Use Cases for AAA-rated CLO ETF

Global banks and insurers have historically been the most prominent players in the Collateralized Loan Obligation ("CLO") market, holding more than 50 percent of all outstanding issues[1] and increasing recent purchases to upwards of 65 percent[2]. Many banks and insurers have specifically focused on the AAA or AA-rated CLO tranches with first priority positions due in part to their loss mitigation features, historically attractive relative returns compared to other investment grade assets[3], and in many cases, a buffer against interest rate risks because of floating-rate coupons.

An ETF like 'AAA' immediately broadens the universe of end investors for AAA-rated CLOs as regional banks and insurers, alternative asset managers dedicated to asset-backed opportunities, registered investment advisors ("RIA") and overseas financial institutions, to name a few, can directly access a New York Stock Exchange-listed security without additional layers of impediments.

Previously, CLOs were restricted to the over-the-counter ("OTC") market, which are trades that take place in a decentralized market directly between two parties facilitated by a broker-dealer network as opposed to an exchange. Furthermore, SEC Rule 144A governed the CLO market which precluded non-qualified institutional buyers. Both these factors limited many investors from participation in the CLO market.

'AAA' ETF Investors	**Potential Benefits**
Big Banks & Insurance Companies	-May provide a portfolio management tool with immediate ability to manage risk outside of the OTC market -Offers a constant gauge of pricing in the marketplace
Regional Banks & Insurance Companies	-Ability to immediately participate in AAA-rated CLO market without need for additional resources[4] -Instant access to a diversified portfolio of managers
Endowments & Pensions	-Removes some barriers to entry for smaller funds -Gives access to smaller CLO managers
Mutual Funds, Closed-end Funds, Exchange Traded Funds	-Allows more extenstive exposure into asset class -Delivers another exchange-traded alternative in the floating rate, credit ETF universe
RIAs & Retail Investors	-Offers access to an asset class that was strictly geared for institutional investors -Provides a compelling relatively high-yielding, investment grade product to manage liquidity
Hedge Funds / Alternative Asset Managers	-Presents a tool to convey a long or short view on the CLO and leveraged loan markets -Can pair trades with other loan or fixed income ETFs to express capital structure opportunities
All Participants	-Diversifies the pool of managers -AAA-rated CLO ETF can expand the buyer base -Broader buyer base can increase demand and may lower funding costs -More diversified investor pool increases the likelihood that credit remains available during times of distress

Navigating a Low Interest Rate Environment
What should be of interest to *all* investors at the moment is that the Federal Reserve, in response to the deterioration of global business conditions since the onslaught of the Covid-19 virus since March 2020, has explicitly stated its intent to maintain front-end interest rates as low as possible until unemployment reaches its intended target and inflation convincingly breaches 2 percent in the U.S.

In the minutes from the Federal Open Market Committee on September 16, 2020, the Federal Reserve clearly stated its objectives:

> *The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. With inflation running persistently below this longer-run goal, the Committee will aim to achieve inflation moderately above 2 percent for some time so that inflation averages 2 percent over time and longer-term inflation expectations remain well anchored at 2 percent. The Committee expects to maintain an accommodative stance of monetary policy until these outcomes are achieved.*[5]

As a point of reference, the 2-year U.S. Treasury note yields just 15 basis points ("bps") presently. Furthermore, 2-year interest rates are negative in Japan and the United Kingdom, and the Eurozone is experiencing acutely negative rates with German 2-year notes yielding at an astounding -71 bps[6]. In other words, savers are actually *paying* the German government 71 bps to hold their cash positions for 2 years. The conclusion from all of this is that global interest rates could stay lower for much longer than previously expected. Consequently, investors will likely be harder pressed to find investments that can deliver relatively higher yields in all areas of their portfolio.

In many traditional portfolios, an allocation to investment grade, fixed income products may be quite low, which reflects the investor's appetite for risk as well as the relative low rate of return on investment grade credits compared to other asset classes. Fortunately, investors are increasingly gaining greater access to a wider pool of inverstment grade types of fixed income products that they can research and select to augment incremental yields and possibly improve overall portfolio returns over the longer term. Identifying these types of products will prove even more useful should the Federal Reserve remain committed to its lower interest rate policy for an extended period.

Contact Information:
Todd Themistocles
Email: tthemistocles@altacfunds.com
Phone: 917-535-5737

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and once available a copy may be obtained without charge, by calling the Fund at 1-800-617-0004. Read it carefully before investing.

Past performance is no guarantee of future results. The AAF First Priority CLO Bond ETF has no performance history. Once the fund has performance available, please call 800-617-0004 to receive fund performance.

Investing involves risk. Principal loss is possible. Shares of any ETF are bought and sold at market price (not NAV), may trade at a discount or premium to NAV, and are not individually redeemed from the funds. Brokerage commissions will reduce returns.

The Fund is also subject to the following risks: Collateralized Loan Obligations (CLOs) are generally backed by a pool of credit-related assets that serve as collateral. Accordingly, CLO securities present risks similar to those of other types of credit investments, including default (credit), interest rate and prepayment risks. In addition, CLOs are often governed by a complex series of legal documents and contracts, which increases the risk of dispute over the interpretation and enforceability of such documents relative to other types of investments. An increase in interest rates may cause the value of fixed-income securities held by the Fund to decline. The Fund may be subject to a greater risk of rising interest rates due to the current period of historically low rates and the effect of potential government fiscal policy initiatives and resulting market reaction to those initiatives. The Fund's income may decline if interest rates fall.

The Fund is a recently organized, diversified management investment company with no operating history. Additionally, the investment adviser has not previously managed a registered fund, which may increase the risks of investing in the Fund.

Diversification does not assure profit nor protect against loss In a declining markt.

Credit ratings are provided by a nationally recognized statistical rating organization (NRSRO). Ratings are grades given to bonds that indicate their credit quality as determined by private independent rating services such as Standard & Poor's, Moody's and Fitch. These firms evaluate a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from 'AAA', which is the highest grade, to 'D', which is the lowest grade.

Investment grade - a rating that signifies a municipal or corporate bond presents a relatively low risk of default.
LIBOR (London InterBank Offered Rate) - a benchmark interest rate at which major global banks lend to one another in the international interbank market for short-term loans.
Spread - the difference in yield between a US Treasury bond and another debt security.
Subordination- priority of collateralized debts, ranking one behind another for purposes of collecting repayment form a debtor
Tranches - segments from a pool of securities that are divvied up by risk in order to be marketable to different investors.

Palmer Square AAA CLO Index historic, average annual yield to maturity; see Bloomberg analytics PCLOAAAY Index.
The Bloomberg Barclays US Floating Rate Note < 5 Years Total Return Index measures the performance of USD denominated,investment-grade, floating-rate notes across corporate and government-related sectors. Index performance Is not Indicative of fund performance.

The AAF First Priority CLO Bond ETF is distributed by Quasar Distributors, LLC.

[1] KBW Research dated March 17, 2019.
[2] S&P Global Market Intelligence, June 21, 2019.
[3] The total return for the Palmer Square AAA Index between October 15, 2015 – October 9, 2020 is 15.76% versus 11.72% on the Bloomberg Barclays US Floating Rate Notes Index for the same period.
[4] An ETF is subject to fees and expenses.
[5] Federal Reserve FOMC Statement, September 20, 2020.
[6] Bloomberg.com, Rates & Bonds, October 6, 2020.