Trueshares BY RIVERNORTH

All About Autocallables

The Coupon Threshold, Explained

TrueShares S&P Autocallable Income ETFs

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How Income Is Determined

The income potential of an autocallable is driven by one key level: the **coupon threshold**. This threshold sets the minimum performance the reference index must achieve on an observation date for the investor to receive the scheduled coupon payment. If the index exceeds the threshold, the coupon is paid; if not, the payment is skipped. By tying income to specific market levels rather than daily fluctuations, the coupon threshold provides a clear, rules-based way to measure potential income while helping investors understand the conditions under which their investment generates income.

The Basic Idea Behind the Coupon Threshold

The coupon threshold is a predefined level of the reference index that determines whether an income payment is made on an observation date.

How Coupon Payments Work

On each observation date:

- If the reference index is above the coupon threshold, the investor receives the coupon.
- If the reference index is below the coupon threshold, the coupon payment is missed for that period.

Important things to know:

- The reference index does not need to be positive — it only needs to be above the threshold.
- Only the closing level on the observation date matters.

Why the Coupon Threshold Matters

- It determines how resilient income is during market pullbacks.
- Thresholds at lower levels generally mean higher likelihood of income.
- It allows autocallables to generate income even in flat or modestly down markets.

How Observation Dates Work in an ETF of Underlying Autocallables

Because PAYH and PAYM are ETFs with a portfolio of underlying autocallables, the risk of missed income on an observation date decreases due to diversification. Even if one autocallable misses a coupon payment due to the reference index being below the coupon threshold, it's probable other autocallables will not be below the threshold and receive their coupons. This can smooth out the income stream for the investor and make the yield more reliable.

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. 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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NOT FDIC INSURED — NO BANK GUARANTEE — MAY LOSE VALUE