Defined Duration Investing™

Defined Duration 5 ETF – Ticker: DDV

DISCIPLINE FUNDS

ETFAC-4945513-11/25

What is Defined Duration Investing?

A financial planning-based, asset-liability matching framework

Defined Duration Investing (DDI) is exactly what it sounds like — defining the duration, or time horizon, of an investment portfolio. It quantifies the periods over which different asset classes can reasonably be expected to generate real (inflation-adjusted) returns. By aligning these assets with specific liabilities in a financial plan, investors can better match time horizons, improve sequencing of returns, and increase the probability of meeting long-term financial goals with greater confidence.

Rethinking Traditional Portfolio Management

Traditional portfolio management emphasizes mean–variance optimization and style boxes, framing portfolios as performance contests rather than timelines of goals.

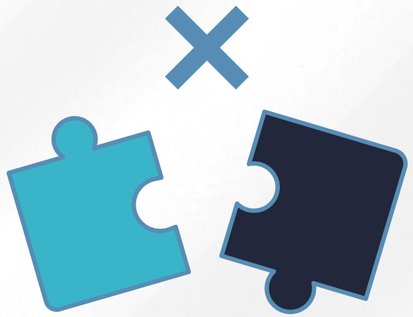
But investors don't think in terms of style boxes, factors, or risk-optimized outcomes.
They think in time horizons:

- ***How much do I need to retire?***
- ***Can I afford this vacation?***
- ***Can we remodel our kitchen this year?***

Defined Duration Investing reframes portfolios around time, aligning assets with the real goals and timelines people actually live by.

What investors want:

1. **Spending-based goals**
2. **Certainty across time**
3. **Clear communication**



What investors get:

1. **Performance-based portfolios**
2. **Short-termism**
3. **"Alpha, beta, factors, value"**

Our Solution

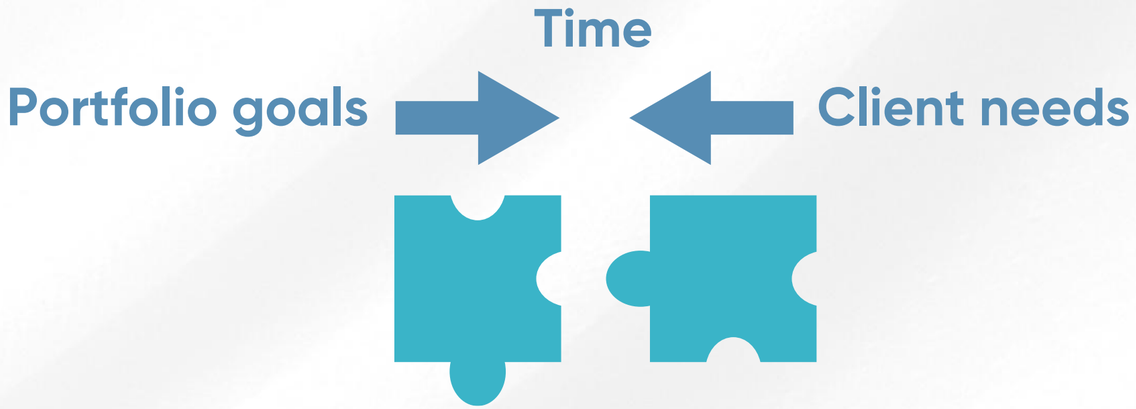
Quantify a target time horizon for each expense in a financial plan.

Match assets to that horizon based on stability and planning needs not performance hopes.

Maintain that temporal alignment so investors gain clear visibility into how their assets support specific goals over time.

Outcome: greater clarity around both “how much” and “when” across rolling time windows.

All delivered in one clean, understandable framework that’s low cost, tax efficient, and easily integrated into a full-service advisory process.



How Do You Quantify Defined Duration?

Defined Duration is quantified by estimating an expected return, inflation and potential max drawdown for an asset. Using these inputs, we can calculate the time period required for an asset to generate a positive real return, even in an environment in which it incurs an immediate and significant price shock. This framework allows financial planners to better assess sequence of returns risk and apply realistic, time-based horizons within an asset–liability matching process.

For example, if stocks decline 50% (as in 2008), and are expected to return 7% nominally with 3% inflation, the asset would require approximately 17.7 years to reach a real break-even point. That period represents the "defined duration" of the instrument.

Defined Duration – the 5 Year Solution

Introducing the Defined Duration 5 ETF (Ticker: DDV).

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The Problem with 5 Years

Floating duration + long-end drift ≠ goal alignment

The “intermediate” or 3-7 year asset space is dominated by bond aggregates and other instruments that suffer from potential flaws including:

1. **Duration skew - durations in these funds are allowed to float and over the past 50 years have drifted from 4.25 to 6.25 years.1 This means investors now take on more interest rate risk for lower expected returns. The result is greater uncertainty in financial planning because duration skew magnifies volatility and reduces predictability in the return profile.**

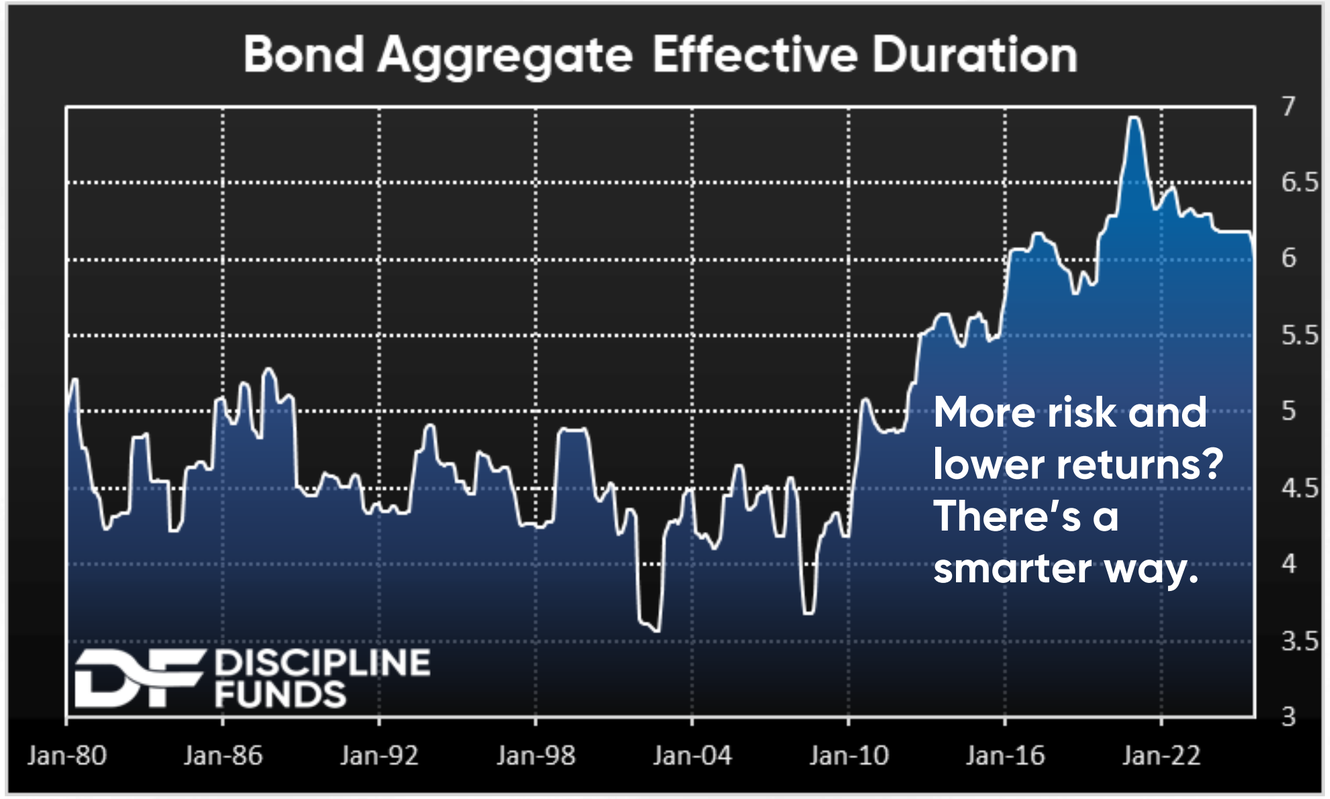
2. **Poor long duration allocations - total bond market funds “take what the market gives them,” which means they are force-fed government-issued long bonds. As a result, many hold 40% or more of their portfolio in longer maturity bonds.2 This persistent overweighting increases exposure to high volatility and low-yielding instruments, undermining goal alignment and duration discipline.**

Sources: FRED, Bloomberg & Marquette Associates

The Problem with Bond Funds

1

Floating durations make financial planning more difficult because they increase sequence of returns risk in the instruments that investors most rely on for certainty and stability.

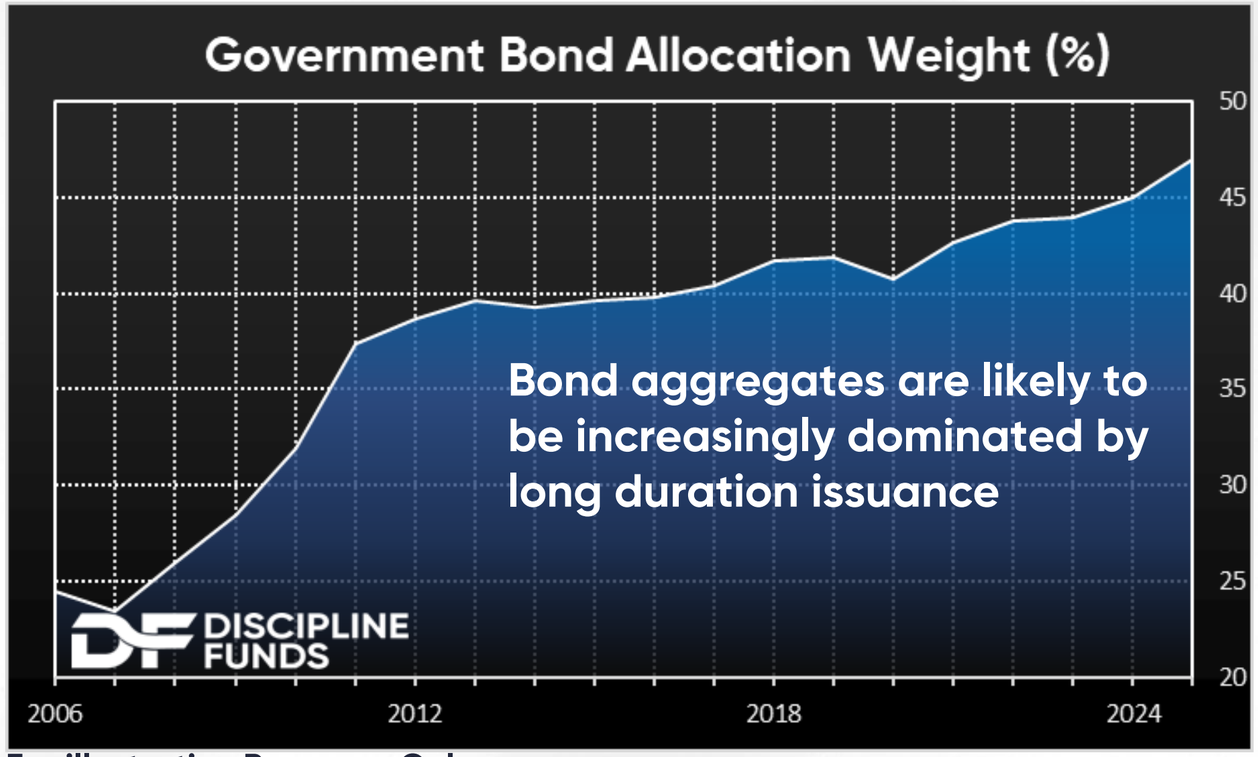


For illustrative Purposes Only

The Problem with Bond Funds

2

This problem is compounded by the way the U.S. government structures its debt, funding much of its spending through longer-term bond issuance. An increase in government debt effectively imposes a longer duration on the entire bond market, a dynamic that's unlikely to change and may even intensify over time.



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The Problem with Individual Bonds

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What About Individual Bonds in ALM Strategies?

We like individual bonds in Asset–Liability Matching (ALM) strategies — just not for longer-duration matching needs.

For example, we strongly favor using custom T-Bill and TIPS ladders in the 0–7 year range, where they can provide optimal principal stability and inflation protection.

However, longer-maturity bonds are less effective as long duration instruments for the reasons already discussed. Instead, we prefer to blend shorter-maturity bonds with equities to maintain duration alignment, enhancing portfolio structure by replacing inefficient long duration instruments (long bonds) with more efficient long duration instruments (stocks).

Our Solution: DDV

The Defined Duration 5 ETF (DDV) addresses the weaknesses of traditional bond funds by reducing duration skew and limiting exposure to high-volatility, low-yielding long-duration bonds.

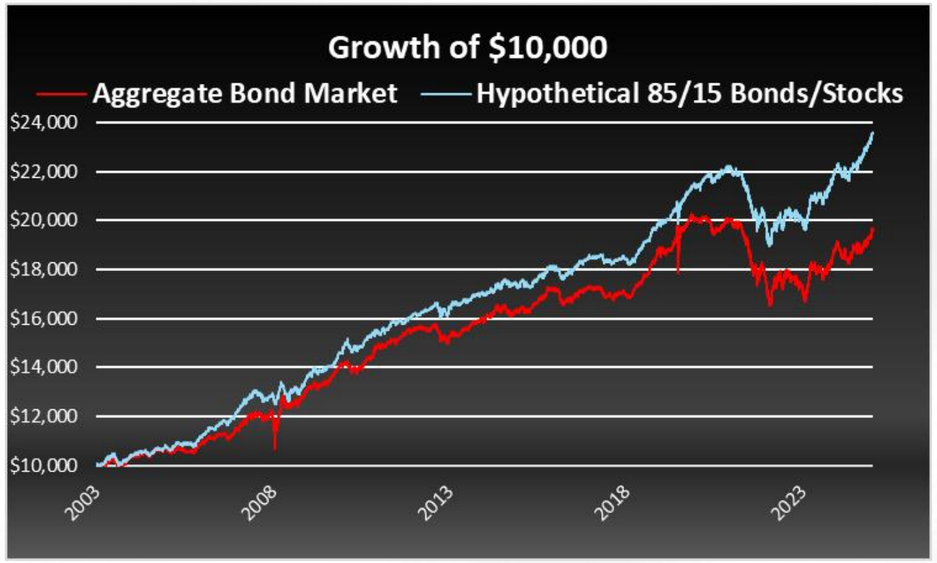
1. **By rebalancing to a fixed target duration, DDV counterbalances the bond market's duration drift and helps control interest rate risk as well as potential increases in long-term issuance.**

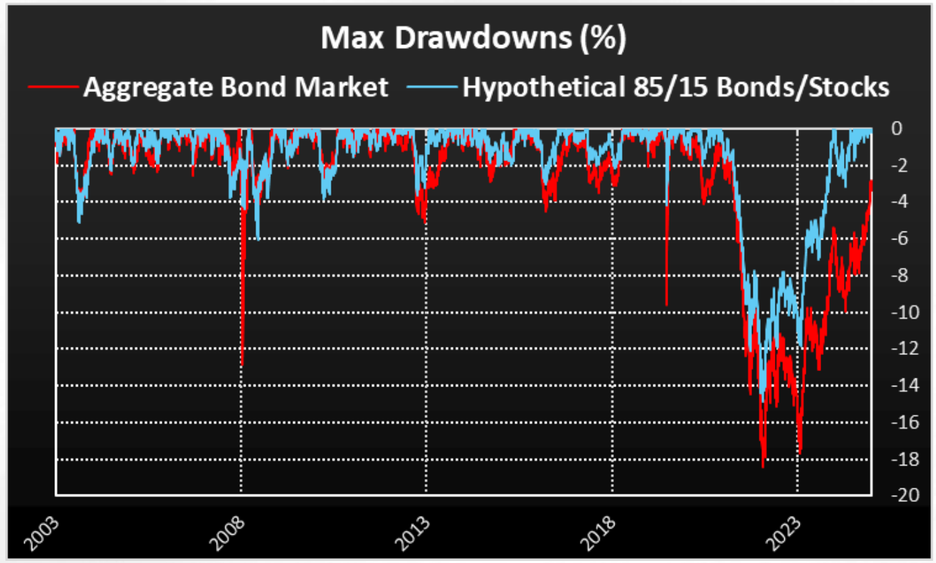
2. **Rather than holding volatile long bonds, DDV maintains a 10–20% allocation to shorter-duration equities, effectively replacing inefficient long-duration instruments with more efficient ones, while still carefully managing overall portfolio risk.**

Our Solution

The Defined Duration approach reframes the traditional bond portfolio by combining high-quality, shorter-duration bonds with a modest allocation to global equities.

For example, a simple 85/15 bond–stock portfolio combining global equities with high-quality, shorter-duration bonds offers a more balanced and efficient approach to managing duration risk. This structure can create a synthetic total bond market profile with reduced drawdown potential and a more resilient risk/return balance over time.





Disclosure

This is purely hypothetical and does not reflect the actual construction of DDV or any past performance of the fund's mentioned in this document. For illustrative purposes only.

The Defined Duration 5 ETF (DDV)

How does it work?

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How Does DDV Work?

DDV is really two strategies in one. The Defined Duration 5 ETF is a systematic fund of funds designed to balance principal stability and growth over a target five-year horizon, with a primary emphasis on preserving capital. It achieves this by:

1. Maintaining an 80-90% allocation in diversified high quality bonds, typically U.S. government issued shorter maturity instruments.

2. Allocating 10–20% to shorter-duration, diversified global equities, such as value stocks and high-quality dividend-paying companies.

The fund rebalances countercyclically to mitigate both equity market drift and bond duration drift. In practice, this means DDV will generally hold less (and lower-risk) equity exposure when equity valuations are elevated, while also adjusting its bond allocation to maintain a lower average target duration when interest rate risk increases.

How Does DDV's Bond Sleeve Work?

The Fund targets a defined duration of five years and achieves this in part by maintaining a shorter average bond duration than the broader bond market.

1. DDV's bond sleeve is designed to hold 80-90% bonds, depending on market conditions. When equities appear overvalued (and therefore function as longer-duration instruments), the Fund may hold more bonds and fewer equities to moderate overall risk exposure.

2. The bond sleeve itself is dynamic and rebalances internally to account for both bond market and equity market risks. It does this by assessing expected interest rate risk, generally holding shorter-maturity bonds when rate risk is elevated, and extending duration modestly when rate risk appears lower.

How Does DDV's Equity Sleeve Work?

DDV uses equities strategically to support its five-year defined duration target, achieving this goal without relying on long-duration bonds.

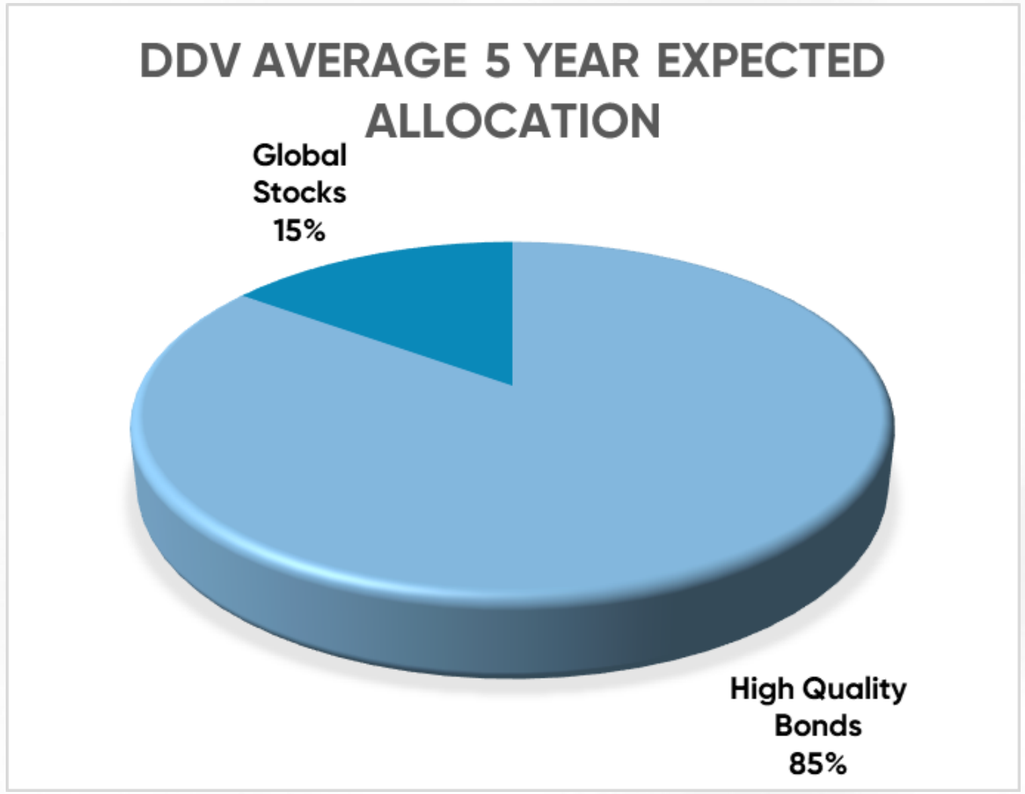
1. DDV replaces the inefficient long bonds found in many bond funds with a sleeve of high-quality equities, controlling equity risk through a countercyclical rebalancing process. This approach enhances the portfolio's overall structure by exchanging inefficient long-duration instruments (long bonds) for more efficient long-duration instruments (stocks) — while carefully managing risk exposures.

2. Equities themselves have implied durations that vary widely: growth stocks tend to exhibit longer durations, while high-quality dividend-paying stocks and value stocks tend to be shorter in duration.

   The Fund's equity allocation is constrained between 10% and 20%, ensuring consistent exposure. Within that range, it invests primarily in shorter-duration equities, emphasizing high-quality and value-oriented companies. When valuations are elevated and the model assesses market risk as above average, the Fund will typically underweight equities — and increase exposure when risk conditions improve.

DDV Portfolio Structure

DDV portfolio characteristics



1. Bond allocation: 80-90% in high quality, shorter maturity U.S. investment grade bonds.
2. Stock allocation: 10-20% global equities with a focus on high quality & value.
3. Expense ratio: 0.27%.
4. Additional features: Tax-efficient rebalancing and broad diversification across thousands of underlying stock and bond holdings.

The Fund's investment adviser has contractually agreed to reduce its expense ratio to 0.25%. This Agreement will remain in place until November 30, 2026 unless terminated sooner by the Trustees.

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Key Features and Benefits

DDV is designed to simplify portfolio construction by combining structure, discipline, and efficiency

1. **Defined Duration Discipline: A true five-year target instrument with algorithmic, countercyclical rebalancing and fixed duration targets, not drifting market caps or floating durations.**

2. **Efficient Structure: A diversified, low-cost, and tax-efficient fund-of-funds design.**

3. **Planning Alignment: Asset–liability matched for seamless integration into financial planning–based portfolios.**

Portfolio Role and Use Cases for DDV

1. **Versatile Replacement:** Can serve as an alternative to target-date funds, traditional bond aggregates, intermediate bond instruments, and other 3–7 year ALM solutions.

2. **Time Horizon Matching:** Helps align 3–7 year financial goals such as near-retirement income bridging, home down payments, college funding, and other medium-term spending needs.

3. **Income-Oriented Investors:** Suitable for those seeking income stability and a bond-like glide path without relying solely on short-term bonds or inefficient long bonds.

4. **Retirement Plan Integration:** Well-suited for retirement and 401(k) plans, allowing investors to customize their time horizon rather than defaulting to fixed-date options.

Glossary

Asset–Liability Matching (ALM) — A financial planning framework that aligns an investor's assets with their future spending needs (liabilities) over defined time horizons, helping to improve clarity, reduce sequencing risk, and enhance portfolio efficiency through temporal alignment.

Countercyclical Rebalancing — A rebalancing approach in which the portfolio is benchmarked to an index designed to reduce the tendency for procyclical portfolio skews, helping to moderate risk across market cycles.

Defined Duration Investing - A strategy that seeks to quantify the time horizons of different asset classes (beyond traditional bond duration) to enable a more measurable asset–liability matching framework for financial planning.

Defined Duration - A time-based measure of an instrument's real drawdown sensitivity, quantifying how long it typically takes to recover purchasing power after a decline.

Modified Duration — A traditional fixed income concept measuring a bond's price sensitivity to interest rate changes, expressed as the time-weighted average of discounted cash flows.

Duration Drift — The natural lengthening or shortening of a portfolio's duration over time due to market movements, reinvestment dynamics, or new issuance trends, often causing portfolios to take on unintended interest rate risk.

Important Disclosures

Duration is measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

The Fund's 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 once available by calling 215-882-9983 or visiting www.disciplinefunds.com. Read it carefully before investing.

There is no assurance that the Funds will achieve their investment objectives. The Funds may underperform their benchmarks or fail to meet defined duration targets or positive returns.

New Fund Risk. The Funds are recently organized management investment companies with limited operating history. There can be no assurance that the Funds will grow to or maintain an economically viable size.
Equity Investing Risk. An investment in the Funds involve risks similar to those of investing in any fund holding equity securities, such as market fluctuations, changes in interest rates and perceived trends in stock prices. The values of equity securities could decline generally or could underperform other investments. In addition, securities may decline in value due to factors affecting a specific issuer, market or securities markets generally.
Foreign Investment Risk. Returns on investments in underlying ETFs that invest foreign securities could be more volatile than, or trail the returns on, ETFs that invest in U.S. securities. Investments in foreign securities involve political, economic, and currency risks, greater volatility and differences in accounting methods. These risks are magnified in emerging markets.
Emerging Markets Risk. DDV may invest indirectly in companies organized in developing and emerging market nations. Investments in securities and instruments traded in developing or emerging markets, or that provide exposure to such securities or markets, can involve additional risks relating to political, economic, or regulatory conditions not associated with investments in U.S. securities and instruments or investments in more developed international markets. Such conditions may impact the ability of the Fund to buy, sell or otherwise transfer securities, adversely affect the trading market and price for Fund shares and cause the Fund to decline in value.
Bond and Fixed Income Risks. DDV will be subject to bond and fixed income risks when it invests in bond ETFs. Changes in interest rates generally will cause the value of fixed-income and bond instruments held by underlying bond ETFs to vary inversely to such changes.
Countercyclical Investing Style Risk. DDV is subject to the risk of periods of underperformance versus comparable passively-managed funds due to counter-cyclical investing. If the equity markets are rising and the economy is robust, the counter-cyclical style may cause the Fund to hold less equity securities, which may cause it to underperform for a period. In the event of a large equity market or macroeconomic decline (that is, the U.S. economy is performing poorly), the countercyclical rebalancing methodology may result in a higher equity allocation.
Quantitative Security Selection Risk. Data for some ETFs and for some of the companies in which the underlying ETFs invest may be less available and/or less current than data for companies in other markets due to various causes. The ETFs selected using a quantitative model could perform differently from the financial markets as a whole, as a result of the characteristics used in the analysis, the weight placed on each Characteristic, and changes in the characteristic's historical trends.
Fund of Funds Risk. Because it invests primarily in other funds, the Funds' investment performance largely depends on the investment performance of the selected underlying exchange-traded funds (ETFs). An investment in the Funds is subject to the risks associated with the ETFs that then-currently comprise the Funds' portfolio.
Management Risk. The Funds are actively managed and may not meet their investment objective based on the Adviser's or Sub-Adviser's success or failure to implement investment strategies for the Funds.
U.S. Government Securities Risk. DDV will invest in U.S. Treasury securities indirectly through U.S. Treasury bond ETFs. U.S. government securities are subject to market risk, interest rate risk and credit risk.

An investment in the Funds involve risk, including possible loss of principal. Exchange-traded funds (ETFs) trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETF's net asset value (NAV), and are not individually redeemable directly with the ETF. Brokerage commissions and ETF expenses will reduce returns. ETFs are subject to specific risks, depending on the nature of the underlying strategy of the Fund, which should be considered carefully when making investment decisions. **For a complete description of the Funds' principal investment risks, please refer to the prospectus.**

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