Strive Total Return Bond ETF

Ticker Symbol: STXT

Strive Enhanced Income Short Maturity ETF

Ticker Symbol: BUXX

Each listed on the New York Stock Exchange through December 14, 2026, and will be listed on NYSE Arca, Inc. beginning December 15, 2026

STATEMENT OF ADDITIONAL INFORMATION

EA SERIES TRUST

October 31, 2026

This Statement of Additional Information ("SAI") describes the **Strive Total Return Bond ETF** and **Strive Enhanced Income Short Maturity ETF** (each, a "Fund" and, collectively, the "Funds"), each of which is a series of the EA Series Trust (the "Trust"). Shares of each Fund are listed and traded on the New York Stock Exchange through December 14, 2026, and will be listed and traded on NYSE Arca, Inc. beginning December 15, 2026 (as applicable) (the "Exchange"). Empowered Funds, LLC dba EA Advisers (the "Adviser") serves as the investment adviser to the Funds, and Strive Asset Management, LLC and Angel Oak Capital Advisors, LLC serve as investment sub-advisers to the Funds. PINE Distributors LLC (the "Distributor") serves as the Distributor for the Funds.

Shares of the Funds are neither guaranteed nor insured by the U.S. Government.

This SAI, dated October 31, 2026, as supplemented from time to time, is not a prospectus. It should be read in conjunction with the Funds' Prospectus, dated October 31, 2026, as supplemented from time to time, which incorporates this SAI by reference. Capitalized terms used herein that are not defined have the same meaning as in the Prospectus, unless otherwise noted. A copy of the Prospectus may be obtained without charge by writing to the Distributor, calling (215) 330-4476 or visiting www.strivefunds.com.

The most recent Form N-CSR for the Funds, which includes each Fund's audited financial statements dated June 30, 2026, is incorporated by reference into this SAI. A copy of the Funds' annual and semi-annual reports may be obtained without charge by writing to Empowered Funds, LLC dba EA Advisers, 3803 West Chester Pike, Suite 150, Newtown Square, PA 19073, calling (215) 330-4476 or visiting https://strivefunds.com/.

Table of Contents

GLOSSARY	1
TRUST AND FUNDS OVERVIEW	2
EXCHANGE LISTING AND TRADING	2
DISCLOSURE OF PORTFOLIO HOLDINGS	3
INVESTMENT POLICIES AND RESTRICTIONS	3
INVESTMENT OBJECTIVE, INVESTMENT STRATEGIES AND RISKS	5
MANAGEMENT OF THE FUND	24
CONTROL PERSONS AND PRINCIPAL HOLDERS OF SECURITIES	30
INVESTMENT MANAGEMENT AND OTHER SERVICES	31
PORTFOLIO MANAGER	35
PORTFOLIO TRANSACTIONS AND BROKERAGE	37
THE DISTRIBUTOR	39
ACCOUNTING AND LEGAL SERVICE PROVIDERS	40
ADDITIONAL INFORMATION CONCERNING SHARES	40
DETERMINATION OF NET ASSET VALUE	49
TAXES	50
FINANCIAL STATEMENTS	56
Appendix A - Proxy Voting Policies and Procedures of Bowyer Research	A-1
Appendix B - Description of Securities Ratings	B-1

GLOSSARY

The following terms are used throughout this SAI, and have the meanings used below (note that various other terms are defined in the text of this SAI):

"***1933 Act***" means the Securities Act of 1933, as amended.

"***1934 Act***" means the Securities Exchange Act of 1934, as amended.

"***Adviser***" means Empowered Funds, LLC dba EA Advisers.

"***Angel Oak***" means Angel Oak Capital Advisors, LLC, a sub-adviser to each Fund.

"***Authorized Participant***" means a broker-dealer or other participant in the Continuous Net Settlement System of the National Securities Clearing Corporation (NSCC) or a participant in DTC with access to the DTC system, and who has executed an agreement with the Distributor that governs transactions in the Funds' Creation Units.

"***Balancing Amount***" means an amount equal to the difference between the NAV of a Creation Unit and the market value of the In-Kind Creation (or Redemption) Basket, used to ensure that the NAV of a Fund Deposit (or Redemption) (other than the Transaction Fee), is identical to the NAV of the Creation Unit being purchased.

"***Board***" or "***Trustees***" means the Board of Trustees of the Trust.

"***Business Day***" means any day on which the Trust is open for business.

"***Cash Component***" means an amount of cash consisting of a Balancing Amount calculated in connection with creations.

"***Cash Redemption Amount***" means an amount of cash consisting of a Balancing Amount calculated in connection with redemptions.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Creation Unit***" means an aggregation of a specified number of Shares that each Fund issues and redeems on a continuous basis at NAV.

"***Distributor***" means PINE Distributors LLC.

"***DTC***" means the Depository Trust Company.

"***Exchange***" means the New York Stock Exchange through December 14, 2026, and NYSE Arca, Inc. beginning December 15, 2026.

"***ETF***" means an exchange-traded fund.

"***FINRA***" means the Financial Industry Regulatory Authority.

"Fund" means each series of the Trust described in this SAI: Strive Total Return Bond ETF and Strive Enhanced Income Short Maturity ETF.

"***Fund Deposit***" means the In-Kind Creation Basket and Cash Component necessary to purchase a Creation Unit from a Fund.

"***Fund Redemption***" means the In-Kind Redemption Basket and Cash Redemption Amount received in connection with the redemption of a Creation Unit.

"***In-Kind Creation Basket***" means the basket of securities to be deposited to purchase Creation Units of a Fund.

"***In-Kind Redemption Basket***" means the basket of securities a shareholder will receive upon redemption of a Creation Unit.

"***Investment Company Act***" or "***1940 Act***" means the Investment Company Act of 1940, as amended.

"***IRS***" means the Internal Revenue Service.

"***NAV***" means the net asset value of a Fund.

"***NSCC***" means the National Securities Clearing Corporation.

"***NYSE***" means the New York Stock Exchange LLC.

"***Prospectus***" means the Funds' Prospectus, dated October 31, 2026, as amended and supplemented from time to time.

"***SAI***" means this Statement of Additional Information, dated October 31, 2026, as amended and supplemented from time to time.

"***SEC***" means the United States Securities and Exchange Commission.

"***Shares***" means the shares of a Fund.

"Strive" means Strive Asset Management, LLC, a sub-adviser to each Fund.

"Sub-Advisers" means Angel Oak and Strive.

"***Transaction Fee***" is a fee that may be imposed to compensate the Trust or its custodian for costs incurred in connection with transactions for Creation Units. The Transaction Fee, when applicable, is comprised of a flat (or standard) fee and may include a variable fee. For the Transaction Fees applicable to each Fund, see "Transaction Fees" in this SAI.

"***Trust***" means the EA Series Trust, a Delaware statutory trust.

"Underlying Funds" means the other funds or ETFs in which the Funds may invest.

TRUST AND FUND OVERVIEW

The Trust is a Delaware statutory trust formed on October 11, 2013 and was formerly known as Alpha Architect ETF Trust. The Trust is an open-end management investment company registered under the Investment Company Act. The Strive Total Return Bond Fund seeks to maximize total return. The Strive Enhanced Income Short Maturity ETF seeks to provide current income while seeking to minimize price volatility and maintain liquidity. The offering of the Shares is registered under the 1933 Act.

This SAI relates only to the following Funds: Strive Total Return Bond ETF and Strive Enhanced Income Short Maturity ETF.

Diversification

Each Fund is classified as a "diversified" fund under the Investment Company Act. This means that, with respect to 75% of the value of its total assets, each Fund must invest in cash and cash items (including receivables), Government securities, securities of other investment companies, and other securities in an amount not greater than 5% of its total assets in any one issuer. Additionally, each Fund may not hold greater than 10% of the securities of one issuer. The remaining 25% of each Fund's total assets does not need to be "diversified" and may be invested in securities of a single issuer, subject to other applicable laws. The diversification of a Fund's holdings is measured at the time the Fund purchases a security.

However, if a Fund purchases a security and holds it for a period of time, the security may become a larger percentage of the Fund's total assets due to movements in the financial markets. If the market affects several securities held by a Fund, the Fund may have a greater percentage of its assets invested in securities of fewer issuers.

EXCHANGE LISTING AND TRADING

Shares of each Fund are listed and traded on the Exchange. Shares trade on the Exchange or in secondary markets at prices that may differ from their NAV, because such prices may be affected by market forces (such as supply and demand for Shares). As is the case with other securities traded on an exchange, when you buy or sell Shares on the Exchange or in the secondary markets your broker will normally charge you a commission or other transaction charges. Further, the Trust reserves the right to adjust the price of Shares in the future to maintain convenient trading ranges for investors (namely, to maintain a price per Share that is attractive to investors) by share splits or reverse share splits, which would have no effect on the NAV.

There can be no assurance that the requirements of the Exchange necessary to maintain the listing of Shares will continue to be met. The Exchange may, but is not required to, remove the Shares of a Fund from listing if: (i) following the initial 12 month period beginning at the commencement of trading of the Fund, there are fewer than 50 beneficial owners of the Shares for 30 or more consecutive trading days, or (ii) such other event shall occur or condition exist that, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable. The Exchange will remove the Shares from listing and trading upon termination of a Fund.

The Funds are not sponsored, endorsed, sold or promoted by the Exchange. The Exchange makes no representation or warranty, express or implied, to the owners of Shares or any member of the public regarding the advisability of investing in securities generally or in the Funds particularly or the ability of the Funds to achieve their objectives. The Exchange has no obligation or liability in connection with the administration, marketing or trading of the Funds.

DISCLOSURE OF PORTFOLIO HOLDINGS

The Board has adopted a policy regarding the disclosure of information about the Funds' portfolio securities. Under the policy, portfolio holdings of the Funds, which will form the basis for the calculation of NAV on a Business Day, are publicly disseminated prior to the opening of trading on the Exchange that Business Day through financial reporting or news services, including the website https://strivefunds.com/. In addition, each Business Day a portfolio composition file, which displays the In-Kind Creation Basket and Cash Component, is publicly disseminated prior to the opening of the Exchange via the NSCC.

INVESTMENT POLICIES AND RESTRICTIONS

The Trust has adopted the following investment restrictions as fundamental policies with respect to each Fund. These restrictions cannot be changed with respect to a Fund without the approval of the holders of a majority of the Fund's outstanding voting securities. For the purposes of the 1940 Act, a "majority of outstanding shares" means the vote of the lesser of: (1) 67% or more of the voting securities of a Fund present at the meeting if the holders of more than 50% of a Fund's outstanding voting securities are present or represented by proxy; or (2) more than 50% of the outstanding voting securities of a Fund.

The investment policies enumerated in this section may be changed with respect to the Funds only by a vote of the holders of a majority of a Fund's outstanding voting securities, except as noted below:

1. Each Fund may not borrow money, except to the extent permitted by the Investment Company Act, the rules and regulations thereunder and any applicable exemptive relief.

2. Each Fund may not issue senior securities, except to the extent permitted by the Investment Company Act, the rules and regulations thereunder and any applicable exemptive relief.

3. Each Fund may not engage in the business of underwriting securities except to the extent that the Fund may be considered an underwriter within the meaning of the 1933 Act in the acquisition, disposition or resale of its portfolio securities or in connection with investments in other investment companies, or to the extent otherwise permitted under the Investment Company Act, the rules and regulations thereunder and any applicable exemptive relief.

4. Each Fund may not purchase or sell real estate, except to the extent permitted under the Investment Company Act, the rules and regulations thereunder and any applicable exemptive relief.

5. Each Fund may not purchase or sell physical commodities, unless acquired as a result of ownership of securities or other instruments, and provided that this limitation does not prevent the Fund from (i) purchasing or selling securities of companies that purchase or sell commodities or that invest in commodities; (ii) engaging in any transaction involving currencies, options, forwards, futures contracts, options on futures contracts, swaps, hybrid instruments or other derivatives; or (iii) investing in securities, or transacting in other instruments, that are linked to or secured by physical or other commodities.

6. Each Fund may not make loans, except to the extent permitted under the Investment Company Act, the rules and regulations thereunder and any applicable exemptive relief.

7. Each Fund will concentrate its respective investments in residential mortgage-backed securities (agency and non-agency), commercial mortgage-backed securities,

8. Each Fund may not, with respect to 75% of its total assets, purchase the securities of any one issuer if, immediately after and as a result of such purchase, (a) the value of its holdings in the securities of such issuer exceeds 5% of the value of its total assets, or (b) it owns more than 10% of the outstanding voting securities of the issuer (with the exception that this restriction does not apply to a Fund's investments in the securities of the U.S. government, or its agencies or instrumentalities, or other investment companies).

The following notations are not considered to be part of each Fund's fundamental investment limitation and are subject to change without shareholder approval. If a percentage limitation is satisfied at the time of investment, a later increase or decrease in such percentage resulting from a change in the value of a Fund's investments will not constitute a violation of such limitation. Thus, a Fund may continue to hold a security even though it causes the Fund to exceed a percentage limitation because of fluctuation in the value of the Fund's assets, except that any borrowing by a Fund that exceeds the fundamental investment limitations stated above must be reduced to meet such limitations within the period required by the Investment Company Act or the relevant rules, regulations or interpretations thereunder, as described below.

With respect to the fundamental investment limitation relating to borrowing set forth in (1) above, pursuant to Section 18(f)(1) of the Investment Company Act, each Fund may not issue any class of senior security or sell any senior security of which it is the issuer, except that a Fund shall be permitted to borrow from any bank so long as immediately after such borrowings, there is an asset coverage of at least 300% and that in the event such asset coverage falls below this percentage, the Fund shall reduce the amount of its borrowings, within three days, to an extent that the asset coverage shall be at least 300%.

With respect to the fundamental investment restriction regarding real estate set forth in (4) above, each Fund will not make direct investments in real estate unless acquired as a result of ownership of securities or other instruments, although each Fund may purchase and sell other interests in real estate including securities which are secured by real estate, or securities of companies which make real estate loans or own, or invest or deal in, real estate.

With respect to the fundamental investment limitation relating to lending set forth in (6) above, this means that each Fund may not make loans if, as a result, more than 33 1/3% of its total assets would be lent to other parties. The fundamental investment limitation relating to lending restricts, but does not prevent entirely, each Fund's (i) lending of portfolio securities, (ii) purchase of debt securities, other debt instruments, loan participations and/or engaging in direct corporate loans in accordance with its investment goals and policies, and (iii) use of repurchase agreements to the extent the entry into a repurchase agreement is deemed to be a loan.

With respect to the fundamental investment limitation relating to concentration set forth in (7) above, the Investment Company Act does not define what constitutes "concentration" in an industry. The SEC staff has taken the position that investment of more than 25% of a Fund's net assets in one or more issuers conducting their principal activities in the same industry or group of industries constitutes concentration. It is possible that interpretations of concentration could change in the future. For purposes of this limitation, there is no limit on: (1) investments in U.S. government securities, in repurchase agreements collateralized by U.S. government securities, or in tax-exempt securities issued by the states, territories, or possessions of the United States ("municipal securities"), excluding private activity municipal securities whose principal and interest payments are derived principally from the assets and revenues of a non-governmental entity; or (2) investments in issuers domiciled in a single jurisdiction provided that the Fund does not invest greater than 25% in a particular industry. The residential mortgage-backed securities (agency and non-agency), commercial mortgage-backed securities and mortgage loans in which the Total Return Bond Fund and the Enhanced Income Short Maturity Fund invest, under normal circumstances, more than 25% of its total assets (measured at the time of purchase) represent investments in the real estate industry.

For purposes of applying the limitation set forth in the concentration policy, each Fund, with respect to its equity holdings, may use the FactSet Revere Business Industry Classification System, Standard Industrial Classification (SIC) Codes, North American Industry Classification System (NAICS) Codes, MSCI Global Industry Classification System, FTSE/Dow Jones Industry Classification Benchmark (ICB) system or any other reasonable industry classification system (including systems developed by the Adviser and/or Strive or Angel Oak) to identify each industry. Securities of the U.S. government (including its agencies and instrumentalities), tax-exempt securities of state or municipal governments and their political subdivisions (and repurchase agreements collateralized by government securities) are not considered to be issued by members of any industry. Each Fund's method of applying the limitation set forth in a Fund's concentration policy may differ from the methods used by the Trust's other series.

For purposes of applying the limitation set forth in the concentration policy, each Fund, with respect to its equity holdings, may use the FactSet Revere Business Industry Classification System, Standard Industrial Classification (SIC) Codes, North American Industry Classification System (NAICS) Codes, MSCI Global Industry Classification System, FTSE/Dow Jones Industry Classification Benchmark (ICB) system or any other reasonable industry classification system (including systems developed by the Adviser and/or the Sub-Adviser) to identify each industry. Securities of the U.S. government (including its agencies and instrumentalities), tax-exempt securities of state or municipal governments and their political subdivisions (and repurchase agreements collateralized by government securities), and securities of other investment companies are not considered to be issued by members of any industry, except as noted below. In addition, exchange-traded products or other pooled investment vehicles whose primary exposure is to physical commodities or commodity prices (such as funds that hold physical gold or other commodities) will not be treated as securities issued by members of any industry for purposes of the Fund's concentration policy. Each Fund will look through a private activity municipal debt security whose principal and interest payments are derived principally from the assets and revenues of a non-governmental entity in order to determine the industry to which the investments should be allocated when determining a Fund's compliance with its concentration policies. With respect to a Fund's investment in underlying investment companies, each Fund will consider the holdings of other investment companies for which the Adviser serves as investment adviser when determining a Fund's compliance with its concentration policies. A Fund's method of applying the limitation set forth in its concentration policy may differ from the methods used by the Trust's other series.

INVESTMENT OBJECTIVE, INVESTMENT STRATEGIES AND RISKS

The investment objective, principal strategies of, and risks of investing in each Fund are described in the Prospectus. Unless otherwise indicated in the Prospectus or this SAI, the investment objective and policies of a Fund may be changed without shareholder approval.

Each Fund may also engage in the following investment strategies or techniques (except where indicated otherwise).

Corporate Debt Securities

Corporate debt securities are long- and short-term debt obligations issued by companies (such as publicly issued and privately placed bonds, notes and commercial paper). Angel Oak considers corporate debt securities to be of investment grade quality if they are rated BBB- or higher by Standard & Poor's Ratings Group ("S&P") or an equivalent rating from another National Recognized Statistical Ratings Organization, or if unrated, determined by Angel Oak to be of comparable quality. Investment grade debt securities generally have adequate to strong protection of principal and interest payments. In the lower end of this category, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal than in higher rated categories. For additional information about these rating rankings, see Appendix B - Description of Securities Ratings.

Collateralized Debt Obligations Risk

CDOs are a type of asset-backed security, and include CBOs, CLOs, and other similarly structured securities. A CBO is a trust which may be backed by a diversified pool of high risk, below investment grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, second lien loans or other types of subordinate loans, and mezzanine loans, including loans that may be rated below investment grade or equivalent unrated loans and including loans that may be covenant-lite. CDOs may charge management fees and administrative expenses. The cash flows from the CDO trust are generally split into two or more portions, called tranches, varying in risk and yield. Senior tranches are paid from the cash flows from the underlying assets before the junior tranches and equity or "first loss" tranches. Losses are first borne by the equity tranches, next by the junior tranches, and finally by the senior tranches. Holders of interests in the senior tranches are entitled to the lowest interest rate payments but those interests generally involve less credit risk as they are typically paid before junior tranches. The holders of interests in the most junior tranches, such as equity tranches, typically are entitled to be paid the highest interest rate payments but suffer the highest risk of loss should the holder of an underlying debt instrument default. If some debt instruments default and the cash collected by the CDO is insufficient to pay all of its investors, those in the lowest, most junior tranches suffer losses first. Since it is partially protected from defaults, a senior tranche from a CDO trust typically has higher ratings and lower potential yields than the underlying securities, and can be rated

investment grade. Despite the protection from the equity tranche, more senior CDO tranches can experience substantial losses due to actual defaults, increased sensitivity to defaults due to collateral default and disappearance of protecting tranches, market anticipation of defaults and aversion to CDO securities as a class.

The risks of an investment in a CDO depend largely on the quality and type of the collateral and the tranche of the CDO in which a Fund invests. Normally, CBOs, CLOs and other CDOs are privately offered and sold, and thus are not registered under the securities laws. As a result, there may be a limited secondary market for investments in CDOs and such investments may be illiquid. In addition to the risks associated with debt instruments (*e.g.*, interest rate risk and credit risk), CDOs carry additional risks including, but not limited to: (i) the possibility that distributions from collateral will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the possibility that a Fund may invest in CDOs that are subordinate to other classes of the issuer's securities; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

During periods of deteriorating economic conditions, such as recessions or periods of rising unemployment, delinquencies and losses generally increase, sometimes dramatically, with respect to debt obligations.

Preferred Stocks

Each Fund may invest in exchange-listed preferred stocks. Preferred stocks include convertible and non-convertible preferred and preference stocks that are senior to common stock. Preferred stocks are equity securities that are senior to common stock with respect to the right to receive dividends and a fixed share of the proceeds resulting from the issuer's liquidation. Some preferred stocks also entitle their holders to receive additional liquidation proceeds on the same basis as holders of the issuer's common stock, and thus represent an ownership interest in the issuer. Depending on the features of the particular security, holders of preferred stock may bear the risks disclosed in the Prospectus or this SAI regarding equity or fixed income securities.

Hybrid Securities

Preferred stock, including trust-preferred stocks, has a preference in liquidation (and, generally dividends) over common stock but is subordinated in liquidation to debt. As a general rule the market value of preferred stocks with fixed dividend rates and no conversion rights varies inversely with interest rates and perceived credit risk, with the price determined by the dividend rate. Some preferred stocks are convertible into other securities (for example, common stock) at a fixed price and ratio or upon the occurrence of certain events. The market price of convertible preferred stocks generally reflects an element of conversion value. Because many preferred stocks lack a fixed maturity date, these securities generally fluctuate substantially in value when interest rates change; such fluctuations often exceed those of long-term bonds of the same issuer.

Some preferred stocks pay an adjustable dividend that may be based on an index, formula, auction procedure or other dividend rate reset mechanism. In the absence of credit deterioration, adjustable rate preferred stocks tend to have more stable market values than fixed rate preferred stocks. All preferred stocks are also subject to the same types of credit risks of the issuer as corporate bonds. In addition, because preferred stock is junior to debt securities and other obligations of an issuer, deterioration in the credit rating of the issuer will cause greater changes in the value of a preferred stock than in a more senior debt security with similar yield characteristics. Preferred stocks may be rated by S&P and Moody's although there is no minimum rating which a preferred stock must have (and a preferred stock may not be rated) to be an eligible investment for the Funds. Angel Oak expects, however, that generally the preferred stocks in which the Funds invest will be rated at least CCC by S&P or Caa by Moody's or, if unrated, of comparable quality in the opinion of Angel Oak. Preferred stocks rated CCC by S&P are regarded as predominantly speculative with respect to the issuer's capacity to pay preferred stock obligations and represent the highest degree of speculation among securities rated between BB and CCC; preferred stocks rated Caa by Moody's are likely to be in arrears on dividend payments. Moody's rating with respect to preferred stocks does not purport to indicate the future status of payments of dividends.

Convertible Securities

The Funds may invest in convertible securities which are preferred stocks or bonds that pay a fixed dividend or interest payment and are convertible into common stock or other equity interests at a specified price or conversion ratio during a specified period. Although convertible bonds, convertible preferred stocks, and other securities

convertible into equity securities may have some attributes of income securities or debt securities, the Funds generally treat such securities as equity securities. By investing in convertible securities, the Funds may seek income, and may also seek the opportunity, through the conversion feature, to participate in the capital appreciation of the common stock or other interests into which the securities are convertible, while potentially earning a higher fixed rate of return than is ordinarily available in common stocks. While the value of convertible securities depends in part on interest rate changes and the credit quality of the issuers, the value of these securities will also change based on changes in the value of the underlying stock. Income paid by a convertible security may provide a limited cushion against a decline in the price of the security; however, convertible securities generally have less potential for gain than common stocks. Also, convertible bonds generally pay less income than non-convertible bonds.

The Funds may invest in contingent securities structured as contingent convertible securities, also known as CoCos." Contingent convertible securities are hybrid debt securities typically issued by non-U.S. banks and are designed to behave like bonds in times of economic health and either convert into equity at a predetermined share price or are written down in value based on the specific terms of the individual security if a pre-specified trigger event occurs. Unlike traditional convertible securities, the conversion of a contingent convertible security from debt to equity is "contingent" and will occur only in the case of a trigger event. Trigger events vary by instrument and are defined by the documents governing the contingent convertible security. Trigger events may include a decline in the issuer's capital below a specified threshold level, increase in the issuer's risk weighted assets, the share price of the issuer falling to a particular level for a certain period of time and certain regulatory events.

Contingent convertible securities are subject to the credit, interest rate, high yield security, foreign security and markets risks associated with bonds and equities, and to the risks specific to convertible securities in general. Contingent convertible securities are also subject to additional risks specific to their structure including conversion risk. Because trigger events are not consistently defined among contingent convertible securities, this risk is greater for contingent convertible securities that are issued by banks with capital ratios close to the level specified in the trigger event.

In addition, coupon payments on contingent convertible securities are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. Due to the uncertainty surrounding coupon payments, contingent convertible securities may be volatile and their price may decline rapidly in the event that coupon payments are suspended.

Convertible contingent securities are a newer form of instrument and the regulatory environment for these instruments continues to evolve. Because the market for contingent convertible securities is evolving, it is uncertain how the larger market for contingent convertible securities would react to a trigger event or coupon suspension applicable to a single issuer.

Defaulted Securities

The Total Return Bond ETF may invest in securities in default. Defaulted securities risk refers to the significant risk of the uncertainty of repayment of defaulted securities (*e.g.*, a security on which a principal or interest payment is not made when due) and obligations of distressed issuers (including insolvent issuers or issuers in payment or covenant default, in workout or restructuring or in bankruptcy or similar proceedings). Because the issuer of such securities is in default and is likely to be in distressed financial condition, repayment of defaulted securities and obligations of distressed issuers is subject to significant uncertainties. Insolvency laws and practices in foreign markets, and especially emerging market countries, are different than those in the U.S. and the effect of these laws and practices cannot be predicted with certainty. Investments in defaulted securities and obligations of distressed issuers are considered speculative and entail high risk.

Senior Loan and Subordination Risk

In addition to the risks typically associated with debt securities and loans generally, Senior Loans are also subject to the risk that a court could subordinate a Senior Loan, which typically holds a senior position in the capital structure of a borrower, to presently existing or future indebtedness or take other action detrimental to the holders of Senior Loans.

The Total Return ETF's investments in Senior Loans may be collateralized with one or more of (1) working capital assets, such as accounts receivable and inventory, (2) tangible fixed assets, such as real property, buildings and

equipment, (3) intangible assets such as trademarks or patents, or (4) security interests in shares of stock of the borrower or its subsidiaries or affiliates. In the case of loans to a non-public company, the company's shareholders or owners may provide collateral in the form of secured guarantees and/or security interests in assets they own. However, the value of the collateral may decline after the Total Return ETF buys the Senior Loan, particularly if the collateral consists of equity securities of the borrower or its affiliates. If a borrower defaults, insolvency laws may limit the Total Return ETF's access to the collateral, or the lenders may be unable to liquidate the collateral. A bankruptcy court might find that the collateral securing the Senior Loan is invalid or require the borrower to use the collateral to pay other outstanding obligations. If the collateral consists of stock of the borrower or its subsidiaries, the stock may lose all of its value in the event of a bankruptcy, which would leave the Total Return ETF exposed to greater potential loss. As a result, a collateralized Senior Loan may not be fully collateralized and can decline significantly in value.

If a borrower defaults on a collateralized Senior Loan, the Total Return ETF may receive assets other than cash or securities in full or partial satisfaction of the borrower's obligation under the Senior Loan. Those assets may be illiquid, and the Total Return ETF might not be able to realize the benefit of the assets for legal, practical or other reasons. The Total Return ETF might hold those assets until the Adviser determined it was appropriate to dispose of them. If the collateral becomes illiquid or loses some or all of its value, the collateral may not be sufficient to protect the Total Return ETF in the event of a default of scheduled interest or principal payments.

The Total Return ETF can invest in Senior Loans that are not secured. If the borrower is unable to pay interest or defaults in the payment of principal, there will be no collateral on which the Total Return ETF can foreclose. Therefore, these loans typically present greater risks than collateralized Senior Loans.

Due to restrictions on transfers in loan agreements and the nature of the private syndication of Senior Loans including, for example, the lack of publicly-available information, some Senior Loans are not as easily purchased or sold as publicly-traded securities. Some Senior Loans and other Total Return ETF investments are illiquid, which may make it difficult for the Total Return ETF to value them or dispose of them at an acceptable price. Direct investments in Senior Loans and investments in participation interests in or assignments of Senior Loans may be limited.

Mortgage-Backed Securities

The Funds may invest in mortgage-backed securities. These investments include agency pass-through certificates, private mortgage pass-through securities, collateralized mortgage obligations, commercial mortgage-backed securities, stripped mortgage-backed securities and adjustable-rate mortgage securities, as defined and described below.

A mortgage-backed security is a type of pass-through security, which is a security representing pooled debt obligations repackaged as interests that pass income through an intermediary to investors. In the case of mortgage-backed securities, the ownership interest is in a pool of mortgage loans. Residential mortgage-backed securities ("*RMBS*") are backed by a pool of mortgages on residential property while commercial mortgage-backed securities ("*CMBS*") are backed by a pool of mortgages on commercial property.

Mortgage-backed securities are most commonly issued or guaranteed by the Government National Mortgage Association ("*Ginnie Mae*" or "*GNMA*"), Federal National Mortgage Association ("*Fannie Mae*" or "*FNMA*") or Federal Home Loan Mortgage Corporation ("*Freddie Mac*" or "*FHLMC*") but may also be issued or guaranteed by other private issuers.

GNMA is a government-owned corporation that is an agency of the U.S. Department of Housing and Urban Development. It guarantees, with the full faith and credit of the United States, full and timely payment of all monthly principal and interest on its mortgage-backed securities.

Government-related guarantors (*i.e.*, not backed by the full faith and credit of the U.S. government) include FNMA and FHLMC. FNMA is a government-sponsored corporation. FNMA purchases conventional (*i.e.*, not insured or guaranteed by any government agency) residential mortgages from a list of approved seller/servicers which include state and federally chartered savings and loan associations, mutual savings banks, commercial banks and credit unions and mortgage bankers. Pass-through securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA, but are not backed by the full faith and credit of the U.S. government. FHLMC was

created by Congress in 1970 for the purpose of increasing the availability of mortgage credit for residential housing. It is a government-sponsored corporation that issues Participation Certificates ("*PCs*"), which are pass-through securities, each representing an undivided interest in a pool of residential mortgages. FHLMC guarantees the timely payment of interest and ultimate collection of principal, but PCs are not backed by the full faith and credit of the U.S. government.

On September 6, 2008, the Federal Housing Finance Agency ("*FHFA*") placed FNMA and FHLMC into conservatorship. As the conservator, FHFA succeeded to all rights, titles, powers and privileges of FNMA and FHLMC and of any stockholder, officer or director of FNMA and FHLMC with respect to FNMA and FHLMC and the assets of FNMA and FHLMC. FHFA selected a new chief executive officer and chairman of the board of directors for each of FNMA and FHLMC. In addition, the U.S. Treasury Department agreed to provide FNMA and FHLMC with up to $100 billion of capital each to ensure that they are able to continue to provide ongoing liquidity to the U.S. home mortgage market. FNMA and FHLMC are continuing to operate as going concerns while in conservatorship and each remain liable for all of its obligations, including its guaranty obligations, associated with its mortgage-backed securities.

Privately Issued Mortgage-Backed Securities. Mortgage-backed securities issued by private issuers, whether or not such obligations are subject to guarantees by the private issuer, may entail greater risk than obligations directly or indirectly guaranteed by the U.S. government. Any investments the Portfolio makes in mortgage-related securities that are issued by private issuers have some exposure to subprime loans as well as to the mortgage and credit markets generally. Private issuers include commercial banks, savings associations, mortgage companies, investment banking firms, finance companies and special purpose finance entities (called special purpose vehicles or structured investment vehicles) and other entities that acquire and package mortgage loans for resale as mortgage-related securities. Unlike mortgage-related securities issued or guaranteed by the U.S. government or one of its sponsored entities, mortgage-related securities issued by private issuers do not have a government or government-sponsored entity guarantee, but may have credit enhancement provided by external entities such as banks or financial institutions or achieved through the structuring of the transaction itself. Examples of such credit support arising out of the structure of the transaction include: (1) the issuance of senior and subordinated securities (*e.g.*, the issuance of securities by a special purpose vehicle in multiple classes or "tranches," with one or more classes being senior to other subordinated classes as to the payment of principal and interest, with the result that defaults on the underlying mortgage loans are borne first by the holders of the subordinated class); (2) the creation of "reserve funds" (in which case cash or investments, sometimes funded from a portion of the payments on the underlying mortgage loans, are held in reserve against future losses); and (3) "overcollateralization" (in which case the scheduled payments on, or the principal amount of, the underlying mortgage loans exceeds that required to make payment of the securities and pay any servicing or other fees). However, there can be no guarantee that credit enhancements, if any, will be sufficient to prevent losses in the event of defaults on the underlying mortgage loans.

In addition, mortgage-related securities that are issued by private issuers are not subject to the underwriting requirements for the underlying mortgages that are applicable to those mortgage-related securities that have a government or government-sponsored entity guarantee. As a result, the mortgage loans underlying private mortgage-related securities may, and frequently do, have less favorable collateral, credit risk or other underwriting characteristics than government or government-sponsored mortgage-related securities and have wider variances in a number of terms including interest rate, term, size, purpose and borrower characteristics. Privately issued pools more frequently include second mortgages, high loan-to-value mortgages and manufactured housing loans. The coupon rates and maturities of the underlying mortgage loans in a private-label mortgage-related securities pool may vary to a greater extent than those included in a government guaranteed pool, and the pool may include subprime mortgage loans. Subprime loans refer to loans made to borrowers with weakened credit histories or with a lower capacity to make timely payments on their loans. For these reasons, the loans underlying these securities have had in many cases higher default rates than those loans that meet government underwriting requirements.

The risk of non-payment is greater for mortgage-related securities that are backed by mortgage pools that contain subprime loans, but a level of risk exists for all loans. Market factors adversely affecting mortgage loan repayments may include a general economic turndown, high unemployment, a general slowdown in the real estate market, a drop in the market prices of real estate, or an increase in interest rates resulting in higher mortgage payments by holders of adjustable-rate mortgages.

Privately issued mortgage-related securities are generally less liquid than obligations directly or indirectly guaranteed by the U.S. government or a government-sponsored entity, especially when there is a perceived weakness in the mortgage and real estate market sectors. Without an active trading market, mortgage-related securities held in the Portfolio may be particularly difficult to value because of the complexities involved in assessing the value of the underlying mortgage loans.

The average life of a mortgage-backed security is likely to be substantially less than the original maturity of the mortgage pools underlying the securities. Prepayments of principal by mortgagors and mortgage foreclosures will usually result in the return of the greater part of principal invested far in advance of the maturity of the mortgages in the pool or can result in credit losses.

Collateralized Mortgage Obligations. Collateralized mortgage obligations ("*CMOs*") are debt obligations collateralized by mortgage loans or mortgage pass-through securities (collateral collectively referred to hereinafter as "*Mortgage Assets*"). Multi-class pass-through securities are interests in a trust composed of Mortgage Assets. All references in this section to CMOs include multi-class pass-through securities. Principal prepayments on the Mortgage Assets may cause the CMOs to be retired substantially earlier than their stated maturities or final distribution dates, resulting in a loss of all or part of the premium if any has been paid. Interest is paid or accrues on all classes of the CMOs on a monthly, quarterly or semi-annual basis. The principal and interest payments on the Mortgage Assets may be allocated among the various classes of CMOs in several ways. Typically, payments of principal, including any prepayments, on the underlying mortgages are applied to the classes in the order of their respective stated maturities or final distribution dates, so that no payment of principal is made on CMOs of a class until all CMOs of other classes having earlier stated maturities or final distribution dates have been paid in full.

Stripped Mortgage-Backed Securities. Stripped mortgage-backed securities ("*SMBS*") are derivative multi-class mortgage securities. SMBS are usually structured with two classes that receive different proportions of the interest and principal distributions from a pool of mortgage assets. The Portfolio will only invest in SMBS whose mortgage assets are U.S. government obligations. A common type of SMBS will be structured so that one class receives some of the interest and most of the principal from the mortgage assets, while the other class receives most of the interest and the remainder of the principal. If the underlying mortgage assets experience greater than anticipated prepayments of principal, the Portfolio may fail to fully recoup its initial investment in these securities. The market value of any class which consists primarily or entirely of principal payments generally is unusually volatile in response to changes in interest rates.

Adjustable-Rate Mortgage Securities. The Funds may invest in Adjustable-Rate Mortgage Securities ("*ARMS*"). ARMS are pass-through mortgage securities collateralized by mortgages with interest rates that are adjusted from time to time. ARMS also include adjustable-rate tranches of CMOs. The adjustments usually are determined in accordance with a predetermined interest rate index and may be subject to certain limits. While the values of ARMS, like other debt securities, generally vary inversely with changes in market interest rates (increasing in value during periods of declining interest rates and decreasing in value during periods of increasing interest rates), the values of ARMS should generally be more resistant to price swings than other debt securities because the interest rates of ARMS move with market interest rates. The adjustable-rate feature of ARMS will not, however, eliminate fluctuations in the prices of ARMS, particularly during periods of extreme fluctuations in interest rates. Moreover, rising interest rates may lead to borrowers on mortgages underlying ARMS not being able to afford the corresponding higher payments, which could negatively impact the credit and prices of non-agency ARMS.

ARMS typically have caps which limit the maximum amount by which the interest rate may be increased or decreased at periodic intervals or over the life of the loan. To the extent interest rates increase in excess of the caps, ARMS can be expected to behave more like traditional debt securities and to decline in value to a greater extent than would be the case in the absence of such caps. Also, since many adjustable-rate mortgages only reset on an annual basis, it can be expected that the prices of ARMS will fluctuate to the extent changes in prevailing interest rates are not immediately reflected in the interest rates payable on the underlying adjustable-rate mortgages. The extent to which the prices of ARMS fluctuate with changes in interest rates will also be affected by the indices underlying the ARMS.

Risks of Investing in Mortgage-Backed Securities. Investment in mortgage-backed securities poses several risks, including, among others, prepayment, market and credit risk. Prepayment risk reflects the risk that borrowers may prepay their mortgages faster than expected, thereby affecting the investment's average life and perhaps its yield.

Whether or not a mortgage loan is prepaid is almost entirely controlled by the borrower. Borrowers are most likely to exercise prepayment options at the time when it is least advantageous to investors, generally prepaying mortgages as interest rates fall, and slowing payments as interest rates rise. Besides the effect of prevailing interest rates, the rate of prepayment and refinancing of mortgages may also be affected by home value appreciation, ease of the refinancing process and local economic conditions. Market risk reflects the risk that the price of a security may fluctuate over time. The price of mortgage-backed securities may be particularly sensitive to prevailing interest rates, the length of time the security is expected to be outstanding and the liquidity of the issue. In a period of unstable interest rates, there may be decreased demand for certain types of mortgage-backed securities, and the Portfolio invested in such securities wishing to sell them may find it difficult to find a buyer, which may in turn decrease the price at which they may be sold. Credit risk reflects the risk that the Portfolio may not receive all or part of its principal because the issuer or credit enhancer has defaulted on its obligations. Obligations issued by U.S. government-related entities are guaranteed as to the payment of principal and interest but are not backed by the full faith and credit of the U.S. government. The performance of private label mortgage-backed securities, issued by private institutions, is based on the financial health of those institutions.

The risks to which CMBS are subject differ somewhat from the risks to which RMBS are subject. CMBS are typically backed by a much smaller number of mortgages than RMBS are, so problems with one or a small number of mortgages backing a CMBS can have a large impact on its value. As CMBS have a less diversified pool of loans backing them, they are much more susceptible to property-specific risk. The values of CMBS are also more sensitive to macroeconomic trends. For example, when the economy slows rents generally decrease and vacancies generally increase for commercial real estate. Similarly, as many CMBS have a large exposure to retail properties, events that negatively impact the retail industry can also negatively impact the value of CMBS.

Money Market Instruments

The Funds may invest in money market instruments including U.S. Government obligations or corporate debt obligations (including those subject to repurchase agreements) provided that they are eligible for purchase by the Fund. Money market instruments also may include banker's acceptances and certificates of deposit of domestic branches of U.S. banks, commercial paper, and variable amount demand master notes ("Master Notes"). Banker's acceptances are time drafts drawn on and "accepted" by a bank. When a bank "accepts" such a time draft, it assumes liability for its payment. When the Fund acquires a banker's acceptance, the bank that "accepted" the time draft is liable for payment of interest and principal when due. The banker's acceptance carries the full faith and credit of such bank. A certificate of deposit ("CD") is an unsecured, interest-bearing debt obligation of a bank. Commercial paper is an unsecured, short-term debt obligation of a bank, corporation, or other borrower. Commercial paper maturity generally ranges from two to 270 days and is usually sold on a discounted basis rather than as an interest-bearing instrument. The Funds will invest in commercial paper only if it is rated in one of the top two rating categories by Moody's Investors Service, Inc., Standard & Poor's Ratings Services, or Fitch Investors Service, Inc., or if not rated, of equivalent quality in a Sub-Adviser's opinion. Commercial paper may include Master Notes of the same quality. Master Notes are unsecured obligations that are redeemable upon demand of the holder and that permit the investment of fluctuating amounts at varying rates of interest. Master Notes will be acquired by the Fund only through the Master Note program of the Fund's custodian bank, acting as administrator thereof. The Sub-Advisers will monitor, on a continuous basis, the earnings power, cash flow, and other liquidity ratios of the issuer of a Master Note held by the Funds.

U.S. Government Securities

The Funds may invest in U.S. Government securities, defined to be (i) U.S. Treasury notes, U.S. Treasury bonds, U.S. Treasury bills, and other U.S. Government obligations; (ii) obligations of the Government National Mortgage Association (GNMA) and other U.S. Government sponsored entities that are guaranteed by the U.S. Government; and (iii) obligations of the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Housing Administration (FHA), Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Student Loan Marketing Association (SLMA), The Tennessee Valley Authority (TVA) and other U.S. Government authorities, agencies, and instrumentalities. While obligations of some U.S. Government sponsored entities are supported by the full faith and credit of the U.S. Government (*e.g.*, GNMA), others are not. No assurance can be given that the U.S. Government will provide financial support to U.S. Government agencies or

instrumentalities in the future since it is not obligated to do so by law. The guarantee of the U.S. Government does not extend to the yield or value of the Fund's shares.

Debentures

The Total Return ETF may invest in debentures is long-term, unsecured, debt instrument backed only by the integrity of the borrower, not by collateral, and documented by an indenture. Governments often issue debentures, in part because they generally cannot guarantee debt with assets (government assets are public property). The primary risk with this type of investment is that the issuer will default or go into bankruptcy. As an unsecured creditor, in the event of default or bankruptcy, the holder of a debenture does not have a claim against any specific assets of the issuing firm, so the investor will only be paid from the issuer's assets after the secured creditors have been paid. The Fund may invest in all types of debentures, including corporate and government debentures.

Derivative Instruments Risk

When a Fund enters into options, futures, and other forms of financial derivatives, such as foreign exchange contracts, the investments involve risks different from direct investments in the underlying securities. While transactions in derivatives may reduce certain risks, these transactions themselves entail certain other risks. For example, unanticipated changes in expected future volatility, interest rates, securities prices, or currency exchange rates may result in a poorer overall performance of the Fund than if they had not entered into any derivatives transactions. Derivatives may magnify the Fund's gains or losses, causing it to make or lose substantially more than it invested. When the Fund invests in options, futures, and other forms of financial derivatives, the Fund will comply with the applicable requirements of the 1940 Act and the guidance of no-action letters issued by the SEC, including Rule 18f-4 under the 1940 Act.

When used for hedging purposes, increases in the value of the securities a Fund holds or intends to acquire may offset any losses incurred with a derivative. Purchasing derivatives for purposes other than hedging could expose a Fund to greater risks.

A Fund's ability to hedge securities through derivatives depends on the degree to which price movements in the underlying index or instrument correlate with price movements in the relevant securities. In the case of poor correlation, the price of the securities the Fund is hedging may not move in the same amount, or even in the same direction as the hedging instrument. A Fund will try to minimize this risk by investing only in those contracts whose behavior it expects to resemble with the portfolio securities it is trying to hedge. However, if a Fund's prediction of interest and currency rates, market value, expected future volatility, or other economic factors is incorrect, the Fund may lose money, or may not make as much money as it expected.

Derivative prices can diverge from the prices of their underlying instruments, even if the characteristics of the underlying instruments are very similar to the derivative. Listed below are some of the factors that may cause such a divergence:

- current and anticipated short-term interest rates, changes in expected future volatility of the underlying instrument, and the time remaining until expiration of the contract;
- a difference between the derivatives and securities markets, including different levels of demand, how the instruments are traded, the imposition of daily price fluctuation limits or trading of an instrument stops; and
- differences between the derivatives, such as different margin requirements, different liquidity of such markets, and the participation of speculators in such markets.

Derivatives based upon a narrow index of securities may present greater risk than derivatives based on a broad index. Since narrower indices are made up of a smaller number of securities, they may be more susceptible to rapid and extreme price fluctuations because of changes in the value of those securities.

While currency futures and options values are expected to correlate with exchange rates, they may not reflect other factors that affect the value of the investments of the Fund. A currency hedge, for example, should protect a yen-denominated security from a decline in the yen, but will not protect a Fund against a price decline resulting from deterioration in the issuer's creditworthiness. Because the value of a Fund's foreign-denominated investments, if any, changes in response to many factors other than exchange rates, it may not be possible to match the amount of currency options and futures to the value of the Fund's investments precisely over time.

Before a futures contract or option is exercised or expires, a Fund can terminate it only by entering into a closing purchase or sale transaction. Moreover, in some cases, a Fund may close out a futures contract only on the exchange the contract was initially traded. Although a Fund intends to purchase options and futures only where there appears to be an active market, there is no guarantee that such a liquid market will exist. If there is no secondary market for the contract, or the market is illiquid, a Fund may not be able to close out a position. In an illiquid market, a Fund may:

- have to sell securities to meet its daily margin requirements at a time when it is disadvantageous to do so;
- have to purchase or sell the instrument underlying the contract;
- not be able to hedge its investments; and
- not be able to realize profits or limit its losses.

Derivatives may become illiquid (*i.e.*, difficult to sell at a desired time and price) under a variety of market conditions. For example:

- an exchange may suspend or limit trading in a particular derivative instrument, an entire category of derivatives, or all derivatives, which sometimes occurs because of increased market volatility;
- unusual or unforeseen circumstances may interrupt normal operations of an exchange;
- the facilities of the exchange may not be adequate to handle current trading volume;
- equipment failures, government intervention, insolvency of a brokerage firm or clearing house, or other occurrences may disrupt normal trading activity; or
- investors may lose interest in a particular derivative or category of derivatives.

If a Fund incorrectly predicts securities market, expected future volatility or interest rate trends, the Fund may lose money by investing in derivatives. For example, if a Fund were to write a call option based on the expectation that the price of the underlying security would fall, but the price rose instead, the Fund could be required to sell the security upon exercise at a price below the current market price. Similarly, if a Fund were to write a put option based on the expectation that the price of the underlying security would rise, but the price fell instead, a Fund could be required to purchase the security upon exercise at a price higher than the current market price.

Because of the low margin deposits required upon the opening of a derivative position, such transactions may involve an extremely high degree of leverage. Consequently, a relatively small price movement in a derivative may result in an immediate and substantial loss (as well as gain) to the Fund and they may lose more than it originally invested in the derivative.

If the price of a futures contract changes adversely, a Fund may have to sell securities at a time when it is disadvantageous to do so to meet its minimum daily margin requirement. A Fund may lose margin deposits if a broker with whom they have an open futures contract or related option becomes insolvent or declares bankruptcy.

The prices of derivatives are volatile (*i.e.*, they may change rapidly, substantially, and unpredictably) and are influenced by a variety of factors, including:

- actual and anticipated changes in interest rates;
- fiscal and monetary policies; and
- national and international political events.

Most exchanges limit the amount by which the price of a derivative can change during a single trading day. Daily trading limits establish the maximum amount that the price of a derivative may vary from the settlement price of that derivative at the end of trading on the previous day. Once the price of a derivative reaches this value, the Fund may not trade that derivative at a price beyond that limit. The daily limit governs only price movements during a given day and does not limit potential gains or losses. Derivative prices have occasionally moved to the daily limit for several consecutive trading days, preventing prompt liquidation of the derivative.

Government Regulation of Derivatives. It is possible that government regulation of various types of derivative instruments, including futures and swap agreements, may limit or prevent a Fund from using such instruments as a part of its investment strategy, and could ultimately prevent the Fund from being able to achieve its investment objective. It is impossible to predict fully the effects of legislation and regulation in this area, but the effects could be substantial and adverse.

The futures markets are subject to comprehensive statutes, regulations, and margin requirements. The SEC, the Commodities Futures Trading Commission ("CFTC") and the exchanges are authorized to take extraordinary actions in the event of a market emergency, including, for example, the implementation or reduction of speculative position limits, the implementation of higher margin requirements, the establishment of daily price limits and the suspension of trading.

The regulation of swaps and futures transactions in the U.S., the European Union and other jurisdictions is a rapidly changing area of law and is subject to modification by government and judicial action. There is a possibility of future regulatory changes altering, perhaps to a material extent, the nature of an investment in the Fund or the ability of the Fund to continue to implement its investment strategies.

Under recently adopted rules and regulations, transactions in some types of swaps (including interest rate swaps and credit default swaps on North American and European indices) are required to be centrally cleared, and additional types of swaps may be required to be centrally cleared in the future. In a transaction involving those swaps ("cleared derivatives"), the Fund's counterparty is a clearing house, rather than a bank or broker. Since a Fund is not a member of clearing houses and only clearing members can participate directly in the clearing house, a Fund will hold cleared derivatives through accounts at clearing members. In cleared derivatives transactions, a Fund will make payments (including margin payments) to and receive payments from a clearing house through its accounts at clearing members. Clearing members guarantee performance of their clients' obligations to the clearing house.

In addition, U.S. regulators, the European Union and certain other jurisdictions have adopted minimum margin and capital requirements for uncleared OTC derivatives transactions. It is expected that these regulations will have a material impact on the Fund's use of uncleared derivatives. These rules will impose minimum margin requirements on derivatives transactions between the Fund and its swap counterparties and may increase the amount of margin the Fund is required to provide. They will impose regulatory requirements on the timing of transferring margin, which may accelerate a Fund's current margin process. They will also effectively require changes to typical derivatives margin documentation. Such requirements could increase the amount of margin a Fund needs to provide in connection with uncleared derivatives transactions and, therefore, make such transactions more expensive.

The Adviser, with respect to each Fund, has filed a notice of eligibility with the National Futures Association ("NFA") claiming an exclusion from the definition of the term Commodity Pool Operator ("CPO") pursuant to Commodity Futures Trading Commission ("CFTC") Regulation 4.5, as promulgated under the Commodity Exchange Act, as amended ("CEA"), with respect to a Fund's operations. Therefore, neither the Funds nor the Adviser, Strive or Angel Oak (with respect to the Funds) is subject to registration or regulation as a commodity pool or CPO under the CEA.

Rule 18f-4 ("Rule 18f-4" or the "Derivatives Rule") regulates the ability of the Fund to enter into derivative transactions and other leveraged transactions. Derivatives are defined by Rule 18f-4 to include short sales and forward contracts, such as to-be-announced transactions, as well as transactions traditionally characterized as derivatives, such as futures, options and swaps. Rule 18f-4 also regulates other types of leveraged transactions, such as reverse repurchase transactions and transactions "similar to" reverse repurchase transactions, which include certain securities lending transactions that provide leverage to the Portfolio.

Among other things, Rule 18f-4 treats those derivatives transactions that impose future payment or delivery obligations on the Fund as senior securities within the meaning of Section 18 of the 1940 Act. As a result, the Fund is prohibited from entering into these derivatives transactions except in reliance on the provisions of the Derivatives Rule. The Derivatives Rule establishes limits on the derivatives transactions that the Fund may enter into based on the value-at-risk ("VaR") of the Fund inclusive of derivatives. The Fund will generally satisfy the limits under the Derivatives Rule if the VaR of its portfolio (inclusive of derivatives transactions) does not exceed 200% of the VaR of its "designated reference portfolio." The "designated reference portfolio" is a representative unleveraged index or the Fund's own portfolio absent derivatives holdings, as determined by the Fund's derivatives risk manager. This

limits test is referred to as the "Relative VaR Test." If the Fund determines that the Relative VaR Test is not appropriate in light of its strategy, subject to specified conditions, the Fund may instead comply with the Absolute VaR Test. The Fund will satisfy the Absolute VaR Test if the VaR of its portfolio does not exceed 20% of the value of the Fund's net assets. In addition, among other requirements, Rule 18f-4 requires the Fund to establish a derivatives risk management program, appoint a derivatives risk manager, and carry out enhanced reporting to the Board, the SEC and the public regarding the Portfolio's derivatives activities.

Options

The Funds may purchase and sell/write call and put options on securities. The purchase and writing of options involves certain risks. During the option period, a call writer that holds the underlying security has, in return for the premium on the option, given up the opportunity to profit from a price increase in the underlying securities above the exercise price, but, as long as its obligation as a writer continues, has retained the risk of loss should the price of the underlying security decline. The writer of an option has no control over the time when it may be required to fulfill its obligation as a writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying securities at the exercise price. If a put or call option purchased by the Fund is not sold when it has remaining value, and if the market price of the underlying security, in the case of a put, remains equal to or greater than the exercise price or, in the case of a call, remains less than or equal to the exercise price, the Fund will lose its entire investment in the option. Also, where a put or call option on a particular security is purchased to hedge against price movements in a related security, the price of the put or call option may move more or less than the price of the related security. There can be no assurance that a liquid market will exist when the Fund seeks to close out an option position. Furthermore, if trading restrictions or suspensions are imposed on the options market, the Fund may be unable to close out a position.

The Funds may write a call or put option when the option is "covered" by holding a position in the underlying securities or by other means which would permit immediate satisfaction of the Fund's obligation as writer of the option. A written call option creates a potential obligation to sell the underlying security. In order to make sure that this obligation can be met, the Fund could (i) hold the security underlying the written option; (ii) hold an offsetting call option (one with a strike price that is the same or lower than the strike price of the written option); or (iii) segregate cash and liquid securities (which can be cash, U.S. Government securities, and other liquid debt or equity securities) that when added to collateral on deposit equals the market value of the underlying security. A written put option creates a potential obligation to buy the underlying security. In order to make sure that this obligation can be met, the Fund could (i) sell short the underlying security at the same or higher price than the strike price of the written put option; (ii) hold an offsetting put option (one with a strike price that is the same or higher than the strike price of the written option); or (iii) segregate cash and liquid securities that when added to collateral on deposit equals the strike price of the option.

The Fund may invest in various combinations of options, including a box spread ("Box Spread"). A Box Spread is the combination of a synthetic long position coupled with an offsetting synthetic short position through a combination of options contracts on an equity security or an equity index at the same expiration date. The synthetic long consists of buying a call option and selling a put option on the same security or index where the call option and put option share the same strike and expiration date (a "Synthetic Long"). When purchasing a Box Spread, the Synthetic Long will have a strike price that is less than the strike price for the Synthetic Short. The difference between the strike prices of the Synthetic Long and the Synthetic Short will determine the expiration value (or value at maturity) of the Box Spread. The synthetic short consists of buying a put option and selling a call option on the same security or index with the same expiration date as the synthetic long but using a different strike price (a "Synthetic Short"). When purchasing a Box Spread, the Synthetic Long will have a strike price that is less than the strike price for the Synthetic Short. The difference between the strike prices of the Synthetic Long and the Synthetic Short will determine the expiration value (or value at maturity) of the Box Spread.

An important feature of the Box Spread construction process is the elimination of risk tied to underlying market movements associated with the underlying option's security or equity index. The Fund may buy, hold, and/or sell multiple Box Spreads. A box spread has a fixed payoff at expiration (similar to the par value of a bond), which is equal to the difference between the strike prices of the options involved. The present value of this payoff depends on the prevailing interest rates in the same way that interest rates affect the present value of a bond's par value.

Options offer large amounts of leverage, which will result in the Fund's NAV being more sensitive to changes in the value of the related instrument. The Fund may purchase or write both exchange-traded and OTC options. Exchange-traded options in the United States are issued by a clearing organization affiliated with the exchange on which the option is listed that, in effect, guarantees completion of every exchange-traded option transaction. In contrast, OTC options are contracts between the Fund and its counterparty (usually a securities dealer or a bank) with no clearing organization guarantee. Thus, when the Fund purchases an OTC option, it relies on the counterparty from whom it purchased the option to make or take delivery of the underlying investment upon exercise of the option. Failure by the counterparty to do so would result in the loss of any premium paid by the Fund as well as the loss of any expected benefit of the transaction.

The Fund's ability to establish and close out positions in exchange-listed options depends on the existence of a liquid market. However, there can be no assurance that such a market will exist at any particular time. Closing transactions can be made for OTC options only by negotiating directly with the counterparty, or by a transaction in the secondary market if any such market exists. There can be no assurance that the Fund will in fact be able to close out an OTC option position at a favorable price prior to expiration. In the event of insolvency of the counterparty, the Fund might be unable to close out an OTC option position at any time prior to its expiration, if at all.

If the Fund is unable to effect a closing transaction for an option it had purchased, due to the absence of a counterparty or secondary market, the imposition of price limits or otherwise, it would have to exercise the option to realize any profit. The inability to enter into a closing purchase transaction for a covered call option written by the Fund could cause material losses because the Fund would be unable to sell the investment used as cover for the written option until the option expires or is exercised.

Options have varying expiration dates. The exercise price of the options may be below, equal to or above the current market value of the underlying security or instrument. Options purchased by the Fund that expire unexercised have no value, and the Fund will realize a loss in the amount of the premium paid and any transaction costs. If an option written by the Fund expires unexercised, the Fund realizes a gain equal to the premium received at the time the option was written. Transaction costs must be included in these calculations.

Futures Contracts

Each Fund may enter into futures contracts. A futures contract is a bilateral agreement to buy or sell a security (or deliver a cash settlement price, in the case of a contract relating to an index or otherwise not calling for physical delivery at the end of trading in the contracts) for a set price in the future. Futures contracts are designated by boards of trade that have been designated "contracts markets" by the CFTC. No purchase price is paid or received when the contract is entered into. Instead, the Fund, upon entering into a futures contract (and to maintain a Fund's open positions in futures contracts), would be required to deposit with its custodian in a segregated account in the name of the futures broker an amount of cash, U.S. Government securities, suitable money market instruments, or liquid, high-grade debt securities, known as "initial margin." The margin required for a particular futures contract is set by the exchange on which the contract is traded and may be significantly modified from time to time by the exchange during the term of the contract. Futures contracts are customarily purchased and sold on margin that may range upward from less than 5% of the value of the contract being traded. By using futures contracts as a risk management technique, given the greater liquidity in the futures market than in the cash market, it may be possible to accomplish certain results more quickly and with lower transaction costs.

If the price of an open futures contract changes (by increase in the case of a sale or by decrease in the case of a purchase) such that the loss on the futures contract reaches a point at which the margin on deposit does not satisfy margin requirements, the broker will require an increase in the margin. However, if the value of a position increases because of favorable price changes in the futures contract such that the margin deposit exceeds the required margin, the broker will pay the excess to the Fund. These subsequent payments, called "variation margin," to and from the futures broker, are made on a daily basis as the price of the underlying assets fluctuates, making the long and short positions in the futures contract more or less valuable, a process known as "marking to the market." A Fund is expected to earn interest income on initial and variation margin deposits.

A Fund will incur brokerage fees when it purchases and sells futures contracts. Positions taken in the futures markets are not normally held until delivery or cash settlement is required, but are instead liquidated through offsetting transactions that may result in a gain or a loss. While futures positions taken by a Fund will usually be liquidated in

this manner, a Fund may instead make or take delivery of underlying securities whenever it appears economically advantageous for a Fund to do so. A clearing organization associated with the exchange on which futures are traded assumes responsibility for closing out transactions and guarantees that as between the clearing members of an exchange, the sale and purchase obligations will be performed with regard to all positions that remain open at the termination of the contract.

In addition to the margin restrictions discussed above, transactions in futures contracts may involve the segregation of funds pursuant to requirements imposed by the SEC. Under those requirements, where a Fund has a long position in a futures contract, it may be required to establish a segregated account (not with a futures commission merchant or broker) containing cash or certain liquid assets equal to the purchase price of the contract (less any margin on deposit). However, segregation of assets is not required if a Fund "covers" a long position. For a short position in futures or forward contracts held by a Fund, those requirements may mandate the establishment of a segregated account (not with a futures commission merchant or broker) with cash or certain liquid assets that, when added to the amounts deposited as margin, equal the market value of the instruments underlying the futures contracts (but are not less than the price at which the short positions were established).

Short Sales

A short sale is a transaction in which a Fund sells a security it does not own or have the right to acquire (or that it owns but does not wish to deliver) in anticipation that the market price of that security will decline. When a Fund makes a short sale, the broker-dealer through which the short sale is made must borrow the security sold short and deliver it to the party purchasing the security. The Fund is required to make a margin deposit in connection with such short sales; a Fund may have to pay a fee to borrow particular securities and will often be obligated to pay over any dividends and accrued interest on borrowed securities.

If the price of the security sold short increases between the time of the short sale and the time a Fund covers the short position, a Fund will incur a loss; conversely, if the price declines, a Fund will realize a capital gain. Any gain will be decreased, and any loss increased, by the transaction costs described above. The successful use of short selling may be adversely affected by imperfect correlation between movements in the price of the security sold short and the securities being hedged.

If a Fund does sell "short", the Fund will comply with current guidance from the staff of the SEC regarding asset coverage requirements in accordance with the Trust's policies and procedures.

Swaps

The Funds may invest in currency, equity, interest rate, index, and other swaps, which involve the exchange by an investor with another party of their respective commitments, in an attempt to obtain a particular return when it is considered desirable to do so, possibly at a lower cost than if the Fund had invested directly in the asset that yielded the desired return. In the case of interest rate swaps, an investor may exchange with another party their respective commitments to pay or receive interest, such as an exchange of fixed rate payments for floating rate payments. Use of swaps subjects the investor to risk of default by the counterparties. If there is a default by the counterparty to such a transaction, there may be contractual remedies pursuant to the agreements related to the transaction although contractual remedies may not be sufficient in the event that the counterparty to the transaction is insolvent. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and agents utilizing standardized swap documentation. As a result, the swap market has become relatively liquid in comparison with the markets for other similar instruments which are traded in the interbank market. An investor may also enter into currency swaps or other swaps which are similar to interest rate swaps but may be surrogates for other instruments such as currency forwards or options.

Forward Commitment and When-Issued Securities

The Funds may purchase securities on a when-issued basis or for settlement at a future date if a Fund holds sufficient assets to meet the purchase price. In such purchase transactions, a Fund will not accrue interest on the purchased security until the actual settlement. Similarly, if a security is sold for a forward date, a Fund will accrue the interest until the settlement of the sale. When-issued security purchases and forward commitments have a higher degree of risk of price movement before settlement due to the extended time period between the execution and settlement of the purchase or sale. As a result, the exposure to the counterparty of the purchase or sale is increased.

Although a Fund would generally purchase securities on a forward commitment or when-issued basis with the intention of taking delivery, a Fund may sell such a security prior to the settlement date if the Sub-Advisers determine such action is appropriate. In such a case, a Fund could incur a short-term gain or loss.

High Yield Securities ("Junk Bonds")

Corporate bonds and certain other fixed income instruments (for purposes of this discussion, all such instruments are herein referred to as "securities") rated below investment grade, or such instruments that are unrated and are determined by Angel Oak to be of comparable quality, are high yield, high risk bonds, commonly known as "junk bonds."

For purposes of applying any limitations on the Funds' investments in such bonds, when an investment is rated by more than one NRSRO, the Adviser will utilize the highest credit rating for that security for purposes of applying any investment policies that incorporate credit ratings (*e.g.*, a policy to invest a certain percentage of a Fund's assets in securities rated investment grade) except where a Fund has a policy to invest a certain minimum percentage of its assets in securities that are rated below investment grade, in which case a Fund will utilize the lowest credit rating that applies to that investment.

While offering a greater potential opportunity for capital appreciation and higher yields compared to higher-rated fixed income securities, high yield investments typically entail greater potential price volatility and may be less liquid than higher-rated securities. Junk bonds and high yield investments may be regarded as predominantly speculative with respect to the issuer's continuing ability to meet principal and interest payments. Debt securities in the lowest investment grade category also may be considered to possess some speculative characteristics by certain rating agencies. In addition, analysis of the creditworthiness of issuers of high yield securities may be more complex than for issuers of higher quality securities. High yield securities may be more susceptible to real or perceived adverse economic and competitive industry conditions than investment grade securities. Issuers of securities in default may fail to resume principal or interest payments, in which case the Fund may lose its entire investment.

The lower ratings of certain securities held by a Fund reflect a greater possibility that adverse changes in the financial condition of the issuer, or in general economic conditions, or both, or an unanticipated rise in interest rates, may impair the ability of the issuer to make payments of interest and principal. The inability (or perceived inability) of issuers to make timely payment of interest and principal would likely make the values of securities held by a Fund more volatile and could limit a Fund's ability to sell its securities at prices approximating the values a Fund had placed on such securities. In the absence of a liquid trading market for securities held by it, the Fund may be unable at times to establish the fair market value of such securities. The rating assigned to a security by S&P or any other NRSRO does not reflect an assessment of the volatility of the security's market value or of the liquidity of an investment in the security.

Like those of other fixed-income securities, the values of lower-rated securities fluctuate in response to changes in interest rates. Thus, a decrease in interest rates generally will result in an increase in the value of a Fund's fixed-income securities. Conversely, during periods of rising interest rates, the value of a Fund's fixed-income securities generally will decline. In addition, the values of such securities are also affected by changes in general economic conditions and business conditions affecting the specific industries of their issuers. Changes by recognized rating services in their ratings of any fixed-income security and in the ability of an issuer to make payments of interest and principal may also affect the value of these investments. Changes in the values of portfolio securities generally will not affect cash income derived from such securities, but will affect a Fund's NAV.

Issuers of lower-rated securities are often highly leveraged, so that their ability to service their debt obligations during an economic downturn or during sustained periods of rising interest rates may be impaired. In addition, such issuers may not have more traditional methods of financing available to them, and may be unable to repay debt at maturity by refinancing. The risk of loss due to default in payment of interest or principal by such issuers is significantly greater because such securities frequently are unsecured and subordinated to the prior payment of senior indebtedness. Certain of the lower-rated securities in which a Fund may invest are issued to raise funds in connection with the acquisition of a company, in so-called leveraged buy-out transactions. The highly leveraged capital structure of such issuers may make them especially vulnerable to adverse changes in economic conditions.

Under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer, the Fund could find it more difficult to sell lower-rated securities when a Sub-Adviser believes it advisable to

do so or may be able to sell such securities only at prices lower than might otherwise be available. In many cases, lower-rated securities may be purchased in private placements and, accordingly, will be subject to restrictions on resale as a matter of contract or under securities laws. Under such circumstances, it may also be more difficult to determine the fair value of such securities for purposes of computing the Fund's NAV. In order to enforce its rights in the event of a default under lower-rated securities, a Fund may be required to take possession of and manage assets securing the issuer's obligations on such securities, which may increase a Fund's operating expenses and adversely affect the Fund's NAV. A Fund may also be limited in its ability to enforce its rights and may incur greater costs in enforcing its rights in the event an issuer becomes the subject of bankruptcy proceedings. In addition, a Fund's intention to qualify as a regulated investment company ("RIC") under the Internal Revenue Code of 1986, as amended (the "Code"), may limit the extent to which the Fund may exercise its rights by taking possession of such assets.

Certain securities held by a Fund may permit the issuer at its option to call, or redeem, its securities. If an issuer were to redeem securities held by a Fund during a time of declining interest rates, a Fund may not be able to reinvest the proceeds in securities providing the same investment return as the securities redeemed.

Lower-rated securities may be subject to certain risks not typically associated with investment grade securities, such as the following: (1) reliable and objective information about the value of lower rated obligations may be difficult to obtain because the market for such securities may be thinner and less active than that for investment grade obligations; (2) adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the values and liquidity of lower than investment grade obligations, and, in turn, adversely affect their market; (3) companies that issue lower rated obligations may be in the growth stage of their development, or may be financially troubled or highly leveraged, so they may not have more traditional methods of financing available to them; (4) when other institutional investors dispose of their holdings of lower rated debt securities, the general market and the prices for such securities could be adversely affected; and (5) the market for lower rated securities could be impaired if legislative proposals to limit their use in connection with corporate reorganizations or to limit their tax and other advantages are enacted.

Unrated Securities. Subject to its investment policies, each Fund may purchase unrated securities (which are not rated by a rating agency). Unrated securities may be less liquid than comparable rated securities and involve the risk that the Sub-Advisers may not accurately evaluate the security's creditworthiness. Analysis of creditworthiness of issuers of high yield securities may be more complex than for issuers of higher-quality fixed income securities. To the extent a Fund invests in high yield and/or unrated securities, a Fund's success in achieving its investment objective may depend more heavily on the Sub-Advisers' analysis than if a Fund invested exclusively in higher-quality and rated securities. Some or all of the unrated instruments in which the Fund may invest may involve credit risk comparable to or greater than that of rated debt securities of below investment grade quality.

Subordinated Debt Securities

Subordinated debt securities, sometimes also called "junior debt" are debt securities for which the issuer's obligations to make principal and interest payment are secondary to the issuer's payment obligations to more senior debt securities. Subordinated debt securities are subject to the same risks as other fixed income securities and are also subject to increased credit risk because the issuer, by definition, has issued other, more senior debt securities. The Funds may invest in subordinated debt securities, including those issued by banks.

Bank Subordinated Debt Risk

Banks may issue subordinated debt securities, which have a lower priority to full payment behind other more senior debt securities. This means, for example, that if the issuing bank were to become insolvent, subordinated debt holders may not receive a full return of their principal because the bank would have to satisfy the claims of senior debt holders first. In addition to the risks generally associated with fixed income instruments (e.g., interest rate risk, credit risk, etc.), bank subordinated debt is also subject to risks inherent to banks. Because banks are highly regulated and operate in a highly competitive environment, it may be difficult for a bank to meet its debt obligations. Banks also may be affected by changes in legislation and regulations applicable to the financial markets. This is especially true in light of the large amount of regulatory developments in recent years. Bank subordinated debt is often issued by smaller community banks that may be overly concentrated in a specific geographic region, lack the capacity to comply with new regulatory requirements or lack adequate capital. Smaller banks may also have a lower

capacity to withstand negative developments in the market in general. If any of these or other factors were to negatively affect a bank's operations, the bank could fail to make payments on its debt obligations, which would hurt a Fund's bank subordinated debt investments. Subordinated debt, senior debt and preferred securities of banks and diversified financials companies are subject to the risks generally associated with the financials sector.

Zero-Coupon, Delayed Interest, Pay-In-Kind, and Capital Appreciation Securities

Zero-coupon, delayed interest, pay-in-kind ("PIK") and capital appreciation securities are securities that make no periodic interest payments, but are sold at a discount from their face value. The buyer recognizes a rate of return determined by the gradual appreciation of the security, which is redeemed at face value on a specified maturity date. The discount varies depending on the time remaining until maturity, as well as market interest rates, liquidity of the security, and the issuer's perceived credit quality. The discount, in the absence of financial difficulties of the issuer, typically decreases as the final maturity date approaches. If the issuer defaults, a Fund may not receive any return on its investment. Because such securities bear no interest and generally compound periodically at the rate fixed at the time of issuance, their value generally is more volatile than the value of other fixed income securities. Since such bondholders do not receive interest payments, when interest rates rise, zero-coupon, delayed interest and capital appreciation securities fall more dramatically in value than bonds paying interest on a current basis. When interest rates fall, zero-coupon, delayed interest and capital appreciation securities rise more rapidly in value because the bonds reflect a fixed rate of return. An investment in zero-coupon, delayed interest and capital appreciation securities may cause a Fund to recognize income and make distributions to shareholders before it receives any cash payments on its investment. To generate cash to satisfy distribution requirements, a Fund may have to sell portfolio securities that it otherwise would have continued to hold or to use cash flows from other sources such as the sale of Fund shares.

PIK securities may be debt obligations or preferred shares that provide the issuer with the option of paying interest or dividends on such obligations in cash or in the form of additional securities rather than cash. Similar to zero-coupon bonds and delayed interest securities, PIK securities are designed to give an issuer flexibility in managing cash flow. PIK securities that are debt securities can be either senior or subordinated debt and generally trade flat (*i.e.*, without interest). The trading price of PIK debt securities generally reflects the market value of the underlying debt plus an amount representing accrued interest since the last interest payment.

When-Issued Securities and Forward Commitments

The Funds may purchase securities offered on a "when-issued" and "forward commitment" basis (including a delayed delivery basis). Securities purchased on a "when-issued" or "forward commitment basis" are securities not available for immediate delivery despite the fact that a market exists for those securities. A purchase is made on a "delayed delivery" basis when the transaction is structured to occur sometime in the future.

When these transactions are negotiated, the price, which is generally expressed in yield terms, is fixed at the time the commitment is made, but delivery and payment for the securities take place at a later date. Normally, the settlement date occurs within two months after the transaction, but delayed settlements beyond two months may be negotiated. During the period between a commitment and settlement, no payment is made for the securities purchased by the purchaser and, thus, no interest accrues to the purchaser from the transaction. At the time a Fund makes the commitment to purchase securities on a when-issued basis or forward commitment, the Fund will record the transaction as a purchase and thereafter reflect the value each day of such securities in determining its NAV.

Equity Securities

Common and Preferred Stock. The Funds may invest in common stock. Common stock represents an equity (ownership) interest in a company, and usually possesses voting rights and earns dividends. Dividends on common stock are not fixed but are declared at the discretion of the issuer. Common stock generally represents the riskiest investment in a company. In addition, common stock generally has the greatest appreciation and depreciation potential because increases and decreases in earnings are usually reflected in a company's stock price.

The Funds may invest in preferred stock. Preferred stock is a class of stock having a preference over common stock as to the payment of dividends and the recovery of investment should a company be liquidated, although preferred stock is usually junior to the debt securities of the issuer. Preferred stock typically does not possess voting rights and its market value may change based on changes in interest rates.

A risk of investing in common and preferred stock is that the value of the stock might decrease. Stock values fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. Historically, common stocks have provided greater long-term returns and have entailed greater short-term risks than preferred stocks, fixed-income and money market investments. The market value of all securities, including common and preferred stocks, is based upon the market's perception of value and not necessarily the book value of an issuer or other objective measures of a company's worth. If you invest in the Fund, you should be willing to accept the risks of the stock market and should consider an investment in the Fund only as a part of your overall investment portfolio.

Warrants. The Funds may invest in warrants. Warrants are securities, typically issued with preferred stock or bonds that give the holder the right to purchase a given number of shares of common stock at a specified price and time. The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants have no voting rights with respect to the common stock, receive no dividends and have no rights with respect to the assets of the issuer. Investments in warrants involve certain risks, including the possible lack of a liquid market for the resale of the warrants, potential price fluctuations due to adverse market conditions or other factors and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes worthless.

Depositary Receipts. Each Fund may invest in foreign securities by purchasing depositary receipts, including American Depositary Receipts ("ADRs"), European Depositary Receipts ("EDRs") and Global Depositary Receipts ("GDRs"). These securities may not necessarily be denominated in the same currency as the securities which they represent. Generally, ADRs, in registered form, are denominated in U.S. dollars and are designed for use in the U.S. securities markets, GDRs, in bearer form, are issued and designed for use outside the United States and EDRs (also referred to as Continental Depositary Receipts ("CDRs")), in bearer form, may be denominated in other currencies and are designed for use in European securities markets. ADRs are receipts typically issued by a U.S. bank or trust company evidencing ownership of the underlying securities. EDRs are European receipts evidencing a similar arrangement. GDRs are receipts typically issued by non-United States banks and trust companies that evidence ownership of either foreign or domestic securities. For purposes of the Fund's investment policies, ADRs, GDRs and EDRs are deemed to have the same classification as the underlying securities they represent. Thus, an ADR, GDR or EDR representing ownership of common stock will be treated as common stock.

Real Estate Investment Trusts (REITs)

An equity REIT owns real estate properties directly and generates income from rental and lease payments. Equity REITs also have the potential to generate capital gains as properties are sold at a profit. A mortgage REIT makes construction, development, and long-term mortgage loans to commercial real estate developers and earns interest income on these loans. A hybrid REIT holds both properties and mortgages. To avoid taxation at the corporate level, REITs must distribute most of their earnings to shareholders.

Investments in REITs are subject to many of the same risks as direct investments in real estate. In general, real estate values can be affected by a variety of factors, including, but not limited to, supply and demand for properties, general or local economic conditions, and the strength of specific industries that rent properties. Ultimately, a REIT's performance depends on the types and locations of the properties it owns and on how well the REIT manages its properties. For example, rental income could decline because of extended vacancies, increased competition from nearby properties, tenants' failure to pay rent, regulatory limitations on rents, fluctuations in rental income, variations in market rental rates, or incompetent management. Property values could decrease because of overbuilding in the area, environmental liabilities, uninsured damages caused by natural disasters, a general decline in the neighborhood, losses because of casualty or condemnation, increases in property taxes, or changes in zoning laws.

The value of a REIT may also be affected by changes in interest rates. Rising interest rates generally increase the cost of financing for real estate projects, which could cause the value of an equity REIT to decline. During periods of declining interest rates, mortgagors may elect to prepay mortgages held by mortgage REITs, which could lower or diminish the yield on the REIT. REITs are also subject to heavy cash-flow dependency, default by borrowers, and changes in tax and regulatory requirements. In addition, a REIT may fail to meet the requirements for qualification and taxation as a REIT under the Code and/or fail to maintain exemption from the 1940 Act.

Repurchase Agreements

Each Fund may enter into repurchase agreements with banks and broker-dealers. A repurchase agreement is an agreement under which securities are acquired by a Fund from a securities dealer or bank subject to resale at an agreed upon price on a later date. Each Fund bears a risk of loss in the event that the other party to a repurchase agreement defaults on its obligations and a Fund is delayed or prevented from exercising its rights to dispose of the collateral securities. Such a default may subject a Fund to expenses, delays, and risks of loss including: (i) possible declines in the value of the underlying security while the Fund seeks to enforce its rights, (ii) possible reduced levels of income and lack of access to income during this period, and (iii) the inability to enforce its rights and the expenses involved in attempted enforcement.

Cash Items

Each Fund may temporarily invest a portion of its assets in cash or cash items pending other investments or to maintain liquid assets required in connection with some of its investments. These cash items and other high quality debt securities may include money market instruments, such as securities issued by the U.S. government and its agencies, bankers' acceptances, commercial paper, bank certificates of deposit and investment companies that invest primarily in such instruments.

Illiquid Securities

Each Fund may invest in illiquid securities (*i.e.*, securities that are not readily marketable). Illiquid securities include, but are not limited to, restricted securities (securities the disposition of which is restricted under the federal securities laws), securities that may only be resold pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), but that are deemed to be illiquid; and repurchase agreements with maturities in excess of seven days. However, a Fund will not acquire illiquid securities if immediately after the acquisition, such securities would comprise more than 15% of the value of the Fund's net assets. Determinations of liquidity are made pursuant to guidelines contained in the liquidity risk management program of the Trust applicable to the relevant Fund. The Adviser determines and monitors the liquidity of the portfolio securities and reports periodically on its decisions to the Board. In making such liquidity determinations it primarily takes into account the average daily volume of trades. In addition, it may take into account a number of other factors in reaching liquidity decisions, including but not limited to: (1) the number of dealers willing to purchase or sell the security and the number of other potential buyers; (2) the willingness of dealers to undertake to make a market in the security; and (3) the nature of the marketplace trades, including the time needed to dispose of the security, the method of soliciting offers and the mechanics of the transfer. In connection with the implementation of the SEC's liquidity risk management rule and the liquidity risk management program of the Trust applicable to the relevant Fund, the term "illiquid security" is defined as a security that the relevant Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the security.

An institutional market has developed for certain restricted securities. Accordingly, contractual or legal restrictions on the resale of a security may not be indicative of the liquidity of the security. If such securities are eligible for purchase by institutional buyers in accordance with Rule 144A under the Securities Act or other exemptions, the Adviser may determine that the securities are liquid.

Restricted securities may be sold only in privately negotiated transactions or in a public offering with respect to which a registration statement is in effect under the Securities Act. Where registration is required, a Fund may be obligated to pay all or part of the registration expenses and a considerable period may elapse between the time of the decision to sell and the time the Fund may be permitted to sell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, a Fund might obtain a less favorable price than that which prevailed when it decided to sell.

Illiquid securities will be priced at fair value as determined in good faith under procedures adopted by the Board. If, through the appreciation of illiquid securities or the depreciation of liquid securities, a Fund should be in a position where more than 15% of the value of its net assets are invested in illiquid securities, including restricted securities which are not readily marketable, the Fund will take such steps as are deemed advisable, if any, to protect liquidity.

Investments in Other Investment Companies

Each Fund may invest in the securities of other investment companies to the extent permitted by the Investment Company Act, SEC rules thereunder and exemptions thereto. The market price for ETF shares may be higher or lower than, respectively, the ETF's NAV. Investing in another investment company exposes a Fund to all the risks of that investment company and, in general, subjects it to a pro rata portion of the other investment company's fees and expenses. As a result, investments by a Fund in an ETF could cause the Fund's operating expenses to be higher and, in turn, performance to be lower than if the Fund were to invest directly in the securities underlying the ETF.

Each Fund may invest in the securities of other investment companies to the extent that such an investment would be consistent with the requirements of Section 12(d)(1) of the Investment Company Act, or any rule, regulation or order of the SEC or interpretation thereof. Generally, the Fund may invest in the securities of another investment company (the "acquired company") provided that the Fund, immediately after such purchase or acquisition, does not own in the aggregate (i) more than 3% of the total outstanding voting stock of the acquired company, (ii) securities issued by the acquired company having an aggregate value in excess of 5% of the value of the total assets of the Fund, or (iii) securities issued by the acquired company and all other investment companies having an aggregate value in excess of 10% of the value of the total assets of the Fund. The Fund may invest in the securities of other investment companies beyond these limits if, for example, the Fund is part of a "master-feeder" structure or operates as a fund of funds in compliance with Section 12(d)(1)(E), (F) and (G) and the rules thereunder or Rule 12d1-4. Section 12(d)(1)(B) prohibits another investment company from selling its shares to the Fund if, after the sale (i) the Fund owns more than 3% of the other investment company's voting stock or (ii) the Fund and other investment companies, and companies controlled by them, own more than 10% of the voting stock of such other investment company.

For purposes of the Investment Company Act, Shares are issued by a registered investment company and purchases of such Shares by registered investment companies and companies relying on Section 3(c)(1) or 3(c)(7) of the Act are subject to the restrictions set forth in Section 12(d)(1) of the Act, except as permitted by an exemptive order of the SEC or rule promulgated under the Act.

Business Development Corporation (BDC) Risk

BDCs invest in private companies and securities of public companies, which may include debt instruments and may be thinly-traded securities. Generally, little public information exists for private and thinly-traded companies and there is a risk that investors may not be able to make fully informed investment decisions. Less mature and smaller private companies involve greater risk than well-established and larger publicly-traded companies. Investing in debt involves risk that the issuer may default on its payments or declare bankruptcy and debt may not be rated by a credit rating agency. Debt investments in which a BDC may invest may not be rated by a credit rating agency and could be below investment grade quality. These investments have predominantly speculative characteristics with respect to an issuer's capacity to make payments of interest and principal.

The Funds may invest in publicly-traded BDCs, which usually trade at a discount to their net asset value because they invest in unlisted securities and have limited access to capital markets. BDCs may leverage their portfolios through borrowings or the issuance of preferred stock. While leverage often serves to increase the yield of a BDC, this leverage also subjects a BDC to increased risks, including the likelihood of increased volatility and the possibility that a BDC's common share income will fall if the dividend rate of the preferred shares or the interest rate on any borrowings rises.

Portfolio Turnover

The following table shows information on the Funds' portfolio turnover rates comparing the two most recent fiscal period/year.

Name of Fund	2026	2025[1]
Strive Total Return Bond ETF	72%	39%
Strive Enhanced Income Short Maturity ETF	76%	54%

[1] For the period August 1, 2024 to June 30, 2025. Effective February 1, 2025, each Fund's fiscal year end changed from July 31 to June 30.

Cybersecurity Risk

Each Fund, like all companies, may be susceptible to operational and information security risks. Cyber security failures or breaches of the Funds or their service providers or the issuers of securities in which the Funds invest have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability of Fund shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs. The Funds and their shareholders could be negatively impacted as a result.

Artificial Intelligence Risk

The increasing adoption and use of artificial intelligence ("AI") technologies — including machine learning models, large language models, and generative AI — by market participants, financial intermediaries, issuers, and other third parties poses risks to a Fund that may be difficult to anticipate or mitigate. A Fund and its service providers may also utilize AI in connection with investment research, operations, and other business activities, and third-party providers utilized by a Fund or its service providers may incorporate AI into their products and services. Neither a Fund nor its service providers are in a position to control or restrict the use of AI by third parties.

The broad adoption of AI across financial markets may create systemic and market-wide risks. Where market participants rely on similar AI-driven models, strategies, or data sets, this could produce correlated behaviors, market herding, and reduced liquidity, particularly during periods of market stress. AI-driven automation may also accelerate the speed at which market dislocations occur, reducing the ability of a Fund and other market participants to respond effectively. AI-generated content may further contribute to the spread of financial misinformation, which could distort asset prices or market sentiment in ways that are difficult to detect or correct.

The legal and regulatory landscape governing AI — including frameworks relating to data privacy, algorithmic accountability, intellectual property, and consumer protection — is evolving rapidly and varies across jurisdictions. Changes to applicable law or regulation could materially alter the permissible uses of AI, impose significant compliance costs on a Fund or its service providers, or expose a Fund to legal liability. The unpredictable nature of AI's impact on market dynamics complicates traditional risk assessment models, making it more difficult to identify and respond to risks and opportunities using historical data. The growing role of AI in automating financial and economic processes also raises concerns about broader economic and social disruptions that could affect the markets in which a Fund invests. These and other related factors may increase the risks related to investing in a Fund and may affect the value of your investment in a Fund.

MANAGEMENT OF THE FUNDS

Trustees and Officers

The business and affairs of the Trust are managed by its officers under the oversight of its Board. The Board sets broad policies for the Trust and may appoint Trust officers. The Board oversees the performance of the Adviser, the Sub-Advisers, and the Trust's other service providers. Each Trustee serves until his or her successor is duly elected or appointed and qualified.

The Board is comprised of four Trustees. One Trustee and certain of the officers of the Trust are directors, officers or employees of the Adviser. The other Trustees (the "Independent Trustees") are not "interested persons" (as defined in Section 2(a)(19) of the Investment Company Act) of the Trust. The fund complex includes all funds advised by the Adviser ("Fund Complex").

The Trustees, their age, term of office and length of time served, their principal business occupations during the past five years, the number of portfolios in the Fund Complex overseen and other directorships, if any, held by each Trustee, are shown below. The officers, their age, term of office and length of time served and their principal business occupations during the past five years are shown below.

The address of each Trustee and each Officer is: c/o EA Series Trust, 3803 West Chester Pike, Suite 150, Newtown Square, PA 19073.

Name and Year of Birth	Position(s) Held with Trust	Term of Office and Length of Time Served	Principal Occupation During Past 5 Years	Number of Funds in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During Past 5 Years
Independent Trustees					
Daniel Dorn Born: 1975	Trustee	Indefinite term; Since 2014	Associate Professor of Finance, Drexel University, LeBow College of Business (2003–present).	116	None
Michael S. Pagano, Ph.D., CFA® Born: 1962	Trustee and Audit Committee Chairman	Indefinite term; Since 2014	The Robert J. and Mary Ellen Darretta Endowed Chair in Finance, Villanova University (1999–present); Founder, Michael S. Pagano, LLC (business consulting firm) (2008–present).	116	Citadel Federal Credit Union (pro bono service for non-profit)
Chukwuemeka (Emeka) O. Oguh Born: 1983	Trustee	Indefinite term; Since 2018	Co-founder and CEO, PeopleJoy (2016–present).	116	None
Interested Trustee and Officer*					
Wesley R. Gray, Ph.D. Born: 1980	Trustee, Chairman of the Board, and President	Indefinite term; Trustee and Chairman of the Board (since 2014); President (since 2025)	Founder and Executive Managing Member, EA Advisers (2013–present); Chief Executive Officer, EA Advisers (2024–present); Founder, Chief Executive Officer, and Chief Investment Officer, Alpha Architect, LLC (2014–present); Chief Compliance Officer, Alpha Architect (2023–present).	116	None

* Dr. Gray is an "interested person," as defined by the Investment Company Act, because of his employment with and ownership interest in the Adviser.

Officers

Name and Year of Birth	Position(s) Held with Trust	Term of Office and Length of Time Served	Principal Occupation During Past 5 Years
Michael D. Barolsky Born: 1981	Vice President and Secretary	Since 2025; President (2024 – 2025)	Chief Legal Officer, EA Advisers (December 2024–present); Chief Executive Officer, EA Advisers (June 2024–December 2024); Senior Vice President, U.S. Bank Global Fund Services (2019–2024).
Joshua J. Hinderliter Born: 1983	Vice President	Since 2025	General Counsel, EA Advisers (2025-present); Vice President, U.S. Bancorp Fund Services, LLC (2024-2025); Assistant Vice President, U.S. Bancorp Fund Services, LLC (2022-2024); Managing Associate, Thompson Hine LLP (2016–2022).
Sean R. Hegarty, CPA Born: 1993	Treasurer	Since 2023; Assistant Treasurer (2022 – 2023)	Chief Operating Officer, EA Advisers (2022–present); Assistant Vice President, U.S. Bank Global Fund Services (2018–2022).
Jessica D. Leighty Born: 1981	Chief Compliance Officer	Since 2022	Chief Compliance Officer, EA Advisers (2021–present); Chief Compliance Officer, Alpha Architect (2021–2023); Chief Compliance Officer, Snow Capital (2015–2021).
Elizabeth A. Winske Born: 1983	Assistant Treasurer	Since 2024	Senior Fund Operations Officer, EA Advisers (2023–present); Vice President, U.S. Bank Global Fund Services (2020–2023).
Marie L. Lostocco, CPA Born: 1985	Assistant Treasurer	Since 2025	Senior Fund Operations Officer, EA Advisers (2025–present); Vice President, BlackRock Corporation Inc. (2021–2025); Vice President, BlackRock Financial Management (2018–2021); Senior Audit Manager, Tait, Weller & Baker LLP (2008–2018).
Kyle Martinelli Born: 1993	Assistant Treasurer	Since 2025	Fund Operations Officer, EA Advisers (2025–present); Assistant Vice President, U.S. Bank Global Fund Services (2015–2025).

Trustee Qualifications

Information on the Trust's Trustees and Officers appears above including information on the business activities of Trustees during the past five years. In addition to personal qualities, such as integrity, the role of an effective Trustee inherently requires the ability to comprehend, discuss and critically analyze materials and issues presented in exercising judgments and reaching informed conclusions relevant to his duties and fiduciary obligations. The Board believes that the specific background of each Trustee evidences such ability and is appropriate to his serving on the Board. As indicated, Dr. Dorn holds an academic position in the area of finance. Dr. Pagano holds an academic position in the area of finance. Dr. Gray is the Founder and Executive Managing Member of the Adviser and Empirical Finance, LLC d/b/a Alpha Architect. Mr. Oguh is a financial technology entrepreneur, business executive and former mutual fund / ETF analyst.

Board Structure

Dr. Gray is considered to be an Interested Trustee and serves as Chairman of the Board. The Chairman's responsibilities include: setting an agenda for each meeting of the Board; presiding at all meetings of the Board and, if present, meetings of the Independent Trustees; and, serving as a liaison between the other Trustees, Trust officers, management personnel and counsel. Dr. Gray also serves as President of the Trust.

The Board believes that having an interested Chairman, who is familiar with the Adviser and its operations, while also having three-fourths of the Board composed of Independent Trustees, strikes an appropriate balance that allows the Board to benefit from the insights and perspective of a representative of management while empowering the Independent Trustees with the ultimate decision-making authority. The Board has not appointed a lead Independent

Trustee at this time. The Board does not believe that an independent Chairman or lead Independent Trustee would enhance the Board's effectiveness, as the relatively small size of the Board allows for diverse viewpoints to be shared and for effective communications between and among Independent Trustees and management so that meetings proceed efficiently. Independent Trustees have effective control over the Board's agenda because they form more than a majority of the Board and can request presentations and agenda topics at Board meetings.

The Board intends to hold four regularly scheduled meetings each year. The Board expects that such meetings will typically be held in person unless the Board determines that meeting by telephone or video conference is appropriate and permitted for the business being conducted at the applicable meeting. The Board may also hold special meetings, as needed, either in person, by telephone, or virtually (if permitted), to address matters arising between regular meetings. The Independent Trustees meet separately at each regularly scheduled in-person (or virtually, if permitted) meeting of the Board; during a portion of each such separate meeting management is not present. The Independent Trustees may also hold special meetings, as needed, either in person, by telephone, or virtually (if permitted).

The Board conducts a self-assessment on an annual basis, as part of which it considers whether the structure of the Board and its Committees is appropriate under the circumstances. Based on such self-assessment, among other things, the Board will consider whether its current structure is appropriate. As part of this self-assessment, the Board will consider several factors, including the number of funds overseen by the Board, their investment objectives, and the responsibilities entrusted to the Adviser and other service providers with respect to the oversight of the day-to-day operations of the Trust and the Fund Complex.

The Board sets broad policies for the Trust and may appoint Trust officers. The Board oversees the performance of the Adviser, the Sub-Advisers, and the Trust's other service providers. As part of its oversight function, the Board monitors each of the Adviser's, Strive's, and Angel Oak's risk management, including, as applicable, its management of investment, compliance and operational risks, through the receipt of periodic reports and presentations. The Board has not established a standing risk committee. Rather, the Board relies on Trust officers, advisory personnel and service providers to manage applicable risks and report exceptions to the Board in order to enable it to exercise its oversight responsibility. To this end, the Board receives reports from such parties at least quarterly, including, but not limited to, investment and/or performance reports, distribution reports, Rule 12b-1 reports, valuation reports and internal controls reports. Similarly, the Board receives quarterly reports from the Trust's chief compliance officer ("CCO"), including, but not limited to, a report on the Trust's compliance program, and the Independent Trustees have an opportunity to meet separately each quarter with the CCO. The CCO typically provides the Board with updates regarding the Trust's compliance policies and procedures, including any enhancements to them. The Board expects all parties, including, but not limited to, the Adviser, the Sub-Advisers, service providers and the CCO, to inform the Board on an intra-quarter basis if a material issue arises that requires the Board's oversight.

The Board generally exercises its oversight as a whole but has delegated certain oversight functions to an Audit Committee. The function of the Audit Committee is discussed in detail below.

Committees

The Board currently has two standing committees: an Audit Committee and a Nominating and Governance Committee (the "Nominating Committee"). Each Independent Trustee serves on each of these committees.

Dr. Pagano serves as the Audit Committee Chairman. The purposes of the Audit Committee are to: (1) oversee generally the Fund Complex's accounting and financial reporting policies and practices, their internal controls and, as appropriate, the internal controls of certain service providers; (2) oversee the quality, integrity and objectivity of the Fund Complex's financial statements and the independent audit thereof; (3) assist the full Board with its oversight of the Trust's compliance with legal and regulatory requirements that relate to the Fund Complex's accounting and financial reporting, internal controls and independent audits; (4) approve, prior to appointment, the engagement of the Trust's independent auditors and, in connection therewith, to review and evaluate the qualifications, independence and performance of the Trust's independent auditors; and (5) act as a liaison between the Trust's independent auditors and the full Board. For the fiscal year ended June 30, 2026, the Audit Committee met eight times.

The purposes of the Nominating Committee are, among other things, to: (1) identify and recommend for nomination candidates to serve as Trustees and/or on Board committees who are not "interested persons" as defined in Section 2(a)(19) of the Investment Company Act ("Interested Persons") of the Trust and who meet any independence requirements of Exchange Rule 5.3(k)(1) or the applicable rule of any other exchange on which shares of the Trust are listed; (2) evaluate and make recommendations to the full Board regarding potential trustee candidates who are Interested Persons of the Trust; and (3) review periodically the workload and capabilities of the Trustees and, as the Committee deems appropriate, to make recommendations to the Board if such a review suggests that changes to the size or composition of the Board and/or its committees are warranted. The Committee will generally not consider potential candidates for nomination identified by shareholders. For the fiscal year ended June 30, 2026, the Nominating Committee did not meet as there were no Board vacancies.

Compensation of Trustees

The Trust's officers and any interested Trustees receive no compensation directly from the Trust.

The Independent Trustees determine the amount of compensation that they receive. In determining compensation for the Independent Trustees, the Independent Trustees take into account a variety of factors including, among other things, their collective significant work experience (*e.g.*, in business and finance, government or academia). The Independent Trustees also recognize that these individuals' advice and counsel are in demand by other organizations, that these individuals may reject other opportunities because of the time demands of their duties as Independent Trustees, and that they undertake significant legal responsibilities. The Independent Trustees also consider the compensation paid to independent board members of other registered investment company complexes of comparable size.

Independent Trustees are paid an annual retainer for their services, including attendance at meetings of the Board. All Trustees are reimbursed for their travel expenses and other reasonable out-of-pocket expenses incurred in connection with attending Board meetings. In addition, each Independent Trustee is entitled to reimbursement for reasonable out-of-pocket expenses for educational resources, including attending educational programs to stay informed about industry and regulatory developments. The Trust has no pension or retirement plan.

The table shows the compensation paid to Trustees for the fiscal year ended June 30, 2026 by the Fund Complex.*

	Compensation	Compensation Deferred	Total Compensation from the Fund Complex Paid to Trustee
Independent Trustees			
Emeka O. Oguh	$210,250	$0	$210,250
Daniel Dorn	$210,250	$0	$210,250
Michael S. Pagano**	$215,250	$0	$215,250
Interested Trustee			
Wesley R. Gray***	$0	$0	$0

* The Adviser, and not the Funds, is responsible for compensating the Trustees.

** Dr. Pagano receives additional compensation in his role as Audit Committee Chair.

*** Dr. Gray is an "interested person," as defined by the Investment Company Act, because of his employment with and ownership interest in the Adviser.

Equity Ownership of Trustees

The following table sets forth the name and dollar range of equity securities of each Fund owned by Trustees as of December 31, 2025.

	Dollar Range of Equity Securities Owned		
	Strive Total Return Bond ETF	**Strive Enhanced Income Short Maturity ETF**	**Aggregate Dollar Range of Shares (All Funds in the Complex)**
Independent Trustees			
Emeka O. Oguh	None	None	$50,001-$100,000
Daniel Dorn	None	None	Over $100,000
Michael S. Pagano	None	None	Over $100,000
Interested Trustee			
Wesley R. Gray	None	None	Over $100,000

As of December 31, 2025, none of the Independent Trustees or their immediate family members beneficially owned any securities in any investment adviser, investment sub-adviser, or principal underwriter of the Trust, or in any person (other than a registered investment company) directly or indirectly controlling, controlled by, or under common control with an investment adviser, investment sub-adviser, or principal underwriter of the Trust.

Codes of Ethics

The Board, on behalf of the Trust, has adopted a Code of Ethics pursuant to Rule 17j-1 under the Investment Company Act. In addition, each of the Adviser, Strive and Angel Oak has adopted a Code of Ethics pursuant to Rule 17j-1. These Codes of Ethics (each a "Code of Ethics" and together the "Codes of Ethics") apply to the personal investing activities of trustees, directors, officers and certain employees ("access persons"). Rule 17j-1 and the Codes of Ethics are designed to prevent unlawful practices in connection with the purchase or sale of securities by access persons. Under each Code of Ethics, access persons are permitted to engage in personal securities transactions, but are required to report their personal securities transactions for monitoring purposes. In addition, certain access persons are required to obtain approval before investing in private placements and are prohibited from investing in initial public offerings ("IPOs"). Copies of the Codes of Ethics are on file with the SEC, and are available to the public.

Under the Adviser's Code of Ethics, the personnel of the Adviser are permitted to invest in the same securities as held by the Fund. However, the trading of such investments are subject to blackout periods. Copies of the Codes of Ethics are on file with the SEC, and are available to the public. While the Codes of Ethics are reasonably designed to prevent conflicts arising from personal securities transactions by access persons there can be no assurance that these policies and procedures will be effective, however.

Under its Code of Ethics, the personnel of Strive are permitted to invest in the same securities as held by the Funds. However, the trading of such investments is subject to blackout periods. While the Code of Ethics is reasonably designed to prevent conflicts arising from personal securities transactions by access persons there can be no assurance that these policies and procedures will be effective, however.

Under its Code of Ethics, the personnel of Angel Oak are permitted to invest in the same securities as held by the Funds. However, the trading of such investments is subject to blackout periods. While the Code of Ethics is reasonably designed to prevent conflicts arising from personal securities transactions by access persons there can be no assurance that these policies and procedures will be effective, however.

Proxy Voting

The Funds do not typically invest in securities that issue proxies. However, in the unlikely event a Fund receives a proxy, the Board has delegated to Strive the responsibility to vote such proxies with respect to securities held in the Fund's portfolios. Under this authority, Strive is required by the Board to vote proxies related to portfolio securities in the best interests of each Fund and its shareholders. Strive has determined, generally, to vote such proxies in

accordance with the Bowyer Research proxy voting guidelines, which are included in Appendix A to this SAI. As such, proxies of the Funds will be voted (either by Strive or the Adviser) in accordance with the Bowyer Research voting guidelines unless Strive determines otherwise. Strive will identify any conflicts that exist between its interests and the Fund(s) by reviewing its relationship with the issuer of each security to determine if Strive or any of its employees has any financial, business or personal relationship with the issuer.

If a material conflict of interest exists, Strive's Chief Compliance Officer will determine whether it is appropriate to disclose the conflict to the affected Fund(s), to give such Fund(s) an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third-party voting recommendation. The Board will periodically review a Fund's proxy voting record.

The Trust will annually disclose its complete proxy voting record for the year ended June 30 on Form N-PX. The Trust's most recent Form N-PX is available without charge, upon request, by calling (215) 330-4476. The Trust's Form N-PX also is available on the SEC's website at www.sec.gov and on the Funds' website at https://strivefunds.com/.

CONTROL PERSONS AND PRINCIPAL HOLDERS OF SECURITIES

A "control person" is one who owns beneficially or through controlled companies more than 25% of the voting securities of a fund or acknowledges the existence of control. A "principal shareholder" is any person who owns of record or beneficially 5% or more of the outstanding shares of a fund.

As a controlling shareholder, the shareholder could control the outcome of any proposal submitted to the shareholders for approval, including changes to the Fund's fundamental policies or the terms of the management agreement with the Adviser. The following table sets forth the name, address, and percentage of ownership of a person who is known by the Trust to be either a control person or principal shareholder of the Funds as of October 1, 2026:

Strive Total Return Bond ETF

Name and Address	% Ownership	Parent Company (if applicable)	Jurisdiction (if applicable)	Type of Ownership
Pershing, LLC One Pershing Plaza, 10th Floor Jersey City, NJ 07399	62.91%	N/A	N/A	Record
Charles Schwab & Co., Inc. 211 Main St San Francisco, CA 94105	27.07%	N/A	N/A	Record

Strive Enhanced Income Short Maturity ETF

Name and Address	% Ownership	Parent Company (if applicable)	Jurisdiction (if applicable)	Type of Ownership
Charles Schwab & Co., Inc. 211 Main St San Francisco, CA 94105	48.97%	N/A	N/A	Record
National Financial Services, LLC Two Destiny Way Westlake, TX 76262	20.61%	N/A	N/A	Record
Pershing, LLC One Pershing Plaza, 10th Floor Jersey City, NJ 07399	9.05%	N/A	N/A	Record

Management ownership

As of October 1, 2026, the Trustees and officers of the Trust, as a group, owned of record and beneficially less than 1% of the outstanding shares of each Fund.

INVESTMENT MANAGEMENT AND OTHER SERVICES

Investment Advisory Agreement

Under investment advisory agreements between the Trust, on behalf of the Funds, and the Adviser (the "Advisory Agreement"), each Fund pays the Adviser a fee at an annualized rate, which is calculated daily and paid monthly, based on its average daily net assets, set forth in the table below:

Fund	Advisory Fee
Strive Total Return Bond ETF	0.49%
Strive Enhanced Income Short Maturity ETF	0.25%

The Adviser, in turn, compensates Strive from the management fee the Adviser receives.

The Adviser selects any sub-advisers, oversees each sub-adviser's management of the Funds, provides various other administrative services and supervises the overall daily affairs of the Funds, subject to the general supervision and control of the Board. The Adviser is a registered investment adviser under the Investment Advisers Act of 1940, as amended, and is a limited liability company organized under the laws of Pennsylvania. The address of the Adviser is 3803 West Chester Pike, Suite 150, Newtown Square, PA 19073. The Adviser is wholly-owned by Alpha Architect, LLC. The Adviser was founded in October 2013 and provides investment advisory services to the Funds, other exchange-traded funds, and Alpha Architect, LLC, its parent company.

The following table summarizes the affiliated persons of the Funds who are also affiliated persons of the Adviser.

NAME	FUND AFFILIATION	ADVISER AFFILIATION
Wesley R. Gray, Ph.D.	Trustee, Chairman of the Board, and President	Executive Managing Member and Chief Executive Officer
Michael D. Barolsky	Vice President and Secretary	Chief Legal Officer
Joshua J. Hinderliter	Vice President	General Counsel
Sean R. Hegarty, CPA	Treasurer	Chief Operating Officer
Jessica D. Leighty	Chief Compliance Officer	Chief Compliance Officer
Elizabeth A. Winske	Assistant Treasurer	Senior Fund Operations Officer
Marie L. Lostocco, CPA	Assistant Treasurer	Senior Fund Operations Officer
Kyle Martinelli	Assistant Treasurer	Fund Operations Officer

Under the Advisory Agreement for each Fund, the Adviser bears all of the costs of each of the Funds, except for the advisory fee, payments under each Fund's Rule 12b-1 Distribution and Service Plan (the "Plan"), brokerage expenses, acquired fund fees and expenses, taxes, interest (including borrowing costs), litigation expenses and other non-routine or extraordinary expenses (including litigation to which the Trust or a Fund may be a party and indemnification of the Trustees and officers with respect thereto).

The Advisory Agreement with respect to a Fund will remain in effect for an initial term of two years from its effective date and thereafter continue in effect for as long as its continuance is specifically approved at least annually, by (1) the vote of the Trustees or by a vote of a majority of the shareholders of such Fund, and (2) by the vote of a majority of the Trustees who are not parties to the Advisory Agreement or Interested Persons of any person thereto, cast in person (or virtually, if permitted) at a meeting called for the purpose of voting on such approval. The Advisory Agreement for each Fund provides that it may be terminated at any time, without the payment of any penalty, by the Board or, with respect to a Fund, by a majority of the outstanding shares of a Fund, on 60 days' written notice to the Adviser, and by the Adviser upon 60 days' written notice, and that it shall be automatically terminated if it is assigned.

The table below shows advisory fees paid by each Fund for the fiscal year/periods indicated below:

Name of Fund	June 30, 2026	June 30, 2025[1]	July 31, 2024
Strive Total Return Bond ETF	$606,430	$552,225	$339,288[2]
Strive Enhanced Income Short Maturity ETF	$931,073	$454,013	$175,960[2]

[1] For the period August 1, 2024 to June 30, 2025. Effective February 1, 2025, each Fund's fiscal year end changed from July 31 to June 30.

[2] For the fiscal period August 9, 2023 (commencement of operations) through July 31, 2024.

Investment Sub-Advisers

Strive Asset Management, LLC

The Trust, on behalf of each Fund, and the Adviser have retained Strive Asset Management, LLC ("Strive"), 200 Crescent Court, Suite 1400, Dallas TX 75201, to serve as sub-adviser for the Funds. Subject to the supervision and oversight of the Adviser and the Board, and pursuant to a Sub-Advisory Agreement between the Adviser and Strive (the "Strive Sub-Advisory Agreement"), Strive has discretionary authority over all of a Fund's investments, however Strive constructs each Fund's investment allocations, which are then provided to Angel Oak for the majority of portfolio security selection.

For the services it provides to each Fund, the Adviser pays Strive a sub-advisory fee, which is calculated daily and payable monthly, at an annual rate based on the Fund's average daily net assets multiplied by the sub-advisory fee of 0.25% for the Strive Total Return Bond ETF and 0.13% of the Strive Enhanced Income Short Maturity ETF. The payment of a sub-advisory fee by the Adviser to Strive is subject to the terms of each Fund's sponsorship agreement described below.

The Strive Sub-Advisory Agreement was approved by the Trustees (including all the Independent Trustees) and holders of a majority of the outstanding Shares, in compliance with the 1940 Act. The Strive Sub-Advisory Agreement will continue in force for an initial period of two years. Thereafter, the Strive Sub-Advisory Agreement is renewable from year to year with respect to a Fund, so long as its continuance is approved at least annually (1) by the vote, cast in person (or virtually, if then-permitted) at a meeting called for that purpose, of a majority of those Trustees who are not "interested persons" of the Trust; and (2) by the majority vote of either the full Board or the vote of a majority of the outstanding Shares. The Strive Sub-Advisory Agreement will terminate automatically in the event of its assignment, and is terminable at any time without penalty by vote of a majority of the Board or, with respect to a Fund, by a majority of the outstanding Shares of the Fund, or by the Adviser, upon 60 days' written notice to Strive, or by Strive on 90 days' written notice to the Adviser and the Trust. The Strive Sub-Advisory Agreement provides that Strive shall not be protected against any liability to the Trust or its shareholders by reason of willful misfeasance, fraud, bad faith or gross negligence on its part in the performance of its duties or from reckless disregard of its obligations or duties thereunder.

The following table summarizes the affiliated persons of the Fund that are also affiliated persons of Strive.

NAME	AFFILIATION WITH FUNDS	AFFILIATION WITH STRIVE
Matthew Cole	Portfolio Manager	Chief Executive Officer and Chief Investment Officer
Chris Nicholson	Portfolio Manager	Vice President, Head of Research

The table below shows the sub-advisory fees in dollars earned by Strive for the fiscal years ended:

Fund	Gross Sub-Advisory Fees	Fees Waived[1]	Net Sub-Advisory Fees
Strive Total Return Bond ETF			
June 30, 2026	$309,403	$35,975	$273,428
June 30, 2025[2]	$281,747	$37,306	$244,442
July 31, 2024	$173,106	$67,807	$105,299
Strive Enhanced Income Short Maturity ETF			
June 30, 2026	$484,158	$195,003	$289,155
June 30, 2025[2]	$236,087	$190,412	$45,674
July 31, 2024	$91,499	$84,395	$7,104

[1] Fees waived pursuant to the sponsorship arrangements between the Sub-Adviser and the Adviser.
[2] Effective February 1, 2025, each Fund's fiscal year-end changed from July 31 to June 30. Figures shown reflect the period August 1, 2024 to June 30, 2025.

Strive's sub-advisory fees are paid out of the unitary fee that is paid to the Adviser. The actual sub-advisory fees paid to Strive will vary based on its economic arrangement and net revenue generated by each Fund's unitary management fee. On a monthly basis, if covered Fund expenses exceed the unitary fee, Strive will pay any such covered expenses that are not otherwise paid under the unitary fee. This means that, in any given month, Strive may not receive its entire sub-advisory fee, or it may waive receipt of the sub-advisory fee. If the unitary fee amount exceeds a Fund's covered expenses, including advisory fees to be paid to the Adviser, and sub-advisory fees paid to Strive, it will participate in the profits generated by the management and operation of such Fund. Please refer to the "Sponsor" section below.

Angel Oak Capital Advisors, LLC

The Trust, on behalf of the Fund, and the Adviser have retained Angel Oak Capital Advisors, LLC ("Angel Oak"), 980 Hammond Drive, Suite 200, Atlanta, GA 30328. Angel Oak was formed in 2009 and provides advisory services to registered investment companies, unregistered funds, institutions, and other investors. Subject to the supervision and oversight of the Adviser, Strive, and the Board, and pursuant to a Sub-Advisory Agreement between the Adviser, Strive, and Angel Oak (the "Angel Oak Sub-Advisory Agreement"), Angel Oak is responsible for implementing the majority of the portfolio allocation provided by Strive. Angel Oak will select the majority of each Fund's investments in accordance with Strive's portfolio allocation and subject to the investment objective, policies, and limitations of each Fund.

For the services it provides to each Fund, Strive pays Angel Oak a fee, which is calculated daily and paid monthly, at an annual rate based on a Fund's daily net assets as follows, subject to a minimum payment of $100,000 per annum inclusive of both Funds:

Fund	Sub-Advisory Fee
Strive Total Return Bond ETF	0.16% of daily net assets up to $250 million; plus 0.205% of daily net assets over $250 million
Strive Enhanced Income Short Maturity ETF	0.055% of daily net assets up to $250 million; plus 0.10% of daily net assets over $250 million

The Angel Oak Sub-Advisory Agreement was approved by the Trustees (including all the Independent Trustees) and holders of a majority of the outstanding Shares, in compliance with the 1940 Act. The Angel Oak Sub-Advisory Agreement will continue in force for an initial period of two years. Thereafter, the Angel Oak Sub-Advisory Agreement is renewable from year to year with respect to the Fund, so long as its continuance is approved at least annually (1) by the vote, cast in person (or virtually, if then-permitted) at a meeting called for that purpose, of a majority of those Trustees who are not "interested persons" of the Trust; and (2) by the majority vote of either the

full Board or the vote of a majority of the outstanding Shares. The Angel Oak Sub-Advisory Agreement will terminate automatically in the event of its assignment, and is terminable at any time without penalty by vote of a majority of the Board or, with respect to the Fund, by a majority of the outstanding Shares of the Fund, or by the Adviser, upon 60 days' written notice to Angel Oak, or by Angel Oak on 60 days' written notice to the Adviser and the Trust. The Angel Oak Sub-Advisory Agreement provides that Angel Oak shall not be protected against any liability to the Trust or its shareholders by reason of willful misfeasance, fraud, bad faith or gross negligence on its part in the performance of its duties or from reckless disregard of its obligations or duties thereunder.

The following table summarizes the affiliated persons of the Fund that are also affiliated persons of Angel Oak.

NAME	AFFILIATION WITH FUNDS	AFFILIATION WITH ANGEL OAK
Clayton Triick	Portfolio Manager	Senior Portfolio Manager
Ward Bortz	Portfolio Manager	ETF Portfolio Manager

The table below shows the sub-advisory fees in dollars paid by Strive to Angel Oak for the fiscal year/periods indicated below:

Name of Fund	June 30, 2026	June 30, 2025[1]	July 31, 2024
Strive Total Return Bond ETF	$198,018	$193,647	$110,788[2]
Strive Enhanced Income Short Maturity ETF	$259,929	$109,133	$38,711[2]

[1] For the period August 1, 2024 to June 30, 2025. Effective February 1, 2025, each Fund's fiscal year end changed from July 31 to June 30.

[2] For the fiscal period August 9, 2023 (commencement of operations) through July 31, 2024.

Sponsor

The Adviser has entered into a fund sponsorship agreement with Strive, under which Strive assumes the Adviser's obligation to pay some of the Funds' expenses, including its own sub-advisory fee and Angel Oak's sub-advisory fee. Although Strive has agreed to be responsible for paying some of the Funds' expenses, the Adviser retains the ultimate obligation to the Fund to pay them. Strive will also provide marketing support for the Funds, including preparing marketing materials related to the Funds. For these services and payments, Strive is entitled to share in the potential profits generated by the management and operation of the Funds.

Custodian

U.S. Bank National Association (the "Custodian"), located at 1555 North Rivercenter Drive, Suite 302, Milwaukee, Wisconsin 53212, serves as the Custodian of each Fund's assets. The Custodian has agreed to: (1) make receipts and disbursements of money on behalf of a Fund, (2) collect and receive all income and other payments and distributions on account of a Fund's portfolio investments and (3) make periodic reports to a Fund concerning the Fund's operations. The Custodian does not exercise any supervisory function over the purchase and sale of securities. As compensation for these services, the Custodian receives certain out-of-pocket costs, transaction fees and asset-based fees which are accrued daily and paid monthly by the Adviser from its fees.

Administrator, Fund Accountant and Transfer Agent

U.S. Bancorp Fund Services, LLC, doing business as U.S. Bank Global Fund Services (the "Administrator" or "Transfer Agent"), located at 615 East Michigan Street, Milwaukee, Wisconsin 53202, serves as Administrator and Fund Accountant to each Fund. The Administrator provides each Fund with all required general administrative services, including, without limitation, clerical and general back office services; bookkeeping, internal accounting and secretarial services; the calculation of NAV; and the preparation and filing of all reports, updates to registration statements, and all other materials required to be filed or furnished by a Fund under federal and state securities laws. As compensation for these services, the Administrator receives certain out-of-pocket costs, transaction fees and asset-based fees which are accrued daily and paid monthly by the Adviser from its fees.

U.S. Bancorp Fund Services, LLC also serves as the Transfer Agent of each Fund's shares. The Transfer Agent has agreed to: (1) issue and redeem shares of each Fund in Creation Units, (2) make dividend and other distributions to

shareholders of each Fund, (3) maintain shareholder accounts and (4) make periodic reports to the Funds. As compensation for these services, the Transfer Agent receives certain out-of-pocket costs and transaction fees which are accrued daily and paid monthly by the Adviser from its fees.

For the fiscal year indicated below, the Adviser paid the following fees to the Administrator:

Name of Fund	June 30, 2026	June 30, 2025[1]	July 31, 2024
Strive Total Return Bond ETF	$39,500	$27,071	$19,095[2]
Strive Enhanced Income Short Maturity ETF	$81,344	$38,561	$20,478[2]

[1] For the period August 1, 2024 to June 30, 2025. Effective February 1, 2025, each Fund's fiscal year end changed from July 31 to June 30.

[2] For the fiscal period August 9, 2023 (commencement of operations) through July 31, 2024.

PORTFOLIO MANAGERS

The following table shows the number of other accounts managed by each portfolio manager and the information is provided as of June 30, 2026 for all portfolio managers except Mr. Nicholson whose information is as of September 15, 2026:

Type of Accounts	Total Number of Accounts	Total Assets of Accounts (millions)	Total Number of Accounts with Performance Based Fees	Total Assets of Accounts with Performance Based Fees (millions)
Matthew Cole				
Registered Investment Companies	9	$2,261	0	$0
Other Pooled Investment Vehicles	0	$0	0	$0
Other Accounts	0	$0	0	$0
Chris Nicholson				
Registered Investment Companies	0	$0	0	$0
Other Pooled Investment Vehicles	0	$0	0	$0
Other Accounts	0	$0	0	$0
Clayton Triick				
Registered Investment Companies	8	$6,538	0	$0
Other Pooled Investment Vehicles	0	$0	0	$0
Other Accounts	2	$188	0	$0
Ward Bortz				
Registered Investment Companies	5	$3,123	0	$0
Other Pooled Investment Vehicles	0	$0	0	$0
Other Accounts	0	$0	0	$0

The following table provides the dollar range of equity securities beneficially owned by the portfolio managers of each Fund as of June 30, 2026.

	Dollar Range of Equity Securities Owned		
	Strive Total Return Bond ETF	**Strive Enhanced Income Short Maturity ETF**	**Aggregate Dollar Range of Shares (all Funds in the Complex)**
Matthew Cole	$0	$0	$0
Chris Nicholson	$0	$0	$0
Clayton Triick	$0	$0	$0
Ward Bortz	$0	$0	$0

Potential Conflicts of Interest

A portfolio manager's management of "other accounts" may give rise to potential conflicts of interest in connection with their management of the Funds' investments, on the one hand, and the investments of the other accounts, on the other. The other accounts may have the same investment objective as the Funds. Therefore, a potential conflict of interest may arise as a result of the identical investment objectives, whereby a portfolio manager could favor one account over another. Another potential conflict could include a portfolio manager's knowledge about the size, timing and possible market impact of Fund trades, whereby a portfolio manager could use this information to the advantage of other accounts and to the disadvantage of a Fund.

Strive – Portfolio Managers

Strive has established policies and procedures reasonably designed to ensure that the purchase and sale of securities among all accounts Strive manages are fairly and equitably allocated. There can be no assurance that these policies and procedures will be effective, however.

Angel Oak – Portfolio Managers

Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one fund or other account. More specifically, portfolio managers who manage multiple funds and/or other accounts may experience the following potential conflicts: The management of multiple accounts may result in a portfolio manager devoting unequal time and attention to the management of each account. Investment decisions for client accounts are also made consistent with a client's individual investment objective and needs. Accordingly, there may be circumstances when purchases or sales of securities for one or more client accounts will have an adverse effect on other clients. Angel Oak may seek to manage such competing interests by: (1) having a portfolio manager focus on a particular investment discipline; (2) utilizing a quantitative model in managing accounts; and/or (3) reviewing performance differences between similarly managed accounts on a periodic basis to ensure that any such differences are attributable by differences in investment guidelines and timing of cash flows. Angel Oak also maintains a Code of Ethics to establish standards and procedures for the detection and prevention of activities by which persons having knowledge of the investments and investment intentions of the Funds may abuse their fiduciary duties to the Funds.

If a portfolio manager identifies a limited investment opportunity that may be suitable for more than one client, the Funds may not be able to take full advantage of that opportunity due to an allocation of filled purchase or sale orders across all eligible accounts. To deal with these situations, Angel Oak has adopted procedures for allocating portfolio transactions across multiple accounts.

With respect to securities transactions for clients, Angel Oak determines which broker to use to execute each order. However, Angel Oak may direct securities transactions to a particular broker/dealer for various reasons including receipt of research or participation interests in initial public offerings that may or may not benefit the Funds. To deal with these situations, Angel Oak has adopted procedures to help ensure best execution of all client transactions.

From time to time, Angel Oak may make investments at different levels of an issuer's or borrower's capital structure (including but not limited to investments in debt versus equity). In managing such investments, Angel Oak will consider the interests of the Fund's shareholders in deciding what actions to take with respect to a given issuer or borrower. These potential conflicts of interests may become more pronounced in situations in which an issuer or

borrower experiences financial or operational challenges, or as a result of a Fund's use of certain investment strategies, including small capitalization, emerging market, distressed or less liquid strategies.

Finally, the appearance of a conflict of interest may arise where Angel Oak has an incentive, such as a performance-based management fee, which relates to the management of one but not all accounts for which a portfolio manager has day-to-day management responsibilities.

Potential Restrictions and Issues Related to Material Non-Public Information: Angel Oak and its affiliates may acquire confidential or material non-public information, and as a result, Angel Oak may be restricted from trading in certain securities and instruments. Angel Oak will not be free to divulge, or to act upon, any such confidential or material non-public information and, due to these restrictions, Angel Oak may be unable to initiate a transaction for a Fund's account that it otherwise might have initiated. As a result, a Fund may be frozen in an investment position that it otherwise might have liquidated or closed out or may not be able to acquire a position that it might otherwise have acquired.

Compensation

Strive – Portfolio Managers

Matthew Cole's and Chris Nicholson's compensation is fixed. They also retain an equity interest in the holding company of Strive and receive bonuses based on the company's performance.

Angel Oak – Portfolio Managers

Clayton Triick and Ward Bortz, the Angel Oak portfolio managers, receive an annual base salary from Angel Oak. Each portfolio manager is eligible to receive a discretionary bonus, which is based on: profitability of Angel Oak; assets under management; investment performance of managed accounts; compliance with Angel Oak's policies and procedures; contribution to the Angel Oak's goals and objectives; anticipated compensation levels of competitor firms; effective research; role and responsibilities; client satisfaction; asset retention; teamwork; leadership; and risk management. Some portfolio managers have profit interest units in Angel Oak's ultimate parent company in addition to their salary, bonus, and benefits package. These units participate in firm-wide profits and also convey capital value in the event of certain scenarios.

PORTFOLIO TRANSACTIONS AND BROKERAGE

Brokerage Transactions

Depending on prevailing market conditions, portfolio changes will generally be implemented through in-kind transactions (including a Cash Component or Cash Redemption Amount as applicable) for Creation Units or, in certain limited situations, through cash-only transactions for Creation Units. In connection with an in-kind component, the Adviser may nonetheless execute brokerage transactions for a Fund and a Fund may incur brokerage commissions, particularly during the early stages of the Funds' development or in the case of transactions involving realized losses. In connection with the cash component (or with an all cash transaction), the Adviser will execute brokerage transactions for a Fund in connection with portfolio changes.

Purchases and sales of portfolio securities that are fixed income securities (for instance, money market instruments and bonds, notes and bills) usually are principal transactions. In a principal transaction, the party from whom a Fund purchases or to whom the Fund sells is acting on their own behalf (and not as the agent of some other party such as its customers). These securities normally are purchased directly from the issuer or from an underwriter or market maker for the securities. There usually are no brokerage commissions paid for these securities.

Purchases and sales of portfolio securities that are equity securities (for instance common stock and preferred stock) are generally effected: (1) if the security is traded on an exchange, through brokers who charge commissions; and (2) if the security is traded in the "over-the-counter" markets, in a principal transaction directly from a market maker. In transactions on stock exchanges, commissions are negotiated. When transactions are executed in an over-the-counter market, Angel Oak will seek to deal with the primary market makers; but when necessary to obtain best execution, the Adviser will utilize the services of others.

The price of securities purchased from underwriters includes a disclosed fixed commission or concession paid by the issuer to the underwriter, and prices of securities purchased from dealers serving as market makers reflects the spread between the bid and asked price.

In the case of fixed income and equity securities traded in the over-the-counter markets, there is generally no stated commission, but the price usually includes an undisclosed commission or markup.

Brokerage Selection

Angel Oak places orders for the purchase and sale of securities with broker-dealers selected by and in its discretion. The Funds do not have any obligation to deal with a specific broker or dealer in the execution of portfolio transactions. Allocations of transactions to brokers and dealers and the frequency of transactions are determined by Angel Oak in its best judgment and in a manner deemed to be in the best interest of the applicable Fund rather than by any formula.

Angel Oak seeks "best execution" for all portfolio transactions. This means that Angel Oak seeks the most favorable price and execution available. Angel Oak's primary consideration in executing transactions for a Fund is prompt execution of orders in an effective manner and at the most favorable price available. The Funds may not always pay the lowest commission or spread available. Rather, in determining the amount of commissions (including certain dealer spreads) paid in connection with securities transactions, Angel Oak takes into account factors such as size of the order, difficulty of execution, efficiency of the executing broker's facilities (including the research services described below) and any risk assumed by the executing broker.

Consistent with applicable rules and Angel Oak's duties, Angel Oak may consider payments made by brokers effecting transactions for a Fund. These payments may be made to the Fund or to other persons on behalf of the Fund for services provided to the Fund for which those other persons would be obligated to pay.

Angel Oak may also utilize a broker and pay a slightly higher commission if, for example, the broker has specific expertise in a particular type of transaction (due to factors such as size or difficulty), or it is efficient in trade execution.

For the fiscal years/period indicated below, the Funds paid the following amounts in brokerage commissions:

Name of Fund	June 30, 2026	June 30, 2025[1]	July 31, 2024
Strive Total Return Bond ETF	$8,627	$12,207	$9,786[2]
Strive Enhanced Income Short Maturity ETF	$46	$438	$777[2]

[1] For the period August 1, 2024 to June 30, 2025. Effective February 1, 2025, each Fund's fiscal year end changed from July 31 to June 30.

[2] For the fiscal period August 9, 2023 (commencement of operations) through July 31, 2024.

Obtaining Research from Brokers

Angel Oak has full brokerage discretion. Angel Oak evaluates the range and quality of a broker's services in placing trades such as securing best price, confidentiality, clearance and settlement capabilities, promptness of execution and the financial stability of the broker-dealer. Angel Oak may give consideration to research services furnished by brokers to Angel Oak and Strive for their use, which may cause the Funds to pay these brokers a higher amount of commission than may be charged by other brokers. This research is designed to augment Angel Oak's and Strive's own internal research and investment strategy capabilities. This research may include reports that are common in the industry such as industry research reports and periodicals, quotation systems, software for portfolio management and formal databases. Typically, the research will be used to service all of Angel Oak accounts, although a particular client may not benefit from all the research received on each occasion. Angel Oak's and Strive's fees are not reduced by reason of receipt of research services. Most of the brokerage commissions for research are for investment research on specific companies or industries. And, because Angel Oak will follow a limited number of securities most of the commission dollars spent on research will directly benefit clients and the Funds' investors.

Counterparty Risk

Angel Oak monitors the creditworthiness of counterparties to the Funds' transactions and intends to enter into a transaction only when it believes that the counterparty presents minimal and appropriate credit risks.

Brokerage with Fund Affiliates

Although not expected, the Funds may execute brokerage or other agency transactions through registered broker-dealer affiliates of the Funds, the Adviser, the Sub-Advisers, or the Distributor for a commission in conformity with the Investment Company Act, the 1934 Act and rules promulgated by the SEC. Under the Investment Company Act and the 1934 Act, affiliated broker-dealers are permitted to receive and retain compensation for effecting portfolio transactions for a Fund on an exchange if a written contract is in effect between the affiliate and the Fund expressly permitting the affiliate to receive and retain such compensation. These rules further require that commissions paid to the affiliate by a Fund for exchange transactions not exceed "usual and customary" brokerage commissions. The rules define "usual and customary" commissions to include amounts that are "reasonable and fair compared to the commission, fee or other remuneration received or to be received by other brokers in connection with comparable transactions involving similar securities being purchased or sold on a securities exchange during a comparable period of time." The Board, including those who are not "interested persons" of the Funds, has adopted procedures for evaluating the reasonableness of commissions paid to affiliates and reviews these procedures periodically. For the fiscal year ended June 30, 2026, the Funds did not execute brokerage or other agency transactions through registered broker-dealer affiliates of the Funds, the Adviser, the Sub-Advisers, or the Distributor.

Securities of "Regular Broker-Dealers"

The Funds are required to identify any securities of their "regular brokers and dealers" (as such term is defined in the Investment Company Act) that the Funds may hold at the close of their most recent fiscal year. "Regular brokers and dealers" of the Trust are the ten brokers or dealers that, during the most recent fiscal year: (i) received the greatest dollar amounts of brokerage commissions from the Trust's portfolio transactions; (ii) engaged as principal in the largest dollar amounts of portfolio transactions of the Trust; or (iii) sold the largest dollar amounts of the Trust's shares. For the fiscal year ended June 30, 2026, the Funds did not hold any securities of "regular broker dealers" to report.

Other Accounts of Angel Oak

Investment decisions for each Fund are made independently from those for any other account or investment company that is or may in the future become advised by Angel Oak or its respective affiliates. Investment decisions are the product of many factors, including basic suitability for the particular client involved. Likewise, a particular security may be bought or sold for certain clients even though it could have been bought or sold for other clients at the same time. Likewise, a particular security may be bought for one or more clients when one or more clients are selling the security. In some instances, one client may sell a particular security to another client. In addition, two or more clients may simultaneously purchase or sell the same security, in which event, each day's transactions in such security are, insofar as is possible, averaged as to price and allocated between such clients in a manner which, in Angel Oak's opinion, is in the best interest of the affected accounts and is equitable to each and in accordance with the amount being purchased or sold by each. There may be circumstances when purchases or sales of a portfolio security for one client could have an adverse effect on another client that has a position in that security. In addition, when purchases or sales of the same security for a Fund and other client accounts managed by Angel Oak occurs contemporaneously, the purchase or sale orders may be aggregated to obtain any price advantages available to large denomination purchases or sales.

THE DISTRIBUTOR

PINE Distributors LLC (the "Distributor"), located at 501 S. Cherry Street, Suite 610, Denver, Colorado 80246, serves as the Distributor for the Funds.

Shares will be continuously offered for sale by the Trust through the Distributor only in Creation Units, as described below under "Transactions in Creation Units." Shares in less than Creation Units are not distributed by the Distributor. The Distributor also acts as agent for the Trust. The Distributor will deliver a Prospectus to persons purchasing Shares in Creation Units and will maintain records of both orders placed with it and confirmations of acceptance furnished by it. The Distributor is a broker-dealer registered under the 1934 Act and a member of

FINRA. The Distributor has no role in determining the investment policies of the Funds or which securities are to be purchased or sold by the Funds.

The Board has adopted the Plan pursuant to Rule 12b-1 under the Investment Company Act. In accordance with its Plan, each Fund is authorized to pay an amount of 0.25% of its average daily net assets each year for certain distribution-related activities. The Plan was adopted in order to permit the implementation of the Funds' method of distribution. No fees are currently paid by any Fund under the Plan. In the event such fees were to be charged, over time they would increase the cost of an investment in a Fund because they would be paid on an ongoing basis. If fees were charged under the Plan, the Trustees would receive and review at the end of each quarter a written report provided by the Distributor of the amounts expended under the Plan and the purpose for which such expenditures were made.

The Plan will remain in effect for a period of one year and is renewable from year to year with respect to a Fund, so long as its continuance is approved at least annually (1) by the vote of a majority of the Trustees, and (2) by a vote of the majority of those Independent Trustees who have no direct or indirect financial interest in the Plan (the "Rule 12b-1 Trustees"), cast in person (or virtually, if permitted) at a meeting called for the purpose of voting on such approval. The Plan may not be amended to increase materially the amount of fees paid by any Fund unless such amendment is approved by an Investment Company Act majority vote of the outstanding shares and by the Fund Trustees in the manner described above. The Plan is terminable with respect to a Fund at any time by a vote of a majority of the Rule 12b-1 Trustees or by an Investment Company Act majority vote of the outstanding shares.

ACCOUNTING AND LEGAL SERVICE PROVIDERS

Independent Registered Public Accounting Firm

Tait, Weller & Baker LLP, 50 South 16th Street, Suite 2900, Philadelphia, Pennsylvania 19102, serves as the Funds' independent registered public accounting firm. The independent registered public accounting firm is responsible for auditing the annual financial statements of the Funds.

Legal Counsel

Practus, LLP, 11300 Tomahawk Creek Parkway, Suite 310, Leawood, Kansas 66211, serves as legal counsel to the Trust.

ADDITIONAL INFORMATION CONCERNING SHARES

Organization and Description of Shares of Beneficial Interest

The Trust is a Delaware statutory trust and registered open-end investment company. The Trust was organized on October 11, 2013 and has authorized capital of an unlimited number of Shares of beneficial interest of no par value that may be issued in more than one class or series. Currently, the Trust consists of multiple series, including each Fund discussed in this SAI ("each Fund"). The Board may designate additional series and classify Shares of a particular series into one or more classes of that series.

Under Delaware law, the Trust is not required to hold an annual meeting of shareholders if the Investment Company Act does not require such a meeting, which it does not. Generally, there will not be annual meetings of Trust shareholders, but if requested by shareholders of at least 10% of the outstanding Shares of the Trust, the Trust will call a meeting of shareholders for the purpose of electing Trustees, provided that the Shareholders requesting such meeting shall have paid the Trust the reasonably estimated cost of preparing and mailing the notice thereof.

All Shares are freely transferable. Shares will not have preemptive rights or cumulative voting rights, and none of the Shares will have any preference to conversion, exchange, dividends, retirements, liquidation, redemption or any other feature. Shares have equal voting rights. The Trust's Agreement and Declaration of Trust confers upon the Board the power to alter the number of Shares constituting a Creation Unit or to specify that Shares may be individually redeemable. The Trust reserves the right to adjust the stock prices of Shares to maintain convenient trading ranges for investors. Any such adjustments would be accomplished through stock splits or reverse stock splits that would have no effect on the NAV of each Fund.

The Trust's Agreement and Declaration of Trust disclaims liability of the shareholders or the officers of the Trust for acts or obligations of the Trust that are binding only on the assets and property of the Trust. The Agreement and

Declaration of Trust provides for indemnification out of each Fund's property for all loss and expense of such Fund's shareholders being held personally liable solely by reason of his or her being or having been a shareholder and not because of his or her acts or omissions or for some other reason. The risk of a Trust shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the applicable Fund itself would not be able to meet the Trust's obligations and this risk should be considered remote.

If the applicable Fund does not grow to a size to permit it to be economically viable, a Fund may cease operations. In such an event, shareholders may be required to liquidate or transfer their Shares at an inopportune time and shareholders may lose money on their investment.

Book Entry Only System

The following information supplements and should be read in conjunction with the section in the Prospectus entitled "Book Entry."

DTC acts as securities depository for Shares. Shares are represented by securities registered in the name of DTC or its nominee, Cede & Co., and deposited with, or on behalf of, DTC.

DTC, a limited purpose trust company, was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among the DTC Participants in such securities through electronic book entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own DTC. More specifically, DTC is owned by a number of its DTC Participants and by the NYSE, NYSE American and FINRA. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants").

Beneficial ownership of Shares is limited to DTC Participants, Indirect Participants and persons holding interests through DTC Participants and Indirect Participants. Ownership of beneficial interests in Shares (owners of such beneficial interests are referred to herein as "Beneficial Owners") is shown on, and the transfer of ownership is effected only through, records maintained by DTC (with respect to DTC Participants) and on the records of DTC Participants (with respect to Indirect Participants and Beneficial Owners that are not DTC Participants). Beneficial Owners will receive from or through the DTC Participant a written confirmation relating to their purchase and sale of Shares.

Conveyance of all notices, statements and other communications to Beneficial Owners is effected as follows. Pursuant to the Depositary Agreement between the Trust and DTC, DTC is required to make available to the Trust upon request and for a fee to be charged to the Trust a listing of the Shares held by each DTC Participant. The Trust shall inquire of each such DTC Participant, directly or through one or more intermediaries, as to the number of Beneficial Owners holding Shares, directly or indirectly, through such DTC Participant. The Trust shall provide each such DTC Participant with copies of such notice, statement or other communication, in such form, number and at such place as such DTC Participant may reasonably request, in order that such notice, statement or communication may be transmitted by such DTC Participant, directly or indirectly, to such Beneficial Owners. In addition, the Trust shall pay to each such DTC Participant a fair and reasonable amount as reimbursement for the expenses attendant to such transmittal, all subject to applicable statutory and regulatory requirements.

Fund distributions shall be made to DTC or Cede & Co., as the registered holder of all Shares. DTC or Cede & Co., upon receipt of any such distributions, shall immediately credit DTC Participants' accounts with payments in amounts proportionate to their respective beneficial interests in Shares as shown on the records of DTC or its nominee. Payments by DTC Participants to Indirect Participants and Beneficial Owners of Shares held through such DTC Participants will be governed by standing instructions and customary practices, and will be the responsibility of such DTC Participants.

The Trust has no responsibility or liability for any aspect of the records relating to or notices to Beneficial Owners, or payments made on account of beneficial ownership interests in such Shares, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests, or for any other aspect of the relationship

between DTC and the DTC Participants or the relationship between such DTC Participants and the Indirect Participants and Beneficial Owners owning through such DTC Participants.

DTC may decide to discontinue providing its service with respect to Shares at any time by giving reasonable notice to the Trust and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, the Trust shall take action to find a replacement for DTC to perform its functions, though there can be no guarantee that such services would be available at a comparable cost.

Transactions In Creation Units

Each Fund sells and redeems Shares in Creation Units on a continuous basis through the Distributor, without a sales load, at the NAV next determined after receipt of an order in proper form on any Business Day. As of the date of this SAI, the Exchange observes the following holidays: New Year's Day, Martin Luther King, Jr. Day, Washington's Birthday, Good Friday, Memorial Day, Juneteenth National Independence Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. No Fund will issue fractional Creation Units, except in conjunction with a merger or reorganization or for the receipt of securities in-kind at the commencement of the Fund's operations.

The Board may declare a split or a consolidation in the number of Shares outstanding of a Fund or the Trust and make a corresponding change in the number of Shares in a Creation Unit.

To purchase or redeem any Creation Units from a Fund, you must be, or transact through, an Authorized Participant. In order to be an Authorized Participant, you must be a member or participant of a clearing agency registered with the SEC and have a written agreement (a "Participant Agreement") with the applicable Fund or one of its service providers that allows the Authorized Participant to place orders for the purchase and redemption of creation units.

Transactions by an Authorized Participant that is a participant in the Continuous Net Settlement System ("Clearing Process") of the NSCC using the NSCC system are referred to as transactions "through the Clearing Process." Transactions by an Authorized Participant that is a participant in DTC with access to the DTC system ("DTC Participant") using the DTC system are referred to as transactions "outside the Clearing Process."

Investors who are not Authorized Participants but want to transact in Creation Units may contact the Distributor for the names of Authorized Participants. An Authorized Participant may require investors to enter into a separate agreement to transact through it for Creation Units and may require orders for purchases of shares placed with it to be in a particular form. Investors should be aware that their broker may not be an Authorized Participant and, therefore, may need to place any order to purchase or redeem Creation Units through another broker or person that is an Authorized Participant, which may result in additional charges. There are expected to be a limited number of Authorized Participants at any one time.

Orders must be transmitted by an Authorized Participant by telephone or other transmission method acceptable to the Distributor pursuant to procedures set forth in the Participant Agreement. Market disruptions and telephone or other communication failures may impede the transmission of orders.

Purchasing Creation Units

Shares may be purchased only in Creation Units at their NAV next determined after receipt of a purchase request in proper form by the applicable Fund through the Distributor and only on a Business Day.

Fund Deposit. The consideration for a Creation Unit of a Fund is the "Fund Deposit". The Fund Deposit will consist of the In-Kind Creation Basket and Cash Component (computed as described below), or an all cash payment ("Cash Value"), as determined by the Adviser to be in the best interest of the applicable Fund. The standard Fund Deposit with respect to each Fund can be found in the table at the end of this section (the "Order Information Table").

The Cash Component will typically include an amount reflecting the difference, if any, between the NAV of a Creation Unit and the market value of the securities in the In-Kind Creation Basket ("Balancing Amount"). If the NAV per Creation Unit exceeds the market value of the securities in the In-Kind Creation Basket, the purchaser pays the Balancing Amount to the applicable Fund. By contrast, if the NAV per Creation Unit is less than the market value of the securities in the In-Kind Creation Basket, the Fund pays the Balancing Amount to the purchaser. The Balancing Amount ensures that the consideration paid by an investor for a Creation Unit is exactly equal to the value of the Creation Unit.

The Transfer Agent, in a portfolio composition file sent via the NSCC, generally makes available on each Business Day, immediately prior to the opening of business on the Exchange (currently 9:30 a.m., Eastern time), a list of the names and the required number of shares of each security (or contracts of each option) in the In-Kind Creation Basket to be included in the current Fund Deposit for the applicable Fund (based on information about such Fund's portfolio at the end of the previous Business Day) (subject to amendment or correction). If applicable, the Transfer Agent, through the NSCC, also makes available on each Business Day the estimated Cash Component or Cash Value per Creation Unit based on the previous Business Day.

The announced Fund Deposit is applicable, subject to any adjustments as described below, for purchases of Creation Units of a Fund until such time as the next-announced Fund Deposit is made available. From day to day, the composition of the In-Kind Creation Basket may change as, among other things, corporate actions and investment decisions by the Adviser are implemented for the applicable Fund's portfolio. All questions as to the composition of the In-Kind Creation Basket and the validity, form, eligibility, and acceptance for deposit of any securities shall be determined by the applicable Fund, and such Fund's determination shall be final and binding. Each Fund reserves the right to accept a nonconforming (*i.e.*, custom) Fund Deposit.

Payment of any stamp duty or the like shall be the sole responsibility of the Authorized Participant purchasing a Creation Unit. The Authorized Participant must ensure that all Deposit Securities properly denote change in beneficial ownership.

Cash in lieu. Each Fund may, in its sole discretion, permit or require the substitution of an amount of cash ("cash in lieu") to be added to the Cash Component to replace any security in the In-Kind Creation Basket. Each Fund may permit or require cash in lieu when, for example, the securities in the In-Kind Creation Basket may not be available in sufficient quantity for delivery or may not be eligible for transfer through the systems of DTC or the Clearing Process. Similarly, each Fund may permit or require cash in lieu when, for example, the Authorized Participant or its underlying investor is restricted under U.S. or local securities law or policies from transacting in one or more securities in the In-Kind Creation Basket. Each Fund will comply with the federal securities laws in accepting securities in the In-Kind Creation Basket, including the securities in the In-Kind Creation Basket that are sold in transactions that would be exempt from registration under the 1933 Act.

In all cases, cash and securities should be transferred to the applicable Fund by the "Settlement Date," which, unless extended as noted below, is generally the Business Day immediately following the Transmittal Date (as defined below). The Settlement Date may be extended if deemed to be in the best interests of the applicable Fund and its shareholders by the Adviser. Persons placing custom orders or orders involving Cash Value should be aware of time deadlines imposed by intermediaries, such as DTC and/or the Federal Reserve Bank wire system, which may delay the delivery of cash and securities by the Settlement Date.

*Placement of Creation Orders***.** All purchase orders must be placed by or through an Authorized Participant. To order a Creation Unit, an Authorized Participant must submit an irrevocable purchase order to the Distributor. In-kind (portions of) purchase orders will be processed through the Clearing Process when it is available. The Clearing Process is an enhanced clearing process that is available only for certain securities and only to DTC Participants that are also participants in the Clearing Process of the NSCC. In-kind (portions of) purchase orders not subject to the Clearing Process will go through a manual clearing process run by DTC. Fund Deposits that include government securities must be delivered through the Federal Reserve Bank wire transfer system ("Federal Reserve System"). Fund Deposits that include cash may be delivered through the Clearing Process or the Federal Reserve System. Certain orders for a Fund may be made outside the Clearing Process. In-kind deposits of securities for such orders must be delivered through the Federal Reserve System (for government securities) or through DTC (for corporate securities) and/or through such other arrangements allowed by the Trust or its agents.

Orders Using the Clearing Process. In connection with creation orders made through the Clearing Process, the Distributor transmits, on behalf of the Authorized Participant, such trade instructions as are necessary to effect the creation order. Pursuant to such trade instructions, the Authorized Participant agrees to deliver the requisite Fund Deposit to the Trust, together with such additional information as may be required by the Distributor. An order to create Creation Units through the Clearing Process is deemed received by the Distributor on the Business Day that the next NAV of the applicable Fund is calculated (the "Transmittal Date") if (i) such order is received by the Distributor by the applicable cut-off time (see the Order Information Table below) and (ii) all other procedures set

forth in the Participant Agreement are properly followed. Cash Components will be delivered using either the Clearing Process or the Federal Reserve System, as described below.

Orders Outside the Clearing Process. Fund Deposits made outside the Clearing Process must state that the DTC Participant is not using the Clearing Process and that the creation of Creation Units will instead be effected through a transfer of securities and cash directly through DTC. With respect to such orders, the Fund Deposit transfer must be ordered by the DTC Participant on the Transmittal Date in a timely fashion so as to ensure the delivery of the requisite number of securities in the In-Kind Creation Basket (whether standard or custom) through DTC to the relevant Trust account by 11:00 a.m., Eastern time (the "DTC Cut-Off Time") on the Business Day immediately following the Transmittal Date (unless extended as described herein). The amount of cash equal to the Cash Component, along with any cash in lieu and Transaction Fee (see Transaction Fees below and the Order Information Table below), must be transferred directly to the Custodian through the Federal Reserve Bank wire transfer system in a timely manner so as to be received by the Custodian no later than 12:00 p.m., Eastern time, on the Business Day immediately following the Transmittal Date (unless extended as described herein). The delivery of corporate securities through DTC must occur by 3:00 p.m., Eastern time, on the Business Day immediately following the Transmittal Date (unless extended as described herein). The delivery of government securities through the Federal Reserve System must occur by 3:00 p.m., Eastern time, on the Business Day immediately following the Transmittal Date (unless extended as described herein).

An order to create Creation Units outside the Clearing Process is deemed received by the Distributor on the Transmittal Date if (i) such order is received by the Distributor by the applicable cut-off time (see Purchase and Redemption Cut-Off Times below and the Order Information Table below) and (ii) all other procedures set forth in the Participant Agreement are properly followed. If the Custodian does not receive both the required In-Kind Creation Basket by the DTC Cut-Off Time (unless extended as described herein) and the Cash Component and applicable Transaction Fee by the appointed time, such order may be canceled. Upon written notice to the Distributor, a canceled order may be resubmitted the following Business Day using a Fund Deposit as newly constituted to reflect the then-current In-Kind Creation Basket and Cash Component. Generally, the delivery of Creation Units so created will generally occur no later than the Business Day following the day on which the order is deemed received by the Distributor. The Settlement Date may be extended if deemed to be in the best interests of the applicable Fund and its shareholders by the Adviser. Authorized Participants that submit a canceled order will be liable to the applicable Fund for any losses resulting therefrom.

Orders involving foreign securities are expected to be settled outside the Clearing Process. Thus, upon receipt of an irrevocable purchase order, the Distributor will notify the Adviser and the Custodian of such order. The Custodian, who will have caused the appropriate local sub-custodian(s) of the applicable Fund to maintain an account into which an Authorized Participant may deliver the Fund Deposit (or cash in lieu), with adjustments determined by the applicable Fund, will then provide information of the order to such local sub-custodian(s). The Authorized Participant must also make available on or before the Settlement, by means satisfactory to the applicable Fund, immediately available or same day funds in U.S. dollars estimated by the applicable Fund to be sufficient to pay the Cash Component and Transaction Fee.

While, as stated above, Creation Units are generally delivered the Business Day following the day on which the order is deemed received by the Distributor, except the applicable Fund may settle Creation Unit transactions on a basis other than the one described above to accommodate foreign market holiday schedules, to account for different treatment among foreign and U.S. markets of dividend record dates and ex-dividend dates (that is the last day the holder of a security can sell the security and still receive dividends payable on the security), and in certain other circumstances.

Acceptance of Orders for Creation Units. The Trust reserves the right to reject a creation order transmitted to it by the Distributor with respect to a Fund if: (i) the order is not in proper form; (ii) the securities delivered do not conform to the In-Kind Creation Basket for the relevant date; (iii) acceptance of the Fund Deposit would, in the opinion of counsel, be unlawful; or (iv) in the event that circumstances that are outside the control of the Trust, Custodian, Distributor, and Adviser make it practically impossible to process creation orders. Examples of such circumstances include acts of God; public service or utility problems resulting in telephone, telecopy and computer failures; fires, floods, or extreme weather conditions; market conditions or activities causing trading halts; systems failures involving computer or other information systems affecting the Trust, the Adviser, the Distributor, DTC,

NSCC, the Custodian or sub-custodian or any other participant in the creation process; and similar extraordinary events. The Distributor shall notify an Authorized Participant of its or the Trust's rejection of the order. Each Fund, the Custodian, any sub-custodian, and the Distributor are under no duty, however, to give notification of any defects or irregularities in the delivery of Fund Deposits, and they shall not incur any liability for the failure to give any such notification.

Issuance of a Creation Unit. Once a Fund has accepted a creation order, upon next determination of the applicable Fund's NAV, such Fund will confirm the issuance of a Creation Unit, against receipt of payment, at such NAV. The Distributor will transmit a confirmation of acceptance to the Authorized Participant that placed the order.

Except as provided below, a Creation Unit will not be issued until the applicable Fund obtains good title to the In-Kind Creation Basket securities and the Cash Component, along with any cash in lieu and Transaction Fee.

In certain cases, Authorized Participants will create and redeem Creation Units on the same trade date. In these instances, the Trust reserves the right to settle these transactions on a net basis.

With respect to orders involving foreign securities, when the applicable local sub-custodian(s) has confirmed to the Custodian that the In-Kind Creation Basket (or cash in lieu) has been delivered to the applicable Fund's account at the applicable sub-custodian(s), the Distributor and the Adviser shall be notified of such delivery, and such Fund will issue and cause the delivery of the Creation Unit.

Creation Units may be created in advance of receipt by the Trust of all or a portion of the applicable In-Kind Creation Basket, provided the purchaser tenders an initial deposit consisting of any available securities in the In-Kind Creation Basket and cash equal to the sum of the Cash Component and at least 105% of the market value, as adjusted from time to time by the Adviser, of the In-Kind Creation Basket securities not delivered ("Additional Cash Deposit"). Such initial deposit will have a value greater than the NAV of the Creation Unit on the date the order is placed.

To the extent securities in the In-Kind Creation Basket remain undelivered, pending delivery of such securities additional cash will be required to be deposited with the Trust as necessary to maintain an Additional Cash Deposit equal to at least 105% (as adjusted by the Adviser) of the daily marked-to-market value of the missing securities. To the extent that either (i) such securities are still not received by 1:00 p.m., Eastern time, on the second Business Day following the day on which the purchase order is deemed received by the Distributor or (ii) a marked-to-market payment is not made within one Business Day following notification to the purchaser and/or Authorized Participant that such a payment is required, the Trust may use the cash on deposit to purchase the missing securities, and the Authorized Participant effectuating such transaction will be liable to the applicable Fund for any costs incurred therein or losses resulting therefrom, including any Transaction Fee, any amount by which the actual purchase price of the missing securities exceeds the Additional Cash Deposit or the market value of such securities on the day the purchase order was deemed received by the Distributor, as well as brokerage and related transaction costs. The Trust will return any unused portion of the Additional Cash Deposit once all of the missing securities have been received by the Trust.

Cash Purchase Method. When cash purchases of Creation Units are available or specified for a Fund, they will be effected in essentially the same manner as in-kind purchases. In the case of a cash purchase, the investor must pay the cash equivalent of the Fund Deposit. In addition, cash purchases may be subject to Transaction Fees as described below. A cash purchase may cause a Fund to incur certain costs that it would not have had the purchase been in-kind. These costs may include brokerage costs, execution, price movement and other costs and expenses related to the execution of trades by such Fund. To the extent that these costs are not offset by the Transaction Fees, the applicable Fund's NAV will be negatively impacted.

Redeeming Creation Units

Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by each Fund through the Distributor and only on a Business Day.

Fund Redemptions. The redemption proceeds for a Creation Unit will consist of the In-Kind Redemption Basket and a Cash Redemption Amount (computed as described below), or the Cash Value, in all instances equal to the value of a Creation Unit.

There can be no assurance that there will be sufficient liquidity in Shares in the secondary market to permit assembly of a Creation Unit. In addition, investors may incur brokerage and other costs in connection with assembling a Creation Unit.

The Cash Redemption Amount will typically include a Balancing Amount, reflecting the difference, if any, between the NAV of a Creation Unit and the market value of the securities in the In-Kind Redemption Basket. If the NAV per Creation Unit exceeds the market value of the securities in the In-Kind Redemption Basket, each Fund pays the Balancing Amount to the redeeming investor. By contrast, if the NAV per Creation Unit is less than the market value of the securities in the In-Kind Redemption Basket, the redeeming investor pays the Balancing Amount to each Fund.

The composition of the In-Kind Creation Basket will normally be the same as the composition of the In-Kind Redemption Basket. Otherwise, the In-Kind Redemption Basket will be made available by the Adviser or Transfer Agent. Each Fund reserves the right to accept a nonconforming (*i.e.*, custom) Fund Redemption.

In lieu of an In-Kind Redemption Basket and Cash Redemption Amount, Creation Units may be redeemed consisting solely for the Cash Value if permitted or required by each Fund in its sole discretion. Such redemptions for each Fund may be subject to a variable charge, as explained below. If applicable, information about the Cash Value will be made available by the Adviser or Transfer Agent.

From day to day, the composition of the In-Kind Redemption Basket may change as, among other things, corporate actions are implemented for each Fund's portfolio. All questions as to the composition of the In-Kind Redemption Basket and the validity, form, eligibility, and acceptance for deposit of any securities shall be determined by each Fund, and each Fund's determination shall be final and binding.

The right of redemption may be suspended or the date of payment postponed: (i) for any period during which the NYSE is closed (other than customary weekend and holiday closings); (ii) for any period during which trading on the NYSE is suspended or restricted; (iii) for any period during which an emergency exists as a result of which disposal of the Shares or determination of each Fund's NAV is not reasonably practicable; or (iv) in such other circumstances as permitted by the SEC, including as described below.

Cash in lieu. Each Fund may, in its sole discretion, permit or require the substitution of an amount of cash ("cash in lieu") to be added to the Cash Redemption Amount to replace any security in the In-Kind Redemption Basket. Each Fund may permit or require cash in lieu when, for example, the securities in the In-Kind Redemption Basket may not be available in sufficient quantity for delivery or may not be eligible for transfer through the systems of DTC or the Clearing Process. Similarly, each Fund may permit or require cash in lieu when, for example, the Authorized Participant or its underlying investor is restricted under U.S. or local securities law or policies from transacting in one or more securities in the In-Kind Redemption Basket. Each Fund will comply with the federal securities laws in satisfying redemptions with the applicable In-Kind Redemption Basket, including the securities in the In-Kind Redemption Basket that are sold in transactions that would be exempt from registration under the 1933 Act.

Placement of Redemption Orders. Redemptions must be placed to the Transfer Agent through the Distributor. In addition, redemption orders must be processed either through the DTC process or the Clearing Process. To redeem a Creation Unit, an Authorized Participant must submit an irrevocable redemption order to the Distributor.

An Authorized Participant submitting a redemption order is deemed to represent to each Fund that it or, if applicable, the investor on whose behalf it is acting, (i) owns outright or has full legal authority and legal beneficial right to tender for redemption the Creation Unit to be redeemed and can receive the entire proceeds of the redemption, and (ii) all of the Shares in the Creation Unit to be redeemed have not been borrowed, loaned, or pledged to another party nor are they the subject of a repurchase agreement, securities lending agreement, or such other arrangement which would preclude the delivery of such Shares to the applicable Fund. Each Fund reserves the absolute right, in its sole discretion, to verify these representations, but will typically require verification in connection with higher levels of redemption activity and/or short interest in the applicable Fund. If the Authorized Participant, upon receipt of a verification report, does not provide sufficient verification of the requested representations, the redemption order will not be considered to be in proper form and may be rejected by the applicable Fund.

In certain cases, Authorized Participants will create and redeem Creation Units on the same trade date. In these instances, the Trust reserves the right to settle these transactions on a net basis.

Placement of Redemption Orders Using Clearing Process. Orders to redeem Creation Units through the Clearing Process are deemed received by the Trust on the Transmittal Date if (i) such order is received by the Transfer Agent not later than the Standard Cut-Off Time, and (ii) all other procedures set forth in the Participant Agreement are properly followed. Orders deemed received will be effectuated based on the NAV of each Fund as next determined. An order to redeem Creation Units using the Clearing Process made in proper form but received by the Trust after the Standard Cut-Off Time will be deemed received on the Transmittal Date and will be effected at the NAV determined on such Transmittal Date. In connection with such orders, the Distributor transmits on behalf of the Authorized Participant such trade instructions as are necessary to effect the redemption. Pursuant to such trade instructions, the Authorized Participant agrees to deliver the requisite Creation Unit(s) to the applicable Fund, together with such additional information as may be required by the Distributor. Cash Redemption Amounts will be delivered using either the Clearing Process or the Federal Reserve System. The applicable In-Kind Redemption Basket and the Cash Redemption Amount will be transferred to the investor by the second NSCC business day following the date on which such request for redemption is deemed received.

Placement of Redemption Orders Outside Clearing Process. Orders to redeem Creation Units outside the Clearing Process must state that the DTC Participant is not using the Clearing Process and that redemption of Creation Units will instead be effected through transfer of Shares directly through DTC. Such orders are deemed received by the Trust on the Transmittal Date if: (i) such order is received by the Transfer Agent not later than the Standard Cut-Off Time; (ii) such order is accompanied or followed by the delivery of both (a) the Creation Unit(s), which delivery must be made through DTC to the Custodian no later than the DTC Cut-Off Time on the Business Day immediately following the Transmittal Date (unless extended as described herein) and (b) the Cash Redemption Amount by 12:00 p.m., Eastern time, on the Business Day immediately following the Transmittal Date (unless extended as described herein); and (iii) all other procedures set forth in the Participant Agreement are properly followed. After the Trust has deemed such an order received, the Trust will initiate procedures to transfer, and expect to deliver, the requisite In-Kind Redemption Basket and/or any Cash Redemption Amount owed to the redeeming party by the second Business Day following the Transmittal Date on which such redemption order is deemed received by the Trust.

Orders involving foreign securities are expected to be settled outside the Clearing Process. Thus, upon receipt of an irrevocable redemption order, the Distributor will notify the Adviser and the Custodian. The Custodian will then provide information of the redemption to each Fund's local sub-custodian(s). The redeeming Authorized Participant, or the investor on whose behalf it is acting, will have established appropriate arrangements with a broker-dealer, bank or other custody provider in each jurisdiction in which the securities are customarily traded and to which such securities (and any cash in lieu) can be delivered from the applicable Fund's accounts at the applicable local sub-custodian(s).

The calculation of the value of the In-Kind Redemption Basket and the Cash Redemption Amount to be delivered/ received upon redemption will be made by the Custodian computed on the Business Day on which a redemption order is deemed received by the Trust. Therefore, if a redemption order in proper form is submitted to the Transfer Agent by a DTC Participant or an Authorized Participant with the ability to transact through the Federal Reserve System, as applicable, not later than Standard Cut-Off Time on the Transmittal Date, and the requisite number of Shares of the applicable Fund are delivered to the Custodian prior to the DTC Cut-Off Time, then the value of the In-Kind Redemption Basket and the Cash Redemption Amount to be delivered/received will be determined by the Custodian on such Transmittal Date. If, however, either: (i) the requisite number of Shares of the applicable Fund are not delivered by the DTC Cut-Off Time, as described below, or (ii) the redemption order is not submitted in proper form, then the redemption order will not be deemed received as of the Transmittal Date. In such case, the value of the In-Kind Redemption Basket and the Cash Redemption Amount to be delivered/received will be computed on the Transmittal Date provided that the Shares of the applicable Fund are delivered through DTC to the Custodian by 11:00 a.m., Eastern time, the following Business Day pursuant to a properly submitted redemption order.

If it is not possible to effect deliveries of the securities in the In-Kind Redemption Basket, the Trust may in its discretion exercise its option to redeem Shares in cash, and the redeeming beneficial owner will be required to

receive its redemption proceeds in cash. In addition, an investor may request a redemption in cash that the applicable Fund may, in its sole discretion, permit. In either case, the investor will receive a cash payment equal to the NAV of its Shares based on the NAV of Shares of the applicable Fund next determined after the redemption request is received in proper form (minus a Transaction Fee, including a variable charge, if applicable, as described below).

The Fund may also, in its sole discretion, upon request of a shareholder, provide such redeemer a portfolio of securities that differs from the exact composition of the In-Kind Redemption Basket, or cash in lieu of some securities added to the Cash Component, but in no event will the total value of the securities delivered and the cash transmitted differ from the NAV. Redemptions of Fund Shares for the In-Kind Redemption Basket will be subject to compliance with applicable federal and state securities laws and each Fund (whether or not it otherwise permits cash redemptions) reserves the right to redeem Creation Units for cash to the extent that the Trust could not lawfully deliver specific securities in the In-Kind Redemption Basket upon redemptions or could not do so without first registering the securities in the In-Kind Redemption Basket under such laws. An Authorized Participant or an investor for which it is acting subject to a legal restriction with respect to a particular security included in the In-Kind Redemption Basket applicable to the redemption of a Creation Unit may be paid an equivalent amount of cash. The Authorized Participant may request the redeeming beneficial owner of the Shares to complete an order form or to enter into agreements with respect to such matters as compensating cash payment, beneficial ownership of shares or delivery instructions.

Delivery of Redemption Basket. Once the applicable Fund has accepted a redemption order, upon next determination of that Fund's NAV, that Fund will confirm the issuance of an In-Kind Redemption Basket, against receipt of the Creation Unit(s) at such NAV, any cash in lieu and Transaction Fee, if applicable. A Creation Unit tendered for redemption and the payment of the Cash Redemption Amount, any cash in lieu and Transaction Fee, if applicable, will be effected through DTC. The Authorized Participant, or the investor on whose behalf it is acting, will be recorded on the book-entry system of DTC.

Cash Redemption Method. When cash redemptions of Creation Units are available or specified for the applicable Fund, at that Fund's sole discretion, they will be effected in essentially the same manner as in-kind redemptions. In the case of a cash redemption, the investor will receive the cash equivalent of the In-Kind Redemption Basket minus any Transaction Fees, if applicable. Cash redemptions may cause the applicable Fund to incur certain costs that it would not have had had the redemption been in-kind. These costs may include brokerage costs, execution, price movement and other costs and expenses related to the execution of trades by the applicable Fund, including taxable gains or losses it might not have incurred if the redemption had been in-kind. To the extent that these costs are not offset by the Transaction Fees, the applicable Fund's NAV will be negatively impacted.

Purchase and Redemption Cut-Off Times

All orders and redemptions involving cash in lieu are considered to be "custom." All other orders and redemptions are considered "standard." Order cut-off times for standard and custom orders are as shown in the Order Information Table below. On days when the Exchange or bond markets close earlier than normal (such as the day before a holiday), the Order Cut-Off Time (whether standard or custom) is expected to be similarly earlier than normal.

If indicated in the Order Information Table below, orders to purchase Shares directly from the indicated Fund(s) on the next Business Day must be submitted as a "Future Dated Trade" for one or more Creation Units between 4:30 p.m. Eastern time and 5:30 p.m. Eastern time on the prior Business Day and in the manner set forth in the Participant Agreement and/or applicable order form. Such order window is referred to as a "T-1" order window. For such Future Dated Trades, the Transmittal Date will be the Business Day following the date that the order is submitted. For example, to place an order for such a Fund to receive the NAV of the Fund calculated on a Wednesday, the order would need to be submitted as a Future Dated Trade between 4:30 p.m. Eastern time and 5:30 p.m. Eastern time on the preceding Tuesday.

Transaction Fees

Authorized Participants may be required to pay a Transaction Fee as set forth in the Order Information Table below to compensate the Trust or its custodian for costs incurred in connection with creation and redemption transactions.

The Standard Transaction Fee, which is payable to the Trust's custodian, typically applies to in-kind purchases of the applicable Fund effected through the Clearing Process on any Business Day, regardless of the number of

Creation Units purchased or redeemed that day (assuming, in the case of multiple orders on the same day, that the orders are received at or near the same time). A Transaction Fee of up to four times the standard fee may apply to creation and redemption transactions that occur outside the Clearing Process. As shown in the Order Information Table below, certain Fund Deposits consisting of cash-in-lieu or Cash Value may be subject to a variable charge, which is payable to the applicable Fund, of up to 2.00% of the value of the order in addition to the Standard Transaction Fee. The Standard Transaction Fee may be waived on certain orders if the Trust's custodian has determined to waive the Transaction Fees associated with the order or another party, such as the Adviser, has agreed to pay such fee. The Fund may determine to waive the variable charge on certain orders when such waiver is determined to be in the best interests of Fund shareholders, *e.g.*, for cash creation orders that facilitate the rebalance of the applicable Fund's portfolio in a more tax efficient manner than could be achieved without such order.

The Fund may adjust the Transaction Fee from time to time. The Standard Transaction Fee is based, in part, on the number of holdings in the applicable Fund's portfolio and may be adjusted periodically if the number of holdings change. Investors will also be responsible for the costs associated with transferring the securities in the In-Kind Creation (and Redemption) Baskets to (and from) the account of the Trust. Further, investors who, directly or indirectly, use the services of a broker or other intermediary to compose a Creation Unit in addition to an Authorized Participant to effect a transaction in Creation Units may be charged an additional fee by such intermediary for such services.

Order Information Table

Fund	Ticker	Standard Order Cut-Off Time	Custom Order Cut-Off Time	Standard Transaction Fee	Standard Fund Deposit
Strive Total Return Bond ETF	STXT	4:00 p.m. ET	4:00 p.m. ET	$500	Cash
Strive Enhanced Income Short Maturity ETF	BUXX	4:00 p.m. ET	4:00 p.m. ET	$500	Cash

DETERMINATION OF NET ASSET VALUE

The NAV of Shares is calculated each business day as of the close of regular trading on the New York Stock Exchange ("NYSE"), generally 4:00 p.m., Eastern time.

Each Fund calculates its NAV per Share by:

- Taking the current market value of its total assets,
- Subtracting any liabilities, and
- Dividing that amount by the total number of Shares owned by shareholders.

If you buy or sell Shares on the secondary market, you will pay or receive the market price, which may be higher or lower than NAV. Your transaction will be priced at NAV only if you purchase or redeem your Shares in Creation Units.

Because securities listed on foreign exchanges may trade on weekends or other days when a Fund does not price its Shares, the NAV of the Fund, to the extent it may hold foreign securities, may change on days when shareholders will not be able to purchase or sell Shares.

Equity securities that are traded on a national securities exchange, except those listed on the NASDAQ Global Market® ("NASDAQ") are valued at the last reported sale price on the exchange on which the security is principally traded. Securities traded on NASDAQ will be valued at the NASDAQ Official Closing Price ("NOCP"). If, on a particular day, an exchange-traded or NASDAQ security does not trade, then the most recent quoted bid for exchange traded or the mean between the most recent quoted bid and ask price for NASDAQ securities will be used. Equity securities that are not traded on a listed exchange are generally valued at the last sale price in the over-the-counter market. If a non-exchange traded security does not trade on a particular day, then the mean between the last quoted closing bid and asked price will be used. Prices denominated in foreign currencies are converted to U.S. dollar equivalents using current exchange rates deemed appropriate for a Fund, which approximates fair value.

Fixed income investments for which market quotations are readily available are valued at market value, which is ordinarily determined based on official closing prices or the last reported sale prices of an instrument. Where no such closing price or sale price is reported, market value is determined based on quotes obtained from market makers or prices supplied by one or more third-party pricing source ("Pricing Services"), which may include evaluated prices. The types of investments in which the Funds typically invest are generally valued on the basis of evaluated prices provided by Pricing Services. Such prices may be based on a number of factors, including, among other things, information obtained from market makers and estimates based on recent market prices for investments with similar characteristics. Repurchase agreements are generally valued at par. In certain circumstances, short-term instruments may be valued on the basis of amortized cost.

If a market price is not readily available or is deemed not to reflect market value, a Fund will determine the price of the security held by the Fund based on a determination of the security's fair value pursuant to policies and procedures approved by the Board. Fair valuation may have the effect of reducing stale pricing arbitrage opportunities presented by the pricing of Shares. However, when a Fund uses fair valuation to price securities, it may value those securities higher or lower than another fund would have priced the security. Also, the use of fair valuation may cause the Shares' NAV performance to diverge from the Shares' market price and from the performance of various benchmarks used to compare a Fund's performance because benchmarks generally do not use fair valuation techniques. Because of the judgment involved in fair valuation decisions, there can be no assurance that the value ascribed to a particular security is accurate.

Subject to its oversight, the Board has delegated primary responsibility for determining or causing to be determined the value of each Fund's investments to the Adviser, pursuant to the Trust's valuation policy and procedures, which have been adopted by the Trust and approved by the Board. In accordance with Rule 2a-5 under the 1940 Act, the Board designated the Adviser as the "valuation designee" of the Funds. If the Adviser, as valuation designee, determines that reliable market quotations are not readily available for an investment, the investment is valued at fair value as determined in good faith by the Adviser in accordance with the Trust's fair valuation policy and procedures. The Adviser will provide the Board with periodic reports, no less frequently than quarterly, that discuss the functioning of the valuation process, if applicable, and that identify issues and valuation problems that have arisen, if any. As appropriate, the Adviser and the Board will review any securities valued by the Adviser in accordance with the Trust's valuation policies during these periodic reports.

Redeemable securities issued by open-end investment companies are valued at the investment company's applicable net asset value, with the exception of exchange-traded open-end investment companies which are priced as equity securities. Each investment company values securities and other instruments in a manner as described in that investment company's prospectus.

TAXES

The following are certain additional U.S. federal income tax considerations generally affecting a Fund and the purchase, ownership, and disposition of Shares that are not described in the Prospectus. The discussions below and in the Prospectus are only summaries and are not intended as substitutes for careful tax planning. They do not address special tax rules applicable to certain classes of investors, such as tax-exempt entities, insurance companies and financial institutions. Each prospective shareholder is urged to consult his or her own tax adviser with respect to the specific federal, state, local and foreign tax consequences of investing in each Fund. The summary is based on the laws in effect on the date this SAI was prepared, and such laws are subject to change. Future changes in tax laws may adversely impact a Fund and its shareholders.

Fund Taxation

Each Fund is treated as a separate taxable entity and has elected to be treated and intends to qualify for each of its taxable years as a regulated investment company under Subchapter M of Subtitle A, Chapter 1, of the Internal Revenue Code of 1986, as amended (the "Code").

There are certain tax requirements that each Fund must follow if it is to avoid federal taxation. In its efforts to adhere to these requirements, each Fund may have to limit its investment activities in some types of instruments. Qualification as a regulated investment company under the Code requires, among other things, that (i) the Fund derive at least 90% of its gross income for each taxable year from dividends, interest, payments with respect to securities loans, gains from the sale or other disposition of stocks or securities or foreign currencies, net income

from qualified publicly traded partnerships or other income (including but not limited to gains from options, futures, and forward contracts) derived with respect to the Fund's business of investing in stocks, securities or currencies (the "90% gross income test"); and (ii) the Fund diversify its holdings so that, in general, at the close of each quarter of its taxable year, (a) at least 50% of the fair market value of the Fund's total (gross) assets is comprised of cash, cash items, U.S. Government Securities, securities of other regulated investment companies and other securities limited in respect of any one issuer to an amount not greater in value than 5% of the value of the Fund's total assets and to not more than 10% of the outstanding voting securities of such issuer, and (b) not more than 25% of the value of its total (gross) assets is invested in the securities of any one issuer (other than U.S. Government Securities and securities of other regulated investment companies), two or more issuers controlled by the Fund and engaged in the same, similar or related trades or businesses, or certain publicly traded partnerships.

For purposes of the 90% gross income test, income that each Fund earns from equity interests in certain entities that are not treated as corporations or as qualified publicly traded partnerships for U.S. federal income tax purposes (*e.g.*, partnerships or trusts) will generally have the same character for the Fund as in the hands of such an entity; consequently, the Fund may be required to limit its equity investments in any such entities that earn fee income, rental income, or other nonqualifying income. In addition, future Treasury regulations could provide that qualifying income under the 90% gross income test will not include gains from foreign currency transactions that are not directly related to a Fund's principal business of investing in stock or securities or options and futures with respect to stock or securities. Using foreign currency positions or entering into foreign currency options, futures and forward or swap contracts for purposes other than hedging currency risk with respect to securities in a Fund's portfolio or anticipated to be acquired may not qualify as "directly-related" under these tests.

If a Fund complies with the foregoing provisions, then in any taxable year in which the Fund distributes, in compliance with the Code's timing and other requirements, an amount at least equal to the sum of 90% of its "investment company taxable income" (which includes dividends, taxable interest, taxable accrued original issue discount and market discount income, income from securities lending, any net short-term capital gain in excess of net long-term capital loss, certain net realized foreign exchange gains and any other taxable income other than "net capital gain," as defined below, and is reduced by deductible expenses), plus 90% of the excess of its gross tax-exempt interest income (if any) over certain disallowed deductions, the Fund (but not its shareholders) will be relieved of federal income tax on any income of the Fund, including long-term capital gains, distributed to shareholders. If, instead, a Fund retains any investment company taxable income or net capital gain (the excess of net long-term capital gain over net short-term capital loss), it will be subject to a tax at regular corporate rates on the amount retained. Because there are some uncertainties regarding the computation of the amounts deemed distributed to Fund shareholders for these purposes — including, in particular, uncertainties regarding the portion, if any, of amounts paid in redemption of Fund Shares that should be treated as such distributions — there can be no assurance that the Fund will avoid corporate-level tax in each year.

Each Fund generally intends to distribute for each taxable year to its shareholders all or substantially all of its investment company taxable income, net capital gain and any tax-exempt interest. Exchange control or other foreign laws, regulations or practices may restrict repatriation of investment income, capital or the proceeds of securities sales by foreign investors and may therefore make it more difficult for a Fund to satisfy the distribution requirements described above, as well as the excise tax distribution requirements described below. Each Fund generally expects, however, to be able to obtain sufficient cash to satisfy those requirements, from new investors, the sale of securities or other sources. If for any taxable year a Fund does not qualify as a regulated investment company, it will be taxed on all of its taxable income and net capital gain at corporate rates, and its distributions to shareholders will generally be taxable as ordinary dividends to the extent of its current and accumulated earnings and profits.

If a Fund retains any net capital gain, the Fund may designate the retained amount as undistributed capital gains in a notice to its shareholders who (1) if subject to U.S. federal income tax on long-term capital gains, will be required to include in income for federal income tax purposes, as long-term capital gain, their shares of that undistributed amount, and (2) will be entitled to credit their proportionate shares of the tax paid by the Fund against their U.S. federal income tax liabilities, if any, and to claim refunds to the extent the credit exceeds those liabilities. For U.S. federal income tax purposes, the tax basis of shares owned by a shareholder of a Fund will be increased by the amount of any such undistributed net capital gain included in the shareholder's gross income and decreased by the federal income tax paid by the Fund on that amount of net capital gain.

To avoid a 4% federal excise tax, a Fund must generally distribute (or be deemed to have distributed) by December 31 of each calendar year an amount at least equal to the sum of 98% of its taxable ordinary income (taking into account certain deferrals and elections) for the calendar year, 98.2% of the excess of its capital gains over its capital losses (generally computed on the basis of the one-year period ending on October 31 of such year), and all taxable ordinary income and the excess of capital gains over capital losses for all previous years that were not distributed for those years and on which the Fund paid no federal income tax. For federal income tax purposes, dividends declared by a Fund in October, November, or December to shareholders of record on a specified date in such a month and paid during January of the following year are taxable to such shareholders, and deductible by the Fund, as if paid on December 31 of the year declared. Each Fund anticipates that it will generally make timely distributions of income and capital gains in compliance with these requirements so that it will generally not be required to pay the excise tax.

For federal income tax purposes, each Fund is generally permitted to carry forward a net capital loss in any taxable year to offset its own capital gains, if any. These amounts are available to be carried forward to offset future capital gains to the extent permitted by the Code and applicable tax regulations.

At June 30, 2026, the Funds had accumulated short-term and long-term capital loss carryforwards in the amounts provided in the table below. These amounts do not expire.

Name of Fund	Short-Term	Long-Term
Strive Total Return Bond ETF	$(789,624)	$(410,364)
Strive Enhanced Income Short Maturity ETF	$(202,917)	(20,483)

Gains and losses on the sale, lapse, or other termination of options and futures contracts, options thereon and certain forward contracts (except certain foreign currency options, forward contracts, and futures contracts) will generally be treated as capital gains and losses. Certain of the futures contracts, forward contracts and options held by a Fund will be required to be "marked-to-market" for federal tax purposes — that is, treated as having been sold at their fair market value on the last day of the Fund's taxable year (or, for excise tax purposes, on the last day of the relevant period). These provisions may require a Fund to recognize income or gains without a concurrent receipt of cash. Any gain or loss recognized on actual or deemed sales of these futures contracts, forward contracts, or options will (except for certain foreign currency options, forward contracts, and futures contracts) be treated as 60% long-term capital gain or loss and 40% short-term capital gain or loss. As a result of certain hedging transactions entered into by a Fund, it may be required to defer the recognition of losses on futures contracts, forward contracts, and options or underlying securities or foreign currencies to the extent of any unrecognized gains on related positions held by the Fund, and the characterization of gains or losses as long-term or short-term may be changed. The tax provisions described in this paragraph may affect the amount, timing, and character of a Fund's distributions to shareholders. The application of certain requirements for qualification as a regulated investment company and the application of certain other tax rules may be unclear in some respects in connection with certain investment practices such as dollar rolls, or investments in certain derivatives, including interest rate swaps, floors, caps and collars, currency swaps, total return swaps, mortgage swaps, index swaps, forward contracts, and structured notes. As a result, a Fund may therefore be required to limit its investments in such transactions, and it is also possible that the IRS may not agree with the Fund's tax treatment of such transactions. In addition, the tax treatment of derivatives, and certain other investments, may be affected by future legislation, Treasury Regulations and guidance issued by the IRS that could affect the timing, character and amount of a Fund's income and gains and distributions to shareholders. Certain tax elections may be available to a Fund to mitigate some of the unfavorable consequences described in this paragraph.

Section 988 of the Code contains special tax rules applicable to certain foreign currency transactions and instruments, which may affect the amount, timing and character of income, gain or loss recognized by a Fund. Under these rules, foreign exchange gain or loss realized with respect to foreign currencies and certain futures and options thereon, foreign currency-denominated debt instruments, foreign currency forward contracts, and foreign currency-denominated payables and receivables will generally be treated as ordinary income or loss, although in some cases elections may be available that would alter this treatment. If a net foreign exchange loss treated as ordinary loss under Section 988 of the Code were to exceed a Fund's investment company taxable income (computed without regard to that loss) for a taxable year, the resulting loss would not be deductible by the Fund or its shareholders in future years. Net loss, if any, from certain foreign currency transactions or instruments could exceed net investment

income otherwise calculated for accounting purposes, with the result being either no dividends being paid or a portion of a Fund's dividends being treated as a return of capital for tax purposes, nontaxable to the extent of a shareholder's tax basis in his shares and, once such basis is exhausted, generally giving rise to capital gains.

Each Fund's investment, if any, in zero coupon securities, deferred interest securities, certain structured securities or other securities bearing original issue discount or, if a Fund elects to include market discount in income currently, market discount, as well as any "marked-to-market" gain from certain options, futures or forward contracts, as described above, will in many cases cause the Fund to realize income or gain before the receipt of cash payments with respect to these securities or contracts. For a Fund to obtain cash to enable the Fund to distribute any such income or gain, to maintain its qualification as a regulated investment company and to avoid federal income and excise taxes, the Fund may be required to liquidate portfolio investments sooner than it might otherwise have done.

Investments in lower-rated securities may present special tax issues for a Fund to the extent actual or anticipated defaults may be more likely with respect to those kinds of securities. Tax rules are not entirely clear about issues such as when an investor in such securities may cease to accrue interest, original issue discount, or market discount; when and to what extent deductions may be taken for bad debts or worthless securities; how payments received on obligations in default should be allocated between principal and income; and whether exchanges of debt obligations in a workout context are taxable. These and other issues will generally need to be addressed by a Fund, in the event it invests in such securities, so as to seek to eliminate or to minimize any adverse tax consequences.

If a Fund acquires stock (including, under proposed regulations, an option to acquire stock such as is inherent in a convertible bond) in certain foreign corporations that receive at least 75% of their annual gross income from passive sources (such as interest, dividends, rents, royalties or capital gain) or hold at least 50% of their assets in investments producing such passive income ("passive foreign investment companies"), the Fund could be subject to federal income tax and additional interest charges on "excess distributions" received from such companies or gain from the sale of stock in such companies, even if all income or gain actually received by the Fund is timely distributed to its shareholders. A Fund will not be able to pass through to its shareholders any credit or deduction for such a tax. In some cases, elections may be available that will ameliorate these adverse tax consequences, but those elections will require a Fund to include each year certain amounts as income or gain (subject to the distribution requirements described above) without a concurrent receipt of cash. A Fund may attempt to limit and/or to manage its holdings in passive foreign investment companies to minimize its tax liability or maximize its return from these investments.

If a Fund invests in certain real estate investment trusts ("REITs") or in real estate mortgage investment conduit residual interests, a portion of the Fund's income may be classified as "excess inclusion income." A shareholder that is otherwise not subject to tax may be taxable on their share of any such excess inclusion income as "unrelated business taxable income." In addition, tax may be imposed on a Fund on the portion of any excess inclusion income allocable to any shareholders that are classified as disqualified organizations.

Taxable U.S. Shareholders – Distributions

For U.S. federal income tax purposes, distributions by a Fund, whether reinvested in additional shares or paid in cash, generally will be taxable to shareholders who are subject to tax.

In general, distributions from investment company taxable income for the year will be taxable as ordinary income. However, distributions to noncorporate shareholders attributable to dividends received by a Fund, if any, from U.S. and certain foreign corporations will generally be taxed at the long-term capital gain rate (described below), as long as certain other requirements are met. For these lower rates to apply, the noncorporate shareholders must have owned their Fund shares for at least 61 days during the 121-day period beginning 60 days before a Fund's ex-dividend date and the Fund must also have owned the underlying stock for this same period beginning 60 days before the ex-dividend date for the stock. The amount of a Fund's distributions that otherwise qualify for these lower rates may be reduced as a result of the Fund's securities lending activities, hedging activities or a high portfolio turnover rate.

Distributions reported to shareholders as derived from a Fund's dividend income, if any, that would be eligible for the dividends received deduction if the Fund were not a regulated investment company may be eligible for the dividends received deduction for corporate shareholders. The dividends received deduction, if available, is reduced to the extent the shares with respect to which the dividends are received are treated as debt-financed under federal income tax law and is eliminated if the shares are deemed to have been held for less than a minimum period,

generally 46 days. The dividends received deduction also may be reduced as a result of a Fund's hedging activities, securities lending activities or a high portfolio turnover rate. The dividend may, if it is treated as an "extraordinary dividend" under the Code, reduce a shareholder's tax basis in its Shares. Capital gain dividends (*i.e.,* dividends from net capital gain), if reported as such to shareholders, will be taxed to shareholders as long-term capital gain regardless of how long shares have been held by shareholders, but are not eligible for the dividends received deduction for corporations. The maximum individual rate applicable to long-term capital gains is generally either 15% or 20%, depending on whether the individual's income exceeds certain threshold amounts. Distributions, if any, that are in excess of a Fund's current and accumulated earnings and profits will first reduce a shareholder's tax basis in his shares and, after such basis is reduced to zero, will generally constitute capital gains to a shareholder who holds his shares as capital assets.

Certain distributions reported by a Fund as Section 163(j) interest dividends may be treated as interest income by shareholders for purposes of the tax rules applicable to interest expense limitations under Section 163(j) of the Code. Such treatment by the shareholder is generally subject to holding period requirements and other potential limitations, although the holding period requirements are generally not applicable to dividends declared by money market funds and certain other funds that declare dividends daily and pay such dividends on a monthly or more frequent basis. The amount that a Fund is eligible to report as a Section 163(j) dividend for a tax year is generally limited to the excess of the Fund's business interest income over the sum of the Fund's (i) business interest expense and (ii) other deductions properly allocable to the Fund's business interest income.

Individuals and certain other noncorporate entities are generally eligible for a 20% deduction with respect to ordinary dividends received from REITs ("qualified REIT dividends") and certain taxable income from publicly traded partnerships. Applicable treasury regulations permit a regulated investment company to pass through to its shareholders qualified REIT dividends eligible for the 20% deduction. However, the regulations do not provide a mechanism for a regulated investment company to pass through to its shareholders income from publicly traded partnerships that would be eligible for such deduction.

Different tax treatment, including penalties on certain excess contributions and deferrals, certain pre-retirement and post-retirement distributions and certain prohibited transactions, is accorded to accounts maintained as qualified retirement plans. Shareholders should consult their tax advisers for more information.

Taxable U.S. Shareholders - Sale of Shares

When a shareholder's shares are sold, redeemed, or otherwise disposed of in a transaction that is treated as a sale for tax purposes, the shareholder will generally recognize gain or loss equal to the difference between the shareholder's adjusted tax basis in the shares and the cash, or fair market value of any property, received. (To aid in computing that tax basis, a shareholder should generally retain its account statements for the period that it holds shares.) If the shareholder holds the shares as a capital asset at the time of sale, the character of the gain or loss should be capital, and treated as long-term if the shareholder's holding period is more than one year and short-term otherwise, subject to the rules below.

Certain special tax rules may apply to a shareholder's capital gains or losses on Fund shares. If a shareholder receives a capital gain dividend with respect to shares and such shares have a tax holding period of six months or less at the time of a sale or redemption of such shares, then any loss the shareholder realizes on the sale or redemption will be treated as a long-term capital loss to the extent of such capital gain dividend. Additionally, any loss realized on a sale or redemption of Shares may be disallowed under "wash sale" rules to the extent the shares disposed of are replaced with other shares of the same Fund within a period of 61 days beginning 30 days before and ending 30 days after the shares are disposed of, such as pursuant to a dividend reinvestment in Shares. If disallowed, the loss will be reflected in an adjustment to the basis of the shares acquired. If a Fund redeems a shareholder in-kind rather than in cash, the shareholder would realize the same gain or loss as if the shareholder had been redeemed in cash.

Further, the shareholder's basis in the securities received in the in-kind redemption would be the securities' fair market value on the date of the in-kind redemption.

Medicare Tax

An additional 3.8% U.S. federal Medicare tax is imposed on certain net investment income (including ordinary dividends and capital gain distributions received from a Fund and net gains from redemptions or other taxable dispositions of Fund shares) of U.S. individuals, estates and trusts to the extent that such person's "modified adjusted gross income" (in the case of an individual) or "adjusted gross income" (in the case of an estate or trust) exceeds certain threshold amounts.

Foreign Taxes

Certain funds may be subject to foreign taxes on income (possibly including, in some cases, capital gains) from foreign securities. Tax conventions between certain countries and the United States may reduce or eliminate those foreign taxes in some cases. If more than 50% of a Fund's total assets at the close of a taxable year consists of stock or securities of foreign corporations, or if at least 50% of the value of the Fund's total assets at the close of each quarter of its taxable year is represented by interests in other regulated investment companies, the Fund may file an election with the IRS pursuant to which the shareholders of the Fund will be required (1) to report as dividend income (in addition to taxable dividends actually received) their pro rata shares of foreign income taxes paid by the Fund that are treated as income taxes under U.S. tax regulations (which excludes, for example, stamp taxes, securities transaction taxes, and similar taxes) even though not actually received by those shareholders, and (2) to treat those respective pro rata shares as foreign income taxes paid by them, which they can claim either as a foreign tax credit, subject to applicable limitations, against their U.S. federal income tax liability or as an itemized deduction. (Shareholders who do not itemize deductions for federal income tax purposes will not, however, be able to deduct their pro rata portion of foreign taxes paid by the Fund, although those shareholders will be required to include their share of such taxes in gross income if the foregoing election is made by a Fund.)

If a shareholder chooses to take credit for the foreign taxes deemed paid by such shareholder as a result of any such election by a Fund, the amount of the credit that may be claimed in any year may not exceed the same proportion of the U.S. tax against which such credit is taken which the shareholder's taxable income from foreign sources (but not in excess of the shareholder's entire taxable income) bears to his entire taxable income. For this purpose, distributions from long-term and short-term capital gains or foreign currency gains by a Fund will generally not be treated as income from foreign sources. This foreign tax credit limitation may also be applied separately to certain specific categories of foreign-source income and the related foreign taxes. As a result of these rules, which have different effects depending upon each shareholder's particular tax situation, certain shareholders of a Fund may not be able to claim a credit for the full amount of their proportionate share of the foreign taxes paid by the Fund even if the election is made by the Fund.

Shareholders who are not liable for U.S. federal income taxes, including retirement plans, other tax-exempt shareholders, and non-U.S. shareholders, will ordinarily not benefit from the foregoing Fund election with respect to foreign taxes. Each year, if any, that a Fund files the election described above, shareholders will be notified of the amount of (1) each shareholder's pro rata share of qualified foreign taxes paid by the Fund and (2) the portion of Fund dividends that represents income from foreign sources. If a Fund cannot or does not make this election, it may deduct its foreign taxes in computing the amount it is required to distribute.

Non-U.S. Shareholders

The discussion above relates solely to U.S. federal income tax law as it applies to "U.S. persons" subject to tax under such law.

Except as discussed below, distributions to shareholders who, as to the United States, are not "U.S. persons," (*i.e.*, are nonresident aliens, foreign corporations, fiduciaries of foreign trusts or estates or other non-U.S. investors) generally will be subject to U.S. federal withholding tax at the rate of 30% on distributions treated as ordinary income unless the tax is reduced or eliminated pursuant to a tax treaty or the distributions are effectively connected with a U.S. trade or business of the shareholder; but distributions of net capital gain (the excess of any net long-term capital gains over any net short-term capital losses) including amounts retained by a Fund which are designated as undistributed capital gains, to such a non-U.S. shareholder will not be subject to U.S. federal income or withholding tax unless the distributions are effectively connected with the shareholder's trade or business in the United States or, in the case of a shareholder who is a nonresident alien individual, the shareholder is present in the United States for 183 days or more during the taxable year and certain other conditions are met. Non-U.S. shareholders may also be

subject to U.S. federal withholding tax on deemed income resulting from any election by a Fund to treat qualified foreign taxes it pays as passed through to shareholders (as described above) but may not be able to claim a U.S. tax credit or deduction with respect to such taxes.

Non-U.S. shareholders generally are not subject to U.S. federal income tax withholding on certain distributions of interest income and/or short-term capital gains that are designated by a Fund. It is expected that each Fund will generally make designations of short-term gains, to the extent permitted, but such Fund does not intend to make designations of any distributions attributable to interest income. Therefore, all distributions of interest income will be subject to withholding when paid to non-U.S. investors.

Any capital gain realized by a non-U.S. shareholder upon a sale or redemption of Shares will not be subject to U.S. federal income or withholding tax unless the gain is effectively connected with the shareholder's trade or business in the U.S., or in the case of a shareholder who is a nonresident alien individual, the shareholder is present in the U.S. for 183 days or more during the taxable year and certain other conditions are met.

Non-U.S. persons who fail to furnish the proper IRS Form W-8 (*i.e.*, W-8BEN, W-8BEN-E, W-8ECI, W-8IMY or W-8EXP), or an acceptable substitute, may be subject to backup withholding at a 24% rate on dividends (including capital gain dividends) and on the proceeds of redemptions and exchanges. Also, non-U.S. shareholders of a Fund may be subject to U.S. estate tax with respect to their Fund shares.

Withholding of U.S. tax (at a 30% rate) is required with respect to payments of dividends made to certain non-U.S. entities that fail to comply (or be deemed compliant) with extensive reporting and withholding requirements designed to inform the U.S. Department of the Treasury of U.S.-owned foreign investment accounts. Shareholders may be requested to provide additional information to enable the applicable withholding agent to determine whether withholding is required.

Each shareholder who is not a U.S. person should consult his or her tax adviser regarding the U.S. and non-U.S. tax consequences of ownership of shares of, and receipt of distributions from, a Fund.

Backup Withholding

Backup withholding may be required at a rate up to 24% with respect to distributions payable to shareholders who fail to provide their correct taxpayer identification number or to make required certifications, or who have been notified by the IRS that they are subject to backup withholding. Corporate shareholders and certain other shareholders specified in the Code generally are exempt from such backup withholding. Backup withholding is not an additional tax. Any amounts withheld may be credited against the shareholder's U.S. federal tax liability.

Creation Units

As a result of U.S. federal income tax requirements, the Trust on behalf of the Fund, has the right to reject an order for a creation of shares if the creator (or group of creators) would, upon obtaining the shares so ordered, own 80% or more of the outstanding Shares and if, pursuant to Section 351 of the Code, the Fund would have a basis in the Deposit Securities different from the market value of such securities on the date of deposit. The Trust also has the right to require information necessary to determine beneficial share ownership for purposes of the 80% determination. See "Creations and Redemptions."

State and Local Taxes

Each Fund may be subject to state or local taxes in jurisdictions in which the Fund is deemed to be doing business. In addition, in those states or localities that impose income taxes, the treatment of a Fund and its shareholders under those jurisdictions' tax laws may differ from the treatment under federal income tax laws, and investment in the Fund may have tax consequences for shareholders that are different from those of a direct investment in the Fund's portfolio securities. Shareholders should consult their own tax advisers concerning state and local tax matters.

FINANCIAL STATEMENTS

The Funds' Form N-CSR for the fiscal year ended June 30, 2026 is a separate document and the financial statements and accompanying notes appearing therein are incorporated by reference into this SAI. You may request a copy of the Funds' Annual Report at no charge by calling (215) 330-4476, or through the website at https://strivefunds.com/

Appendix A



building a shareholder-first future

Bowyer Research Proxy Voting Guidelines

Table of Contents

1. Introduction
2. Proxy Voting
3. Traditional Governance Issues
4. ESG and Anti-ESG Policies
   Frequently Asked Questions

I. Introduction

What Is Shareholder Voting?

Common stock shareholders in public corporations typically have the right to vote on matters involving corporate policy, including electing directors, approving dividends, or initiating mergers/acquisitions. The number of votes a shareholder has corresponds to the number of shares they own. Shareholders can vote in person at the annual meeting or by proxy. Shareholder voting rights are governed by the corporation's charter, bylaws, state laws, and SEC regulations.

Voting on Proposals

Proxy proposals are issues or resolutions submitted by shareholders or management for a vote at the annual meeting. Shareholders can vote on proxy proposals by mail, internet, phone, or in person. A company's proxy statement provides background information and the board's recommendations for how/ why to vote on each proposal. Shareholders can vote for, against, or abstain from each proposal. Proxy voting is important for influencing corporate governance. and expressing shareholder views on various environmental, social, and governance (ESG) issues. (An example of a proxy advisor's voting policies can be found here)

What Is a Proxy Advisory Service, and Why Use One?

Proxy advisory services are firms that provide research and recommendations to institutional investors on how to vote their shares in corporate matters. They help investors make informed decisions based on the best interests of their clients and the long-term value of the companies. Proxy advisory services also facilitate the voting process by collecting and submitting proxy ballots on behalf of their clients.

Some benefits of proxy advisory services are:

- Reducing information/transaction costs for investors who own shares in many companies across different markets and sectors.
- Providing analysis of corporate governance, performance, and ESG issues.
- Promoting shareholder engagement and activism by raising awareness of important topics and proposals.
- Fostering accountability/transparency in corporate governance by monitoring and disclosing the voting behavior of investors and companies.
- Allowing us to vote our custom policies efficiently at high volumes and with highly developed reporting systems.

Some challenges/criticisms of proxy advisory services are:

- Having conflicts of interest or biases that affect their voting recommendations, such as providing consulting services to companies or having ideological agendas.
- Having limited resources or expertise to cover all the companies and issues that they advise on, leading to errors or oversights.
- Having a one-size-fits-all approach that does not account for the specific circumstances and preferences of each investor and company.
- Having undue influence or power over voting outcomes, especially if investors rely too much on their advice without conducting their own due diligence
- Being disproportionately influenced by activist groups or investment company representatives from the 'Stewardship,' ESG, or DEI departments, which might create a selection bias problem and a lack of ideological diversity.

There are three primary proxy advisory firms in the United States: Institutional Shareholder Services (ISS), Glass Lewis & Co., and Egan-Jones Proxy Services. We currently offer our guidelines through all of these firms. We do *not*, however, follow their benchmark voting recommendations. We follow our own custom policies. The proxy advisory firms executes our specific instructions and report back to clients on that execution.

II. Proxy Voting

How Proxy Voting Guidelines Work

Earlier waves of pro-ESG criticism led to the creation of many different proxy guideline policies which differ from those offered by advisory services, including options focused on sustainability, union concerns, or a particular interpretation of Catholic social policy. These options are typically more consistently supportive of ESG than those of advisory services (often called 'house policies').

More recently available options are aligned with the board of management of the company, yet these do not represent a reliably non-ESG approach. Because of this, we have created an extensive custom set of guidelines consistent with our more traditional understanding of fiduciary obligation, an understanding which predates both the emergence of the ESG movement and the shift towards stakeholder capitalism.

Proxy voting guidelines can be general or specific, depending on the type and nature of the issues being voted on. Some common topics proxy voting guidelines cover are:

- Board composition, independence, diversity, and performance
- Executive compensation, equity plans, and incentives
- Audit and financial reporting quality and integrity
- Shareholder rights, such as voting power, anti-takeover measures, and shareholder proposals
- Environmental, social, and governance (ESG) issues, such as climate change, human rights, and diversity and inclusion increasingly included proposals designed to counter ESG proposals.

We promote an ESG-skeptical approach. This goes beyond simply not supporting ESG—it means actively countering ESG when it conflicts with rigorous definitions of pecuniary return to shareholders, which we believe it commonly does.

How Custom Guidelines Work

Custom guidelines are proxy voting guidelines that are tailored to the specific preferences and goals of an individual/institutional investor, or of an institution representing individual investors. Custom guidelines allow investors to have more control over their voting decisions, as well as accurately reflecting their values/interests on corporate matters. Custom guidelines can be developed by the investors themselves, or by proxy advisory services or other third-party providers such as Bowyer Research.

Fiduciary Responsibilities and Proxy Voting

The principle of fiduciary responsibility applies to corporate proxy voting—investors who vote proxies on behalf of clients/beneficiaries have a legal duty to act in their best interests. Institutions must exercise their proxy voting rights prudently, loyally, and cost-effectively, based on relevant facts and research and without conflicts of interest or undue influence. Institutional investors must also document and disclose their proxy voting policies and procedures, and monitor and evaluate their proxy voting outcomes. However, the definition of what constitutes a fiduciary approach to proxy voting has become a highly contested space, with some arguing for ESG as an effective way to manage risk and others arguing that ESG is in origin, or at least has become, politicized. Bowyer Research believes the latter that ESG has become unhelpfully political and is not a reliable approach to fiduciary proxy voting. Disagreements about what is and what is not fiduciary is one of the reasons that custom policies are built and are rising in demand. We produce annual written reports on our proxy voting policies so they can judge for themselves whether our concept of fiduciary duty aligns with their own.

Why We Believe Shareholder Capitalism is Fiduciary

Shareholder capitalism is the view that the primary purpose of a corporation is to maximize the value of its shares for the benefit of its shareholders. Conversely, *stakeholder* capitalism is the view that the corporation should demote shareholder interests in favor of secondary interests, such as the ideological preferences of customers, suppliers, and activists.

Shareholder capitalism is primarily based on an understanding of fiduciary duty, which is the legal responsibility of directors and executives to act in the best interests of the corporation and its shareholders. Stakeholder capitalism, however, challenges this view and suggests directors should downgrade shareholder interest and dilute the definition of fiduciary duty by extending its corporate responsibilities to placate the whims of non-shareholder interests— despite the general lack of compelling reason to do so.

The case for shareholder capitalism and fiduciary responsibility rests on the following arguments:

- **Efficiency:** Shareholder capitalism promotes economic efficiency and innovation by aligning the incentives of managers and shareholders, and by allowing the market to allocate resources to the most productive and profitable uses. Stakeholder capitalism, on the other hand, creates conflicts of interest and trade-offs among different stakeholder groups, and may result in suboptimal decisions and outcomes.
- **Honoring obligations:** Shareholder capitalism respects the contractual rights and obligations of the parties involved in the corporation, by honoring the voluntary agreements between shareholders, managers, and other stakeholders. Stakeholder capitalism, however, may violate these contracts and impose externalities and costs on shareholders, who are the residual claimants and risk bearers of the corporation.
- **Corporate accountability:** Shareholder capitalism enhances accountability and transparency, both by providing a clear/measurable objective for corporate performance, and by subjecting managers to the discipline and oversight of shareholders and the market. Stakeholder capitalism, however, reduces accountability and transparency, by introducing multiple and vague objectives for corporate performance, and by allowing managers to escape scrutiny and responsibility by claiming to serve the interests of various stakeholders.

Shareholder capitalism and fiduciary responsibility are the best way to ensure that corporations create value for shareholders and society, while stakeholder capitalism and fiduciary expansion are likely to harm both shareholders and stakeholders in the long run.

Overview of Our Principles Regarding Proxy Voting and Engagement

Our guidelines are designed to appeal to investors who hold to a traditional understanding of the obligations of a company towards its shareholders — that is, shareholder capitalism — and who are deeply skeptical about an ESG approach to corporate governance. While some might try to describe these guidelines as conservative, they are *not* designed to impose conservative politics on companies. Instead, they seek to depoliticize corporate policies, and to put hotly debated issues such as climate change, abortion, and racial justice back in the electoral process and out of corporate governance.

In application, this means that the guidelines:

- Oppose proposals which pressure companies to decrease use of fossil fuels.
- Oppose proposals which pressure financial companies to divest from fossil fuels.
- Oppose congruency proposals which attempt to defund professional associations and advocacy groups along ideological lines.
- Oppose proposals which pressure companies to divest from states based on policies related to abortion or LGBTQ issues.
- Oppose proposals which seek to embarrass companies for seeking lower-tax jurisdictions.
- Oppose proposals which seek to focus management efforts on broad social goals (such as racial justice or *general* market/economic performance) as opposed to matters under company control.
- Oppose proposals which discourage offering financial services to businesses engaged in transactions protected by the 2nd Amendment or impose surveillance obligations towards the same.
- Support proposals rescinding past decarbonization pledges.
- Support proposals that call into question debanking and deplatforming practices along religious or political lines.
- Support proposals which discourage companies from speaking out on divisive non-core political issues regarding abortion, social justice, and sexual identity issues.
- Support proposals which examine the risk that DEI programs create legal risk in light of SCOTUS rulings regarding race and gender quotas.

How Our Guidelines Differ from Corporate Management

Our guidelines differ from board or management recommendations in that they oppose, for example, decarbonization pledges that come from management. Furthermore, we support anti-ESG shareholder proposals that seek to rescind past decarbonization proposals and past racial equity audit proposals. Our guidelines also support proposals seeking to quantify the financial risks of decarbonization. Proposals

such as these, which come from outside the usual ESG community, do not receive management endorsement—they do generally receive support from us.

We do *not*, however, offer universal support for proposals from anti-ESG groups. We oppose any such proposals which seek to impose conservative politics on the company in the same way that we oppose proposals which seek to impose liberal ideology on companies. We also do *not* universally oppose proposals from pro-ESG groups. When pro-ESG proponents identify genuine risk factors, i.e. sexual predation in online forums or risks arising from sexual harassment in companies with a problematic history, we support them.

We differ from board-aligned policies offered by large proxy services in that we do not impose penalties by voting against board members based on lack of racial/gender diversity. Votes against board members are based entirely on the financial underperformance of the company compared to peers. Additionally, we diverge from management recommendations in that our guidelines take a very strict approach when it comes to situations in which board/management interests diverge from shareholder interests. Examples include weakening of shareholder voting rights, compensation practices not aligned with stockholder returns, protections of management perks and job security and shareholder asset dilution.

III. Traditional Governance Issues

Board of Directors and Corporate Governance

Directors of public companies play a critical role in ensuring that a company and its management team serve the interests of its shareholders. We believe that proxy voting can help ensure accountability of management teams and director boards, align management and shareholder interests, and monitor and assess the degree of transparency and disclosure with respect to executive compensation and board actions affecting shareholders' rights.

Our philosophy is summarized in the following: for officers and directors to act as stewards on behalf of owners, for independent and engaged boards of directors to possess diversity of thought and experience, and for incentive structures which create shareholder value.

Election of Directors

The election of members of the board of directors is a crucial process that allows shareholders to influence the direction and management of a company. Shareholders play a pivotal role in electing the board of directors, who are responsible for overseeing the company's management and strategic direction. Typically, shareholders have the right to vote on corporate policy matters, including the election of

directors, during annual meetings or through proxy voting. The number of votes a shareholder has corresponds to the number of shares they own.

Before the annual meeting, shareholders usually receive a proxy statement detailing the nominees for director positions and other pertinent proposals. If shareholders cannot attend the meeting in person, they can cast their votes via proxy—authorizing another individual or entity to vote on their behalf. This process ensures that shareholders' voices are heard in critical decisions, even in their absence.

Votes against board members are often based on the financial performance of the company compared to its peers. This process ensures that the board of directors remains accountable to the shareholders and aligns the interests of management with those of the shareholders.

Bowyer Research policy

Votes against board members are based on the financial underperformance of the company. Underperformers will have their board members' reelection and pay packages opposed in our proxy voting.

Classified Boards

Classified boards, also known as staggered boards, are a corporate governance structure where only a portion of the board of directors is elected each year, typically one-third. This means that directors serve multi-year terms, often three years, and only a subset of directors is up for re-election at any given annual meeting. For example, in a three-class board, directors might serve three-year terms, with one-third of the board seats up for election each year.

This structure can enhance board stability and continuity but may also make it more difficult for shareholders to quickly change control of the board, especially during a proxy contest or takeover attempt. It can reduce the accountability of the board to shareholders, as it makes it more difficult to replace directors quickly. It can also entrench management by making it harder for shareholders to effect change and limit the board's flexibility to respond to changes in the business environment. For these reasons, classified boards are often opposed in proxy voting.

Bowyer Research policy

Classified boards present risks related to accountability and adaptability. We oppose classified boards for several reasons:

- Lack of Accountability: Classified Board resolutions can reduce the accountability of the board of directors to shareholders by making it more difficult to replace directors.
- Entrenchment: Classified Board resolutions can entrench management by making it more difficult for shareholders to effect change.

- Lack of Flexibility: Classified Board resolutions can limit the flexibility of the board of directors by making it more difficult to respond to changes in the business environment.

We oppose classified boards in our proxy voting.

Independent Chairperson

Requiring an independent chairperson is a practice that promotes independence, accountability, and transparency in the board's oversight of the company's management team. An independent chairperson is not part of the company's executive management and does not have any material relationship with the company that could impair their judgment. This separation can enhance the board's ability to oversee management objectively and ensure that the interests of shareholders are prioritized. In corporate governance, an independent chairperson is a member of the board of directors who leads the board and is not part of the company's management team—typically meaning they are not the CEO or a former executive. Having an independent chair helps ensure objective oversight of management, reduces potential conflicts of interest, and strengthens the board's role in protecting shareholder interests. This structure is often favored by investors seeking greater accountability and separation between the board's supervisory role and day-to-day management.

Bowyer Research policy

Requiring an independent board chairperson is a corporate governance practice that can promote independence, accountability, and transparency in the board's oversight of the company's management team. It can also increase the accountability of the company's management team to the board and to shareholders. We support proposals promoting requirements for independent board chairpersons in a company's corporate governance structure.

Majority Voting in Director Elections

Majority voting in director elections is a practice that requires nominees to receive more "for" votes than "against" votes to be elected or re-elected to the board. This approach promotes accountability and ensures that directors are elected by a majority of shareholders, rather than just a plurality. This practice can enhance transparency and shareholder democracy, as it ensures that directors who fail to receive majority support step down from the board and are not reappointed. It contrasts with plurality voting, where nominees with the most "for" votes are elected, even if they do not receive a majority.

Majority voting is intended to enhance board accountability by ensuring that only candidates who have the confidence of a majority of shareholders are elected. However, its effectiveness can vary based on implementation. For instance, some companies adopt a "plurality plus" approach, requiring directors who fail to secure a majority to tender their resignation, though the board may have discretion to accept or reject it. While majority voting aims to make directors more responsive to shareholders, its impact depends on the specific provisions and the board's commitment to honoring shareholder preferences.

Bowyer Research policy:

Requiring a majority vote for the election of directors is a corporate governance practice that can promote board accountability and shareholder democracy. While this practice may face opposition from some stakeholders, it can also promote transparency and ensure that directors are elected by a majority of shareholders. Because of our principles regarding the primacy of shareholders over board and management teams, we support the inclusion of a majority vote requirement in a company's corporate governance structure.

Equity Compensation Plans and Employee Stock Purchase Plans

Equity compensation plans and employee stock purchase plans (ESPPs) are mechanisms used by companies to align the interests of employees with those of shareholders by offering ownership opportunities. Equity compensation plans typically involve granting stock options, restricted stock units, or other forms of equity to employees, executives, and directors as part of their compensation package. This incentivizes employees to work towards increasing the company's stock value, as their personal financial gain is directly tied to the company's performance. These plans are designed to incentivize performance, promote retention, and align management's goals with long-term shareholder value.

Employee stock purchase plans (ESPPs) allow employees to purchase company stock at a discounted price, often through payroll deductions over a specified offering period. These plans encourage employees to become shareholders and invest in the company's success. ESPPs can qualify for favorable tax treatment under Section 423 of the Internal Revenue Code. Both types of plans usually require shareholder approval, especially when new shares are issued, and are subject to proxy disclosure and voting, ensuring transparency and shareholder oversight.

Overall, both equity compensation plans and ESPPs are designed to enhance employee engagement, retention, and motivation by providing them with a stake in the company's future.

Bowyer Research policy:

We vote in accordance with management recommendations on compensation plans, except if they are dilutive or if the company is a severe underperformer.

Vote on Executive Compensation and Frequency of Say on Pay

In corporate governance, "Say on Pay" is a tool for shareholder empowerment, allowing advisory votes on executive compensation. Instituted by the Dodd-Frank Act of 2010, it requires public companies to let shareholders approve or disapprove executive pay packages at least once every three years. Shareholders can also vote on the frequency of these votes, choosing between annual, biennial, or triennial intervals.

Annual Say on Pay votes are favored for several reasons. They provide shareholders with regular opportunities to express their views on executive compensation, ensuring alignment with performance

and shareholder interests. Annual votes allow shareholders to assess executive pay in the context of current performance and market conditions, making compensation decisions more relevant. They also promote transparency by requiring companies to disclose compensation details annually, ensuring shareholders receive up-to-date information.

Additionally, annual votes align with business cycles and financial reporting periods, allowing timely access to compensation data. They enable companies to adjust compensation plans based on changing circumstances, responding promptly to shareholder feedback. While advisory, these votes serve as a barometer of shareholder sentiment, promoting transparency and accountability in corporate pay practices.

Bowyer Research policy:

In keeping with our principles regarding the primacy of shareholders, we support annual frequency for say-on-pay votes. Regarding compensation plans, we vote in line with board recommendations. The exception is when there is severe financial underperformance of the company compared to peers. As stated above, first or second worst in class performers or performers one standard deviation or more below the mean will have their board members and pay packages voted against.

Severance Agreements/Change-in-Control Agreements (CIC):

Severance Agreements and Change-in-Control (CIC) Agreements are designed to protect executives and key employees in the event of a significant change in ownership, such as mergers, acquisitions, or other major transactions. Severance Agreements provide executives with pay and benefits if they are dismissed without cause, often including salary continuation, bonuses, or stock vesting. CIC Agreements offer protections if an executive loses their job due to a change in control, including enhanced severance, accelerated equity vesting, and continued benefits to ensure leadership stability during transitions.

A few key points about CIC agreements include:

- Insulates CEO and top executives from shareholder disapproval: Executives receive enhanced severance benefits if their employment is terminated following a change in control [1].
- Trigger Events: The agreement defines what constitutes a change in control (e.g., acquisition of a certain percentage of company stock) [1].
- Golden Parachutes: CIC agreements often include golden parachute provisions, ensuring substantial payouts to executives upon a change in control [1].

However, there are several problems with such agreements:

- Lack of Alignment with Shareholder Interests: Severance and CIC agreements often provide generous benefits to executives even if their performance is subpar. Shareholders may oppose these agreements because they can lead to excessive payouts, which are not in the best interest of investors [1]. When executives receive substantial severance packages, it may reduce their incentive to perform well [1].

- Cost to Shareholders: Severance and CIC agreements can be costly for the company and, ultimately, shareholders. These expenses reduce available funds for dividends, investments, or other value-adding initiatives [1].
- Golden Parachutes: Some agreements include golden parachute provisions, which trigger substantial payouts upon a change in control (e.g., merger or acquisition). Shareholders may view these as unjust enrichment for executives, especially if the company's performance has been lackluster [1].
- Lack of Performance Metrics: Severance agreements can lack clear performance-based metrics. Shareholders prefer compensation tied to measurable achievements rather than automatic payouts [1].

Shareholders may review and vote on these arrangements through proxy statements, especially when they involve significant payouts or could affect corporate governance [1].

Bowyer Research policy:

Against - severance agreements which involve CIC agreements.

Anti-Takeover Provisions & Poison Pills

Anti-takeover provisions and poison pills are corporate defense strategies used by companies to prevent hostile takeovers and protect the interests of existing management and shareholders. Anti-takeover provisions are rules in a company's charter or bylaws that make it harder for an unwanted bidder to gain control. Examples include staggered boards, where directors' terms are staggered, making it harder for an acquirer to gain control quickly; supermajority voting, which requires a high percentage of shareholder votes for certain decisions (e.g., mergers); and golden parachutes, which provide executives with lucrative severance packages if the company is acquired.

Shareholders often oppose these provisions because they can entrench management, potentially hindering accountability, and limit shareholders' ability to realize value through a takeover. Poison pills, also known as shareholder rights plans, are designed to frustrate hostile takeovers. If an acquirer accumulates a certain percentage of shares (e.g., 15%), the company triggers a provision allowing existing shareholders (except the acquirer) to buy additional shares at a discount. This dilutes the acquirer's stake, making the takeover less attractive.

While these measures can help companies negotiate better terms or preserve long-term strategy, they can also reduce shareholder influence, which is why they are often scrutinized and subject to proxy voting. Shareholders' concerns include the potential for poison pills to entrench management and reduce shareholder value, as well as discouraging potential acquirers and limiting shareholders' ability to benefit from premium offers.

Bowyer Research policy:

Against - In summary, while these provisions aim to protect companies, shareholders should be cautious.

They can hinder value creation and limit shareholders' rights. Because they violate our principles

regarding shareholder primacy, we oppose such proposals.

Ability to Act by Written Consent

The ability to act by written consent allows shareholders to make decisions or take actions without convening a formal shareholder meeting. Instead of waiting for an annual or special meeting, shareholders can express their consent through written communication, which becomes effective once the required percentage of shares approves the action. This process can be faster and more efficient than convening a special meeting.

Key aspects of this right include flexibility, efficiency, and scope of actions. Shareholders can act promptly, especially when urgent matters arise, and avoid the time and costs associated with organizing meetings. They can use this right to amend bylaws, remove directors, or fill board vacancies.

Supporting the ability to act by written consent offers several benefits. It allows shareholders to respond swiftly to critical issues, such as corporate governance concerns or strategic decisions, and reduces administrative expenses, streamlining decision-making. Shareholders gain a direct voice in important matters, promoting transparency and accountability. This right also strengthens shareholder influence and ensures their voices are heard, aligning with the principle that corporations exist for shareholders' benefit. Efficient decision-making contributes to sustainable value creation over time.

However, many companies limit or prohibit this ability in their bylaws, making it a common subject of proxy proposals aimed at expanding shareholder rights.

Bowyer Research policy:

For - In summary, granting shareholders the ability to act by written consent enhances shareholder rights, responsiveness, and corporate governance. We support this category of proposal.

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Supermajority Vote Requirement

A supermajority voting provision is an amendment to a company’s corporate charter that requires much more than a mere majority approval from shareholders to pass. This provision mandates a higher-than-normal percentage of shareholder approval—typically between 67% and 90%—for certain significant corporate actions to pass. This threshold exceeds the simple majority (more than 50%) usually needed for standard decisions .

While supermajority provisions are often implemented to ensure that critical decisions, such as mergers, amendments to corporate charters, or other major structural changes, have broad shareholder consensus, they possess several features which may be disadvantageous to shareholders. Requiring a supermajority vote makes it more difficult for corporate actions to pass, which shareholders may find cumbersome and inefficient, especially for urgent matters. Management or controlling shareholders may use supermajority requirements to entrench themselves, making it harder for shareholders to challenge management

decisions. Additionally, shareholders' interests lie in maximizing value and ensuring responsible governance, and a supermajority provision may not always align with these goals .

While these provisions can protect against abrupt or unfavorable changes by requiring widespread agreement, they may also make it more challenging to enact beneficial reforms, potentially allowing a minority of shareholders to block actions favored by the majority. In the context of proxy voting, shareholders may encounter proposals to adopt, modify, or eliminate supermajority voting requirements, reflecting ongoing debates about balancing stability with flexibility in corporate decision-making.

Bowyer Research policy:

In summary, such supermajority requirements are inconsistent with our principles regarding the primacy of shareholders over boards of directors and management teams. For this reason, we oppose them.

Capital Structure and State of Incorporation

These guidelines are designed to follow our principles in requiring companies to recognize shareholder primacy and to align board and management incentives with that of investors.

Dilution of Common Stock

Shareholders should be skeptical about increases in common stock outstanding for several compelling reasons. When a company issues additional shares, it dilutes the ownership stake of existing shareholders, reducing the value of each existing share. This dilution affects voting power, earnings per share, and the overall value of existing holdings. Management or controlling shareholders may use additional stock issuance to entrench themselves, making it harder for shareholders to challenge management decisions. Shareholders' interests lie in maximizing value and ensuring responsible governance, and increasing common stock outstanding may not always align with these goals.

Dilution of common stock refers to the reduction in existing shareholders' ownership percentage caused by the issuance of additional shares. This can happen through new equity offerings, stock option exercises, or the conversion of convertible securities. Shareholders may vote on proposals that could lead to dilution—such as equity compensation plans, mergers, or stock issuances—as part of the proxy process to ensure that any potential impact aligns with their interests. Therefore, it is crucial for shareholders to consider the implications of dilution carefully and advocate for practices that protect their interests and promote responsible governance.

Bowyer Research policy:

Against - In summary, shareholders should be cautious when companies issue additional shares, as it can negatively impact ownership, share prices, and overall value. For these reasons, we oppose proposals

which are dilutive in nature.

Multiple Share Classes

Multi-class share structures refer to a company's practice of issuing different classes of shares, each with varying voting rights and economic benefits. For example, Class A shares may have one vote per share, while Class B shares—often held by founders or insiders—might carry 10 votes per share. This structure allows insiders to retain control over corporate decisions, even with a minority of the total equity.

Shareholders might oppose such structures for several reasons. In multi-class structures, founders or insiders often hold shares with disproportionate voting power compared to other shareholders. This concentration of control allows founders to make critical decisions without considering the interests of all shareholders. Multi-class structures can also entrench management by limiting shareholders' ability to influence corporate decisions. Founders may prioritize their own interests over those of other shareholders. When voting power is concentrated, there's less accountability to shareholders. Boards and management may act without sufficient oversight, affecting company performance.

Multiple share classes are often scrutinized in proxy voting and governance discussions, as they can limit the influence of public shareholders and raise concerns about accountability and long-term governance fairness.

Bowyer Research policy:

Multi-class share structures are inconsistent with our principle regarding shareholder primacy given that they disadvantage large numbers of shareholders, therefore we oppose the creation of multiple classes of shares, and vote in favor of proposals to eliminate them.

IV. ESG and Anti-ESG Proposals

Pro-ESG Policies

Environmentalist/Anti-Fossil Fuels

GHG Risk

GHG (Greenhouse Gas) risk refers to the financial, operational, and reputational risks that companies face due to their greenhouse gas emissions and their exposure to climate-related impacts. These risks can include regulatory changes, such as carbon taxes or emission limits, operational disruptions from climate events, and investor or consumer backlash over environmental concerns. Shareholder proposals often seek to get companies to disclose the risks associated with their GHG emissions. These proposals typically come from environmentalist or anti-fossil fuel groups and aim to get companies to self-incriminate regarding the alleged risks of their greenhouse gas emissions. Shareholders may vote on proposals related to GHG disclosures, emissions reduction targets, or climate strategy reporting to ensure the company is

effectively managing its environmental impact and long-term sustainability. Addressing GHG risk has become a key part of ESG (Environmental, Social, and Governance) oversight.

Bowyer Research policy:

Against – proposals seek to get companies to disclose risk of their greenhouse gas emissions.

Net Zero Alignment

Net Zero Alignment refers to a company's commitment to reduce its greenhouse gas emissions to net zero —typically by 2050—in line with global climate goals such as those outlined in the Paris Agreement. Shareholder proposals often seek to get companies to disclose whether they are aligned with Net Zero carbon targets. These proposals typically come from environmentalist or anti-fossil fuel groups and aim to get companies to self-incriminate regarding the alleged risks of their greenhouse gas emissions.

Bowyer Research policy:

Against - proposals seek to get companies to disclose whether they are aligned with Net Zero carbon targets.

Financing fossil fuels

Proposals related to financing fossil fuels typically seek to get financial companies to divest from fossil fuels. These proposals are often driven by environmental concerns and aim to reduce the financial support for industries that contribute significantly to greenhouse gas emissions. The goal is to encourage companies to invest in more sustainable and environmentally friendly alternatives. Financing fossil fuels refers to a company's role—either directly or through its banking, investment, or insurance activities—in providing capital to coal, oil, and gas projects or companies. This can include lending to fossil fuel companies, investing in fossil fuel assets, or underwriting fossil-related infrastructure projects.

Bowyer Research policy:

Against - proposals seek to get financial companies to divest from fossil fuels.

Extend decarbonization to Scope 3

Proposals related to extending decarbonization to Scope 3 emissions typically seek to get companies to widen their decarbonization initiatives to include Scope 3 emissions. Extending decarbonization to Scope 3 means that a company commits to reducing indirect greenhouse gas emissions that occur throughout its value chain—not just from its own operations (Scope 1) or purchased energy (Scope 2). Scope 3 emissions include emissions from suppliers, product use by customers, transportation, business travel, and

waste disposal. Because Scope 3 often makes up the largest portion of a company's total emissions, shareholders may vote on proposals urging companies to measure and disclose Scope 3 emissions, set targets for reducing them, and integrate Scope 3 into broader net-zero strategies.

Bowyer Research policy:

Against - proposals seek to get companies to widen their decarbonization initiatives to include Scope 3 emissions.

Defund climate skeptics

Defunding climate skeptics refers to shareholder efforts to encourage companies to cease financial or political support—such as lobbying, donations, or memberships—with organizations or individuals that don't align with the company's past statements and commitments on climate change. Shareholder proposals on this issue may call for companies to disclose affiliations and contributions, align lobbying activities with climate goals, and withdraw support from groups undermining climate action.

Bowyer Research policy:

Against - proposals seek to use companies past public statements about global warming to defund climate "deniers" as being incongruent with company values.

Climate Transition Plan (management)

Proposals related to a Climate Transition Plan (management) typically involve management's initiatives to embark on a climate transition plan. These proposals are often aimed at aligning the company's operations and strategies with climate goals, such as reducing greenhouse gas emissions and transitioning to more sustainable practices. However, these proposals may face opposition from shareholders who are skeptical of the financial implications and fiduciary relevance of such plans.

Bowyer Research policy:

Against – proposals from management to embark on a climate transition plan.

Anti-Product/Energy Innovation

Social Justice/DEI

Pay Gaps, Internal to Company

Proposals which seek to pressure the company to report on and adopt racial and gender targets for employees or executives. These proposals are typically based on the proportion of society or the customer base. Proposals with numerical or arbitrary quotas are generally opposed.

Bowyer Research policy:

Depends on specifics – proposals from shareholders that seek to pressure the company to report on and adopt racial and gender targets for employees or executives, often based on proportion of society or customer base. We oppose ones with numerical or arbitrary quotas.

Concealment Clauses/Sexual Harassment

Proposals related to concealment clauses and sexual harassment typically urge companies to conduct audits of the risks of sexual harassment in the workplace. These proposals also seek to prevent companies from engaging in financial settlements to cover up abuse cases. Concealment clauses refer to the use of non-disclosure agreements (NDAs) or similar clauses in employment contracts or settlements that prevent employees from speaking out about experiences of sexual harassment or misconduct in the workplace. Shareholders may vote on proposals urging companies to prohibit the use of concealment clauses in cases of harassment or discrimination, disclose policies and data on harassment claims and resolutions, and foster a safe, inclusive, and transparent workplace. Such proposals aim to strengthen governance oversight, reduce legal and reputational risks, and promote ethical treatment of employees.

Bowyer Research policy:

For – proposals from shareholders that urge the company to get an audit of the risks of sexual harassment in the workplace, or that seek to have the company not engage in financial settlements to cover up abuse cases.

Worker Health and Safety/Facility Safety

Worker Health and Safety/Facility Safety refers to the policies and practices that ensure the well-being and safety of employees within the workplace. This includes measures to prevent accidents, injuries, and illnesses, as well as maintaining safe and healthy working conditions. A company's responsibility to ensure safe working conditions and environments for employees spans across all operational sites. Key shareholder concerns include compliance with health and safety regulations, prevention of workplace injuries, illnesses, or fatalities, and reputational and legal risks from safety violations or incidents.

Shareholder proposals related to this topic often aim to pressure companies to adopt and report on their health and safety practices, ensuring that they align with regulatory standards and best practices. These proposals may request companies to disclose safety policies, performance metrics, and incident data, implement or strengthen safety management systems, and ensure oversight by the board or a dedicated committee. Effective health and safety governance supports employee well-being, operational continuity, and long-term shareholder value.

Bowyer Research policy:

For – Worker health and safety, focused on unsafe working conditions that are not from gun violence

Political Speech/Lobbying Spending

Pro-life Politicians

Proposals related to pro-life politicians typically seek to pressure companies to be congruent with past statements about gender equality by imposing on themselves a screen against giving to candidates, parties, or institutions that are pro-life. Pro-life politicians are often referenced in shareholder proposals concerning a company's political spending, lobbying, or affiliations—particularly when those relationships may conflict with the company's stated values on reproductive rights, diversity, or gender equity.

Bowyer Research policy:

Against – proposals from shareholders that seek to pressure the company to be congruent with past statements about gender equality by imposing on itself screen against giving to candidates, parties or institutions which are pro-life.

Abortion

Divesting from Pro-Life States

Proposals related to divesting from pro-life states often come from activist groups aiming to influence corporate policies concerning the company's involvement in states with restrictive abortion laws. These proposals pressure companies to reconsider or withdraw investments, operations, or partnerships in U.S. states with restrictive abortion laws. Proponents often suggest that association with such states could pose reputational risks, affect employee recruitment and retention, and potentially impact consumer perception. Proposals often request that companies disclose any strategies or policies related to operations in these

states, including political contributions and public policy advocacy.

Bowyer Research policy:

Against – proposals from shareholders that seek to pressure the company to treat pro-life laws as a risk factor and to take that alleged risk into account when deciding whether to expand or divest in pro-life states.

Public statement opposing anti-abortifacient laws

A public statement opposing anti-abortifacient laws refers to shareholder proposals urging companies to publicly speak out against legislation that seeks to ban or restrict access to abortifacients—medications used to induce abortion.

Bowyer Research policy:

Against – shareholder proposals aimed at providers of abortifacients to be more vocal in opposing laws which outlaw or limit their use.

Stakeholder-Focused Governance (Shareholder Demotion)

Non-Pecuniary Corporate Purpose such as Public Benefit Corporation or announcement of stakeholder capitalism approach

These proposals may ask companies to explicitly disavow shareholder primacy via public announcement or even transition to a PBC structure. In the context of corporate governance and proxy voting, a non-pecuniary corporate purpose refers to a company's decision to pursue goals beyond maximizing shareholder profits, such as promoting social or environmental benefits. This often takes the form of becoming a PBC or publicly committing to a stakeholder capitalism approach, which considers the interests of "stakeholders" above shareholders.

Bowyer Research policy:

Against – proposals seek to hold companies to previous public statements such as the Business Roundtable statement on the purpose of a corporation or other statements supporting stakeholder capitalism by asking them to explicitly disavow shareholder primacy via public announcement or even the legal transition to a Public Benefit Corporation structure.

ESG-Focused Governance

Race/Gender/Trans targets on boards

Proposals related to race, gender, and trans targets on boards often seek to pressure companies to report on and adopt specific targets for the representation of these groups among their directors. These proposals are typically based on the proportion of society or the customer base. However, it is important to note that proposals with numerical or arbitrary quotas are generally opposed.

Bowyer Research policy:

Against – proposals seek to impose race and gender (and more recently gender identity) numerical targets on public corporations either as policy or by voting against key board members when boards are deemed non-diverse.

CEO evaluation/compensation

Shareholder proposals often seek to pressure the board to tie CEO or executive salaries to ESG factors, thus linking executive compensation with the company's ESG goals, rather than company performance, long-term shareholder value, and strategic goals.

Bowyer Research policy:

Against – shareholder proposals which seek to pressure the board to tie CEO or executive salaries to ESG factors.

Anti-ESG Proposals

Environmentalism Skeptical/Pro-Fossil Fuel

Rescind past carbon limit plans

Proposals related to rescinding past carbon limit plans typically seek to reverse previous commitments made by companies to limit their carbon emissions. These proposals often come from shareholders who believe that such commitments may not align with the company's financial interests or may impose unnecessary constraints on the company's operations. The aim of such proposals is to roll back or eliminate previously adopted targets or strategies.

Bowyer Research policy:

For – proposals from anti-ESG groups seeking to rescind past proposals committed to decarbonization.

Financial risk of decarbonization

Proposals related to the financial risk of decarbonization typically seek to quantify the potential financial risks associated with decarbonization efforts. These proposals often come from shareholders who are concerned about the economic implications of transitioning to a low-carbon economy. The goal is to ensure that companies are transparent about the financial impacts of their decarbonization strategies and are prepared to manage these risks effectively.

Bowyer Research policy:

For – proposals from anti-ESG groups seeking to assess the financial risks to shareholders of decarbonization.

Climate plans – fiduciary?

These proposals ask the company to assess whether adopting and implementing climate-related strategies —such as emissions targets or net-zero commitments—is consistent with the board's fiduciary duty to act in the best interest of shareholders. Such plans frequently conflict with financial returns and stray from core business goals.

Bowyer Research policy:

For – proposals from anti-ESG groups which call into question whether decarbonization or Net Zero pledges from companies are truly in the fiduciary interest of shareholders.

Reconsider/Remove ESG Goals

Proposals to reconsider or remove ESG goals from executive compensation inducements typically aim to eliminate or reduce the emphasis on ESG metrics in determining executive pay. These proposals often come from shareholders who believe that tying executive compensation to ESG goals may not align with the company's financial interests or may impose unnecessary constraints on the company's operations. The goal is to ensure that executive compensation is primarily based on financial performance and shareholder value, rather than non-financial metrics.

Bowyer Research policy:

For - Reconsider/Remove ESG goals from executive compensation inducements.

Anti "Social Justice"

Deplatforming

Proposals related to deplatforming typically seek to pressure companies to disclose incidents in which they have removed or censored content along religious or political lines. These proposals often come from anti-ESG groups aiming to influence corporate policies on transparency and accountability. Shareholders may vote on these proposals to encourage companies to adopt more stringent policies regarding content removal and to ensure that the company's practices align with its stated values and commitments. Key shareholder concerns include freedom of expression, transparency and consistency in content moderation, and reputational, regulatory, and business risks tied to platform decisions.

Bowyer Research policy:

For – proposals from anti-ESG groups which ask the company to disclose the policies regarding removing content from web pages or app stores along political or religious lines.

Debanking

Debanking proposals refer to the practice of financial institutions denying services to individuals, businesses, or non-profits based on their political or religious views. This growing trend involves major financial institutions abruptly closing accounts of those with whom they disagree, whether politically or religiously. Debanking also encompasses the practice of closing or denying access to banking services—such as accounts, loans, or payment processing—for certain individuals, organizations, or industries. Key shareholder concerns include transparency and fairness in decision-making, potential discrimination or bias, and reputational and legal risks from perceived politicization or inconsistent enforcement.

Bowyer Research policy:

For – proposals from anti-ESG groups which ask the company to disclose the policies regarding denying financial services along political or religious lines.

Reverse Discrimination

Reverse discrimination refers to the concept where DEI initiatives or employee unconscious bias training may result in discrimination and unfair treatment or exclusion of others, particularly majority-group employees or applicants. Proposals related to reverse discrimination typically seek to pressure companies to assess the risk that current DEI initiatives or employee unconscious bias training constitutes reverse discrimination and creates litigation risk. Key shareholder concerns include ensuring fairness and equal

opportunity for all individuals, avoiding legal or reputational risks related to bias, and balancing inclusion efforts with merit-based decision-making. Shareholder proposals may request companies to review and disclose DEI policies and ensure employment practices are consistent with anti-discrimination laws, and promote a culture of equal respect and opportunity for all employees.

Bowyer Research policy:

For – proposals from anti-ESG groups which ask the company to assess the risk that current DEI initiatives or employee unconscious bias training constitutes reverse discrimination and creates litigation risk.

Pro-Life

Risk of Dispensing Abortifacients

The risk of dispensing abortifacients refers to the potential legal, reputational, financial, operational, and stakeholder risks that a company might face due to its involvement in the distribution or sale of abortifacient medications, such as mifepristone. These risks can include backlash from stakeholders, negative media coverage, and potential boycotts, which can impact the company's brand image and financial performance. Additionally, companies may face legal compliance challenges across jurisdictions with varying abortion laws, as well as reputational risks and consumer or investor backlash from either side of the abortion debate. Employee and patient access to comprehensive healthcare benefits is also a key concern.

Shareholder proposals related to this topic often aim to pressure companies to assess and disclose the risks associated with dispensing abortifacients, ensuring that they align with regulatory standards and best practices. These proposals may request companies to disclose policies regarding the distribution or coverage of abortifacients, assess and report on the legal and reputational risks involved, and ensure policies align with both corporate values and applicable laws.

Bowyer Research policy:

For – proposals from shareholders which ask the company to assess the risk of dispensing mifepristone

Risk of Political Speech

Proposals related to the risk of political speech typically seek to pressure companies to disclose the risks involved with speaking out on divisive issues such as abortion, racially divisive issues, and LGBTQ issues. These proposals often come from anti-ESG groups aiming to influence corporate policies on transparency and accountability. Risk of political speech refers to the potential reputational, financial, legal, or operational consequences a company may face due to statements, endorsements, or political positions taken by its executives, board members, or the company itself.

Key shareholder concerns include alienating customers, employees, or investors with controversial positions, and regulatory or public backlash from perceived political bias or influence. Shareholder proposals may request companies to assess the business impact of political speech, and implement policies that balance freedom of expression with corporate responsibility and stakeholder trust. Managing political speech is increasingly seen as part of effective reputation and risk governance.

Bowyer Research policy:

For – proposals from anti-ESG groups which ask the company to disclose the risks involved with speaking out on divisive issues such as abortion, racially divisive issues and LGBTQ issues.

Charitable Contribution Disclosure

Proposals related to charitable contribution disclosure typically seek to pressure companies to disclose charitable contributions above a certain threshold. These proposals often come from anti-ESG groups aiming to find contributions to organizations like Planned Parenthood, BLM Foundation, and/or Human Rights Campaign. Charitable contribution disclosure refers to the practice of companies publicly reporting their donations to nonprofit organizations, foundations, or advocacy groups, including amounts, recipients, and the purpose of the contributions.

Key shareholder concerns include transparency and accountability in the use of corporate funds, alignment of contributions with the company's stated values and ESG commitments, and avoiding reputational risk from associations with controversial causes. Shareholder proposals may request companies to disclose all charitable contributions, including political or ideological affiliations, establish clear guidelines for corporate giving, and ensure charitable donations reflect shareholder interests and

stakeholder trust. This disclosure promotes responsible corporate philanthropy and enhances governance oversight.

Bowyer Research policy:

For – proposals from anti-ESG groups which ask the company to disclose charitable contributions above a certain threshold.

V. Frequently Asked Questions

What is proxy voting?

In this context, proxy voting refers to the process by which shareholders of publicly traded companies cast votes on topics such as who will represent their interests on the board of directors, various housekeeping items, and various resolutions placed on the ballot by other shareholders.

Why are shareholder proposals important?

A high proportion of shareholder proposals are politically sensitive and come from proponents who are aligned with the ESG (environment, social, governance) approach to investing, which is increasingly seen as seeking to advance political causes via the operation of financial markets. Recently, however, proposals are coming from other groups that are acting to counteract ESG activist groups. Currently the proportion of pro-ESG proposals to anti-ESG proposals has gone from roughly twenty to one, to roughly ten to one. That trend is likely to continue with anti-ESG proposals bridging the gap.

Why did you create a set of proxy voting instructions?

Proxy voting is extremely complex. There are several hundred shareholder proposals per year and that number is rising rapidly. Shareholder proposals often couch a highly politicized agenda in innocuous sounding language. Shareholder activists obfuscate their intentions by creating misleading titles in increasingly elaborate attempts to "hack" the rules used by Proxy Advisory Services and asset managers to gain support. Often, the intent of a proposal is hidden in the details of the proposal's Supporting Statement, which must be read in full to discover the intended purpose.

Why not just trust the Proxy Advisory Service Benchmark policies to determine our votes for us?

Many fiduciaries disagree with the benchmark recommendations of Proxy Advisory Services. Some see these services as insufficiently aligned with the ESG movement. That is not our view. More recently an anti-ESG backlash has arisen and many have become more vocal in expressing the view that the services are overly aligned with ESG. While the latter have had some success in advocating for their policies in the process of forming Benchmark policies, nevertheless thus far they do not see those policies as

fulfilling their needs. For example, proxy services have not offered guideline options which support proposals that seek to counter ESG until now.

This holds true for all available options presented by these services, even the "Board Aligned" options which, while less favorable to ESG than other guidelines on offer, still do support ESG proposals from management (for example anti-fossil fuel proposals); oppose proposals from ESG skeptical points of view, as well as penalize boards for failing racial and gender diversity criteria.

How are Bowyer Research proxy voting policies different?

These Guidelines evaluate every proposal through the standard of a narrowly focused definition of pecuniary benefit to the investor. This translates into general opposition to ESG proposals from shareholders or management. It does, however, automatically vote against everything ESG. For example, data often point to the importance of governance factors (the G in ESG) as being relevant to shareholder interests. As a general rule, these policies are extremely skeptical of the E and S proposals, but less so of G proposals. In fact, the guidelines are very tough on management in regards to governance issues. Examples would include any attempt to weaken shareholder rights.

We believe that in proper corporate governance, CEOs should work for boards and boards should work for shareholders. We also have a 'no-excuses' policy on the reelection of board members when companies severely underperform their peer group—if the company severely underperforms its peer group, we vote against reelection of the board. From this standpoint, these policies vary significantly from management recommendations (though not necessarily from board-aligned policies in every case).

Why use proxy advisory firms?

The top few proxy advisory services have almost 100% market share. It is not practical to offer solutions without working with the existing market leaders. And it is not practical to expect those firms to participate unless they benefit as well. This is the essence of capitalism: exchanges in which both parties win. This option responds to customer demand and offers something the marketplace wanted, but which had not previously been readily available.

Did a proxy advisory firm write or contribute to these policies?

No, this document was created without policy input from any proxy advisory firm. There was cooperation between Bowyer Research and such firms in that the policies were written in a way which fits with each firm's existing coding and implementation system, which allowed us to structure the guidelines in a way intended to minimize the likelihood of misunderstanding intent.

Do these policies push conservative ideology onto companies?

No. The approach is non-political and focused narrowly on pecuniary benefit to investors. This is not an attempt to move companies to the right, but rather an attempt to move them back to neutral. That having been said, the guidelines do tend to support proposals from conservative groups, but only when those proposals themselves are focused on getting companies away from politics.

Why are these instructions so detailed?

They are detailed in order to minimize the possibility that the clients' wishes will be misunderstood, and also to deal with the rapidly increasing variety of new types of proposals.

Do you have research support for your positions?

We have an extensive library of white papers (currently over 300 of them) supporting the positions represented in the voting instructions.

APPENDIX B – DESCRIPTION OF SECURITIES RATINGS

A. Long-Term Ratings

1. Moody's Investors Service – Long-Term Corporate Obligation Ratings

Moody's long-term obligation ratings are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Such ratings use Moody's Global Scale and reflect both the likelihood of default and any financial loss suffered in the event of default.

Aaa Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.

Aa Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.

Baa Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

Ba Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.

B Obligations rated B are considered speculative and are subject to high credit risk.

Caa Obligations rated Caa are judged to speculative be of poor standing and are subject to very high credit risk.

Ca Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

Note Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid- range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

2. Standard and Poor's – Long-Term Issue Credit Ratings (including Preferred Stock)

Issue credit ratings are based, in varying degrees, on the following considerations:

- Likelihood of payment—capacity and willingness of the obligor to meet its financial commitments on an obligation in accordance with the terms of the obligation;
- Nature and provisions of the financial obligation and the promise S&P imputes;
- Protection afforded by, and relative position of, the financial obligation in the event of a bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

Issue ratings are an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default. Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy, as noted above. (Such differentiation may apply when an entity has both senior and subordinated obligations, secured and unsecured obligations, or operating company and holding company obligations.)

AAA An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitments on the obligation is extremely strong.

AA An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitments on the obligation is very strong.

A An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong.

BBB An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more weaken the obligor's capacity to meet its financial commitments on the obligation.

Note Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions.

BB An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation.

B An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitments on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation.

CCC An obligation rated 'CCC' is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

CC An obligation rated 'CC' is currently highly vulnerable to nonpayment. The 'CC' rating is used when a default has not yet occurred, but S&P expects default to be a virtual certainty, regardless of the anticipated time to default.

C An obligation rated 'C' is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared with obligations that are rated higher.

D An obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. A rating on an obligation is lowered to 'D' if it is subject to a distressed debt restructuring.

Note Plus (+) or minus (-). The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

NR This indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that Standard & Poor's does not rate a particular obligation as a matter of policy.

3. Fitch – International Long-Term Credit Ratings

International Long-Term Credit Ratings (LTCR) may also be referred to as Long-Term Ratings. When assigned to most issuers, it is used as a benchmark measure of probability of default and is formally described as an Issuer Default Rating (IDR). The major exception is within Public Finance, where IDRs will not be assigned as market convention has always focused on timeliness and does not draw analytical distinctions between issuers and their underlying obligations. When applied to issues or securities, the LTCR may be higher or lower than the issuer rating (IDR) to reflect relative differences in recovery expectations.

The following rating scale applies to foreign currency and local currency ratings:

Investment Grade

AAA Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA Very high credit quality. 'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

BBB Good credit quality. 'BBB' ratings indicate that there are currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category.

Speculative Grade

BB Speculative. 'BB' ratings indicate that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met. Securities rated in this category are not investment grade.

B Highly speculative. 'B' ratings indicate that significant credit risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.

CCC Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic conditions.

CC Default of some kind appears probable.

C Default is imminent.

RD Indicates an entity that has failed to make due payments (within the applicable grace period) on some but not all material financial obligations, but continues to honor other classes of obligations.

D Indicates an entity or sovereign that has defaulted on all of its financial obligations. Default generally is defined as one of the following:

- Failure of an obligor to make timely payment of principal and/or interest under the contractual terms of any financial obligation;
- The bankruptcy filings, administration, receivership, liquidation or other winding-up or cessation of business of an obligor;
- The distressed or other coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.

Default ratings are not assigned prospectively; within this context, non-payment on an instrument that contains a deferral feature or grace period will not be considered a default until after the expiration of the deferral or grace period.

Issuers will be rated 'D' upon a default. Defaulted and distressed obligations typically are rated along the continuum of 'C' to 'B' ratings categories, depending upon their recovery prospects and other relevant characteristics. Additionally, in structured finance transactions, where analysis indicates that an instrument is irrevocably impaired such that it is not expected to meet pay interest and/or principal in full in accordance with the terms of the obligation's documentation during the life of the transaction, but where no payment default in accordance with the terms of the documentation is imminent, the obligation may be rated in the 'B' or 'CCC-C' categories.

Default is determined by reference to the terms of the obligations' documentation. Fitch will assign default ratings where it has reasonably determined that payment has not been made on a material obligation in accordance with the requirements of the obligation's documentation, or where it believes that default ratings consistent with Fitch's published definition of default are the most appropriate ratings to assign.

Note The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' Long-term rating category, to categories below 'CCC', or to Short-term ratings other than 'F1'. (The +/- modifiers are only used to denote issues within the CCC category, whereas issuers are only rated CCC without the use of modifiers.)

B. Preferred Stock Ratings

1. Moody's Investors Service

Aaa An issue which is rated "aaa" is considered to be a top-quality preferred stock. This rating indicates good asset protection and the least risk of dividend impairment within the universe of preferred stocks.

Aa An issue which is rated "aa" is considered a high-grade preferred stock. This rating indicates that there is a reasonable assurance the earnings and asset protection will remain relatively well-maintained in the foreseeable future.

A An issue which is rated "a" is considered to be an upper-medium grade preferred stock. While risks are judged to be somewhat greater than in the "aaa" and "aa" classification, earnings and asset protection are, nevertheless, expected to be maintained at adequate levels.

Baa An issue which is rated "baa" is considered to be a medium-grade preferred stock, neither highly protected nor poorly secured. Earnings and asset protection appear adequate at present but may be questionable over any great length of time.

Ba An issue which is rated "ba" is considered to have speculative elements and its future cannot be considered well assured. Earnings and asset protection may be very moderate and not well safeguarded during adverse periods. Uncertainty of position characterizes preferred stocks in this class.

B An issue which is rated "b" generally lacks the characteristics of a desirable investment. Assurance of dividend payments and maintenance of other terms of the issue over any long period of time may be small.

Caa An issue which is rated "caa" is likely to be in arrears on dividend payments. This rating designation does not purport to indicate the future status of payments.

Ca An issue which is rated "ca" is speculative in a high degree and is likely to be in arrears on dividends with little likelihood of eventual payments.

C This is the lowest rated class of preferred or preference stock. Issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

Note Moody's applies numerical modifiers 1, 2, and 3 in each rating classification; The modifier 1 indicates that the security ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

C. Short Term Ratings

1. Moody's Investors Service

Moody' s short-term ratings are opinions of the ability of issuers to honor short-term financial obligations. Ratings may be assigned to issuers, short-term programs or to individual short-term debt instruments. Such obligations generally have an original maturity not exceeding thirteen months, unless explicitly noted.

Moody' s employs the following designations to indicate the relative repayment ability of rated issuers:

P-1 Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

P-2 Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

P-3 Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term debt obligations.

NP Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

Note Canadian issuers rated P-1 or P-2 have their short-term ratings enhanced by the senior-most long-term rating of the issuer, its guarantor or support-provider.

2. Standard and Poor's

A-1 A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

A-2 A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

A-3 A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

B A short-term obligation rated 'B' is regarded as having significant speculative characteristics. Ratings of 'B-1', 'B-2', and 'B-3' may be assigned to indicate finer distinctions within the 'B' category. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B-1 A short-term obligation rated 'B-1' is regarded as having significant speculative characteristics, but the obligor has a relatively stronger capacity to meet its financial commitments over the short-term compared to other speculative- grade obligors.

B-2 A short-term obligation rated 'B-2' is regarded as having significant speculative characteristics, and the obligor has an average speculative-grade capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.

B-3 A short-term obligation rated 'B-3' is regarded as having significant speculative characteristics, and the obligor has a relatively weaker capacity to meet its financial commitments over the short-term compared to other speculative- grade obligors.

C A short-term obligation rated 'C' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

D A short-term obligation rated 'D' is in payment default. The 'D' rating category is used when payments on an obligation are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardized.

Note Dual Ratings. Standard & Poor's assigns "dual" ratings to all debt issues that have a put option or demand feature as part of their structure. The first rating addresses the likelihood of repayment of principal and interest as due, and the second rating addresses only the demand feature. The long-term rating symbols are used for bonds to denote the long-term maturity and the short-term rating symbols for the put option (for example, 'AAA/A-1+'). With U.S. municipal short-term demand debt, note rating symbols are used with the short-term issue credit rating symbols (for example, 'SP-1+/A-1+').

3. Fitch

The following ratings scale applies to foreign currency and local currency ratings. A Short-term rating has a time horizon of less than 13 months for most obligations, or up to three years for US public finance, in line with industry standards, to reflect unique risk characteristics of bond, tax, and revenue anticipation notes that are commonly issued with terms up to three years. Short-term ratings thus place greater emphasis on the liquidity necessary to meet financial commitments in a timely manner.

F1 Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.

F2 Good credit quality. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.

F3 Fair credit quality. The capacity for timely payment of financial commitments is adequate; however, near term adverse changes could result in a reduction to non-investment grade.

B Speculative. Minimal capacity for timely payment of financial commitments, plus vulnerability to near term adverse changes in financial and economic conditions.

C High default risk. Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment.

D Indicates an entity or sovereign that has defaulted on all of its financial obligations.

Note The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' Long-term rating category, to categories below 'CCC', or to Short-term ratings other than 'F1'. (The +/- modifiers are only used to denote issues within the CCC category, whereas issuers are only rated CCC without the use of modifiers.)