Exploring Tax Efficiencies Within Our ETFs

ETF’s VS MUTUAL FUNDS – THE CASHING OUT CONCERN

As far as tax efficiently is concerned, Exchange Traded Funds (ETFs) have frequently been considered the gold standard for investment vehicles. The realization that ETFs are more tax efficient than mutual funds (in terms of creation and redemptions) is not a new concept. If an investor owns a mutual fund and decides to redeem the investment, the fund managers must sell securities to raise cash to meet the redemption request. The resulting transaction, should it create a capital gain and tax liability, would be shared by all participants. With ETFs, if an investor wishes to redeem shares, they can simply sell them in the open market. This transaction, a potentially taxable event to that particular investor, would not impact other investors holding shares of the fund. In the case where an Authorized Participant (AP) needs to reduce the number of outstanding ETF shares in the market, the AP and the ETF issuer can simply do an “in kind” transaction. The “in kind” creation/redemption mechanism whereby the issuer provides the underlying holdings for the ETF basket in exchange for ETF shares, is not considered a tax-exempt transaction. Because there has not been a sale or taxable event, there are no capital gain implications.

TAX EFFICIENCY VIA IN-FUND THEMATIC ROTATION

The majority of ETFs found in the marketplace today are of the single theme - disruptive innovation, inflation, environmental, etc.. Given the nature of those vehicles, at some point an investor will have to decide if the impact of a particular theme wanes over time. The investor will need to consider if the position will be sold and the potentially large tax implications that will cause for the end shareholder. To address this issue, Strategas Asset Management has created two new products aimed to provide the normal tax efficiencies of the exchange traded fund (ETF), while adding an additional level of tax consideration when viewed in the context of an overall portfolio. We believe our thematic rotation *within* the funds themselves provides an additional element of tax efficiency other funds simply cannot provide due to their investment objective. Backstopped by our team of Institutional Investor ranked analysts, each of our ETFs has a component whereby we rotate in and out of themes over time as: 1) existing themes mature into new or revised themes, e.g. “Work From Home” moves to “Pent-Up Demand for Travel”; 2) themes age out with no natural related successor; or 3) an existing theme loses momentum relative to a new, more impactful theme. The element of thematic rotation within a fund, as opposed to single theme product alternatives, can provide an added layer of tax efficiency as investors need not trade in and out of investment vehicles as market conditions change.

OUR INVESTMENT VEHICLES

The **Strategas Macro Thematic Opportunities ETF (NYSE: SAMT)** is an actively managed fund built around the underlying themes which our research-driven approach gives us the highest conviction in. The fund invests in three to five intermediate term, macro themes at any given time based on analysis prepared by our firm’s research team which is documented and readily available. Our thematic positioning is adjusted based on shifts in macro trends to ensure both the integrity of each theme’s investment thesis and the relevancy of its constituents. Once a theme is deemed to lose momentum or another theme presents itself that we believe has a better investable conclusion, we rotate out of one theme and into another. It is this thematic rotation that may provide an added benefit and limits an investor’s need to sell the investment vehicle when a current theme loses momentum which may occur in single-themed ETF scenarios

Exploring Tax Efficiencies Within Our ETFs

The **Strategas Global Policy Opportunities ETF (NYSE: SAGP)** is derived from the belief that corporate lobbying can produce positive benefits through successful policy outcomes. Our portfolio managers use publicly available lobbying data to consider investments in both domestic and international companies that aim to benefit from periods of intense lobbying of the U.S. federal government. The result is a politically agnostic portfolio leveraged to successful public policy outcomes which naturally shifts over time as new parties come into power and agendas adjust. As the constituents change based on their lobbying intensity, so do the underlying themes the lobbying efforts represent. The thematic rotation helps the fund stay relevant with respect to the policy issues corporations feel are the most impactful on the business landscape.

Any investment an individual adds to their portfolio should be viewed in a holistic manner with respect to their analysis and underlying holdings. We at Strategas, have created two new products which will provide the normal tax efficiencies of the aforementioned exchange traded fund (ETF), while adding an additional level of consideration when considered in the context of an overall portfolio.

Risk Disclosure and Important Information

This information should not be relied upon by the reader as research or investment advice regarding the fund or any security in particular. This is provided for educational purposes only. Strategas claims no responsibility for its accuracy or the reliability of the data provided. This information is not intended to provide legal and/or tax advice. Please consult your tax/financial advisor for further information.

Carefully consider each Fund's investment objectives, risk, and charges and expenses. This and other information can be found in the Fund's summary or full prospectus which can be obtained by calling 855-457-3637 or by visiting strategasetfs.com. Please read the prospectus carefully before investing. Each Fund is new and has a limited operating history.

Investing involves risk, including possible loss of principal. In addition to the normal risks associated with investing, the Strategas Global Policy Opportunities ETF (SAGP) is subject to lobbying focused investment risk. The advisor's investment process utilizes lobbying intensity as the primary input when selecting investments for the Fund's portfolio and does not consider an investment's traditional financial metrics. The Fund may underperform other funds that select investments utilizing more traditional investment metrics. The Fund may also focus its investments in a particular country or geographic region outside the U.S. and may be more susceptible to economic, political, regulatory or other events or conditions affecting issuers and countries within that country or geographic regions well as risks of increased volatility and lower trading volume.

In addition to the normal risks associated with investing, the Strategas Macro Thematic Opportunities ETF (SAMT) is subject to macro-thematic trend investing strategy risk. Therefore, the value of the Fund may decline if, among other reasons, macro-thematic trends believed to be beneficial to the Fund do not develop as anticipated or maintain over time, or the securities selected for inclusion in the Fund's portfolio do not perform as anticipated.

Diversification may not protect against market risk.

Both funds may be more heavily invested in particular sectors and may be especially sensitive to factors and economic risks that specifically affect those sectors.

These funds may trade securities actively, which could increase its transaction costs (thereby lowering its performance) and could increase the amount of taxes you owe by generating short-term gains, which may be taxed at a higher rate.

Shares of any ETF are generally bought and sold at market price (not NAV) and are not individually redeemed from the fund. Brokerage commissions will reduce returns.

Strategas Asset Management, LLC serves as the investment advisor for each Fund and Vident Investment Advisory, LLC serves as a sub advisor to each Fund. The Funds are distributed by SEI Investments Distribution Co. (SIDCO), which is not affiliated with Strategas Asset Management, LLC or any of its affiliates.