

ADAPTIVE INVESTMENTS

WE MAKE PORTFOLIOS SMARTER

Insight Document

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Adaptive Alpha Opportunities ETF

Ticker: **AGOX**

The **Adaptive Alpha Opportunities ETF** seeks capital appreciation. The Fund is a momentum driven “global go anywhere”, strategy, unconstrained by style box. The Fund utilizes Bluestone’s proprietary process that identifies securities offering exceptional up/down capture benefits over more recent markets.

KEY POINTS

- Global-go-anywhere equity strategy
 - Unconstrained by style box
 - Proprietary momentum driven process
 - Seeks to identify early trends
 - Pinpoints strength and breadth of momentum
 - Targets securities with favorable up/down capture ratios
 - Aims to protect assets in down markets
- May incorporate cash and/or fixed income
 - Primarily invests using ETFs
 - Benchmarked to the Morningstar Moderate Aggressive Target Risk TR Index
 - Utilizes Adaptive RISKHedge to help mitigate losses
 - Sub-advisor, Bluestone Capital Management, Wayne, PA
 - Portfolio Manager, Brian C. Shevland

Bluestone
CAPITAL MANAGEMENT

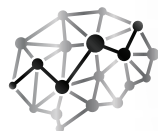
INVESTMENT PHILOSOPHY

We believe long term investment performance is critically dependent on minimizing loss. There is an asymmetry in how losses impact investor psyche as well as mathematical performance relative to gains. This can be accounted for in the design of investment strategies. We believe that an adaptive, disciplined, and data-driven approach is crucial to better navigate challenging market conditions through a market cycle.

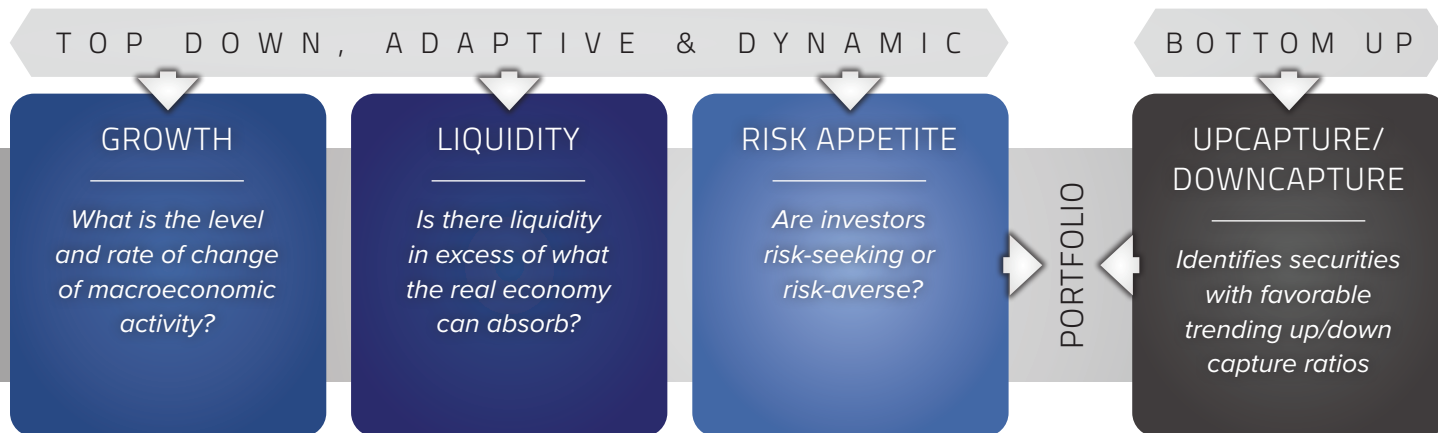
INVESTMENT PROCESS

Portfolio allocation results from a top down and bottom up investment approach.

Top Down	Determines investment opportunity and market exposure
Bottom Up	Determines security selection and portfolio positioning



INVESTMENT PROCESS



TOP DOWN

Top down approach, examines three key macro drivers, including:

- 1. **GROWTH**
 - 2. **LIQUIDITY**
 - 3. **RISK APPETITE**
- GLR FRAMEWORK**

Macro cycles and turning points, are catalysts for changes in financial market trends.

- Strategy focuses on Identifying turning points (signals) in the key macro drivers of GLR.
- Signals are filtered, removing market noise, concentrating on indicators that are dynamic and adaptive.

A positive indicator from any **GLR** component, suggests a positive investment opportunity.

GROWTH

The Ability of asset classes and securities to create and grow wealth.

EXAMPLE FORECAST INPUTS:

- Breadth & Growth
- Leading Indicators (LEIs)
- Growth Sentiment Measures

LIQUIDITY

Money, credit, and capital are the oil driving financial markets and growth. Real excess liquidity is key. Inflation and policy are also key influences.

EXAMPLE FORECAST INPUTS:

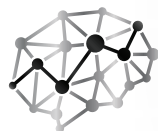
- Credit Impulses
- Inflation Expectations
- Policy Expectations

RISK APPETITE

Price and demand for risk varies with time and is often coupled to growth and liquidity. Are investors compensated for taking risk? Is behavior at an extreme?

EXAMPLE FORECAST INPUTS:

- Market Fragility
- Systemic Risk Indicators
- Market Turbulence



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BOTTOM UP

The bottom up, quantitative approach, identifies those securities that are, currently, investor favorites.

- Looks to identify trends, before others, which allow us to own them longer
- Looks to identify the personality and buying patterns of investors
- We believe Investors tend to buy more of their favored securities when market prices are rising, and hold these assets, even when market prices decline
- Favored securities are identified via proprietary analysis of the dynamic relationship between up & down capture of such securities
- Securities possessing strongest up/down capture ratios, from analysis of daily price movements, are identified as best investment candidates

$$Up\ Capture = \frac{(\prod_{i=1}^{n_{up}} 1 + r_i)^{1/y} - 1}{(\prod_{k=1}^{n_{up}} 1 + BM_k)^{1/y} - 1}$$

$$Down\ Capture = \frac{(\prod_{i=1}^{n_{down}} 1 + r_i)^{1/y} - 1}{(\prod_{k=1}^{n_{down}} 1 + BM_k)^{1/y} - 1}$$

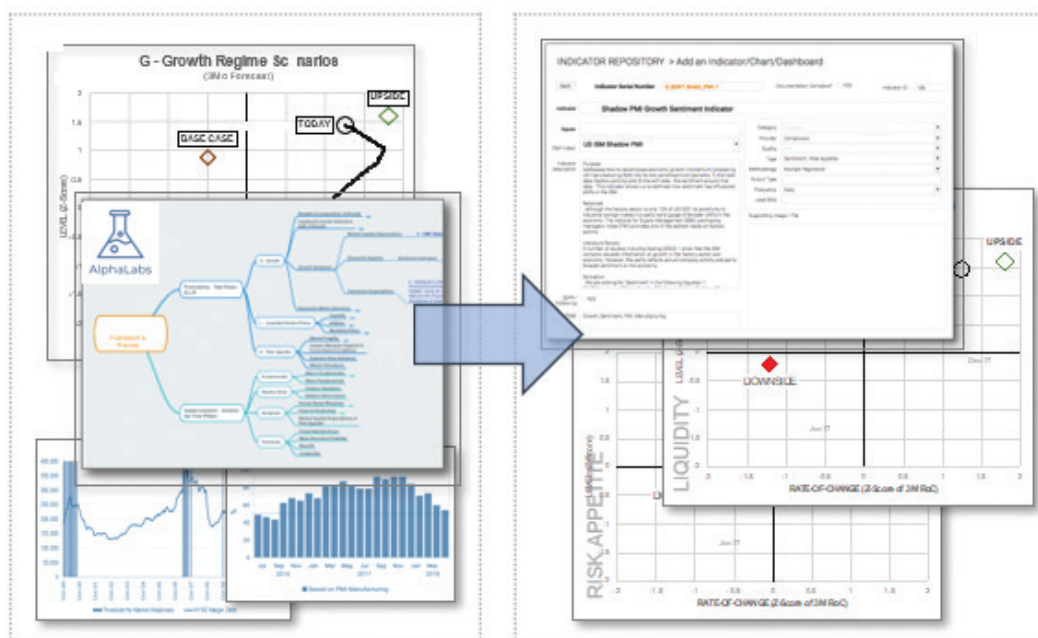
QUANTATIVE MODELING

- Proprietary mathematical modeling that creates and houses a library of data
- Captures daily price movement of every security in the universe identifies real momentum, not merely a snap shot of momentum over a stated time period
- Find spaces or trends where people are ready to buy

Data Management System (DMS) comprises 400+ million pieces of data from both macroeconomic and market-based sources.

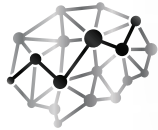
DMS

IMS



For illustrative purposes only.

Indicator Management System (IMS) then runs over 262 million calculations across several thousand indicators that include the Growth, Liquidity, and Risk Appetite macro models and our Upcapture/Downcapture technical indicators.



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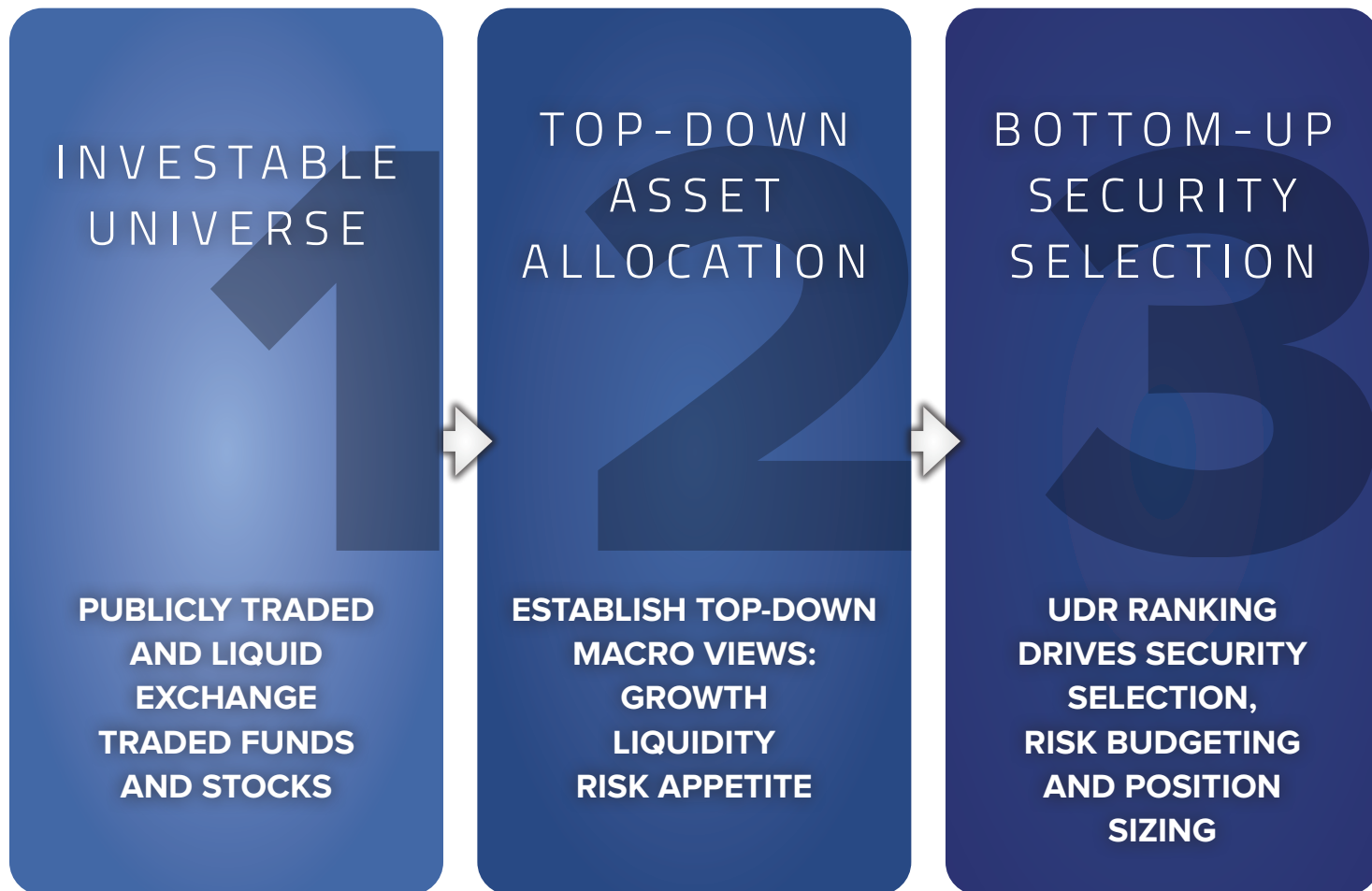
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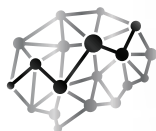
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PORTFOLIO CONSTRUCTION

- Portfolio benchmark is the Morningstar Moderate Aggressive Target Risk TR Index.
- Position sizes range from 1-15% capital weight.



**Morningstar Moderate Aggressive Target Risk Index seeks approximately 80% exposure to global equity markets. This Index does not incorporate Environmental, Social, or Governance (ESG) criteria.*



ADAPTIVE RISKHEDGE - PROPRIETARY RISK OVERLAY



The ETF incorporates Adaptive's proprietary hedge overlay to try and mitigate losses in times of market stress. The strategy may use:

- Put Options (during periods of low volatility)
- Volatility ETFs
- Inverse ETFs

To effectively execute the hedge overlay, the Fund may maintain a 5-7% position in a broad market equity ETF that can be used as collateral or re-allocated efficiently and quickly in periods of "risk off".

More information on the Adaptive RISKHedge can be found at adaptiveriskhedge.com and in the Adaptive RISKHedge Insight document.

Investors should consider the investment objective, management fees, risks, charges and expenses of the ETF carefully before investing or sending money. The Prospectus and Summary Prospectus contains this and other information about the ETF. For a current Prospectus and/or Summary Prospectus, call 888-721-4588, visit us at www.adaptiveetfs.com or email us at info@adaptiveinv.com. Please read the Prospectus and/or Summary Prospectus carefully before you invest. Current and future holdings are subject to change and risk.

An investment in the Adaptive Alpha Opportunities ETF is subject to investment risks, including the possible loss of some or the entire principal amount invested. There can be no assurance that the Adaptive Alpha Opportunities ETF will be successful in meeting its investment objectives. Investments in the Adaptive Alpha Opportunities ETF are also subject to the following risks: Common Stock Risk: The Fund's investments in shares of common stock, both directly and indirectly, through the Fund's investment in shares of other investment companies, may fluctuate in value response to many factors. Such price fluctuations subject the Fund to potential losses. Control of Portfolio Funds Risk: There is no guarantee that the Portfolio Funds will achieve their investment objectives and the Fund has exposure to the investment risks of the Portfolio Funds. While the shares of the Fund are tradable on secondary markets, they may not readily trade in all market conditions and may trade at significant discounts in periods of market stress. ETFs trade like stocks, are subject to investment risks, fluctuate in market value, and may trade at prices above or below the ETF's net asset value. More information about these risks can be found in the Fund's prospectus.

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