

E V  K E |  A R I S

# RPAR Risk Parity ETF

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Q2 2021 Quarterly Review

## Conceptual Framework

- Risk parity is based on the premise that asset class returns are largely influenced by the economic environment, which is inherently difficult to predict (2008 and 2020 offer good recent examples)
- Therefore, we believe investors should maintain a well-balanced asset allocation to pursue stable, attractive returns over the long run
- We believe the traditional 60/40 portfolio is poorly balanced because its returns are dominated by the performance of equities, which can unexpectedly suffer material losses and experience long stretches of underperformance
- In contrast, risk parity returns are dependent on the results of a diversified mix of asset classes, each of which is structured to have equity-like returns and risk over time
- Risk parity can potentially earn equity-like returns over the long run with less volatility and reduced risk of material loss (because of its superior balance)

## Diverse Asset Class Exposure

- **Two key steps: 1) which asset classes to own, and 2) how to structure each**
  
- RPAR invests across four diverse asset classes that are biased to perform well in very different economic environments:
  1. **Global equities** – strong economy; falling inflation
  2. **Commodities** – rising inflation
    - **Commodity producers** – strong economy
    - **Physical gold** – weak economy
  3. **TIPS** – weak economy; rising inflation
  4. **Treasuries** – weak economy; falling inflation/deflation
  
- Each diversifying asset class is structured to achieve equity-like returns over the long run
  - **Commodities** – use commodity producer equities to help boost returns and physical gold to improve diversification
  - **TIPS** – emphasize longer duration to take advantage of higher yields and ability to “roll down” the yield curve
  - **Treasuries** – use longer duration Treasury futures to access cheap financing and help minimize negative impact from low cash rates

## Seeks Efficient Portfolio Construction

- Risk balance across asset classes to maximize diversification and reduce bias towards any particular economic outcome
- Passively target modest leverage of 20% at the portfolio level (through Treasury futures)
- Use an index approach to invest in the four major asset classes
- Automatically rebalance to the target allocation on a quarterly basis (end of Feb., May, Aug., Nov.)
- Low fees (0.54% gross expense ratio)<sup>1</sup>
- Seek to minimize income and capital gain distributions within a tax-efficient ETF structure
- Daily liquidity (trades on NYSE)
- Closely track the Advanced Research Risk Parity Index (Bloomberg ticker: RPARTR)

*(1) The Fund's Investment Advisor has contractually agreed to waive 3 basis points (0.03%) of its management fees for the Fund until at least March 31, 2022.*

## Quarterly Commentary

- Global growth is robust, led by the U.S. reopening. Europe is close behind and many emerging markets are likely to follow by year end.
- 55% of the U.S. has received at least one vaccine dose, and Canada and several European countries are now ahead of the U.S. Most emerging markets are lagging, however, and with the emergence of the highly contagious Delta variant, may continue to suffer until distribution catches up.<sup>1</sup>
- Congress is negotiating two major packages, a bipartisan \$1.2 trillion infrastructure plan and the highly partisan \$1.8 trillion American Families Plan, which would be passed exclusively by Democrats. Additional stimulus is unlikely if the Democrats lose control of Congress, and the prospect of higher taxes would be an added headwind to growth as the stimulus winds down.<sup>2</sup>
- Inflation continues to dominate headlines, with U.S. CPI up 5.4% in June. The reopening has exacerbated supply chain disruptions, oil is up, and new and existing home prices are soaring, up 18% and 24% year over year, respectively.<sup>3</sup> Expectations for future inflation are now above the Fed's 2% target.<sup>4</sup>
- Job and wage growth have been strong. Unemployment fell to 5.9%, above the pre-pandemic low of 3.5% but recovering rapidly.<sup>5</sup> While job openings are at record highs, so are unemployment benefits, which is keeping workers on the sidelines and pushing up wages.<sup>6</sup>
- Market pricing reflects an expectation that these inflation pressures will be transitory, with the 10-year yield falling from a post-pandemic peak of 1.74% to 1.47% by quarter end.<sup>7</sup>
- Global stocks continued to make strong gains, up 7.4% in Q2 and 12.3% YTD globally, as current and expected earnings improved.<sup>8</sup>
- We see two major questions facing markets. The first is whether the recovery will be self-sustaining as stimulus is withdrawn. The second is whether the recent inflationary spike will prove transitory. How growth and inflation unfold will likely drive markets (and policymakers) in the second half of 2021.

(1) Source: <https://ourworldindata.org/covid-vaccinations>

(2) Source: <https://thehill.com/homenews/morning-report/562005-the-hills-morning-report>

(3) Source: Bloomberg (CL1 Comdy, CPRTUCT% Index, NHSLAVS% Index, ETSLMP%Y Index)

(4) Source: JPMorgan, *Guide to the Markets*, 3Q 2021, at 31

(5) Source: <https://www.wsj.com/articles/june-jobs-report-unemployment-rate-2021-11625176511>

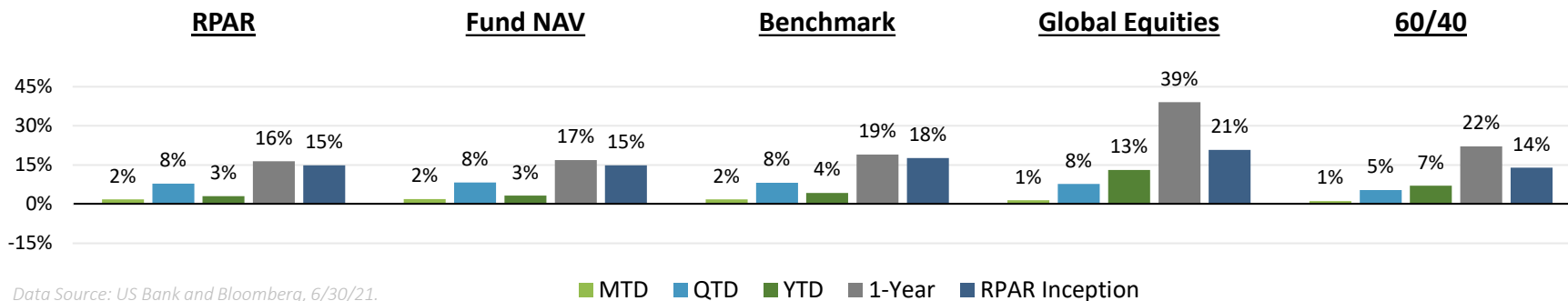
(6) Id.

(7) Source: Bloomberg (GTI10 Govt)

(8) Source: Bloomberg (MSCI ACWI Index, symbol NDUEACWF Index); Evoke analysis

## RPAR ETF Performance

As of June 30, 2021	MTD	QTD	YTD	1-Year	Annualized Since Inception (12/12/19)
<b>RPAR Risk Parity ETF (Market Price)</b>	<b>1.77%</b>	<b>7.80%</b>	<b>3.07%</b>	<b>16.44%</b>	<b>14.86%</b>
RPAR Risk Parity ETF (NAV)	1.90%	8.25%	3.20%	16.86%	14.87%
RPAR Benchmark Index <sup>(1)</sup>	1.79%	8.17%	4.31%	18.96%	17.65%
Global Equities <sup>(2)</sup>	1.49%	7.74%	13.05%	39.04%	20.71%
60/40 Portfolio <sup>(2)</sup>	1.18%	5.36%	7.01%	22.10%	13.99%



Data Source: US Bank and Bloomberg, 6/30/21.

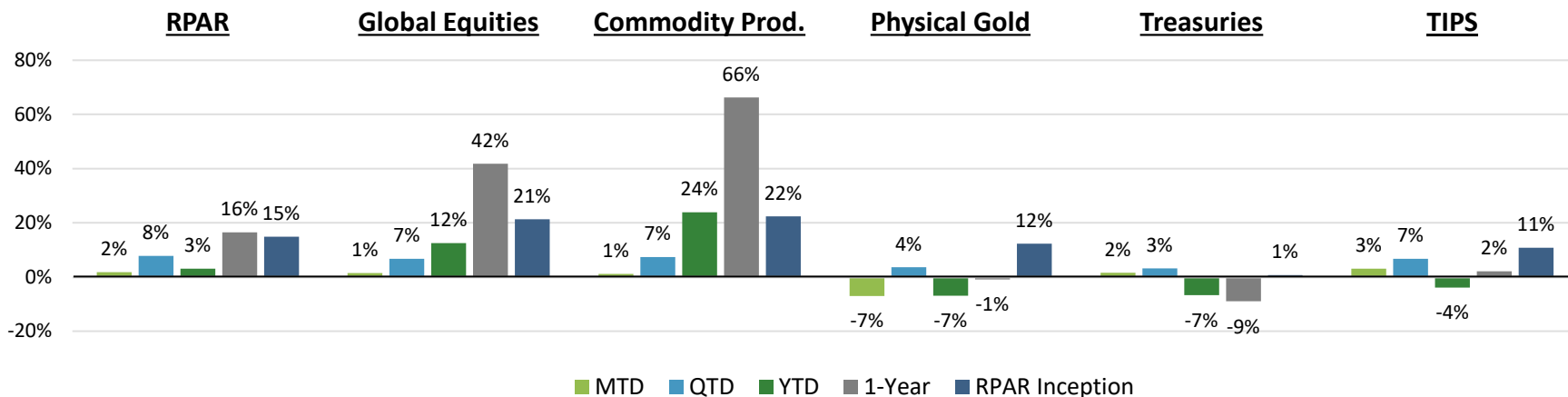
(1) Advanced Research Risk Parity Index (Bloomberg ticker: RPARTR).

(2) Global Equities represent the MSCI World Index. 60/40 Portfolio represents a 60% allocation to global equities (MSCI World Index) and a 40% allocation to U.S. bonds (Bloomberg Barclays US Aggregate Bond Index), rebalanced annually. Underlying index performance for each period is as follows: MTD: MSCI World (1.49%), Barclays Agg. (0.70%) | YTD: MSCI World (13.05%), Barclays Agg. (-1.6%) | 12/12/19 through 6/30/21: MSCI World (20.71%), Barclays Agg. (3.90%).

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. Performance current to the most recent month-end can be obtained by calling (833) 540-0039. Only returns greater than one year will be annualized. A fund's NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. The market price is the most recent price at which the fund was traded. It is not possible to invest directly in an index.

## Underlying Asset Class Performance

As of June 30, 2021	Allocation	MTD	QTD	YTD	1-Year	Annualized Since Inception (12/12/19)
<b>RPAR Risk Parity ETF (Market Price)</b>	<b>119.9%</b>	<b>1.77%</b>	<b>7.80%</b>	<b>3.07%</b>	<b>16.44%</b>	<b>14.86%</b>
Global Equities	25.0%	1.45%	6.70%	12.46%	41.78%	21.27%
Commodity Producers	14.9%	1.16%	7.34%	23.86%	66.24%	22.33%
Physical Gold	9.2%	-6.97%	3.61%	-6.95%	-0.87%	12.26%
Treasuries	35.1%	1.54%	3.15%	-6.73%	-9.00%	0.76%
TIPS	35.8%	3.12%	6.77%	-3.94%	2.11%	10.76%

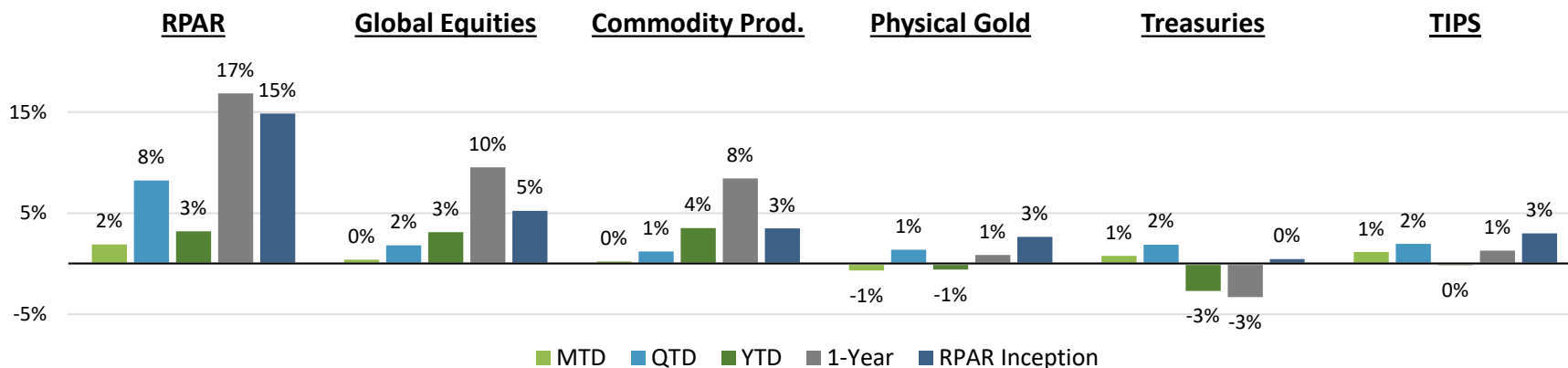


(1) Treasury exposure corresponds to the notional contract value of U.S. Treasury futures. Allocations above exclude cash which serves as collateral for the U.S. Treasury futures.

Data Source: US Bank and Toroso Investments, LLC as of 6/30/21. Allocations are subject to change. Past performance does not guarantee future results.

## Performance Attribution

As of June 30, 2021	MTD Attribution	QTD Attribution	YTD Attribution	1-Year Attribution	Since Inception Attribution (Annualized since 12/12/19)
<b>RPAR Risk Parity ETF (NAV)</b>	<b>1.90%</b>	<b>8.25%</b>	<b>3.20%</b>	<b>16.86%</b>	<b>14.87%</b>
Global Equities	0.41%	1.83%	3.11%	9.54%	5.24%
Commodity Producers	0.22%	1.21%	3.53%	8.44%	3.49%
Physical Gold	-0.66%	1.38%	-0.59%	0.87%	2.67%
Treasuries	0.77%	1.88%	-2.70%	-3.30%	0.47%
TIPS	1.15%	1.95%	-0.15%	1.31%	3.01%

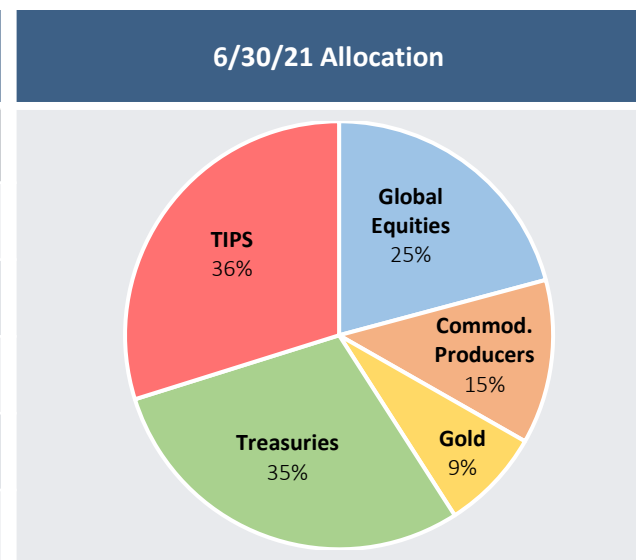


Data Source: US Bank and Toroso Investments, LLC as of 6/30/21. RPAR fund attributions may contain a small miscellaneous percentage that was distributed pro rata across each asset class. Holdings are subject to change. Past performance does not guarantee future results.



## Asset Allocation

	6/30/21 Allocation	Long-Term Target Allocation
<b>RPAR Risk Parity ETF</b>	<b>119.9%</b>	<b>120.0%</b>
Global Equities	25.0%	25.0%
Commodity Producers	14.9%	15.0%
Physical Gold	9.2%	10.0%
Treasuries	35.1%	35.0%
TIPS	35.8%	35.0%



*Treasury exposure corresponds to the notional contract value of U.S. Treasury futures. Allocations above exclude cash which serves as collateral for the U.S. Treasury futures. Holdings and allocations are subject to change. Data Source: US Bank and Toroso Investments, LLC as of 6/30/21.*

## Long-Term Asset Class Index Returns

As of 6/30/21	Index	Inception Date	Annualized Return	Annualized Volatility	Correlation to Global Equities
Global Equities	MSCI World Index	Jan. 2000	5.5%	15.5%	-
Treasuries	Bloomberg Barclays Long Treasury Index	Jan. 2000	7.2%	10.9%	-0.29
TIPS	Merrill Lynch 15+ Yr. US Inflation-Linked Bond Index	Jan. 2000	8.1%	10.8%	0.07
Commodity Producers	S&P Global Natural Resources Index	Jun. 2008	0.4%	21.5%	0.86
Physical Gold	Spot Price of Gold (% change)	Jan. 2000	8.8%	16.5%	0.11

*In order to target a long-term volatility in line with global equities, Treasuries and TIPS can each be levered 1.4x. The returns and volatility for these two components, using excess monthly index returns from inception through 6/30/21 would be: Treasuries (1.4x): 9.1% return and 15.3% volatility, TIPS (1.4x): 10.5% return and 15.1% volatility.*

*All data is sourced from Bloomberg as of 6/30/21. Asset class returns represent actual underlying index performance based on the indices and inception dates used. Global Equities: MSCI World Index (BB: NDDUWI), Treasuries: Bloomberg Barclays Long Treasury Index (BB: LUTLTRUU), TIPS: Merrill Lynch 15+ Year U.S. Inflation-Linked Bond Index (BB: G8QI), Commodity Producers: S&P Global Natural Resources Index (BB: SPGNRUT), Physical Gold: the change in spot price of gold (BB: XAU). Please see the back of this presentation for Index Disclosures. Past performance does not guarantee future results.*

## Historical Asset Class Index Returns (by 2-year periods)

- An equal-weighted mix of diverse asset classes, rebalanced annually, has outperformed equities with less risk since 2000

Annualized 2-Year Periods (as of 6/30)	2000 – 2001	2002 – 2003	2004 – 2005	2006 – 2007	2008 – 2009	2010 – 2011	2012 – 2013	2014 – 2015	2016 – 2017	2018 – 2019	2020 – 2021 YTD	20+ Year Return (Annualized) <sup>1</sup>
1 <sup>st</sup>	TIPS 14%	Gold 22%	Equities 12%	Gold 27%	Gold 15%	Gold 19%	Equities 21%	Treasuries 11%	Commod. 27%	Equities 8%	Equities 20%	Gold 8.8%
2 <sup>nd</sup>	Treasuries 12%	TIPS 16%	Gold 12%	Equities 14%	Treasuries 4%	Treasuries 19%	Commod. 4%	TIPS 5%	Equities 15%	Gold 8%	TIPS 15%	TIPS 8.1%
3 <sup>rd</sup>	Gold -2%	Treasuries 9%	TIPS 9%	Treasuries 6%	TIPS 4%	TIPS 17%	TIPS -5%	Equities 2%	Gold 11%	Treasuries 6%	Commod. 13%	Treasuries 7.2%
4 <sup>th</sup>	Equities -15%	Equities 3%	Treasuries 7%	TIPS 5%	Equities -12%	Equities 3%	Treasuries -5%	Gold -6%	TIPS 9%	TIPS 5%	Gold 11%	Global Equities 5.5%
5 <sup>th</sup>	--	--	--	--	--	Commod. -3%	Gold -12%	Commod. -18%	Treasuries 5%	Commod. 1%	Treasuries 6%	Commodity Prod. 0.4%
Equal-Weighted <sup>2</sup>	2%	14%	10%	13%	7%	11%	1%	-1%	13%	6%	14%	7.9%
60/40 Portfolio <sup>3</sup>	-5%	6%	9%	11%	-3%	5%	13%	2%	10%	7%	13%	5.8%

(1) This column represents the annualized total return for each asset class/portfolio from 12/31/99 – 6/30/21, except for Commodity Producers: S&P Natural Resources Index (inception 5/31/2008), which is calculated since the first full 2-year period.

(2) The Equal Weighted portfolio represents a portfolio equally allocated across the five asset classes shown in the table. Performance represents the average of the five index returns, rebalanced annually.

(3) The 60/40 Portfolio represents a 60% allocation to global equities (MSCI World Index) and a 40% allocation to US bonds (Bloomberg Barclays US Aggregate Bond Index), rebalanced annually. Underlying index performance for each period is as follows: 2000-01: MSCI World (-15%), Barclays Agg. (10%) | 2002-03: MSCI World (3%), Barclays Agg. (7%) | 2004-05: MSCI World (12%), Barclays Agg. (3%) | 2006-07: MSCI World (14%), Barclays Agg. (6%) | 2008-09: MSCI World (-12%), Barclays Agg. (6%) | 2010-11: MSCI World (3%), Barclays Agg. (7%) | 2012-13: MSCI World (21%), Barclays Agg. (1%) | 2014-15: MSCI World (2%), Barclays Agg. (3%) | 2016-17: MSCI World (15%), Barclays Agg. (3%) | 2018-19: MSCI World (8%), Barclays Agg. (4%) | 2020 – 2021 YTD: MSCI World (20%), Barclays Agg. (4%) | Annualized Since 12/31/99: MSCI World (5.5%), Barclays Agg. (4.9%).

All data is sourced from Bloomberg as of 6/30/21. Asset class returns represent actual underlying index performance based on the indices and inception dates used. Global Equities: MSCI World Index (BB: NDDUWI), Treasuries: Bloomberg Barclays Long Treasury Index (BB: LUTLTRUU), TIPS: Merrill Lynch 15+ Year U.S. Inflation-Linked Bond Index (BB: G8QI), Commodity Producers: S&P Global Natural Resources Index (BB: SPGNRUT), Physical Gold: the change in spot price of gold (BB: XAU). Please see the back of this presentation for Index Disclosures. Past performance does not guarantee future results.

## RPAR ETF During the 2020 Crisis

**A core objective of the RPAR Risk Parity ETF is to help protect investors during severe market downturns and participate in up markets. 2020 offered a real-time stress test.**

- In Q1, RPAR (-4%) demonstrated resilience during one of the worst quarters in stock market history (-21%). In the subsequent 3 quarters, RPAR (+25%) participates in the market rally as global equities rebound (+47%)<sup>1</sup>
- On the year, RPAR (+19%) outperformed global equities (+16%) by over 3%.<sup>1</sup>

As of 12/31/20	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020
<b>RPAR Risk Parity ETF (Market Price)</b>	<b>-4.09%</b>	<b>10.19%</b>	<b>5.06%</b>	<b>7.53%</b>	<b>19.39%</b>
MSCI World Index (Net)	-21.05%	19.36%	7.93%	13.96%	15.90%

(1) Source: Bloomberg as of 12/31/20. Global equities represent the MSCI World Index. Past performance does not guarantee future results.

**RPAR invests in global equities, Treasuries, Treasury Inflation-Protected Securities (TIPS), commodity producers and gold.**

- During Q1 2020, Treasuries, TIPS and gold rallied helping protect capital during the downturn.
- In the remainder of 2020, equities, commodities, TIPS and gold delivered strong returns to help participate in the recovery.

As of 12/31/20	Q1 2020	Q2 – Q4 2020	2020
Global Equities	-22.35%	51.06%	17.30%
Treasuries	12.00%	-2.53%	9.17%
TIPS	10.88%	11.84%	24.00%
Commodity Producers	-34.01%	63.44%	7.85%
Gold	3.90%	20.37%	25.07%
<b>RPAR Risk Parity ETF (Market Price)</b>	<b>-4.09%</b>	<b>24.50%</b>	<b>19.39%</b>

Source: US Bank and Toroso Investments, LLC as of 12/31/20. Past performance does not guarantee future results.

## Frequently Asked Questions

- Do the asset class gains and losses net out to zero over time?
- Is this approach attractive looking forward?
- How does RPAR fit within a typical portfolio?
- Is RPAR tax efficient?
- Does diversification really work during a crisis?
- Why should investors own long duration bonds with yields near historic lows?
- How does risk parity perform in rising/falling interest rate environments?
- In what environments does risk parity underperform?

## Asset Class Gains and Losses Historically Net Out to Positive Returns Over Time

- RPAR invests across a diverse set of asset classes, each of which has a positive expected return over time
- Periods of outperformance and underperformance are relative to each asset class's long-term average return, which is above zero<sup>(1)</sup>
- For example, since 1999 equities have underperformed (5%) compared to its long-term average annual return (9%), while gold has outperformed (9%) its long-term annualized return (8%).<sup>2</sup>
- The long-term expectation is that RPAR will roughly earn the average return of the underlying asset classes with less volatility than any market segment because of its superior diversification
- Of course, there will be environments during which the net result will be negative (like 1Q20 and 1Q21) as the average return across assets can be negative over a period of time

(1) Source: Bloomberg as of 6/30/21. Global Equities (MSCI World Index, NDDUWI) returned 9.1% since 12/31/69 inception, Commodity Producers: S&P Global Natural Resources Index (BB: SPGNRUT) returned 0.4% since 5/31/08 inception, Gold (% change in spot price of gold, XAU) returned 7.9% since 12/31/69, Treasuries (Barclays US Aggregate Long-Term Treasury Index, LUTLTRUU) returned 8.2% since 1/31/73 inception, and TIPS (Merrill Lynch 15+ Year U.S. Inflation-Linked Bond Index) returned 7.5% since 4/30/98 inception.

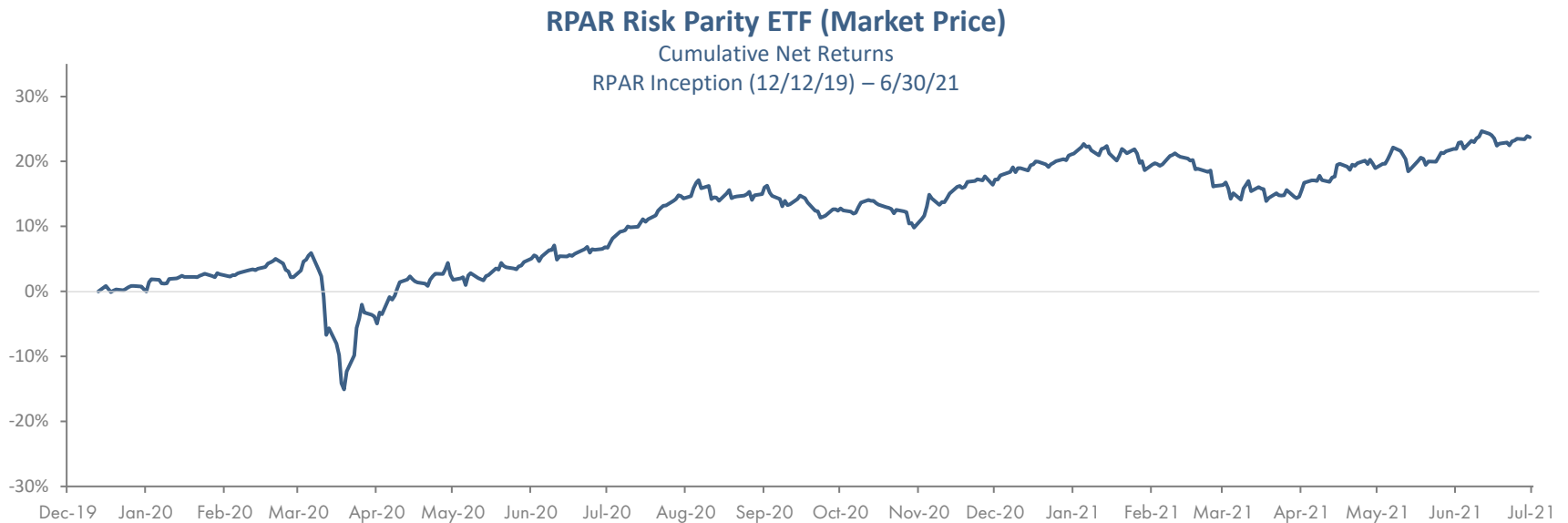
(2) The MSCI World Index (NDDUWI) used to represent equities returned 5.5% and the percent change in the spot price of gold (XAU) was 8.8% from 12/31/99 through 6/30/21.

## We Believe Risk Parity is Particularly Attractive Today

- Technological innovation continues to exert deflationary pressures on the global economy
- Global debt levels have increased significantly relative to pre-pandemic levels, when they were already at historical highs
- These two major headwinds to growth are highly deflationary
- Unprecedented levels of monetary and fiscal stimulus (which are pro-growth and inflationary) have been announced in response to these mounting pressures
- Meanwhile, rising wealth inequality has unleashed a powerful wave of populism around the world, driving an increase in political uncertainty
- It is unknown how these major forces will ultimately net out, resulting in an exceptionally wide range of potential economic outcomes
- A balanced asset allocation that includes market segments that have the potential to perform well in various economic environments is especially critical in these unique times
- Moreover, a liquid strategy that pursues attractive returns with managed risk, low fees and low taxes is particularly valuable looking ahead

## RPAR as a Liquid Alternative and Attractive Diversifier

- RPAR can fit within the Alternative Investments category since it invests across multiple asset classes
- RPAR is one of the largest liquid alternative ETFs in the U.S. with assets totaling over \$1.3 billion as of 6/30/21<sup>(1)</sup>
- RPAR has exhibited an equity-like return with 0.36 beta since inception and far less volatility<sup>(2)</sup>



(1) RPAR's AUM as of 6/30/21 was \$1.32 billion. Source: RPAR Risk Parity ETF June 2021 fact sheet.

(2) Since RPAR's inception (12/12/19) through 6/30/21, RPAR's beta to the MSCI World Index (BB: NDDUWI), is 0.36. Beta was calculated by taking the covariance of daily RPAR returns and MSCI World returns and dividing by the variance of the MSCI World returns. Volatility represents the annualized standard deviation of daily returns since RPAR inception (RPAR volatility: 13.2%, MSCI World volatility: 23.9%). Daily returns were sourced from Bloomberg.

Past performance does not guarantee future results. Please see slide 9 for standardized performance. It is not possible to invest directly in an index.



## RPAR Seeks to Provide Tax-Efficiency

- RPAR Risk Parity ETF (Market Price) delivered a total net return of 19.39% in 2020<sup>1</sup>
- Taxable distributions throughout 2020 totaled less than 1%<sup>1</sup>
- As expected, there were zero capital gains distributions at year-end 2020<sup>1</sup>
- Therefore, RPAR investors were able to earn extremely tax-efficient returns in 2020 with nearly all of the return being tax-deferred
- In addition, RPAR had over \$14 million in carry-forward losses as of 12/31/20 that may be used to reduce taxable distributions in future years

(1) Source: Bloomberg, 12/31/19 – 12/31/20.

\*This information is not intended to constitute tax advice. Consult a tax professional for guidance on your specific circumstances. Past performance does not guarantee future results.

## Correlations Go to One During a Crisis?<sup>1</sup>

- A common misperception about diversification is that during a crisis, correlations go to one and all assets contemporaneously lose money...thus, diversification doesn't work well when investors need it the most
- The reality is that most investors are not sufficiently diversified
- During material economic downturns, long term Treasuries and gold (which currently account for about half the assets in RPAR) have historically performed strongly
- Below is the performance of these two diversifiers during the past 4 major market sell-offs (stocks down 20% or more):

Asset Class Index Returns <sup>(2)</sup>	2020 COVID-19 Pandemic (Jan. 2020 – Mar. 2020)	2011 Eurozone Crisis (May 2011 – Sep. 2011)	2008 Credit Crisis (Nov. 2007 – Feb. 2009)	2000 Dotcom Crash (Apr. 2000 – Sep. 2002)
Global Equities	-21%	-20%	-54%	-47%
Long Treasuries	+21%	+26%	+17%	+35%
Gold	+4%	+4%	+18%	+16%

- Conversely, other popular asset classes have declined similarly to equities:

High Yield Bonds	-13%	-7%	-26%	-8%
Hedge Funds	-12%	-9%	-21%	-2%

- Importantly, the long-term return of these two diversifiers has been relatively attractive, unlike other “tail hedges” that may have poor long-term performance
- Over the past 20+ years, the annualized total return for Gold (8.8%) and long Treasuries (7.2%) outperformed Equities (5.4%), High Yield Bonds (7.0%) and Hedge Funds (5.9%)<sup>(2)</sup>

(1) Correlation represents the measure of degree to which one security or index moves in relation to the other, ranging in values from perfectly negatively correlated (-1) to perfectly correlated (+1).

(2) Bloomberg, 12/31/99 – 6/30/21.

Data Source: Bloomberg. Indexes used include global equities (MSCI World Index), Long Treasuries (Bloomberg Barclays Long Treasury Index), gold (gold spot price), High Yield Bonds (ICE BofA US High Yield Index) and Hedge Funds (HFRI Fund-Weighted Index). Please see back of presentation for Index Disclosures. Past performance does not guarantee future results. Diversification does not guarantee profit or protection against loss in declining markets.

## Treasuries and TIPS with Low Interest Rates

- Some investors have expressed concerns about low forward-looking returns and risks of buying Treasuries and TIPS in an environment of low interest rates

### **Concerns About Low Potential Returns**

- When cash rates are low, the future expected return of all asset classes (not just bonds) are commensurately low since each offers a return above cash (e.g., equities have historically earned 4-5% above cash)<sup>(1)</sup>
- Long duration Treasuries and TIPS may potentially earn high returns should long-term interest rates continue to trend down (as they have during the past 40 years and in 2020)
- Critically, without exposure to Treasuries/TIPS, a period of falling interest rates may expose the total portfolio to material losses since rates normally decline when economic growth disappoints (e.g., 2008 and 2020)

### **Risk of Rising Interest Rates**

- Low interest rates increase the downside risk of equities as well as bonds because of limited room for rates to fall to stimulate borrowing during an economic downturn
- Importantly, rising interest rates would pose a headwind for all assets (just as falling rates benefited all assets)
- The key is to appreciate that interest rates typically rise during two main environments: improving economic growth and/or rising inflation
- RPAR invests in asset classes that are biased to outperform during each of these economic environments to help offset potential weakness in Treasuries/TIPS
- Moreover, a larger target allocation to gold may provide additional balance during low interest rate environments

(1) Source: Bloomberg. The Merrill Lynch 3-month U.S. Treasury Bill Index (G001) used to represent cash, returned 4.7%, since its inception (12/31/77) – 6/30/21. The MSCI World Index used to represent global equities, returned 9.1%, since its inception (12/31/69) – 6/30/21 and returned 10.1% from G001 inception (12/31/77) – 6/30/21.

## Risk Parity in Rising/Falling Rate Environments

- The 10-year Treasury fell from 1.9% to 0.5% from 12/12/19 (RPAR launch) to 3/09/20. <sup>(1)</sup> Rates fell because growth expectations collapsed amid the global pandemic. Inflation expectations also declined.

  - This environment generally favors Treasuries, TIPS and gold and is negative for equities and particularly commodities (which are a rising growth, rising inflation asset).
  - Treasuries and gold gained 12% and 14% respectively and TIPS rallied 16%. Meanwhile, equities fell 14% and commodities plummeted 28%. <sup>(1)</sup>
- From 3/09/20 through 6/30/21, the 10-year then rose from 0.5% to 1.5% because growth expectations markedly improved due to monetary/fiscal stimulus and positive vaccine news. Inflation expectations also rose. <sup>(1)</sup>

  - Commodities (+82%) and equities (+57%) staged a rapid recovery and gold was positive (+5%) because of rising inflation pressures. Treasuries (-11%) and TIPS (-2%) lost money as interest rates rose.
- **SUMMARY:** RPAR was up 3% when rates fell over 1% and up 19% when rates rose about 1%. It performed better during rising rates than when rates fell. <sup>(1)</sup>

As of June 30, 2021	Falling Rate Environment <small>(12/12/19 – 3/09/20)</small>	Rising Rate Environment <small>(3/09/20 – 6/30/21)</small>
<b>RPAR Risk Parity ETF (Market Price)</b>	<b>+3.20%</b>	<b>+19.37%</b>
Global Equities	-14.42%	+57.48%
Commodity Producers	-28.07%	+82.02%
Physical Gold	+13.63%	+5.24%
Treasuries	+12.22%	-10.61%
TIPS	+15.80%	-1.72%

<sup>(1)</sup> 10-year rates as of 12/12/19 were 1.90%, as of 3/09/20 10-year rates were 0.54%, and as of 6/30/21 10-year rates were 1.45%; source: Treasury.gov. RPAR Risk Parity ETF returned 3.20% cumulative from 12/12/19 – 3/09/20 and 19.37% cumulative from 3/09/20 – 6/30/21; source: Bloomberg. RPAR ETF and underlying asset class data is as reported by US Bank and Toroso Investments, LLC as of 6/30/21. Past performance is not indicative of future results.

## Unfavorable Environments for Risk Parity

- RPAR provides balanced exposure to a diversified mix of asset classes, each of which is expected to outperform cash over the long run
- Therefore, short periods during which cash outperforms all asset classes may be unfavorable for RPAR (as it may be for any single asset class)
- Two main types of environments have historically resulted in cash briefly outperforming risky assets:
  - Cash rates unexpectedly rise (e.g., 1994, 2018), making it a more attractive investment relative to risky assets
  - Broad appetite for risk taking falls and investors seek the safety of cash (e.g., Sept/Oct 2008, Mar 2020)
- Since risky assets should outperform cash over the long run (otherwise no one would take the risk), these types of environments have historically been rare and short-lived
- From a relative standpoint, RPAR will underperform equities when equities are the best performing asset class
- By choosing a diversified portfolio for the long term, investors are opting for a less volatile return profile, which will naturally lag the best performing asset class over shorter timeframes

## Disclosures

**Before investing you should carefully consider the Fund’s investment objectives, risks, charges and expenses. This and other information is in the prospectus and SAI. A prospectus and SAI may be obtained by visiting [www.rparetf.com/rpar](http://www.rparetf.com/rpar). Please read the prospectus and SAI carefully before you invest.**

It is important to note that as the sponsor of RPAR, ARIS receives a portion of the fees collected, and therefore, is incentivized to market RPAR. This inherently creates a conflict of interest that you should carefully consider when deciding whether to invest in RPAR.

In the case of any investment company for which ARIS may serve as the sponsor and/or index provider while also recommending or soliciting an investment into such investment company, material information about the investment company and its strategy will be set forth in the respective Prospectus and Statement of Additional Information ("SAI") provided to clients prior to making any investments.

You can lose money on your investment in the RPAR Risk Parity ETF (the "Fund"). Diversification does not ensure a profit or protect against loss. The Fund is subject to a variety of risks which are included in the section of the Fund’s Prospectus titled "Additional Information About the Fund— Principal Investment Risks." Some or all of these risks may adversely affect the Fund’s net asset value per share ("NAV"), trading price, yield, total return and/or ability to meet its objectives.

As with all ETFs, shares in the Fund may be bought and sold in the secondary market at market prices. Although it is expected that the market price of shares of the Fund will approximate the Fund’s NAV, there may be times when the market price of the shares is more than the NAV intra-day (premium) or less than the NAV intra-day (discount) due to supply and demand of such shares or during periods of market volatility. This risk is heightened in times of market volatility, periods of steep market declines, and periods when there is limited trading activity for shares in the secondary market, in which case such premiums or discounts may be significant.

While ARIS does not manage the Fund, ARIS is the Fund’s sponsor and also manages the Advanced Research Risk Parity Index ("RPARTR") which the Fund seeks to replicate. As such, ARIS is considered an affiliated index provider to the Fund. To mitigate any potential for conflicts as the Index Provider, ARIS has retained a separate, unaffiliated and independent third party, Solactive AG (the "Calculation Agent"). ARIS has no affiliation to the Fund’s Calculation Agent, the Fund’s adviser, the Fund’s sub-adviser, the Fund’s distributor, nor any of their respective affiliates. The Calculation Agent, using the applicable rules-based methodology, calculates, maintains, and disseminates RPARTR on a daily basis. ARIS monitors the results produced by the Calculation Agent to help ensure that RPARTR is being calculated in accordance with the applicable rules-based methodology. In addition, ARIS has established policies and procedures designed to prevent non-public information about pending changes to RPARTR from being used or dissented in an improper manner. Furthermore, ARIS has established policies and procedures designed to prevent improper use and dissemination of non-public information about the Fund’s portfolio strategy.

## Disclosures

It is not possible to invest directly in an index. Exposure to an asset class represented by an index is available through investable instruments based on that index. A decision to invest in the Fund should not be made in reliance on any of the statements set forth herein or any materials included herewith. Prospective investors are advised to make an investment in the Fund only after carefully considering the risks associated with investing in such Fund, as detailed in the Prospectus and SAI.

Risk parity is a portfolio allocation strategy using risk to determine allocations across various components of an investment portfolio. The Fund's exposure to investments in physical commodities may fluctuate rapidly and subjects the Fund to greater volatility than investments in traditional securities, such as stocks and bonds. Interest payments on TIPS are unpredictable and will fluctuate as the principal and corresponding interest payments are adjusted for inflation. Equity securities, such as common stocks, are subject to market, economic and business risks that may cause their prices to fluctuate. The Fund invests in foreign and emerging market securities which involves certain risks such as currency volatility, political and social instability and reduced market liquidity. The Fund may invest in securities issued by the U.S. government or its agencies or instrumentalities. There can be no guarantee that the United States will be able to meet its payment obligations with respect to such securities.

Shares of the Fund are distributed by Foreside Fund Services, LLC.

The information contained herein is preliminary, is merely a summary, and is subject to change without notice. All of the information contained herein is qualified and will be superseded in its entirety with respect to the Fund by the terms and information expressed in the Fund's prospectus, SAI and other relevant governing documents. Any decision to invest in the Fund should be made only after carefully reviewing the relevant governing documents, conducting such inquiries and investigations as you deem necessary, and consulting with your own legal, accounting and tax advisors in order to make an independent determination of the suitability, risk and merits of investing in the Fund.

This information is only as current as of the date indicated, and may be superseded by subsequent market events or for other reasons. Nothing contained herein constitutes investment, legal, tax or other advice nor is it to be relied on in making an investment or other decision. This presentation should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any securities or to adopt any investment strategy.

The information in this review may contain projections or other forward-looking statements regarding future events, targets or expectations regarding the Fund or the strategies described herein, and is only current as of the date indicated. There is no assurance that such events or targets will be achieved, and may be significantly different from that shown here. Forward-looking information in these materials is subject to inherent limitations. Certain information contained herein constitutes "forward-looking information", which can be identified by the use of forward-looking terminology such as "may", "will", "seek", "expect", "anticipate", "project", "estimate", "intend", "continue", or "believe" or the negatives thereof or other variations thereon or comparable terminology.

## Disclosures

Forward-looking information is information that is not purely historical and includes, among other things, expected structural features, anticipated ratings, proposed diversification, specific investment strategies, and forecasts of future economic conditions. The forward-looking information in these materials is based on certain assumptions (whether or not stated herein), which may not be consistent with, and may differ materially from, actual events and conditions. In addition, not all relevant events or conditions may have been considered in developing such assumptions. Actual results will vary and the variations may be materials. You should understand such assumptions and evaluate whether they are appropriate for their purposes.

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## Index Disclosures

Global Equities: The MSCI World Index (BB: NDDUWI) reflects the performance of large and mid cap representation across 23 developed markets countries. With more than 1,600 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

Treasuries: The Bloomberg Barclays US Long Treasury Index (BB: LUTLTRUU) measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury with 10 years or more to maturity. The Bloomberg Barclays US Aggregate Bond Index (BB: LBSTRUU) is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

TIPS: The Bank of America Merrill Lynch 15+ Year US Inflation-Linked Treasury Index (BB: G8QI) is an unmanaged index comprised of U.S. Treasury Inflation Protected Securities with at least \$1 billion in outstanding face value and a remaining term to final maturity greater than or equal to 15 years.

Commodity Producers: The S&P Natural Resources Index (BB: SPGNRUT) includes about 90 of the largest publicly-traded companies (constituents must be in the S&P Global BMI) in natural resources and commodities split equally across 3 primary commodity-related sectors: agribusiness (S&P Global Natural Resources – Agriculture), energy (S&P Global Natural Resources – Energy), and metals & mining (S&P Global Natural Resources – Metals and Mining).

Gold: Reflects the percent change in the spot price of gold (BB: XAU).

Hedge Funds: The HFRI Fund Weighted Composite Index is a global, equal-weighted index of hedge funds with minimum assets under management of USD \$500MM which report to the HFR Database and are open to new investments. The index constituents are classified into Equity Hedge, Event Driven, Macro or Relative Value strategies. The index is rebalanced on an annual basis.

High Yield Bonds: The ICE Bank of America US High Yield Index (BB: H0A0) tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market.