FAQ

TrueShares Structured Outcome ETFS

TRUESHARES
Powered by TrueMark Investments

TrueShares Structured Outcome ETFs represent a different approach to structured outcome investing. These ETFs seek to provide uncapped exposure to the price returns of broad equity markets (e.g – S&P 500 Price Index), while providing a downside buffer to help mitigate a portion of market risk.

To learn more about how these funds work or to help with specific questions you might have, we've provided answers to some of the frequently asked questions (FAQ) we've received in the section below.

STRUCTURE AND PROCESS

How do TrueShares Structured Outcome ETFs work?

These ETFs seek to provide investors with 2 key features:

1. a downside buffer (typically between 8-12%, with the advisor targeting 10%) to help partially offset initial losses by the S&P 500 Price Index over a 12-month investment period,[1] and
2. uncapped equity market upside participation (subject to options pricing).[2]

To accomplish this, each ETF invests in Flexible Exchange® Options ("FLEX Options") on the S&P 500 Price Index

Sell Put Options

- Target strike price 10% lower than current value of the index
- This step creates downside buffer

Buy Call Options

- Put sale proceeds used to buy calls
- Target strike price at the current value of the index ("at-the-money")
- The call positions determine level of upside participation

Call Strike Price
@ Current Index Level

For investors who hold for the full investment period, in between the strike prices on the put and the call, the investors have no exposure to the market at the completion of the period.

Put Strike Price
10% Below Current Index Level

As both the put and call options have the same expiration date (approximately one year in the future), the period between when the initial option strategy is set and when the expiration date occurs is known as the "investment" or "outcome" period.

Our ETFs use European-style FLEX options, meaning the options can only be exercised on their expiration date (approximately one year from when issued, as noted previously). *This is important as it provides improved clarity as to the expected behavior of the options if held for the full investment period.* For example, if the market declines 20% within the first two months of an investment period, the put option we sold cannot be exercised for approximately another ten months. This would allow time for the ETF to potentially participate in any subsequent market recovery that occurred.

1. In the event an investor purchases Shares after the date on which the options were entered into or sells Shares prior to the expiration of the options, the buffer that the Fund seeks to provide may not be available and there may be limited to no upside potential. The Fund does not provide principal protection and an investor may experience significant losses on its investment, including the loss of its entire investment.

2. Upside participation over an investment period is subject to options pricing. Due to the cost of the options used by the fund, the correlation of the fund's performance to that of the S&P 500 Price Index will be less than if the fund invested directly in the S&P 500 Price Index without using options, and could be substantially less.

Why are there monthly ETFs?

As the investment period is one year, we created this family of ETFs to be issued in a monthly series format. This means that each month, as an option period ends at the expiration date, the fund managers will “reset” the option strategy in that monthly series for another year.

What is the expense ratio?

The expense ratio for the TrueShares Structured Outcome ETFs is 0.79%.

Do these ETFs track an index?

Technically no, as TrueShares Structured Outcome ETFs are actively managed. While the ETFs invest in options that track the S&P 500 Price Index, due to the overall strategy and cost of the options used by the fund, the correlation of the fund’s performance to that of the S&P 500 Price Index will be less than if the fund invested directly in the S&P 500 Price Index without using options, and could be substantially less.

How is the “investment period return” defined?

The first day of an investment period, the ETF’s assets will be in cash or cash equivalents. At the end of the first day, the options strategy for the period will be structured. As a result, when we measure the investment period return, we calculate it based on the NAV on the end of the first day of trading through the most recent trading day. This period represents the period the strategy was fully implemented and removes the impact of the first day (known as the “cash day”) from the period performance.

What happens at the end of the investment period?

It depends on how the S&P 500 Price Index performed during the investment period for the fund. The table below lays out the possible scenarios:

During the investment period the market…	As a result, we expect the put positions we sold to…	We also expect the call positions we bought to…	What’s the anticipated impact to the fund?
Increased in value	Expire worthless	Increase in value	Increase in value at a lesser degree than the market
Declined in value but not beyond the buffer level	Expire worthless	Expire worthless	No change in value despite the decline in market value
Declined beyond the buffer level	Increase in value	Expire worthless	Decrease in value at a lesser degree than the market

At the end of the period, the options positions will be closed out, with any net proceeds being added to the available pool of assets for the fund. The following day, the fund will start the process for the next investment period, selling new put options and buying new call options for a period one-year in the future. For investors in a fund prior to the roll period who are looking to continue in that fund for the next investment period, no action is required; the symbol and CUSIP number for the fund will remain the same.

When the strategy resets at the end of an investment period, what are the tax consequences?

If the fund is in a position where there is a gain on the call options due to appreciation in the S&P 500 Price Index, we will manage tax consequences to the portfolio by implementing an in-kind create/redeem transfer strategy prior to closing out the positions. After that transaction, the gains are removed from the portfolio and the positions can be sold without creating taxable gains after which we will implement the new options strategy for the subsequent investment period.

Please note that the above describes the tax scenario at the fund level. Investors should consult with a tax professional to understand their individual tax consequences.

Who is the funds' sub-advisor?

The fund is sub-advised by SpiderRock Investments, LLC. Based in Chicago, SpiderRock focuses solely on providing custom option overlay strategies by combining world-class technology with comprehensive derivatives expertise. Chief Investment Officer Eric Metz, CFA, and Fred Sloneker from SpiderRock bring a wealth of experience in derivatives management and trading to their roles as portfolio managers.

COMPARISONS TO SIMILAR PRODUCTS

How do TrueShares Structured Outcome ETFs compare to other products in the market?

Structured outcome products can be packaged in a variety of ways. While most generally seek to target either specific return levels or some stated downside risk mitigation, historically these strategies tended to be offered via higher cost, negotiated structures with little transparency and lengthy lock-up periods.

ETFs, like TrueShares Structured Outcome ETFS, have recently begun offering access to these strategies in vehicles with daily liquidity, lower fees, full-position transparency and elimination of credit risk when compared to more traditional structured products.

We believe what separates TrueShares Structured Outcome ETFs from other ETFs in the markets is our removal of a hard cap on upside participation, allowing potential for additional upside to investors in our ETFs (subject to options pricing) when compared to hard-capped ETFs. Most structured outcome ETFs will have an upside "cap" on gains above a stated threshold; investors can earn positive returns up to that cap, at which point their upside gains are done. TrueShares Structured Outcome ETFs do not have a cap on our upside participation. Rather investors will participate in a percentage of market upside, with the participation rate being determined each period by current options pricing.

Since there's no hard cap on the TrueShares strategy, how is upside participation determined?

At the beginning of each investment period, we sell put options and use the proceeds to purchase calls options. Current options pricing at the time of those transactions will determine the number of call option contracts we are able to buy, which then determines the amount of market upside we will be able to participate in.

For investors that come in after an investment period begins, their upside participation is determined by the value of the options on the day they enter the fund, which will differ from "Day 1" investors.

What should my expectation be if the market is ________ during an investment period?

NEGATIVE

For those who invest at the beginning of the investment period, if the % decline in returns for the S&P 500 Price Index over the full investment period is ***less than*** the stated downside buffer %, you should expect no change in the value of the ETF on a gross-of-fees basis. Please note that depending on factors like interest rates and fund expenses, the fund may end up with a slight loss on a net-of-fees basis.

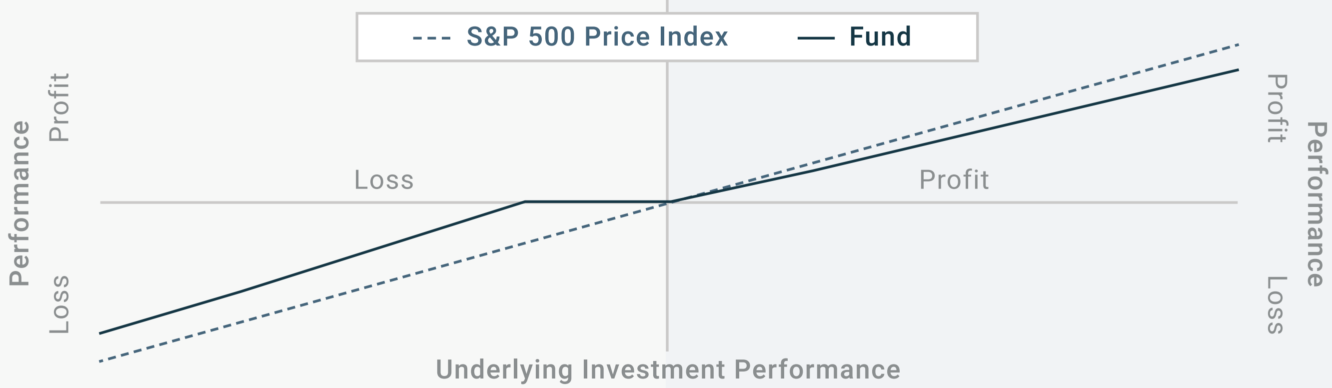
Alternatively, if the index's returns are ***down more than*** the stated downside buffer percentage for the ETF at the end of the period, you should typically expect the absolute decline in the ETF's value to be less than the index's decline (gross of fees). Due to the put structure, the rate (or slope) at which the fund declines relative to the benchmark is greater than the benchmark rate though the total loss will be less than the index due to the buffer. The fund and the index will intersect at a -100% loss. *However, up to a 100% decline in the index, the initial buffer (typically targeted to be 10%) will help offset a portion of the market decline and should provide an absolute return benefit on a gross-of-fees basis, as shown below.*

POSITIVE

At the beginning of an investment period, the fund will establish an estimated upside participation rate, stated on a gross of fees basis. This figure represents the relative exposures of the fund's call options to participate in the potential upside movement of the S&P 500 Price Index. If the S&P 500 Price Index appreciates during the investment period, one could expect the TrueShares Structured Outcome ETFs to appreciate by the estimated upside participation rate relative to the index.

For example, if the fund had an estimated upside participation rate of 75%-77%, and the S&P 500 Price Index gained 20% for the investment period, one would estimate that their return would be between 15% and 15.40% (gross of expenses).

Sometimes it helps to see these things visually, so the graph below outlines this behavior.



The chart above assumes a 10% buffer. The fund seeks to buffer the first 8-12% of S&P 500 Price Index losses over a 12-month period. For illustrative and discussion purposes only. The chart illustrates the hypothetical returns that the TrueShares Structured Outcome ETFs seek to provide in certain illustrative scenarios for a shareholder that purchases Fund shares on the Initial Investment Day and holds such shares for the entire Investment Period. The returns are based on hypothetical performance of the S&P 500 Price Index. The chart does not take into account payment by the Funds of fees and expenses. **There is no guarantee that the Funds will be successful in providing these investment outcomes for any Investment Period. Performance shown is hypothetical and based on certain assumptions.** A Fund's actual performance for its options strategy will be determined by the options pricing available in the market at the time the Fund enters its option positions.

Are there any guarantees for performance or investment value?

No. An investment in an ETF is subject to risks and you can lose money on your investment in an ETF. This differs from certain insurance products and traditional structured products. There can be no guarantee that the ETF will achieve its investment objective.

It's important to note that the Options Clearing Corporation (OCC) ensures the proper settlement of options transactions between two parties. While that doesn't guarantee the performance of any option trade, it does provide assurance that the terms of the contract it clears will take place as they should. While unlikely, should the OCC face solvency issues or otherwise become unable to meet its settlement obligations, the value of the options held by the ETF would likely be negatively impacted.

TRADING TOPICS

What days/times are the best to enter/exit to ensure full effect of buffer/participation?

The best time to enter the ETF to help ensure the full intended effect of the buffer and the participation rate is on the first trading day of the period (what we describe as "cash day"). On that day, the fund will be in cash allowing easy entry with minimal spreads in the market and the investor's cash will be invested at close of the market in the structure as it will be for the full investment period. After that, there will be variation of the portfolio relative to the outcome described on day one.

How does "opening day" or "cash day" pricing work for purchases? Will prices fluctuate over the course of the day?

The fund is in cash for the duration of the opening day. On launch day, that means the NAV of the fund is $25 all day. On the roll day, the fund NAV will be whatever the closing value was the prior evening all day.

The Market Makers for these funds understand that position and we expect that they will keep spreads tight over the course of trading with minimal variation in price on the "cash day". However, at 3PM EST market makers lose the ability to create new shares for the fund that day and spreads will widen out to reflect their costs of hedging overnight. The NAV and Price of the fund should remain stable after 3PM EST but the spread will widen for the remainder of the trading day.

What if I buy into the ETFs after the first day of the investment period?

At the end of the first day (or "cash day" as described above) of each investment period, the option strategy is established for the subsequent 12-month period. Investors on that day will be able to know what their exact level of downside buffer and expected upside participation rate will be if they hold the fund for the full investment period.

Investors that come in after the first day of the investment period will likely not have the same results as "Day 1" investors, and may experience investment returns very different from those the ETFs seek to provide. Please read the fund prospectus for additional information.

If sold on day 365 (right before the one-year period is up), is my upside participation amount locked in/pre-set?

As with any fund or security, whenever you sell your position you are no longer participating in the structure and the outcome you have experienced to that point is locked in as you are moving to cash. Ideally, if you have held the position for 365 days, you should hold it for another day to get potential tax benefits for your holding period.

For larger trade orders, can we contact someone to help with execution pricing?

Yes! Reach out to us at 877.774.TRUE (8783) for assistance. We can help with facilitating trade activity for your firm's trading desk and/or connect you with the lead market makers for more complex situations.

Where can I find more information on the funds, including symbols?

To get a full list of our available funds, including their symbols, please click here.

INVESTMENT FIT

What types of investors should be taking a look at these types of strategies?

Investors looking for exposure to US-large cap equities while seeking potential risk mitigation.

Investors should make sure they fully understand the risks and characteristics of the funds as described in the fund prospectus prior to making an investment.

Where does this fit in a client portfolio?

Designed to provide exposure to the S&P 500 Price Index while seeking to add a downside buffer, these ETFs *may serve as a complement to existing U.S. large-cap portfolio positions,* blending with existing allocations to offer a measure of downside risk mitigation with uncapped equity market upside participation (subject to options pricing).

Alternatively, the ETFs *may represent a core equity holding* for investors looking for equity exposure while seeking to provide a buffer against the first 8% to 12% of S&P 500 Price Index losses.

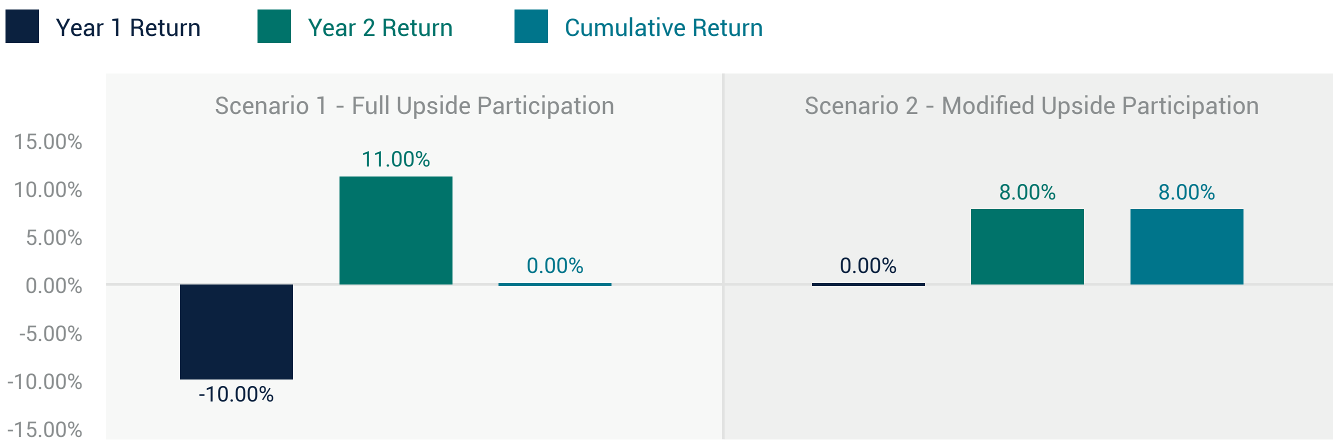
I'm a long-term investor. Why would I put any limits on my upside?

It's a fair question and one that seems to express a philosophy that, over the long-term, equity markets will tend to be positive. *It's a belief that we share at TrueShares.*

At the same time, we know that returns don't occur in a smooth, linear fashion. And we also understand that losses in down years require proportionally greater returns in order to recover. For example, a 10% loss requires an 11% positive return to get back to break even. As a result, our view is investors' ability to mitigate some of the impact of negative markets amplifies the future impact of positive returns on portfolio performance.

To see this, let's slightly modify our simple scenario above. If you were able to eliminate the 10% loss in exchange for earning 8% (gross of fees) when the market was up 11%, what would the net impact be? The portfolio would fully realize that 8% vs. just being back to break even in the previous example. In that case, while you may not have participated fully in the 11% positive return, if you'd invested in the second scenario over the full two year period, you still ended up with a better overall return.

The Power of Risk Mitigation



For illustrative purposes only. Not meant to represent the performance of any TrueShares ETF. Returns shown are gross of any fees or expenses.

That's the intent of defined or structured outcome products: to potentially create a smoother experience for equity investors while still providing upside participation. How much upside participation an investor will achieve, and whether a strategy is capped or uncapped, will differ by product as described previously.

IMPORTANT INFORMATION

Before investing, carefully consider the TrueShares ETFs investment objectives, risks, charges and expenses. Specific information about TrueShares is contained in the prospectus and a summary prospectus, copies of which may be obtained by visiting www.True-Shares.com. Read the prospectus carefully before you invest. Foreside Fund Services, LLC, distributor.

The Fund has characteristics unlike many other traditional investment products and may not be suitable for all investors. You should only consider an investment in the Fund if you fully understand the inherent risks, which can be found in the prospectus.

RISK CONSIDERATIONS

An investment in an ETF is subject to risks and you can lose money on your investment in an ETF. There can be no assurance that the ETF will achieve its investment objective.

The Fund is recently organized with no operating history for prospective investors to base their investment decision which may increase risks. The Fund employs a buffered strategy in an attempt to buffer against losses in the S&P 500 Price Index over the course of a 1-year period. There is no guarantee the Fund will be successful in this strategy, and investors may experience losses beyond targeted levels.

The Fund invests in options, which involves leverage, meaning that a small investment in options could have a substantial impact on the performance of the Fund. 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 be illiquid, and in such cases, the Fund may have difficulty closing out certain FLEX Options positions at desired times and prices. As the options the Fund invests in derive their performance from the S&P 500 Price Index, the Fund is subject to the equity market risk associated with the index.

Additional risks of investing include management, non-diversification, portfolio turnover and tax risks. Detailed information regarding the specific risks of the funds can be found in their prospectuses.

The ETF's portfolio is more volatile than broad market averages. Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the ETF. ETF shares may only be redeemed directly with the ETF at NAV by Authorized Participants, in very large creation units. There can be no guarantee that an active trading market for ETF shares will develop or be maintained, or that their listing will continue or remain unchanged. Buying or selling ETF shares on an exchange may require the payment of brokerage commissions and frequent trading may incur brokerage costs that detract significantly from investment returns.

The Fund is designed to seek to achieve its strategy for investments made on the Initial Investment Day and held until the last day of the Investment Period. Investors purchasing shares in the fund after its 12-month investment period has begun or selling share prior to the end of the investment period, may experience very different results than the fund's stated investment objective. These periods begin at either the fund's inception date or at each subsequent "Initial Investment Day". Following the initial investment period after fund inception, each subsequent investment period will begin each year on the first day of the month the fund was incepted (subsequent "Initial Investment Days"). Fund management will target a 10% downside buffer, with expectations that it will generally fall between 8-12%. The Fund is not designed to protect against declines of more than 8-12% in the level of the S&P 500 Price Index, and there can be no guarantee that the Fund will be successful in implementing the buffer protect options strategy to avoid the first 8-12% decline.

Estimated Upside Market Participation Rate - The estimated upside market participation rate represents the relative exposure of the fund's call options to participate (gross of fees) in the potential upside movement of the S&P 500 Price Index. This will be determined by the relative price of call and put options at the start of the investment period (12-month period).

Downside Buffer – The % of downside return of the S&P 500 Price Index from the reference price that is designed to be buffered (gross of fees).

Index Description: The S&P 500® Index is a widely recognized capitalization-weighted index that measures the performance of the large-capitalization sector of the U.S. stock market. The S&P 500 Price Index does not include reinvestment of dividends. Securities in the ETF's portfolio will not match those in any index. ***The ETF is benchmark agnostic and corresponding portfolios may have significant non-correlation to any index.*** *Index returns are generally provided as an overall market indicator. You cannot invest directly in an index. Although reinvestment of dividend and interest payments is assumed, no expenses are netted against an index's returns. Index performance information was furnished by sources deemed reliable and is believed to be accurate, however, no warranty or representation is made as to the accuracy thereof and the information is subject to correction.*