Inflation Beneficiaries ETF (INFL)

www.horizonkinetics.com

Fund Descriptions

Strategy:

An Active ETF that seeks to provide positive real investment returns in an inflationary macroeconomic environment. The Fund seeks to achieve this by investing in the public equity securities of profitable businesses which we believe are also inflation beneficiaries with scalable, economically resilient business models.

Portfolio Managers:

James Davolos – 16 years of investment experience

Steven Bregman – 34 years of investment experience

Peter Doyle – 34 years of investment experience

Fund Details

Ticker	INFL
Launch Date	January 12, 2021
Expense Ratio	0.85%
Index Tracked	None (Active ETF)
Custodian	U.S. Bancorp
Stock Exchange	NYSE Arca
Distributor	Foreside Fund Services, LLC

Risk & Solution

Now is not the time to be indifferent about inflation

Government Stimulus has **expanded M2** at a rate not seen since WW2

More **stimulus** will almost certainly be needed

Commodity prices have had a multi-decade period of negative returns – likely unsustainable

Rates are the lowest in over 200 years, and negative in real terms

Our ability to **source inexpensive** goods and labor may be ending

America's "binary" wealth distribution is likely to lead to **higher wages**

Inflation is a risk that rationally should be hedged

Investment Criteria

Low capital requirements
In a low rate world, future financing is a risk

Exposure to real assets
Energy, precious metals, limited supply asset

Cash flow vs asset price
Less focus on price risk vs volume delivered

Pricing power
Unique products with growing future need

Undiscovered assets
Inflation-correlated dormant assets

Price-driven revenue
Transaction-based, low fixed expense

Misunderstood value
Unique data, process, research driver

Re-investible yield
Long-term value through yield driven growth

Why INFL?

- Inflation hedge products are not new, but most use TIPS or commodities to attempt to hedge against inflation.
- TIPS are tied to the Consumer Price Index (CPI), which, for a variety of reasons, does not necessarily reflect the experience of most consumers. For instance, the substitution of products included in the basket may not represent consumer purchase decisions.
- Most strategies using commodities to hedge against inflation employ futures contracts to gain this exposure (rarely taking physical delivery). This requires the ETFs to regularly sell the contract closest to expiration and reinvest in a contract further out on the futures curve. This can be effective in certain market conditions, but at other times, the commodities futures curves may render them ineffective as inflation hedges.
- The INFL portfolio will hold the equity of companies that are expected to benefit in an inflationary environment due to their business models, but, importantly, inflation is not required for these companies to succeed.

The Firm

- Independent, employee owned, since 1994.
- Headquartered in New York with 80 employees.
- Co-founders investing together for over 30 years.
- No turnover of senior portfolio management since inception of the firm.
- Decades of experience investing in royalty and other inflation beneficiary companies
- Author of independent research since 1995.
- Extensive published research on exchange traded funds dating back to 2010.
- 18 Investment Professionals with an average tenure of 15 years with the firm and 27 years in the industry.
- Solutions centered investing and customized portfolios.

Disclosures

Please consider carefully a fund's investment objectives, risks, charges and expenses. For this and other important information, obtain a statutory and summary prospectus by visiting www.usglobaletfs.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), may trade at a discount or premium to NAV and are not individually redeemed from the fund. Brokerage commissions will reduce returns. Because the fund concentrates its investments in specific industries, the fund may be subject to greater risks and fluctuations than a portfolio representing a broader range of industries. The fund is non-diversified, meaning it may concentrate more of its assets in a smaller number of issuers than a diversified fund. The fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for investments in emerging markets. The fund may invest in the securities of smaller-capitalization companies, which may be more volatile than funds that invest in larger, more established companies. The performance of the fund may diverge from that of the index. Because the fund may employ a representative sampling strategy and may also invest in securities that are not included in the index, the fund may experience tracking error to a greater extent than a fund that seeks to replicate an index. The fund is not actively managed and may be affected by a general decline in market segments related to the index.

Diversification does not assure a profit or protect against a loss in a declining market.

Active ETF refers to investment strategies that emphasize the use of alternative weighting schemes to traditional ETF tracking market capitalization based indices.

Market Capitalization is the value of the fund as determined by the market price of its issued and outstanding stock. The Weighted Average Market Capitalization of a portfolio equals the average of each holding's market cap, weighted by its relative position size in the portfolio (in such a weighting scheme, larger positions have a greater influence on the calculation). Price-Earnings Ratio (P/E Ratio) is determined by dividing the price of the stock by the company's forecasted earnings per share. Fund holdings and allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security. TIPs: Treasury Inflation Protected Securities. The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

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