounting Standard Update (“ASU”) 2013-08. The Fund commenced operations on November 29, 2022.

The investment objective of the Fund is to seek current income.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund. These policies are in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

- A. *Security Valuation.* Equity securities that are listed on a securities exchange, market or automated quotation system for which quotations are readily available (except for securities traded on the New York Stock Exchange (“NYSE”), including securities traded over the counter, are valued at the last quoted sale price on the primary exchange or market (foreign or domestic) on which they are traded on the valuation date (or at approximately 4:00 p.m. EST if a security’s primary exchange is normally open at that time), or, if there is no such reported sale on the valuation date, at the most recent quoted bid price or mean between the most recent quoted bid and ask prices for long and short positions. For a security that trades on multiple exchanges, the primary exchange will generally be considered the exchange on which the security is generally most actively traded. For securities traded on NYSE, the NYSE Official Closing Price will be used. Prices of securities traded on the securities exchange will be obtained from recognized independent pricing agents (“Independent Pricing Agents”) each day that the Fund is open for business.

Effective September 8, 2022, for securities for which quotations are not readily available, under Rule 2a-5 of the 1940 Act, a fair value will be determined by the Valuation Designee (as defined in Rule 2a-5) in accordance with the Pricing and Valuation Policy and Fair Value Procedures, as applicable, of the Adviser, subject to oversight by the Board. When a security is “fair valued,” consideration is given to the facts and circumstances relevant to the particular situation, including a review of various factors set forth in the Adviser’s Pricing and Valuation Policy and Fair Value Procedures, as applicable. Fair value pricing is an inherently subjective process, and no single standard exists for determining fair value. Different funds could reasonably arrive at different values for the same security. The use of fair value pricing by a funds may cause the net asset value of its shares to differ significantly from the net asset value that would be calculated without regard to such considerations. As described above, the Fund utilizes various methods to measure the fair value of its investments on a recurring basis. U.S. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

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 instruments, 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 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.

## Nicholas Fixed Income Alternative ETF

### NOTES TO FINANCIAL STATEMENTS April 30, 2023 (Unaudited) (Continued)

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 within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a summary of the inputs used to value the Fund's investments as of April 30, 2023:

<b>Investments in Securities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
United States Treasury Obligations	\$ —	\$ 25,093,723	\$ —	\$ 25,093,723
Short-Term Investments	100,001	—	—	100,001
Total Investments in Securities	<u>\$ 100,001</u>	<u>\$ 25,093,723</u>	<u>\$ —</u>	<u>\$ 25,193,724</u>

- B. *Derivatives Risk.* Derivatives are financial instruments that derive value from the underlying reference asset or assets, such as stocks, bonds, or funds (including ETFs), interest rates or indexes. The Fund's investments in derivatives may pose risks in addition to, and greater than, those associated with directly investing in securities or other ordinary investments, including risk related to the market, imperfect correlation with underlying investments or the Fund's other portfolio holdings, higher price volatility, lack of availability, counterparty risk, liquidity, valuation, and legal restrictions. The use of derivatives is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. The use of derivatives may result in larger losses or smaller gains than directly investing in securities. Because derivatives often require only a limited initial investment, the use of derivatives may expose the Fund to losses in excess of those amounts initially invested. In addition, the Fund's investments in derivatives are subject to the following risks:

*Option Contracts.* The use of option contracts involves investment strategies and risks different from those associated with ordinary portfolio securities transactions. The prices of options are volatile and are influenced by, among other things, actual and anticipated changes in the value of the underlying instrument, changes in interest or currency exchange rates, including the anticipated volatility, which are affected by fiscal and monetary policies and by national and international political, changes in the actual or implied volatility or the reference asset, the time remaining until the expiration of the option contract and economic events. There may at times be an imperfect correlation between the movement in values option.

The Fund has adopted financial reporting rules and regulations that require enhanced disclosure regarding derivatives and hedging activity intending to improve financial reporting of derivative instruments by enabling investors to understand how an entity uses derivatives, how derivatives are accounted for, and how derivative instruments affect an entity's results of operations and financial position. For the six-months ended April 30, 2023, the Fund's monthly average quantity and notional value are described below:

	<b>Average Contracts</b>	<b>Average Notional Amount</b>
Purchased Options	452	\$ 1,709,574
Options Written	(452)	\$ (1,709,574)

#### *Statement of Assets and Liabilities*

As of April 30, 2023 the fund did not hold any purchased or written options.

#### *Statement of Operations*

The effect of derivative instruments on the Statement of Operations for the period ended April 30, 2023:

<b>Instrument</b>	<b>Location of Gain (Loss) on Derivatives Recognized in Income</b>	<b>Realized Gain (Loss) on Derivatives Recognized in Income</b>	<b>Change in Unrealized Appreciation/ Depreciation on Derivatives Recognized in Income</b>
Equity Contracts – Call and Put Options Purchased	Net Realized Gain (Loss) on Investments	\$ (405,889)	\$ —
Equity Contracts – Call and Put Options Written	Net Realized Gain (Loss) on Options Written	\$ 554,658	\$ —

## Nicholas Fixed Income Alternative ETF

### NOTES TO FINANCIAL STATEMENTS April 30, 2023 (Unaudited) (Continued)

- C. *Federal Income Taxes.* The Fund has elected to be taxed as a “regulated investment company” and intends to distribute substantially all taxable income to its shareholders and otherwise comply with the provisions of the Internal Revenue Code applicable to regulated investment companies. Therefore, no provision for federal income taxes or excise taxes has been made.

In order to avoid imposition of the excise tax applicable to regulated investment companies, the Fund intends to declare as dividends in each calendar year at least 98.0% of its net investment income (earned during the calendar year) and at least 98.2% of its net realized capital gains (earned during the twelve months ended October 31) plus undistributed amounts, if any, from prior years.

As of April 30, 2023, the Fund did not have any tax positions that did not meet the threshold of being sustained by the applicable tax authority. Generally, tax authorities can examine all the tax returns filed for the last three years. The Fund identifies its major tax jurisdiction as U.S. Federal and the Commonwealth of Delaware; however, the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially.

- D. *Securities Transactions and Investment Income.* Investment securities transactions are accounted for on the trade date. Gains and losses realized on sales of securities are determined on a specific identification basis. Discounts/premiums on debt securities purchased are accreted/amortized over the life of the respective securities using the effective interest method. Dividend income is recorded on the ex-dividend date. Dividends received from REITs generally are comprised of ordinary income, capital gains, and may include return of capital. Debt income is recorded on an accrual basis. Other non-cash dividends are recognized as investment income at the fair value of the property received. Withholding taxes on foreign dividends have been provided for in accordance with the Trust’s understanding of the applicable country’s tax rules and rates.
- E. *Distributions to Shareholders.* Distributions to shareholders from net investment income, if any, for the Fund are declared and paid monthly. Distributions to shareholders from net realized gains on securities, if any, for the Fund normally are declared and paid on an annual basis. Distributions are recorded on the ex-dividend date.
- F. *Use of Estimates.* The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- G. *Share Valuation.* The net asset value (“NAV”) per share of the Fund is calculated by dividing the sum of the value of the securities held by the Fund, plus cash or other assets, minus all liabilities by the total number of shares outstanding for the Fund, rounded to the nearest cent. The Fund’s shares will not be priced on the days on which the New York Stock Exchange (“NYSE”) is closed for trading.
- H. *Guarantees and Indemnifications.* In the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund’s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.
- I. *Illiquid Securities.* Pursuant to Rule 22e-4 under the 1940 Act, the Fund has adopted a Board-approved Liquidity Risk Management Program (the “Program”) that requires, among other things, that the Fund limit its illiquid investments that are assets to no more than 15% of the value of the Fund’s net assets. An illiquid investment is any security that the Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment. If the Fund should be in a position where the value of illiquid investments held by the Fund exceeds 15% of the Fund’s net assets, the Fund will take such steps as set forth in the Program.
- J. *Recently Issued Accounting Pronouncements.* In June 2022, the FASB issued Accounting Standards Update 2022-03, which amends Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions (“ASU 2022-03”). ASU 2022-03 clarifies guidance for fair value measurement of an equity security subject to a contractual sale restriction and establishes new disclosure requirements for such equity securities. ASU 2022-03 is effective for fiscal years beginning after December 15, 2023 and for interim periods within those fiscal years, with early adoption permitted. Management is currently evaluating the impact, if any, of these amendments on the financial statements.

# Nicholas Fixed Income Alternative ETF

## NOTES TO FINANCIAL STATEMENTS April 30, 2023 (Unaudited) (Continued)

### NOTE 3 – COMMITMENTS AND OTHER RELATED PARTY TRANSACTIONS

The Adviser serves as investment adviser to the Fund, and has overall responsibility for the general management and administration of the Fund pursuant to an investment advisory agreement with the Trust, on behalf of the Fund (the “Advisory Agreement”). The Adviser provides oversight of the Sub-Advisers and review of the Sub-Advisers’ performance. The Adviser is also responsible for trading portfolio securities for the Fund, including selecting broker-dealers to execute purchase and sale transactions. The Adviser also arranges for sub-advisory, transfer agency, custody, fund administration, and all other related services necessary for the Fund to operate. For the services it provides to the Fund, the Fund pays the Adviser a unitary management fee, which is calculated daily and paid monthly, at an annual rate of 0.95% of the Fund’s average daily net assets.

Under the Advisory Agreement, the Adviser has agreed to pay all expenses incurred by the Fund except for 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, distribution fees and expenses paid by the Fund under any distribution plan adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940 Act, as amended (the “1940 Act”), litigation expenses, non-routine or extraordinary expenses, and the unitary management fee payable to the Adviser (collectively, the “Excluded Expenses”).

The Sub-Advisers are responsible for the day-to-day management of the Fund’s portfolio, including determining the securities purchased and sold by the Fund, subject to the supervision of the Adviser and the Board. For its services, the Sub-Advisers are paid a fee by the Adviser, which fee is calculated daily and paid month, at an annual rate of 0.05% of the Fund’s average daily net assets. The Sub-Advisers have agreed to assume the Adviser’s obligation to pay all expenses by the Fund, except for the sub-advisory fee payable to the Sub-Advisers and Excluded Expenses. Such expenses incurred by the Fund and paid by the Sub-Advisers include fees charged by Tidal.

Tidal ETF Services LLC (“Tidal”), a Tidal Financial Group company and an affiliate of the Adviser, serves as the Fund’s administrator and, in that capacity, performs various administrative and management services for the Fund. Tidal coordinates the payment of Fund related expenses and manages the Trust’s relationships with its various service providers.

U.S. Bancorp Fund Services, LLC, doing business as U.S. Bank Global Fund Services (“Fund Services”), serves as the Fund’s sub-administrator, fund accountant and transfer agent. In those capacities Fund Services performs various administrative and accounting services for the Fund. Fund Services prepares various federal and state regulatory filings, reports and returns for the Fund, including regulatory compliance monitoring and financial reporting; prepares reports and materials to be supplied to the Board; and monitors the activities of the Fund’s custodian U.S. Bank N.A. (the “Custodian”), an affiliate of Fund Services, serves as the Fund’s custodian.

Foreside Fund Services, LLC (the “Distributor”) acts as the Fund’s principal underwriter in a continuous public offering of the Fund’s shares.

Certain officers and a trustee of the Trust are affiliated with the Adviser. Neither the affiliated trustee nor the Trust’s officers receive compensation from the Fund.

### NOTE 4 – PURCHASES AND SALES OF SECURITIES

For the period ended April 30, 2023, the cost of purchases and proceeds from the sales or maturities of securities, excluding short-term investments, U.S. government securities, and in-kind transactions were \$4,236,487 and \$3,974,844, respectively.

For the period ended April 30, 2023, purchases and sales of long-term U.S. government securities were \$15,372,930 and \$1,442,118, respectively.

For the period ended April 30, 2023, there were no in-kind transactions associated with creations and redemptions for the Fund.

# Nicholas Fixed Income Alternative ETF

## NOTES TO FINANCIAL STATEMENTS April 30, 2023 (Unaudited) (Continued)

### NOTE 5 – INCOME TAXES AND DISTRIBUTIONS TO SHAREHOLDERS

The Fund is subject to examination by U.S. taxing authorities for the tax periods since the commencement of operations. The amount and character of tax basis distributions and composition of net assets, including undistributed (accumulated) net investment income (loss), are finalized at the fiscal year-end; accordingly, tax basis balances have not been determined for the period ended April 30, 2023. Differences between the tax cost of investments and the cost noted in the Schedule of Investments will be determined at fiscal year-end. The tax character of distributions paid during the period ended April 30, 2023 (estimated) was as follows:

<b>Distributions paid from:</b>	
Ordinary income	\$ 265,449

### NOTE 6 – SHARE TRANSACTIONS

Shares of the Fund are listed and traded on the Exchange. Market prices for the shares may be different from their NAV. The Fund issues and redeems shares on a continuous basis at NAV generally in large blocks of shares, called “Creation Units.” Creation Units are issued and redeemed principally in-kind for securities included in a specified universe. Once created, shares generally trade in the secondary market at market prices that change throughout the day. Except when aggregated in Creation Units, shares are not redeemable securities of the Fund. Creation Units may only be purchased or redeemed by Authorized Participants. 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. Most retail investors do not qualify as Authorized Participants nor have the resources to buy and sell whole Creation Units. Therefore, they are unable to purchase or redeem the shares directly from the Fund. Rather, most retail investors may purchase shares in the secondary market with the assistance of a broker and are subject to customary brokerage commissions or fees.

The Fund currently offers one class of shares, which has no front-end sales load, no deferred sales charge, and no redemption fee. A fixed transaction fee is imposed for the transfer and other transaction costs associated with the purchase or sale of Creation Units. The standard fixed transaction fee for the Fund is \$500, payable to the Custodian. The fixed transaction fee may be waived on certain orders if the Fund’s Custodian has determined to waive some or all of the costs associated with the order or another party, such as the Adviser, has agreed to pay such fee. In addition, a variable fee may be charged on all cash transactions or substitutes for Creation Units of up to a maximum of 2% and for Redemption Units of up to a maximum of 2%, respectively, of the value of the Creation Units and Redemption Units subject to the transaction. Variable fees received by the Fund, if any, are disclosed in the capital shares transactions section of the Statements of Changes in Net Assets. The Fund may issue an unlimited number of shares of beneficial interest, with no par value. All shares of the Fund have equal rights and privileges.

### NOTE 7 – RECENT MARKET EVENTS

U.S. and international markets have experienced and may continue to experience significant periods of volatility in recent years and months due to a number of economic, political and global macro factors including rising inflation, uncertainty regarding central banks’ interest rate increases, the possibility of a national or global recession, trade tensions, political events, the war between Russia and Ukraine and the impact of the corona virus (COVID-19) global pandemic. The global recovery from COVID-19 may last for an extended period of time. As a result of continuing political tensions and armed conflicts, including the war between Ukraine and Russia, the U.S. and the European Union imposed sanctions on certain Russian individuals and companies, including certain financial institutions, and have limited certain exports and imports to and from Russia. The war has contributed to recent market volatility and may continue to do so. These developments, as well as other events, could result in further market volatility and negatively affect financial asset prices, the liquidity of certain securities and the normal operations of securities exchanges and other markets, despite government efforts to address market disruptions. Continuing market volatility as a result of recent market conditions or other events may have adverse effects on your account.

### NOTE 8 – SUBSEQUENT EVENTS

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued. Management has determined that there are no subsequent events that would need to be disclosed in the Fund’s financial statements.



## Nicholas Fixed Income Alternative ETF

### EXPENSE EXAMPLE For the Period Ended April 30, 2023 (Unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including brokerage commissions paid on purchases and sales of the Fund's shares, and (2) ongoing costs, including management fees of the Fund. The example is 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 funds. The actual example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period indicated, which is from November 29, 2022 (commencement of operations) to April 30, 2023. The hypothetical example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period indicated, which is from November 1, 2022 to April 30, 2023.

#### Actual Expenses

The first line of the following table provides information about actual account values and actual expenses. To the extent the Fund invests in shares of other investment companies as part of its investment strategy, you will indirectly bear your proportionate share of any fees and expenses charged by the underlying funds in which the Fund invests, in addition to the expenses of the Fund. Actual expenses of the underlying funds are expected to vary among the various underlying funds. These expenses are not included in the example. The example includes, but is not limited to, unitary fees. However, the example does not include portfolio trading commissions and related 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 entitled "Expenses Paid During the Period" to estimate the expenses you paid on your account during this period.

#### Hypothetical Example for Comparison Purposes

The second line of the following 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 the Fund's shares. Therefore, the second line of the following table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. If these transactional costs were included, your costs would have been higher.

	Beginning Account Value November 29, 2022	Ending Account Value April 30, 2023	Expenses Paid During the Period November 29, 2022 – April 30, 2023
Actual <sup>(1)</sup>	\$1,000.00	\$1,009.70	\$4.02
	Beginning Account Value November 1, 2022	Ending Account Value April 30, 2023	Expenses Paid During the Period November 1, 2022 – April 30, 2023
Hypothetical (5% annual return before expenses) <sup>(2)</sup>	\$1,000.00	\$1,020.03	\$4.81

<sup>(1)</sup> The actual expenses are equal to the Fund's annualized net expense ratio of 0.96%, multiplied by the average account value over the period, multiplied by 152/365 (to reflect the period from November 29, 2022 to April 30, 2023, the commencement of operations date to the end of the period).

<sup>(2)</sup> The hypothetical expenses are equal to the Fund's annualized net expense ratio of 0.96%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the most recent six-month period).

# Nicholas Fixed Income Alternative ETF

## APPROVAL OF ADVISORY AGREEMENT AND SUB-ADVISORY AGREEMENT AND BOARD CONSIDERATIONS (Unaudited)

Pursuant to Section 15(c) of the Investment Company Act of 1940 (the “1940 Act”), at a meeting held on November 10, 2022, the Board of Trustees (the “Board”) of Tidal Trust II (the “Trust”) considered the approval of:

- the Investment Advisory Agreement (the “Advisory Agreement”) between Toroso Investments, LLC (the “Adviser”) and the Trust, on behalf of the Nicholas Fixed Income Alternative ETF (the “Fund”);
- an Investment Sub-Advisory Agreement between the Adviser and BluePath Capital Management, LLC doing business as Nicholas Wealth Management (“Nicholas Wealth”) with respect to the Fund (the “Nicholas Sub-Advisory Agreement”); and
- an Investment Sub-Advisory Agreement between the Adviser and ZEGA Financial, LLC (together with Nicholas Wealth, each a “Sub-Adviser” and collectively the “Sub-Advisers”) with respect to the Fund (the “ZEGA Sub-Advisory Agreement” and together with the Nicholas Sub-Advisory Agreement, the “Sub-Advisory Agreements and, together with the Advisory Agreement, the “Agreements”).

Pursuant to Section 15 of the 1940 Act, the Agreements must be approved by the vote of a majority of the Trustees who are not parties to the Agreements or “interested persons” of any party thereto, as defined in the 1940 Act (the “Independent Trustees”), cast in person at a meeting called for the purpose of voting on such approval. In preparation for such meeting, the Board requested and reviewed a wide variety of information from the Adviser and Sub-Advisers.

In reaching its decision, the Board, including the Independent Trustees, considered all factors it believed relevant, including: (i) the nature, extent and quality of the services to be provided to the Fund’s shareholders by the Adviser and Sub-Advisers; (ii) the costs of the services to be provided and the profits to be realized by the Adviser and Sub-Advisers from services to be provided to the Fund, including any fall-out benefits; (iv) comparative fee and expense data for the Fund in relation to other investment companies with similar investment objectives; (v) the extent to which economies of scale would be realized as the Fund grows and whether the advisory fees for the Fund reflects these economies of scale for the benefit of the Fund; and (vi) other financial benefits to the Adviser or Sub-Advisers and their affiliates resulting from services rendered to the Fund. The Board’s review included written and oral information furnished to the Board prior to and at the meeting held on November 10, 2022. Among other things, each of the Adviser and Sub-Advisers provided responses to a detailed series of questions, which included information about the Adviser’s and Sub-Advisers’ operations, service offerings, personnel, compliance program and financial condition. The Board then discussed the written and oral information that it received before the meeting, and the Adviser’s and Sub-Advisers’ oral presentations and any other information that the Board received at the meeting, and deliberated on the approval of the Agreements in light of this information.

The Independent Trustees were assisted throughout the contract review process by independent legal counsel. The Independent Trustees relied upon the advice of such counsel and their own business judgment in determining the material factors to be considered in evaluating the approval of the Agreements, and the weight to be given to each such factor. The conclusions reached with respect to the Agreements were based on a comprehensive evaluation of all the information provided and not any single factor. Moreover, each Trustee may have placed varying emphasis on particular factors in reaching conclusions with respect to each Fund. The Independent Trustees conferred amongst themselves and independent legal counsel in executive sessions both with and without representatives of management.

**Nature, Extent and Quality of Services to be Provided.** The Trustees considered the scope of services to be provided under the Advisory Agreement and Sub-Advisory Agreements. In considering the nature, extent and quality of the services to be provided by the Adviser and Sub-Advisers, the Board reviewed the Adviser’s and Sub-Advisers’ compliance infrastructure and its financial strength and resources. The Board also considered the experience of the personnel of the Adviser and Sub-Advisers working with ETFs. The Board also considered other services to be provided to the Fund by the Adviser and Sub-Advisers, such as selecting broker-dealers for executing portfolio transactions, monitoring adherence to the Fund’s investment restrictions, and monitoring compliance with various Fund policies and procedures and with applicable securities regulations. Based on the factors above, as well as those discussed below, the Board concluded that it was satisfied with the nature, extent and quality of the services to be provided to the Fund by the Adviser and Sub-Advisers based on their experience, personnel, operations and resources.

**Historical Performance.** The Board noted that the Fund had not yet commenced operations and that therefore there was no prior performance to review.

**Cost of Services Provided, Profitability and Economies of Scale.** The Board reviewed the proposed advisory fees for the Fund and compared them to the management fees and total operating expenses of its Morningstar peer group. The Board noted that the comparisons to the total expense ratios were the most relevant comparisons, given the fact that the advisory fee for the Fund is a “unified fee.”

## Nicholas Fixed Income Alternative ETF

### APPROVAL OF ADVISORY AGREEMENT AND SUB-ADVISORY AGREEMENT AND BOARD CONSIDERATIONS (Unaudited) (Continued)

The Board noted the importance of the fact that the proposed advisory fee for the Fund is a “unified fee,” meaning that the shareholders of the Fund pay no expenses except for 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, distribution fees and expenses paid by the Fund under any distribution plan adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940 Act, as amended (the “1940 Act”), litigation expenses, non-routine or extraordinary expenses, and the unitary management fee payable to the Adviser. The Board also noted that the Adviser was responsible for compensating the Trust’s other service providers and paying the Fund’s other expenses (except as noted above) out of its own fees and resources. The Board further noted that because the Fund is new, it was difficult to estimate the profitability of the Fund to the Adviser. The Board, however, considered collateral or “fall-out” benefits that the Adviser and its affiliates may derive as a result of their relationship with the Fund.

The Board noted that because the Fund is new, it also was difficult to estimate whether the Fund would experience economies of scale. The Board noted that the Adviser will review expenses as the Fund’s assets grow. The Board determined to evaluate economies of scale on an ongoing basis if the Fund achieved asset growth.

The Board also reviewed the proposed sub-advisory fee paid to the Sub-Advisers for their services under the Sub-Advisory Agreements. The Board considered this fee in light of the services the Sub-Advisers provide as investment sub-adviser to the Fund. The Board determined that the proposed fee reflected an appropriate allocation of the advisory fee paid to the Adviser and Sub-Advisers given the work performed by each firm. The Board also considered that Nicholas Wealth Management was acting as sponsor for the Fund and had agreed to assume the payment of any fund expenses above the level of the unitary fee. The Board considered that pursuant to these arrangements, if fund expenses, including a payment to the adviser of a certain amount, fall below the level of the unitary fee, the adviser would pay any remaining portion of the unitary fee to the sponsor out of its profits. The Board concluded that the proposed sub-advisory fee was reasonable in light of the services rendered.

The Board also considered that the sub-advisory fee paid to the Sub-Advisers is paid out of the Adviser’s unified fee and represents an arm’s-length negotiation between the Adviser and the Sub-Advisers. For these reasons, the Trustees determined that the profitability to the Sub-Advisers from its relationship with the Fund was not a material factor in their deliberations with respect to consideration of approval of the Sub-Advisory Agreements. The Board considered that, because the sub-advisory fee was paid by the Adviser out of its unified fee, any economies of scale would not benefit shareholders and, thus, were not relevant for the consideration of the approval of the sub-advisory fee.

**Conclusion.** No single factor was determinative to the decision of the Board. Based on the Board’s deliberations and its evaluation of the information described above and such other matters as were deemed relevant, the Board, including the Independent Trustees, unanimously: (a) concluded that the terms of the Advisory Agreement and Sub-Advisory Agreements are fair and reasonable; (b) concluded that the Adviser’s and Sub-Advisers’ fees are reasonable in light of the services that the Adviser and Sub-Advisers will provide to the Fund; and (c) agreed to approve the Advisory Agreement and Sub-Advisory Agreements for an initial term of two years.



## Nicholas Fixed Income Alternative ETF

### ADDITIONAL INFORMATION

#### INFORMATION ABOUT PROXY VOTING (Unaudited)

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available upon request without charge, by calling (855) 563-6900 or by accessing the Fund's website at [www.nicholasx.com/fiax](http://www.nicholasx.com/fiax). Furthermore, you can obtain the description on the SEC's website at [www.sec.gov](http://www.sec.gov).

Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-months ending June 30 is available upon request without charge by calling (855) 563-6900 or by accessing the SEC's website at [www.sec.gov](http://www.sec.gov).

#### INFORMATION ABOUT THE PORTFOLIO HOLDINGS (Unaudited)

The Fund's portfolio holdings are posted on the Fund's website daily at [www.nicholasx.com/fiax](http://www.nicholasx.com/fiax). The Fund files its complete schedule of portfolio holdings with the SEC for its first and third fiscal quarters on Part F of Form N-PORT. The Fund's Part F of Form N-PORT is available without charge, upon request, by calling (855) 563-6900. Furthermore, you can obtain the Part F of Form N-PORT on the SEC's website at [www.sec.gov](http://www.sec.gov).

#### FREQUENCY DISTRIBUTION OF PREMIUMS AND DISCOUNTS (Unaudited)

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

#### INFORMATION ABOUT THE FUND'S TRUSTEES (Unaudited)

The Statement of Additional Information ("SAI") includes additional information about the Fund's Trustees and is available without charge, upon request, by calling (855) 563-6900. Furthermore, you can obtain the SAI on the SEC's website at [www.sec.gov](http://www.sec.gov) or the Fund's website at [www.nicholasx.com/fiax](http://www.nicholasx.com/fiax).

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**Investment Sub-Adviser**

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**Investment Sub-Adviser**

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**Distributor**

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**Fund Information**

<b>Fund</b>	<b>Ticker</b>	<b>CUSIP</b>
Nicholas Fixed Income Alternative ETF	FIAX	88634T535