Trueshares BY RIVERNORTH

User Manual

Can You Be Right, Even When You're Wrong?

TrueShares Quarterly Bull & Bear Hedge ETFs

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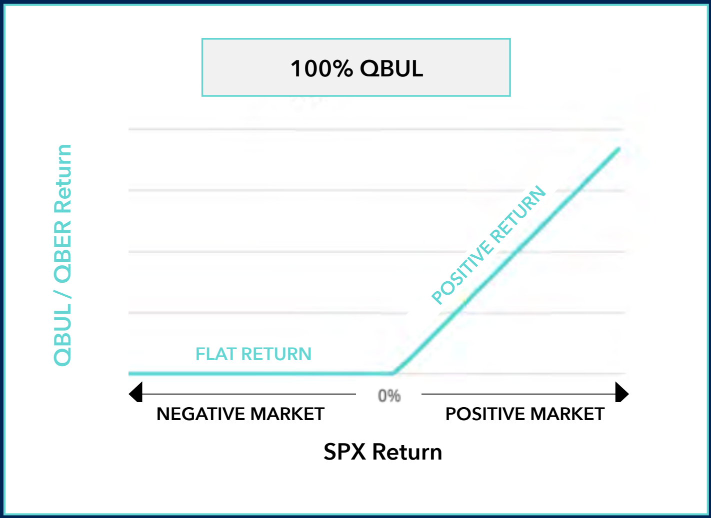
Alright, Even When You're Wrong

In case of market freak-outs, break into TrueShares Quarterly Bull and Bear Hedge ETFs.

They're meant for the "Uh, oh — I missed the boat" moments, whether that boat was meant to be a safety net or a rocket ship.

A key feature of both QBUL and QBER is their large allocation to Treasury bills. That means very little interest-rate sensitivity and protection of principal. Meanwhile, a sliver of assets is put to work to produce positive returns when markets are flying high or screaming down.

The positive return profile steepens as the market climbs or declines. So when the market moves to extremes, QBUL and QBER are designed to stay the course. Even if you take a wrong turn, QBUL and QBER help to ensure you won't be lost.



Can you be right even when you're wrong? The addition of QBUL and QBER to portfolios can enable an investor to customize portfolio positioning to capitalize on the frequent occurrence of major market movements, potentially helping an investor to strategically harness market volatility to improve portfolio returns.

The illustrations above are displayed to illustrate the concepts of the strategies and do not show historical performance nor should be used as a basis for future performance. Calculations are net with tbill for 100% allocations. During a general market downturn, multiple asset classes may be negatively affected. Changes in market conditions and interest rates can have the same impact on all types of securities and instruments. In times of severe market disruptions, you could lose your entire investment. Lower interest rates or higher put option prices will tend to increase the cost of attempting to benefit from meaningful declines in the U.S. large capitalization equity markets.

The income component of the Fund's portfolio is expected to represent at least 98% of its assets on a quarter-to-quarter basis, which the adviser believes will fulfil the "substantial protection of principal" aspect of the Fund's investment objective. For example, even if a 2% call options component of the Fund's portfolio expired worthless, the Fund would still have at least 98% of its value preserved by the high-quality short-term fixed income debt securities portfolio. Actual value preserved is expected to be somewhat higher than 98% because interest earned is expected to be higher than Fund expenses. The adviser believes that protection of at least 98% of principal on a quarter-to-quarter basis, even in adverse low-rate environments, would be considered substantial protection by most investors.

Live Your Life

Stock market stoicism is great in theory, but emotions are a part of being human. And they don't necessarily have to be a stumbling block.

TrueShares Quarterly Bull and Bear Hedge ETFs are designed to preserve principal while generating a return when markets are running up or cooling down. Make that directional play with confidence. You're covered either way.

The TrueShares Quarterly Bull ETF (QBUL) is designed to run when the S&P 500[1] is gaining, and flat when the broad market index is falling. The TrueShares Quarterly Bear ETF (QBER) works the same way, but in the other direction — gaining when the S&P 500 is falling, and flat when the index is gaining.

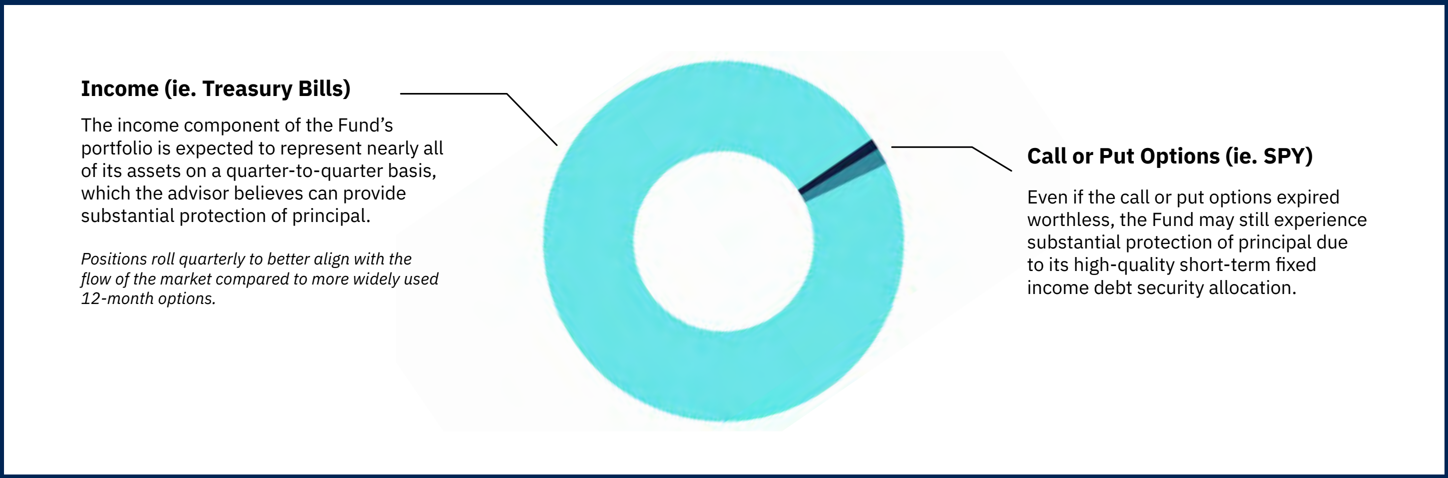
If the market's up, QBUL aims to be up with lower downside risk. And if the market's down QBER aims to be up without the accompanying equity market risk.

1. S&P 500: A stock market index weighted by market capitalization that is made up of 500 of the largest public companies in the United States.

How it Works

The TrueShares Quarterly Bull and Bear Hedge ETFs use a directional options strategy to produce returns and park a substantial portion of assets in short-term income-generating securities to protect invested capital.

They can be effective solutions to address sequence-of-return risk. The sequence of investment returns can have a huge impact on portfolios, resulting in substantially greater or lesser dollar values. The risk of that sequence can be more potent in the handful of years preceding or following retirement when withdrawals start.



Both QBUL and QBER apply investment techniques that aim to protect principal while potentially benefiting from an increase or drawdown in U.S. large-capitalization equities.

1. Portfolio principal is invested in short-term income-generating securities, like treasury bills.
2. Yield from the underlying fixed income security is used to purchase "out-of-the-money" directional options positions.

Consider the S&P 500's historical return pattern. Reviewing intra-quarter returns from January 1, 1928, through December 31, 2024, the broad market index produced 5%-plus returns 54% of the time, was flat (-5% to 5%) 18% of the time, and fell more than 5% about 34% of the time.

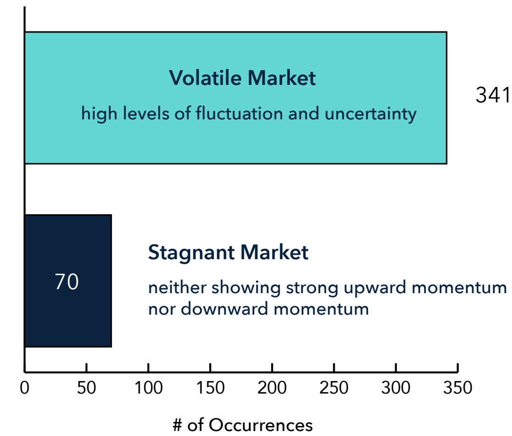
An active hedging strategy can be applied to take advantage of these market moves.

S&P 500 Index Historical Returns (Intra Quarterly)

January 1, 1928 – December 31, 2024

Return Ranges	# of Occurences	% of Occurences
Over 5%	208	54% of the time
-5% to 5%	70	18% of the time
Below -5%	133	34% of the time

Source: Bloomberg, as of 12/31/2024. Performance data quoted represents past performance and does not guarantee future results. The Fund's portfolio may differ significantly from the securities held in the index. You cannot invest directly in an index; therefore, its performance does not reflect the expenses associated with the active management of an actual portfolio.



If a withdrawal is made during a persistent downturn, an investor's portfolio would be hit effectively twice. That's why it's important to have a safety net and take advantage of sharp turns in the stock market.

For investors with a longer time horizon, QBUL and QBER can be used as buy-and-hold investments. Over the decades, they would maximize the power of compounding because losses wouldn't be a part of the equation.

Investor Insight

The TrueShares Quarterly Bull and Bear Hedge ETFs can be used as core holdings in the hedging sleeves of portfolios or as accessories to equity growth strategies aimed at outperforming the S&P 500.

They can also be used in tandem with buffer ETFs to establish a full cushion to the downside, and/or blow through upside caps. Think about QBUL and QBER as auxiliary tools to customize potential outcomes for those who already use buffer ETFs.

If the market goes against your hedge, your investment would ideally lose a little or be flat. Some buffer ETFs don't work that way and have a large helping of long-dated Treasuries, which would be a losing proposition if a position is added during a market rally.

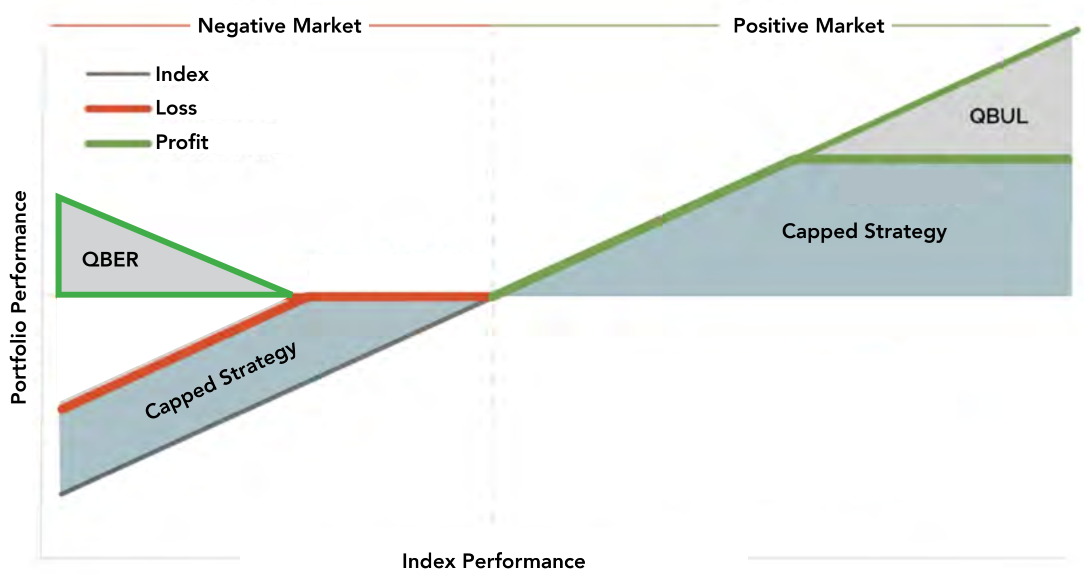
That's what QBER and QBUL get at. If you're wrong and the stock market just keeps rallying, QBER is not going to lose much; it's going to be flat. QBUL helps accentuate the upside. By design, they're more predictable.

In Summary

The TrueShares Quarterly Bull and Bear Hedge ETFs are directional strategies that aim to deliver returns for both up and down markets. QBUL works on the way up, and QBER, on the way down. A substantial allocation to cash-like securities protects capital, enabling investors to make directional bets, with significantly less fear of loss.

The QBUL and QBER ETFs can also be used as accessories alongside capped-buffer ETFs to enhance gains. QBUL will effectively blow off the caps of typical buffer strategies, while QBER allows investors to pocket gains even as the market falls through the protection floor.

Think of them as portfolio-enhancing tools.



QBUL and QBER can act as accessories to a buffered ETF strategy by magnifying downside protection and/or upside profit.

Source: Veta Investment Partners. This is for illustrative purposes only and does not represent fund performance. There is no guarantee the funds' investment process will lead to successful investing. During a general market downturn, multiple asset classes may be negatively affected. Changes in market conditions and interest rates can have the same impact on all types of securities and instruments. In times of severe market disruptions, you could lose your entire investment. Lower interest rates or higher put option prices will tend to increase the cost of attempting to benefit from meaningful declines in the U.S. large capitalization equity markets.

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Ways to use QBER/QBUL in a Portfolio

QBER	QBUL
Own It	Own It
Blend It	Blend It
Be Right Even When You're Wrong	Be Right Even When You're Wrong
Monetize Your Buffer	Uncap Your Cap

Own It.

Have a bearish outlook?
Add some downside directional exposure.
Make money when the stock market falls.

QBER

Extreme bouts of market volatility can drive investors with a range of risk appetites into a defensive crouch, and go to cash at precisely the wrong time. TrueShares Quarterly Bear Hedge ETF (QBER) aims to produce a positive return when stocks are falling, while protecting principal with short-term income-generating securities. It can be used in a variety of ways for investors with a range of risk tolerances.

- Young, first-time investors who want to be more conservatively positioned might allocate a small portion of their exposure, or 10% of their portfolio for QBER to hedge their equity exposure.
- Pre-retirees and those well into drawdown mode might consider a 20% allocation to assets that are neither correlated to stocks and bonds. While traditional 60/40 portfolio allocations have worked historically, investors who are still recovering from 2022 when stocks and bonds fell in tandem would appreciate the diversification.
- A more aggressive, equity-focused portfolio with anywhere between a 70% to 90% allocation to stocks might want to park the rest of their portfolio in QBER (or QBUL) as an insurance policy. If the market is flat, the ETF should lose a little or remain flat, and if the market falls more than 5%, the ETF should produce a tidy return.

Also, the TrueShares Quarterly Bull Hedge ETF (QBUL), which works in the opposite direction of QBER, can be used in tandem, or separately.

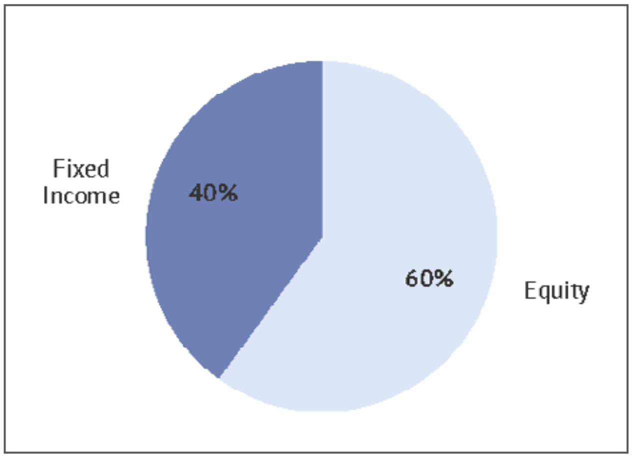
Blend It.

QBER

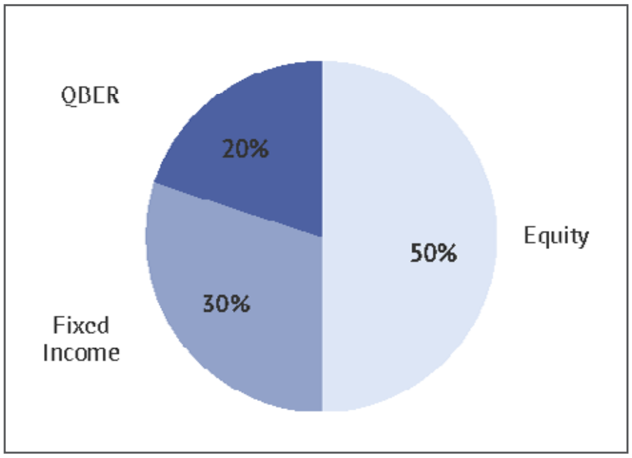
Feather in QBER alongside your core equity exposure, so you make some money when the rest of your stock portfolio is in the red.

In the event an investor is opposed to reducing their equity exposure, but sensitive to stock market drawdowns, modest allocations to QBER can help mitigate some of the downside. Alternatively, if an investor wants to bail completely, advisors can talk them out of it, using QBER as an adjustable hedge as suited for market environments or client needs.

Traditional Allocation



QBER Added to Allocation



Make a Directional Call.

QBER

Buy into drawdowns regardless of how far you are into the slide. The fund aims to protect your principal. *That means you can be right, even when you're wrong.*

Advisors can manage investor portfolios with outsize equity exposure, using QBER to offset upside exposure when market volatility hits. Aggressive investors might have an allocation to VIX[1] ETFs, for example, or hedging strategies that employ long-dated Treasuries. If stocks were to rally, they'd be in a losing position. Ideally, hedging strategies would be flat at worst, up, at best. That's what QBER aims to deliver. It can boost returns if stocks fall 5% or more, but also protects principal with the hefty allocation to short-term income-generating securities. QBER and QBUL (see more below) are modern tools that enable investors to build customizable hedges based on market conditions.

1. VIX: A real-time index that represents the market's expectations for the relative strength of near-term price changes of the S&P 500 Index.

Eat Cake.

Monetize your buffer strategy and use QBER to produce returns while getting downside protection. Profit even as market drawdowns blow past a buffer's floor.

QBER

In recent years, buffered ETFs—which promise limited loss protection in exchange for capped upside—have seen explosive adoption: collective assets in this category rose from about $5 billion at the end of 2020 to roughly $50 billion by 2025, a ten-fold increase in five years, according to Morningstar[1].

What this tells us is that investors crave both equity participation and protection. That's exactly where QBER enters as a compelling accessory to a buffer strategy: instead of simply letting market losses beyond a buffer's floor eat into returns, QBER combines income-generating fixed income plus put options so that, when sharp drops occur, the strategy can provide positive return. Thus, while a buffered ETF may limit losses up to its floor, pairing it with QBER can help capture value in those downside events — effectively "monetizing" the periods when the buffer alone would mean losses.

The result: smoother portfolio drawdowns and a chance to profit even in down markets. QBER helps "monetize" what would otherwise be flat or loss periods once the buffer is exceeded.

Own It.

This is pure equity exposure with potential for no downside risk. Park it where stocks sit.

QBUL

QBUL is a large-cap equity strategy, allocating a modest portion of assets in call options and the rest in short-term income-generating securities for principal protection. The strategy goes to work when US stocks jump more than 5%, with potential returns steepening thereafter. It can be used in a variety of ways for investors with a range of risk tolerances.

- Investors in a traditional 60/40 can allocate part of their equity sleeve to QBUL.
- Pre-retirees, retirees and investors well into drawdown-mode might want to secure an allocation in QBUL for equity exposure with a level of protection.
- A more aggressive, equity-focused portfolio could sub in QBUL for other equity investments.

1. Source: https://www.wealthmanagement.com/etfs/the-uptick-in-market-volatility-shines-a-light-on-buffer-etfs?utm_source=chatgpt.com

Blend It.

Feather in QBUL alongside your core equity exposure. It'll provide an extra boost when the stock market climbs and reduce your risk profile with the aim for total downside protection.

QBUL

Imagine you hold a 100% large-cap equity portfolio. When markets rise, you capture the full upside—but when they fall, you take the full hit. Now consider adding QBUL alongside that equity core. The portion allocated to QBUL is designed to carry no downside risk, meaning that when equities decline, that sleeve of your portfolio stays flat instead of falling. Blended with full equity exposure, this lets you retain most of upside when stocks rally, but considerably reduce volatility and risk in downturns: you get a more stable ride without giving up all growth.

For advisors, this can be as simple as carving out 10–20% of a client's equity allocation and placing it into QBUL. Blended with full equity exposure, this approach allows the majority of the portfolio to continue capturing market growth, while the QBUL allocation reduces volatility and cushions drawdowns. The result: a more stable ride for clients without giving up the long-term growth potential they need.

Downside example: If equities drop –15%, a 100% equity portfolio falls the full amount. By contrast, an 80% equities / 20% QBUL blend would decline only about –12%, since the QBUL allocation remains flat.

Upside example: If equities rise +15%, the same 80/20 blend could deliver about +15%—the full market upside—while still offering total protection on the QBUL portion if markets reverse.

Make a Directional Call.

Buy into the rally, regardless of where you are on the upswing. The fund aims to protect your principal.
That means you can be right, even when you're wrong.

QBUL

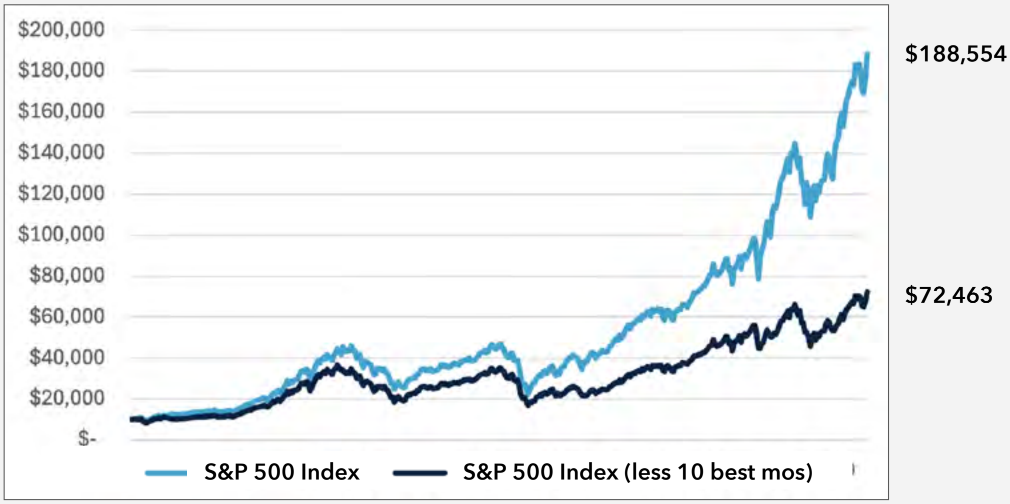
What happens if you miss out on the best rallies? Missing just a few of the market's best months can have a lasting impact on long-term returns. While it's tempting to step aside during uncertain times, history shows that some of the strongest monthly gains often follow periods of volatility.

For advisors, QBUL offers a way to keep clients positioned for those critical rebound months without exposing their entire portfolio to downside risk. By allocating a sleeve of equity exposure into QBUL, clients can participate in market rallies with principal protection in place—which helps remove the fear of being out of step with timing. This structure allows advisors to reassure hesitant investors that they can stay invested through volatility, capture the upside when it comes, and still maintain a more controlled risk profile than holding equities outright.

When FOMO Hits Hard

Since 1990, staying fully invested in the S&P 500 turned a $10,000 investment into meaningful long-term growth. Missing the 10 best months along the way would have sharply reduced that outcome.

Growth of $10,000: Staying Invested vs. Missing the 10 Best Months



Source: Bloomberg. Data shown from 01/01/1990 to 12/31/2024. Past performance is not indicative of future results

Uncap the Cap.

Use QBUL as an accessory to [name your buffer ETF] and remove hard limits on potential gains.

QBUL

If an investor lowered their equity allocation during a bear market, they would've missed out on the outsize gains that tend to follow shortly after outsize declines. Buffer strategies address downside exposure, but because the vast majority tend to put a hard cap on potential gains — QBUL, which effectively removes those limits, can be a useful accessory to use in tandem with popular defined outcome strategies.

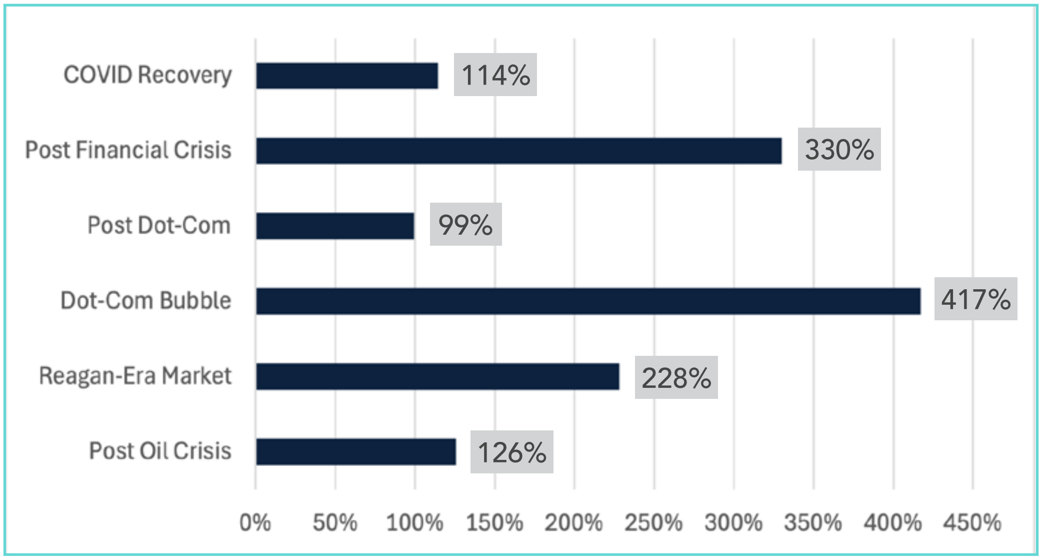
For advisors, pairing QBUL with a buffered ETF means clients can maintain downside protection while reclaiming some of the upside that's often sacrificed. In practice, carving out a sleeve of the portfolio for QBUL helps strike the balance between risk management and growth potential, without forcing clients to choose one over the other.

What Goes Down, Comes Roaring Back

Some of the strongest market moves can happen right after deep drawdowns. After the Global Financial Crisis bottom in March 2009, the S&P 500 rallied over 50% in just 13 months[2]. Even the short-lived COVID rebound delivered over 100% return in less than two years - a reminder of how sharp recoveries can be. Timing markets can be tricky, but because QBUL comes with a sort of embedded insurance, investors who want to make a directional call, can, without worrying about where in the upswing to buy in.

This gives advisors a tool to keep clients invested through volatility, while positioning them to participate in the next leg higher. In other words, QBUL helps remove the fear of being "too early" and instead turns market rebounds into an opportunity rather than a risk.

S&P 500 Rally Returns following Major Drawdowns



2. Source: Bloomberg. As of 12/31/2024. Past performance is not indicative of future results.

In Conclusion

In conclusion, identifying market tops and bottoms, with certainty, is impossible — maybe that's why more investors talk about doing something, rather than taking action. Following the stock market crash of 1987, also known as Black Monday, the vast majority of individual and institutional investors who responded to a survey asking about their behavior showed an astounding concern and involvement, but only a middling amount of institutional investors actually changed their portfolio that day[3].

Many of those respondents reported feeling anxiety, with individual investors checking stock prices about 3.2 times on October 19, 1987; institutional investors checked 35 times.

Investors who already have hedges in place — with allocations to QBER, QBUL, or a combination of both — can have more constructive conversations with their advisors. Rather than waiting for something to go bump in the night to talk hedging strategies, consider discussing "what if" scenarios and setting a plan for market downturns, and sharp pivots to rallies.

3. Shiller, Robert J. "Investor Behavior in the October 1987 Stock Market Crash: Survey Evidence." NBER Working Paper Series, 2446, NATIONAL BUREAU OF ECONOMIC RESEARCH, Nov. 1987.

Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by visiting www.true-shares.com. Please read the prospectus carefully before you invest.

The Funds may not achieve its objective and/or you could lose money on your investment in the Funds. The Funds are recently organized with no operating history for prospective investors to base their investment decision which may increase risks. Some of the Fund's key risks, include but are not limited to the following risks. Please see each Funds prospectus for further information on these and other risk considerations.

ETF Risks. As an ETF, the Funds are exposed to the additional risks, including: (1) concentration risk associated with Authorized Participants, market makers, and liquidity providers; (2) costs risks associated with the frequent buying or selling of Fund shares; (3) market prices may differ than the Fund's net asset value; and (4) liquidity risk due to a potential lack of trading volume.

The TrueShares Quarterly Bull Hedge ETF and TrueShares Quarterly Bear ETF are also subject to the following risks:

Options Risk. Buying and selling (writing) options are speculative activities and entail greater investment risks. As the buyer of a call option, the Funds risk losing the entire premium invested in the option if the Funds do not exercise the option.

Derivatives Risk. Derivatives may be more sensitive to changes in economic or market conditions than other types of investments.

Active Management Risk. The adviser's judgments about an investment may prove to be incorrect or fail to have the intended results, which could adversely impact the Fund's performance. QBUL - The adviser's tail risk strategy may not fully protect the Fund from declines in the market and will not allow the Fund to fully participate in market upside. When the adviser selects out-of-the money call options, the Fund will not participate in equity market gains until they exceed the strike price of the call option. Lower interest rates or higher call option prices will tend to increase the cost of mitigating the risk posed by a decline in U.S. large capitalization equity markets. QBER - The adviser's tail risk strategy is not designed for upside participation in the markets and will underperform in rising equity markets relative to traditional long-only equity strategies. While the adviser's strategy is designed to benefit from meaningful declines in the domestic large cap equity market, the Fund will not fully benefit from any given downswing in the market. When the adviser selects out-of-the money put options, the Fund will not participate in equity market declines until they exceed the strike price of the put option. Lower interest rates or higher put option prices will tend to increase the cost of attempting to benefit from meaningful declines in the U.S. large capitalization equity markets.

Equity Market Risk. Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change based on various and unpredictable factors including but not limited to expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic and banking crises.

Fixed Income Securities Risk. When the Fund invests in fixed income securities, the value of your investment in the Fund will fluctuate with changes in interest rates. Typically, a rise in interest rates causes a decline in the value of fixed income securities owned by the Fund. In general, the market price of fixed income securities with longer maturities will increase or decrease more in response to changes in interest rates than shorter-term securities.

FLEX Options Risk. The Fund may invest in FLEX Options issued and guaranteed for settlement by the OCC. The Fund bears the risk that the OCC will be unable or unwilling to perform its obligations under the FLEX Options contracts. Additionally, FLEX Options may become illiquid, and in such cases, the Fund may have difficulty closing out certain FLEX Options positions at desired times and prices.

The funds are distributed by Paralel Distributors LLC, member FINRA. Paralel is unaffiliated with TrueMark Investments.

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