



T H E

BAD

INVESTMENT COMPANY

Sometimes it's
good to be BAD

The BAD Investment Company

WE'RE NOT YOUR NORMAL
FUND MANAGEMENT COMPANY.

We embrace the needs of today's investor because we are today's investor. We hear you. We see you. We are you.

That means we don't think like a typical suit and we sure as hell don't dress like one.

But we do deploy the acumen of Wall Street to create rules-based (money on the mind) non-conventional ETFs that allow investors to express a targeted view on the best (and sometimes worst) things in life.



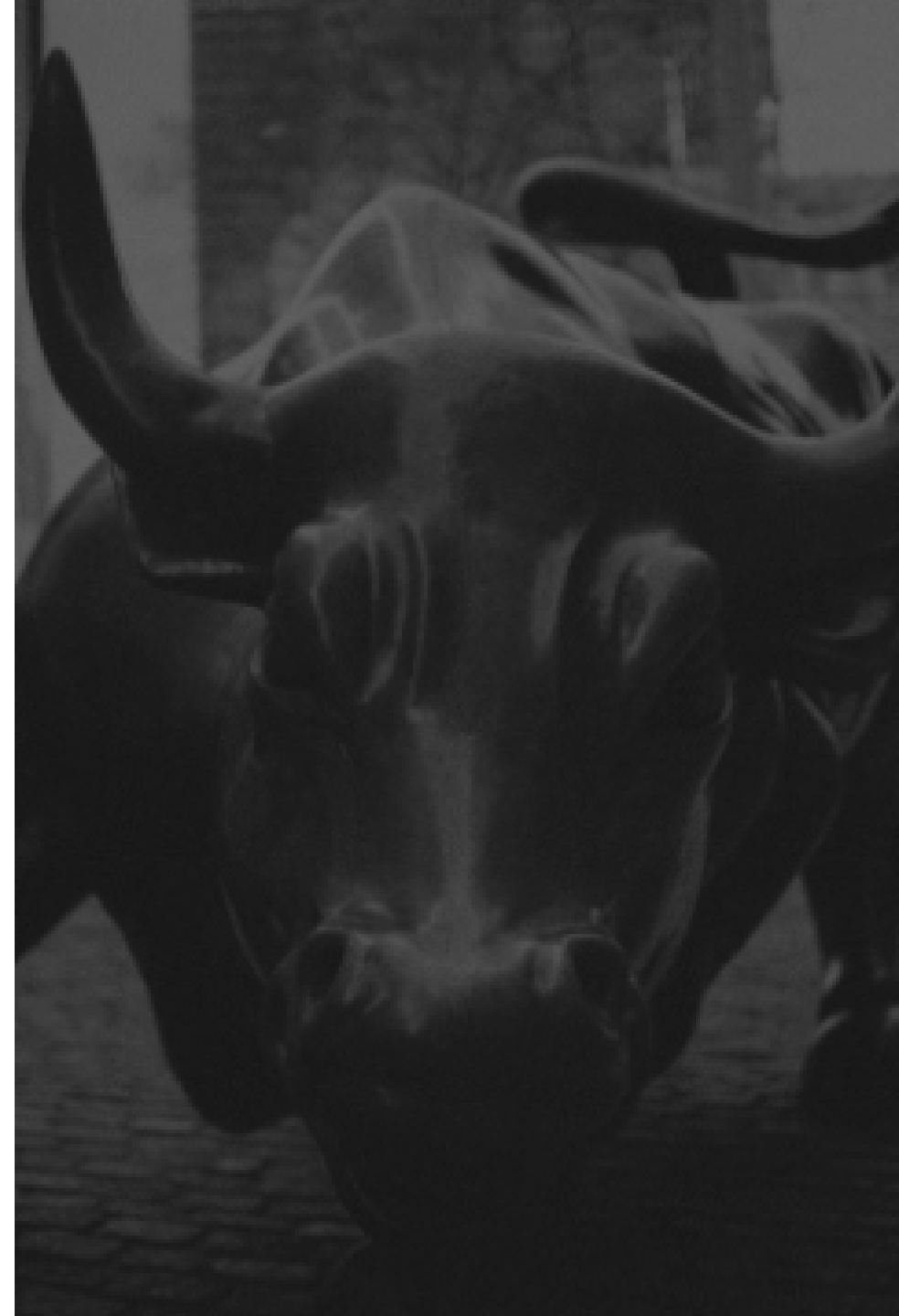
It's time to capitalize on being **BAD**

In an era of alternative facts and “to the moon” narratives, we strive to introduce fresh and fundamentally sound ways to invest. We embrace the needs of today’s investor because we are today’s investor. We hear you. We see you. We are you.

It’s our belief we don’t think like a typical suit and we sure as hell don’t dress like one. But we do deploy the acumen of Wall Street to identify and create unique, thematic ETFs that allow retail and institutional investors to express a targeted view on the best (and sometimes worst) things in life.

It’s time to do what’s right, using BAD as a force for GOOD.

One investment at a time.



Strategic Partners



Index Development



Distributor & Compliance Partner



Authorized Participant / Seed Provider



Public Relations



Lead Market Maker



Listing Exchange



Index Calculation & Administration



Sub-Advisor



Series Trust Provider



Foreside is not affiliated with the companies listed.

Leading the Charge



Thomas Mancuso
Founder & President
tommy@investbad.com

After joining the financial services industry in 2014 at age 23, I quickly found myself to be one of the youngest advisors starting out in a business where experience and “time in the business” carried the most weight whether someone was a successful advisor.

However, this time period was also a turning point as we saw the evolution of Robinhood and Fintech unfold before us throughout my early years. This allowed me to develop a unique perspective as an advisor seeing a convergence between what would be considered a more traditional, old school industry and new wave of hungry investors seeking aggressive and sustainable returns. I realized the game was changing; the barrier to enter the markets was your savings account and the access to financial information was

at your fingertips. As a consumer, I fully understand and embraced all the benefits and positives that have stemmed from this evolution. As a financial professional, it also brought me concern given the complexities of the markets and sources of information in which it is presented.

In my 7 years working in financial services, I can say with confidence that I have learned the most from the individuals and businesses I have worked with as we have navigated through complex financial situations and transactions. As President of The BAD Investment Company, I want to bring clarity to a complex financial system to the everyday consumer, and financial products that are clear in their objective to best set up long term, sustainable financial success.



THE FUND



The B.A.D. ETF

THE ETF DEFINED BY THE BETTING, ALCOHOL & DRUG INDUSTRIES.

Central to the fund's objective is finding companies within the B.A.D. market segments that demonstrate consistent historical performance and maintain a growth outlook.

We believe the strongest players from the B.A.D. sectors are attractive for several reasons, including: high barriers to entry created from strict government regulation, economies of scale, limited access to distribution channels, strong brand loyalty, pricing power and free cash flow generation.*



* There is no guarantee companies will demonstrate any of these characteristics. They are strictly for illustrative purposes.

Reasons to Invest

GROWTH OPPORTUNITY & CHANGING TRENDS

- Expansion of legalization in betting and cannabis may provide growth into new markets
- Business-to-Consumer trends have increased accessibility, which may benefit each B.A.D. industry
- New pharmaceutical developments are critical to the economy

POTENTIAL FOR ATTRACTIVE & CONTROLLED RETURN

- Diversification* in three vice industries may reduce single industry/sector risk
- Non-speculative, time tested products and industries
- The B.A.D. industries have demonstrated a willingness to adapt and grow through new market developments and shifts in consumer trends

ROOTED IN HISTORY

- Historically, B.A.D. market segments have endured multiple economic cycles and demonstrated to be profitable businesses
- Adapted and embraced political pressures and regulations to improve their business practices
- If the past is any indicator for the future trends, consumers will continue to need medicines, consume alcohol, and gamble

* The fund is classified as non-diversified and may invest a greater percentage of its assets in the securities of a single issuer or a lesser number of issuers than if it was a diversified fund



SHORT-TERM TAILWINDS

MINIMAL TECH EXPOSURE

Technology & Growth stocks typically trade at higher multiples, something that has historically been adversely impacted in a rising interest rate environment — an environment in which the Fed recently indicated could be on the horizon to moderate inflation.

COVID-19 REOPENING

We believe the B.A.D. industries will benefit in a post-pandemic environment as consumers may seek more forms of entertainment but also rely on vaccines and therapies offered by the pharmaceutical industry.

CONTRA-ESG

We believe that ESG funds may be overvalued and oversaturated in a space that has yet to generate any significant cash flows or profitability. In addition, there is a lack of clarity as to what constitutes a company to be ESG.

Fund Details

Investment Strategy

The B.A.D. ETF (BAD) is a large cap fund designed to track the EQM BAD Index (BADIDX), which tracks price movements of a portfolio of U.S. listed companies with exposure to the following B.A.D. market segments: Betting, Alcohol/Cannabis, and Drugs (Pharmaceuticals and Biotechnology).

ETF Overview

Fund Inception	12 / 22 / 2021	NAV Symbol	BAD.NV
Ticker	BAD	Management Style	Indexed
Primary Exchange	NYSE	Rebalance Frequency	Quarterly
CUSIP	53656F235	Expense Ratio	0.75%
Fund Holdings	57	30-Day SEC Yield*	-

Index Overview	As of 10/29/21
Index Inception	10 / 29 / 2021
Ticker	BADIDX
Index Calculation/Publication	Solactive AG
Total # Holdings	57
Rebalance	Quarterly
Weighting Scheme	Modified, equal weighting

Index Characteristics	As of 10/29/21
Est. 3-5 Year EPS Growth	16.44%
Index Dividend Yield	2.19%
Price/Earnings Ratio (Median)	20.29
Price/Book Ratio	3.25
Weighted Average Market Cap \$B	\$60.7 B

All characteristics are weighted averages unless otherwise noted.

Past performance is not indicative of future results. You cannot invest directly in an index. Index performance does not represent actual fund or portfolio performance. A fund or portfolio may differ significantly from the securities included in the index. Index performance assumes reinvestment of dividends but does not reflect any management fees, transaction costs, brokerage commissions on transactions. Such fees, expense and commissions would reduce returns.

Est. 3-5 Year EPS Growth: EPS growth (earnings per share growth) illustrates the growth of earnings per share over time. EPS growth rates help investors identify stocks that are increasing or decreasing in profitability.

Index Dividend Yield: Dividend yield is the financial ratio that measures the quantum of cash dividends paid out to shareholders relative to the market value per share. It is computed by dividing the dividend per share by the market price per share and multiplying the result by 100.

Price/Earnings Ratio: The price-to-earnings ratio (P/E ratio) is the current market price of a company share divided by the earnings per share of the company.

Price/Book Ratio: Price to book value is a financial ratio used to compare a company's book value to its current market price. Book value is an accounting term denoting the portion of the company held by the shareholders at accounting value (not market value).

Weighted Average Market Cap: Weighted average market capitalization is a type of market index in which each component is weighted according to the size of its total market capitalization. Market capitalization is the sum of the total value of a company's outstanding shares multiplied by the price of one share.



Fund Holdings: Betting

Name	Ticker	GICS Sector	GICS SubInd Name	Market Cap	Wgt	
LAS VEGAS SANDS CORP	LVS US	Consumer Discretionary	Casinos & Gaming	\$27,962,023,936.00	1.59	1
CAESARS ENTERTAINMENT INC	CZR US	Consumer Discretionary	Casinos & Gaming	\$23,963,877,376.00	1.59	2
MGM RESORTS INTERNATIONAL	MGM US	Consumer Discretionary	Casinos & Gaming	\$20,793,139,200.00	1.59	3
DRAFTKINGS INC - CL A	DKNG US	Consumer Discretionary	Casinos & Gaming	\$19,526,893,568.00	1.59	4
PENN NATIONAL GAMING INC	PENN US	Consumer Discretionary	Casinos & Gaming	\$11,360,952,320.00	1.59	5
WYNN RESORTS LTD	WYNN US	Consumer Discretionary	Casinos & Gaming	\$9,803,170,816.00	1.59	6
CHURCHILL DOWNS INC	CHDN US	Consumer Discretionary	Casinos & Gaming	\$9,247,893,504.00	1.59	7
SCIENTIFIC GAMES CORP	SGMS US	Consumer Discretionary	Casinos & Gaming	\$8,005,427,712.00	1.59	8
BOYD GAMING CORP	BYD US	Consumer Discretionary	Casinos & Gaming	\$7,099,289,600.00	1.59	9
SPORTRADAR GROUP AG-A	SRAD US	Consumer Discretionary	Casinos & Gaming	\$6,694,452,736.00	1.59	10
RED ROCK RESORTS INC-CLASS A	RRR US	Consumer Discretionary	Casinos & Gaming	\$5,959,927,808.00	1.59	11
INTERNATIONAL GAME TECHNOLOG	IGT US	Consumer Discretionary	Casinos & Gaming	\$5,400,548,352.00	1.59	12
MELCO RESORTS & ENTERT-ADR	MLCO US	Consumer Discretionary	Casinos & Gaming	\$4,908,205,056.00	1.59	13
RUSH STREET INTERACTIVE INC	RSI US	Consumer Discretionary	Casinos & Gaming	\$4,210,399,488.00	1.59	14
GENIUS SPORTS LTD	GENI US	Communication Services	Interactive Media & Services	\$3,590,945,280.00	1.59	15
BALLY'S CORP	BALY US	Consumer Discretionary	Casinos & Gaming	\$2,235,799,040.00	1.59	16
EVERI HOLDINGS INC	EVRI US	Consumer Discretionary	Casinos & Gaming	\$2,178,361,344.00	1.59	17
GOLDEN ENTERTAINMENT INC	GDEN US	Consumer Discretionary	Casinos & Gaming	\$1,417,213,056.00	1.59	18
GOLDEN NUGGET ONLINE GAMING	GNOG US	Consumer Discretionary	Casinos & Gaming	\$1,358,819,328.00	1.59	19
MONARCH CASINO & RESORT INC	MCRI US	Consumer Discretionary	Casinos & Gaming	\$1,245,981,568.00	1.59	20
ACCEL ENTERTAINMENT INC	ACEL US	Consumer Discretionary	Casinos & Gaming	\$1,139,253,504.00	1.59	21



Holdings as of 12/22/21. Holdings are subject to change.

Fund Holdings: Alcohol/Cannabis

Name	Ticker	GICS Sector	GICS SubInd Name	Market Cap	Wgt	
MOLSON COORS BEVERAGE CO - B	TAP US	Consumer Staples	Brewers	\$10,143,920,128.00	2.38	1
ANHEUSER-BUSCH INBEV-SPN ADR	BUD US	Consumer Staples	Brewers	\$113,844,862,976.00	2.38	2
AMBEV SA-ADR	ABEV US	Consumer Staples	Brewers	\$43,446,415,360.00	2.38	3
MGP INGREDIENTS INC	MGPI US	Consumer Staples	Distillers & Vintners	\$1,429,737,344.00	2.38	4
BOSTON BEER COMPANY INC-A	SAM US	Consumer Staples	Brewers	\$6,260,644,864.00	2.38	5
CONSTELLATION BRANDS INC-A	STZ US	Consumer Staples	Distillers & Vintners	\$40,504,786,944.00	2.38	6
BROWN-FORMAN CORP-CLASS B	BF/B US	Consumer Staples	Distillers & Vintners	\$31,353,866,240.00	2.38	7
DIAGEO PLC-SPONSORED ADR	DEO US	Consumer Staples	Distillers & Vintners	\$112,507,838,464.00	2.38	8
CIA CERVECERIAS UNI-SPON ADR	CCU US	Consumer Staples	Brewers	\$3,194,352,384.00	2.38	9
DUCKHORN PORTFOLIO INC/THE	NAPA US	Consumer Staples	Distillers & Vintners	\$2,618,190,336.00	2.38	10
CANOPY GROWTH CORP	CGC US	Health Care	Pharmaceuticals	\$5,451,851,776.00	2.38	11
CRONOS GROUP INC	CRON US	Health Care	Pharmaceuticals	\$2,112,725,376.00	2.38	12
TILRAY INC-CLASS 2 COMMON	TLRY US	Health Care	Pharmaceuticals	\$5,198,283,776.00	2.38	13
AURORA CANNABIS INC	ACB US	Health Care	Pharmaceuticals	\$1,370,990,720.00	2.38	14



Holdings as of 12/22/21. Holdings are subject to change.

Fund Holdings: Drugs

Name	Ticker	GICS Sector	GICS SubInd Name	Market Cap	Wgt	
AMGEN INC	AMGN US	Health Care	Biotechnology	\$120,753,799,168.00	1.52	1
BEIGENE LTD-ADR	BGNE US	Health Care	Biotechnology	\$33,776,584,704.00	1.52	2
BIOGEN INC	BIIB US	Health Care	Biotechnology	\$42,174,976,000.00	1.52	3
BIONTECH SE-ADR	BNTX US	Health Care	Biotechnology	\$66,204,704,768.00	1.52	4
GILEAD SCIENCES	GILD US	Health Care	Biotechnology	\$87,578,591,232.00	1.52	5
GENMAB A/S-S ADR	GMAB US	Health Care	Biotechnology	\$28,704,368,640.00	1.52	6
MODERNA INC	MRNA US	Health Care	Biotechnology	\$155,347,320,832.00	1.52	7
REGENERON PHARM	REGN US	Health Care	Biotechnology	\$64,727,257,088.00	1.52	8
SEAGEN INC	SGEN US	Health Care	Biotechnology	\$30,892,478,464.00	1.52	9
VERTEX PHARM	VRTX US	Health Care	Biotechnology	\$47,057,715,200.00	1.52	10
JOHNSON & JOHNSON	JNJ US	Health Care	Pharmaceuticals	\$425,145,860,096.00	1.52	11
PFIZER INC	PFE US	Health Care	Pharmaceuticals	\$241,143,660,544.00	1.52	12
NOVO-NORDISK A/S-SPONS ADR	NVO US	Health Care	Pharmaceuticals	\$221,783,097,344.00	1.52	13
ELI LILLY & CO	LLY US	Health Care	Pharmaceuticals	\$221,018,013,696.00	1.52	14
NOVARTIS AG-SPONSORED ADR	NVS US	Health Care	Pharmaceuticals	\$199,086,948,352.00	1.52	15
ABBVIE INC	ABBV US	Health Care	Biotechnology	\$190,625,218,560.00	1.52	16
MERCK & CO. INC.	MRK US	Health Care	Pharmaceuticals	\$190,131,552,256.00	1.52	17
ASTRAZENECA PLC-SPONS ADR	AZN US	Health Care	Pharmaceuticals	\$186,081,263,616.00	1.52	18
BRISTOL-MYERS SQUIBB CO	BMJ US	Health Care	Pharmaceuticals	\$131,482,460,160.00	1.52	19
SANOFI-ADR	SNY US	Health Care	Pharmaceuticals	\$121,823,141,888.00	1.52	20
GLAXOSMITHKLINE PLC-SPON ADR	GSK US	Health Care	Pharmaceuticals	\$96,131,227,648.00	1.52	21
TAKEDA PHARMACEUTIC-SP ADR	TAK US	Health Care	Pharmaceuticals	\$51,834,593,280.00	1.52	22



Holdings as of 12/22/21. Holdings are subject to change.

THE B.A.D. MARKET SEGMENTS



Betting

WITH CASINOS ON THE LAS VEGAS STRIP SETTING AN ALL-TIME QUARTERLY RECORDS, STATE GAMBLING REVENUES AT ALL-TIME HIGHS, AND THE ACCELERATION OF SPORTS BETTING, IT'S HARD NOT TO IMAGINE CONTINUED STRENGTH FOR THE BETTING INDUSTRY AS WE ENTER 2022.

THAT SAID, TWO MAIN CHALLENGES ARE IN PLAIN VIEW GOING FORWARD. FIRST, THE POTENTIAL FOR COVID RESURGENCE. SECOND, CONCERN OVER THE U.S. ECONOMY, MAINLY RISING INFLATION AND SUPPLY CHAIN COSTS.

EVEN WITH NEAR-TERM RISKS IN SIGHT, THE GAMING INDUSTRY ANTICIPATES CONTINUED STRONG PERFORMANCE INTO THE NEW YEAR ON THE BACK OF SPORTS BETTING GROWTH AND A REBOUND IN TRAVEL.



Betting

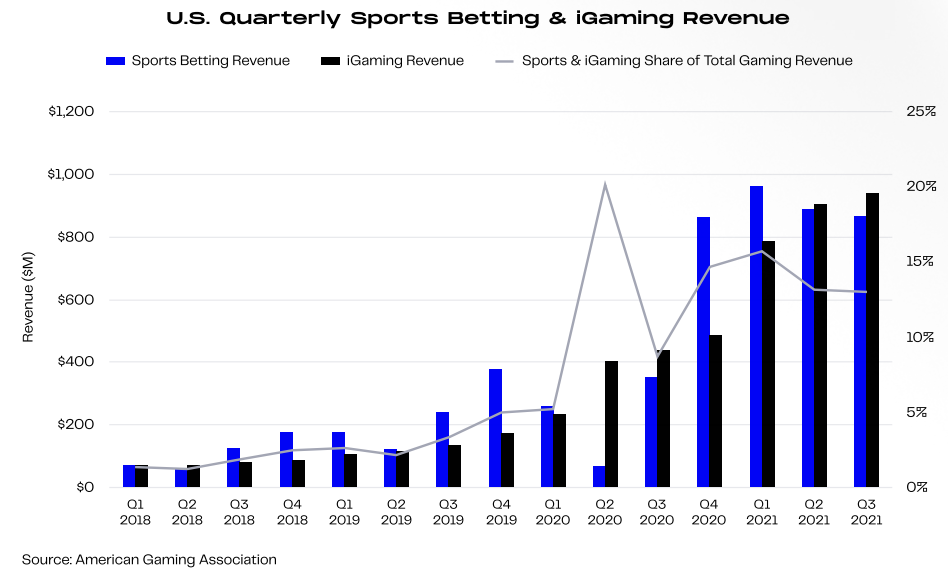
Commercial casinos have already surpassed 2020 revenue totals in just the first nine months of the year, generating \$38.67 billion. That's up 18.5% from the same period in 2019, which is the current record year.¹



2021 set to become the highest-grossing year in U.S. commercial gaming history.

And it looks like we're just getting started ...

While performance of brick-and-mortar casino games was Arnold-strong, iGaming and sports were not going to be left out of the action – the two combined for \$5.3 billion in revenues over the first three quarters.²



¹ American Gaming Association Commercial Gaming Revenue Tracker, November 2021

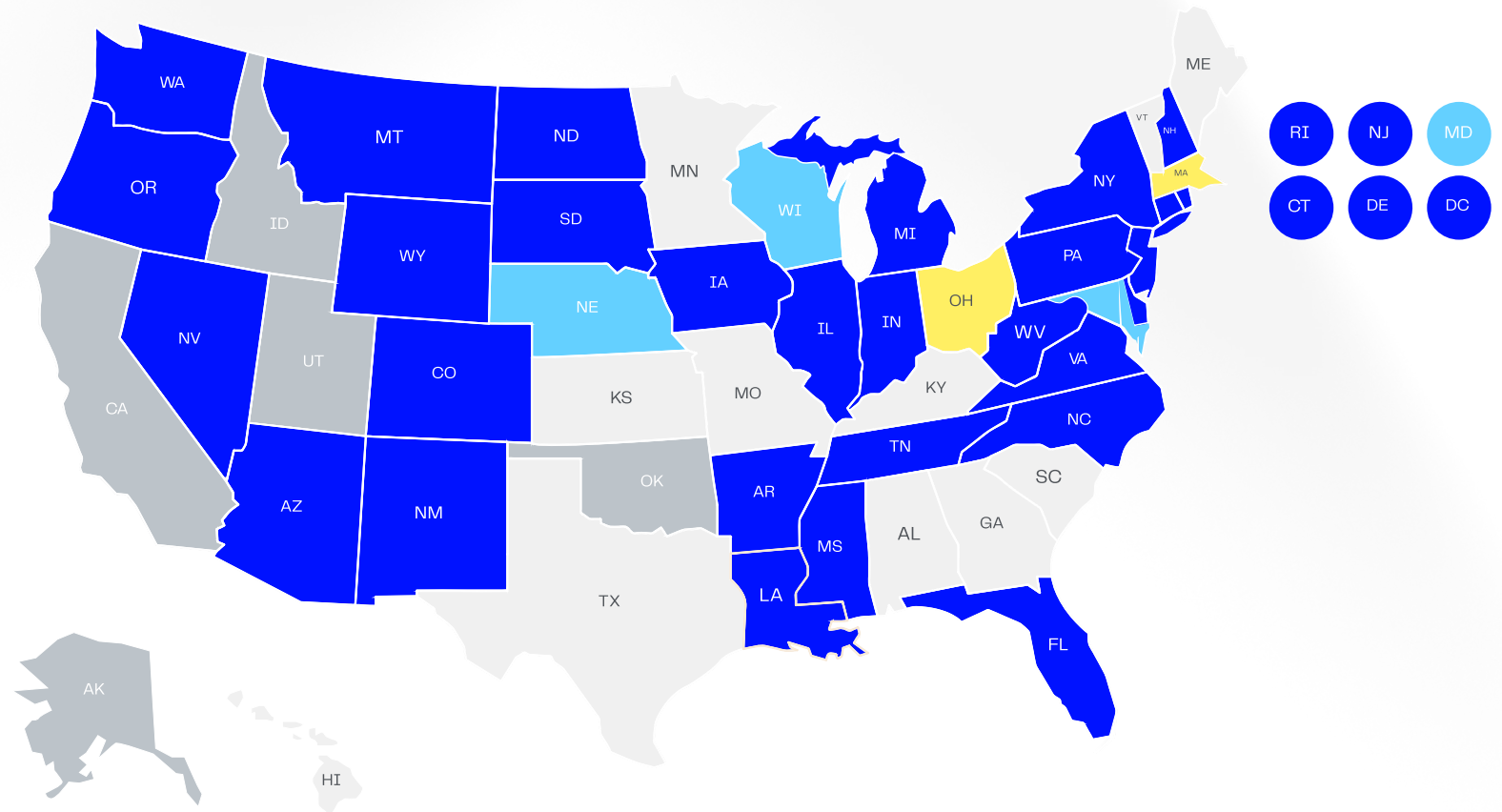
² Ibid.

There is no guarantee that revenue growth will translate to positive fund performance.

Legal Sports Betting in the U.S.

Legal Landscape as of November 1, 2020

- Live, Legal
(29 states + DC)
- Legal – Not Yet Operational
(3 states)
- Active or Pre-Filed Legislation
(2 states)
- No Legislation in 2021
(5 states)
- Dead Legislation in 2021
(11 states)



Source: American Gaming Association



Alcohol

WITH THE EU AND U.S. COMING TO A CEASE FIRE IN THEIR BATTLES OVER AIRBUS SE AND BOEING CO., AND SUSPENDING THE RELATED TARIFFS ON FOOD AND ALCOHOLIC BEVERAGES, IT SEEMS THE INDUSTRY'S TARIFF WOES ARE LARGELY SUBSIDING.

NOW, THE INDUSTRY LOOKS TOWARD WHAT THE FUTURE HOLDS FOR REOPENING. AS MORE AND MORE PLACES BEGIN TO FULLY REOPEN, FROM SPORTS VENUES TO BLOCK PARTIES, WE BELIEVE SALES FOR THE ALCOHOLIC BEVERAGE INDUSTRY ARE LIKELY TO FOLLOW SUIT WITH INCREASED CONSUMPTION.

WHAT IS YET TO BE SEEN IS IF CONSUMER'S CHOICE OF DRINK DURING THE PANDEMIC HAS ANY EFFECT ON CONSUMER PREFERENCES POST-PANDEMIC.



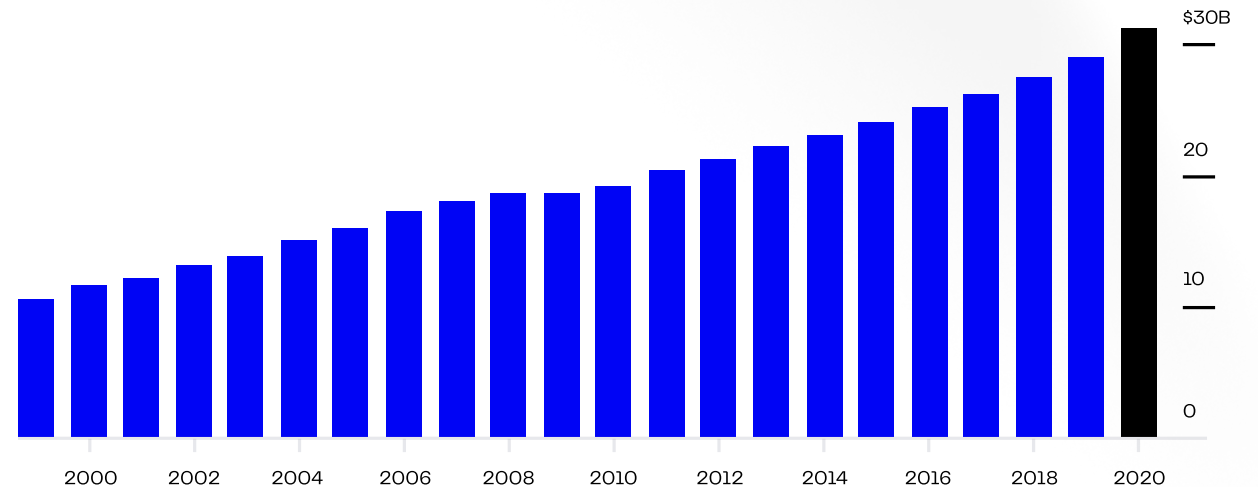
Alcohol

The market for high-end brands continues to expand as consumer preferences mature.

Supplier revenues for the U.S. liquor industry as a whole were up 7.7% in 2020, according to the Distilled Spirits Council of the U.S., the biggest percentage increase in 18 years and the biggest dollar increase on record.¹ The pandemic apparently drove a lot of people to drink the hard stuff.

Since 2010, spirits have gathered an additional 10% of the alcohol market, mainly taking from beer's market share over that time. Over the last 5 years, sales of beer have remained stagnant, while spirits have gone rocket emojis, averaging over 13% sales growth per year.²

The Pandemic Was Good for Liquor Sales **U.S. Distilled Spirits Supplier Gross Revenues**



Source: Distilled Spirits Council of the U.S.



¹ Distilled Spirits Council of the U.S.

² Statista

Drugs

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IT'S NO SECRET THE UNITED STATES HAS THE HIGHEST TOTAL DRUG SPENDING IN THE WORLD. THE MAIN REASON IS FAIRLY CUT AND DRY: HIGHER DRUG PRICES. WHERE OTHER GOVERNMENTS TAKE VARIOUS MEASURES TO CONTROL DRUG PRICES, THE U.S. LEAVES DRUG PRICING TO MARKET COMPETITION.

AS A "NON-CYCLICAL" INDUSTRY, WE HAVE OBSERVED PHARMA ISN'T HUGELY AFFECTED BY THE ECONOMIC CYCLE. PEOPLE HAVE A NEED TO BUY PRESCRIPTION DRUGS REGARDLESS OF THE ECONOMY BEING UP OR DOWN. ALSO OF NOTE IS THE LINEUP OF INNOVATIVE DRUGS ON THE HORIZON, SPECIFICALLY IN THE AREA OF CANCER TREATMENT.



Drugs

With total global sales surpassing \$1.2 trillion in 2020,² there's no shortage of proverbial pie for the major companies researching, manufacturing, and distributing pharmaceutical drugs. The same goes for investors with exposure to the industry. Big pharma firms have delivered a whopping 280% return since the U.S. pharmaceutical index (DJUSPR) was established in 2006.

With a bevy of potentially lucrative drugs on the horizon, it's not unreasonable to be bullish on the future. Take Merck's cancer treatment Keytruda, which is primed to become one of, (if not the most) lucrative drugs in history. Forecasted sales for the drug are set at over \$24 billion.³

Forecasts are inherently limited and should not be relied upon when making investment decisions. There is no guarantee that future market growth will translate to favorable fund results.

The global pharmaceutical manufacturing market is expected to grow at a CAGR* of 11.34% from 2021 to 2028.¹

Historical Context

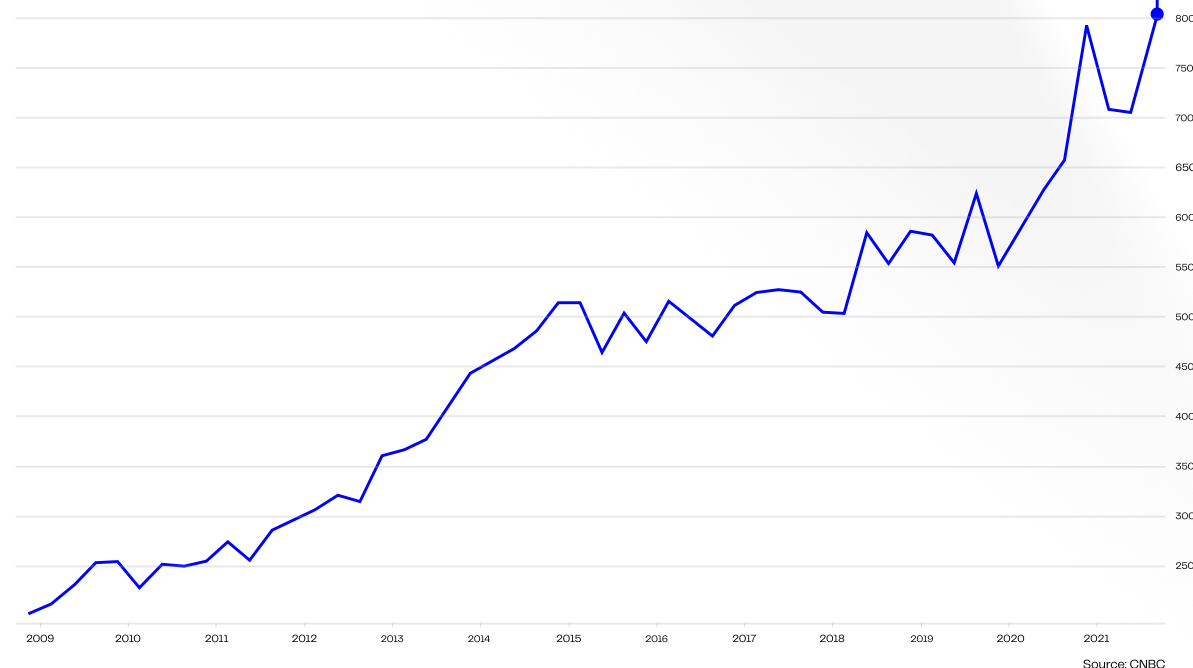
Dow Jones U.S. Pharmaceuticals Index

■ DJUSPR - INDEX

52 WEEK RANGE
625.75 - 806.65

Closing Price as of 12/16/21

804.53



The index is unmanaged and cannot be directly invested into. Past performance does not guarantee future results.



¹ Grand View Research, Pharmaceutical Manufacturing Market Size Report – 2021–2028, July 2021

² EvaluatePharma, 2021

³ Ibid.

* CAGR: The compound annual growth rate (CAGR) is the rate of return (RoR) that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each period of the investment's life span.



**WE BELIEVE IN
TURNING BAD IDEAS
INTO GOOD FORTUNE**

Principal Investment Strategies

The Fund uses a passive management (or indexing) approach to seek to track the performance, before fees and expenses, of the Index. The Index was developed and owned by Thematic Investments, LLC and is administered by EQM Indexes LLC (the “Index Provider”).

EQM BAD Index

The Index is a rules-based index that seeks to provide exposure to a portfolio of (i) betting or gambling companies, (ii) alcohol and cannabis companies, and/or (iii) pharmaceutical companies.

Construction of the Index begins with a universe of securities of U.S. exchange-listed companies or American Depositary Receipts (“ADRs”) or Global Depositary Receipts (“GDRs”) of issuers in foreign markets, including emerging market countries. Emerging market countries are those countries with low- to middle-income economies as classified by the World Bank, or included in any of the Morgan Stanley Capital International (MSCI) emerging markets indices. To qualify for inclusion in the Index, companies must have a minimum six-month average daily traded volume of \$1 million.

The companies in the investment universe are then screened to identify those that meet at least one of the criteria below (each, a “Business Category”). The resulting companies comprise the Index.

- i. Companies that derive a majority of their operating revenue from casinos, gaming and online gaming operations and have a market capitalization of at least \$10 million;
- ii. Companies that derive a majority of their operating revenue from from the manufacturing and distribution of alcohol and/or cannabis cultivation and have a market capitalization of at least \$1 million;
- iii. Companies that derive a majority of their operating revenue from pharmaceutical drug and biotechnology product development and manufacturing and have a market capitalization of at least \$1 million.

The Index Provider utilizes issuer financial statements and other public filings and reports, as well as third-party industry research, reports, and analyses, to identify companies that meet the Index’s criteria for inclusion in one of the Business Categories above.

The composition of the Index and the constituent weights are determined three business days before the second Thursday of the month ending the quarter and component changes are made after the market close on the second Thursday of the month ending the quarter and become effective at the market opening on the next trading day. At the time of each reconstitution, each Business Category is equally weighted at 33 1/3%. Within each Business Category the companies are equally weighted, provided, however, the aggregate exposure to cannabis companies will not exceed 10%.

The Index is administered by the Index Provider, and the Index is calculated and maintained by Solactive AG. The Index Provider is independent of Solactive AG, the Fund, Thematic Investments, LLC (the “Adviser”), the Fund’s investment adviser, and Prime Capital Investment Advisors, LLC (the “Sub-Adviser”), the Fund’s investment sub-adviser.

The Fund’s Investment Strategy

The Fund generally will use a “replication” strategy to achieve its investment objective, meaning it will invest in all of the

component securities of the Index in approximately the same proportions as in the Index. However, the Fund may use a “representative sampling” strategy, meaning it may invest in a sample of the securities in the Index whose risk, return, and other characteristics closely resemble the risk, return, and other characteristics of the Index as a whole, when the Sub-Adviser believes it is in the best interests of the Fund (e.g., when replicating the Index involves practical difficulties or substantial costs, an Index constituent becomes temporarily illiquid, unavailable, or less liquid, or as a result of legal restrictions or limitations that apply to the Fund but not to the Index).

The Fund also may invest in securities or other investments not included in the Index, but which the Sub-Adviser believes will help the Fund track the Index. For example, the Fund may invest in securities that are not components of the Index to reflect various corporate actions and other changes to the Index (such as reconstitutions, additions, and deletions).

To the extent the Index concentrates (i.e., holds more than 25% of its total assets) in the securities of a particular industry or group of related industries, the Fund will concentrate its investments to approximately the same extent as the Index. As of December 21, 2021, the Index was concentrated in one or more industries in the consumer discretionary, consumer staples and the health care sector.

To the extent the Index concentrates (i.e., holds more than 25% of its total assets) in the securities of a particular industry or group of related industries, the Fund will concentrate its investments to approximately the same extent as the Index. As of December 21, 2021, the Index was concentrated (i.e., more than 25% of the Fund’s assets were invested) in the equity real estate investment industry and had significant exposure to the real estate and information technology sectors.

The Fund is classified as a non-diversified investment company under the Investment Company Act of 1940, as amended (the “1940 Act”).

Principal Investment Risks

The principal risks of investing in the Fund are summarized below. The principal risks are presented in alphabetical order to facilitate finding particular risks and comparing them with those of other funds. Each risk summarized below is considered a “principal risk” of investing in the Fund, regardless of the order in which it appears. As with any investment, there is a risk that you could lose all or a portion of your investment in the Fund. Some or all of these risks may adversely affect the Fund’s net asset value (“NAV”), trading price, yield, total return and/or ability to meet its objective. The following risks could affect the value of your investment in the Fund:

- **Associated Risks Alcohol Companies.** Companies in the alcohol industry are very competitive and subject to a number of risks. Demographic and product trends, changing consumer preferences, nutritional and health-related concerns, competitive pricing, marketing campaigns, environmental factors, adverse changes in general economic conditions, government regulation, consumer boycotts, risks of product tampering, product liability claims, and the availability and expense of liability insurance can affect the demand for, and success of, such companies’ products in the marketplace. Such companies also face risks associated with changing market prices as a result of, among other things, changes in government support and trading policies and agricultural conditions influencing the growth and harvest seasons. Alcohol companies may be adversely affected by the adoption of proposed legislation and/or by litigation.
- **Associated Risks of Betting Companies.** The betting industry is characterized by an increasingly high degree



of competition among a large number of participants including from participants performing illegal activities or unregulated companies. Expansion of betting in other jurisdictions (both regulated and unregulated) could increase competition with existing betting companies, which could have an adverse impact on their financial condition, operations and cash flows. In a broader sense, betting companies face competition from all manner of leisure and entertainment activities, including shopping, athletic events, television and movies, concerts and travel. In addition, established jurisdictions could award additional licenses or permit the expansion or relocation of existing betting companies. These companies also may be subject to increasing regulatory constraints, particularly with respect to cybersecurity and privacy. In addition to the costs of complying with such constraints, the unintended disclosure of confidential information, whether because of an error or a cybersecurity event, could adversely affect the reputation, profitability and value of these companies.

- **Associated Risks of Pharmaceutical Drug Companies.** The pharmaceutical industry can be significantly affected by government approval of products and services, government regulation and reimbursement rates, pricing pressure (including price discounting), limited product lines, pricing pressure (including price discounting), limited product lines, patent expirations, and intense competition. The costs associated with developing new drugs can be significant, and the results are unpredictable. Newly developed drugs may be susceptible to product obsolescence due to intense competition from new products and less costly generic products. Pharmaceutical companies, may be heavily dependent on clinical trials with uncertain outcomes and decisions made by the governments and regulatory authorities. Pharmaceutical companies are heavily dependent on patent protection. The expiration of patents may adversely affect the profitability of the companies. Pharmaceutical companies are also subject to extensive litigation based on product liability and other similar claims. A pharmaceutical company's valuation can often be based largely on the potential or actual performance of a limited number of products and can accordingly be greatly affected if one of its products proves, among other things, unsafe, ineffective or unprofitable. Pharmaceutical companies, including psychedelic treatment companies, are subject to regulation by, and the restrictions of, the Food and Drug Administration ("FDA"), the U.S. Environmental Protection Agency ("EPA"), state and local governments, and foreign regulatory authorities.
- **Cannabis Company Risk.**
 - » **United States Regulatory Risks of the Cannabis Industry.** The possession and use of marijuana, even for medical purposes, is illegal under federal and certain states' laws, which may negatively impact the value of the Fund's investments. Use of marijuana is regulated by both the federal government and state governments, and state and federal laws regarding marijuana often conflict. Even in those states in which the use of marijuana has been legalized, its possession and use remains a violation of federal law. Federal law criminalizing the use of marijuana pre-empts state laws that legalize its use for medicinal and recreational purposes. Actions by federal agencies, such as increased enforcement of current federal marijuana laws and the prosecution of nonviolent federal drug crimes by the U.S. Department of Justice ("DOJ"), could produce a chilling effect on the industry's growth and discourage banks from expanding their services to cannabis companies where such services are currently limited. Any of these outcomes would negatively affect the profitability and value of the Fund's investments and even its ability to pursue its stated investment objective. The conflict between the regulation of marijuana under federal and state law creates volatility and risk for all cannabis companies.

Because marijuana is a Schedule I controlled substance under the Controlled Substances Act ("CSA"), meaning that it has a high potential for abuse, has no currently "accepted medical use" in the United States, lacks accepted safety for use under medical supervision, and may not be prescribed, marketed or sold in the United States, no drug product containing cannabis or cannabis extracts has been approved for use by the FDA or obtained registrations for commercial production from the U.S. Drug Enforcement Agency ("DEA"), and there is no guarantee that such products will ever be legally produced or sold in the U.S. Cannabis companies in the U.S. that engage in research, manufacturing, distributing, importing or exporting, or dispensing controlled substances must be registered (licensed) to perform these activities and have the security, control, recordkeeping, reporting and inventory mechanisms required by the DEA to prevent drug loss and diversion. Failure to obtain the necessary registrations or comply with necessary regulatory requirements may significantly impair the ability of certain companies in which the Fund invests to pursue medical marijuana research or to otherwise cultivate, possess or distribute marijuana. In addition, because cannabis is a Schedule I controlled substance, Section 280E of the Internal Revenue Code of 1986 ("Internal Revenue Code") applies by its terms to the purchase and sale of medical-use cannabis products and provides that no deduction or credit is allowed for expenses incurred during a taxable year "in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of Schedules I and II of the CSA) which is prohibited by federal law or the law of any state in which such trade or business is conducted." The disallowance of such tax deductions will likely affect the value of cannabis companies.

- » **Non-U.S. Regulatory Risks of the Cannabis Industry.** Laws and regulations related to the possession, use (medical and recreational), sale, transport and cultivation of marijuana vary throughout the world, and the Fund will only invest in non-U.S. cannabis companies if such companies are operating legally in the relevant jurisdiction. Even if a company's operations are permitted under current law, they may not be permitted in the future, in which case such company may not be in a position to carry on its operations in its current locations. Additionally, controlled substance legislation differs between countries and legislation in certain countries may restrict or limit the ability of certain companies in which the Fund invests to sell their products.
- » **Operational Risks of the Cannabis Industry.** Companies involved in the cannabis industry face intense competition, may have limited access to the services of banks, may have substantial burdens on company resources due to litigation, complaints or enforcement actions, and are heavily dependent on receiving necessary permits and authorizations to engage in medical cannabis research or to otherwise cultivate, possess or distribute cannabis. Since the cultivation, possession, and distribution of cannabis can be illegal under United States federal law under certain circumstances, federally regulated banking institutions may be unwilling to make financial services available to growers and sellers of cannabis.

Before investing, carefully consider the fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus and a summary prospectus, copies of which may be obtained at www.thebadinvestmentcompany.com. Read the prospectus carefully before investing.

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