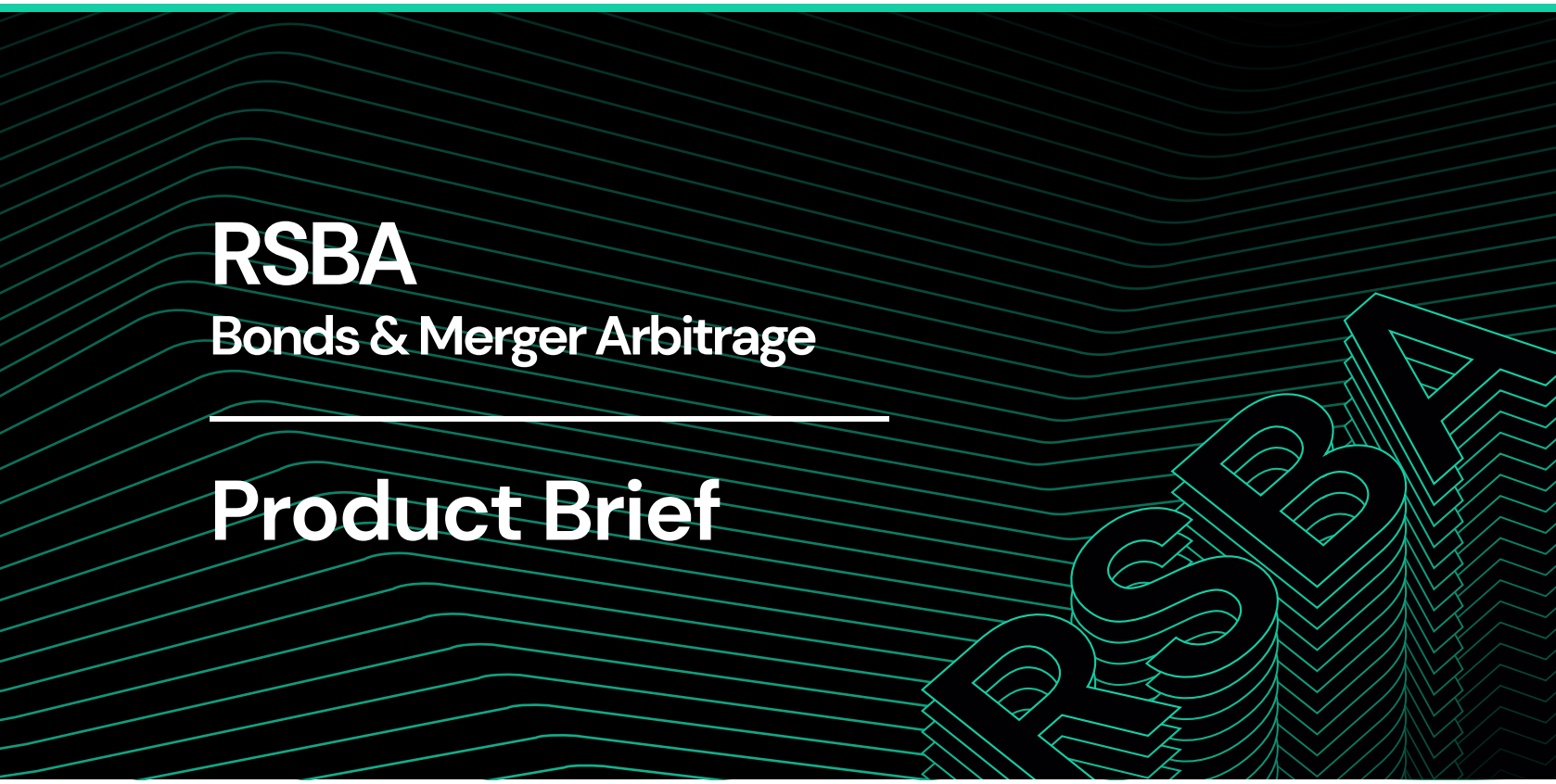
Return Stacked® ETFs

RSBA

Bonds & Merger Arbitrage

Product Brief



Seeking to Unlock the Benefits of Diversification Without the Behavioral Drag

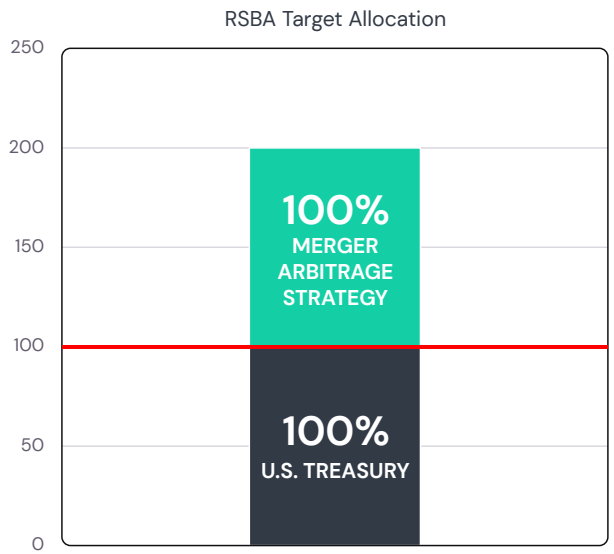
Having a tough time sticking with your diversifying, alternative assets while equities make all-time highs?

Return Stacked® ETFs are designed to provide the diversification your clients want while minimizing the behavioral gaps of holding something different

What is Return Stacking?

At its core, return stacking is the idea of layering one diversified investment return on top of another, achieving more than $1.00 of exposure for each $1.00 invested.

In RSBA, we seek to stack 100% merger arbitrage exposure on top of 100% U.S. Treasury exposure.



For illustrative purposes only.

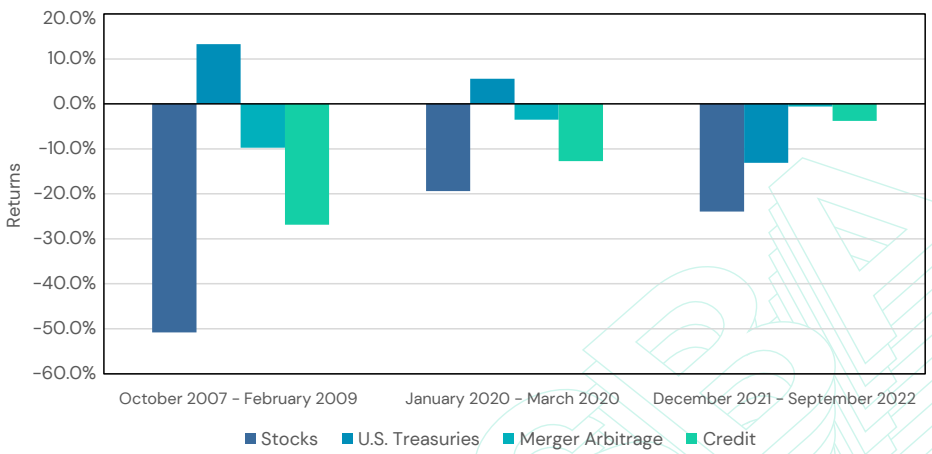
Why Merger Arbitrage?

Merger Arbitrage has a strong theoretical foundation as a risk premium.

Historically, Merger Arbitrage has exhibited:

- Positive long-term returns.
- Low correlation to stocks and bonds.
- Outperformance against the credit risk premium.

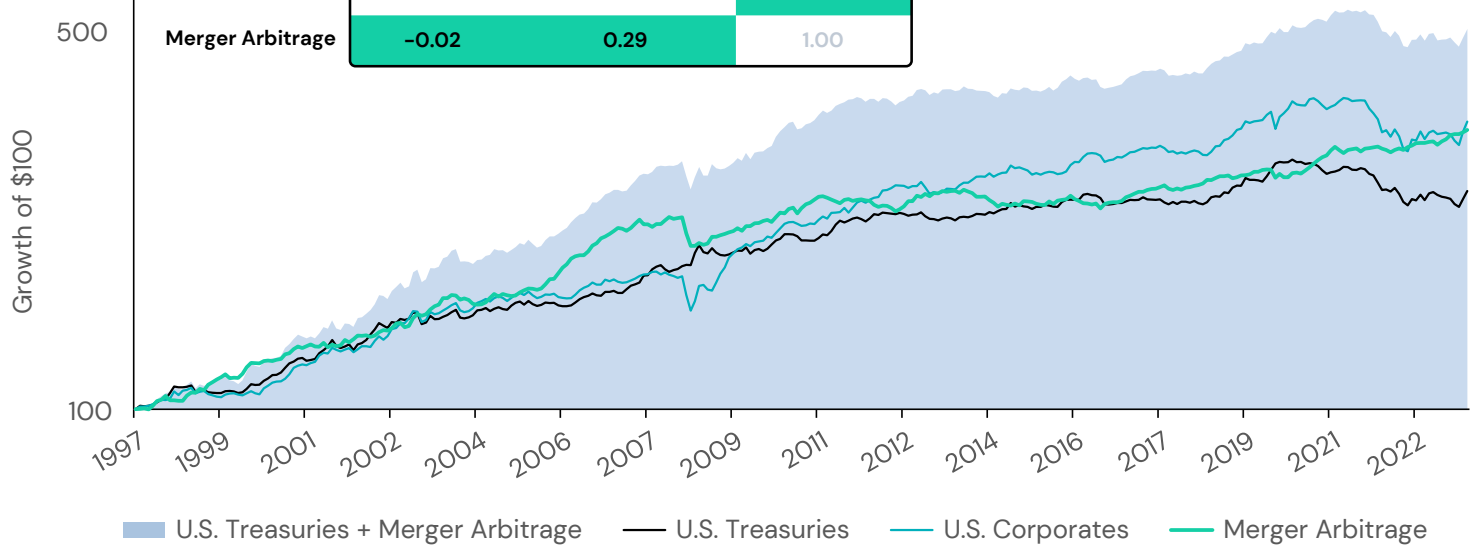
Performance During Equity Drawdowns



Source: Bloomberg. U.S. Stocks is the S&P 500 Index ("SPX"). U.S. Treasuries is the Bloomberg US Treasury Total Return Index ("LUATTRUU"). Merger Arbitrage ("Merger Arb") is the Credit Suisse Liquid Alternative Beta Merger Arbitrage Index ("CSLABMA"). Credit is the iBoxx USD Liquid Investment Grade Interest Rate Hedged Index ("IBXXH1US"). You cannot invest in an index. Returns are gross of all fees. Please see glossary at the end of this presentation for index definitions. Returns are gross of taxes. Returns assume the reinvestment of all distributions. Past performance is not indicative of future results. Periods selected reflect the largest drawdown periods in U.S. Stocks since index joint inception (11/30/2006).

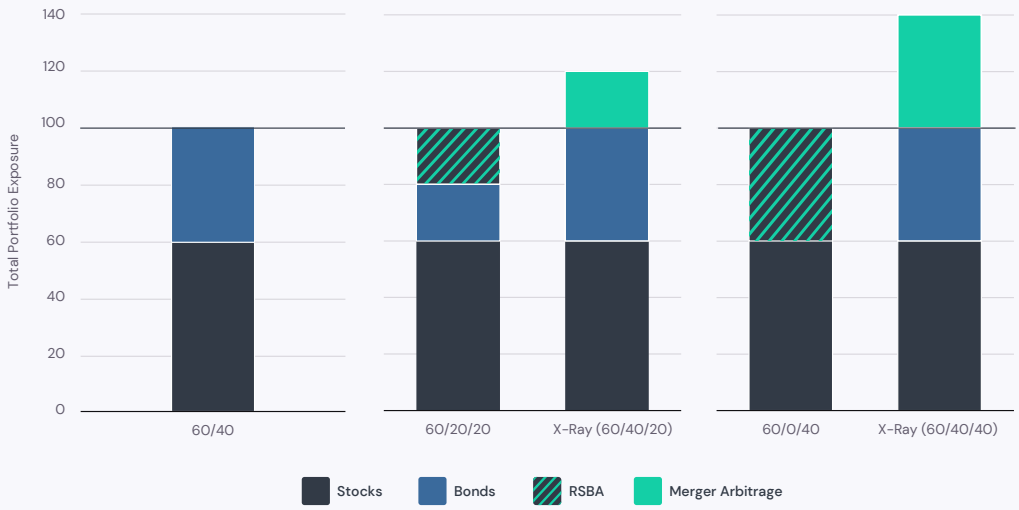
Combining full allocations of U.S. Treasuries and Merger Arbitrage into one ETF helps reduce the behavioral and operational challenges of owning each separately

Correlation	U.S. Treasuries	U.S. Corp Bonds	Merger Arbitrage
U.S. Treasuries	1.00	0.64	-0.02
U.S. Corp Bonds	0.64	1.00	0.29
Merger Arbitrage	-0.02	0.29	1.00



Source: Bloomberg. U.S. Treasuries is the Bloomberg US Treasury Total Return Index ("LUATTRUU"). U.S. Corporates is Bloomberg US Corporate Total Return Index ("LUACTRUU"). The Merger Arbitrage ("Merger Arb") is the Credit Suisse Liquid Alternative Beta Merger Arbitrage Index ("CSLABMA"). U.S. Treasuries + Merger Arbitrage is 100% U.S. Treasuries / 100% Merger Arbitrage / -100% Bloomberg Short Treasury US Total Return Index ("LD12TRUUU"). Returns are gross of all fees. You cannot invest in an index. Please see glossary at the end of this presentation for index definitions. Returns are gross of taxes. Returns assume the reinvestment of all distributions. Past performance is not indicative of future results. The periods selected reflect the three largest drawdown periods in U.S. equities since the joint inception date of the indices. Period is 12/31/1997 through 12/31/2023. The starting date is chosen based upon the earliest date data is available for the underlying indexes.

RSBA – Practical Implementation



Replacing core U.S. fixed income exposure with RSBA allows investors to introduce Merger Arbitrage as an overlay to their strategic portfolio, while maintaining bond exposure. The size of the allocation determines the size of the overlay.

For illustrative purposes only. 60/40 is 60% Stocks / 40% Bonds. 60/20/20 is 60% Stocks / 20% Bonds / 20% RSBA. 60/0/40 is 60% Stocks / 0% Bonds / 40% RSBA. Capital efficiency refers to the ability for an investment to provide exposure to a particular asset class or strategy while using fewer assets. The composition of RSBA is illustrative of the Fund's target allocation. Stocks are any equity exposure. Bonds are broad-based U.S. fixed income (individual securities or ETFs) and/or Treasury futures.

A (short) list of institutions using return stacking concepts

- Ohio Police and Fire Pension Fund
- Missouri State Employees' Retirement System
- Pennsylvania Public School Employees' Retirement System
- Oregon Public Employees Retirement Fund
- State of Wisconsin Investment Board
- Teacher Retirement System of Texas
- Iowa Public Employees' Retirement System
- South Carolina Retirement System Investment Commission
- Delta Air Lines
- Eli Lilly and Company
- RTX Corporation
- The Rockefeller Foundation

Disclosure: The institutions listed above provide a sample of institutions that have acknowledged between 2022-2025 their use of portable alpha and return stacking investment concepts; e.g. investing in hedge funds while obtaining beta exposure via derivative overlays. It is not known if the institutions will continue to utilize similar investment concepts in the future or if they approve or disapprove of Return Stacked® ETFs.

Notes & Disclosures

Investors should carefully consider the investment objectives, risks, charges and expenses of the Return Stacked® Bonds & Merger Arbitrage ETF. This and other important information about the ETF is contained in the prospectus, which can be obtained by calling 844 -737-3001 or clicking here. The prospectus should be read carefully before investing.

Definitions

Correlation measures the relationship between the price movements of two assets or securities, expressed as a value between -1 (means the two assets move in perfect opposition) and +1 (the two assets move in perfect unison). **Drawdown** refers to the decline in the value of a portfolio from its historical peak to its lowest point over a specific period.

Glossary

Bloomberg US Corporate Total Return Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility, and financial issuers. **Bloomberg Short Treasury US Total Return Index** tracks the market for treasury bills issued by the US government with time to maturity between 1 and 3 months. **Bloomberg US Treasury Total Return Index** measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. **Credit Suisse Liquid Alternative Beta Merger Arbitrage Index** seeks to gain broad exposure to the Merger Arbitrage strategy by using a pre-defined quantitative methodology in order to invest in a liquid, diversified and broadly representative set of announced merger deals. **S&P 500 Index** is an abbreviation for the Standard & Poor's 500, a market-capitalization-weighted index of 500 leading publicly traded companies in the U.S. **iBoxx USD Liquid Investment Grade Interest Rate Hedged Index** is a benchmark designed to reflect the performance of the most liquid, U.S. dollar-denominated investment grade corporate bonds while removing interest rate (duration) risk from the portfolio.

Risk Factors

Investments involve risk. Principal loss is possible. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. Brokerage commissions may apply and would reduce returns. **Bond Risk:** The Fund will be subject to bond and fixed income risks through its investments in U.S. Treasury and fixed income futures contracts. Changes in interest rates generally will cause the value of fixed-income and bond instruments held by Fund to vary inversely to such changes. **Counterparty Risk:** Counterparty risk is the likelihood or probability that a party involved in a transaction might default on its contractual obligation. Where the Fund enters into derivative contracts that are exchange-traded, the Fund is subject to the counterparty risk associated with the Fund's clearing broker or clearinghouse. Relying on a counterparty exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. If a counterparty defaults on its payment obligations to the Fund, this default will cause the value of an investment in the Fund to decrease. In addition, to the extent the Fund deals with a limited number of counterparties, it will be more susceptible to the credit risks associated with those counterparties. **Derivatives Risk:** Derivatives are instruments, such as futures contracts, whose value is derived from that of other assets, rates, or indices. The use of derivatives for non-hedging purposes may be considered to carry more risk than other types of investments. **Equity Market Risk:** By virtue of the Fund's investments in equity securities, equity ETFs, and equity index futures agreements, the Fund is exposed to equity securities both directly and indirectly which subjects the Fund to equity market risk. Common stocks are generally exposed to greater risk than other types of securities, such as preferred stock and debt obligations, because common stockholders generally have inferior rights to receive payment from specific issuers. Equity securities may experience sudden, unpredictable drops in value or long periods of decline in value. This may occur because of factors that affect securities markets generally or factors affecting specific issuers, industries, or sectors in which the Fund invests. **High Portfolio Turnover Risk:** The Fund may actively and frequently trade all or a significant portion of the Fund's holdings. A high portfolio turnover rate increases transaction costs, which may increase the Fund's expenses. Frequent trading may also cause adverse tax consequences for investors in the Fund due to an increase in short-term capital gains. **Index Strategy Risk:** The Fund's Merger Arbitration strategy is linked to an Index maintained by the Index Provider that exercises complete control over the Index. The Index Provider may delay or add a rebalance date, which may adversely impact the performance of the Fund and the correlation of the Fund's Merger Arbitration portfolio to the Index. In addition, there is no guarantee that the methodology used by the Index Provider to identify constituents for the Index will achieve its intended result or positive performance. Errors in Index data, Index computations or the construction of the Index in accordance with its methodology may occur from time to time and may not be identified and/or corrected for a period of time or at all, which may have an adverse impact on the Fund. **Interest Rate Risk:** Interest rate risk is the risk that prices of fixed income securities generally increase when interest rates decline and decrease when interest rates increase. The Fund may lose money if short-term or long-term interest rates rise sharply or otherwise change in a manner not anticipated by the Sub-Adviser. **You could lose all or substantially all of your investment in the Fund should the Fund's trading positions suddenly turn unprofitable.** The net asset value of the Fund while employing leverage will be more volatile and sensitive to market movements. **Merger-Arbitrage Risk:** Merger-arbitrage investing involves the risk that the outcome of a proposed event, whether it be a merger, reorganization, or other event, will prove incorrect and that the Fund's return on the investment will be negative, or that the expected event may be delayed or completed on terms other than those originally proposed, which may cause the Fund to lose money or fail to achieve a desired rate of return. **New Fund Risk:** The Fund is a recently organized with no operating history. As a result, prospective investors do not have a track record or history on which to base their investment decisions. **Non-Diversification Risk:** The Fund is non-diversified, meaning that it is permitted to invest a larger percentage of its assets in fewer issuers than diversified funds. **Passive Investment Risk:** The Fund's Merger Arbitration strategy is passively managed. The Fund's Merger Arbitration portfolio is generally invested in the securities and financial instruments included in, or representative of, its Index regardless of its investment merit. As a result, the Fund's performance may be adversely affected by a general decline in the market segments relating to its Index. **Tracking Error Risk:** While the Fund's Merger Arbitration portfolio generally seeks to track the performance, before fees and expenses, of the Index, the performance of the Fund's Merger Arbitration portfolio and its Index may differ from each other for a variety of reasons. For example, the Fund incurs operating expenses and portfolio transaction costs not incurred by the Index. In addition, the Fund may not be fully invested in the securities and financial instruments of the Index at all times or may hold securities and financial instruments not included in the Index. Also, the Fund may not be able to track the Index for certain periods due to regulatory constraints applicable to the Fund but not the Index. **Short Sale Risk:** The Fund enters into a short sale by selling a security it has borrowed (typically from a broker or other institution). If the market price of a security increases after the Fund borrows the security, the Fund will suffer a (potentially unlimited) loss when it replaces the borrowed security at the higher price. In certain cases, purchasing a security to cover a short position can itself cause the price of the security to rise further, thereby exacerbating the loss. In addition, the Fund may not always be able to borrow the security at a particular time or at an acceptable price. Short sales also involve transaction and financing costs that will reduce potential Fund gains and increase potential Fund losses. In addition, the Underlying Funds in which the Fund invests may also enter into short sales, and the Fund will bear the risk of such use. **Underlying ETFs Risk:** The Fund will incur higher and duplicative expenses because it invests in equity ETFs. The Fund may also suffer losses due to the investment practices of the underlying bond ETFs. **U.S. Government Obligations Risk:** The Fund may invest in securities issued by the U.S. government. U.S. Government obligations include securities issued or guaranteed as to principal and interest by the U.S. Government, such as the U.S. Treasury. Payment of principal and interest on U.S. Government obligations may be backed by the full faith and credit of the United States Although U.S. Treasuries are backed by the U.S. government, those government policies may change both in terms of the payment of interest and in the payment of principal. Furthermore, while holding a Treasury until maturity can guarantee principal, selling a treasury prior to maturity or buying a treasury subsequent to issue date may put principal at risk.

Tidal Investments LLC ("Tidal") serves as investment adviser to the Fund and the Fund's subsidiary.

Newfound Research LLC ("Newfound") serves as investment sub-adviser to the Funds.

The Return Stacked® Bonds & Merger Arbitrage ETF is distributed by Foreside Fund Services, LLC, Member FINRA/SIPC. Foreside is not related to Tidal or Newfound.