



**APTUS CAPITAL ADVISORS**

# **Aptus Large Cap Equity Upside ETF (UPSD)**

*More Upside, Similar Risk.*

**Q4 2024**

# Firm Overview

- Founded in Fairhope, Alabama in 2013.
- As of December 31<sup>st</sup>, 2024, Aptus manages over \$4.0B in ETF assets under management.
- We believe that we maintain distinct and differentiated investment strategies, exploiting inefficient asset classes.



## Distinct Fund Lineup

We believe that each of our funds offer clients a specific and desired exposure. Each strategy is rooted in our experience in fundamental research and seeks above benchmark returns while mitigating risk in down markets.

| Strategies                                | Ticker | Benchmark                           | Inception Date | Assets (\$M) | Gross Expense Ratio |
|---|--------|-------------------------------------|----------------|--------------|---------------------|
| Aptus Defined Risk ETF                    | DRSK   | Bloom berg Agg.                     | 8/8/2018       | \$1018.1     | 0.78%               |
| Aptus Drawdown-Managed Equity ETF         | ADME   | S&P 500                             | 6/9/2016       | \$221.0      | 0.79%               |
| Aptus Collared Investment Opportunity ETF | ACIO   | S&P 500                             | 7/9/2019       | \$1601.8     | 0.79%               |
| Aptus International Enhanced Yield ETF    | IDUB   | ACWI Ex. U.S.                       | 7/23/2021      | \$220.0      | 0.43%               |
| Aptus Large Cap Enhanced Yield ETF        | DUBS   | S&P 500                             | 6/13/2023      | \$209.6      | 0.39%               |
| Aptus Enhanced Yield ETF                  | JUCY   | ICE U.S. Treasury 1-3 YR Bond Index | 11/1/2022      | \$301.6      | 0.59%               |
| Aptus Large Cap Upside ETF                | UPSD   | S&P 500                             | 11/20/2024     | \$23.2       | 0.79%               |
| Opus Small Cap Value ETF                  | OSCV   | S&P 600 Value                       | 7/18/2018      | \$474.2      | 0.79%               |

Data as of 12/31/2024

The gross expense ratio is the annual cost of investing in an ETF, or the portion of the assets earmarked for the cost of operating the fund. This represents the fees you may pay if you buy, hold, and sell shares of the Fund ("Shares"). The total operating expenses as stated and can be found in the fee table to the ADME, ACIO, DRSK, IDUB & OSCV respective prospectus dated August 31, 2022 or JUCY respective prospectus dated October 14, 2022.



# Your Investment Department

## Team-Based Approach Provides Unique Perspectives

### Portfolio Managers

JD Gardner, CFA & CMT  
John Luke Tyner, CFA  
David Wagner, CFA  
Brad Rapking, CFA  
Beckham Wyrick, CFA

### Research & Trading

Mark Callahan  
Joseph Sykora, CFA  
Brett Bennett, CFA  
Brian Jacobs, CFA  
John Archbold, CFA  
Marcus Jordan

### Operations

John Goldsberry  
Will Gardner Brett  
Wickmann Joe  
King  
Clay Calhoun  
Jason Shlensky  
Katlyn Sesera  
Jaela Robbins, CPA

### Client Relationships

Derek Hernquist  
James Yahoudy, CFP  
Matt McGowan, CAIA  
Will Graham  
Michael Sefscik  
Todd Johnson

### Creative

Alicia Griffin

### Engineering

David Nguyen  
Jeremy Cole  
Santosh Monoharan  
Winston Feng



# Aptus Large Cap Equity Upside ETF (UPSD)

More Upside. Similar Long-Term Risk.



## ➤ Portfolio Managers:

- JD Gardner, CFA & CMT
- Brad Rapping, CFA
- Brian Jacobs, CFA
- Mark Callahan

## ➤ Ticker: UPSD

**Inception Date:** 11/20/2024

**Expense Ratio:** 0.79%

**Primary Exchange:** CBOE

**Distributor:** Quasar Distributors

**Advisor:** Aptus Capital Advisors

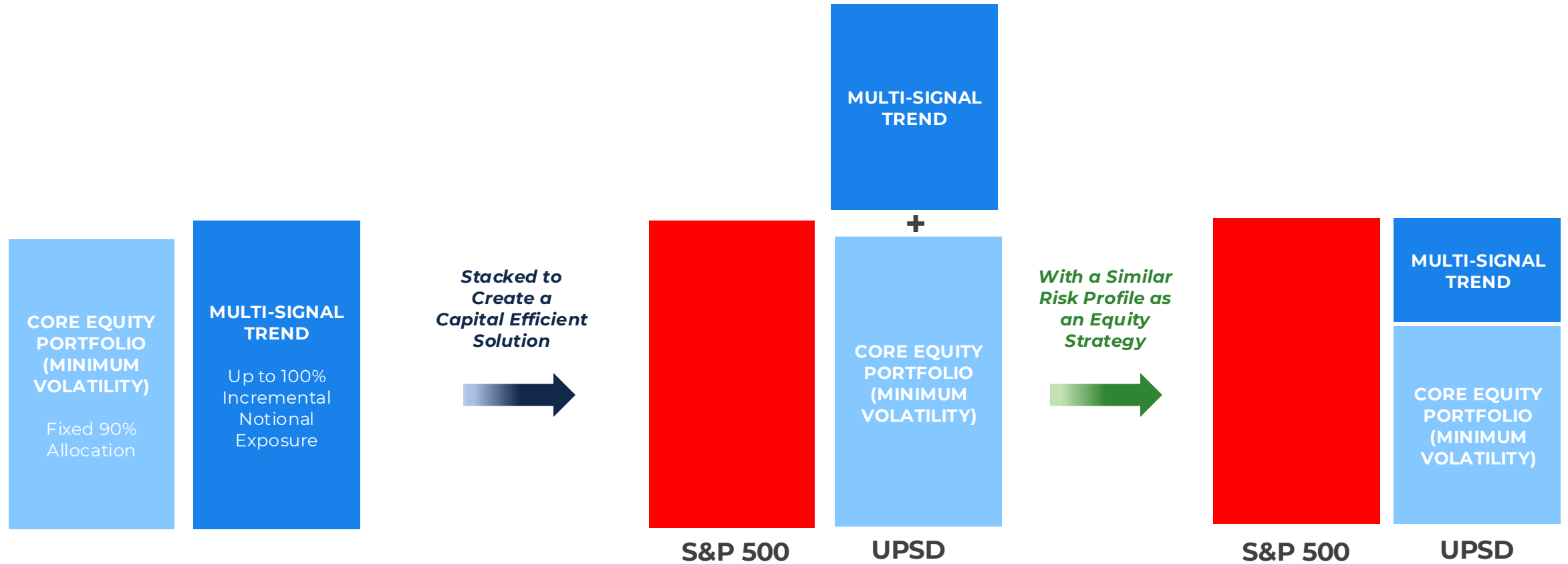


# UPSD Aims to Outperform with Similar Long-Term Risk

Improved Risk-Adjusted Returns

Targeted Return

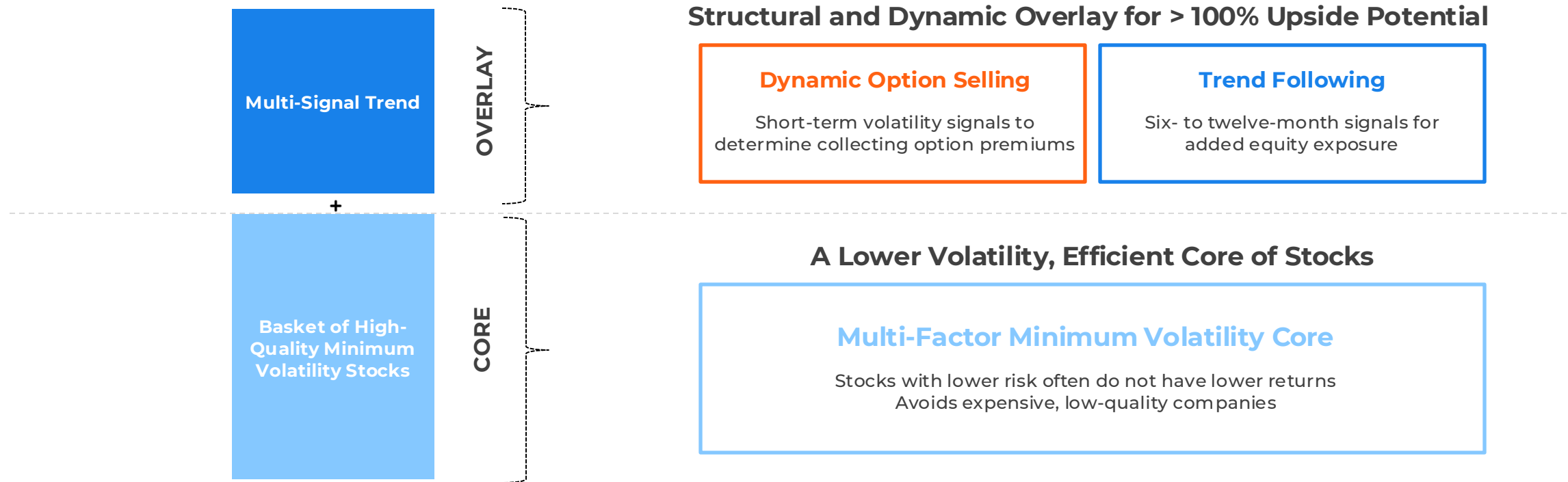
Targeted Long-Term Risk



# UPSD Strategy Overview

More Upside. Similar Long-Term Risk.

**Goal:** Enhance performance through incremental market exposure during uptrends, with similar long-term risk as a core US equity portfolio.



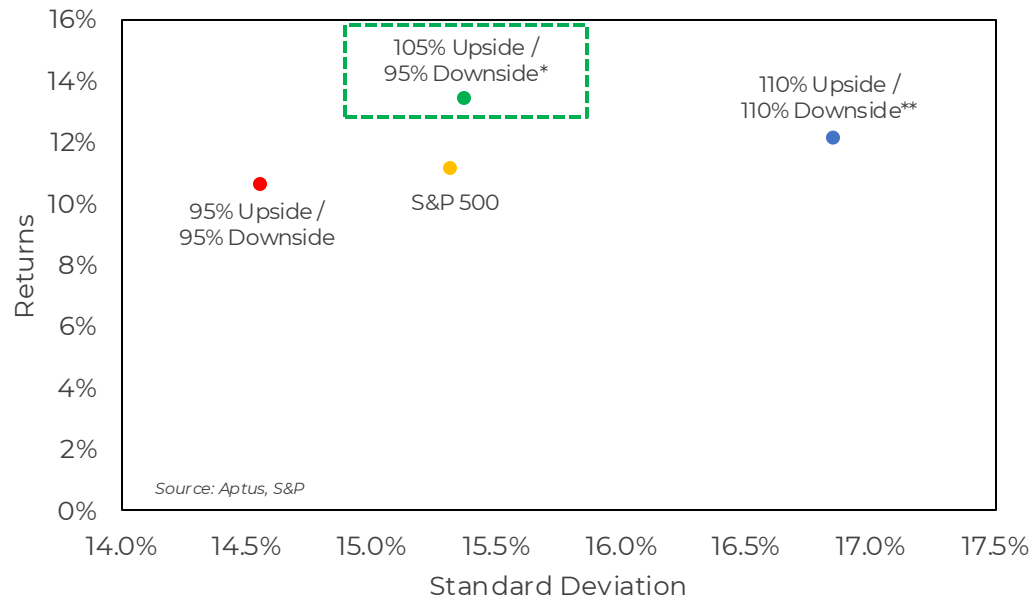
**Approach:** Provide tax-efficient exposure that adapts to market trends: more exposure in uptrending markets, less in downturns



# Objective: More Upside with Similar Risk

A More Optimal Solution Compared to Taking on Static Leverage

S&P 500 Performance (1970-2024)



|                          | S&P 500 | 95% Upside / 95% Downside | 105% Upside / 95% Downside | 110% Upside / 110% Downside |
|--------------------------|---------|---------------------------|----------------------------|-----------------------------|
| Return                   | 11.1%   | 10.6%                     | 13.5%                      | 12.2%                       |
| Standard Deviation       | 15.3%   | 14.6%                     | 15.4%                      | 16.8%                       |
| Correlation to S&P 500   | 1.00    | 1.00                      | 1.00                       | 1.00                        |
| Beta to S&P 500          | 1.00    | 0.95                      | 1.00                       | 1.10                        |
| Max Drawdown (Month-End) | -51%    | -49%                      | -49%                       | -55%                        |

## UPSD: Targeting More than 100% Upside with Asymmetric Returns

Modeled results. Past performance not indicative of future results.

\*105% Upside / 95% Downside assumes the monthly return is 105% of the S&P 500 during up months and 95% during down months.

\*\*110% Upside / 110% Downside assumes the monthly return is 110% of the S&P 500 during up months and 110% during down months.





# UPSD Return Components

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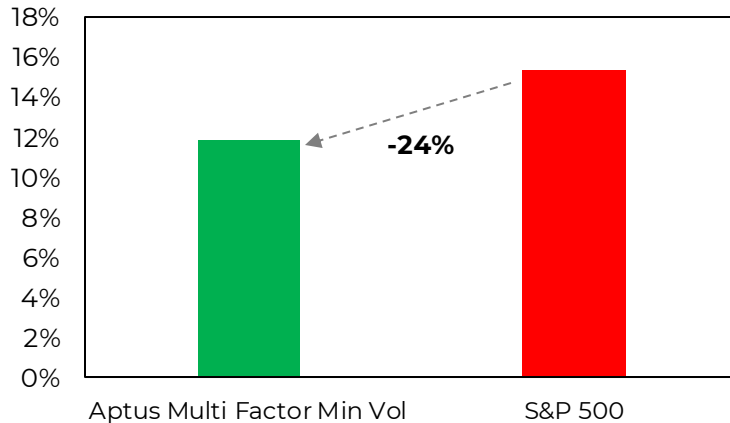
# A Better Core, Enhanced by Diverse Return Streams

## Lower Risk Minimum Volatility Core, Amplified by Trend and Premium Strategies

### Derisked Min Vol Core

Own Lower Volatility Stocks

Historical Standard Deviation  
May 2006\* - December 2024



Core of lower-volatility stocks designed to reduce overall portfolio risk relative to broader equity exposure

**Challenge:**  
Low volatility stocks can skew expensive, impacting returns

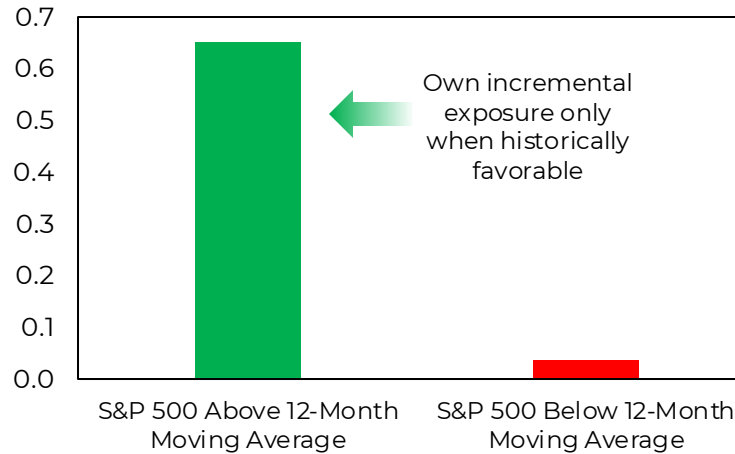
**Solution:**  
Screen for **Value – Quality – Growth – Momentum** ensuring a diversified, lower-risk core that stabilizes performance

\* Inception of the Aptus Multi Factor Minimum Volatility Index

### Intermediate Trend Following

Own Incremental Exposure During Uptrends

Sharpe Ratio (Excess Return / StdDev)  
January 1970 - December 2024



Freed-up risk budget allows for increased exposure to uptrending markets, targeting incremental returns

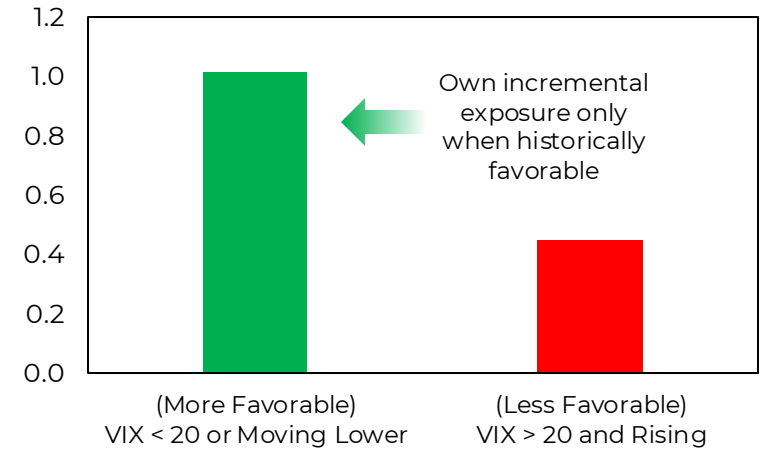
**Challenge:**  
In or out nature can make trend-following hard to maintain

**Solution:**  
Integrate trend signals within the broader strategy, adding upside potential when the market is above trend

### Dynamic Option Selling

Collect Option Premiums when Favorable

PutWrite Sharpe Ratio (Excess Ret / StdDev)  
January 1990\*\* - December 2024



Collect option premiums during favorable market conditions, converting equity upside into more consistent premium

**Challenge:**  
Volatility spikes can be costly to performance

**Solution:**  
Adapt option-selling based on market volatility, reducing exposure during high-volatility periods

\*\* Inception of the VIX Index

Freeing up risk budget through a stable core allows for targeted return enhancement from trend and option strategies





# Lower Volatility Equity Core

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# Building an Efficient Core to Unlock Return Potential

We Search for Stocks With the Following Characteristics:

## VALUE



### Stabilizes the core, minimizing risk

- Avoids expensive stocks to enhance resilience
- Balances price with fundamentals for a more stable core.

## QUALITY



### Reduces unexpected fundamental issues

- Targets strong, sustainable fundamentals
- Prefers consistent earnings and wider margins, avoiding short-term boosts

## GROWTH



### Enhances core upside potential

- Focuses on companies with strong growth potential
- Offers a cushion given potential of future growth beyond current valuations

## MOMENTUM



### Ability to align with recent trends

- Allocates to stocks that have performed well
- Potential to identify deteriorating trends earlier



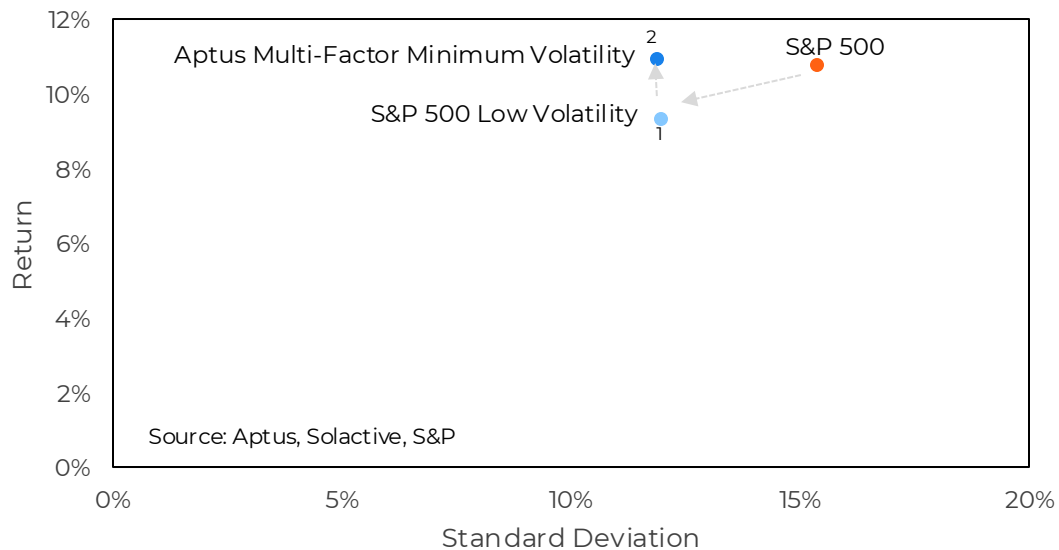
# Minimum Volatility Core Stabilizes Returns

## Market-Like Returns with Lower Risk and Better Drawdown Management

### 1) LOWER RISK, MORE CONSISTENT RETURN PROFILE

Targeting minimum volatility has historically reduced risk while maintaining similar long-term returns

Return vs Risk (Minimum Volatility vs S&P 500)  
May 2006\* - December 2024

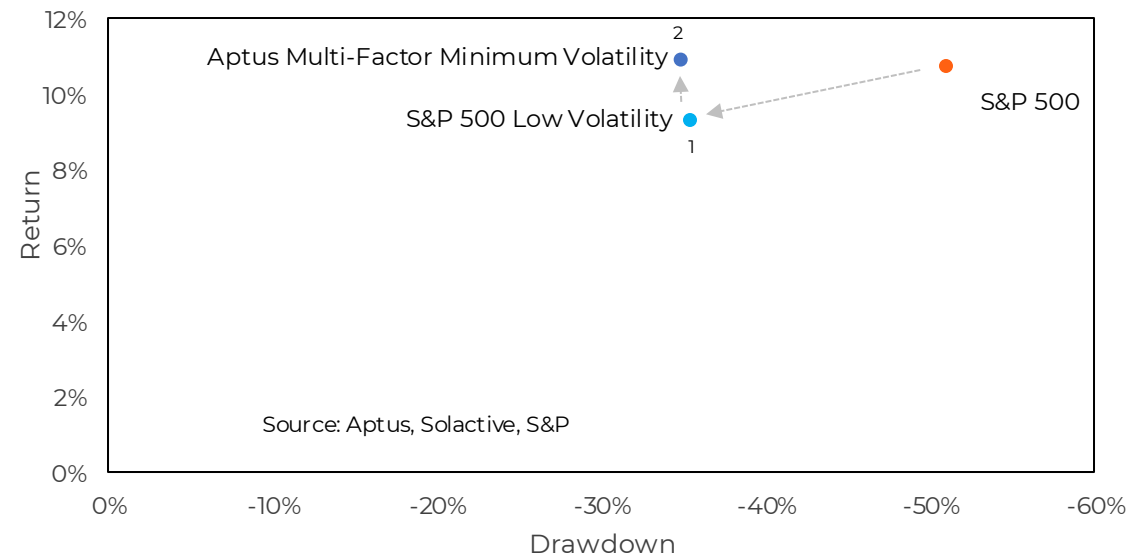


\* Aptus Min Vol Index inception

### 2) ENHANCED THROUGH MULTI-FACTOR SCREEN

Multi-factor screening enhances risk-adjusted returns by filtering out weak fundamentals

Return vs Risk (Minimum Volatility vs S&P 500)  
May 2006\* - December 2024



\* Aptus Min Vol Index inception





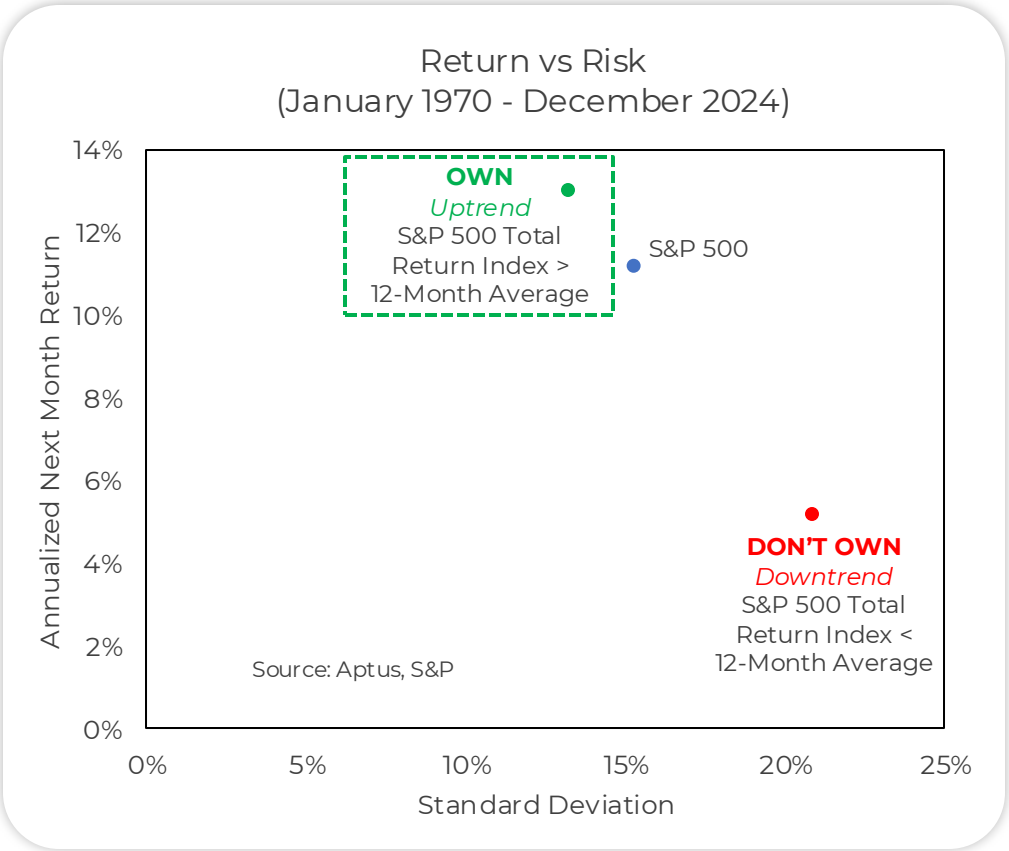
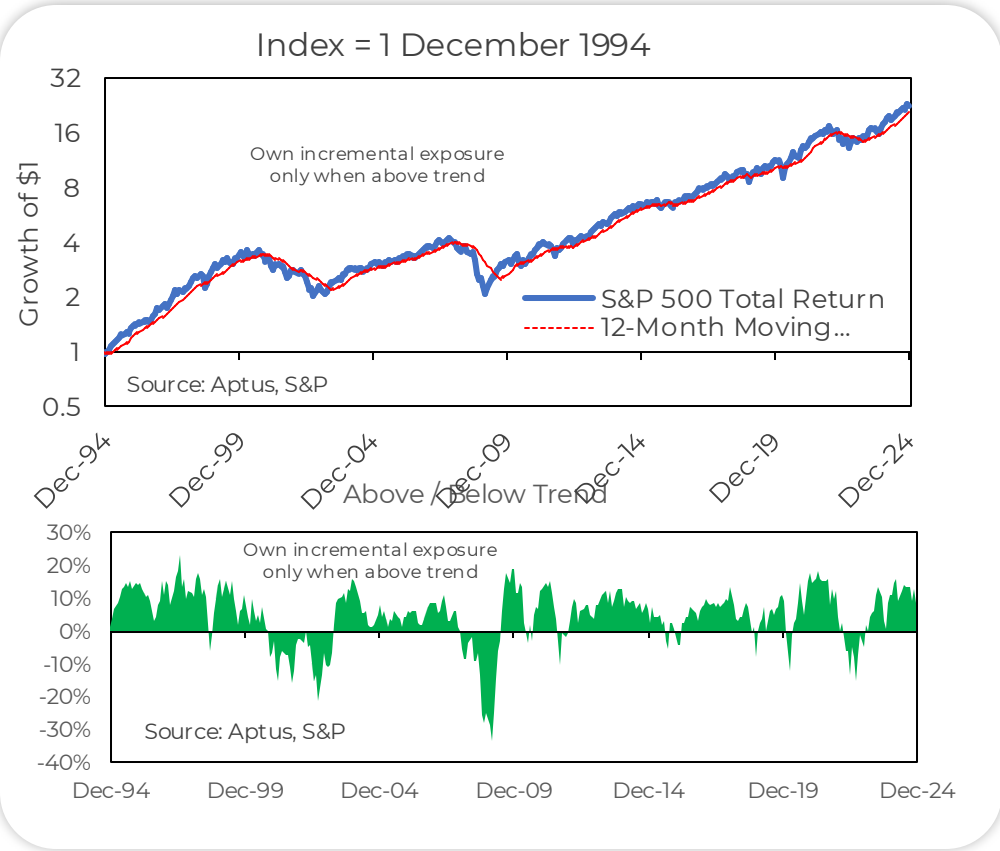
# Intermediate Trend Following

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# Leaning Into Market Trends for Enhanced Performance

## Capturing Long-Term Market Moves While Managing Risk

**Goal:** Add exposure during uptrending markets to enhance returns, while avoiding higher risk environments



**Approach:** Increase S&P 500 exposure during sustained uptrends using dynamic timing signals





# Shorter Term Dynamic Put Writing

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# Why Collect Option Premium?

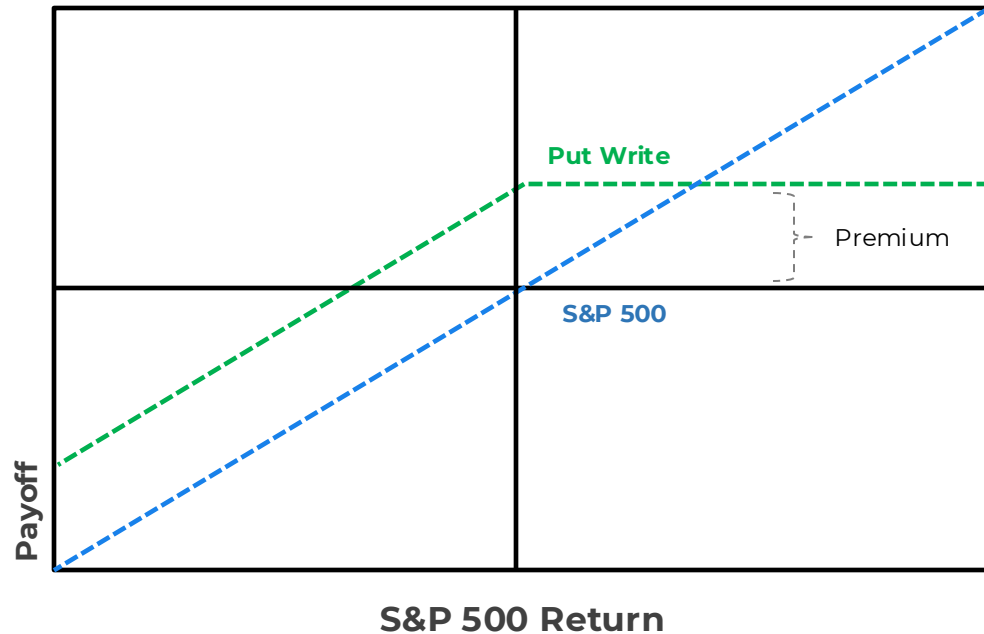
**Alternative Equity Exposure:** Provides a different pathway to returns than equities with similar return and reduced risk

**Flexible Exposure Management:** Ability to adjust exposure easily (simply don't roll puts), allowing for efficient implementation

**Captures volatility premium:** Takes advantage of typically overpriced volatility relative to realized market volatility

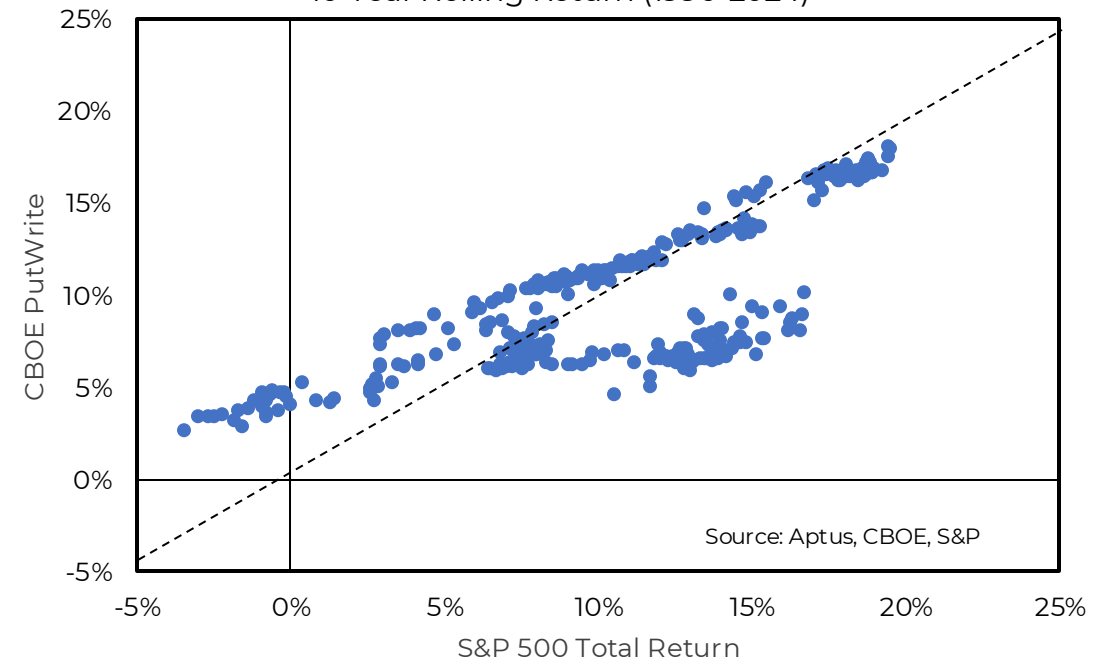
## PutWriting vs Stock Payout Profile

Premiums Provide a Cushion and More Consistent Return



## Premium Collection Results in Equity-Like Exposure with Reduced Downside Risk

10 Year Rolling Return (1990-2024)

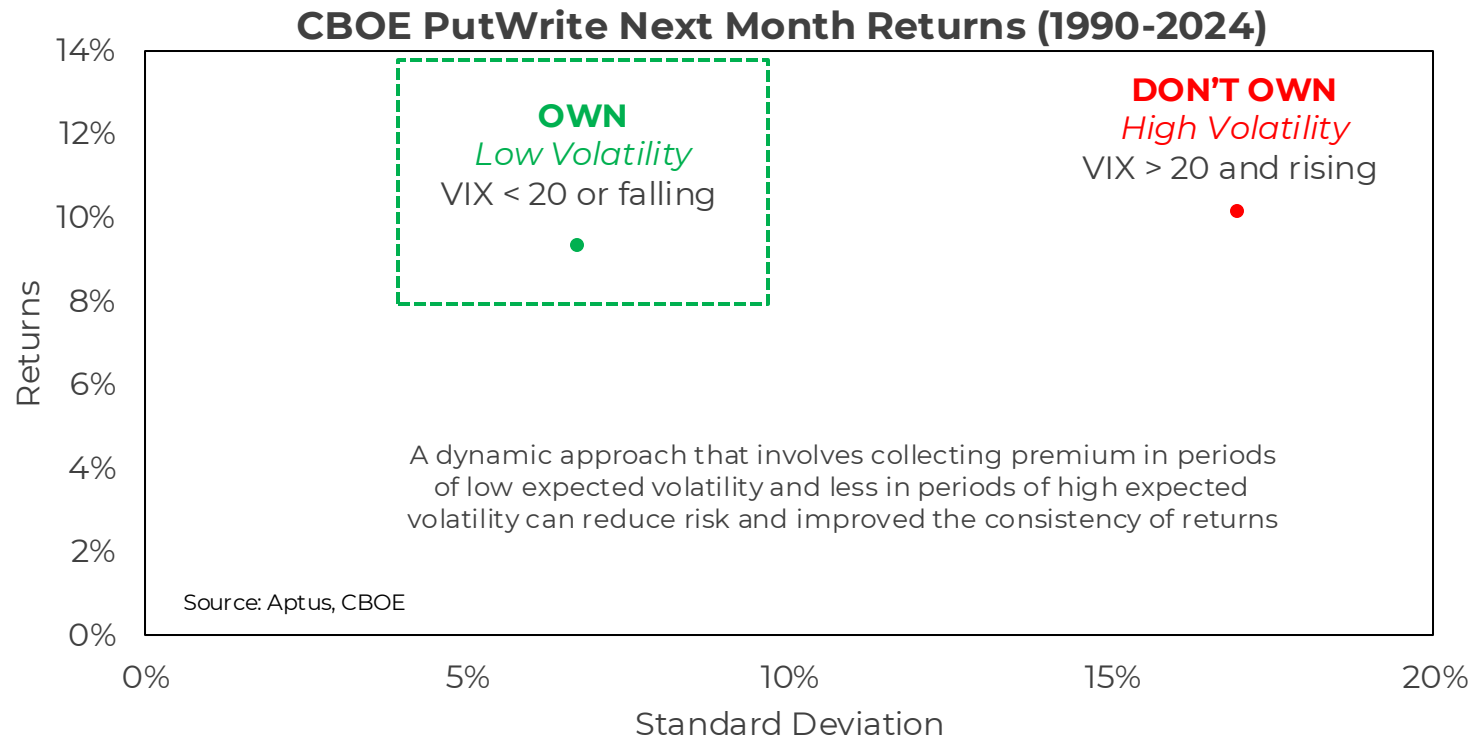




# Improving a Premium Collection Strategy

## Risk Management for Improved Consistency Through Short-Term Market Signals

**Goal:** Improve risk-adjusted returns by collection premiums only during more favorable market conditions



**Approach:** Adjust premium collection based on volatility; increase exposure during calm periods, decrease during high-volatility spikes



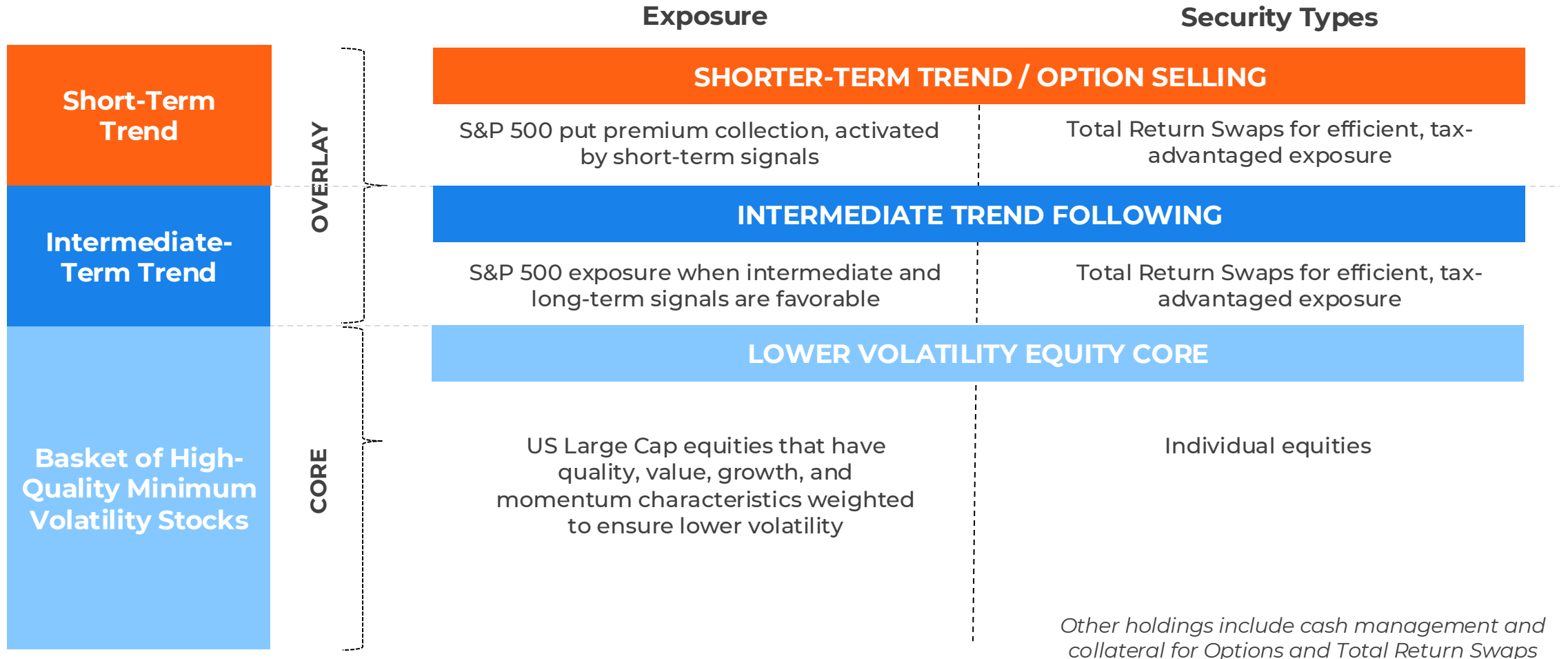


# UPSD Exposures and Core Holdings

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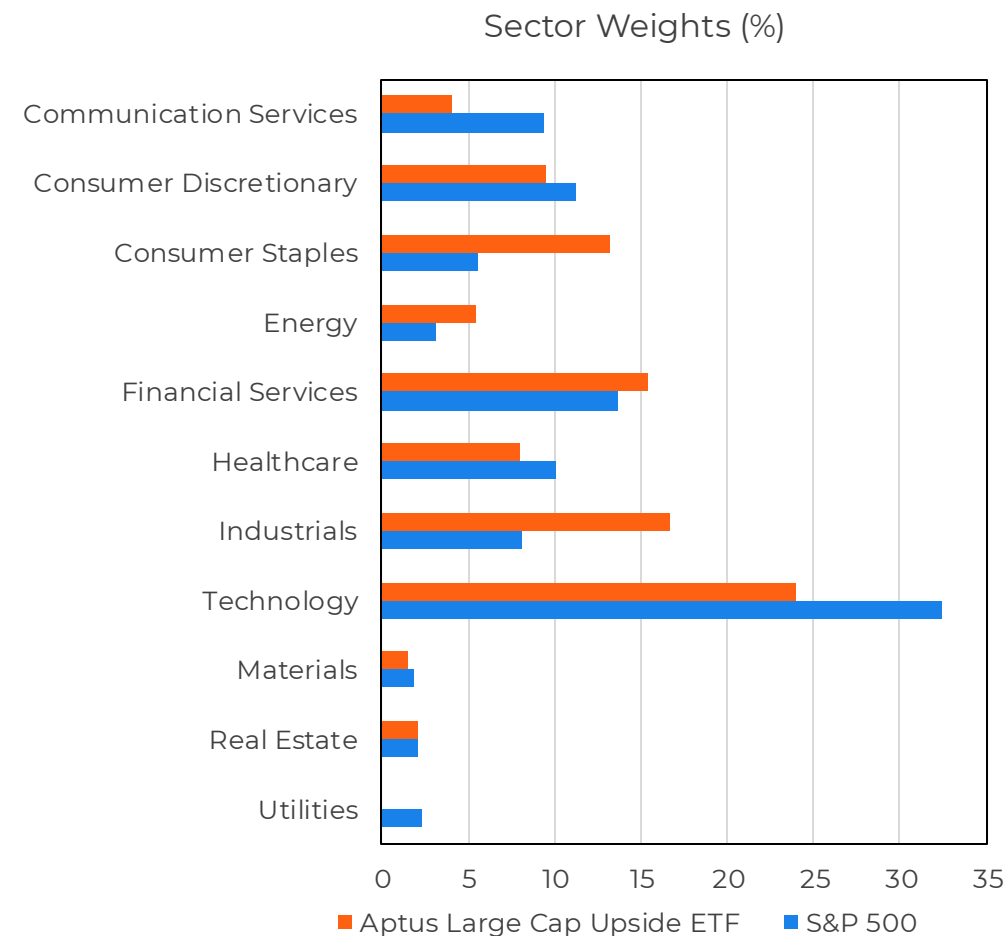
Structured for Returns and Efficient Exposures



# Minimum Volatility Portfolio

## Top 10 Individual Equity Positions / Sector Weights

| Ticker                      | Description  | Weight |
|-----------------------------|--|--------|
| Apple Inc (AAPL)            | A designer, manufacturer, and marketer of consumer electronics, computer software, and online services. Renowned for iconic products like the iPhone, iPad, Mac, and Apple Watch.  | 5.19%  |
| Nvidia Corp (NVDA)          | A semiconductor company renowned for designing graphics processing units (GPUs), widely used in gaming, artificial intelligence, and high-performance computing.   | 4.78%  |
| Microsoft Corp (MSFT)       | A company focused on design, development, licensing, and support of software, hardware, and other computing-related services. Known for its Windows operating system, Microsoft Office suite, and Azure cloud platform.              | 4.65%  |
| Amazon.com Inc (AMZN)       | A global e-commerce leader specializing in online retail, cloud computing, digital streaming, and artificial intelligence. Known for its online marketplace, Amazon Web Services (AWS), and a diverse product and service portfolio. | 1.98%  |
| Mastercard Inc (MA)         | A global payments technology company enabling consumers, businesses, and organizations to use electronic forms of payment. It facilitates payment transactions through its branded network.  | 1.58%  |
| Cencora (COR)               | A healthcare company providing pharmaceutical sourcing and distribution services. It supports healthcare providers and pharmaceutical manufacturers in delivering medicines efficiently.   | 1.46%  |
| Colgate-Palmolive (CL)      | A consumer products company focused on oral care, personal care, home care, and pet nutrition. Known for its iconic toothpaste and cleaning product brands.  | 1.44%  |
| Lockheed Martin Corp (LMT)  | An aerospace and defense company specializing in the development of advanced technology systems, products, and services for global security and aerospace.   | 1.38%  |
| Sysco Corp (SYY)            | A leading distributor of food and related products to restaurants, healthcare, and educational facilities. It provides a wide range of food products, kitchen supplies, and equipment to customers across the foodservice industry.  | 1.35%  |
| Verisk Analytics Inc (VRSK) | A data analytics and risk assessment company serving insurance, energy, and specialized markets. It offers predictive analytics and decision-making solutions.   | 1.34%  |



Source: Aptus, S&P, Bloomberg as of 12/31/2024



# Portfolio Performance

## Performance Versus Benchmarks (%)

| Time Period                           | UPSD (Market) | UPSD (NAV) | S&P 500 | S&P 500 Value | S&P 500 Low Volatility Index |
|---------------------------------------|---------------|------------|---------|---------------|------------------------------|
| Since Inception (11/20/24 – 12/31/24) | -4.33%        | -4.20%     | -0.44%  | -4.04%        | -3.85%                       |

Data as of 12/31/2024 Sources: Morningstar, Bloomberg Inception Date:12/21/2024

*Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance data quoted. To obtain performance through the most recent month end, visit [www.aptuasetfs.com](http://www.aptuasetfs.com). To obtain performance information regarding the High Yield Corporate Bond Index, please visit [click here](#). To obtain performance information regarding the CBOE S&P 500 BuyWrite Index, please visit [click here](#). To obtain performance and prospectus information regarding the S&P 500 Low Volatility Index, please visit [click here](#). Aptus utilizes best efforts that content provided is compiled or derived from sources believed to be reliable, and accurate, but makes no representations thereof and accepts no liability whatsoever for any loss arising from use or reliance on these contents.*



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**Derivatives Risk.** Derivatives, such as the options and swaps in which the Fund invests, can be volatile and involve various types and degrees of risks, depending upon the characteristics of a particular derivative.

**High Portfolio Turnover Risk.** The Fund may frequently buy and sell portfolio securities and other assets to rebalance the Fund's exposure to specific securities. Higher portfolio turnover may result in the Fund paying higher levels of transaction costs and generating greater tax liabilities for shareholders.

**No Operating History.** The Fund is a recently organized management investment company with no operating history. As a result, prospective investors have no track record on which to base their investment decision.

**Non-Diversification Risk.** The Fund is considered to be non-diversified, which means that it may invest more of its assets in the securities of a single issuer or a smaller number of issuers than if it were a diversified fund.

**Options Risk.** Buying options is a speculative activity and entails greater than ordinary investment risks. Options enable the Fund to purchase exposure that is significantly greater than the premium paid.

The Funds are distributed by Quasar Distributors LLC, which is not affiliated with Aptus Capital Advisors, LLC.

