



For Immediate Release

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Merlyn.AI Introduces Dual Defense™ to Its AI-Powered ETFs

TrendGuard™ seeks to provide a performance floor when sector and factor momentum is weak

Palo Alto, CA (May 1, 2023) – Merlyn.AI, a provider of innovative, AI-powered ETFs, announced today the introduction of TrendGuard™, an enhancement to the firm’s bull market strategies that seeks to provide a performance floor when market momentum is weak. TrendGuard is designed to work in tandem with Merlyn.AI’s StormGuard™ feature that assesses bull versus bear conditions. Together, these defensive components comprise a Dual Defense™ strategy that attempts to mitigate downside equity exposure.

The Merlyn.AI SectorSurfer Momentum ETF (DUDE) and the Merlyn.AI Bull-Rider Bear-Fighter ETF (WIZ) are self-contained tactical portfolio management systems within a tax-efficient ETF wrapper that track the performance of the Merlyn.AI SectorSurfer Momentum Index and Bull-Rider Bear-Fighter Index respectively. Using advanced signal processing techniques and the innovative application of three forms of AI, the Indexes perform market analysis and portfolio construction striving to select top momentum leaders during bull markets and opportunistically shift to their Bear Market Strategy (which could include bonds, treasuries, gold ETFs) when markets appear to have an elevated risk of decline.

TrendGuard introduces a defensive backstop that competes against an index’s category momentum leaders during the index bull market portfolio construction stage. The algorithm selects the backstop whenever its momentum is highest. This line of defense recognizes the limitation of momentum-based analysis that may occur in an irregular bull market cycle like 2022-2023 and seeks to achieve a performance floor.

StormGuard is a proprietary U.S. equity market risk assessment software that seeks to determine when a bull or bear market is indicated using price-trend, market momentum, value sentiment, and market volatility metrics. Merlyn.AI’s indexes automatically switch between equity and defensive positions based on StormGuard’s bull/bear assessment.

Scott Juds, Merlyn.AI’s CEO, explained, “We believe momentum detection is a key part of fund selection for both bull and bear market holdings. The challenge is to see past market noise to select momentum leaders. In an unusual equity market like we’ve experienced this year and last, momentum signals have been sometimes less reliable. TrendGuard adds an important element to our defensive strategy that kicks in when momentum behaves like this. Together with StormGuard, this approach presents what we call “dual defense.”

Merlyn.AI Indexes perform market analysis and portfolio construction using advanced signal processing techniques and the application of three forms of AI:

1. **Genetic Algorithms** evaluate up to 400 ETFs to select sets of candidate funds for an ever-evolving population of competing momentum strategies. They then choose only the top momentum performers for the portfolio. This helps mitigate the risk of human-based hindsight selection bias in the ETF selection process and enables the index to adapt to changing market conditions.
2. **Fuzzy Logic** is used to evaluate 14 characteristics of the market to assess when it appears to have an elevated risk of decline. If the result exceeds a fixed threshold, the index will switch to a Bear Market Strategy automatically, seeking to maximize profits even during downturns.
3. **Adaptive Tuning** assess past market data and tunes the algorithms' momentum filters using differential signal processing and match filter theory – both of which may improve the probability of making better investment selections.

About Merlyn.AI

Palo Alto-based Merlyn.AI uses advanced signal processing techniques and innovative AI to analyze equity market conditions and construct index portfolios in changing markets. The company seeks to identify market momentum leaders during bull market conditions and switch to fixed income and other defensive positions when bear market conditions or weak momentum is indicated. Merlyn.AI ETFs track the performance of the Merlyn.AI indexes. Visit us at www.MerlynETFs.com.

Disclosures

The DUDE and WIZ ETFs (the “Funds”) seek to track the Merlyn.AI Indexes.

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.Merlynets.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 ETFs shares may be bought and sold on the Cboe exchange through a brokerage account. WIZ ETFs shares may be bought and sold on the Nasdaq 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, the Fund’s 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 Funds’ returns to be lower than if the Fund employed an active strategy.

The performance of the Funds 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 a Fund using a momentum strategy may suffer. The Funds 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 Funds' Shares and greater risk of loss. There is no guarantee the Funds' 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 Funds are distributed by Quasar Distributors LLC.

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