RISR

RISR

MORNINGSTAR

★★★★★

RISR has a 5-star Overall Morningstar rating and is ranked #9 among 194 funds in Morningstar's Nontraditional Bond Funds category over a 3-year period ending 9/30/2026. The rating and ranking are based on Morningstar's methodology of comparing risk-adjusted returns.

FOLIOBEYOND ALTERNATIVE INCOME AND INTEREST RATE HEDGE ETF

September 2026

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IMPORTANT INFORMATION

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus or summary prospectus with this and other information about the Fund, please call (866) 497-4963 or visit our website at www.etfs.foliobeyond.com. Read the prospectus or summary prospectus carefully before investing.

Investments involve risk. Principal loss is possible. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. The fund is new and has limited operating history to judge.

Fund Risks - The value of MBS IOs is more volatile than other types of mortgage-related securities. They are very sensitive not only to declining interest rates, but also to the rate of prepayments. MBS IOs involve the risk that borrowers may default on their mortgage obligations or the guarantees underlying the mortgage-backed securities will default or otherwise fail and that, during periods of falling interest rates, mortgage-backed securities will be called or prepaid, which may result in the Fund having to reinvest proceeds in other investments at a lower interest rate. The Fund's derivative investments have risks, including the imperfect correlation between the value of such instruments and the underlying assets or index; the loss of principal, including the potential loss of amounts greater than the initial amount invested in the derivative instrument. The value of the Fund's investments in fixed income securities (not including MBS IOs) will fluctuate with changes in interest rates. Typically, a rise in interest rates causes a decline in the value of fixed income securities owned indirectly by the Fund.

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The **Morningstar Rating™** for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds and separate accounts) with at least a three-year history without adjustment for sales load. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk- Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars, and the bottom 10% receive one star. The Overall Morningstar Rating™ for a managed product is derived from a weighted average of the performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating™ metrics. The weights are: 100% three-year rating for 36 - 59 months of total returns, 60% five-year rating/40% three-year rating for 60 - 119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. As of 9/30/2025, RISR was rated against the following number of Nontraditional Bond Funds over the following periods: 265 for the 3 year time period. RISR received 5 stars for those periods. Ratings for other share classes may differ. Past performance is no guarantee of future results.

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ABOUT THE FIRM

FolioBeyond, LLC provides investment solutions for independent Registered Investment Advisors, wealth managers, insurance companies, broker-dealers, banks and other financial market entities.

The firm's solutions integrate factor-based models, artificial intelligence/machine learning (AI/ML) tools, sophisticated valuation methods and disciplined risk management. FolioBeyond uses advanced proprietary algorithms for portfolio construction, asset allocation rebalancing and stress testing.

FolioBeyond is a registered investment adviser, founded in 2017.

> **We Are Quantamental* Investors**

*Quantitative + Fundamental

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FolioBeyond Alternative Income and Interest Rate Hedge ETF (RISR)

RISR is an actively managed exchange-traded fund (ETF) that seeks to:

- Generate current income under a wide range of market regimes
- Provide an uncorrelated investment that can reduce risk in a broad range of portfolios and strategies
- Provide protection against rising interest rates

RISR

- RISR invests primarily in interest-only mortgage-backed securities (MBS IOs) and U.S. Treasury bonds.
- MBS IOs are a negative duration security that generally benefit from rising rates.
- MBS IOs —and Treasuries to a lesser extent —generally provide income under stable rates.

Duration
Duration is a measure of the relationship between interest rates and price for a fixed income security. Positive duration refers to a relationship whereby prices decline as interest rates rise, while negative duration refers to a relationship whereby prices increase as interest rates rise.

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Designed to Provide Income Under Stable Interest Rates Using MBS IOs

- MBS IOs are negative duration instruments
  Funds that seek to achieve negative duration by shorting Treasuries or by purchasing put options are commonly negative carry
- MBS IOs are positive carry
  MBS IOs are correlated to 10-year Treasury yields and offer positive carry of as much as 5% to 8% (as of September 2026)
- MBS IOs are sufficiently liquid for a scalable strategy
- RISR is "quantamental" and actively managed
- RISR is a diversifier

Carry
The carry of an asset is the return obtained from holding it (positive carry), or the cost of holding it (negative carry).

FolioBeyond has Deep Expertise in Mortgage Derivatives

- Our mortgage expertise spans quantitative modeling and risk management as well as buy side and sell side experience.
- Our skillset covers mortgage origination, servicing, loss-mitigation, hedging and securitization.

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The Current Investing Landscape is Subject to an Unusually Large Set of Risk Factors:

- Interest Rate Policy
- Inflation
- Risk of Recession
- Budgetary Policy Stalemate
- Geopolitical Risk
- War-Induced Supply Disruptions
- Labor Market Disruptions
- Demographic Change
- Technological Innovations

All these factors and more make the current landscape especially perilous, and demand that investors and advisors pay particular attention to risk management.

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RISR Adds Diversification

With its strong negative correlation to the Bloomberg US Aggregate Bond Index, and very low correlation to the S&P and Nasdaq stock indices, adding RISR to existing Fixed Income, Equity or Blended portfolios can increase diversification materially, potentially reducing overall risk.

Daily Return Correlation Matrix				
	RISR	LBUSTRUU	SPX	XNDX
RISR	1.000			
Bloomberg US Agg Total Return (LBUSTRUU)	-0.357	1.000		
S&P 500 INDEX (SPX)	-0.187	0.381	1.000	
NASDAQ-100 Total Return Index (XNDX)	-0.141	0.319	0.926	1.000

Source: Bloomberg, L.P.

Data represent the average of the daily return correlation between the indicated pairs from 9/30/2025 to 9/30/2026. Correlation measures the degree to which a pair of variables are linearly related. Correlation of 1 indicates a perfect positive or direct relationship while correlation of -1 implies a perfect negative or inverse relationship, A correlation measure of 0 means there is no linear relationship between the variables.

See Appendix for Index Definitions

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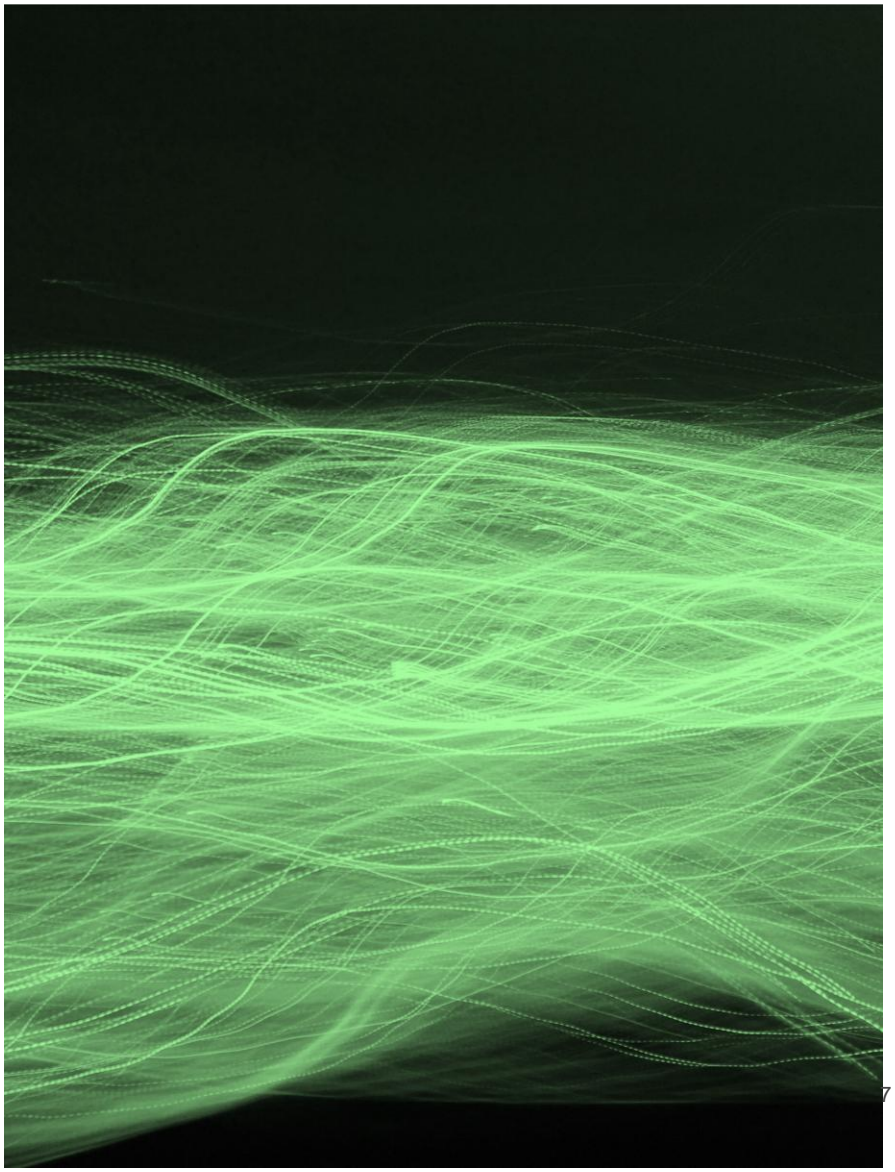
AGENCY/AAA CREDIT

Residential Mortgage-Backed Securities: AAA Credit

- RISR invests in MBS IOs issued or guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae.
- Ginnie Mae securities are backed by the full faith and credit of the U.S. government. Fannie Mae and Freddie Mac securities are guaranteed by Fannie Mae and Freddie Mac. These entities, in turn, are backed by a line of credit with the U.S. Treasury. This gives the securities the highest credit rating granted by ratings agencies.[1]
- MBS IOs are one of the only negative duration fixed income instruments with sufficient liquidity to form the basis of a scalable strategy.



1. It should be noted, however, that in the case of MBS IOs, a default by an underlying borrower, will have the same effect as a voluntary prepayment (i.e., it will reduce the balance of the underlying mortgage pool, thereby reducing the value of the MBS IO, notwithstanding such guarantee).

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The table below summarizes the performance of RISR ETF since inception.

As of September 30, 2026						
	1M	3M	6M	1Y	Since Inception Cumulative	Since 9/30/21 Inception Annualized
RISR MKT	1.50%	3.89%	5.39%	9.72%	97.40%	14.57%
RISR NAV	1.73%	3.89%	5.45%	8.89%	96.96%	14.52%

For standardized performance click here.

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 866-497-4963. Short term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on returns. Returns beyond 1 year are 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. The fund intends to pay out income, if any, monthly. There is no guarantee these distributions will be made.

*Total Expense Ratio is **1.04%.***

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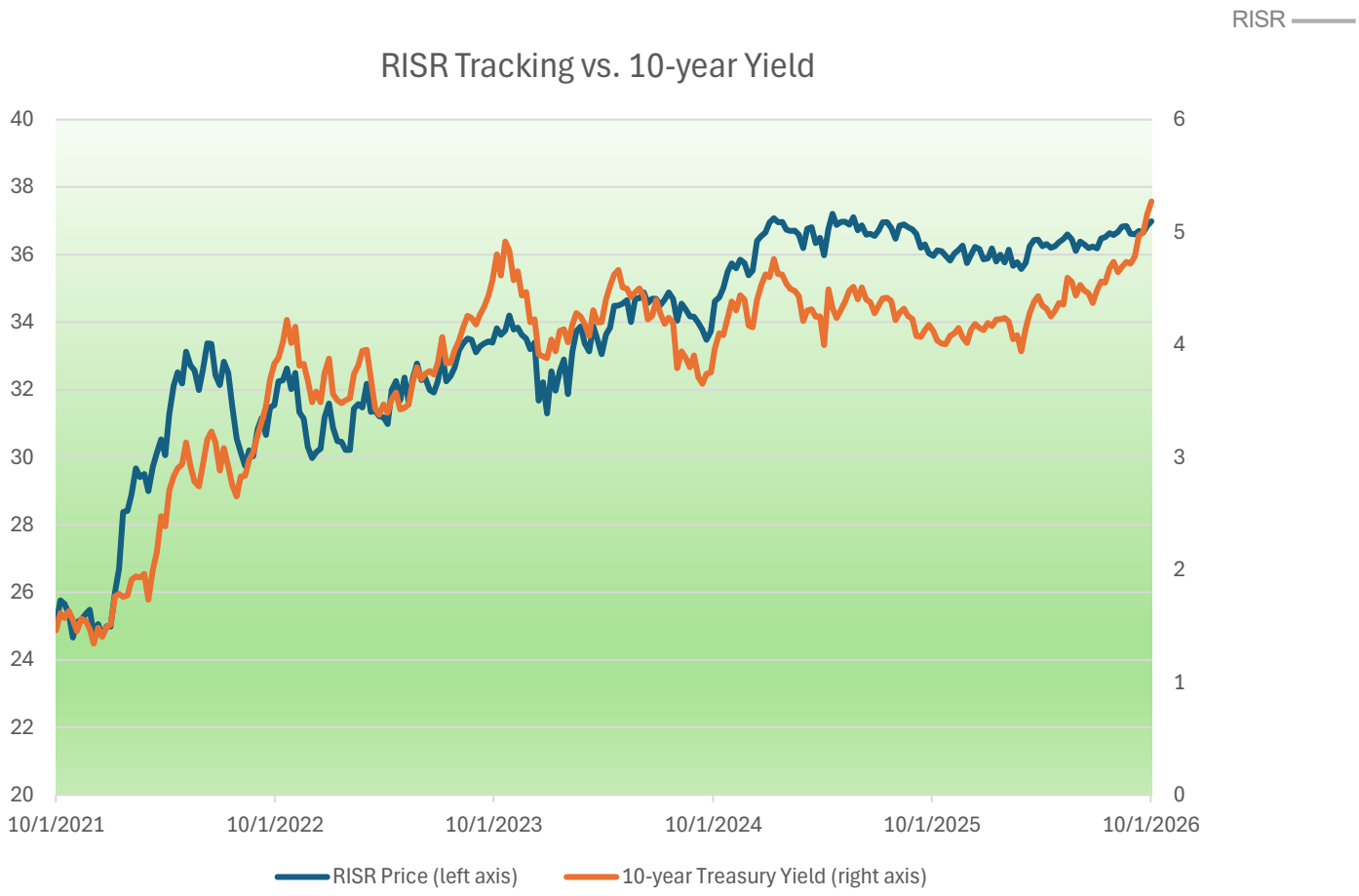
RELATIONSHIP OVER TIME

The graph plots the 10-year Treasury yield vs. price of RISR since inception of the Fund. Note how the yields and prices have similar peaks and dips.

Total Expense Ratio of RISR is 1.04%.



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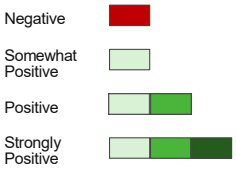
COMPARISON OF STRATEGIES UNDER DIFFERENT MARKET ENVIRONMENTS

LEGEND
Impact of Market Environment on Strategies



Strategy

Market Environment

	Floating Rate Instruments	Short 10-year Treasuries	Treasury Inflation-protected Securities (TIPS)	RISR
Increase in Long-term Rates	Limited impact on floating rate with short-dated cash flows	Direct benefit from mark-to-market gain	Some benefit from rising inflation offset by duration risk	Direct correlation to slowing prepayments
Increase in Short-term Rates	Direct benefit from rising coupon rate	Negative carry on short position with no benefit from increase in short rates	Positive carry based on inflation expectations	Some benefit from slowing refinancing into adjustable mortgages offset by higher short-term discount rate
Stable Long- and Short-term Rates	Positive carry	Negative carry	Positive carry based on inflation expectations	Positive carry of ~7%in current environment
Rise in Inflation	Rising coupon income as short rates rise in anticipation of Fed tightening	Benefit from possible selloff in Treasuries	Benefit from rising break-even inflation rate partly offset by duration effect	Declining prepayment rates as interest rates rise

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INVESTMENT PROCESS

1 Asset Allocation

APPROACH - Top Down

INPUT
- Historical pricing data
- Option adjusted yields
- Implied volatility
- Correlations
- Momentum effects

MODEL
Proprietary multi-factor optimization model

FUNDAMENTAL OVERLAY
Embedded in option adjusted yield and spread calculations that incorporate prepayment modeling

OUTPUT
- %MBS IOs with coupon ranges
- % Treasuries with maturity ranges
- %Other hedges if appropriate

2 Security Selection

APPROACH - Bottom Up

INPUT
- MBS IO deal/tranche structure in CMOs
- Underlying collateral characteristics

MODEL
MBS prepayment and option-adjusted spread (OAS) models

FUNDAMENTAL OVERLAY
Portfolio manager MBS IO bond and collateral analysis

OUTPUT
Individual security selection

3 Portfolio Risk Management

APPROACH - Risk Analysis and Stress Test

INPUT
- Price
- Yield curve
- Implied volatility

MODEL
Prepayment and OAS models: standard and stress scenarios

FUNDAMENTAL OVERLAY
Incorporate macro factors related to mortgage and housing markets

OUTPUT
Sensitivity analysis and risk profile including rate duration, convexity, prepayment duration, yield curve risk

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RETURN AND VOLATILITY COMPARISON VS EQUITY AND BOND INDICES

As of 9/30/2026	Total Return (%)				
	3 Month	6 Month	1 Year	Since 9/30/21 Inception (annualized)	90 Day Volatility [1]
RISR	3.89	5.39	9.72	14.57	4.11
Bloomberg US Aggregate Bond Index	-3.51	-2.87	-1.84	-0.64	4.53
US Treasury 7 Year Bond Inverse Index	4.68	4.49	3.52	1.35	5.15
S&P 500 Index	2.38	21.28	15.72	13.70	12.78
Bloomberg U.S. Treasury 7-10 Year Bond Index	-4.53	-4.58	-4.06	-2.10	5.41
Bloomberg U.S. Treasury 20+ Year Bond Index	-8.95	-8.27	-8.98	-8.46	9.93

RISR

[1] 90-Day Volatility measures the degree of price fluctuation over the past 90 days expressed as an annualized percentage. It reflects short-term risk level, with higher values indicating greater potential price swings.

Source: Bloomberg, L.P.

See Appendix for Index Definitions

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PORTFOLIO MANAGER BIOGRAPHIES

Yung Lim

CEO, FolioBeyond
Portfolio Manager, RISR

Yung Lim, the CEOof FolioBeyond and Portfolio Manager of the FolioBeyond Alternative Income and Interest Rate Hedge ETF (RISR), has 30+ years of experience in the fixed income markets, spanning investment management, risk management, and quantitative model development.

Previously Mr. Lim was:

- Co-founder of Treesdale Partners, a fixed income fund of hedge funds with peak AUM of $2.3 billion
- Chairman of Pedestal Inc., an online mortgage trading platform funded by Reuters, Deutsche Bank and Battery Ventures
- Senior consultant at Andrew Davidson & Co.
- Vice President at Merrill Lynch in the Mortgage-Backed Securities Group

Mr. Lim is co-author of *Collateralized Mortgage Obligations*, by Davidson, Ho and Lim.

He received his M.B.A. from the Booth School at the University of Chicago and his B.S. in Electrical Engineering from the California Institute of Technology.

Dean Smith

Chief Strategist, FolioBeyond
Portfolio Manager, RISR

Dean Smith, Chief Strategist of FolioBeyond and Portfolio Manager of the FolioBeyond Alternative Income and Interest Rate Hedge ETF (RISR), has 25+ years of experience in all aspect of structured products with roles as an investment banker, trader, and hedge fund portfolio manager.

Prior to joining FolioBeyond, Mr. Smith was:

- Founder of Stonehenge Financial Partners
- Partner at Highland Financial Holdings
- In senior positions at DLJ and Nomura Securities

Mr. Smith earned his M.A. and M.Phil. in Economics from Columbia University. He also received a B.A. in Economics from the University of California San Diego.

Michael Venuto

Portfolio Manager, RISR

Michael Venuto is Chief Investment Officer of Toroso Investments and Portfolio Manager of the FolioBeyond Alternative Income and Interest Rate Hedge ETF (RISR). Mr. Venuto is an ETF industry veteran with over a decade of experience in the design and implementation of ETF-based investment strategies.

Previously, Mr. Venuto was Head of Investments at Global X Funds where he provided portfolio optimization services to institutional clients. Before that, he was Senior Vice President at Horizon Kinetics where his responsibilities included new business development, investment strategy and client and strategic initiatives.

Charles A. Ragauss, CFA

Portfolio Manager, RISR

Charles A. Ragauss, CFA, is a Portfolio Manager at Toroso Investments and Portfolio Manager of the FolioBeyond Alternative Income and Interest Rate Hedge ETF (RISR). Through Toroso, Mr. Ragauss also provides support services to CSat Investment Advisory, L.P., doing business as Exponential ETFs ("Exponential"). Mr. Ragauss previously served as Chief Operating Officer and in other roles at Exponential from April 2016 to September 2020.

Previously, Mr. Ragauss was Assistant Vice President at Huntington National Bank ("Huntington"), where he was Product Manager for the Huntington Funds and Huntington Strategy Shares ETFs, a combined fund complex of almost $4 billion in assets under management. At Huntington, he led ETF development, bringing to market some of the first actively managed ETFs. Mr. Ragauss joined Huntington in 2010.

Mr. Ragauss attended Grand Valley State University where he received his Bachelor of Business Administration in Finance and International Business, as well as a minor in French. He is a member of both the National and West Michigan CFA societies and holds the CFA designation.

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Appendix

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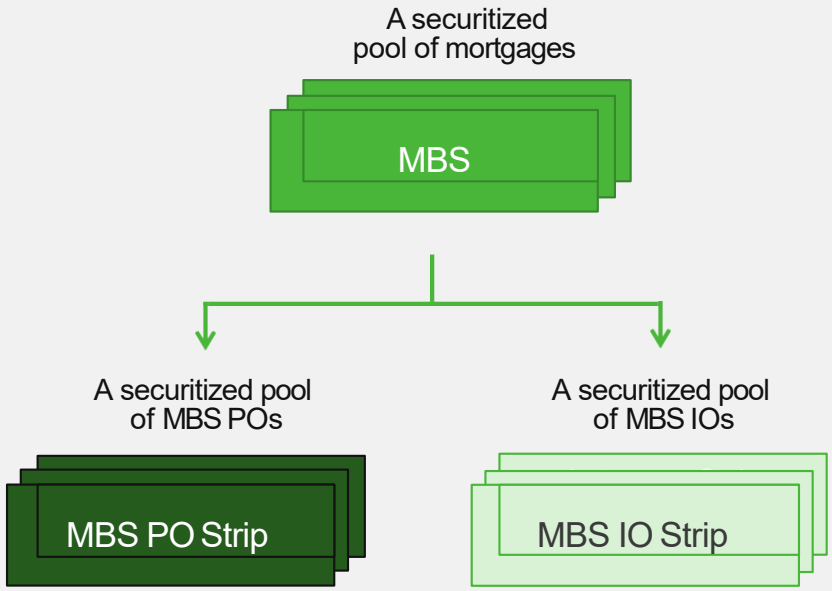
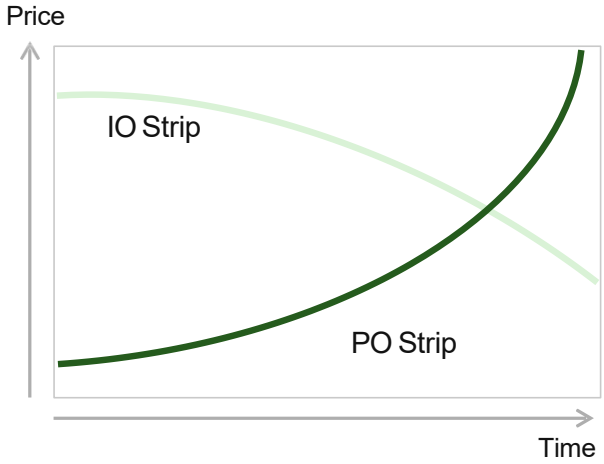
STRIPPING MORTGAGE SECURITIES

Interest only and principal only strips are created by packaging the cash flows into separate securities.



Cash Flow Characteristics: PO and IO Strips



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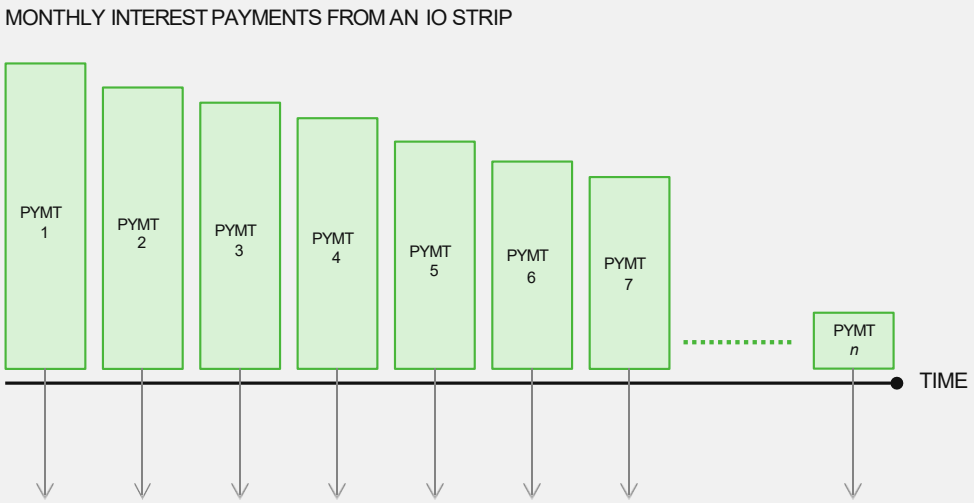
MBS IO STRIP

Pricing MBS IO Strips



MBS IO VALUE = SUM OF PRESENT VALUE OF INTEREST CASH FLOWS

MBS IOs are negative duration securities

If mortgage rates rise

- Mortgage prepayments decline
- Interest cash flows increase
- MBS IO value increases

If mortgage rates fall

- Mortgage prepayments increase
- Interest cash flows decline
- MBS IO value decreases

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GLOSSARY

Agency MBS	These include MBS issued or guaranteed by Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) or the Government National Mortgage Administration (Ginnie Mae). Agency MBS are backed by the full faith and credit of the U.S. government, which gives them the highest credit rating granted by the credit ratings agencies.
Carry	The carry of an asset is the return obtained from holding it (positive carry), or the cost of holding it (negative carry).
Cuspy Coupons	A minor decrease in rates is likely to cause substantial prepayment of mortgages. These securities are most susceptible to negative convexity.
Correlation	A statistical relationship, whether causal or not, addressing the degree to which a pair of variables are linearly related.
Duration	Duration is a measure of the relationship between interest rates and price for a fixed income security. Positive duration refers to a relationship whereby prices decline as interest rates rise, while negative duration refers to a relationship whereby prices increase as interest rates rise.
Factor Models	Factor Models are financial models that incorporate factors (macroeconomic, fundamental, and statistical) to define a security's risk and returns.
MBS	Mortgage-backed securities are fixed-income instruments that represent an interest in a pool of mortgages.
MBS IOs	MBS IOs represent the interest portion of the MBS.
MBS POs	MBS POs represent the principal portion of the MBS.
OAS	Option-adjusted spread represents the yield spread that is added to the benchmark yield curve to price a security with an embedded option.
Stripped MBS	Stripped MBS represent interest in a pool of mortgages, the cash flow from which has been separated into interest and principal components.
Yield	A measure of the ex-ante return to a holder of the security.

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Index Definitions

Bloomberg Barclays US Aggregate Bond Index	A broad-based 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 and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).
S&P 500 Index	The S&P 500 Index, or Standard & Poor's 500 Index, is a market-capitalization-weighted index of 500 leading publicly traded companies in the U.S.
NASDAQ 100 Index	The NASDAQ-100 Index includes 100 of the largest domestic and international non-financial companies listed on The NASDAQ Stock Market based on market capitalization.
Bloomberg U.S. Treasury 7-10 Year Bond Index	The Bloomberg U.S. Treasury 7-10 Year Bond Index measures the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater between 7 and 10 years.
Bloomberg U.S. Treasury 20+ Year Bond Index	The Bloomberg U.S. Treasury 20+ Year Bond Index measures the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than 20 years.
US Treasury 7-10 Year Bond Inverse Index	ICE U.S. Treasury 7-10 Year Bond Inverse Index is designed to provide the inverse of the daily return of the ICE U.S. Treasury 7-10 Year Bond Index.

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