

FolioBeyond Alternative Income and Interest Rate Hedge ETF

Enhancing Current Income and Diversifying Total Return

June 2026

RISR

The Current Rate Environment

Market environment presents opportunities and risks tied to various inflection points including the direction of economy, strength of labor market, pace of Fed actions, and stagflation.

We believe the critical issue for investors is not forecasting rate moves — a difficult task, at best — but rather preventing major deterioration of their fixed income portfolios from unexpected scenarios.

We aim to provide an effective strategy to **diversify a fixed income portfolio using an alternative income strategy** that is negatively correlated to most fixed income exposures.

RISR

The FolioBeyond Alternative Income and Interest Rate Hedge ETF (RISR) is an actively managed exchange-traded fund (ETF) that seeks to:

- Generate attractive current income and dividend payout
- Provide hedge protection against adverse interest rate moves
- Provide offsetting benefit when credit yield spreads widen

RISR invests primarily in government agency Mortgage-Backed Security Interest Only (MBS IO) bonds and U.S. Treasury bonds.

Uncertainty in Direction and Shape of the Yield Curve

Both absolute yield levels and the relationship between short and long rates are likely to remain volatile as the Fed navigates the current environment of uncertainty tied to the economy, inflationary pressures, potential new supply chain disruptions from the Middle East conflict and tariffs. The changing dynamics and resulting Fed actions may set the direction of short rates but may lead to more unexpected movements in long rates where markets focus on longer term effects of Fed actions. This added uncertainty in the long maturity sector amplifies the need to employ diversification strategies without sacrificing current income. RISR aims to provide a unique combination of producing attractive alternative income while offering interest rate protection in the longer maturity sector.

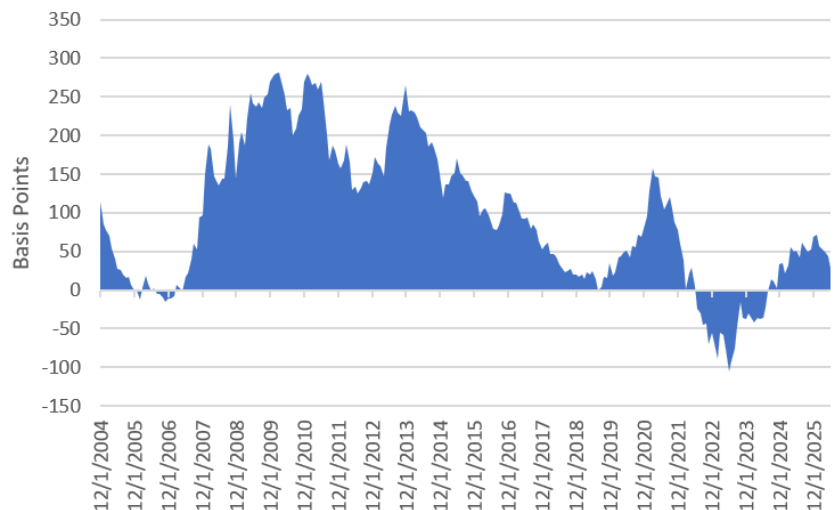
Yield Curve Normalization

The Treasury yield curve is typically positively sloped as the term premium compensates long term investors with higher yields for taking on additional duration and volatility risk. Despite this primary effect, the yield curve will become inverted if the market perceives a higher risk of recession which would drive interest rates lower in the future.

During the past 20 years, the yield curve, as measured by the spread between the 10-year and 2-year Treasury yields, has been inverted for only brief time periods until mid-2022. The recent inversion lasted two years until becoming modestly positive in December 2024.

As the yield curve potentially normalizes further in the future, it remains unclear how long rates will move based on Fed's actions. This uncertainty can be managed with the RISR ETF as a steeper yield curve is generally supportive to the RISR strategy as long as long rates do not decline meaningfully.

Treasury Yield Curve Spread
Between 10yr and 2yr Maturities



Source: Bloomberg



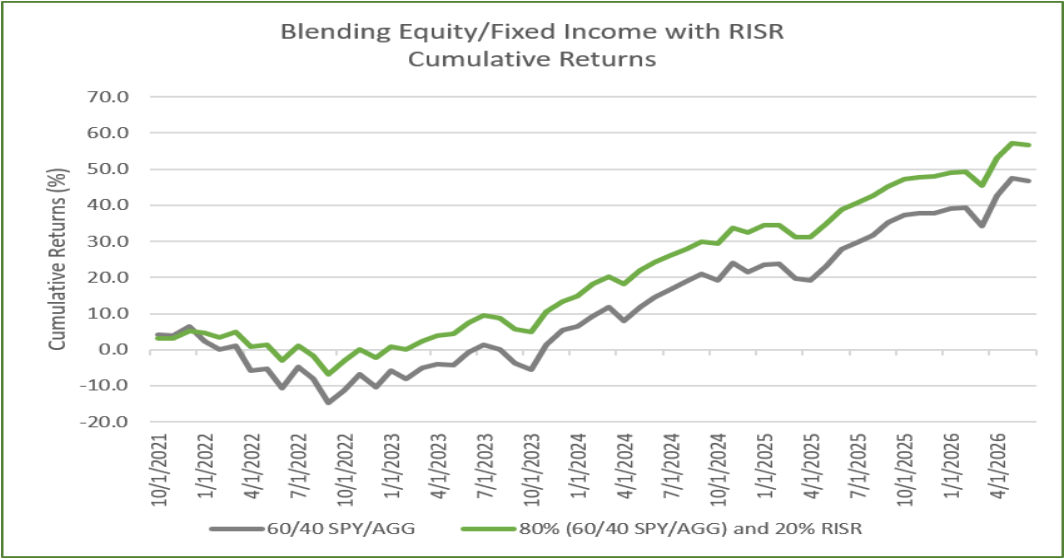
Risk Diversification and Mitigation Strategy

Investors have been whipsawed by dramatic moves in interest rates during the past couple of years. RISR aims to provide a means for enhancing income to most fixed income portfolios while reducing interest rate risk and improving the portfolio’s overall Sharpe ratio. The table below provides the risk and return metrics of combining RISR with a simple 60/40 portfolio of 60% equities and 40% fixed income exposures represented by SPY ETF that tracks the S&P 500 Index (“SPY”) and AGG ETF that tracks the Bloomberg U.S. Aggregate Bond Index (“AGG”), respectively (additional disclosures for this chart are on page 5). The comparison demonstrates how a generic 60/40 portfolio when combined with RISR shows significant improvement in returns, current yield, volatility and Sharpe Ratio. Additionally, RISR also tends to perform better in credit spread widening environments as higher mortgage yields benefit MBS IOs.

RISR’s Approach

RISR invests primarily in interest-only mortgage-backed securities. MBS IOs are a negative duration security that generally benefit from rising long-term rates while providing attractive current income. However, MBS IOs have positive duration to short-term rates as they benefit from lower discount rates when short rates come down.

Comparison of strategies using RISR in combination with a generic 60/40 portfolio



Oct 2021 – Jun 2026	Total Return	Annualized Return	Volatility (monthly)	Sharpe Ratio	Yield ¹
60/40 SPY/AGG	46.66%	8.40%	3.30%	0.40	2.40%
With 20% RISR	56.68%	9.91%	2.28%	0.77	2.99%

Source: Bloomberg
1. Yield for SPY, AGG and RISR is the 30-day SEC Yield which is calculated with a standard formula mandated by the SEC. The formula is based on the maximum offering price per share. RISR inception date is 9/30/21. Gross expense ratio is 0.99%. 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.

Three Ways to Use RISR

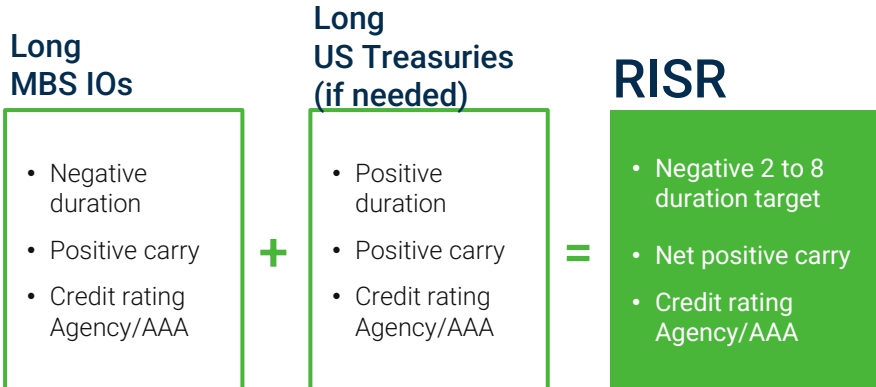
1
Goal of Income Enhancement with a diversified portfolio of government agency-backed MBS Interest Only Securities.

2
Diversifier for both fixed income, credit, and equity portfolios as a supplement to a core portfolio or as an alternative income enhancer.

3
Means of hedging existing fixed income portfolio regardless of one’s views on rates.

The Strategy behind RISR

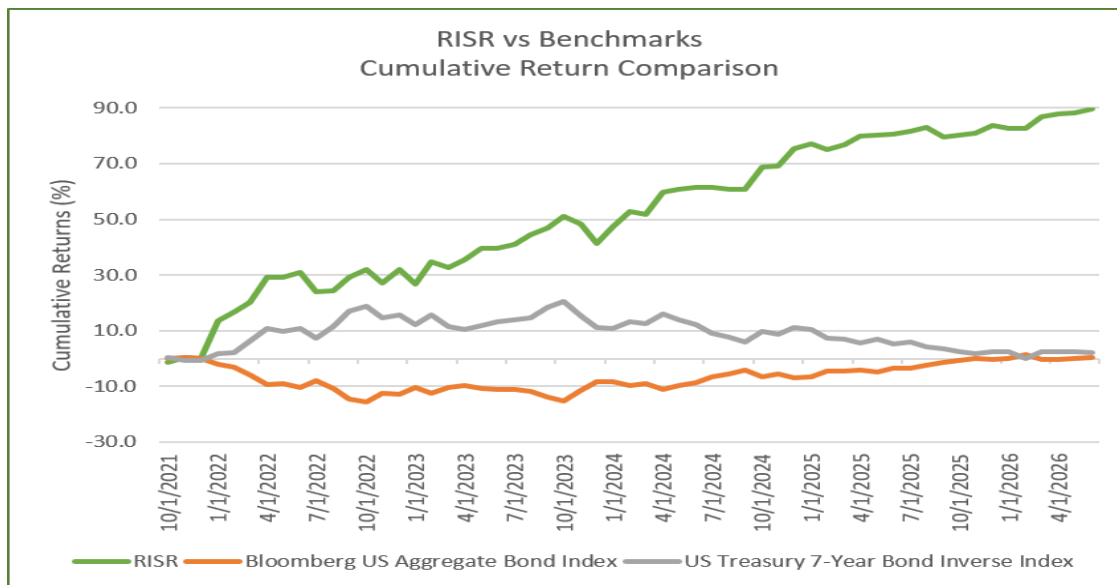
RISR aims to achieve its dual objectives of protection against rising rates and positive carry through a high correlation to long-term rates.



Role of MBS IOs

- Agency RMBS IOs are one of the only “negative duration” fixed income instruments with sufficient liquidity to form the basis of a scalable strategy.
- Unlike other fixed income instruments, IOs generally appreciate in a rising interest rate market.
- MBS IO prices are positively correlated to 10-year Treasury yields and offer positive carry of as much as 7-8%.¹

Historical Performance vs Benchmarks The graph plots the historical cumulative returns of RISR since inception in comparison to the Bloomberg U.S. Aggregate Bond Index and the Bloomberg 7-10 Year Treasury Inverse Index².



Oct 2021 - Jun 2026	Total Return	Annualized Return	Volatility (monthly)	Sharpe Ratio	Yield ³
RISR	89.59%	14.42%	2.98%	1.03	5.37%
US Treasury 7-Year Bond Inverse Index	2.17%	0.45%	2.20%	-0.44	Negative
Bloomberg US Aggregate Bond Index	0.36%	0.08%	1.88%	-0.57	4.74%

Source: Bloomberg

1. The opinions expressed here represent the view of FolioBeyond.

2. The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based fixed income index that is commonly used as a general benchmark. This index has major differences versus RISR that includes positive duration (vs negative duration of RISR), higher liquidity, and less concentration risk. The Bloomberg 7-10 Year Treasury Inverse Index is similar to RISR with respect to its negative duration, but the differences include Treasury bond exposure (vs MBS IOs in RISR), negative carry (vs positive carry of RISR), higher liquidity, and less concentration risk. Yield for the US Treasury 7-

3. Yield calculations: for Bloomberg US Aggregate Bond Index it is the yield to maturity; for RISR it is the 30-day SEC Yield which is calculated with a standard formula mandated by the SEC. The formula is based on the maximum offering price per share. RISR inception date is 9/30/21. Gross expense ratio is 0.99%. Yield of US Treasury 7-Year Bond Inverse Index is undefined since the index has short positions in the underlying.

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. Returns beyond 1 year are annualized.



About FolioBeyond Alternative Income and Interest Rate Hedge ETF

The FolioBeyond Alternative Income and Interest Rate Hedge ETF is an actively-managed exchange-traded fund that seeks to generate current income and provide protection against rising interest rates. RISR invests primarily in interest-only mortgage-backed securities and U.S. Treasury bonds.

RISR seeks to achieve a desired duration target of approximately negative five to negative ten years. MBS IOs typically exhibit negative duration. At the duration target, the value of the RISR portfolio is projected to increase as interest rates rise, which provides protection against falling valuations of most fixed income instruments. FolioBeyond makes buy and sell decisions for RISR based on a multi-factor optimization model that provides broad asset allocation guidance while specific bond analysis will be performed for security selection.

About FolioBeyond, LLC

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.

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).
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.
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.
Positive Carry	Positive carry is a strategy that generates current income.
RMBS	Residential mortgage-backed securities are fixed-income instruments that represent an interest in a pool of residential (i.e., not commercial) mortgages.
Sharpe Ratio	The Sharpe ratio is a measure of risk-adjusted return. It reflects how much excess return you receive over the risk-free rate, divided by the volatility of holding a riskier asset.

Bloomberg 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.

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.

Additional Disclosures for Comparison of Strategies using RISR in combination with a generic 60/40 portfolio

Fund	Objective	Strategy	Management Style	Gross Expense Ratio	Net Assets as of 1/31/2024	Link for Current Performance & Prospectus
RISR	Seeks to provide current income and protect against rising interest rates	Actively managed strategy that seeks to generate attractive current income while providing protection against rising interest rates by investing primarily in interest-only mortgage-backed securities and U.S. Treasury bonds	Active	0.99%	\$57 mm	RISR Performance RISR Prospectus
SPY	Seeks to provide investment results that, before expenses, corresponds generally to the price and yield performance of the S&P 500 index	Seeks to achieve its investment objective by holding a portfolio of the common stocks that are included in the S&P 500 Index, with the weight of each stock in the portfolio substantially corresponding to the weight of such stock in the Index.	Passive	0.0945%	\$487,620 mm	SPY Performance SPY Prospectus
AGG	Seeks to track the investment results of the Bloomberg US Aggregate Bond index	Seeks to track the investment results of the Bloomberg U.S. Aggregate Bond Index which measures the performance of the total U.S. investment-grade market as determined by Bloomberg Index Services Limited	Passive	0.03%	\$101,252 mm	AGG Performance AGG Prospectus

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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