

Merlyn.AI Expands its Family of AI-Powered ETFs with the Launch of Two New Members

- **SectorSurfer Momentum (DUDE)**
- **Best-of-Breed Core Momentum (BOB)**

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Merlyn.AI Corporation



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PALO ALTO, CA – Merlyn.AI Corporation (MAI), a Palo Alto-based provider of investment technologies, launches two new ETFs listed on Cboe:

DUDE - the SectorSurfer Momentum ETF
BOB - the Best-of-Breed Core Momentum ETF

Following the launch of WIZ in October 2019 and SNUG in February 2020, Merlyn.AI is now expanding its offering of algorithm-driven, AI-powered ETFs that allow investors and Financial Advisors to build customized portfolios with a broad range of expected risk and returns.

Merlyn.AI's artificial intelligence (AI) based technology, including genetic algorithms, advanced signal processing and market-data noise reduction, has undergone decades of research and development and has been tested through multiple bull and bear markets.

Our latest funds, DUDE and BOB follow Merlyn.AI's less aggressive predecessors: WIZ (an 80/20 allocation ETF) and SNUG (a 30/70 allocation ETF). Merlyn.AI funds combined have attracted more

than **[\\$200] [to be confirmed as of the date before release]** million in Assets Under Management (AUM) since inception.

WIZ, SNUG, DUDE and BOB are no ordinary ETFs: they represent a paradigm shift in ETF design.

They function as automated, self-contained tactical portfolio management systems in tax-efficient ETF wrappers that can be ideal for the management of taxable investment accounts. They seek to provide the features investors want most:

1. A portfolio of momentum leaders in bull markets;
2. A portfolio of defensive leaders in bear markets;
3. A fully automated, expert method for switching between bull and bear portfolios; and
4. The benefits of tactical trading with the added advantage of tax-efficiency.

“Aggressive investors want ETFs that improve returns in both bull and bear markets,” says Scott Juds, MAI CEO and Co-founder. “DUDE and BOB seek to do just that.”



DUDE is the company’s most aggressive ETF to date, employing a 100% equity allocation when its Bull/Bear Indicator signals a “Bull” market. Each month, the MAI SectorSurfer Momentum Index evaluates more than 150 U.S. ETFs and seeks to select a portfolio of six ETFs; four from its Economic Sectors category and two from its Geopolitical Sectors category. Each is selected on the basis of having the highest expected subsequent monthly return performance relative to other ETFs in the category (the “Momentum Leader”).

Like DUDE, BOB employs a 100% equity allocation when its Bull/Bear Indicator signals a “Bull” market. Each month, the MAI Best-of-Breed Core Momentum Index evaluates more than 70 US ETFs having over \$10B of AUM (assets under management) and selects a portfolio of three ETFs; one from each of its Sectors, Factors, and Global categories. Each is selected on the basis of having the highest expected subsequent monthly return performance relative to other ETFs in the category (the “Momentum Leader”).



Both BOB and DUDE incorporate the company’s proprietary Bull/Bear Indicator that seeks to determine whether U.S. equity markets appear to be in an advancing market (a “Bull” market) or appear to have an elevated risk of market decline (a “Bear” market). The Bull/Bear Indicator assesses the risk of U.S. equity markets using four key metrics: price-trend, market momentum, value sentiment, and market volatility. A “Bear” market is generally assessed and triggered only at month-end, but may also be triggered at any time during the month if excess market volatility is indicated. When a “Bear” market is indicated, BOB and DUDE automatically switch to a portfolio of defensive leaders that attempts to avoid bear market losses.

The Bull/Bear Indicator seeking to identify protracted “Bear” markets relies on price-trend, market momentum, and value sentiment metrics and is trademarked *StormGuard™*. The Bull/Bear Indicator seeking to assess the risk of sharp, deep downwards market movements utilizes market volatility metrics and is trademarked *SwanGuard™*.

"Investing well requires simultaneously solving multiple problems. While the industry's interest in artificial intelligence (AI) remains focused on neural networks and the belief that one AI tool can solve everything, the technology driving Merlyn.AI ETFs takes a divide-and-conquer approach by using the best tool for each job," says Scott Juds, MAI Co-founder and CEO. "Our ETFs employ a trifecta of AI tools, including (1) **Adaptive Tuning** that seeks to eliminate hindsight bias in the momentum algorithm; (2) **Fuzzy Logic** that analyzes multiple market indicators and seeks to assess the market's bull vs. bear status; and (3) **Genetic Algorithms** that evolve its underlying strategies and seek to eliminate hindsight selection bias."

"Risk is not a one-dimensional problem cured by a single dose of diversification. It's a multi-dimensional problem and simple diversification is just a start," says Juds. "Merlyn.AI's research shows that the most proficient way to reduce risk is to try to avoid it – specifically aiming to avoid investing in portfolio laggards, bear markets and black swans. This requires reliable measures of momentum. That's our strong suit, and we think we do it better than anyone in the market today."

Together, these technologies form the basis of the first real update of Modern Portfolio Theory (MPT) since its creation in the 20th Century. Merlyn.AI's CEO calls this advancement "Temporal Portfolio Theory," which is outlined in his book, Conquering the Seven Faces of Risk.

About Merlyn.AI Merlyn.AI Corporation (MAI) is a Palo Alto-based financial technology start-up launched in January 2019. The DUDE and BOB ETFs investment advisor is Empowered Funds LLC, dba Alpha Architect. The WIZ, SNUG, DUDE and BOB ETFs are distributed by *Quasar Distributors* LLC, a member of FINRA, SIPC. Merlyn.AI is not affiliated with Quasar Distributors LLC. MAI funds are not sponsored, endorsed, issued, sold or promoted by its indexing agent, Solactive AG, nor does Solactive AG make any representations regarding the advisability of investing in WIZ, SNUG, DUDE or BOB. MAI, and Quasar Distributors are not affiliated with Solactive AG. For more information, please visit the www.Merlyn.ai and www.Merlynetfs.com websites.

Disclosures:

Before investing one should carefully consider the Fund's investment objectives, risks, charges, and expenses. This and other information can be found in the fund's summary or full prospectus, which may be obtained by visiting www.Merlynetfs.com. Please read the prospectus carefully before investing.

An investment in the Fund is subject to investment risk, including the possible loss of principal. DUDE and BOB ETFs shares may be bought and sold on the Cboe exchange through a brokerage account. Brokerage commissions and ETF expenses will reduce investment returns. There can be no assurance that an active trading market for ETF shares will be developed or maintained. There is no guarantee the ETFs strategies will be successful. Because they invest primarily in other ETFs, DUDE and BOB ETFs' investment performance largely depends on the investment performance of those underlying ETFs. An investor will indirectly bear the principal risks and its share of the fees and expenses of the underlying ETFs. The risks associated with these ETFs are detailed in the prospectus and could include factors such as concentration risk, foreign and emerging markets risk, equity market risk, momentum investing risk, value investing risk, fixed income risk, gold risk, high portfolio turnover risk, and bull index bond risks. Maintaining investments regardless of market conditions or the performance of an individual investment could cause the ETFs' returns to be lower than if the ETFs employed an active strategy. The performance of the ETFs and their Indexes may differ due to tracking error. The Indexes use a form of (AI) artificial intelligence. Investments utilizing quantitative methods may perform differently than the market as a whole. Momentum investing can turn quickly and cause significant variation from other types of investments. There may be periods when the momentum style is out of favor, and during which the investment performance of an ETF using a momentum strategy may suffer. DUDE and BOB ETFs are non-diversified and may be more sensitive to economic, business, political or other changes affecting individual issuers or investments than a diversified fund, which may result in greater fluctuation in the value of the ETFs' Shares and greater risk of loss. There is no guarantee the fund's objectives will be met.

The Indexes are based on a proprietary methodology developed by SumGrowth Strategies, LLC, and licensed to Merlyn.AI Corporation, the Funds' sponsor, and sublicensed to Empowered Funds, LLC, the Funds' investment advisor. The DUDE and BOB ETFs are distributed by *Quasar Distributors LLC*.

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