



Intelligent Investments. Independent Ideas.



As of 3/31/24

AAM Transformers ETF (TRFM)

*Embrace the Power of
Disruptive Innovation*

Advisors Asset Management Inc. (AAM) is a SEC Registered Investment Advisor and Member FINRA/SIPC.

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The TRFM Advantage

AAM Transformers ETF

 TRFM

Expense Ratio: 0.49%
Inception Date: July 11, 2022

The AAM Transformers ETF Seeks to Invest in Companies that are:



Disruptive

Companies that have the proven ability to develop transformative technologies



Evolving

Companies with substantial allocation towards research & development (R&D): a vital factor in striving to adapt and innovate for the future.



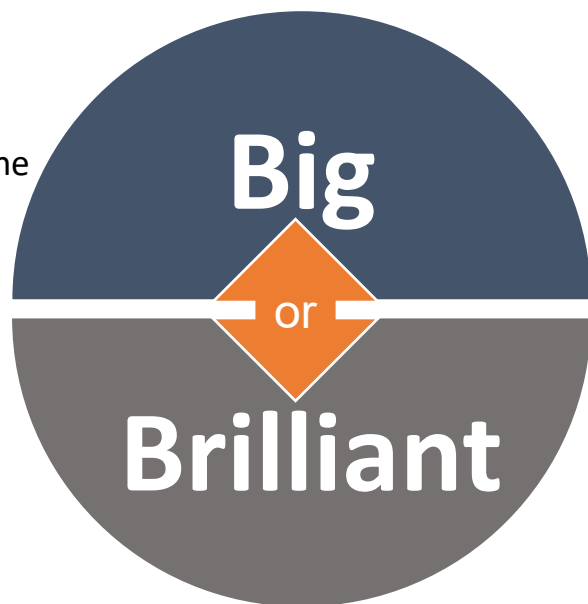
Growing

Companies that are expected to sustain stronger sales & CAPEX growth relative to their respective industries.

What's The Next "Big Thing"?

We believe for a company to develop transformative technologies they must either be:

A **BIG** company will have the resources necessary to develop breakthrough technologies.

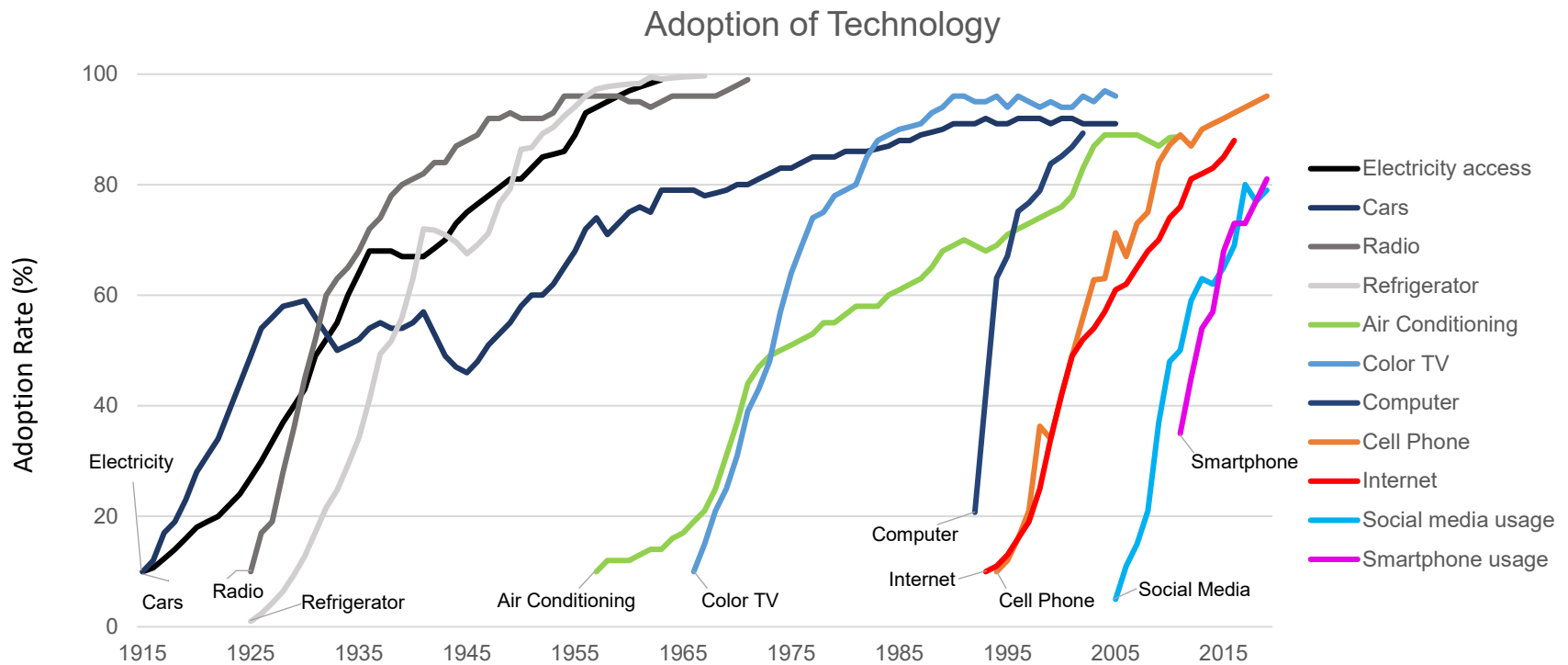


A **BRILLIANT** company will see the potential in their product and reflect this in their sales growth projections.

The Pence Transformers Index seeks to identify and invest in large companies developing groundbreaking innovations as well as smaller companies creating innovative products before they become big ones.

Faster Adoption Rates of the Next “Big Thing”

Today, adoption of new technologies occurs at a faster rate than in the past as illustrated by the steeper slopes of the adoption rates of the innovations of the past 25 years.



Where Can We Find The Next “Big Thing”?

Historically

Breakthrough innovations were fewer and far between in sectors such as industries such as Home Furnishings, Airlines and Semiconductors.

Year	Technology	Sector
1769	Steam Engine	Industrial
1876	Telephone	Communication Services
1878	Electricity	Utilities
1886	Automobile	Consumer Discretionary
1903	Airplane	Industrials
1924	Refridgerator	Consumer Discretionary
1928	Penicillin	Health Care
1947	Transistor	Consumer Discretionary
1958	Integrated Circuit	Technology
1973	Mobile Phones	Technology
1977	Personal Computers	Technology
1989	World Wide Web	Communication Services

Today’s Modern Era

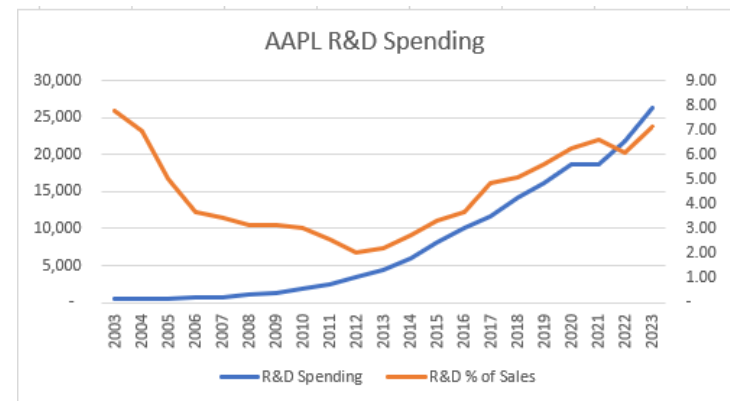
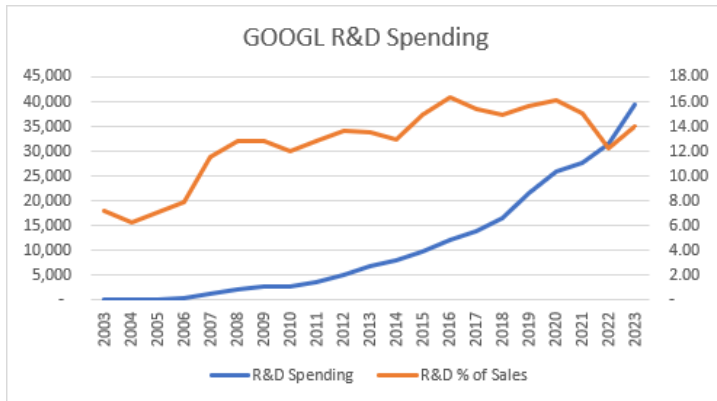
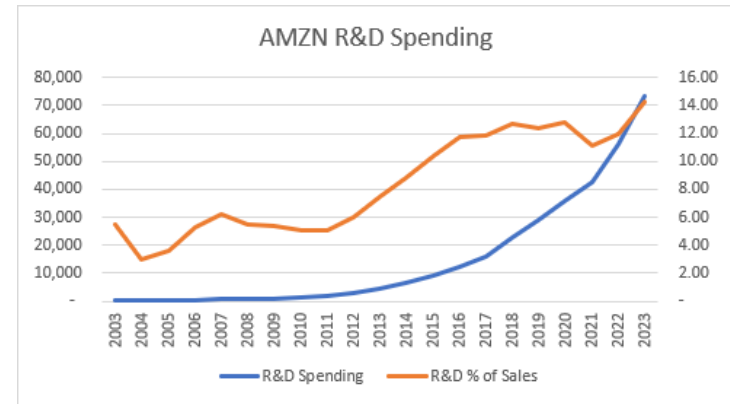
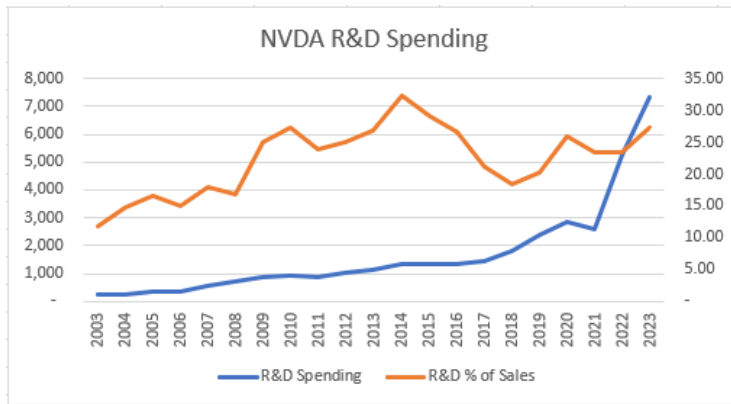
In the Modern Era, innovations are more frequent and have come from new industries such as Internet, Financial Services, Software Services, Interactive Media, Entertainment, Wireless Telecommunications, and Broadline Retail.

Year	Technology	Sector
2001	iPod	Technology
2004	Facebook	Communication Services
2007	Amazon Kindle	Consumer Discretionary
2007	Netflix	Communication Services
2008	App Store	Technology
2010	Instagram	Communication Services
2010	Uber	Industrial
2011	Air BNB	Consumer Discretionary
2012	Tesla Model S	Consumer Discretionary
2013	3D Printing	Technology
2014	Google Glass	Consumer Discretionary
2015	Blockchain	Financials
2016	CRISP-R	Health Care
2016	Augmented Reality	Technology
2019	5G Networks	Communication Services

What Does the Next “Big Thing” Look Like?

Big companies can allocate significantly more resources to R&D to develop new technologies.

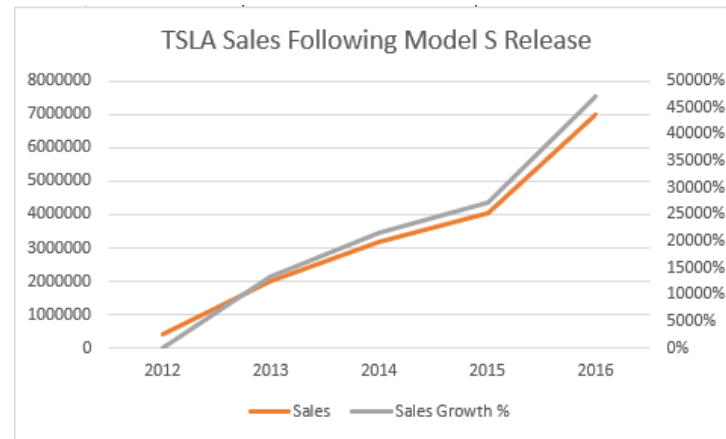
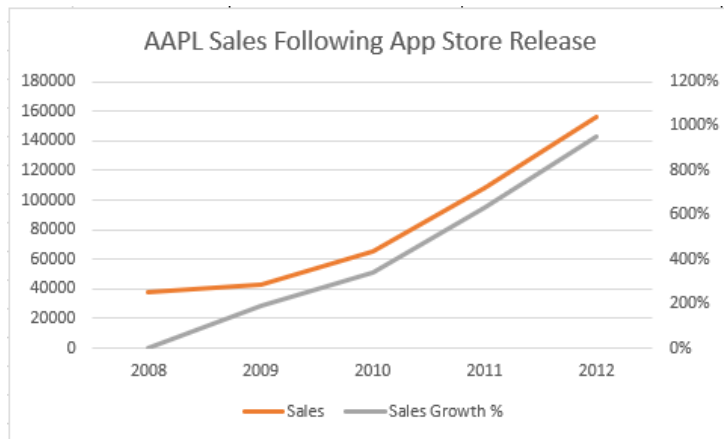
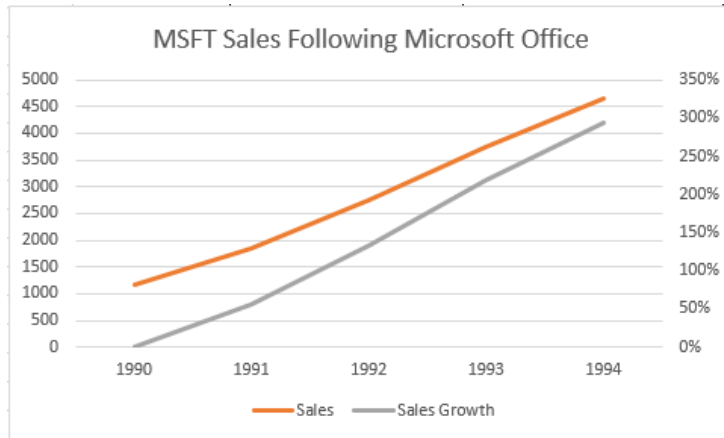
(Left axis: R&D Spending (\$); Right Axis: R&D Spending as a % of Sales (%))



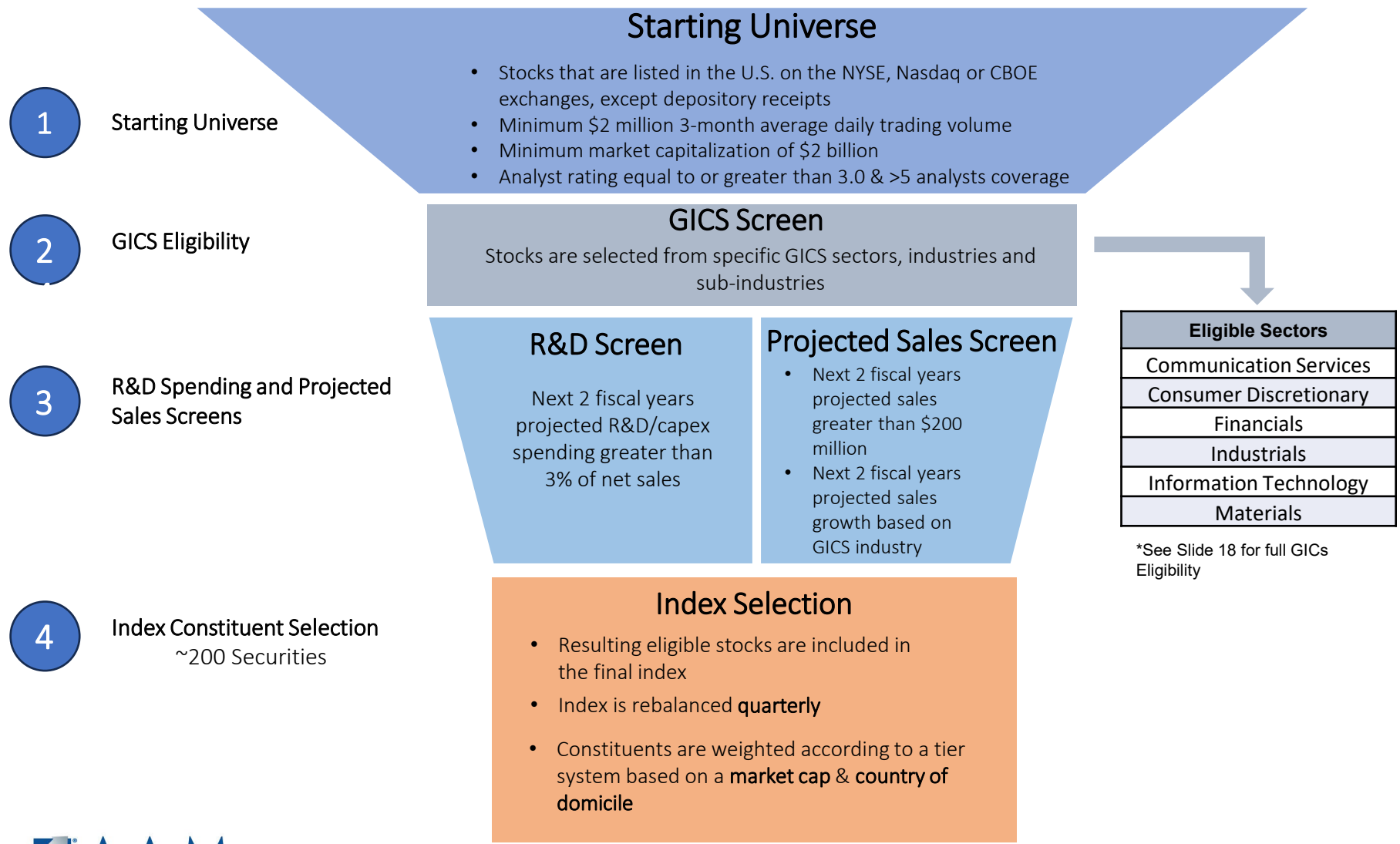
What Does the Next “Big Thing” Look Like?

Brilliant companies see rapid sales growth following the release of their innovative products.

(Left axis: Sales (\$); Right Axis: Sales Growth (%))



Pence Transformers Index



TRFM Weighting Methodology

Companies are classified based on a tier system to provide diversification across market capitalization and geography:

Category	Weight Cap	Description
Category #1	20%	U.S. - based companies with over \$100B in market capitalization
Category #2	30%	U.S. - based companies with \$20B - \$100B market capitalization
Category #3	25%	U.S. - based companies with \$2B to \$20B market capitalization
Category #4	15%	International companies with over \$30B market capitalization
Category #5	10%	International companies with \$2B to \$30B market capitalization
	100%	

Example: Tier Weighting System Progression

Advanced Micro Devices (NYSE: AMD) is a good example of how a company can progress through the tier weighting system.

Advanced Micro Devices Market Capitalization



TRFM Casts a Wide Net to Find Innovative Companies

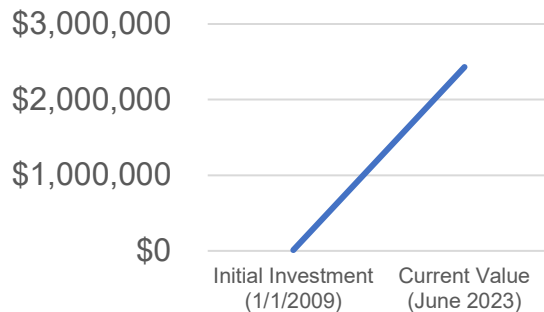
The AAM Transformers ETF seeks to identify successful, innovative companies that broad based indices often miss.

TRFM Holding	In S&P 100?	In S&P 500?	In Nasdaq 100?	Annualized Return Since PENCETI Inception
Taiwan Semiconductor Manufacturing Co (NYSE: TSM)	NO	NO	NO	27.92%
Shopify Inc (NYSE: SHOP)	NO	NO	NO	30.07%
HubSpot (NYSE: HUBS)	NO	NO	NO	30.05%
S&P 500 Index				13.56%

Timing is Everything

Investing early in a disruptive company has the potential for long-term sustainable growth and market dominance.

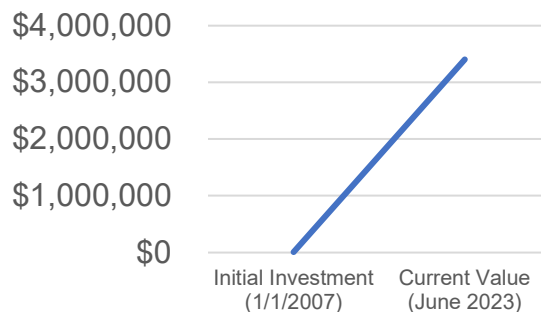
Nvidia (NVDA)



NVIDIA's focus on graphics processing units (GPUs) for gaming and artificial intelligence has positioned it as a key player in high-performance computing.

- Investment Date: January 1, 2009
 - Date reflects the emergence of GPUs as a key technology for gaming and artificial intelligence applications thus increasing demand for Nvidia products
- Initial Investment: \$10,000
- Current Value \$2,430,000 (as of June 2023)
- Annualized Return: 46.49%

Netflix (NFLX)



Netflix's transformation from a DVD-by-mail service to a leading global streaming platform has reshaped the entertainment industry

- Investment Date: January 1, 2007
 - Date reflects the transition of Netflix from DVD-by-mail to a streaming platform disrupting the entertainment industry
- Initial Investment: \$10,000
- Current Value \$3,400,000 (as of June 2023)
- Annualized Return: 40.61%

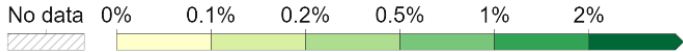
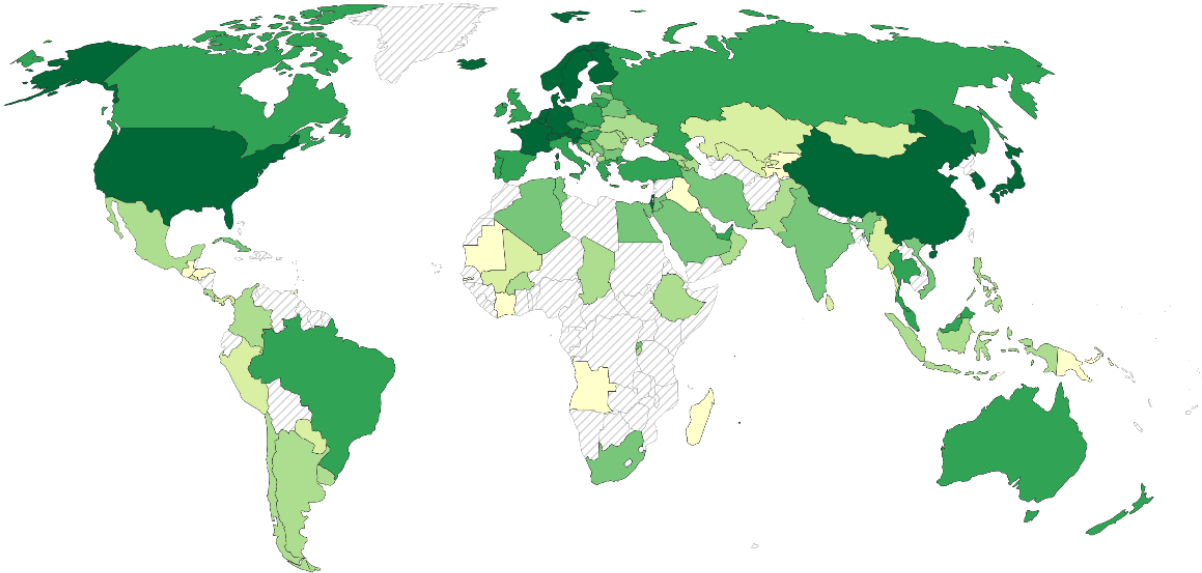
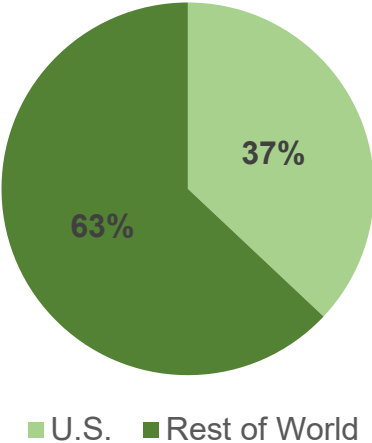
Capturing Global Innovation

International Stocks shouldn't be overlooked when looking for the next "Big Thing".

Research & development spending as a share of GDP, 2021
Includes basic research, applied research, and experimental development.

Our World
in Data

Global R&D Spending



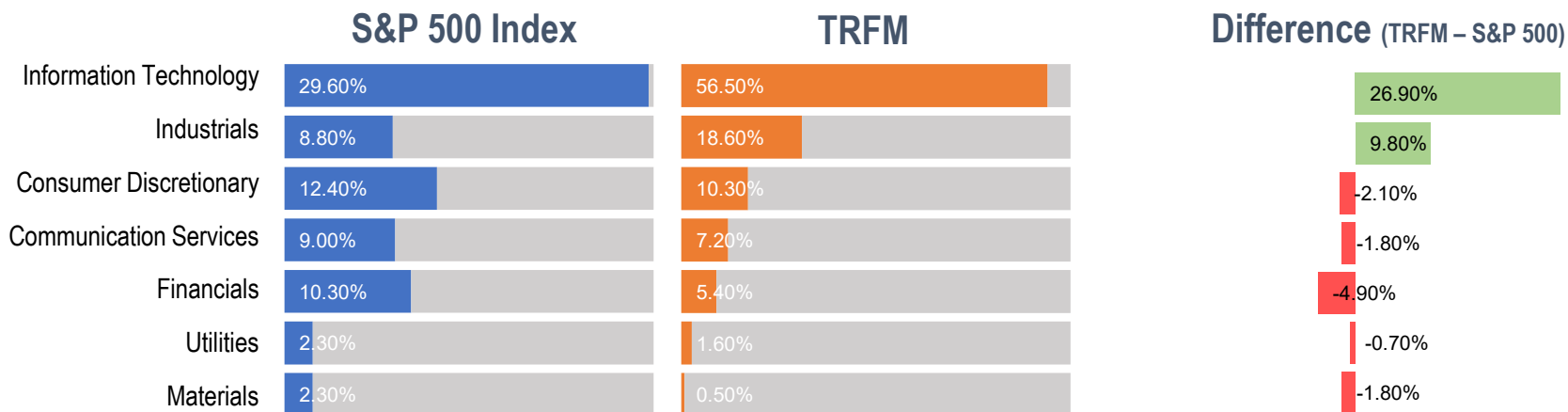
Source: UNESCO (via World Bank)

Note: Spending includes current and capital expenditures (public and private) on research.

OurWorldInData.org/research-and-development • CC BY

TRFM Portfolio Characteristics

TRFM provides exposure across multiple GICS Sectors in search of concepts such as artificial intelligence (AI), healthcare innovation, fintech, and more.



TOP 10 HOLDINGS

Name	% Net Assets	Name	% Net Assets
Micron Technology Inc	1.05	Airbnb Inc	0.87
Alphabet Inc	0.93	Microsoft Corp	0.85
NVIDIA Corp	0.93	Amazon.com Inc	0.85
Eaton Corp PLC	0.90	Mastercard Inc	0.85
QUALCOMM Inc	0.88	Intel Corp	0.85

TRFM Performance (%) as of 3/31/24

	QTR	1-Year	3-Year	5-Year	Since Fund Inception (7/11/2022)
AAM TRFM NAV Total Return	6.24	28.09	-	-	21.62
AAM TRFM Market Price Total Return	6.32	28.21	-	-	21.68
Pence Transformers Index	6.38	28.88	-	-	22.35
S&P 500 Index	10.56	29.88	-	-	21.71

Expense Ratio: 0.49%

Performance for periods longer than one year is annualized.

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost; current performance may be lower or higher than the performance quoted. Returns for performance under one year are cumulative, not annualized. For the most recent month end performance please visit the funds website at www.aamlive.com. Short-term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on returns.

Investing involves risk, including the possible loss of principal. Shares of any ETF are bought and sold at market price (not NAV) and may trade at a discount or premium to NAV. Shares are not individually redeemable from the Fund and may only be acquired or redeemed from the fund in creation units. Brokerage commissions will reduce returns.

Key Takeaways

Embracing the Power of Disruptive Innovation

- The **AAM Transformers ETF (TRFM)** seeks to track the investment results of the **Pence Transformers**, an index that aims to target companies whose products and services show compelling potential to transform consumer behavior, technological innovation, and the global economy thus offering the potential for long-term sustainable growth.
- **TRFM targets companies that are:**
 - **Disruptive:** companies that have the proven ability to develop transformative technologies
 - **Evolving:** companies with substantial allocation towards research & development (R&D): a vital factor in striving to adapt and innovate for the future
 - **Growing:** companies that are expected to sustain stronger sales & CAPEX growth relative to their respective industries

Underlying Index

Pence Transformers Index (PENCETI)

Exposure	U.S. & International Large, Mid & Small Cap Equity
Index Ticker	PENCETI
Starting Universe	Stocks that are listed in the U.S. on the NYSE, Nasdaq or CBOE exchanges, and depository receipts
Eligibility Factors	<ul style="list-style-type: none">▪ Minimum liquidity threshold of an average daily traded value of \$2 million over a three-month period▪ Average analyst rating greater than or equal to 3.0▪ Minimum 5 analysts covering the stock
Market Capitalization	<ul style="list-style-type: none">▪ Constituents must have a minimum float-adjusted market capitalization of \$2 billion
Selection	<ul style="list-style-type: none">▪ Stocks are selected from specific GICs sectors, industries and sub-industries<ul style="list-style-type: none">▪ *see slide 18 for full GICs eligibility▪ Next 2 fiscal years projected R&D/capex spending greater than 3% of net sales▪ Next 2 fiscal years projected sales greater than \$200 million▪ Next 2 fiscal years projected sales growth minimums based on GICs-Industry
Weighting	<ul style="list-style-type: none">▪ US-based Companies: Generally, 75% of holdings can be invested in US-based companies with market capitalization of \$2 billion and above▪ International companies (via ADRs): 25% of holdings in companies with market capitalization of \$2 billion and above▪ Weighting can be adjusted and re-distributed to other categories if the Index does not identify companies in a particular category
Index Rebalance	<ul style="list-style-type: none">▪ Rebalanced quarterly▪ The Index is reconstituted after the close of business on the third Friday of March, June, September, and December.

Index Eligibility

Sector Eligibility
Communication Services
Consumer Discretionary
Financials
Industrials
Information Technology
Materials
Utilities

Industry Group Eligibility
Automobiles & Components
Capital Goods
Commercial & Professional Services
Consumer Discretionary Distributors
Consumer Durables & Apparel
Consumer Services
Financial Services
Materials
Media & Entertainment
Semiconductors & Semiconductor
Software & Services
Technology Hardware & Equipment
Transportation
Utilities

Industry Eligibility
Aerospace & Defense
Automobile Components
Automobiles
Broadline Retail
Chemicals
Communications Equipment
Electrical Equipment
Electronic Equipment, Instrument
Entertainment
Financial Services
Ground Transportation
Hotels, Restaurants & Leisure
Household Durables
Independent Power and Renewable
Interactive Media & Services
IT Services
Machinery
Metals & Mining
Professional Services
Semiconductors & Semiconductor
Software
Technology Hardware & Storage

Sub-Industry Eligibility	
Aerospace & Defense	Industrial Machinery & Suppliers
Application Software	Interactive Home Entertainment
Automobile Manufacturers	Interactive Media & Services
Automotive Parts & Equipment	Internet Services & Infrastructure
Broadline Retail	IT Consulting & Other Services
Cargo Ground Transportation	Passenger Ground Transportation
Communications Equipment	Renewable Electricity
Consumer Electronics	Restaurants
Copper	Semiconductor Materials & Equipment
Data Processing & Outsourced Services	Semiconductors
Electrical Components & Equipment	Specialized Consumer Services
Electronic Components	Specialty Chemicals
Electronic Equipment & Instrument	Systems Software
Electronic Manufacturing Services	Technology Distributors
Heavy Electrical Equipment	Technology Hardware & Storage
Hotels, Resorts & Cruise Lines	Transaction & Payment Processing Services
Independent Power Producers	

Disclosures

The **S&P 100 Index**, a sub-set of the S&P 500®, is comprised of 100 major blue chip companies across multiple industry groups. The **S&P 500 Index** is a stock index that tracks the share prices of 500 of the largest public companies in the United States. The **Nasdaq 100 Index** which tracks the performance of 100 of the biggest non-financial companies listed on the Nasdaq stock exchange.

Definitions: Capital Expenditure (CAPEX) is money spent on long-term fixed assets that foster growth. The **price-to-earnings (P/E) ratio** is the ratio for valuing a company that measures its current share price relative to its per-share earnings. The **price-to-book value (P/BV) ratio** is calculated by dividing the current closing price of the stock by the latest quarter's book value per share. The **price/sales (P/S) ratio** is calculated either by dividing the company's market capitalization by its total sales over a 12-month period, or on a per-share basis by dividing the stock price by sales per share for a 12-month period. The **price-to-cash flow (P/CF) ratio** is calculated by dividing the company's stock price with the quantity of its cash inflows, minus its cash outflows over a given time, usually a year. This ratio is similar to a company's price-earnings ratio, but it does not take into account earnings that have not actually been received. **Earnings per share (EPS)** is the portion of a company's profit allocated to each outstanding share of common stock and is used as an indicator of a company's profitability.

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Not FDIC Insured. Not Bank Guaranteed. May Lose Value.

Disclosures - Continued

Past performance does not guarantee future results. It is not possible to invest directly in an index.

The Funds' investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contains this and other important information about the investment company, and it may be obtained by calling 800.617.0004, or visiting www.aamlive.com. Read it carefully before investing.

Investing involves risk, including the possible loss of principal. Shares of any ETF are bought and sold at market price (not NAV) and may trade at a discount or premium to NAV. Shares are not individually redeemable from the Fund and may be only be acquired or redeemed from the fund in creation units. Brokerage commissions will reduce returns. **Information Technology Sector Risk:** Market or economic factors impacting information technology companies and companies that rely heavily on technological advances could have a significant effect on the value of the Fund's investments. The value of stocks of information technology companies and companies that rely heavily on technology is particularly vulnerable to rapid changes in technology product cycles, rapid product obsolescence, government regulation and competition, both domestically and internationally, including competition from foreign competitors with lower production costs. Stocks of information technology companies and companies that rely heavily on technology, especially those of smaller, less-seasoned companies, tend to be more volatile than the overall market. Information technology companies are heavily dependent on patent and intellectual property rights, the loss or impairment of which may adversely affect profitability. **Market Capitalization Risk:** The fund invests in large- and mid-capitalization companies. The securities of mid-capitalization companies may be more vulnerable to adverse issuer, market, political, or economic developments than securities of large-capitalization companies. **ADR Risk:** ADRs involve risks similar to those associated with investments in foreign securities, such as changes in political or economic conditions of other countries and changes in the exchange rates of foreign currencies. **Models and Data Risk:** The composition of the Index is heavily dependent on proprietary quantitative models as well as information and data supplied by third parties ("Models and Data"). **New Fund Risk:** The Fund is a recently organized investment company with no operating history. As a result, prospective investors have no track record or history on which to base their investment decision. **Portfolio Turnover Risk:** The Fund may trade all or a significant portion of the securities in its portfolio in connection with each quarterly rebalance and reconstitution of its Index.

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