ARMOR INDEX ETFs

Investment Case

Over the 30 years ending 12/31/19, the S&P 500 Equity Index experienced a nearly 10% annualized return. However, markets do not always rise in a straight line. For example, from March 2000 through October 2002, the S&P 500 declined 51%. From October 2007 through March 2009, the S&P 500 plummeted 58%. However, from the market's bottom in March 2009, the S&P 500 rose nearly 500% through 12/31/19.

Hence, the return that may have been realized if you invested in an S&P 500 equity index fund would have varied based on your entry and exit point.

A fear experienced by many investors is that they may experience sharp investment losses. That fear may prevent some from investing in equities, thereby, missing out on potentially attractive returns.

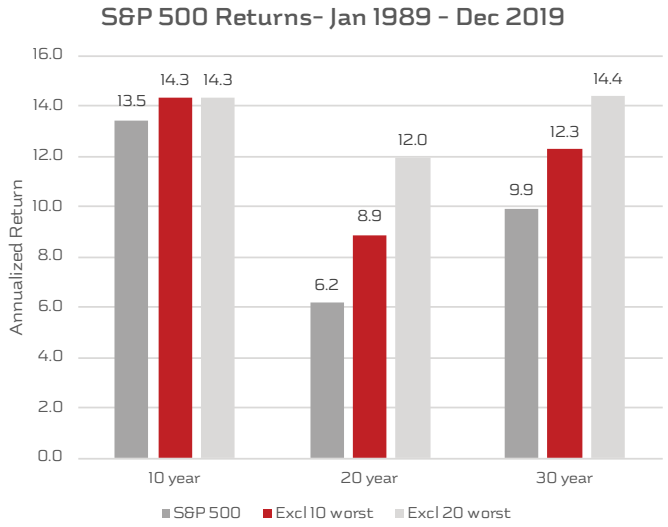
What if there was a way to invest in equities that offered the prospect of lower volatility and risk while potentially providing downside protection?

The Armor US Equity Index ETF (ARMR) looks to do just that. How?

The Effects of Market Declines

Downside protection, or avoiding losses, has been key to realizing strong long-term returns. The effects of market downturns may substantially reduce investment returns.

As proof, notice the chart below, which highlights the performance of the S&P 500 over the 10, 20, and 30 years ending 12/31/19. Over the past 20 and 30 years, the S&P 500 has experienced a 6.2% and 9.9% annualized return, respectively. But, notice the substantial difference in returns by excluding the worst 10 and 20 days over the time periods.

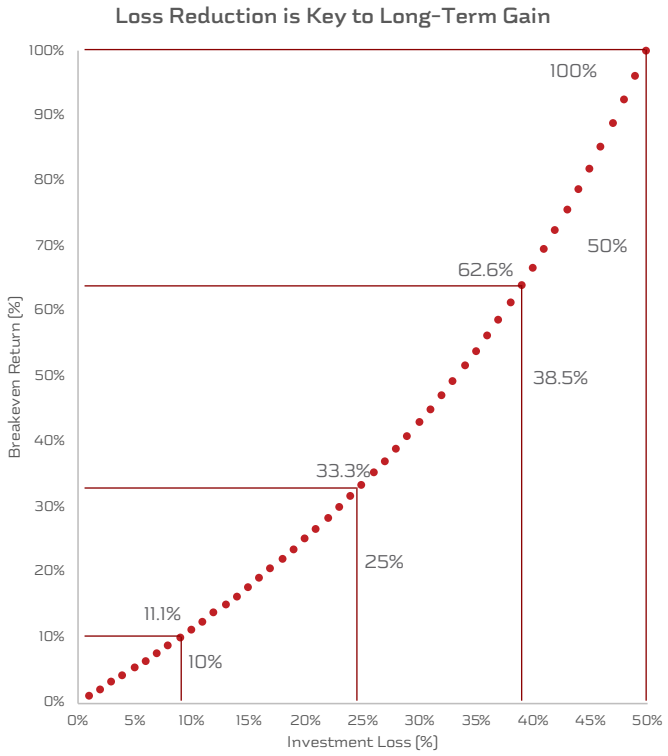


Source: Daily Returns from S&P Dow Jones Indices
Past performance does not guarantee future results. The referenced index is shown for informational purposes only and is not meant to represent the Fund. Investors cannot directly invest in an index.

We are not suggesting that investors pursue a strategy that attempts to steer their investments in and out of equities in order to avoid down days. We are merely highlighting the deleterious effects of losses and the potential benefits of downside protection on investment returns.

Larger Gains Needed to Offset Losses

Additionally, as the chart below shows, once the market has declined, larger gains are needed to offset the loss. For example, it takes a 33% gain to offset a 25% loss or a 100% gain to offset a 50% loss.



For illustrative purposes only. Not meant to represent the Fund.

It May Take a Long Time to Recoup Your Losses

After the market declined following the financial crisis in 2007/8, it took 49 months for investors in the S&P 500 to recoup their losses.

Thus, an investment strategy that focuses on risk reduction or low volatility may provide downside protection, which has the potential to lead to stronger, long-term gains.

What May Help Investors Potentially Avoid or Mitigate Losses in the Equity Market?

Introducing the Armor US Equity Index ETF (ARMR)

The Armor US Equity Index ETF (ARMR) seeks to provide investment returns that, before fees and expenses, correspond generally to the total return performance of the Armor US Equity Index. The index is designed to provide exposure to the sectors of the US equity markets that the fund's index provider believes are most likely to generate positive returns while providing downside protection and experiencing lower volatility relative to the US equity market.

Investment Process

Individual sectors of the US equity market are evaluated utilizing a proprietary market performance indicator (MPI) to estimate those which may offer strong, long-term performance potential with lower expected downside risk. Only sectors which score well based on the MPI are included in the index. If no sectors appear attractive based on this metric, the index will invest primarily in US Treasury obligations.

Low-cost ETFs which provide exposure to the sectors selected by the model are included in the index. ETFs may provide broad sector exposure in a cost-efficient manner and allow the strategy the liquidity to react quickly to changes in market sentiment.

The index is rebalanced monthly to reflect timely insights into market and sector risk and return.

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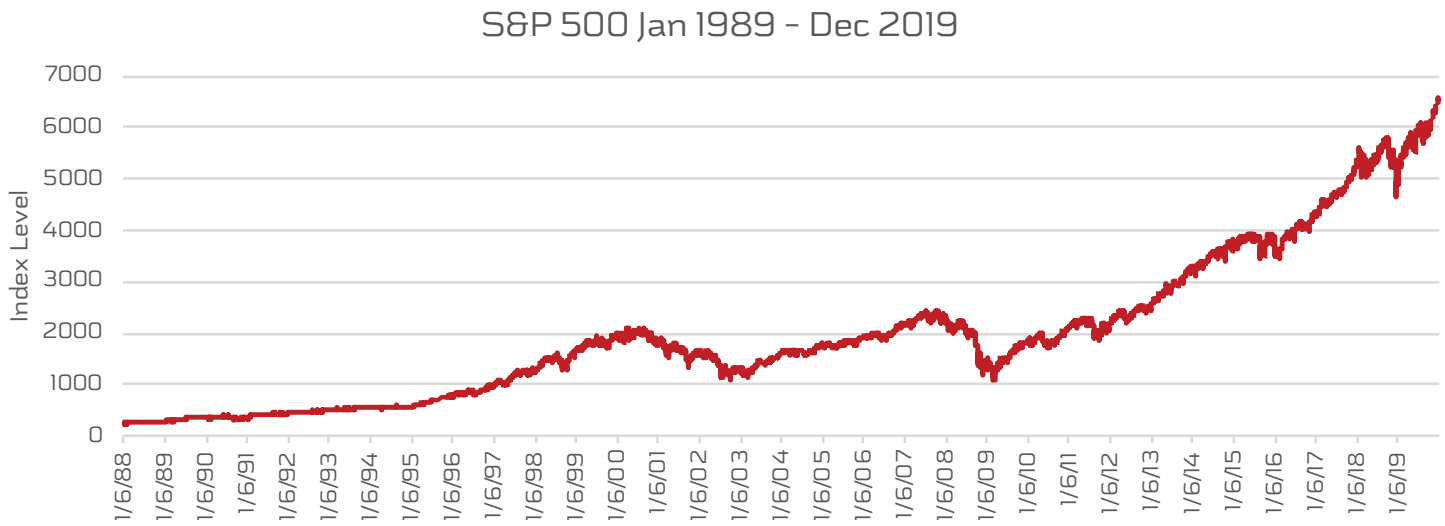
Armor US Equity Index ETF

Why Investors May Want to Consider ARMR Now?

US Equities are Trading Near All-Time Highs

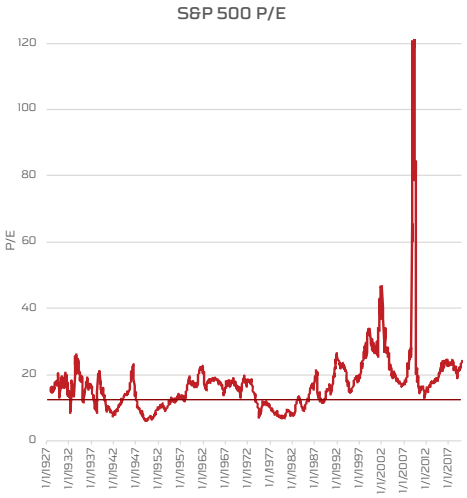
Since bottoming in March 2009, the S&P 500 advanced nearly 500% through 12/31/19.

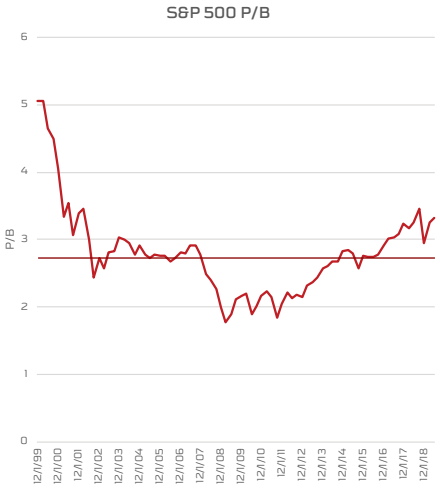


Source: Daily Returns from S&P Dow Jones Indices. Past performance does not guarantee future results. The referenced index is shown for informational purposes only and is not meant to represent the Fund. Investors cannot directly invest in an index.

US Equities are Not Cheap

The S&P 500, while not at an extreme, is not cheap by standard valuation metrics. When using metrics such as price to earnings (P/E) and price to book (P/B), the S&P 500's valuation is above its long-term averages.



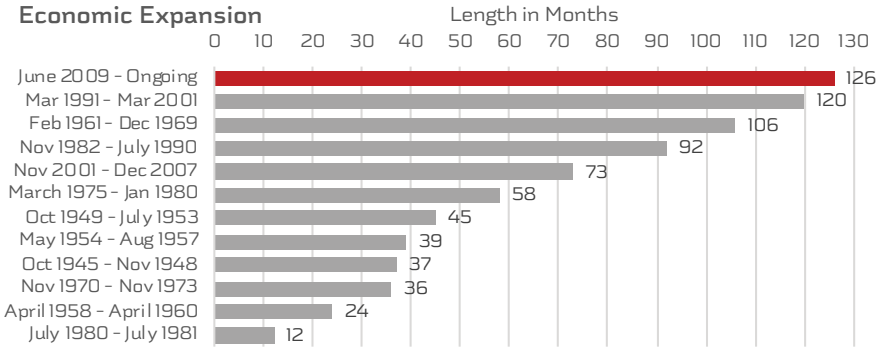


Source: multpl.com, Retrieved 12/2019. Charts are illustrating typically referenced valuation measures for the S&P 500 versus their historical averages. The charts are meant to highlight that equity market valuations are high by historical measures.

Aging Economic Expansion

As the chart to the right highlights, the current economic expansion, at 126 months as of the end of 2019, is the longest in modern history.

Historically, the peak to trough returns for the S&P 500 that are associated with recessions have averaged nearly -31% since the end of World War II.



Source: Statista, as of 12/31/19

Business Cycle Peak	Business Cycle Trough	S&P 500 Peak	S&P 500 Trough	S&P 500 Return
August 1929	March 1933	September 1929	June 1932	-86.19%
May 1937	June 1938	March 1937	March 1938	-54.47%
February 1945	October 1945	February 1945	March 1945	-6.36%
November 1948	October 1949	May 1946	June 1949	-29.61%
July 1953	May 1954	January 1953	September 1953	-14.82%
August 1957	April 1958	August 1956	October 1957	-21.63%
April 1960	February 1961	August 1959	October 1960	-13.85%
December 1969	November 1970	November 1968	May 1970	-36.06%
November 1973	March 1975	January 1973	October 1974	-48.20%
January 1980	July 1980	February 1980	March 1980	-17.07%
July 1981	November 1982	November 1980	August 1982	-27.27%
July 1990	March 1991	July 1990	October 1990	-20.36%
March 2001	November 2001	March 2000	October 2002	-50.50%
December 2007	June 2009	October 2007	March 2009	-57.69%
	Post WWII - Average			-30.64%
	All - Average			-34.58%

Source: National Bureau of Economic Research
The S&P 500 return represents the performance of the S&P 500 associated with the business cycle.
The peak (trough) of the equity market may occur before or after the peak (trough) of the business cycle.

While we are not predicting a recession, it is likely that one will occur sometime in the future.

As a result, it may be reasonable for investors to think about taking a defensive position in at least a portion of their portfolio.

Where ARMR May Fit in Your Portfolio

- Equity Exposure – ARMR may be used as a portion of your portfolio's U.S. equity allocation.
- Defensive Equity Exposure – ARMR may be appropriate for investors seeking risk reduction or mitigation.
- Factor Exposure – ARMR may be appropriate for investors seeking low volatility equity exposure.

Summary

Avoiding or mitigating losses may help investors realize strong, long-term performance. Once losses are realized, it takes larger gains to get back to even and may take an extended period of time.

With an aging economic expansion and bull market in equities, coupled with above-average stock market valuations, investors may want to consider defensive strategies for their portfolio.

The Armor US Equity Index ETF (ARMR) may provide an attractive vehicle for investors to gain access to a defensive equity strategy.

Disclosures

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 (844) 880-3837 or visit our website at www.armoretfs.com. Read the prospectus or summary prospectus carefully before investing.

The Funds are distributed by Foreside Fund Services, LLC

Investing involves risk, including possible loss of principal. The Fund's return may not match or achieve a high degree of correlation with the return of the Index. To the extent the Fund's investments are concentrated in or have significant exposure to a particular issuer, industry or group of industries, or asset class, the Fund may be more vulnerable to adverse events affecting such issuer, industry or group of industries, or asset class than if the Fund's investments were more broadly diversified. Issuer-specific events, including changes in the financial condition of an issuer, can have a negative impact on the value of the Fund.

Shares of the Funds may be sold throughout the day on the exchange through any brokerage account. However, shares are not individually redeemable, and may only be redeemed directly from the Fund by Authorized Participants, in very large creation/redemption units. There can be no assurance that an active trading market for shares of an ETF will develop or be maintained. Shares may trade above or below NAV.

A new or smaller fund is subject to the risk that its performance may not represent how the fund is expected to or may perform in the long term. In addition, new funds have limited operating histories for investors to evaluate and new and smaller funds may not attract sufficient assets to achieve investment and trading efficiencies.

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www.armoretfs.com