

# Aptus Drawdown-Managed Equity ETF (ADME)

The Aptus Drawdown-Managed Equity ETF (“ADME”) is a risk-mitigating equity strategy designed to protect capital in a left-tail event, much like challenges experienced during the COVID pandemic. By efficiently owning volatility as an asset class, this fund can help empower allocators to own more equity exposure without introducing additional factors or style risk. It serves as a crucial portfolio airbag during a crisis. We believe that this objective can help transform and enhance an overall allocation.

## Quarterly Fund Update

Risk mitigation strategies were likely the last thing on investors' minds last year and in the first half of 2024, as the S&P 500 returned more than 2832% since the recent market bottom in October. While conditions didn't favor hedging, we believe that ADME still generated strong relative returns, especially if viewed within the broader context of overall asset allocation.

A key feature of this active management skill is the continual ability to monetize puts, reset the hedge, and re-deploy the cash back into the equity basket at lower overall valuations.

ADME has two predominant return drivers:

1. The equity book, and
2. The hedges (long volatility tail hedges).

**The Equity:** The equity segment demonstrated robust performance relative to the S&P 500, outperforming by 0.81%. The primary goal of the equity exposure is to deliver a correlated return to the S&P 500, ensuring that our hedges provide relative value, particularly during left tail events. Over the past year, the equity basket has outperformed by 1.58%.

**Left Tail Exposure:** As one would expect during the first half of 2024 that witnessed a 15.3% rally, the deep out-of-the-money puts did not add value. Though moving forward, we are excited about the protection that ADME can provide, given that long puts have not been this cheap since 2017.

Cheap hedging allows us to efficiently manage the structure.

### Fund Performance as of 06/30/2024

Inception Date - 06/08/2016

	as of 06/30/2024		Annualized as of 06/30/2024			
	Q2 2024	YTD	1 Year	3 Year	5 Year	Inception
<b>NAV</b>	4.15%	13.96%	20.95%	3.92%	8.34%	7.86%
<b>Market Price</b>	4.30%	14.11%	20.96%	3.92%	8.35%	7.87%
<b>ADME Gross Expense Ratio 0.79%</b>						

### Risk Characteristics since 10/31/19

	ADME	S&P 500
Beta	0.68	1.00
Standard Deviation	13.69	18.91
Sharpe Ratio	0.16	0.48
Sortino Ratio	0.30	0.77
Max Drawdown	-23.43	-33.79

### Top Ten Holdings (%) as of 6/30/2024

Security Description	Weight
Microsoft Corp	7.21
Apple Inc	6.67
Nvidia Corp	6.64
Alphabet Inc	4.33
Amazon Inc	3.83
Meta Platforms Inc – Class A	2.45
Broadcom Inc.	2.03
Exxon Mobil Corp	1.89
Applied Materials Inc.	1.83
JPMorgan Chase & Co.	1.80

The performance data represents past performance & does not guarantee future results. Investment return & principal value of an investment will fluctuate so that an investor's shares may be worth more or less than their original cost when sold or redeemed. Current performance may be higher or lower than the performance quoted. Returns for periods greater than one year are annualized. 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. For performance data current to the most recent month end, please call (251) 517-7198, or visit aptusetsf.com.



## Goal

The Aptus Drawdown-Managed Equity ETF seeks capital appreciation with a focus on managing drawdown risk through hedges. Equity holdings are selected using a Yield + Growth framework, favoring companies who pass our requirements for growth, momentum, value, and yield.

## How

Convex hedges allow the strategy to pursue upside, knowing asymmetric payouts can reduce downside in a crisis. Since these crises generally result in lower equity prices, the freshly created capital from the hedges can be a nice source of opportunity.

## Result

Naturally, we expect the Aptus Drawdown-Managed Equity ETF to trail during rip-roaring markets. But what we sacrifice in short term upside, we believe we make up for by what our risk management allows us to do at the asset allocation level, along with potential to create cash when opportunities look better.

# Aptus Quarterly Funds Update Disclosure

Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security.

Investing in ETFs are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of the shares may trade at a discount to its net asset value ("NAV"), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a Fund's ability to sell its shares.

Shares of any ETF are bought and sold at Market Price (not NAV) and are not individually redeemed from the fund. Brokerage commissions will reduce returns. Market returns are based upon the midpoint of the bid/ask spread at 4:00pm Eastern Time (when NAV is normally determined for most ETFs), and do not represent the returns you would receive if you traded shares at other times.

Aptus Capital Advisors, LLC serves as the investment advisor to the Aptus Funds. Aptus Capital Advisors, LLC is a Registered Investment Advisor (RIA) registered with the Securities and Exchange Commission and is headquartered in Fairhope, Alabama. The Funds are distributed by Quasar Distributors LLC, which is not affiliated with Aptus Capital Advisors, LLC. The information provided is not intended for trading purposes, and should not be considered investment advice.

Investing involves risk. Principal loss is possible. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than diversified funds. Therefore, the Fund is more exposed to individual stock or ETF volatility than diversified funds.

The Aptus Collared Income Opportunity, Aptus Defined Risk, Aptus Drawdown-Managed Equity, Aptus Enhanced Yield, Aptus Large Cap Enhanced Yield, Aptus International Enhanced Yield, and Opus Small Cap Value ETFs are subject to the risk that the securities may be more volatile than the market as a whole. The Fund may invest in other investment companies and ETFs which may result in higher and duplicative expenses.

The Funds may invest in options, the Funds risk losing all or part of the cash paid (premium) for purchasing options. The Funds use of call and put options can lead to losses because of adverse movements in the price or value of the underlying security, which may be magnified by certain features of the options. The Funds use of options may reduce the Funds ability to profit from increases in the value of the underlying securities. Derivatives, such as the options in which the Funds invest, can be volatile and involve various types and degrees of risks. Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in a derivative could have a substantial impact on the performance of the Funds. The Funds could experience a loss if its derivatives do not perform as anticipated, the derivatives are not correlated with the performance of their underlying security, or if the Funds are unable to purchase or liquidate a position because of an illiquid secondary market.

Stocks are generally perceived to have more financial risk than bonds in that bond holders have a claim on firm operations or assets that is senior to that of equity holders. In addition, stock prices are generally more volatile than bond prices.

The Markit iBoxx USD Liquid Investment Grade Index is designed to reflect the performance of US Dollar (USD) denominated investment grade corporate debt. The index rules aim to offer a broad coverage of the USD investment grade liquid bond universe.

DEFINITIONS: Call options give the owner the right to buy the underlying security at the specified price within a specific time period. Put options give the owner the right to sell the underlying security at the specified price within a specific time period. A collar is an options strategy constructed by holding shares of the underlying stock while simultaneously buying put options and selling call options against that holding. Beta is a measure of the volatility of a security or portfolio compared to the market as a whole. Standard deviation measures the dispersion of a security's price history relevant to its mean. The Sharpe Ratio compares the return of an investment with its risk. Sortino Ratio measures the performance of an investment relative to its downward deviation. The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities, comprised of 500 leading companies and covering approximately 80% of available market capitalization. The CBOE Volatility Index (VIX) is 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 (SPX). Basis points (bps or "bips,") are a unit of measure used in finance to describe the percentage change in the value of financial instruments or the rate change in an index or other benchmark. The ICEU.S. Treasury Short Bond Index is part of a series of indices intended to assess U.S. Treasury market. The Index market-value weighted, and is designed to include U.S. dollar-denominated, fixed-rate securities with minimum term to maturity greater than one month and less than or equal to one year. Out of the moneyness (OTM) is an expression used to describe an option contract that only contains extrinsic value. Duration can measure how long it takes, in years, for an investor to be repaid a bond's price by the bond's total cash flows. Duration can also measure the sensitivity of a bond's or fixed income portfolio's price to changes in interest rates. The MSCI ACWI Ex-U.S. is a market-capitalization-weighted index maintained by Morgan Stanley Capital International (MSCI). It is designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies. It includes both developed and emerging markets. The S&P Small Cap 600 Value Index is a market capitalization weighted index. All the stocks in the underlying parent index are allocated into value or growth. Stocks that do not have pure value or pure growth characteristics have their market caps distributed between the value & growth indices. The Standard & Poor's Small Cap 600 Index is a capitalization-weighted index that measures the performance of selected U.S. stocks with a small market capitalization. Price-to-Earnings Ratio = Market Value per Share/Earnings per Share. Return on Equity = Net Income/Average Shareholders Equity. Return on invested capital (ROIC) assesses a company's efficiency in allocating capital to profitable investments. The SEC yield is a standard yield calculation developed by the U.S. Securities and Exchange Commission (SEC) that allows for fairer comparisons of bond funds. It is based on the most recent 30-day period covered by the fund's filings with the SEC. Leverage is an investment strategy of using borrowed money—specifically, the use of various financial instruments or borrowed capital—to increase the potential return of an investment. Leverage can also refer to the amount of debt a firm uses to finance assets.

The Funds are distributed by Quasar Distributors LLC, which is not affiliated with Aptus Capital Advisors, LLC. The information provided is not intended for trading purposes and should not be considered investment advice. Investing involves risk. Principal loss is possible. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than diversified funds. Therefore, the Fund is more exposed to individual stock or ETF volatility than diversified funds.

**Please carefully consider the funds objectives, risks, charges, and expenses before investing. The statutory or summary prospectus contains this and other important information about the investment company. For more information, or a copy of the full or summary prospectus, visit [www.aptusetsf.com](http://www.aptusetsf.com), or call (251) 517-7198. Read carefully before investing.**