ACRUENCE CAPITAL

XVOL

The Acruence Active Hedge U.S. Equity ETF (XVOL)

DISCLOSURES: *tail risk hedging, income enhancement (how we do it, why it may not work)*

Tail risk hedging with options on the VIX involves strategies aimed at protecting against extreme market downturns or tail events. Here's how it works:

- ▲ **VIX Options:** Investors use options contracts based on the CBOE Volatility Index (VIX), which measures market expectations of near-term volatility conveyed by S&P 500 stock index option prices[1].
- ▲ **Tail Risk Strategy:** These options are utilized to hedge against tail risk, which refers to the risk of rare, extreme events beyond normal expectations[2].
- ▲ **Hedging Mechanism:** By purchasing VIX call options or employing other VIX-related strategies, investors aim to profit from increased volatility during market downturns. This can offset losses in the overall portfolio[3].

VIX tail risk hedging strategies **may encounter limitations or challenges** for several reasons:

- ▲ **Time-Varying Correlations:** The effectiveness of VIX hedging can be affected by time-varying correlations and co-movements between the VIX and the stock market, potentially limiting its ability to accurately predict market downturns[4].
- ▲ **Predictive Power:** While the CBOE Volatility of Volatility (VVIX) index may provide some predictive power for tail risk hedging returns, its efficacy can vary, and it may not always accurately anticipate future market conditions[5].
- ▲ **Low Likelihood of Profit:** Options specifically designed to hedge against extreme tail-risk events, often referred to as "Doomsday" options, may have a low likelihood of profitability due to their nature and the rarity of such events

Income enhancement

The fund will selectively write calls against underlying stock positions and may also write puts to acquire a stock position. Income or loss is recognized when the call is closed either by expiring worthless, by being closed with a closing purchase transaction, or by being assigned.

DISCLOSURES: *SEC yield, active share, AI model, No of holdings*

SEC yield

The 30-Day SEC yield is calculated with a standardized formula mandated by the SEC. The formula is based on maximum offering price per share and does not reflect waivers in effect. As of 1/31/24 the yield is 1.33%

Active Share

Active Share is a metric used in finance to measure the percentage of a portfolio's holdings that differ from those of its benchmark index. It quantifies the extent to which a portfolio manager deviates from the benchmark in terms of stock selection

AI model

- Phase Detection Engine (PDE) is phaseinvest's AI powered proprietary regime identification framework. It is based on the premise that stock price evolves through a series of phases or regimes. Each phase denotes a distinct duration in the price series.
- At any given point in time, each security is in its own unique phase. The PDE algorithm identifies permanent breaks in the structural volatility of a security's price. This information is then used to determine when a security's price enters a new phase or regime.

No of holdings

The primary underlying index that XVOL invests in will hold approximately 50 stocks. The actual number may vary as a result of call-writing which could result in a stock being "called away, and thus reducing the number of positions within the portfolio.

DISCLOSURES: *put selling, covered call writing*

Put selling, also known as writing put options, involves selling a put contract to another party, giving them the right to sell the underlying asset at a specified price (the strike price) before a certain date (the expiration date). The seller receives a premium for taking on this obligation. The associated risks include:

- ▲ **Obligation to Buy:** Sellers are obligated to buy the underlying asset at the strike price if the buyer chooses to exercise the option, potentially leading to significant losses.
- ▲ **Market Risk:** If the market price of the underlying asset falls below the strike price, the seller may incur losses upon buying the asset at a higher price.
- ▲ **Limited Profit Potential:** While the seller receives a premium, their profit potential is capped at the premium received.

Covered call writing is an options strategy where an investor who owns a certain asset (typically stocks) sells call option on that asset. The investor generates income from the premiums received for selling the call options, and in exchange, they may have to sell the asset at a predetermined price (strike price) if the option buyer chooses to exercise their right to buy. Risks include:

- ▲ **Limited Upside Potential:** The strategy limits the potential profit from owning the underlying asset since the investor agrees to sell it at a specified price
- ▲ **Opportunity Cost:** By selling covered calls, investors might miss out on potential gains if the stock price rises above the strike price
- ▲ **Price Decline:** If the stock price declines significantly, the investor may experience losses, although partially offset by the premiums received from selling the call options

DISCLOSURES: *probability volatility model, consistent real option premia*

Probability volatility model

A probability volatility model, particularly applied to VIX call option pricing, is a framework that incorporates both the probability of certain market events and the volatility of the underlying asset (in this case, the VIX index) to determine the pricing of call options. These models often use sophisticated mathematical techniques to estimate the likelihood of various market scenarios and the corresponding impact on option prices. By integrating probabilities and volatility measures, these models aim to provide more accurate pricing estimates for VIX call options, considering the inherent uncertainty and risk associated with market movements.

Consistent real option premia

It is the fund's intent to sell options periodically, weekly and/or monthly, for the purpose of harvesting option premia subject to market conditions and the availability in the options markets. There is no guarantee that this objective can be met.

DISCLOSURES: *investment process*

Exchange Traded Funds (ETFs) are bought and sold through exchange trading at market price (not NAV), and are not individually redeemed from the fund. Shares may trade at a premium or discount to their NAV in the secondary market. Brokerage commissions will reduce returns.

Investments involve risk including the possible loss of principal. There is no guarantee the investment objective will be successful.

Options can be volatile and have a large impact on the performance of the Fund. There is a risk of loss of all or part of the cash paid (premium) for purchasing options and the value of the option may be lost if not exercised at or prior to expiration. One of the primary drivers of the value of a VIX Option is movement in the spot value of the VIX Index, which is a measure of implied volatility of S&P 500 options. Therefore, changing market expectations of future volatility will lead to changes in the market value of VIX Options. Because implied volatilities often rise during periods of market stress, the VIX Index is often negatively correlated to equity markets.

The Fund may actively and frequently trade all or a significant portion of the securities in its portfolio which may increase the Fund's expenses and also cause adverse tax consequences.

The Fund is actively-managed and may not meet its investment objective based on the Sub-Adviser's success or failure to implement investment strategies for the Fund.

The fund is classified as non-diversified. Because it is non-diversified, it may hold large positions in a small number of securities. To the extent it maintains such positions, a price change in any one of those securities may have a greater impact on the fund's share price than if it were diversified.

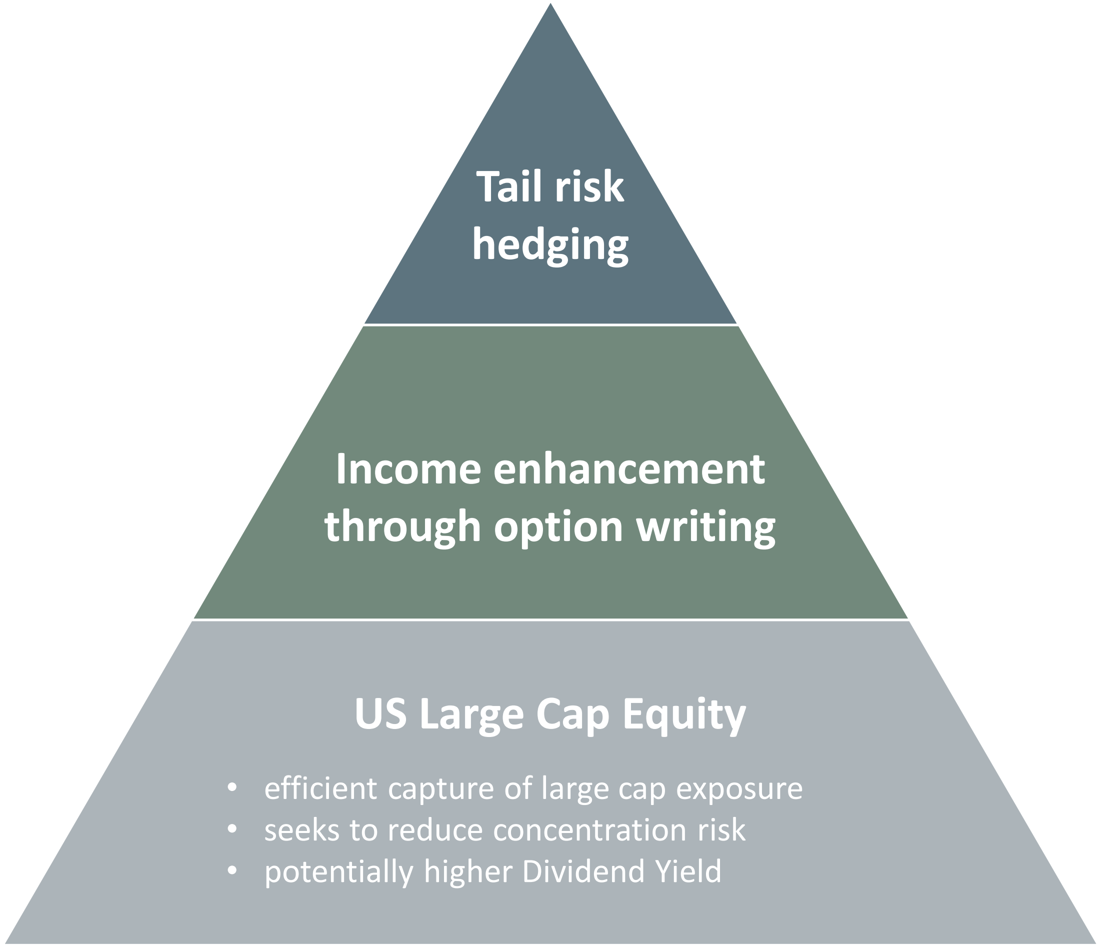
The Fund is a recently organized management investment company with no operating history.

The **S&P 500® Index** is composed of 500 selected common stocks most of which are listed on the New York Stock Exchange. It is not an investment product available for purchase. The Chicago Board Options Exchange ("Cboe") Volatility Index (The "VIX" Index) estimates the expected level of volatility in the U.S. stock market, as reflected by the S&P 500, forward-looking over 30 days. It is not possible to invest directly in an Index.

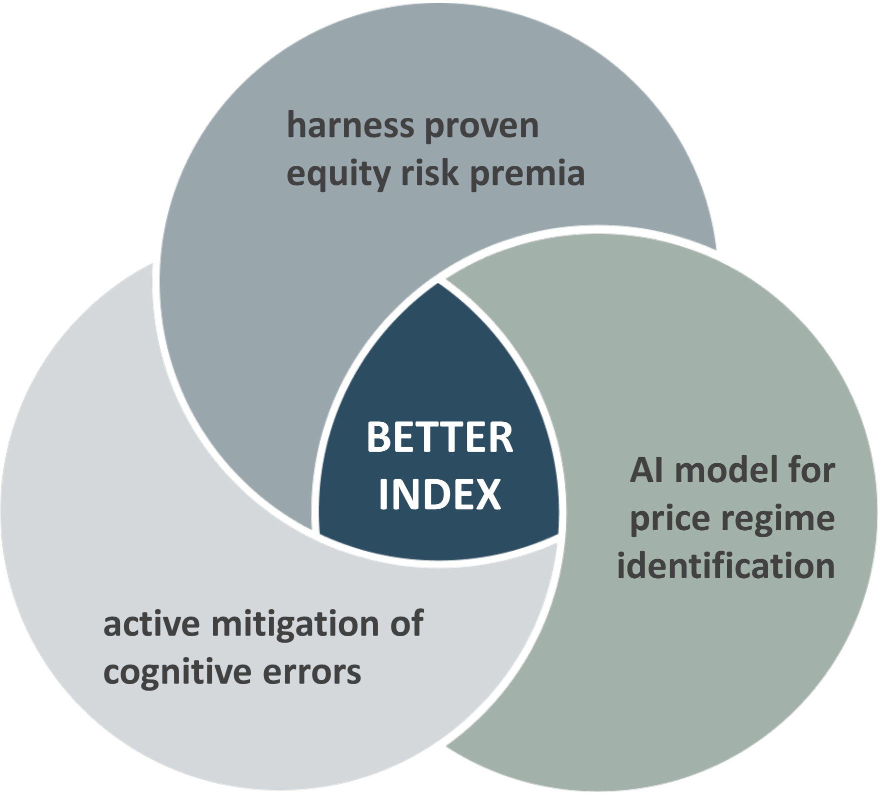
You should consider the fund's investment objectives, risks, and charges and expenses carefully before you invest. This material must be preceded or accompanied by a current prospectus, which can be obtained by calling ***1.833.653.6400****, contains this and other information about the fund, and should be read carefully before investing.*

The fund is distributed by Foreside Fund Services, LLC.

Combines the potential of *US Large Cap equities* with strong *income enhancement*, and portfolio *protection*



A different path to harvesting US Large Cap equity risk premia



- ▲ Expect to keep pace with market return during bull phases
- ▲ Mitigates concentration risk inherent in cap-weighted indexes
- ▲ Expect lower drawdowns during market dislocation periods

50	1.33%	86%
No of holdings*	SEC Yield*	Active Share

* As of 1/31/24

*The performance data quoted represents past performance and is no guarantee of future results. 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. Current performance may be lower or higher than the performance data quoted. For the most recent Standardized Performance and/or current month-end performance, please call 833-653-6400 or visit the Fund’s website at www.acruenceetf.com

Boosting fund income through options writing

put spread selling

A put credit spread is an options strategy that includes a pre-defined risk and reward, meaning the investor sets a maximum profit and a maximum loss before executing the trade. To execute the strategy, the investor sells the put, then buys a lower strike put within the same order.

covered call writing

A covered call is an options trading strategy that offers limited return for limited risk. A covered call involves selling a call option on a stock that you already own.

Systematic rules-based framework

Employs a proprietary probabilistic volatility model

Consistent realisation of options premia

Stay invested in the market while *mitigating severe downside risk*

U.S. Equity Large-cap Portfolio + Put/Call Options + VIX Index Options = **XVOL**

Bull Markets Bull markets are generally accompanied by an expectation of low volatility.	Call options on the VIX Index are likely to expire worthless as the level of the VIX Index falls.	Participate in the bull market's upside, reduced by the cost of the options hedge.
Bear Markets Bear markets are generally accompanied by an expectation of mid-level volatility.	Call options on the VIX Index may or may not expire in the money.	The portfolio faces losses due to the bear market but remains invested. The VIX call options may or may not offset the losses. Potential exists for the options to expire worthless.
Crisis Bear Markets Crisis bear markets are generally accompanied by an expectation of a spike in volatility.	Call options on the VIX Index are likely to become more valuable if the **level of the VIX Index spikes**.	Profits from the VIX Index call options are used to offset the loss from the crisis bear market. Call option profits are used to buy additional stock at a low price (due to the bear market).

Our goal: Managing "tail risk"

CONTACT INFORMATION

ACRUENCE CAPITAL

Main Office:

8111 Preston Rd
Suite 500
Dallas, TX 78229

Contact information:

investorrelations@Acruence.com
833.653.6400