

## PAYH & PAYM

Using the popular autocallable income strategy  
inside of a dynamic, market-reactive ETF

Predictable income,  
contingent protection, and  
built-in hedging – all in a  
single-ticker solution

TrueShares S&P Autocallable Income ETFs

## Finding Reliable Income in a Volatile World

The bedrock of a successful retirement portfolio rests on a steady income stream. For retirees, this cash flow is the lifeblood of their financial plan, covering essential expenses without forcing the sale of principal during market downturns.

The traditional source of income, investment-grade bonds, has been fundamentally challenged by decades of low interest rates, forcing investors to either accept lower yields or take on more risk. Navigating market volatility and interest rates (especially over the last five years) has made reliable, above-average income challenging to find. So where can investors find yield for their portfolio?

## An Institutional Solution – Made Simple for the Retail Investor

TrueShares addresses this challenge by leveraging financial instruments historically reserved for institutional investors: autocallable notes. TrueShares S&P Autocallable Income ETFs (PAYH and PAYM) offer a modern, dynamic, and market-reactive version of this institutional income strategy, made simple and accessible for the average retail investor through an Exchange-Traded Fund (ETF). These funds offer:

Market-linked income potential with daily liquidity	Reliable distributions regardless of calm or volatile market conditions that can be taxed like capital gains if the ETF is held over a year	Higher annual yields than traditional fixed income
Lower concentration risk through a dynamic, diverse portfolio across multiple income-generating positions - each with their own maturity and coupon structure	A single ticker solution that is model-portfolio ready through risk-aware, professional management (which automatically reinvests into new opportunities without any manual effort from investors)	An “always-on” hedging strategy to mitigate severe market stress

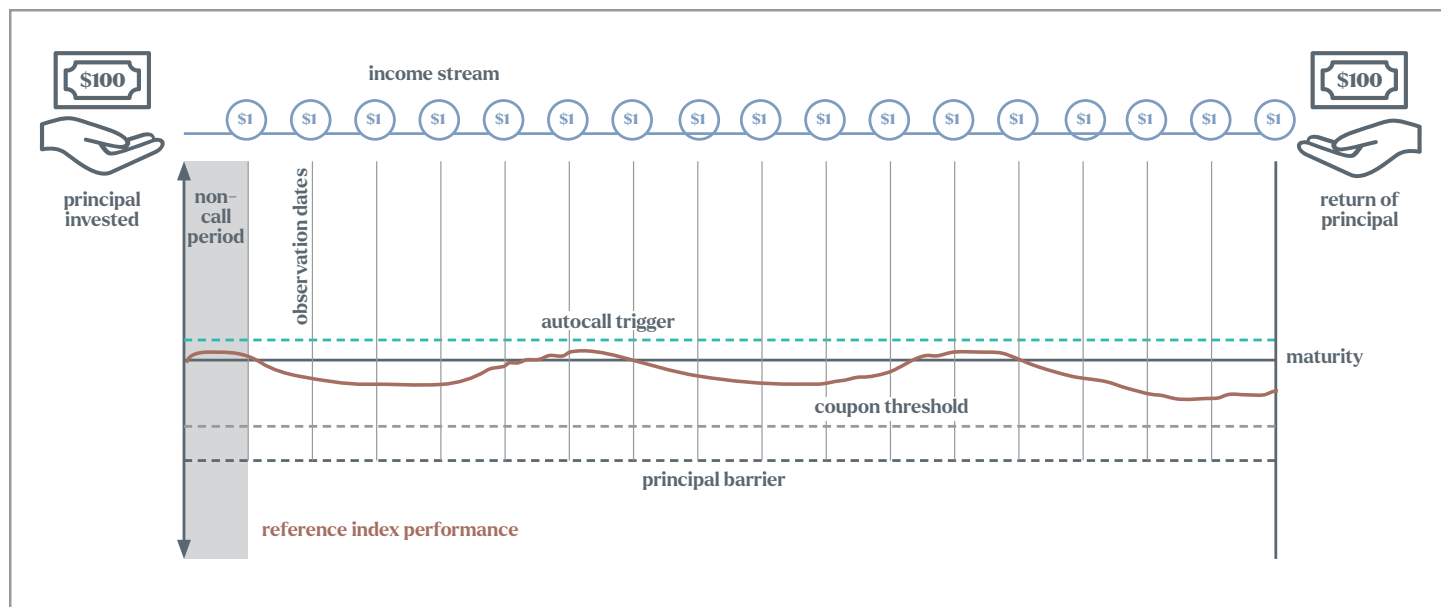
## Understanding the Engine: The Autocallable Note

An autocallable note is an equity market-linked investment designed to provide regular, high income and return principal at a set maturity date—or earlier—if specific market conditions are met. Its performance is tied to a reference index, such as the S&P 500.

<b>Observation Dates</b>	Monthly dates when the reference index performance is checked against the predesignated thresholds like the coupon barrier, the autocallable level, and the maturity barrier. Autocallables typically have a non-call period during which the autocallable cannot be called early to ensure the investor has a chance for income.
<b>Coupon</b>	On monthly observation dates, the coupon (fixed income) is paid, assuming the reference index is above the pre-set coupon threshold.
<b>Coupon Threshold</b>	The pre-set level which the reference index must stay above on observation dates in order for income to be paid.
<b>Maturity Date</b>	This is the date you receive your principal back, assuming the autocallable was not redeemed early.
<b>Principal Barrier</b>	This is the level the reference index needs to be above on the maturity date in order to return your principal back in full.
<b>Autocall Trigger</b>	If the index rises to or above the specific autocall level on a monthly observation date, you get your principal back early.

## What You Can Expect When Owning A Single Autocallable

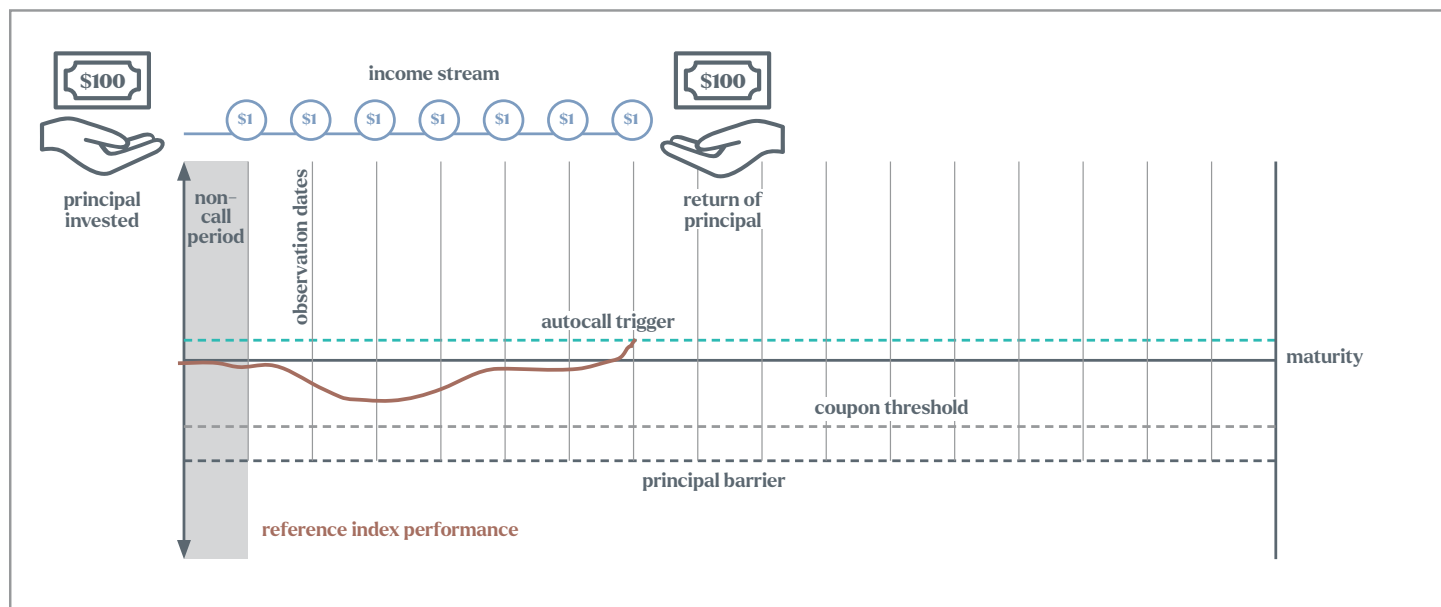
The autocallable is designed to pay a fixed income stream until maturity. This income payment is paid on monthly “observation dates,” but only if the reference index (e.g., S&P 500) stays above a pre-set level, known as the coupon threshold. As long as the reference index stays above the coupon threshold and principal barrier, coupons continue to be paid and your principal is returned at maturity, even if the market has declined overall.



For illustrative purposes only. Source: TrueMark Investments

## The Autocall Feature

If at any of the monthly observations dates the reference index is at or above the specific autocall trigger, the autocallable is redeemed and the investor gets their principal back early.

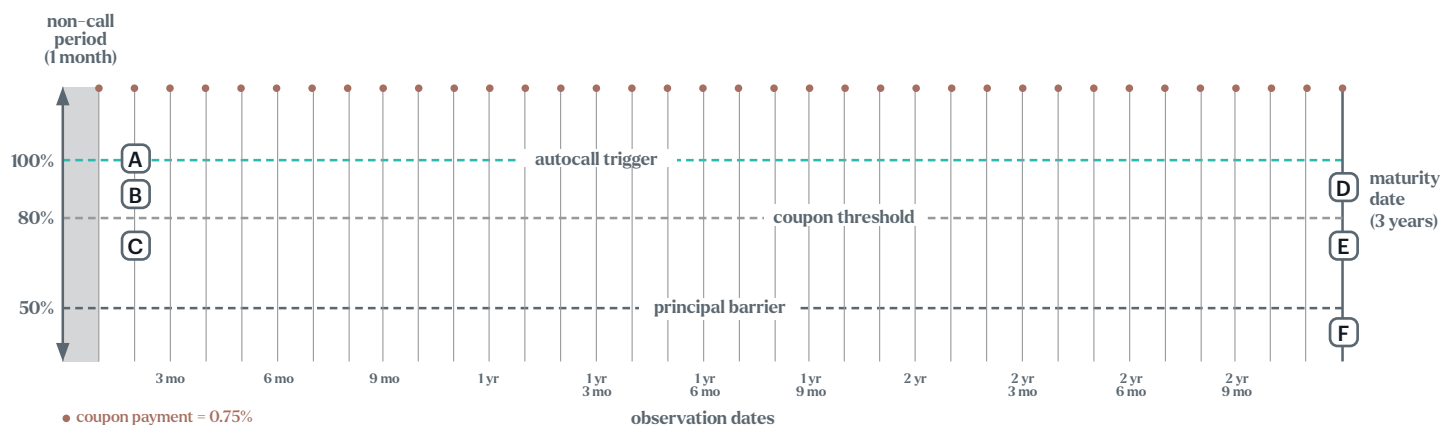


For illustrative purposes only. Source: TrueMark Investments

## Potential Outcomes of a Hypothetical Autocallable

Let's consider a 3-year autocallable, with a non-callable period of one month, coupon of 9%, annualized, a coupon threshold of 80% of the value of the reference index, and a principal barrier of 50% of the value of the reference index.

At the end of 2 months (the next observation date after the non-call period), there are 3 potential scenarios that could take place with the autocallable:



<b>A</b>	If the reference index is 100% of its initial value or more, the autocall trigger has been breached for that autocallable and the autocallable is called. The investor receives their full principal back, plus the coupon payment for that observation period.
<b>B</b>	If the reference index is between 80-100% of its initial value, the investor receives their coupon payment for that observation period and the autocallable continues.
<b>C</b>	If the reference index is 30% below its initial value, the fund does not receive the coupon payment for that observation period, but the autocallable continues. The fund does not receive its coupon payment because the value of the reference index at the end of the observation period is only 70% of its initial value, which means that the autocallable has breached the coupon barrier of 80% for that period.

At the end of 3 years (at maturity), assuming the autocall trigger has not been breached at any monthly observation date, there are 3 potential outcomes of that autocallable:

<b>D</b>	If the reference index is 10% below its initial value, the investor is repaid the entirety of their principal and still receives the final coupon payment for the last observation period. The investor still receives their coupon payment, because the value of the reference index at the end of the observation period is 90% of its initial value, which means that it has not fallen enough to breach the coupon threshold of 80%.
<b>E</b>	If the reference index is 30% below its initial value, the investor is repaid the entirety of their principal, but does not receive a coupon payment for that observation period. The investor receives their principal, because the value of the reference index is 70% of its initial value, which is above the principal barrier of 50%. The investor does not receive their coupon payment, because the value of the reference index at the end of the observation period has fallen enough to breach the coupon threshold of 80%.
<b>F</b>	If the reference index is 50% or more below its initial value at maturity, the investor receives a reduced principal repayment and does not receive a coupon payment for that observation period. For example, if the reference index is below its initial value by 60% then the amount of principal to be repaid to the fund is reduced by 60%.

## A Managed Portfolio of Autocallables Inside a Single Ticker

With PAYH and PAYM, TrueShares offers investors access to an adaptable portfolio of 4 to 26 different autocallables that responds to market conditions - all inside of a fully liquid ETF wrapper.

ETF professional portfolio management ensures:

- Continuous income generation opportunities
- Automatic reinvestment when an autocallable is redeemed
- Liquidity to buy and sell ETF shares on an exchange
- Diversification across characteristics- all within a single ticker solution

Historically, autocallables were complex products with high minimums and poor liquidity, available only to institutional investors. The ETF structure eliminates the complexity of high minimums, complex paperwork, and the need for the individual investor to manage a variety of maturity dates.

## The Critical Differentiator: Dynamic Exposure to Equity Markets

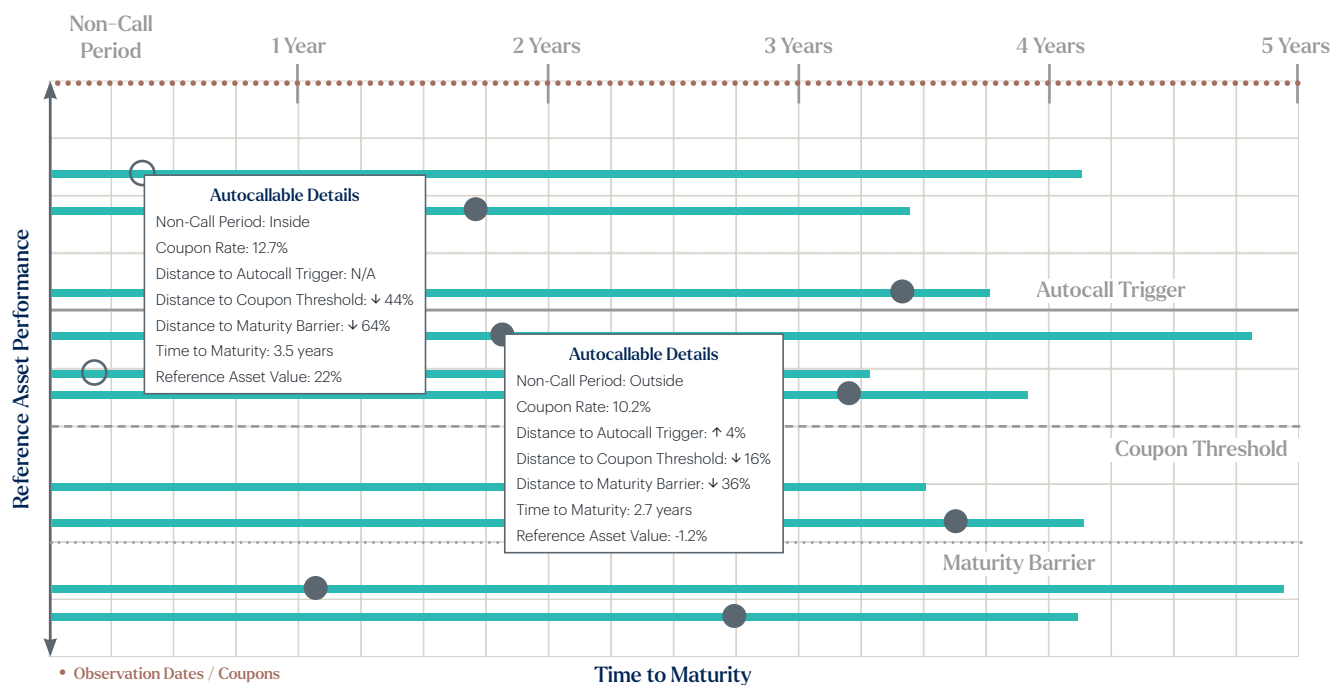
PAYH and PAYM leverage professional portfolio management to optimize the portfolio in a number of ways:

### The Autocallables are Rolled Weekly

The portfolio of autocallables is actively monitored and new autocallables are added for any existing position that has autocalled or matured - without any manual work from the investor.

### Diversification of Autocallable Structures

Unlike a ladder portfolio of identical autocallable notes, PAYH and PAYM leverage autocallables that have different time frames, maturities, and barriers - increasing diversification and lower risk potential. A hypothetical portfolio of autocallables referenced by PAYH may look something like this:



*The hypothetical illustration is for informational purposes only and does not reflect the actual portfolio. Future outcomes may differ significantly.*

## Manufacturing the Yield

The portfolio is reverse engineered to the yield, specifically designed to meet target income. This allows the portfolio to generate higher yield potential than traditional sources of income.

### Example Sources of Income

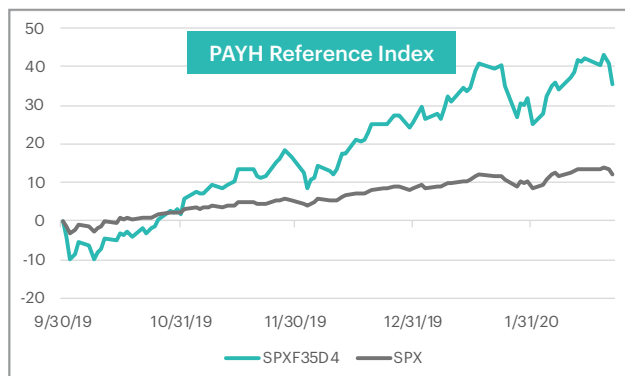
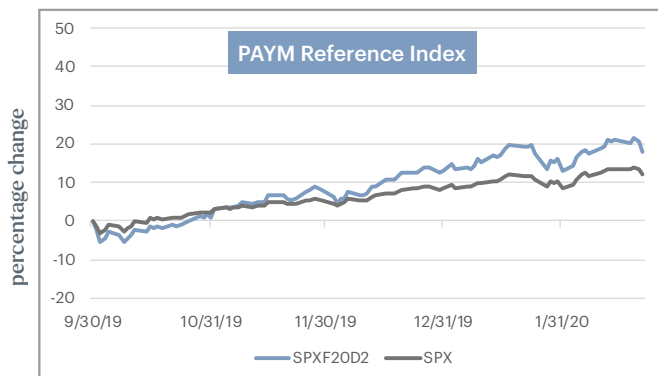
Investment Type	Average Yield
U.S. Treasury Bonds (10-Year)	4.15%
iShares iBoxx \$ Inv Grade Corporate Bond ETF (LQD)	4.39%
iShares iBoxx \$ High Yield Corporate Bond ETF (HYG)	5.66%
VanEck High Yield Muni ETF (HYD)	4.11%
Vanguard High Dividend Yield Index Fund ETF (VYM)	2.39%
TrueShares S&P Autocallable High Income ETF (PAYH)	Target: 14-16%
TrueShares S&P Autocallable Defensive Income ETF (PAYM)	Target: 9-12%

Values shown are indicative of historical yield from since inception through 09/30/2025. Source: Bloomberg

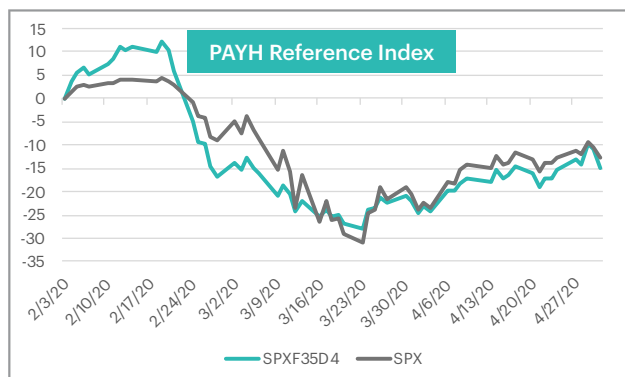
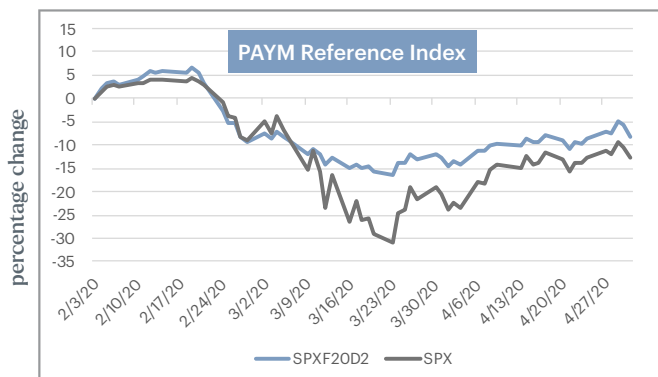
## Dynamic Reference Index

Unlike traditional equity indices that maintain fixed allocations, the reference indices for PAYH and PAYM dynamically adjust exposure to U.S. large-capitalization equities based on market volatility conditions up to seven times daily. This allows for a faster reaction to market moves if volatility is spiking or contracting.

**During calm or typical market environments, the reference indices increase exposure.**



**During volatile market periods, the reference indices reduce exposure.**



This approach seeks to maintain a more consistent risk profile across varying market conditions while potentially reducing drawdowns during market stress and improving risk-adjusted returns over time.

The S&P 500® Futures 20% Intraday VT Index measures the performance of a long-only, dynamically adjusted strategy based on E-mini S&P 500 futures. The index seeks to achieve a 20% volatility target by using an intraday rebalance strategy based on volume-weighted average prices computed during different time windows in the day, and it may be levered up to two times to achieve its target. The index has a decrement factor of 2% per year.

The S&P 500® Futures 35% Intraday VT Index measures the performance of a long-only, dynamically adjusted strategy based on E-mini S&P 500 futures. The index seeks to achieve a 35% volatility target by using an intraday rebalance strategy based on volume-weighted average prices computed during different time windows in the day, and it may be levered up to four times to achieve its target. The index has a decrement factor of 4% per year.

The S&P 500® Index tracks the performance of 500 of the largest publicly traded companies in the United States.

## The Hedged Component

All autocallables expose your investment to market losses if the reference index is below the barrier at maturity. That's why both PAYH and PAYM contain a dynamically calibrated, always-on hedge to help reduce drawdowns during a potential severe, rapid equity market selloff.

The underlying autocallable notes have inherent exposure to the stock market (S&P 500) because their performance is tied to its movements. While the autocallable notes provide contingent protection (above the Maturity Barrier), the hedge is a second, crucial layer of defense.

The funds dedicate a modest portion (typically 1-3%) of their potential coupon income to purchase option-based hedges to partially offset this equity risk, additionally dampening overall volatility.

This protection slightly reduces the maximum potential coupon payment but offers crucial stability and reduced downside volatility during extreme market stress.

## Putting Market Declines in Perspective

Market declines can feel unusual in the moment, but history tells a different story. Over nearly a century of S&P 500 performance, pullbacks of varying sizes occur with separate frequencies. From routine 1–3% daily dips to corrections that occur far fewer, volatility is part of the market's long-term DNA.

Understanding how often declines occur helps investors stay grounded, disciplined, and focused on long-term outcomes rather than short-term noise, while also helping them avoid emotional decision-making.

### How Often Does the Stock Market Decline?

Measure of Decline	Frequency
Decline of 1%	50-60 times per year
Decline of 3%	7-8 times per year
<b>Decline of 5%</b>	<b>3-4 times per year</b>
<b>Decline of 10%</b>	<b>every 1.1 years</b>
Decline of 15%	every 2 years
Decline of 20%	every 3.5 years
Decline of 25%	every 5-7 years

*Source: Bloomberg. S&P 500 Index averages since inception of 1928.*

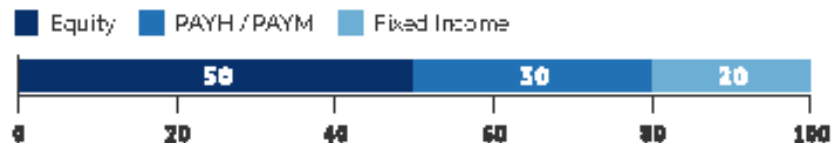


## PAYH and PAYM in a Portfolio

TrueShares S&P Autocallable Income ETFs, PAYH and PAYM, are engineered to solve the modern investor's income challenge by packing the sophisticated autocallable strategy into a single-ticker, professionally managed ETF wrapper - targeting a higher level than traditional income sources. If you are looking to unlock the potential for higher, more reliable annual yields distributed on a monthly basis, PAYH and PAYM provide an innovative, liquid, and risk-aware solution to fortify your portfolio.

### Core Income Sleeve

The portfolio of staggered maturity dates and varying barrier levels can provide an income stream that's seeks consistency, and may generate income unrelated to traditional interest-rate or credit risk.



### Bond Alternative

The portfolio of autocallables move away from interest rate and credit risk by linking to an equity-based reference index.



Take the next step toward smart income generation.

Visit [true-shares.com/structuredincome](https://true-shares.com/structuredincome) to explore more about PAYH & PAYM.

**This material must be preceded or accompanied by a prospectus. [View PAYH Prospectus.](#) [View PAYM Prospectus.](#)**

**Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by visiting [www.true-shares.com](http://www.true-shares.com). Please read the prospectus carefully before you invest.**

*The funds are distributed by Paralel Distributors LLC.. Paralel is not affiliated with TrueMark Investments, LLC. or RiverNorth Capital Management.*

*The investment objective of TrueShares S&P Autocallable High Income ETF (the "Fund") is to generate high monthly income while reducing downside risk. The investment objective of TrueShares S&P Autocallable Defensive Income ETF (the "Fund") is to generate moderate monthly income while reducing downside risk.*

*These products employ a complex investment strategy involving derivatives and structured-product like payout profiles and may not be suitable for all investors. The tax treatment of derivatives and structured-outcome strategies may be complex. Investors should consult a tax advisor regarding their individual circumstances.*

*The funds seek high income, but predictable income is not a guarantee and actual income may decline in certain market conditions. A decline in the index or failure to meet certain performance thresholds may reduce or eliminate monthly income. There is no assurance that the Funds' investment strategy, including their use of derivatives, contingent downside features, or income-generation techniques, will be successful. The strategy may not achieve its objectives, may not perform as expected in different market environments, and could result in investment losses. The funds are new with no operating history.*

*An investment in TrueShares S&P Autocallable High Income ETF and TrueShares S&P Autocallable Defensive Income ETF is subject to numerous risks, including possible loss of principal. The ETF is subject to the following principal risks: Authorized Participants, Market Makers, and Liquidity Providers Concentration Risk associated with ETFs; Equity Market Risk; Management Risk; Market Capitalization Risk; Market Risk; New Fund Risk. A full description of risks is in the prospectus.*

*TrueShares S&P Autocallable High Income ETF and TrueShares S&P Autocallable Defensive Income ETF is also subject to the following risks:*

**Coupon payment risk:** *Coupon payment risk refers to the danger that the issuer of a bond may default on its interest payments (credit risk) or that the investor will not be able to reinvest those payments at a favorable rate (reinvestment risk). This risk is present with any fixed-income security that makes regular coupon payments.*

**Autocall barrier risk:** *Autocall barrier risk is the possibility of losing money on an autocallable financial product because the underlying asset's value falls below a specified barrier level.*

**Maturity barrier risk:** *If the Underlying Reference Index falls below the Maturity Barrier at the maturity of an Autocall in the Portfolio, that portion of the Portfolio will be fully exposed to the negative performance of the Underlying Reference Index from its initial level. This conditional protection creates a binary outcome that can result in sudden, significant losses if barriers are breached.*

**Derivatives and swap counterparty risk:** *Counterparty risk is the risk that one party in a derivative contract, such as an interest rate or currency swap, will default on its obligations. This means the other party could face a financial loss because the defaulting counterparty fails to make a required payment. The risk is particularly high for over-the-counter (OTC) derivatives like swaps, which are negotiated directly between two parties and are not traded on an exchange.*

**Reference index risk:** *a reference index risk is the risk that an asset's return will deviate from a benchmark index, or the risk associated with instruments like index options, which are used for trading and hedging against index movements.*

**Equity market risk:** *Equity market risk is the possibility of losing money in stock investments due to fluctuations in the overall stock market. This risk stems from factors like economic conditions, geopolitical events, and industry trends that cause market-wide price changes, affecting both individual stocks and entire portfolios.*

**FLEX options risk:** *The Fund may invest in FLEX Options issued and guaranteed for settlement by the OCC. The Fund bears the risk that the OCC will be unable or unwilling to perform its obligations under the FLEX Options contracts. Additionally, FLEX Options may be illiquid, and in such cases, the Fund may have difficulty closing out certain FLEX Options positions at desired times and prices. As the options the Fund invests in derive their performance from the S&P 500 Price Index, the Fund is subject to the equity market risk associated with the index. The ETF's portfolio is more volatile than broad market averages.*

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