How a 351 Exchange may address holdings with significant capital gains

Why we believe the Astoria US Enhanced Core Equity ETF (ticker LCOR) via a 351 Exchange may help to simplify equity portfolios and maintain exposure to the US equity market.

IMPORTANT INFORMATION

The Astoria US Enhanced Core Equity ETF (LCOR) has an effective registration statement but is not currently trading. We anticipate LCOR to begin trading in July 2025.

PROSPECTUS OFFER

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus with this and other information about the Fund, please call (215) 882-9983 or visit our website AstoriaAdvisorsETFs.com. Read the prospectus or summary prospectus carefully before investing.

In-Kind Contribution Risk: At its launch, the Fund expects to acquire a material amount of assets through one or more in-kind contributions that are intended to qualify as tax-deferred transactions governed by Section 351 of the Internal revenue Code. If one or more of the in-kind contributions were to fail to qualify for tax-deferred treatment, then the Fund would not take a carryover tax basis in the applicable contributed assets and would not benefit from a tackled holding period in those assets. This could cause the Fund to incorrectly calculate and report to shareholders the amount of gain or loss recognized and/or the character of gain or loss (e.g., as long-term or short-term) on the subsequent disposition of such assets.

Tax Advisory Disclaimer: Neither ETF Architect nor its affiliates provide tax advice. In compliance with IRS Circular 230, we wish to inform you that any tax advice contained in this communication was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any matters discussed herein. We strongly advise that you consult an independent tax advisor to assess your specific circumstances.

Estate Planning Notice: The information included in this communication is not intended as a substitute for comprehensive estate planning and does not constitute legal or estate advice. It serves only as a preliminary outline of how tax-free conversions operate. For detailed guidance, we recommend consulting your legal counsel.

Executive team

Astoria Portfolio Advisors

John Davi

Founder, CEO, CIO

- 25 years of experience spanning across Macro ETF Strategy, Quantitative Research, and Portfolio Management
- Previously head of Morgan Stanley's Institutional ETF Content and research analyst in Merrill Lynch's Global Equity Derivatives group
- Published hundreds of reports in his research career across a variety of topics from ETFs, indices, futures, and structured products
- Recognized and featured on ETF.com, ETFTrends.com, InsideETFs, Institutional Investor Magazine, and he is a regular contributor to CNBC, Bloomberg, and other media outlets

Bruce Lavine

COO, Head of ETFs

- 20+ years of experience
- Previously with Barclays Global Investors
- One of the earliest employees at iShares and had roles including CFO, Head of Product Development and CEO of iShares Europe
- Spent 15 years at WisdomTree as President, Chief Operating Officer, and member of the Board of Directors
- CEO of an ETF startup called NightShares
- MBA and BS from the University of Virginia
- Chartered Financial Analyst

LCOR: 351 EXCHANGE

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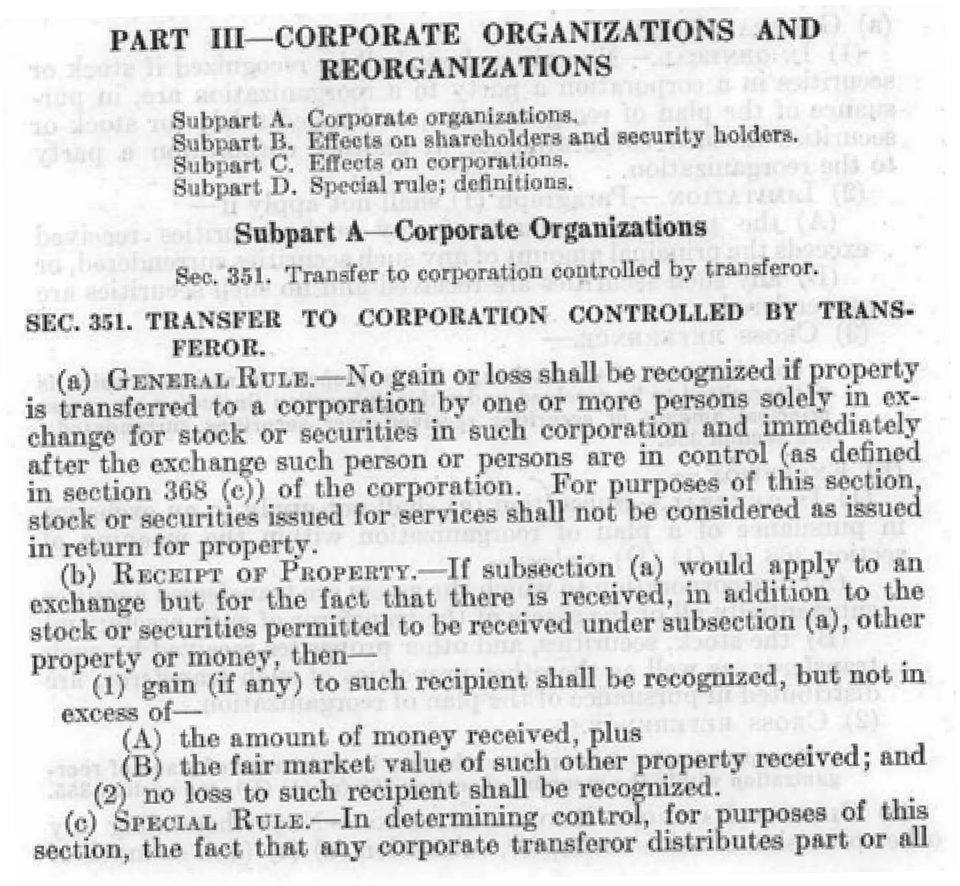
WHAT IS A 351 EXCHANGE?

Section 351 of the Internal Revenue Code (IRC) enables individuals to contribute property such as stocks or ETFs, into a newly formed corporation.

§351 allows shareholders to transfer property to a corporation in exchange for stock **without recognizing gain or loss IF they meet specific tests.**

IMPORTANT INFORMATION. THE RULES SURROUNDING A §351 EXCHANGE INVOLVING SECURITIES ARE COMPLEX. IT IS HIGHLY RECOMMENDED TO CONSULT WITH A TAX ADVISOR OR TAX ATTORNEY TO ENSURE COMPLIANCE WITH IRS REGULATIONS AND AVOID UNINTENDED TAX CONSEQUENCES. THE INFORMATION PRESENTED HEREIN SHOULD NOT BE CONSTRUED OR RELIED UPON AS TAX, LEGAL, OR FINANCIAL ADVICE.



PART III—CORPORATE ORGANIZATIONS AND REORGANIZATIONS

Subpart A. Corporate organizations.
Subpart B. Effects on shareholders and security holders.
Subpart C. Effects on corporations.
Subpart D. Special rule; definitions.

Subpart A—Corporate Organizations

Sec. 351. Transfer to corporation controlled by transferor.

SEC. 351. TRANSFER TO CORPORATION CONTROLLED BY TRANSFEROR.

(a) GENERAL RULE.—No gain or loss shall be recognized if property is transferred to a corporation by one or more persons solely in exchange for stock or securities in such corporation and immediately after the exchange such person or persons are in control (as defined in section 368 (c)) of the corporation. For purposes of this section, stock or securities issued for services shall not be considered as issued in return for property.

(b) RECEIPT OF PROPERTY.—If subsection (a) would apply to an exchange but for the fact that there is received, in addition to the stock or securities permitted to be received under subsection (a), other property or money, then—

(1) gain (if any) to such recipient shall be recognized, but not in excess of—

(A) the amount of money received, plus

(B) the fair market value of such other property received; and

(2) no loss to such recipient shall be recognized.

(c) SPECIAL RULE.—In determining control, for purposes of this section, the fact that any corporate transferor distributes part or all

IS A 351 EXCHANGE NEW?

Section 351 exchange was established as part of **the Internal Revenue Code of 1954.**[1]

This legislation **aimed to promote business growth** and reorganization by deferring taxes on certain transactions, allowing businesses to restructure without immediate tax consequences.

Subsequent amendments have since **clarified rules around "control" and the definition of "property."**

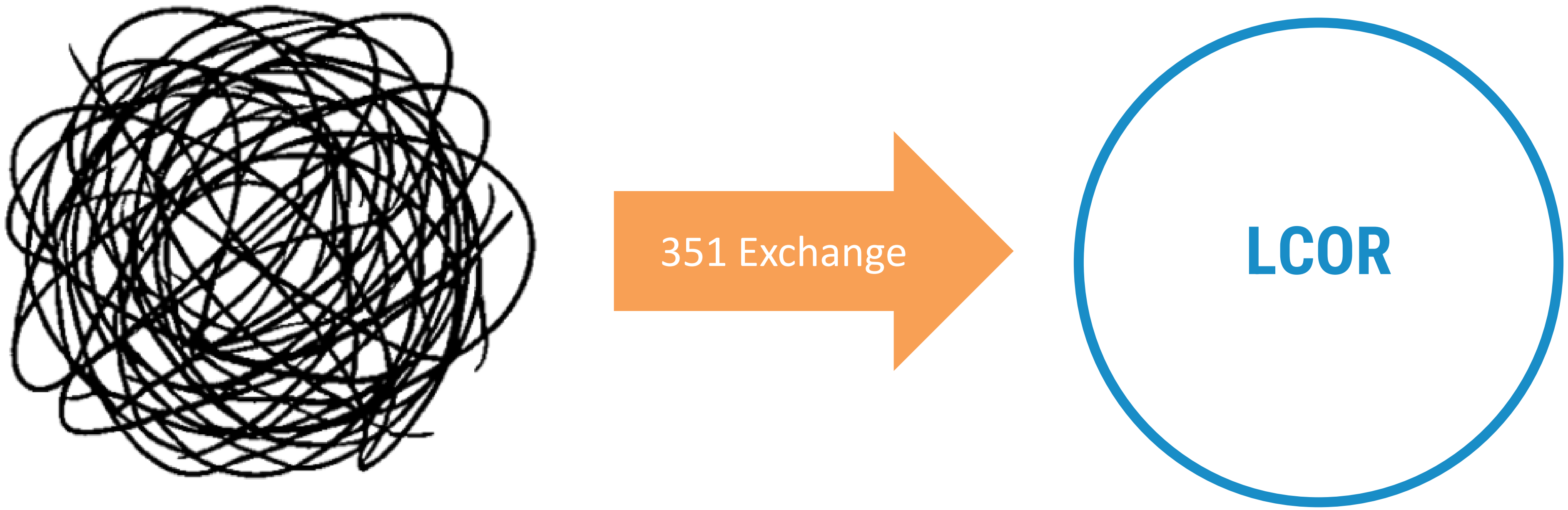
For illustrative purposes only. [1]Image from https://www.govinfo.gov/content/pkg/STATUTE-68/pdf/STATUTE-68A-Pg1.pdf **IMPORTANT INFORMATION.** THE RULES SURROUNDING A §351 EXCHANGE INVOLVING SECURITIES ARE COMPLEX. IT IS HIGHLY RECOMMENDED TO CONSULT WITH A TAX ADVISOR OR TAX ATTORNEY TO ENSURE COMPLIANCE WITH IRS REGULATIONS AND AVOID UNINTENDED TAX CONSEQUENCES. THE INFORMATION PRESENTED HEREIN SHOULD NOT BE CONSTRUED OR RELIED UPON AS TAX, LEGAL, OR FINANCIAL ADVICE.

IN ASTORIA'S VIEW, HOW COULD A 351 EXCHANGE APPLY TO AN INVESTOR?

IMPORTANT INFORMATION. THE RULES SURROUNDING A §351 EXCHANGE INVOLVING SECURITIES ARE COMPLEX. IT IS HIGHLY RECOMMENDED TO CONSULT WITH A TAX ADVISOR OR TAX ATTORNEY TO ENSURE COMPLIANCE WITH IRS REGULATIONS AND AVOID UNINTENDED TAX CONSEQUENCES. THE INFORMATION PRESENTED HEREIN SHOULD NOT BE CONSTRUED OR RELIED UPON AS TAX, LEGAL, OR FINANCIAL ADVICE.

If your equity portfolio
feels like this…

A 351 Exchange to LCOR <u>may</u>
help to **simplify your portfolio.**



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LET’S TALK ABOUT HOW.

IMPORTANT INFORMATION. THE RULES SURROUNDING A §351 EXCHANGE INVOLVING SECURITIES ARE COMPLEX. IT IS HIGHLY RECOMMENDED TO CONSULT WITH A TAX ADVISOR OR TAX ATTORNEY TO ENSURE COMPLIANCE WITH IRS REGULATIONS AND AVOID UNINTENDED TAX CONSEQUENCES. THE INFORMATION PRESENTED HEREIN SHOULD NOT BE CONSTRUED OR RELIED UPON AS TAX, LEGAL, OR FINANCIAL ADVICE.

LCOR: 351 EXCHANGE

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Basic qualifications to participate

You must:	Reasoning
Custody assets at Fidelity or Schwab	The infrastructure at these two institutions is equipped to facilitate the 351 exchange, in our view.
Contribute at least $500k[1]	A certain level of scale is needed to process this exchange in a cost-effective manner.
Contribute a diversified portfolio	351 rules mandate that the portfolio must pass the 25% and 50% diversification tests[2] to contribute.
Be a U.S. person and not a corporation	Generally, individual or joint accounts offer the cleanest path to participate. Trust accounts and S-corps[3] may qualify; C-corps.[4] **do not** qualify.

For illustrative purposes only. [1]$500k contribution is negotiable for financial professionals contributing issues for a group of clients. If the average contribution for a group of clients is under $500k, a 351 exchange could still be facilitated, assuming the total amount achieves sufficient economies of scale to justify the administrative cost. [2]The 25% and 50% rule are from the Internal Revenue Code section 368(a)(2)(F) and related regulation. [3]An **S Corporation (S-Corp)** is a tax designation that allows a corporation to pass income, losses, deductions, and credits directly to shareholders, avoiding double taxation. It provides limited liability protection while maintaining the tax benefits of a partnership or sole proprietorship. S-Corps must meet IRS requirements, including a limit of 100 shareholders and only one class of stock. [4]A **C Corporation (C-Corp)** is a legal business entity that is taxed separately from its owners, leading to potential double taxation—once at the corporate level and again on shareholder dividends. It offers limited liability, unlimited growth potential, and no restrictions on ownership or stock classes.

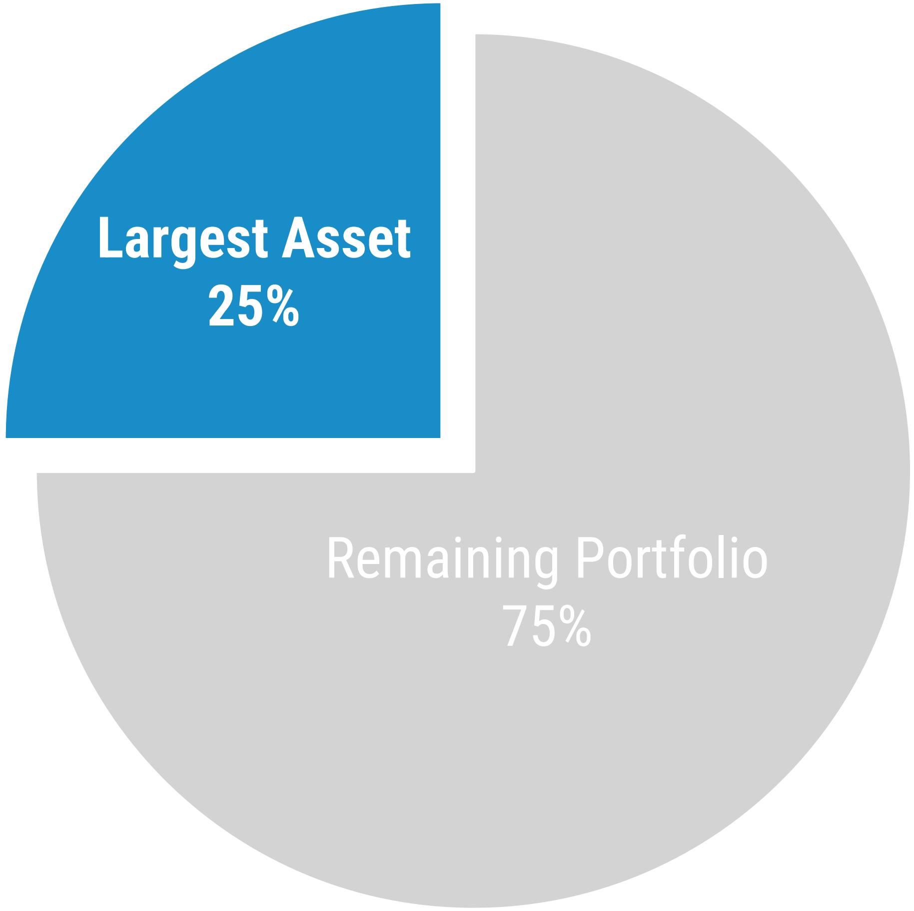
Diversification tests

Contributing portfolios must pass several tests to potentially qualify for a 351 exchange.

IMPORTANT INFORMATION. THE RULES SURROUNDING A §351 EXCHANGE INVOLVING SECURITIES ARE COMPLEX. IT IS HIGHLY RECOMMENDED TO CONSULT WITH A TAX ADVISOR OR TAX ATTORNEY TO ENSURE COMPLIANCE WITH IRS REGULATIONS AND AVOID UNINTENDED TAX CONSEQUENCES. THE INFORMATION PRESENTED HEREIN SHOULD NOT BE CONSTRUED OR RELIED UPON AS TAX, LEGAL, OR FINANCIAL ADVICE.

Rule #1 | No more than 25% in a single asset[1]

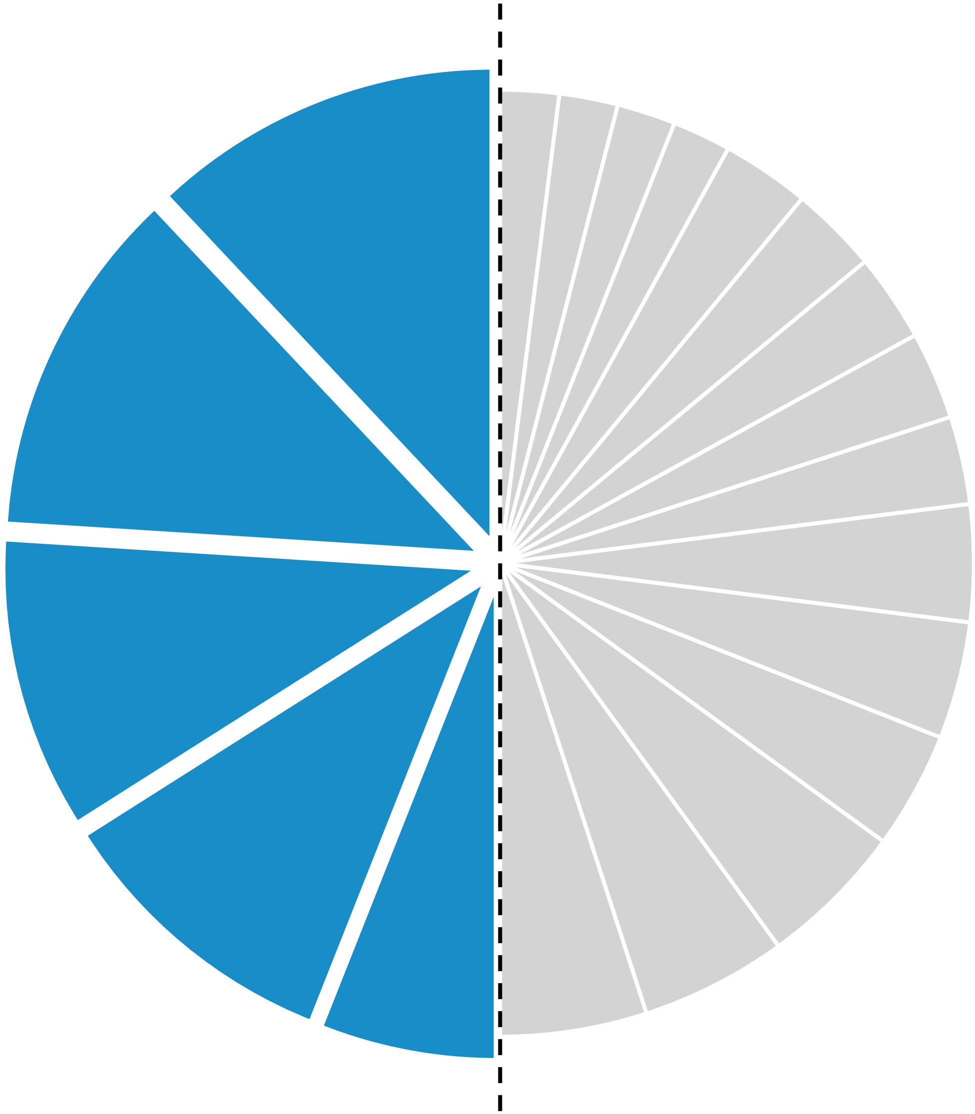
- Any contributing portfolio **must be considered diversified.**
- No one asset should constitute more than 25% of the portfolio.
- A single, concentrated position **doesn't qualify.**
- "Indirect" ownership (e.g., through an ETF) and direct ownership **may need to be considered.**



For illustrative purposes only. [1]The 25% rule is from the Internal Revenue Code section 368(a)(2)(F).

Rule #2 | 50%/5 securities[1]

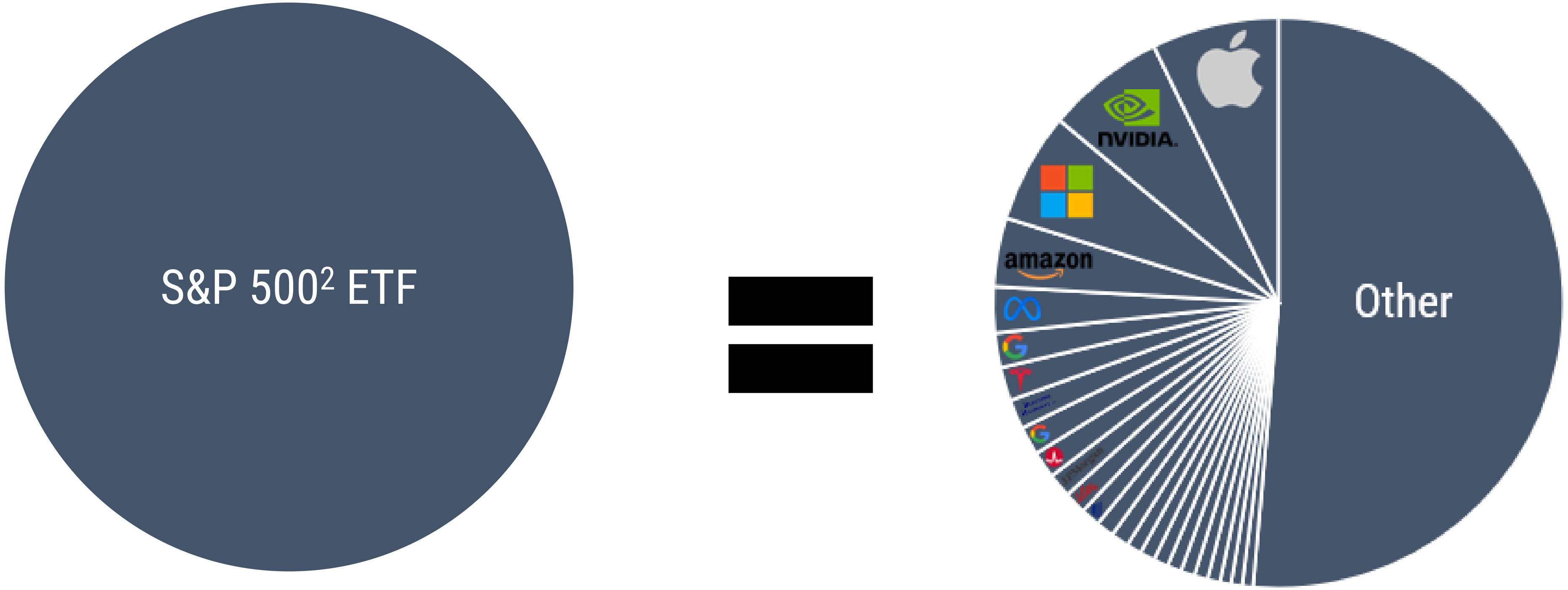
- No more than 50% of the portfolio's value can be concentrated in five securities or fewer.
- Practically, this means a portfolio of **<10 securities may not qualify.**
- Conservatively, 11-20 securities is more likely to qualify.
- "Indirect" ownership (e.g., through an ETF) and direct ownership **may need to be considered.**



For illustrative purposes only. [1]The 50% rule is from the Internal Revenue Code section 368(a)(2)(F).

ETFs are assessed on a "look-through" basis

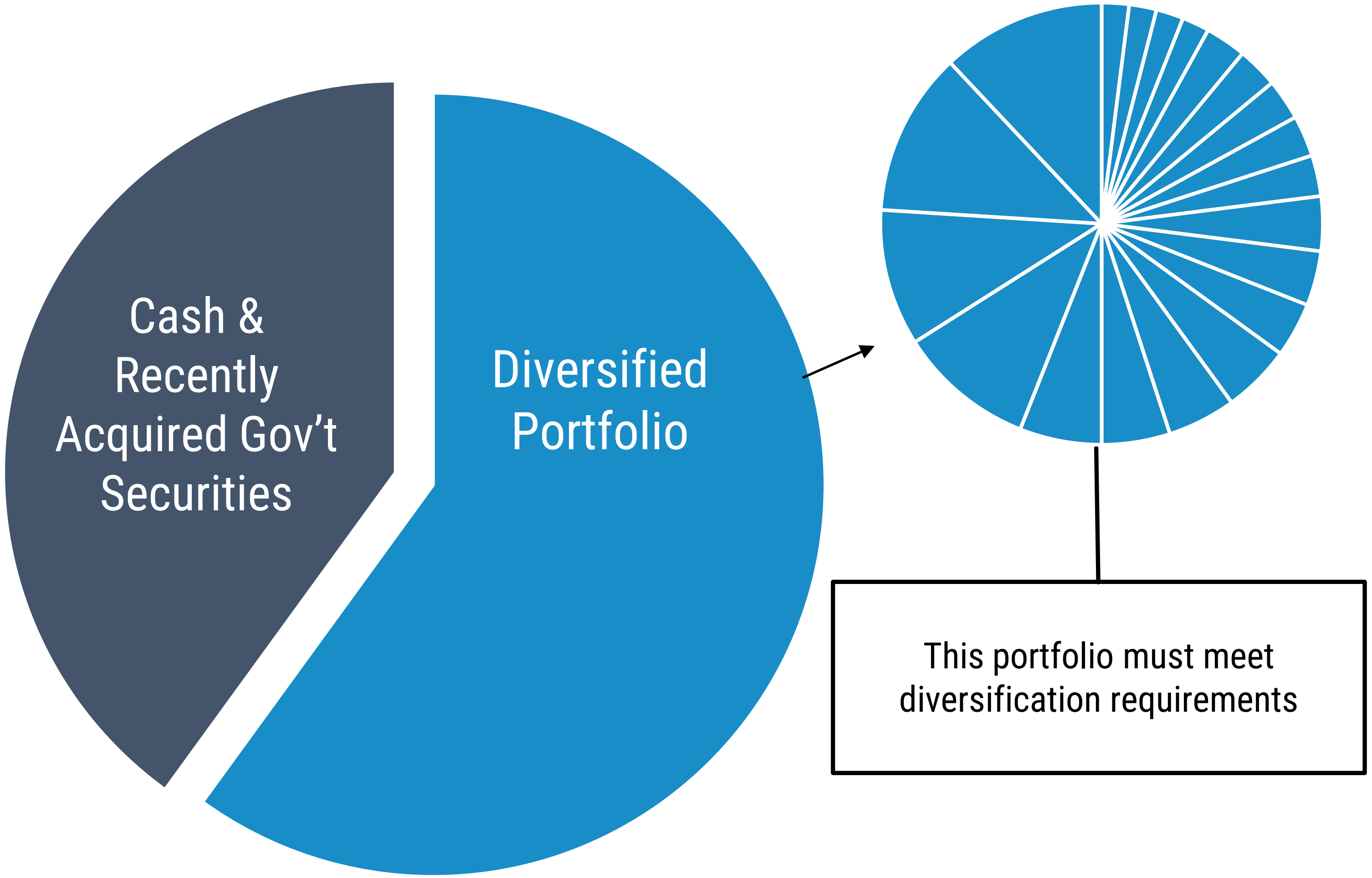
This means that **underlying holdings are analyzed against the 25% and 50% test.** For example, a passive S&P 500 ETF is not a single security holding, but rather hundreds of individual securities that may easily pass the 25% and 50% rule.[1]



For illustrative purposes only. [1]While the look-through rule generally leads to a good result, it can pose a problem in some uncommon cases. For example, consider an investor who owns 24% in Apple stock and 50% in an S&P 500 ETF. Since Apple currently makes up approximately 7% of the S&P 500, the ETF position would represent roughly 3.5% Apple stock. This brings the investor's total measures the performance of 500 large companies listed on stock exchanges in the United States. You cannot invest directly in an index or category average. Apple exposure to 27.5%, exceeding the 25% limit. While LCOR has an effective registration statement, it is not yet available for trading and therefore does not have current holdings. [1]**S&P 500 Index**

Rule #3 | Must be exchange-traded

- Cash and recently acquired government securities **do not qualify** toward diversification test.[1]
- Exchange-traded securities – stocks and ETFs – are the cleanest way to qualify.
- Mutual funds, spot crypto, private assets and restricted stock units **do not qualify**.[2]



For illustrative purposes only. [1]The cash and recently acquired government securities rule is from the Internal Revenue Code section 368(a)(2)(F). [2] Not an exhaustive list of exceptions.

KEY TAKEAWAYS

351 Exchange allows for a tax-free exchange into a new ETF if your portfolio qualifies. Your portfolio may qualify if:

1. Contribute a diversified portfolio of $500k or more, **custodied at Fidelity or Schwab.**
2. The portfolio consists of **liquid, exchange-traded securities.**
3. The portfolio meets two diversification tests:
    1. **No more than 25%** in a single issue;
    2. **No more than 50%** of the portfolio's value can be concentrated in five issues or fewer.

LCOR: 351 EXCHANGE

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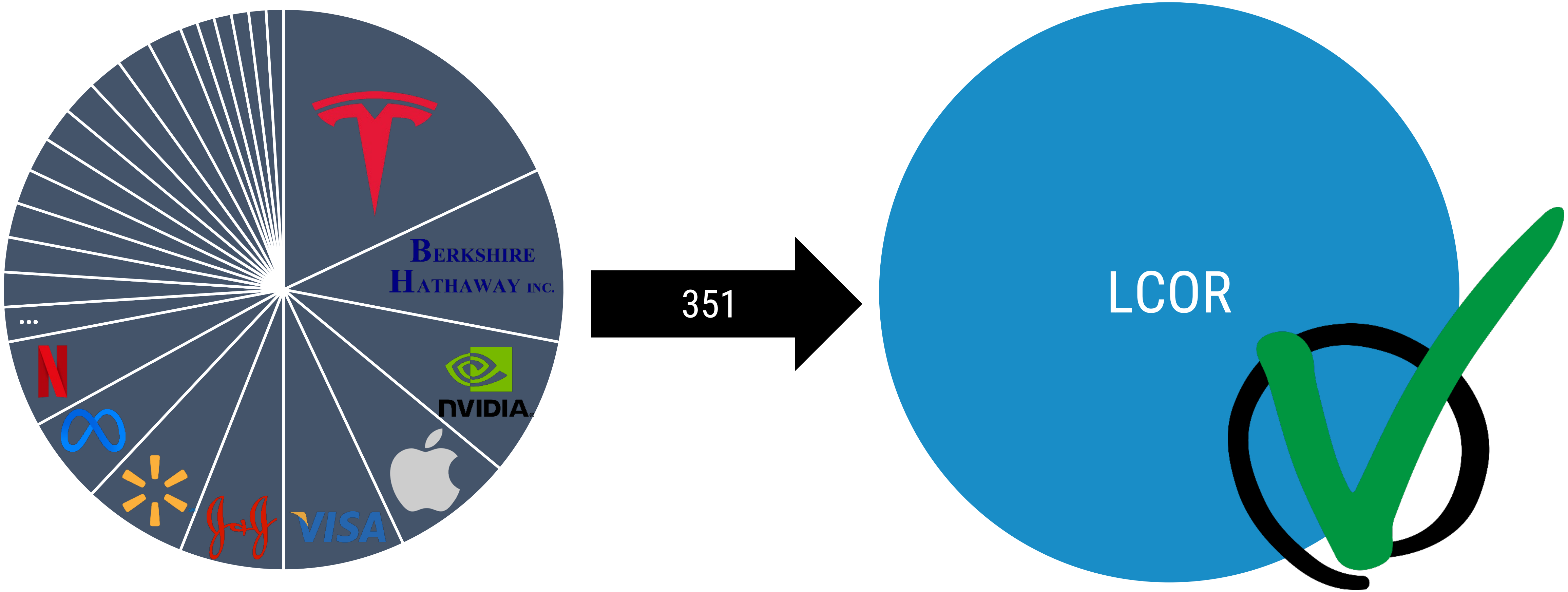
1. What is a 351 Exchange?
2. Do you qualify?
3. **Use cases**
4. Why consider LCOR?
5. Important information

How can a 351 exchange help an advisor?

Simplify portfolios that hold:

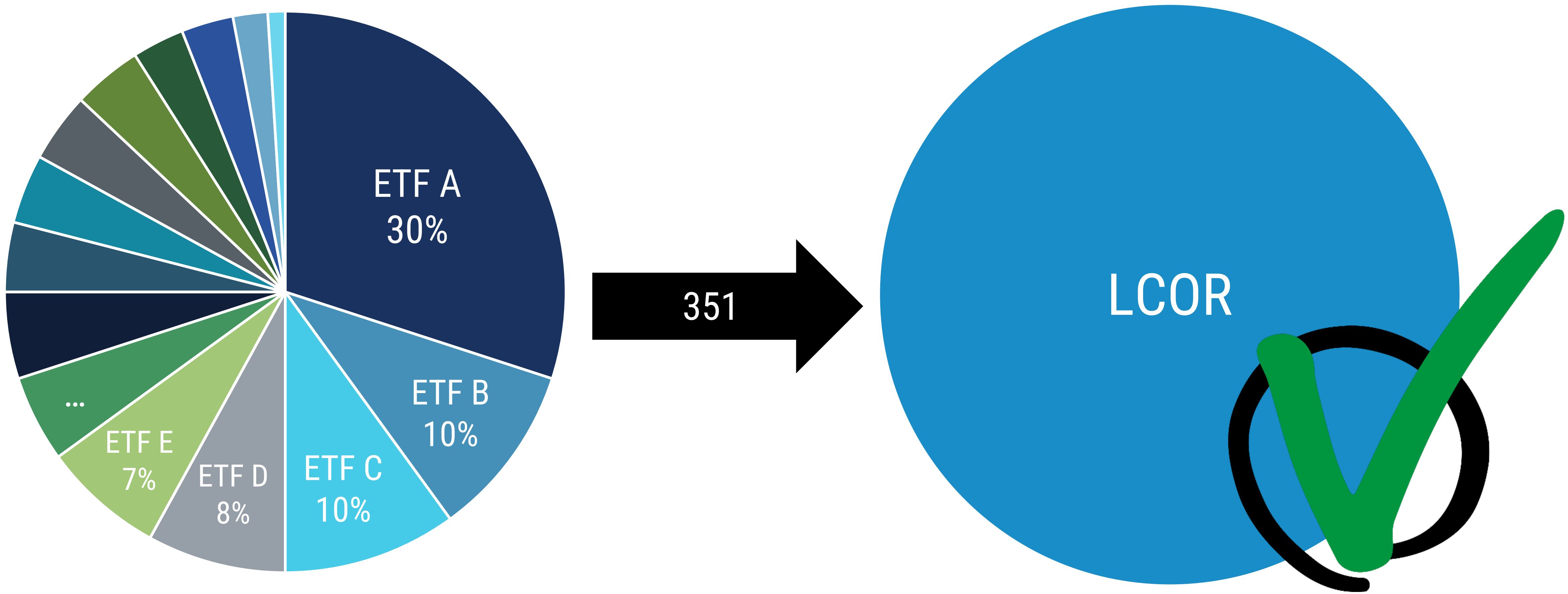
1. **Over ten individual stocks** that you'd like to consolidate.
2. **A basket of ETFs** that may not align with your optimal portfolio operations.
3. **A large basket of stocks and ETFs** that you've been looking for a way to diversify.
4. **One or more** highly appreciated positions.

Example #1 | $1m portfolio diversified across 25 stocks



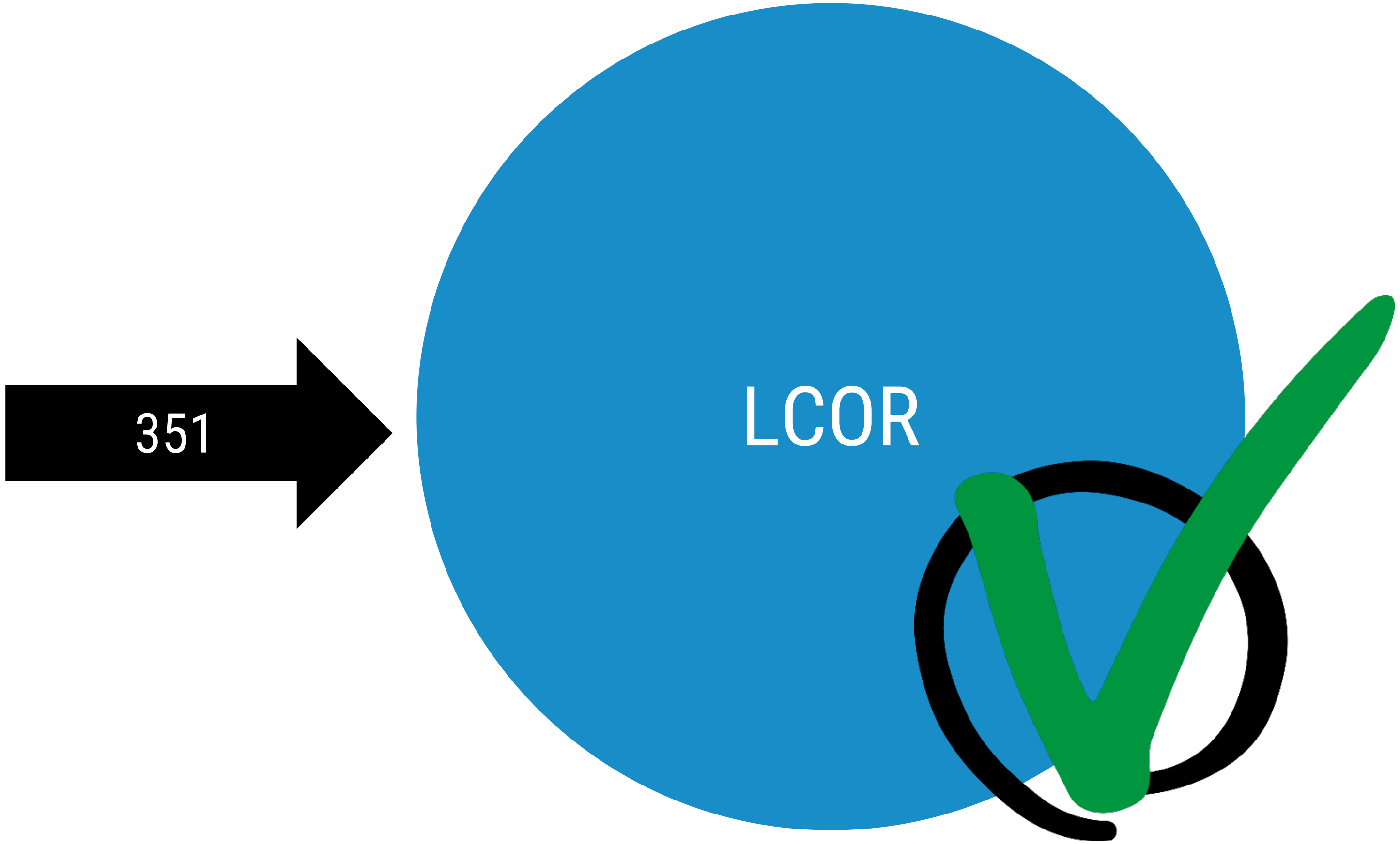
For illustrative purposes only.

Example #2 | $1m portfolio composed of 15 diversified ETFs



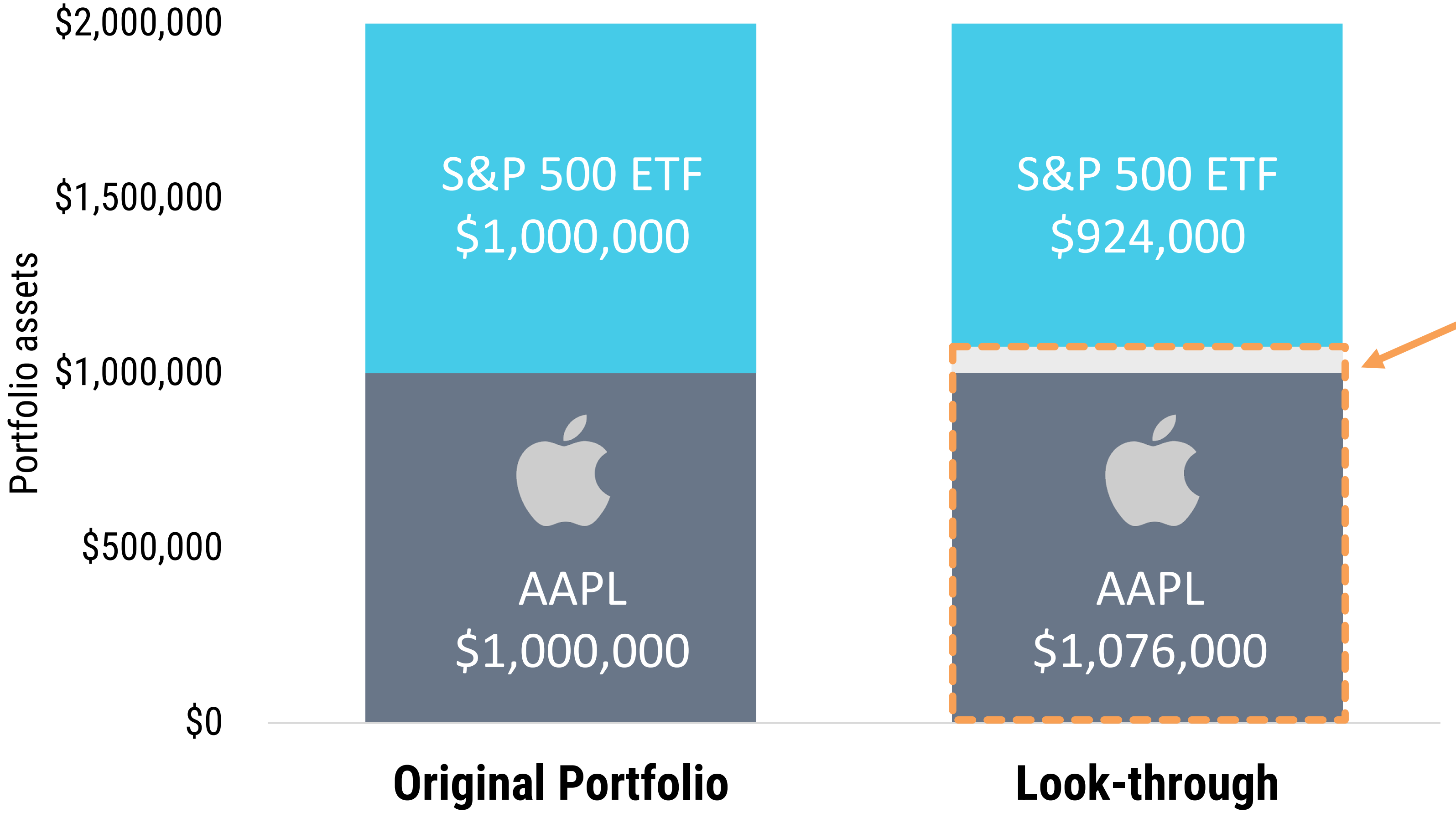
For illustrative purposes only.

Example #3 | A complete mess: 800 stocks, 100 ETFs



For illustrative purposes only.

Example #4 | Portfolio with a significant concentrated position

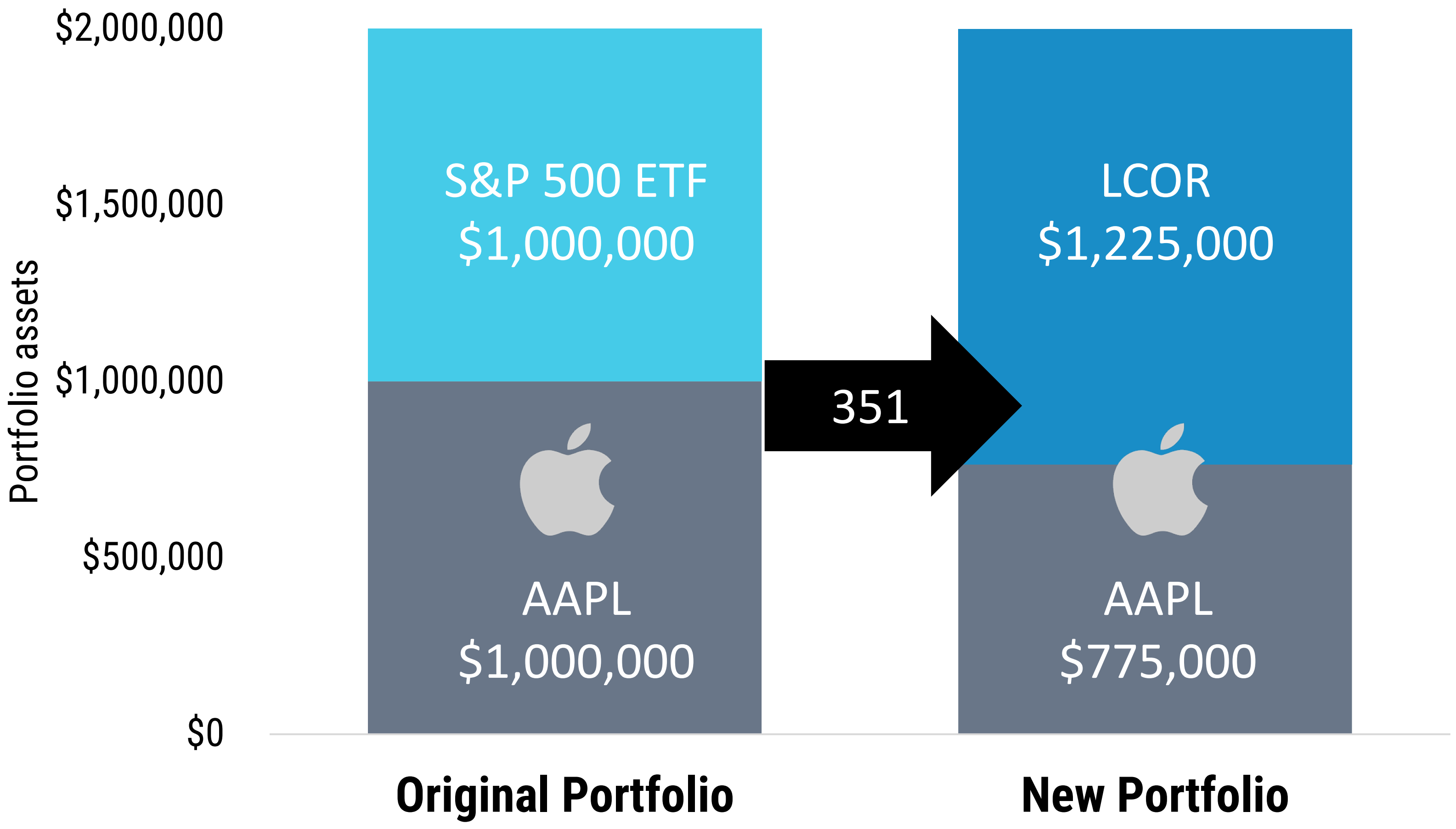


For 351 Exchange purposes, the S&P 500 position in Apple needs to be considered

- AAPL makes up 7.60% of the S&P 500 ETF.[1]
- With a $1m S&P 500 position, this is $1m*7.60%=$76,000 of Apple
- The total Apple position is $1mm+$76,0000 = $1,076,000
- The S&P 500 positions, ex-AAPL – total $924,000 ($1m - $76k)

For illustrative purposes only. [1]Hypothetical holding weight of Apple in the SP500. References to third-party funds are for informational purposes only and should not be considered investment advice or a recommendation of any particular security, strategy, or investment product. **S&P 500 Index** measures the performance of the 500 largest companies that are in the United States. You cannot invest directly in an index.

Example #4 | Portfolio with a significant concentrated position



- We reduced the Apple position by $225,000!
- Had to stay under 25% per the diversification rules.

For illustrative purposes only. **S&P 500 Index** measures the performance of the 500 largest companies that are in the United States. You cannot invest directly in an index. Note, if one contributed $250k Apple in addition to the $1mm S&P 500 ETF, the total Apple contribution would be $326,000 (including the Apple portion from the S&P 500 ETF), and the total contribution would be $1,250,000. The percentage of Apple of $326,000/$1,250,000 = 26.08% would be over 25%, one of the diversification tests. This is not tax advice.

KEY TAKEAWAYS

A cleaner, more efficient portfolio is possible by contributing qualifying securities to receive shares of LCOR via a 351 exchange.

1. The three cleanest use cases are portfolios that contain significant ETF or individual equity holdings.
2. Concentrated positions are possible, but depend on the circumstances.
3. These examples are for illustrative purposes only. Contact Bruce Lavine, at blavine@astoriaadvisors.com if you believe your portfolio may qualify, but you're unsure of specific details.

LCOR: 351 EXCHANGE

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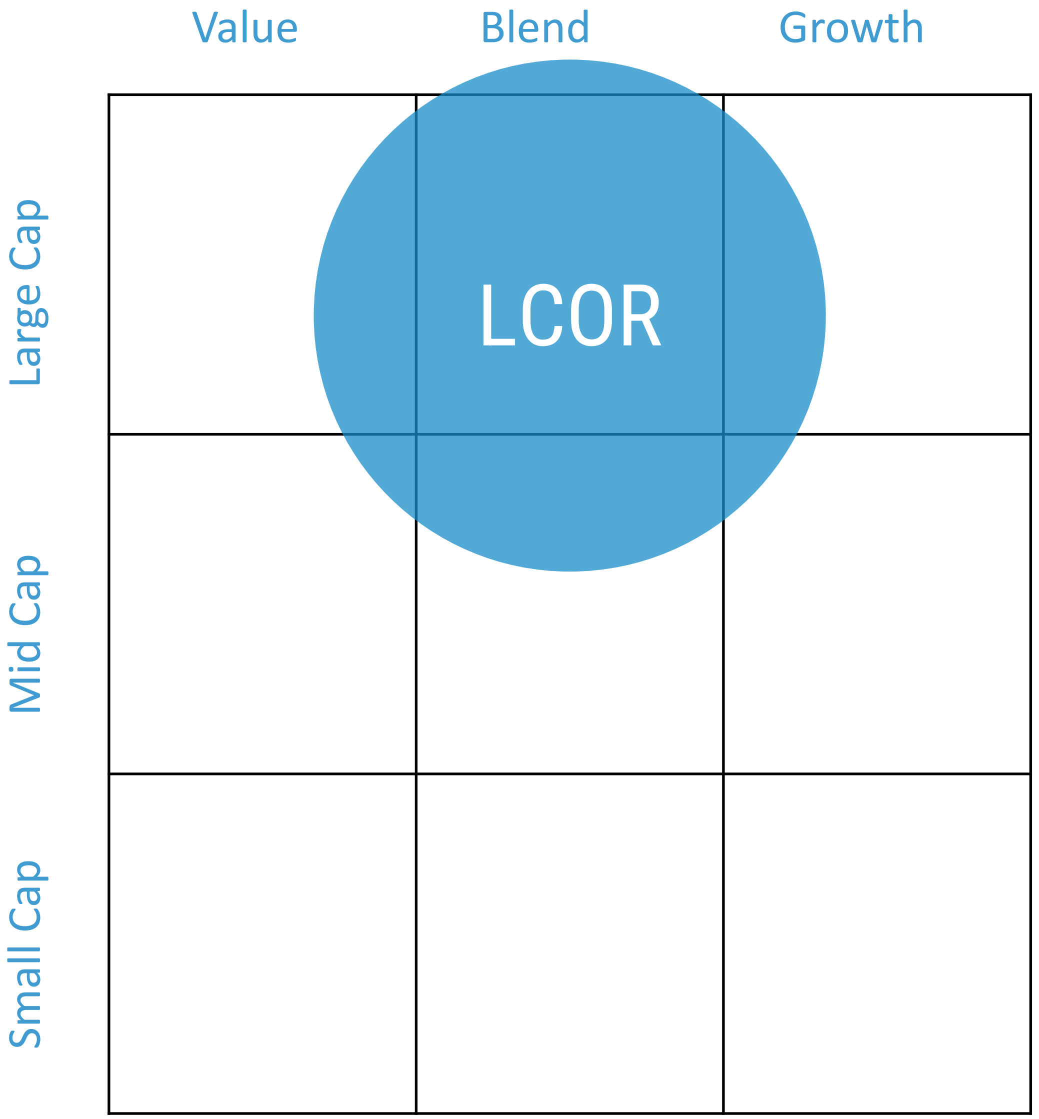
US Core Equity exposure

- LCOR[1] seeks to provide broad exposure to the U.S. core market.
- LCOR uses quantitative alpha scores based on 5 factors: growth, profitability, momentum, value, and earnings quality.
- The stocks are rebalanced monthly using updated alpha forecasts.
- 0.45% expense ratio in year 1
- 0.40% expense ratio thereafter



Alpha is a measure of an investment's performance relative to a benchmark. [2]LCOR has an effective registration but will not begin trading until approximately early July 2025. [3] **Net Expense Ratio** represents the cost of owning a fund. It expresses the percent of assets deducted each fiscal year to cover various fund expenses, including 12b-1 fees, management and administrative charges, operational expenditures, and all other costs tied to managing and operating a fund, less any fee waivers or other rebates. Post transaction, we will assess the portfolio situation and the investment environment at that time to determine how we can best manage the fund to achieve our investment objectives outlined in our prospectus.

KEY TAKEAWAYS

LCOR seeks to provide broad **core** US exposure to the stock market. The fund utilizes **5 factors** (growth, profitability, momentum, value, and earnings quality) to quantitatively derive individual stock weights.

The investment process begins with our **alpha scorecard**. The process then deploys a **multi factor risk model** and **optimizer** to construct a portfolio designed to maximize excess return while balancing tracking error and transaction costs.

Portfolios are rebalanced **monthly** using updated **alpha forecasts**.

To learn more, contact Bruce Lavine at blavine@astoriaadvisors.com

LCOR: 351 EXCHANGE

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Important Information and FAQs

1. Are there deadlines associated with participating in the 351 exchange?
2. Is a 351 Exchange a one-time event?
3. Are there securities that cannot be contributed to the 351 exchange?
4. Which entities are eligible to contribute securities to the 351 exchange?
5. What happens to the tax lots?

To learn more about the 351 Exchange into LCOR, contact Bruce Lavine at blavine@astoriaadvisors.com

Question 1:

351 Exchange deadlines

CONTRIBUTIONS ACCEPTED

Through mid May 2025**.** 351 accounting can be complex. Administrative time is appreciated.

CONTRIBUTION WINDOW CLOSED

We anticipate the 351 Exchange will occur in late June 2025. The precise date will be announced.

LCOR EXCHANGE/SETTLE

Shortly after window closed date. Shares of contributed securities will be exchanged for LCOR.

LCOR has an effective registration but will not begin trading until approximately 7/10/2025.

Question 2:

Is this 351 exchange a one-time event?

A 351 Exchange is ONE-TIME event.

351 accounting can be complex. As much administrative lead time as possible is appreciated.

As we are not tax advisers, Astoria has retained third-party legal counsel to assist with facilitating the 351 Exchange.

For more information, contact Bruce Lavine at blavine@astoriaadvisors.com

LCOR has an effective registration but will not begin trading until approximately 7/10/2025.

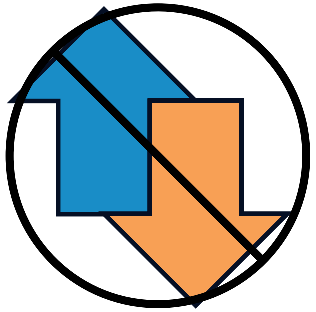
Question 3:

Are there securities that cannot be contributed?

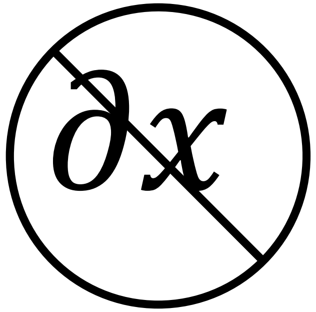
This is a non-exhaustive list. If you have questions about your specific case, email Bruce Lavine at blavine@astoriaadvisors.com.

The following **cannot** be accepted:

Cryptocurrencies or cryptocurrency-based ETFs



Long/short portfolios, margined securities



Derivatives like futures, options, or others

Question 4:

Which types of investors are eligible to contribute?

This is a non-exhaustive list. If you have questions about your specific case, email Bruce Lavine at blavine@astoriaadvisors.com

Individual and jointly owned accounts

Trust accounts (generally)

S-Corps: possibly

C-Corps: no

Partnerships and LLCs (possibly)

Question 5: **What happens to the tax lots?**

Holding	Tax Lots	Value	Cost Basis
ETF A	1	$100,000	$50,000
ETF A	2	$250,000	$150,000
ETF B	1	$500,000	$350,000
ETF C	1	$150,000	$100,000
ETF C	2	$50,000	$10,000
ETF C	3	$200,000	$150,000

Holding	Tax Lots	Value	Cost Basis
LCOR	1	$100,000	$50,000
LCOR	2	$250,000	$150,000
LCOR	3	$500,000	$350,000
LCOR	4	$150,000	$100,000
LCOR	5	$50,000	$10,000
LCOR	6	$200,000	$150,000

Tax Lots	Value	Cost Basis
6	$1,250,000	$810,000

Tax Lots	Value	Cost Basis
6	$1,250,000	$810,000

For illustrative purposes only. This example is provided for context and does not represent tax, legal, nor should it be construed as financial advice, a recommendation, or a solicitation. Conversions are complex. Consult tax and legal professionals for more information.

Question 6:

I think I’m eligible but I’m not sure.

Ask Bruce.

Email | blavine@astoriaadvisors.com

Call | 415-634-8530

IMPORTANT INFORMATION

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus or summary prospectus with this and other information about the Fund, please call +1.215.330.4476 or visit our website at https://astoriaadvisorsetfs.com/351knowledgecenter/. Read the Prospectus or Summary Prospectus carefully before investing.

Investing involves risk, including possible loss of principal.

Large-Capitalization Stock Risk. Large-capitalization stocks may trail the returns of the overall stock market. Large capitalization stocks tend to go through cycles of doing better - or worse - than the stock market in general. These periods have, in the past, lasted for as long as several years.

Sector Risk. To the extent the Fund invests more heavily in particular sectors of the economy, its performance will be especially sensitive to developments that significantly affect those sectors.

New Fund Risk. The Fund is a recently organized investment company with no operating history. As a result, prospective investors have no track record or history on which to base their investment decision. There can be no assurance that the Fund will grow to or maintain an economically viable size.

Non-Diversification Risk. Because the Fund is non-diversified, it 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 Shares and greater risk of loss.

In-Kind Contribution Risk. At its launch, the Fund expects to acquire a material amount of assets through one or more in-kind contributions that are intended to qualify as tax-deferred transactions governed by Section 351 of the Internal Revenue Code. If one or more of the in-kind contributions were to fail to qualify for tax-deferred treatment, then the Fund would not take a carryover tax basis in the applicable contributed assets and would not benefit from a tacked holding period in those assets. This could cause the Fund to incorrectly calculate and report to shareholders the amount of gain or loss recognized and/or the character of gain or loss (e.g., as long-term or short-term) on the subsequent disposition of such assets.

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