RPAR Risk Parity ETF FAQ

October 2023

WHY IS RISK PARITY DOWN YEAR TO DATE?

Three main forces drive asset class returns: 1) growth surprises, 2) inflation surprises, and 3) the attractiveness of cash. The first two risks are diversifiable; the last is not. Each asset class offers a return above cash over time (otherwise investors wouldn't take the risk), so when expected cash yields rise sharply ("tightening"), assets fall in order to offer an attractive prospective return above cash. This is what happened when the Fed began aggressively hiking interest rates in March of last year, leading to a broad selloff across asset classes. Markets rallied earlier this year on hopes of a possible Fed pivot, but with the Fed committed to keeping rates "higher for longer," the selloff resumed. This has led to negative performance for risk parity and, in our view, higher expected returns going forward.

What is risk parity?

- Risk parity is an asset allocation strategy that seeks to balance to growth and inflation surprises by investing in assets that perform well in different growth and inflation environments. This is in contrast to a traditional 60/40 portfolio that is typically biased to underperform during inflationary periods (both stocks and bonds underperformed cash in the 1970s) and during periods of weak growth (stocks lost money during the entire first decade of the 2000s).
- As a result, risk parity diversifies growth and inflation risks but remains exposed to environments in which "cash is king."

Why was risk parity down in 2022 and again in 2023?

We divide the past 18+ months into three phases:

- **"Tightening"** – Cash was king starting in March 2022, as the Federal Reserve aggressively raised the Fed Funds rate to counter inflation. All assets fell during that stretch and long-term Treasuries and TIPS underperformed global equities.
- **"Fed Pivot?"** – Falling inflation and regional banking trouble in Q4 2022 and Q1 2023 led market participants to price in a quick Fed pivot to cutting rates. This produced a broad-based rally in assets (ranging from +8% for Treasuries to +21% for gold). RPAR was up 15.28% in that period (Market Price).
- **"Higher for Longer"** – As growth and inflation remained resilient in Q2 and Q3 2023, investors shifted to expecting the Federal Reserve to hold the Fed Funds rate higher for longer. This shift in expectations represented a material tightening, and all assets declined except US stocks (which benefited from stronger-than-expected growth). RPAR was down 10.08% (Market Price). The table below summarizes asset class and RPAR returns over these periods.

Alloc	Asset Class	Benchmark Index[1]	Tightening (Mar 22 – Sep 22)	Fed Pivot? (Oct 22 – Apr 23)	Higher for Longer (Apr 23 – Sep 23)
35%	Long Duration TIPS	BofA ML 15+ Year US TIPS	-32.6%	13.0%	-14.6%
35%	Long Duration Treasuries	Bloomberg US Long Treasury	-23.7%	8.0%	-15.8%
25%	Global Equities	MSCI ACWI	-14.5%	17.7%	2.6%
10%	Physical Gold	Gold Spot Rate	-19.0%	20.9%	-7.9%
15%	Commodity Producer Equities	Morningstar Glbl. Up. Nat. Res.	-14.2%	14.0%	-2.4%
120%	**Risk Parity Portfolio**	**RPAR Risk Parity ETF (Market Price)**	**-26.07%**	**15.28%**	**-10.08%**

Source: Bloomberg, 3/8/22 – 9/30/22, 9/30/22 – 4/6/23, 4/6/23 – 9/30/23. Benchmarks were chosen as the most representative illustration of each component of the risk parity target allocation when analyzed in isolation. Allocation reflects the long-term targets for the strategy. Please see endnote for more detail.

MANDATORY PERFORMANCE DISCLOSURES

As of 9/30/2023	Trailing Returns (Annualized for Periods Greater Than 1 Year)				Calendar Year Returns		
	QTD	YTD 2023	1-Year	Since Inception (12/12/19)	2022	2021	2020
Global Equities[1]	-3.40%	10.06%	20.80%	6.23%	-18.36%	18.54%	16.25%
Commodity Producers[1]	2.38%	-3.76%	11.35%	10.23%	15.46%	26.31%	1.36%
Physical Gold[1]	-3.68%	1.35%	11.32%	6.00%	-0.28%	-3.64%	25.12%
Treasuries[1]	-11.83%	-8.55%	-9.09%	-8.02%	-29.26%	-4.65%	17.70%
TIPS[1]	-11.45%	-7.62%	-3.42%	-4.21%	-31.59%	7.24%	25.30%
RPAR Risk Parity ETF (Market Price)	-8.19%	-3.95%	3.65%	-1.09%	-22.79%	7.56%	19.39%
RPAR Risk Parity ETF (NAV)	-8.05%	-3.91%	3.71%	-1.06%	-22.81%	7.78%	19.35%

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. 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. Only returns greater than 1 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. The current gross expense ratio for RPAR is 0.52%. Asset class performance shown reflects performance of the asset class benchmarks indicated in the previous table based on data from Bloomberg. RPAR Risk Parity ETF performance based on data from U.S. Bank.

HOW LONG CAN TIGHTENING PERSIST?

- Material tightening environments are generally rare and short-lived because cash cannot outperform all assets for long periods for capitalism to function – attractive returns are needed to incentivize productive investment.
- The longest period of tightening on record occurred from July 1980 to June 1982. Many asset classes underperformed cash during this period but significantly outperformed when it was over.[2]
- The current tightening environment started in March 2022, and RPAR is down 23.36% since then (Market Price). The current level of interest rates hovers near 15-20 year highs, which represents a significant degree of tightening from the historically low rates nearly 2 years ago.[3]
- It is important to distinguish a prolonged period of rising interest rates due to rising inflation (like the 1970s) from a sharp rise in rates over a relatively short time. We believe risk parity can *outperform* during the former because of a high allocation to inflation-hedge assets.

SHOULD I HAVE CONFIDENCE RISK PARITY WILL RECOVER?

- Asset classes are expected to earn a reasonable average return above cash over time to compensate investors for taking risk. To earn the average, periods of outperformance tend to follow stretches of below-average returns and vice versa.
- Individual asset classes can experience prolonged periods of outperformance and underperformance as growth and inflation surprises can take a long time to play out. Consider that the S&P 500 index underperformed cash from 1999 to 2009, 1966 to 1982 and 1929 to 1949.[4]
- We believe recovery for a well-balanced portfolio should occur more regularly because it is diversified against growth and inflation surprises (the main factor that can cause prolonged underperformance).

- Historically, higher starting cash rates have typically led to higher total returns for fixed income. This is clearest today in bonds that now offer yields near 15-20 year highs.[5]

DOES RISK PARITY MAKE SENSE IN THE CURRENT ENVIRONMENT?

- Tightening conditions have existed (on and off) for 18 months, which is approaching the duration experienced in the early 1980s. Eventually, the economic impact of tightening – which is naturally lagged – will be felt.
- Economic growth and inflation are highly uncertain looking ahead. There is a wide range of potential outcomes with a heightened risk of extreme outcomes.
- The conventional 60/40 portfolio is essentially a bet that the Fed achieves a "soft landing," bringing inflation down while maintaining growth. But if a recession results or inflation stays elevated, that portfolio may underperform.
- Given these risks, we believe it is prudent to be well-balanced across asset classes biased to outperform during different growth and inflation environments.
- We believe the long-term expected return of a risk parity portfolio is materially higher now than two years ago due to a significantly higher risk-free rate.

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 summary prospectus and may be obtained by visiting www.rparetf.com/rpar. Please read the prospectus carefully before you invest.

It is important to note that as the sponsor of RPAR, Evoke 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. Shares of the Fund are distributed by Foreside Fund Services, LLC.

In the case of any investment company for which Evoke 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.

Evoke is the Fund's sponsor and also manages the Advanced Research Risk Parity Index ("RPARTR") which the Fund seeks to replicate. As such, Evoke is considered an affiliated index provider to the Fund. To mitigate any potential for conflicts as the Index Provider, Evoke has retained a separate, unaffiliated and independent third party, Solactive AG (the "Calculation Agent"). Evoke 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. Evoke 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, Evoke 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, Evoke has established policies and procedures designed to prevent improper use and dissemination of non-public information about the Fund's portfolio strategy.

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.

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.

INDEX DISCLOSURES

Global Equities: The MSCI ACWI Index (BB: NDUEACWF) is a free-float weighted equity index. It was developed with a base value of 100 as of December 31 1987. The index includes both emerging and developed world markets. For developed markets only, 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.

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 Morningstar Global Upstream Natural Resources Index (BB: MUNRT) reflects the performance of a selection of equity securities that are traded in or are issued by companies domiciled in global developed or emerging markets (including the U.S.). The companies included in the index have significant business operations in the ownership, management and/or production of natural resources in energy, agriculture, precious or industrial metals, timber and water resources sectors.

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

ENDNOTES

[1] For illustrative and discussion purposes only. Past performance is not indicative of future performance and should not be relied on as such. Source: Bloomberg. Long Duration TIPS: ICE BofAML 15+ Year US Inflation-Linked Treasury Index (BB: G8QI). Long Duration Treasuries: Bloomberg US Long Treasury Total Return Index (BB: LUTLTRUU). Global Equities: MSCI ACWI (BB: NDUEACWF). Physical Gold: Gold Sport Rate (BB: XAU). Commodity Producer Equities: Morningstar Global Upstream Natural Resources Net Return Index (BB: MUNRT). Risk Parity Portfolio: RPAR Risk Parity ETF (BB: RPAR). One may not invest directly in an index. See Index Disclosures above for further information.

[2] See, e.g., Bloomberg (SPX Index, NDDUWI Index, LUTLTRUU Index, XAU Curncy, BCOMTR Index, G0O1 Index), from 6/30/80-6/30/82 and from 6/30/82-6/30/83.

[3] See, e.g., Bloomberg (USGG10YR Index).

[4] Source: Bloomberg (SPX Index). Excess return calculated as the difference between the cumulative total return over the period and the cumulative return of 3-month T-bills (Bloomberg - G0O1 Index from 1978 to present, TB3MS from the Federal Reserve from 1934 to 1977, and Ibbotson 2016 Yearbook T-bill returns from 1929 to 1933).

[5] https://www.aqr.com/-/media/AQR/Documents/Alternative-Thinking/AQR-Alternative-Thinking---Asset-Allocation-in-a-Higher-Rate-World.pdf?sc_lang=en; Bloomberg (USGG10YR Index).