

Inside the Zacks Small/Mid Cap Core Portfolio (Ticker: SMIZ)

A Deeper Dive into the Small/Mid Cap Portfolio ETF from Zacks Investment Management

A Focus On Consistent And Sustainable Returns

The Zacks Small/Mid Cap Core Portfolio ETF seeks to generate consistent and sustainable returns while minimizing the risk of capital loss in the Small and Mid Cap asset classes. Comprised of approximately 200 thoughtfully selected companies, this portfolio leverages market anomalies to capture alpha and benefits from diversification. The Zacks Investment Committee identifies these companies by focusing on risk-adjusted returns that display minimal correlation with broader market indices.

The Zacks Advantage: Exploring the SMIZ Construction Process

At Zacks, research is at the core of our DNA, so proprietary research and extensive monitoring underly our SMIZ portfolio.

Our selection process begins with the most liquid US stocks in the Russell Mid Cap and Russell 2000 Universe. From this universe, the portfolio management team at Zacks conducts a qualitative screen, identifying 200 companies through the following comprehensive process:

1 Leveraging Zacks Quantitative Review Process

The Zacks Portfolio team pinpoints companies projected to excel beyond a 50/50 blend of the Russell 2000 and Russell Mid Cap Indices. This process relies on four key metrics guiding the Zacks Proprietary Alpha factor model:

- > **Agreement:** We evaluate the ratio of positive revisions in earnings estimates.
- > **Magnitude:** We assess the degree of these revisions.
- > **Upside:** We compare recent or exact earnings estimates and the general consensus.
- > **Surprise:** We examine the regularity and intensity of earnings surprises.

Our dynamic criteria evolve in tandem with market shifts and performance trends.

2 Targeting Risk-Adjusted Performance:

Rather than solely chasing high earnings growth, we prioritize balanced risk-adjusted performance and diversification. After our initial quantitative phase, our Investment Committee delves deeper, employing our exclusive risk optimizer for a comprehensive review. The result is a portfolio capable of maintaining a balance or tilting toward Small or Mid Cap equities. SMIZ has the flexibility to invest approximately 30%-70% of the value of its net assets in either small or mid-cap securities.

3 Earnings Overview & Portfolio Allocation:

Our evaluation hinges on factors such as earnings fluctuations, recent estimate revisions, past quarterly EPS surprises, and future earnings projections. The culmination of our selection process results in a SMIZ portfolio consisting of approximately 150-250 positions.

4 Ongoing Oversight & Updates:

Once established, the SMIZ portfolio benefits from the Zacks Investment Management team's daily oversight. Through consistent reviews and access to current market data, we make weekly adjustments to ensure that the portfolio remains aligned with our overarching objectives.

The Zacks Advantage: Exploring the SMIZ Construction Process *Continued*

At Zacks, we understand the challenges associated with managing wealth in volatile economic environments. During these periods, most money managers and clients find it difficult to outperform broad market indices. The Zacks Small/Mid Cap Core Portfolio (SMIZ) aims to generate consistent and sustainable returns while minimizing the risk of capital loss. For this reason, we feel SMIZ is in a favorable position to generate returns that are only minimally correlated to broader market indices like the Russell 2500 Index.

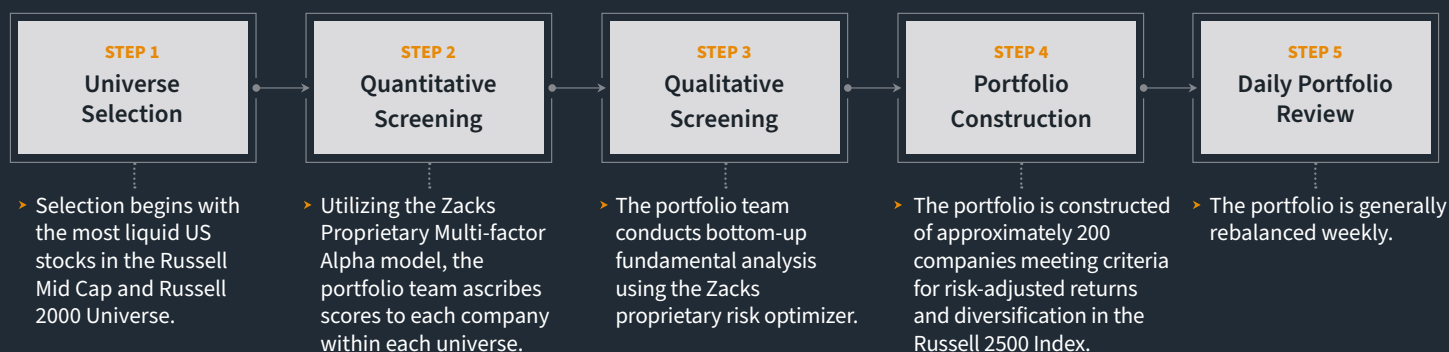


Figure 1: The SMIZ Portfolio Construction Process Consists of Numerous Steps Designed to Optimize Capital Allocation

Ready to invest in the Zacks Small/Mid Cap Portfolio ETF now?

This ETF is now available through most brokerage firms. Simply search for the ticker SMIZ to find information about purchasing shares.

To learn more about SMIZ, please visit zacksetfs.com.

Glossary

Earnings per share (EPS) is a company's net profit divided by the number of common shares it has outstanding. EPS indicates how much money a company makes for each share of its stock and is a widely used metric for estimating corporate value.

Standard deviation measures the dispersion of a dataset relative to its mean (average), and is often used as a measure of relative risk of an asset. A high standard deviation indicates a more volatile security.

Magnitude is defined as the size of the earnings estimate revisions.

Upside is defined as where the most accurate or recent earnings estimates are coming in relative to the consensus.

Alpha is a measure of the portfolio risk-adjusted performance. When compared to the portfolio beta, a positive alpha indicates better-than-expected portfolio performance and a negative alpha worse-than-expected portfolio performance.

SMIZ Fund Specific Risk

The Fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company and can be found at www.zackssetfs.com. Please read carefully before investing. A hard copy of the prospectuses can also be requested by calling 855-813-3507.

Investing involves risk. Principal loss is possible. As an ETF, the funds may trade at a premium or discount to NAV.

Shares of any ETF are bought and sold at market price (not NAV) and are not individually redeemed from the Fund.

Transactions in shares of ETFs will result in brokerage commissions, which will reduce returns. The Fund is subject to management risk because it is an actively managed portfolio. The Advisor's judgments about the attractiveness, value, and stability of particular stocks in which the Fund invests may prove to be incorrect, and there is no guarantee that the Advisor's judgment will produce the desired results. Equity securities are subject to changes in value, and their values may be more volatile than those of other asset classes. Stocks of large companies as a group can fall out of favor with the market, causing the Fund to underperform investments that have a greater focus on mid-cap or small-cap stocks. Larger, more established companies may be slow to respond to challenges and may grow more slowly than smaller companies. Investments selected using quantitative methods may perform differently from the market as a whole.

The performance data quoted represents past performance. Current performance may be lower or higher than the performance data quoted above. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that investor's shares, when redeemed, may be worth more or less than their original cost. For performance information current to the most recent month-end, please call toll-free (enter phone number).

NAV Return represents the closing price of underlying securities.

Market Return is calculated using the price which investors buy and sell ETF shares in the market. The market returns in the table are based upon the midpoint of the bid/ask spread at 4:00 pm EST, and do not represent the returns you would have received if you traded shares at other times.

Disclosure

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The Russell MidCap Index is a well-known, unmanaged index of the prices of 800 mid-cap company common stocks, selected by Russell. The Russell MidCap Index assumes reinvestment of dividends but does not reflect advisory fees. An investor cannot invest directly in an index. The volatility of the benchmark may be materially different from the individual performance obtained by a specific investor.

The Russell 2000 Index is a well-known, unmanaged index of the prices of 2000 small-cap company common stocks selected by Russell. The Russell 2000 index assumes reinvestment of dividends but does not reflect advisory fees. An investor can not directly invest in an index. The volatility of the benchmark may be materially different from the individual performance obtained by a specific investor.

The Russell 2500™ Index measures the performance of the small to midcap segment of the US equity universe, commonly referred to as "smid" cap. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2500 Index is constructed to provide a comprehensive and unbiased barometer for the small to mid-cap segment. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set.

Diversification does not ensure a profit or guarantee against loss.

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