

# The S&P 500 Futures Intraday VT Decrement Indices

The Reference Assets Behind PAYH and PAYM

## Systematic Exposure to the S&P 500



Can be increased up or down to meet desired volatility

## Stability



Intraday rebalancing to a volatility target to help achieve a more stable profile

## Dynamic Exposure and Volatility Targeting

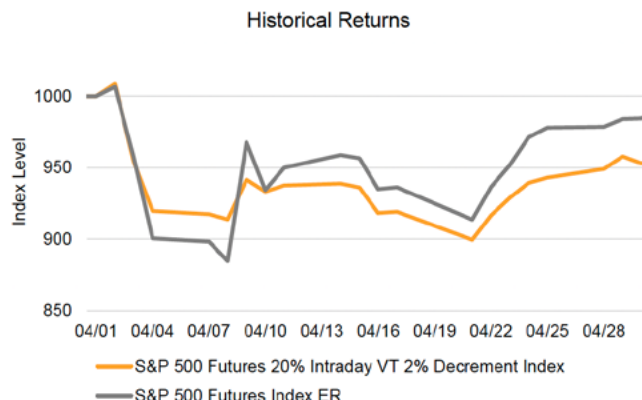
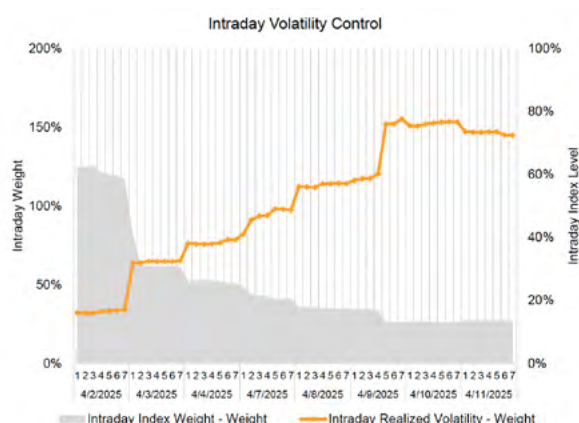
The S&P 500 Futures Intraday VT Decrement Indices (The S&P 500 Futures 35% Intraday VT 4% Decrement Index<sup>1</sup> and The S&P 500 Futures 20% Intraday VT 2% Decrement Index<sup>2</sup>) provide dynamic, volatility-targeted exposure to E-mini S&P 500 Futures. Their core intraday volatility target methodology adjusts futures exposure 7 times throughout the day to help keep the index's realized volatility near the target level.

This allows the volatility target to be achieved more responsively and consistently, helping enable the ETF to reach for higher yield in low volatility environments and potentially reducing the impact of short-term volatility spikes.

1- 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 (a type of futures contract based on the S&P 500 index). 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. 2- 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.

## Volatility Targeting in Action: An April 2025 Case Study

Due to geopolitical and policy uncertainty during the first week of April 2025, the market experienced an extremely volatile period and significant sell-off.



Source: S&P Dow Jones Indices LLC. Data from Dec. 31 2007, to Dec. 31, 2008. Index performance based on price return in USD. All data prior to index launch date is back-tested hypothetical data. S&P 500 Futures 40% Intraday VT 4% Decrement Index (USD) ER launched on Aug. 30, 2024. The S&P 500 Futures 35% Intraday VT 4% Decrement Index and S&P 500 Futures 20% Intraday VT 2% Decrement Index launched Sept. 26, 2025. Past performance is no guarantee of future results. Chart/table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance. The Fund's portfolio may differ significantly from the securities held in the index. You cannot invest directly in an index; therefore, its performance does not reflect the expenses associated with the active management of an actual portfolio.

By rebalancing 7 times throughout the day, the S&P 500 Futures 20% Intraday VT 2% Decrement Index adjusted its exposure from 120% on April 2nd to 50% by the end of April 4th in response to rising intraday volatility above the 20% target, ultimately minimizing drawdowns compared to S&P 500 Futures.

# The Volatility Targeting Mechanism: A Look at How It Works

## Dynamic Leverage

The indices may apply leverage up to four times (400% exposure) to the E-mini S&P 500 Futures to help hit their specified target (35% or 20%).



### In Calm Markets

If the realized volatility of the S&P 500 is low, the index will increase its exposure (leverage) to try and meet the target volatility.

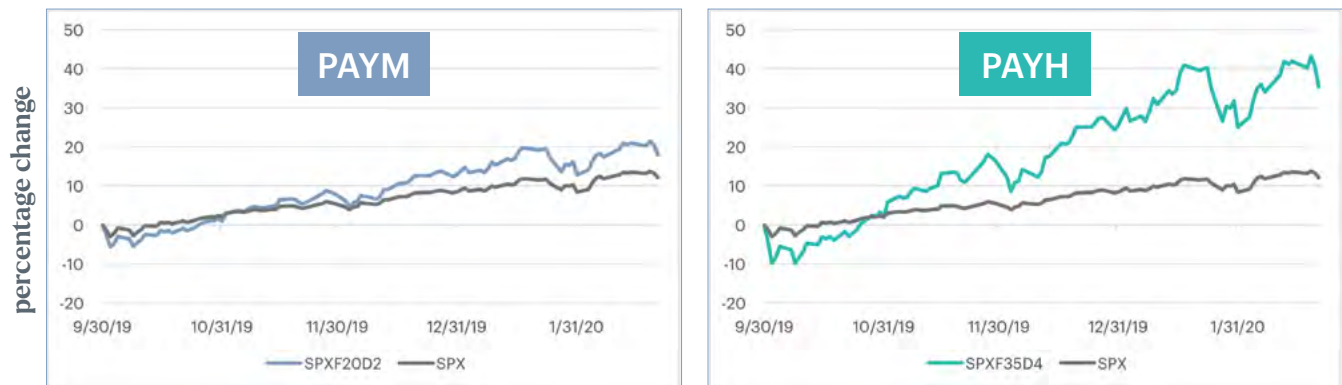


### In Volatile Markets

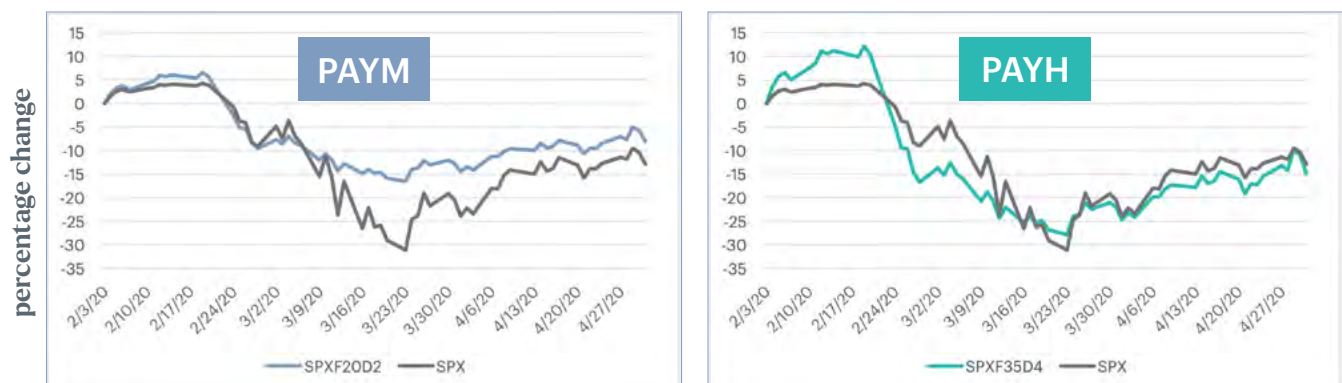
If the realized volatility of the S&P 500 is high, the index will reduce its exposure to dampen the index's fluctuations and avoid exceeding the target.

## A Closer Look at How the Reference Indices Performed Against the S&P 500 (SPX) in Various Scenarios

### Calm Market Environments



### Volatile Market Environments



In calm markets, the indices increase equity exposure for growth. In volatile markets, the indices reduce exposure to help limit drawdowns. The indices seek to maintain consistent risk and improve risk-adjusted returns across all market environments. The hypothetical example does not represent the returns of any particular investment.

## Intraday Adjustment for Precision

Unlike many volatility-controlled indices that rebalance only daily, these indices implement a sophisticated intraday rebalance strategy.

- The indices adjust their exposure to equities up to 7x a day.
- The exposure is based on the realized volatility of the futures contract over the previous 3 and 5 days.
- The rebalancing for each intraday window uses Volume-Weighted Average Prices (VWAPs) to minimize the potential impact of sudden price movements during the adjustment process.

Want to take a peek at how the reference indices would have performed in past market drawdowns? Look them up:

**S&P 500 Futures 35% Intraday VT 4% Decrement Index: SPXF35D4**

**S&P 500 Futures 20% Intraday VT 2% Decrement Index: SPXF20D2**

## Ready to Learn More?

The S&P 500 Futures Intraday VT Decrement Indices are the engine driving the autocallable notes inside TrueShares S&P Hedged Structured Income High ETF (PAYH) and TrueShares S&P Hedged Structured Income Moderate ETF (PAYM). To learn more, visit

[www.true-shares.com/structuredincome](http://www.true-shares.com/structuredincome).

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). This material must be preceded or accompanied by a fund prospectus, please click [here](#). Please read the prospectus carefully before you invest.

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.

TrueMark Investments, LLC is the investment advisor to the Fund and receives a fee from the Fund for its services. The fund is distributed by Parallel Distributors LLC, member FINRA. Parallel is not affiliated with TrueMark Investments, LLC or RiverNorth Capital Management.

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