

The Active Manager



Quarterly Journal of the National Association of Active Investment Managers

Vol. 23 Issue 2, April 2026

Index

TRADING STRATEGIES

Aliens, Presidents and the Most Controversial ETF Launch Ever.....	8
Why Mean Reversion Continues to Matter for Active Managers.....	10
Crypto for Advisors: Rethinking crypto diversification	17
Passive Protection for Active Managers; Why DOETFs Belong in Your Tactical Playbook	19

PRACTICE MANAGEMENT

Are You Making this AI Mistake.....	14
-------------------------------------	----

NAAIM NEWS

It's Conference Time!.....	1
President's Letter.....	1
What's Ahead at Uncommon Knowledge	2
Round Tables and Panels	5
NAAIM Offers Approved CE Credits	6
New Member Welcome.....	23

President's Letter



Barry Arnold

THIS IS A BITTERSWEET LETTER FOR ME...EXCITED FOR NAAIM'S future yet sorry to say "good-bye". At the 2026 NAAIM Uncommon Knowledge Conference April 26-29, my two-year term as President of the NAAIM board comes to an end. In this last letter to everyone, the most important thing I would like to say is "come one, come all"...COME

TO THE NAAIM CONFERENCES!

I cannot emphasize enough the networking and camaraderie that makes our conferences unique to the industry. This is a brotherhood and sisterhood of active managers...an event that can lead to lifelong relationships and friendships. Fellow members, our great sponsor partners and the incredible presenters at NAAIM conferences are what set our organization apart.

There's still time to register and attend the 2026 Uncommon Knowledge Conference in Tampa at the Westin Tampa Waterside. All you have to do is click the QR code shown here. The agenda focuses exclusively on tools to make you a better active manager and RIA shop: using AI to market and data-mine; insights into the financial markets and trading systems; marketing; compliance; GIPS® performance; incorporating financial planning in your client relationships; succession planning; crypto; and much more. Make certain to also tap into the wealth of knowledge from our sponsor firms. The full agenda is on pages 2-4 along with an overview of presentation topics and speakers.

Wednesday includes a presentation from our 2026 NAAIM Founders Award whitepaper winner. This year's competition again features an international perspective with a winner from Italy. Rumor has it that he will be presenting LIVE and in-person. I am continually fascinated by how NAAIM's visibility has reached the international arena, with several of our past Founder's Award winners from overseas. It is a real pleasure to have last year's winner, Oliver Reiss, Ph.D. from Dusseldorf, Germany, become an active part of NAAIM's online conversations.

In addition to "information overload" (in a good way), NAAIM conferences have stepped up their entertainment-factor as well! Sunday kicks off with Pickleball and/or the NAAIM Classic golf tournament...and in the late afternoon, we host our solo advisors meeting (focused on challenges faced by small and mid-size advisory firms) and followed by a Welcome Reception. We're offsite Monday evening for a special Platinum-sponsored event; then back at the Westin Tuesday night for our networking "Happy hour and dinner" featuring the 5th annual Cornhole tournament.

continued on page 23



It's Conference Time!

The clock is counting down to Uncommon Knowledge 2026 coming to Tampa, Florida April 26-29. In addition to a program agenda full of topics designed to enhance the success of an active investment manager, there's opportunities for networking and having fun, as well as time to get to know the NAAIM sponsors and to enjoy Tampa's warm and sunny environment. So far, indicators are for another great NAAIM conference.

The following pages provide an introduction to our speakers and their topics, the full agenda and special benefits for conference goers.

continued on page 2



6732 W. Coal Mine Ave., #446
Littleton, CO 80123
888-261-0787
info@naaim.org
www.naaim.org

The views and opinions of the authors are not necessarily those of NAAIM, its officers or Board of Directors.

What's Ahead At NAAIM Uncommon Knowledge

New to the Agenda:

Watch and Listen: Market Signals in a Noisy World

Paul Hickey

Co-Founder and Portfolio Manager, Bespoke Investment Group



Investing based on what's on the front page of the paper is one of the most dangerous traps an investor can fall into. This presentation will focus on some examples of the traps that investors fall into and some of the indicators and series we focus on the most in our investment process.

We'll also discuss strategies and approaches we use for ideas in our investment and stock selection process, as well as the importance of compounding in long-term returns.

Paul Hickey is a co-founder along with Justin Walters of Bespoke Investment Group formed in May 2007. Paul and Justin both worked and studied under the tutelage of famed market strategist Laszlo Birinyi. Paul is a head portfolio manager for Bespoke's Wealth Management services. His experience in finance runs the spectrum of equities, fixed income, and structured products. He has become a staple on financial news networks for his unique ability to analyze data and his deep historical knowledge of the markets, appearing frequently on CNBC, Fox Business, Bloomberg TV, and Bloomberg Radio. His research and findings have been extensively featured in publications including *The Wall Street Journal*, *The New York Times*, *The Financial Times*, *Barron's*, and *USA Today*.

Secrets of Success, A Guide for Buyers, Sellers and Everything In-Between

David Grau Jr.

Founder, CEO, Succession Resource Group



Secrets of Success(ion) Succession Planning focus on how to create a sustainable firm that can sustain growth and exist beyond its founder. Good succession planning ultimately supports growth, helps teams retain and attract the best talent, and helps design the most effective equity sharing strategies. Buyers will learn how to

position yourself to be attractive to sellers as well as tips to source deals "off market."

David Grau Jr. is the founder and CEO of Succession Resource Group, the nation's leading consulting firm on advisor valuation, acquisition and succession planning. Over the last decade, David has been nominated for *InvestmentNews'* 40 Under 40 award, his firm has received numerous awards for their work and thought leadership in the financial services industry, and has assisted hundreds of advisors buy, merge,

sell, and craft their transition plan for the sale of their business. David is a published author and accomplished speaker on advisor M&A and is regularly cited and interviewed in the industry's most widely read publications.

Beyond Compliance: Using GIPS® to Strengthen Your Investment Process

Matt Deatherage

CFA, CIPM, Partner, Longs Peak Advisory Services



GIPS performance doesn't have to be difficult. For more than a decade, Longs Peak Advisory Services has partnered with investment firms and asset owners around the world to simplify the complexities of calculating and presenting investment performance. In *Beyond Compliance: Using GIPS® to Strengthen Your Investment Process*,

Matt Deatherage covers what it takes to achieve and maintain GIPS compliance plus unlocking the benefits to marketing performance.

Trailblazer, champion of training, and master of all things GIPS, Matt is a seasoned GIPS consultant and is exceptional at client service and leading teams. He joined Longs Peak in the fall of 2019 and has over 12 years of experience working specifically with the GIPS standards as a verifier and consultant.

How I Built My RIA From Scratch Making Every Mistake Imaginable

Paul Schatz

Founder and President, Heritage Capital, LLC



Paul Schatz is a familiar face to the NAAIM membership, having served on the association's board as Chairman, President, Vice President, Secretary and currently Treasurer as well as VP. Perhaps less known is that he is Founder and President of Heritage Capital and has been advising retail, corporate and institutional clients

since 1988 on a variety of topics including 401Ks, asset allocation, investment management and retirement planning. Paul has a wealth of experience investing in equities, fixed income, options and futures and is a recognized 32-year pioneer in the exchange traded fund (ETF) field having employed them in his practice since 1994.

In his presentation, *How I Built My RIA From Scratch Making Every Mistake Imaginable*, Paul looks at what it took to build his investment firm along with all the mistakes and smarter moves he made over the last 30 years.

Presentations by Previously Introduced Presenters:

How To Get USED By AI : The Counterintuitive Strategy for Staying Indispensable

Draye Redfern

Founder and Ambassador of Buzz, Redfern Media



Everyone's asking how to use AI. Draye Redfern flips the question entirely — the real competitive edge goes to those who get AI to use them. In this session, Draye breaks down his L.E.N.S. framework (Label, Expert, Network, Structure) and shows financial professionals exactly how to become the source AI recommends, cites, and promotes to clients already searching for answers — generating endless free traffic to their websites without paying Google, Facebook, or anyone else. Attendees leave with a clear, actionable roadmap for building AI authority — not just AI literacy.

How to Make the Most of a Messy Market.

Steve Strazza

Director of Research at All Star Charts



Find trends and profit from them, even in a trendless environment for the broader market. Growth stocks have been under pressure since late 2025, but new areas have emerged as sustained sources of alpha as a healthy market rotation runs its course. We will give a rundown of the forgotten value-sectors of the market, including commodity-related equities. We will also dive into the world of small/mid-caps and the international arena – all of which have taken the baton of relative strength as big tech and growth have struggled. We will discuss how to spot these new leadership trends before the crowd, and what we think the outlook is for these themes going forward. And of course, we will dive into specific strategies for expressing a bullish thesis and profiting from them.

Investing Ahead of Unusual Midterm Elections

Ed Clissold, CFA

Chief U.S. Strategist at Ned Davis Research



Wall Street loves acronyms. The most popular in 2025 was TACO (Trump Always Chickens Out). Our favorite for 2026 is Big MAC (Midterms Are Coming). More than other modern presidents, Trump is actively pulling several fiscal strings to boost Republicans' chances in

November. Whether investors want to avoid politics or not, fiscal policy should impact markets heading into midterms. We will analyze Trump's various initiatives and identify 10 investment implications. We will also put the current midterm cycle into historical perspective using NDR's rich historical data and discuss what it means for asset class, style, and sector allocations.

RIA Tech Trends - Compliance Implications for Use of AI, Bitcoin, and Electronic Communications

Joseph Antonakakis

Associate Attorney, Investment Management and Securities - Stark & Stark



Learn about the 2026 technology trends relevant to registered investment advisers. Advisers are increasingly using artificial intelligence (AI) in their day-to-day activities, however, many may be failing to comply with regulatory requirements for recordkeeping and client privacy/confidentiality. Bitcoin's price and use have increased significantly over the years. With the United States government creating a strategic Bitcoin reserve and increased interest in Bitcoin, investment advisers will learn what Bitcoin really is and how to integrate it into client portfolios in a compliant manner. Electronic communications are now the primary methods advisers use to communicate with clients. From email to texting, advisers will learn how to ensure they are complying with the SEC's recordkeeping requirements and avoiding regulatory fines.

Warning Signs: When Macro Forces Weigh On Stocks

Dean Christians

Founder and Lead Market Strategist, Turning Point Market Research



Discover how Dean Christians of Turning Point Market Research uses macroeconomic and market-based signals to detect pivotal shifts in the stock market. Participants will learn how commodities, yields, inflation, the dollar, investor sentiment, and market breadth provide critical warning signs. The goal is to equip investors with a framework for recognizing when supportive macro trends are fading so they can adjust positioning and risk exposure in response.



Uncommon Knowledge 2026 – Tampa Westin Waterside

Sunday, April 26

10:30 AM	Golf Tournament – Westchase Golf Club
12:00 PM	Pickleball – Lifetime Fitness Club
4:00 – 6:00 PM	Solo Advisor Meeting
7:00 PM	NAAIM Welcome Party

Monday, April 27

7:00 – 8:30 AM	NAAIM Board Meeting
7:30 – 8:30 AM	New Member Welcome Orientation & Breakfast
7:30 AM	Registration Sponsor Hall Opens
8:30 AM	Welcome – Barry Arnold, NAAIM President
8:45 – 9:45 AM	Watch and Listen: Market Signals in a Noisy World - Paul Hickey, Bespoke Investment Group, LLC
9:45 – 11:00 AM	How to Get USED By AI: The Counterintuitive Strategy for Staying Indispensable - Draye Redfern, Redfern Media
11:00 – 11:30 AM	Refreshment Break – Sponsor Hall
11:30 – 12:30 PM	How to Make the Most of a Messy Market - Steve Strazza, All Star Charts
12:30 – 1:45 PM	Lunch and Sponsor Introductions
1:45 – 3:00 PM	RIA Tech Trends – Compliance Implications for Use of AI, Bitcoin, and Electronic Communications – Joe Antonakakis, Esq., Stark & Stark
3:00 – 3:45 PM	Gold Sponsor Breakouts <ul style="list-style-type: none"> A. Direxion – Trade in either "Direxion": Navigating Energy Volatility and Cross-Market Ripple Effects – Ed Egilinsky, Managing Director B. Hull Tactical – From Noise to Signal: Harnessing Micro-Alphas for Adaptive Market Exposure, Petra Bakasova, CEO
3:45 – 4:15 PM	Refreshment Break
4:15 – 5:15 PM	Secrets of Success, A Guide for Buyers, Sellers and Everything In-Between - David Grau, Succession Resource Group
5:15 – 5:45 PM	Break before evening event
5:45 – 9:00 PM	Platinum Sponsor Hosted Event - Columbia Restaurant



For more than 120 years, the Columbia Restaurant has served Spanish-Cuban cuisine to the state of Florida, using family recipes and tradition.

Tuesday, April 28

7:30 – 8:30 AM	Continental Breakfast – Sponsor Hall
8:30 – 9:30 AM	Investing Ahead of Unusual Midterm Elections – Ed Clissold, CFA, Ned Davis Research
9:30 – 10:45 AM	Warning Signs: When Macro Forces Weigh on Stocks – Dean Christians, Turning Point Market Research

10:45 – 11:15 AM	Refreshment Break – Sponsor Hall
11:15 – 12:15 PM	Beyond Compliance: Using GIPS® to Strengthen Your Investment Process - Matthew Deatherage, Longs Peak Advisory Services
12:15 – 1:45 PM	Lunch / Annual Membership Meeting
1:45 – 3:00 PM	How I Built My RIA From Scratch Making Every Mistake Imaginable – Paul Schatz, Heritage Capital
3:00 – 3:45 PM	Gold Sponsor Breakouts A. Axos Advisory Services – <i>Fireside Chat with Axos & Friends: How the Liberty Technology platform creates advantages for you and your clients-</i> Ryan Moeller, Custody Solutions B. Infrastructure Capital Advisors, LLC – <i>Income Investing Strategies Under the Current Market Environment,</i> Jay Hatfield, CEO
3:45 – 4:15 PM	Refreshment Break – Sponsor Hall
4:15 – 5:45 PM	NAAIM Round Tables (Two 40-minute segments). Session I: Technical Trading: Moderator – Chad Henry Custodians: Moderator – Barry Arnold Marketing with AI: Moderator – Draye Redfern Session II: Technical Trading: Moderator – Rob Hanna Marketing: Moderator – Rich Davila Crypto: Moderator – Brian Kasal
6:30 – 9:00 PM	NAAIM All Conference Event – Dinner and Cornhole Tournament

Wednesday, April 29

7:30 – 8:30 AM	Continental Breakfast – Sponsor Hall
8:30 – 9:30 AM	1st Place Founders Award Winner – TBA
9:30 – 10:30 AM	Tales from the Trenches: Surviving a Compliance Audit – NAAIM Member Panel - Moderator – Whitney Ribbens, Chicago Wealth Management, Inc.
10:30 – 11:00 AM	Refreshment Break – Sponsor Hall
11:00 – 12:00 PM	The Evolution of the Advisory Firm: Incorporating Financial Planning – NAAIM Member Panel: Branden DuCharme, Ducharme Wealth Management; Brad Hartman, Hartman Financial Planning. Moderator – Laura Redfern, Shadowridge Investment Management
12:00 – 1:00 PM	Closing Lunch
1:00 – 4:00 PM	A NASAA IAR CE Series on Ethics and Fiduciary Duty: Earn up to 3 credit hours of NASAA IAR CE credit fulfilling the category of Ethics & Professional Responsibility. Presentations include: A. Fiduciary Duties and Client-First Principals B. Identifying and Mitigating Conflicts of Interest C. Ethical Communication and Business Practices

Note: Up to 8 additional NASAA IAR CE credits and 8 CFP CE credits will be offered at Uncommon Knowledge 2026

Uncommon Knowledge Panels and Round Tables

NAAIM MEMBERS SHARE THEIR EXPERIENCES, lessons learned, tools and useful contacts through its always popular Round Table exchanges and member panel presentations.

2026 Round Tables are scheduled for Tuesday, April 28, 4:15-5:45 p.m. Members attend two 40-minute segments, choosing between the topics of Technical Trading | Custodians | Marketing | Crypto.

On Wednesday morning two panel presentations are scheduled. **Tales from the Trenches: Surviving a**

Compliance Audit will be held from 9:30 – 10:30 a.m., moderated by Whitney Ribbens of Chicago Wealth Management, Inc. Panelists to be announced.

From 11 a.m. until 12 noon **The Evolution of the Advisory Firm: Incorporating Financial Planning** member panel will be held, moderated by Laura Redfern, Shadowridge Investment Management. Panelists include Branden DuCharme, Ducharme Wealth Management and Brad Hartman, Hartman Financial Planning.

UNCOMMON KNOWLEDGE 2026 SPONSORS

PLATINUM SPONSORS



GUGGENHEIM



GOLD SPONSORS

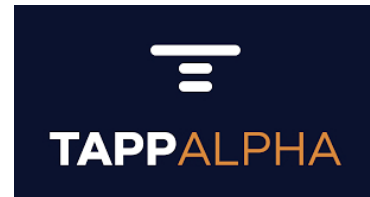


Hull
TACTICAL

SILVER SPONSOR



INNOVATIONS SPONSORS



NAAIM Offers Approved NASAA IAR CE Credits



IF YOU ARE REGISTERED AS AN INVESTMENT ADVISER Representative (IAR) in a jurisdiction that has adopted the IAR CE requirement, you must complete 12 credits of continuing education (CE) each year to maintain your registration.

- » 6 credits in Ethics and Professional Responsibility
- » 6 credits in Products and Practices

In addition to eight credits on Products and Practices, available through Uncommon Knowledge presentations that meet NASAA standards, NAAIM has been approved to offer three courses – 1 hour each – in Ethics & Professional Responsibility.

- Fiduciary Duties and Client-First Principals
- Identifying and Mitigating Conflicts of Interest
- Ethical Communication and Business Practices

These courses will be held at the end of the NAAIM Uncommon Knowledge conference on Wednesday, April 29 from 1 to 4 p.m.

Eight CFP CE credits are also offered at Uncommon Knowledge 2026.

For more information on the courses and how you will receive credits, inquire at the Uncommon Knowledge registration desk at the Westin Tampa Waterside.



The Surprising Truth About Mutual Fund vs. ETF Ownership Costs

For advisors who employ an active approach, mutual funds may be more affordable than you might think. Our white paper, **"A Comparison of ETFs and Mutual Funds: The True Cost of Investing,"** explores the cost structures of each product and demonstrates which choice is the most cost-effective under various trading scenarios.

Request your free copy.

Contact Mike Bielski at 773 326 9616 or at Mike.Bielski@GuggenheimInvestments.com

Read a fund's prospectus and summary prospectus (if available) carefully before investing. It contains the fund's investment objectives, risks, charges, expenses, and other information which should be considered carefully before investing. Obtain a prospectus and summary prospectus (if available) at GuggenheimInvestments.com.

Guggenheim Investments represents the investment management businesses of Guggenheim Partners, LLC, including Rydex mutual funds. Securities offered through Guggenheim Funds Distributors, LLC. Member FINRA/SIPC.

For financial professional use only. Do not distribute to the public. AD-EFTCI-0326 x0327 #67744

Aliens, Presidents, and the Most Controversial ETF Launch Ever

BY JIM LEE, CFA, CMT, CFP®

MARKETS CONSTANTLY EVALUATE POSSIBLE outcomes. The new UFO Disclosure ETF isn't really a bet on extraterrestrials. It's optionality for a low-probability, high-impact event.



February 24, 2026 - It was a strange week.

On Thursday, February 26, President Trump suggested that former President Barack Obama had revealed classified information about alien life during a podcast interview.

“He gave classified information, he’s not supposed to be doing that,” Trump said. “Well, I don’t know if they’re real or not, but I can tell you he gave classified information. He made



Based on the tremendous interest shown, I will be directing the Secretary of War, and other relevant Departments and Agencies, to begin the process of identifying and releasing Government files related to alien and extraterrestrial life, unidentified aerial phenomena (UAP), and unidentified flying objects (UFOs), and any and all other information connected to these highly complex, but extremely interesting and important, matters. GOD BLESS AMERICA!

a big mistake.”

Politics aside, the episode revived a familiar concept: “Disclosure.”

In the context of UFOs, now more commonly referred to as Unidentified Anomalous Phenomena (UAPs), disclosure refers to the comprehensive release of classified government information regarding the existence, origin, and potential technology of these phenomena.

Believers argue that true disclosure would confirm three things:

First, that extraterrestrial visitation is real.

Second, that governments possess recovered craft of unknown origin and have attempted to reverse-engineer them.

Third, that breakthrough technologies derived from these programs could transform energy, transportation, and materials science.

For now, this all remains speculation. But if such revelations were confirmed, the result would be profound. Social scientists refer to this as “ontological shock” — a fundamental reset in humanity’s understanding of its place in the universe.

Markets, of course, don’t wait for philosophical consensus.

Enter Matt Tuttle.

Tuttle is no stranger to controversy. He previously launched the Inverse Cramer ETF, a fund designed to do the exact opposite of Jim Cramer’s public stock recommendations. The move earned headlines and reportedly a lifetime ban from CNBC.

Earlier this month, in a moment of truly inspired timing, Tuttle launched the Tuttle Capital UFO Disclosure ETF (ticker: UFOD).

The idea is straightforward. If disclosure occurs, certain sectors will see a surge in capital, research funding, and strategic focus. UFOD holds approximately three dozen positions concentrated in areas that could benefit, including:

Aerospace and Defense. Companies positioned for UAP analysis, advanced aerospace systems, and potential reverse-engineering initiatives.

Advanced Materials. Firms developing high-performance alloys and next-generation composites that could emerge from breakthrough technologies.

Energy Innovation. Companies focused on alternative fuels and advanced storage systems that would be natural beneficiaries of transformational power technologies.

A downloadable list of fund holdings can be found at <https://www.thetruthisoutthereufod.com/etfs/ufod#holdings>.

Tuttle argues that his picks are reasonable choices even if the government didn’t have access to extra-terrestrial technologies, but the strategy would be a “lot more fun” if it did.

As a futurist, I appreciate the second-order thinking. The fund is not betting on aliens. It is structuring optionality around a low-probability, high-impact scenario.

Looking at this from the point of view of a financial analyst, many of the aerospace and defense companies UFOD holds have already made big moves – albeit for entirely different reasons. However, some good deals can be found in

continued on page 11

INTRODUCING

Two New ETFs

ProShares offers one of the largest lineups of ETFs and continues to innovate with products that provide strategic and tactical opportunities for investors to manage risk and enhance returns.

KRYP

CoinDesk 20
Crypto ETF

KRYP is the only ETF that tracks the CoinDesk 20 Index, providing exposure to the most cryptocurrencies in a U.S. ETF.

KRYP invests in swap agreements and does not directly invest in crypto assets. There is no guarantee the fund will meet its investment objective.

[Learn More](#)

URSP

Ultra S&P 500
Equal Weight

URSP is the only ETF that targets 2x the daily returns of the S&P 500 Equal Weight Index.

[Learn More](#)

Please click the Learn More links above for more information on fund-specific risks.

Geared ProShares ETFs seek daily investment results that correspond, before fees and expenses, to a multiple of (e.g. 2x or -2x) the daily performance of its underlying benchmark (the "Daily Target"). While the Funds have a daily investment objective, you may hold a Fund's shares for longer than one day if you believe it is consistent with your goals and risk tolerance. **For any holding period other than a day, your return may be higher or lower than the Daily Target. These differences may be significant.** Smaller index gains/losses and higher index volatility contribute to returns worse than the Daily Target. Larger index gains/losses and lower index volatility contribute to returns better than the Daily Target. The more extreme these factors are, the more they occur together, and the longer your holding period while these factors apply, the more your return will tend to deviate. Investors should consider periodically monitoring their geared fund investments in light of their goals and risk tolerance.

Investing involves risk, including the possible loss of principal. There is no guarantee that any ProShares ETF will achieve its investment objective. ProShares ETFs are generally non-diversified and entail certain risks, including risk associated with the use of derivatives (e.g., swap agreements, futures contracts and similar instruments), imperfect benchmark correlation, leverage and market price variance, all of which can increase volatility and decrease performance. Please see summary and full prospectuses for a more complete description of risks. Shares of any ETF are generally bought and sold at market price (not NAV) and are not individually redeemed from the fund. Your brokerage commissions will reduce returns.

Carefully consider the investment objectives, risks, charges and expenses of ProShares before investing. This and other information can be found in their summary and full prospectuses. Read them carefully before investing. Obtain prospectuses at ProShares.com.

ProShares are distributed by SEI Investments Distribution Co., which is not affiliated with the funds' advisor or sponsor.

Why Mean Reversion Continues to Matter for Active Managers

BY BRUCE GREIG, CFA, CAIA, CMT

ONE OF THE MOST PERSISTENT PATTERNS IN financial markets is also one of the simplest: prices frequently move too far in the short term. Fear, positioning, liquidity shocks and headline-driven reactions can push markets beyond what fundamentals alone might justify. When those pressures begin to fade, prices often move back toward equilibrium - a phenomenon commonly described as **mean reversion**.

For active managers, this dynamic creates opportunity. While long-term market trends can persist for years, shorter-term dislocations often correct themselves far more quickly. The result is a recurring pattern that systematic strategies can attempt to capture.

For registered investment advisors who primarily allocate across traditional buy-and-hold equity and fixed income exposures, short-term mean reversion strategies can offer something particularly valuable: **a return stream that behaves differently from conventional market beta**.

The Mechanics Behind Short-Term Mean Reversion

Short-term mean reversion strategies focus on temporary price extremes that develop over days or weeks rather than long-term valuation gaps that may take years to normalize.

These dislocations often arise from several structural forces. Investor behavior can amplify short-term moves, institutional mandates can force buying or selling during periods of stress, and liquidity shocks can temporarily distort pricing. Together, these dynamics can push markets into overbought or oversold conditions more quickly than fundamentals change.

When volatility spikes or sudden drawdowns occur, prices can deviate meaningfully from their recent trading range. As liquidity stabilizes and emotional reactions fade, markets often drift back toward more typical levels.

Unlike traditional value investing, short-term mean reversion does not rely on estimating long-term intrinsic value. Instead, it focuses on recognizing when market structure and investor behavior have pushed prices too far, too fast.

Despite decades of awareness, these patterns continue to appear. Investor psychology has not changed, and institutional incentives often reinforce short-term market overshooting. Investors still panic during drawdowns and chase performance during rallies. Risk managers still reduce exposure during periods of stress. These behaviors help sustain the short-term imbalances that mean reversion strategies seek to exploit.

A Different Return Profile

One of the most compelling aspects of short-term mean reversion is not simply its standalone return potential, but how it interacts with traditional allocations.

Because these strategies typically **fade market extremes rather than follow momentum**, their return patterns often

look very different from long-only equity or bond portfolios. That distinction can be meaningful in portfolio construction.

A simplified illustration of how common strategy types tend to behave structurally is shown below:

Strategy Type	Holding Period	Equity Correlation	Bond Correlation
Buy & Hold Equity	Years	High	Low / Negative
Core Bond Allocation	Years	Low / Negative	High
Trend Following	Months	Low to Moderate	Low
Short-Term Mean Reversion	Days to Weeks	Low	Low

These are generalized characteristics rather than specific performance statistics, but they highlight an important point. Mean reversion strategies tend to derive returns from **short-term behavioral dislocations**, rather than long-term beta exposure.

That distinction often results in lower correlation to traditional equity and fixed income allocations. For advisors managing actively allocated portfolios, this type of diversification can be meaningful. Even strategies with moderate stand-alone returns can improve overall portfolio efficiency when their return drivers differ from traditional assets.

Where Mean Reversion Often Adds Value

Short-term mean reversion strategies are frequently most active during periods of elevated volatility, particularly during sharp market selloffs. These are the environments where buy-and-hold investors often experience the greatest emotional strain.

During these periods, systematic contrarian strategies may begin to add exposure as markets become stretched to the downside. Conversely, when rallies extend too far too quickly, the same frameworks may trim risk.

In this sense, mean reversion strategies are inherently **counter-cyclical** in their behavior. Rather than chasing momentum, they seek to respond to temporary extremes created by short-term market stress.

That said, mean reversion is not a universal solution. Persistent momentum regimes can challenge contrarian positioning. Markets that grind steadily higher or lower without meaningful pullbacks can reduce the frequency of opportunities. For that reason, disciplined position sizing, well-defined exit rules, and consistent risk management remain essential components of successful implementation.

Portfolio Construction Implications for RIAs

For advisors constructing portfolios with multiple strategy sleeves, the appeal of short-term mean reversion lies less in its simplicity and more in how it complements other approaches.

continued on page 11

Why Mean Reversion Continues to Matter for Active Managers

CONTINUED FROM PAGE 10

First, there is **behavioral diversification**. Clients experience volatility emotionally, not statistically. Strategies that systematically add exposure during market stress and reduce risk into strength can reinforce a disciplined investment framework and help stabilize the client experience during difficult market environments.

Second, there is **return stream diversification**. Many portfolios remain heavily influenced by equity beta. Strategies driven by short-term behavioral dynamics can introduce a source of return that is less dependent on long-term economic growth, earnings expansion, or declining interest rates.

Third, there is **tactical responsiveness**. Because short-term mean reversion strategies typically operate over just a handful of days, they can adjust quickly as market conditions evolve. This allows them to respond dynamically to volatility regimes that may take months or years to affect longer-term investment strategies.

The Bigger Picture

Markets naturally oscillate between momentum and reversion. No single approach dominates across all environments. Investors who rely exclusively on long-only allocations implicitly assume that market beta will be sufficiently rewarded over

time. While that assumption may prove correct over long horizons, the path along the way can involve significant volatility.

Short-term mean reversion strategies operate in a different part of the market cycle. Rather than relying on long-term market appreciation, they seek to capitalize on the natural ebb and flow of markets—the overshooting, emotional extremes and normalization that frequently occur during periods of volatility.

For RIAs seeking differentiated active exposures without simply increasing equity risk, short-term mean reversion can serve as a complementary building block. Grounded in observable market behavior and adaptable across changing conditions, it represents one of the many ways active managers attempt to respond systematically to how markets actually behave.

Bruce Greig, CFA, CAIA, CMT, is the Director of Research at Q3 Asset Management, leading the firm's strategy development. With over 30 years of experience, he specializes in building and managing active investment portfolios across equity, bond and alternative asset classes. He holds an MBA and degrees in mathematics and statistics from the University of Michigan.

Aliens, Presidents, and the Most Controversial ETF Launch Ever

CONTINUED FROM PAGE 8

large government contractors such as Leidos (LDOS), Science Applications International (SAIC), and Jacobs Solutions (J).

If disclosure ever comes, it is unlikely to arrive in a single dramatic announcement. More realistically, it would unfold gradually and with partial information, bureaucratic opacity, and plenty of noise.

Sometimes the most interesting investment themes begin at the edge of consensus.

Occasionally, they arrive from much farther away.

James H. Lee, CFA, CMT, CFP® is the founder of StratFI and the architect of its forward-looking investment philosophy—one built on foresight, independence, and long-term clarity. As Delaware's only professional futurist and the award-winning author of Foresight Investing, Jim is known for helping investors see around corners. With more than 30 years of experience in the financial industry, he blends deep market insight with a rare ability to translate complex ideas into strategies that feel both clear and personal.

Disclosure: Information contained herein is for educational purposes only and is not to be considered a recommendation to buy or sell any security or investment advice. Securities listed herein are for illustrative purposes only and are not to be considered a recommendation. The author and StratFI clients may hold positions in securities mentioned.

THINKING ABOUT SUCCESSION BUT NOT READY TO WALK AWAY?



I work with founder-led **RIAs seeking liquidity, succession planning, and operational support** without sacrificing control from day one.

Two decades on Wall Street, including managing capital at multi-billion-dollar hedge funds for institutional clients. A flexible, **founder-focused approach to help you transition at your pace while preserving your relationships, style, and independence.**

SEEKING RIAs UNDER \$75M IN ASSETS.

SUCCESSION

ON YOUR

TERMS

Vic Verma

✉ verma@aqsmgmt.com

🌐 aqsmgmt.com



Express your view on QQQ®*



What's your positioning on mega-cap growth?

Bearish

Seek -1X
the Invesco
QQQ®

SMQ

Tradr 1X Short Innovation
100 Monthly ETF

Seeks -100% of calendar-month performance. Designed to hedge tech-heavy portfolios with less volatility drag than daily resets.

Bullish

Seek 2X
the Invesco
QQQ®

MQQQ

Tradr 2X Long Innovation
100 Monthly ETF

Seeks 200% of calendar-month performance. Built for bullish views with less volatility drag than a daily reset leveraged ETF.

Visit www.tradretfs.com.

** Nasdaq, Inc. is the owner of the registered trademark QQQ®, and Invesco QQQ® is used by Invesco under license from Nasdaq, Inc.*

Tradr ETFs are for sophisticated investors and professional traders with high conviction views and are very different from most other ETFs. The Funds are intended to be used as short-term trading vehicles and pursue leveraged investment objectives, which means they are riskier than alternatives that do not use leverage because the Funds magnify the performance of their underlying security. The volatility of the underlying security may affect a Fund's return as much as, or more than, the return of the underlying security.

Investors should carefully consider the investment objectives, risks, charges and expenses of the fund before investing. To obtain a prospectus containing this and other important information, please visit www.tradretfs.com to view or download a prospectus online. Read the fund's prospectus carefully before you invest.

Distributed by ALPS Distributors, Inc, which is not affiliated with AXS Investments or its Tradr ETFs. AXI000816



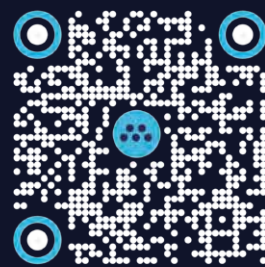
Insights to amplify your expertise.

When markets shift, having foresight is key. And in these times, your clients need a knowledgeable partner to go the distance with. MassMutual Investments offers advisors a diverse suite of income-focused solutions, powered by institutional insights to give your clients a clear view forward. Because expertise isn't just about knowing more, but knowing how to use it.

INVESTED IN YOU. LEARN MORE AT [MASSMUTUALINVESTMENTS.COM](https://www.massmutualinvestments.com)

MassMutual Investments is the marketing name for certain products and/or services of MassMutual and its affiliates, including MML Investment Advisers, LLC (MML Advisers). Investment advisory services of MassMutual Investments are provided exclusively by MML Advisers. Principal Underwriter: MML Distributors, LLC. (MMLD), 1295 State St., Springfield, MA 01111. Member FINRA and member SIPC. MMLD and MML Advisers are subsidiaries of MassMutual.

© 2026 Massachusetts Mutual Life Insurance Company (MassMutual®), Springfield, MA 01111-0001. All rights reserved. www.massmutual.com



Are You Making This AI Mistake?

BY SEAN M. BAILEY

EVERY TIME YOU ASK AI, “**WHAT DO YOU THINK?**” instead of “What’s wrong with my thinking?” you’re training it to be your yes-man rather than your thinking partner. Stop outsourcing judgment and start using artificial intelligence to interrogate your assumptions.

Many financial advisors who try AI and walk away disappointed say some version of the same thing: “It just doesn’t give me what I want.”

But spend a few minutes looking at how they’re using AI, and a different picture emerges. The AI isn’t failing them. Their instructions are failing the AI. This is the quiet problem in AI adoption right now and it’s entirely fixable.

AI is trained, not programmed

Before we get to solutions, it helps to understand why thin instructions produce thin results. AI language models don’t execute commands the way your CRM or Excel does. They don’t follow rigid logic trees. They predict responses based on patterns in language, which means the quality of what you get is directly shaped by the quality of what you give.

Consider the difference between these two prompts:

Version 1: “Explain Roth conversions.”

You’ll get a passable textbook summary. Accurate, probably. Useful for a specific client situation? Probably not.

Version 2: “Explain Roth conversions to a 62-year-old pre-retiree with \$1.2M in assets. Compare three tax bracket scenarios over a five-year horizon. Include IRMAA implications, highlight risks of bracket creep, and flag items that require CPA coordination. Present in client-friendly language.”

Now you get intelligence. The model hasn’t changed. The precision has. This is the core shift in thinking that separates advisors who find AI genuinely useful from those who remain skeptical. Prompting is not about clever tricks or memorized formulas. It’s about structured thinking — the same kind of structured thinking that makes a good advisor good.

Seven prompting best practices for advisors

These seven practices can be applied to virtually any AI task in your practice. You don’t need all seven every time. But when something isn’t working, you can almost always trace the failure back to a missing element or two.

1. Assign a Role: Start by telling the model what perspective to work from. “Act as a CFP professional specializing in retirement income planning” sets the depth, vocabulary, and frame of reference for everything that follows. Without a role assignment, the model defaults to a general audience. Role stabilizes the response at the level you need.

2. Define the Task or Objective: Are you preparing internal analysis? Drafting client communication? Running a compliance review? Building a meeting agenda? The same topic

generates very different outputs depending on what you’re trying to accomplish. Be explicit about the purpose before you describe the task. Good “task” statements typically are command verbs. Here are five strong command verbs with quick examples of how they’d appear in an advisor prompt:

Analyze: “Analyze this client’s asset allocation for sequence-of-returns risk given a 2027 retirement date.”

Draft: “Draft a client-facing email explaining why we’re reducing equity exposure in their portfolio.”

Compare: “Compare a Roth conversion strategy versus a qualified charitable distribution strategy for a 70-year-old with a \$2M IRA.”

Summarize: “Summarize the key changes in the SECURE 2.0 Act that affect clients still in the accumulation phase.”

Identify: “Identify the top three planning opportunities for a married couple with a \$4M estate and a closely held business.”

Note how the pattern is the same in each case: the verb tells the model exactly what cognitive operation to perform. This keeps the output focused and prevents the model from deciding on its own what kind of response to give.

3. Add Client Context: Age, asset level, income sources, goals, constraints, timeline — these details are what transform a generic answer into a relevant one. Without context, the model fills in blanks with assumptions, and those assumptions may not match your client’s reality. The more specific the context, the more specific the output. I like to think of context in terms of the 5 W’s: Who, what, when, where, and why.

4. Impose Constraints: This is the practice many people skip, yet it can be very important in certain AI interactions. Constraints shape what the model will and won’t do. “No product recommendations.” “Flag uncertainty.” “Differentiate fact from interpretation.” “Note where CPA or attorney review is required.” These aren’t just stylistic preferences — they’re risk management. Constraints reduce the AI’s tendency toward overconfidence and scope creep.

5. Specify the Format: Do you want a bullet list or a memo? A comparison table or a pros-and-cons framework? A client-facing agenda or an internal briefing? Format shapes usability. A well-structured output you can immediately use is worth far more than a thorough answer you have to spend 20 minutes reorganizing.

6. Provide an Example: If you want the output to sound like your voice, your framing, or your level of formality, show the model how you write. Paste in an article or blog post or copy from a previous client email or agenda. This technique,

continued on page 15

Are You Making This AI Mistake?

CONTINUED FROM PAGE 14

sometimes called few-shot prompting, anchors voice and structure more reliably than trying to describe them in the abstract.

7. Prompt, Then Re-prompt: Your first response is a starting point, not a finished draft. The advisors getting the most value from AI treat it as a thinking partner, not a vending machine. After the initial output, ask for elaboration on weak points, edge cases you hadn't considered, real-world applications, weighted trade-offs, or simply: "What is the most nonobvious insight in this situation?" Iteration is what separates professional use from casual use.

Before and after: A full example

Nothing makes this more concrete than seeing it applied directly.

Here's a weak prompt:

"Create a meeting agenda about Social Security."

The output will be generic. It may cover the right topics in the abstract, but it won't be calibrated to your client, your meeting length, or the specific decision they're facing.

Here's a stronger prompt:

"Act as a retirement income specialist and CFP. I am meeting with a 60-year-old married couple with \$1.4M in investable assets and no pension. One spouse plans to claim Social Security at 62; the other is undecided.

"Create: (1) a 45-minute meeting agenda, (2) three key tax inflection points to discuss, (3) two behavioral objections I should anticipate, and (4) a short draft follow-up email summarizing next steps. Flag compliance sensitivities and note where assumptions are being made."

That prompt produces a usable, specific, structured output, the kind you might have spent an hour assembling from scratch.

Now go one step further with a follow-up prompt:

"What is the most nonobvious risk or opportunity in this situation?"

That follow-up question often surfaces the thing worth bringing into the meeting that you wouldn't have thought to include. That's the difference between AI as a shortcut and AI as genuine thinking support.

A word on compliance and overconfidence

Language models are fluent. They're also confident and confidence is not the same as accuracy. This matters enormously in a compliance-sensitive profession.

Building protective language directly into your prompts is a good practice. Some language worth adding as a default:

- "Cite relevant IRS or SSA guidance where applicable."
- "State uncertainty clearly where it exists."
- "Differentiate hypothetical modeling from guaranteed outcomes."
- "Identify where CPA or legal review is required before client presentation."

Think of constraints not just as quality controls but as compliance infrastructure. Good prompting is risk management.

The 3-minute prompt diagnostic

When AI gives you a disappointing output, resist the urge to blame the model. Run this diagnostic instead:

- » Step 1: Did I define the role?
- » Step 2: Did I define the task clearly?
- » Step 3: Did I add real client context?
- » Step 4: Did I specify the output format?
- » Step 5: Did I ask it to critique or stress-test the answer?

If you're missing three or more of these, the problem is in your instructions, and the fix takes about two minutes.

Prompting is executive leverage

Here's the frame that matters most for experienced advisors who might be tempted to dismiss AI and developing AI skills as administrative work for their assistants and staff. Prompting fluency is not a clerical skill. It is executive leverage. The advisor who can structure thinking clearly for an AI system will move faster, see more angles, catch more risks, and deliver a more consistent client experience. The advisor who teaches their team to prompt well is effectively raising the analytical floor of their entire practice.

This is not about becoming "technical." You don't need to understand how a language model works any more than you need to understand how a Bloomberg terminal processes data. You need to understand what the tool requires from you to perform at its best. That's precision and precision is exactly what good advisors already bring to client work.

Sean Bailey is the editor in chief at Horseshmouth and creator of The AI-Powered Financial Advisor training program and AI for Advisors Pro, where he teaches financial advisors how to apply artificial intelligence in their practices. He has spent thousands of hours studying generative AI and has trained hundreds of advisors. Join the free AI for Advisors newsletter and podcast for weekly insights and practical AI use cases: www.horseshmouth.com/aiemail.

if not now, when?

Feeling Neglected?

Running a successful RIA takes strategic partnership.
We've built a platform around you. We're here to help meet your goals.



Personalized
service



We don't compete
for your clients



Flexible
technology



Comprehensive
banking and
lending solutions

Are you ready to be the center of our attention?

Call us at 866-776-0218 or online at www.axosadvisorservices.com

Investment Products: Not FDIC Insured - No Bank Guarantee - May Lose Value.

Axos Advisor Services is a trade name of Axos Clearing LLC. Axos Clearing LLC provides back-office services for registered investment advisers. Neither Axos Advisor Services nor Axos Clearing LLC provides investment advice or make investment recommendations in any capacity.

Securities products are offered by Axos Clearing LLC, Member FINRA & SIPC.

Axos Clearing, LLC does not provide legal, accounting, or tax advice. Always consult your own legal, accounting, and tax advisors.

© 2025 Axos Clearing LLC. Member FINRA & SIPC. All Rights Reserved.

axos[®]
ADVISOR SERVICES

303635

Crypto for Advisors: Rethinking crypto diversification

Beyond Bitcoin: How advisors use indices to broaden crypto exposure.

BY GLENN WILLIAMS JR.

Investors are broadening their crypto horizons

As the number of cryptocurrencies has expanded, investor appetite for broader exposure has grown. From its start with a singular transaction in 2009, the crypto ecosystem has grown to support millions of daily transactions today, and crypto's market capitalization has grown from essentially nothing to more than \$3 trillion.

Bitcoin, the asset at the heart of crypto's early days, is still often viewed as a proxy for the entire asset class. But while bitcoin currently represents close to 60% of global crypto value, the universe of cryptocurrency is rapidly expanding, with a host of new digital assets capturing market share and ever-increasing investor attention.

The rise of the rest

Since 2023, crypto's market capitalization, excluding bitcoin, has grown 175%. Ether, the world's second-largest crypto asset, has grown 142% over that period. Meanwhile, use cases for crypto assets have also been evolving at an exceedingly rapid pace. While bitcoin may be viewed as a store of value, other crypto assets offer use cases such as decentralized borrowing and lending.

Investors are also considering structural differences within the digital asset space. While some digital assets host their own blockchains (e.g., Bitcoin, Ethereum, Solana), others are built on top of existing ones, such as Uniswap and Aave. This distinction alone impacts everything from governance rights to potential cash flows. In short, the diversity amongst crypto assets evolves daily, and gaining exposure to just one (or even two) limits exposure to the entirety of the asset class.

An indexed approach for evolving times

Indices such as the CoinDesk 20 Index (CD20) aim to provide investors with broad and diversified exposure to cryptocurrencies as a whole. As capital flows into digital assets, performance dispersion among index constituents may increase.

The internal rotation possibilities within cryptocurrencies can be viewed as akin to sector rotation in traditional

finance. For example, correlations between CoinDesk 20 constituents and U.S. equities remain fluid, with ebbs and flows reflecting a still-maturing asset class. Still, over extended periods, correlations between cryptocurrencies and equity markets have been moderate.

Measuring the performance of the largest 20 digital assets by market capitalization (excluding stablecoins and other coins), the CD20 currently represents 90% of the total crypto asset market share. Eligibility is determined by a ranking of the largest digital assets and is guided by liquidity, custody, and exchange-listing requirements. There is a quarterly reconstitution and rebalancing in order to keep pace with changes in the crypto asset class. Additionally, the CoinDesk 20 methodology imposes a 30% cap on its largest asset and a 20% cap on all others to limit concentration in any single coin.

Benchmarks matter

For any emerging asset class, establishing benchmarks is important. Investors have developed a comfort level with them over time and reference them daily. In my opinion, the CoinDesk 20 is constructed to do the same for digital assets, organizing their inherent (yet sometimes unrealized) diversification into a liquid and investable unit of exposure.

This information is not meant to be investment advice. Any forward-looking statements herein are based on expectations of ProShare Advisors LLC at this time. Whether or not actual results and developments will conform to ProShare Advisors LLC's expectations and predictions, however, is subject to a number of risks and uncertainties. ProShare Advisors LLC undertakes no duty to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Glenn Williams Jr, CMT, serves as a Manager/Investment Specialist at ProShares since November 2023 and is the Owner/Consultant at Glenn Williams Jr LLC since March 2018, consulting with hedge fund analysts on long/short ideas and financial modeling across various sectors. Previous roles include Crypto Markets Analyst at CoinDesk, Finance Manager and Financial Analyst at Celsius, and Equity Research Analyst covering energy sectors at National Securities.

Crypto market capitalization, excluding bitcoin



Source: TradingView, data from Jan. 1, 2023-Jan. 27, 2026.



**SINGLE STOCK
DAILY LEVERAGED &
INVERSE ETFs
FROM DIREXION**

Direxion
ETFs | Funds

Call **877-437-9363**
or go to **direxion.com**

HODU CONX

Daily HOOD

Daily COIN

BULL

2X ETF

BULL

2X ETF

An investor should carefully consider a Fund's investment objective, risks, charges, and expenses before investing. A Fund's prospectus and summary prospectus contain this and other information about the Direxion Shares. To obtain a Fund's prospectus and summary prospectus call 866-476-7523 or visit our website at direxion.com. A Fund's prospectus and summary prospectus should be read carefully before investing.

Investing in the funds involves a high degree of risk. Unlike traditional ETFs, or even other leveraged and/or inverse ETFs, these leveraged and/or inverse single-stock ETFs track the price of a single stock rather than an index, eliminating the benefits of diversification. Leveraged and inverse ETFs pursue daily leveraged investment objectives, which means they are riskier than alternatives which do not use leverage. They seek daily goals and should not be expected to track the underlying stock's performance over periods longer than one day. They are not suitable for all investors and should be utilized only by investors who understand leverage risk and who actively manage their investments. The Funds will lose money if the underlying stock's performance is flat, and it is possible that the Bull Fund will lose money even if the underlying stock's performance increases, and the Bear Fund will lose money even if the underlying stock's performance decreases, over a period longer than a single day. **Investing in the Funds is not equivalent to investing directly in the underlying stock.**

Robinhood Markets, Inc. Investing Risk — Robinhood Markets, Inc. shares face risks associated with: growth may be difficult to maintain; limited operation experience at current scale; results of operations fluctuate; changes in transaction-based revenue would have an adverse impact; direct and indirect exposure to fluctuating interest rates; failure to comply with "best execution" requirements; ability to obtain adequate capital and financing; harm of brand and reputation; among other risks.

Coinbase Global, Inc. Investing Risk — COIN faces risks associated with: significant fluctuations in operating results; revenue dependencies on the price of crypto assets and volume of transactions on its platform; revenues may be concentrated on a limited number of crypto assets; overall demand for crypto assets; interest rate fluctuations; possible limitations on the development and growth of crypto assets, among other risks.

Distributor: ALPS Distributors, Inc.

Passive Protection for Active Managers: Why DOETFs Belong in Your Tactical Playbook

BY BUFF DORMEIER, CMT

AFTER DECADES IN THIS BUSINESS, I HAVE COME to understand something simple but profound. Investment success is not about designing the fastest car. Delivery of a successful investment outcome is more about the journey, in other words the client's investment experience. A successful investment plan safely moves the client towards their destination with assurance. That not only means surviving storms but making it through with low turbulence.

As active managers we pride ourselves on adaptability. We rotate sectors. We adjust exposure. We respond to capital flows. Yet even the most disciplined tactical framework faces a structural challenge: downside risk is nonlinear and large losses are mathematically unforgiving, and sometimes our style is just currently out of vogue.

Defined Outcome ETFs (DOETFs), sometimes called "passive protective" strategies, offer active managers a compelling new tool. Properly integrated, they are not a replacement for tactical skill. They are a force multiplier.

The Math of Drawdowns

Active managers understand volatility. But impairment is the real enemy.

If a portfolio declines 50%, it must gain 100% to recover. A 40% decline requires 67% just to break even. These recovery hurdles are not theoretical. They affect client behavior, sequence risk, and long-term compounding. Many tactical managers aim to sidestep major bear markets. Sometimes we succeed. Sometimes the signal lags. Sometimes the market moves faster than anticipated.

Defined Outcome ETFs introduce something different: engineered asymmetry. These vehicles typically use options structures to provide:

- A defined downside buffer, often 10% to 30%
- A capped upside participation
- A set outcome period, typically one year

The result is not alpha generation but risk shaping for the client and your practice.

Why This Matters for Tactical Managers

Active managers often operate with dynamic beta exposure. We increase equity weight when conditions are favorable and reduce it when risk rises. But exposure shifts can create whipsaw costs or opportunity gaps.

DOETFs allow for a more nuanced risk dial. Instead of moving directly from 100% equity exposure to cash or Treasuries, managers can:

- Rotate into buffered equity exposure during early deterioration
- Maintain partial upside while structurally limiting downside

- Preserve capital during uncertain transitions
This creates a middle gear between full offense and full defense.

In my own work with volume-based tactical overlays, I have observed that markets often deteriorate through participation before price damage becomes obvious. A volume factor framework identifies changes in capital sponsorship. DOETFs can then be used as a structural complement to those signals.

When capital flows weaken but do not yet confirm a full bearish regime, defined outcome structures can reduce the cost of being early while maintaining engagement.

Behavioral Edge

Kahneman and Tversky's Prospect Theory (1979) demonstrates that investors feel losses more intensely than equivalent gains. Loss aversion is not a footnote. It drives real-world decision making. Clients who endure large drawdowns often abandon otherwise sound strategies near market bottoms. Advisors know this pain well.

DOETFs may improve behavioral durability. When clients understand that the first portion of a drawdown is structurally buffered, conversations change. The narrative shifts from fear of collapse to managed participation. This is not marketing psychology. It is behavioral finance applied to portfolio construction.

Strategic Integration Framework

For NAAIM members, the implementation question is practical: where do these tools fit?

Here are three potential applications for you to consider.

1. Transitional Exposure Sleeve

During periods of weakening breadth or deteriorating capital flows, rotate a portion of equity exposure into DOETFs strategies rather than directly into cash.

Benefit: reduces whipsaw risk while maintaining partial participation.

2. Core Equity Risk Management

Allocate a percentage of long-term equity exposure permanently to ladder outcome structures.

Benefit: smooths the compounding path, reduces tail risk without abandoning growth, and assimilates protective passive exposure to your active management style.

3. Client-Specific Risk Targeting

For retirees or high-withdrawal clients, combine tactical overlays with defined floors to address sequence risk.

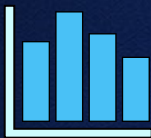
Benefit: integrates tactical management with outcome-based planning.

continued on page 21

HTUS

Know Your Edge.
Apply Your Edge.
Seek to Stay in the Game.

HTUS tactically adjusts S&P 500 index exposure daily based on 40+ market indicators.



Tactical S&P 500 index exposure



Daily adjustments driven by 40+ indicators



Designed for evolving markets



Morningstar overall rating

Morningstar ratings are based on historical risk-adjusted total returns. HTUS received 5 stars among 139 in the Equity Hedged category for the overall and 3-year periods ending 02/28/2026. Past Performance is no guarantee of future results.

Passive Protection for Active Managers: Why DOETFs Belong in Your Tactical Playbook

CONTINUED FROM PAGE 19

Addressing the Skepticism

Active managers may object: “Capped upside limits performance.”

True. But capped upside during a defined period must be evaluated in context of risk reduction. A portfolio that avoids deep impairment may compound more efficiently even with capped segments. Floor strategies generally have X% of upside, not caps.

Another concern: “Options-based products are complex.”

Yes. But complexity is already embedded in markets. The question is whether complexity is being used intentionally or passively endured.

Defined outcome ETFs externalize option engineering in a transparent ETF wrapper. For active managers who already navigate derivatives, this is an extension, not a departure.

Complement, Not Competition

There is a misconception that “passive protective” tools undermine active management. The opposite may be true. Defined outcome ETFs are rules-based structures. They do not forecast markets. They do not rotate sectors. They do not analyze capital flows. Active managers do. The opportunity is synergy. Tactical signals can determine when to increase or decrease risk. Defined outcome structures can define how that risk is expressed.

Think of it as separating signal from structure.

Signal answers: Should we take risk?

Structure answers: How should we take it?

The New Playbook

Is your value proposition Alpha? You may achieve but not always. In the end, we are judged by how steady the ride felt when the road turned rough. Speed wins headlines. Stability earns trust. The real measure of craftsmanship is how it handles crosswinds, potholes, and unexpected detours.

As active and tactical managers, we are not merely engineers of return. We are stewards of experience. Our responsibility is not only to pursue upside, but to manage the emotional and financial cost of volatility along the way. The best investment plans are not the ones that sprint the hardest in fair weather. They are the ones that keep clients feeling safe, confident, and committed through the full market cycle. Defined Outcome ETFs provide active managers a new lever. They create convexity without requiring perfect timing. They offer structural shock absorbers without abandoning participation.

For NAAIM members committed to improving client outcomes, the real question is not whether DOETFs replace tactical strategies. It is how they may enhance them.

Buff Dormeier, CMT is the Chief Technical Analyst, portfolio manager, and partner at Kingsview. He also serves as Index Specialist for Monarch Funds ETFs. As the developer of the Volume Factor, he helps financial advisors grow and preserve client wealth through disciplined, goals-based strategies grounded in advanced portfolio analytics and capital flow research. Buff@Kingsview.com

The image is a promotional graphic for the IFTA 2026 conference. It features a night-time aerial view of London, with the London Eye and other city lights visible. The text is overlaid on a white, angular shape that points towards the bottom right. The IFTA logo is in the top left, and the Society of Technical Analysts (STA) logo is in the top left corner of the white shape. The main title "IFTA 2026" is in large, bold, black letters. Below it, the subtitle "London Calling! The Next Wave in TA" is in a smaller, bold, black font. The text "Hosted by the Society of Technical Analysts:" is in a smaller, regular black font. The dates "9-10 October 2026" and the address "One Moorgate Place, London, EC24 6EA" are in a smaller, regular black font. The website "www.ifta.org/ifta-2026-conference" is in a smaller, regular black font. The tagline "Where Legacy Meets Innovation: AI, Insight, and Global Market Strategy" is in a smaller, regular black font. The hashtag "#LondonTA2026" is in a smaller, regular black font.



Infrastructure Capital Advisors

Monthly Income Funds

BNDS

High Yield Bonds

Asset Class Diversification

Relative Value

VIEW DETAILS



ICAP

Large Cap Stocks

Growth at a Reasonable Price
(GARP)

Asset Class Diversification

VIEW DETAILS



SCAP

Small Cap Stocks

Profitable Companies

Historical Undervaluation

VIEW DETAILS



ASK US ABOUT OUR
OTHER INCOME FUNDS:

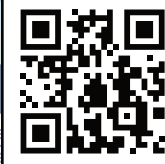
InfraCap U.S. Preferred
Stock ETF [PFFA]

InfraCap MLP
ETF [AMZA]

InfraCap REIT
Preferred ETF [PFFR]



GO TO WEBSITE



www.infracapfunds.com



Investing involves risk. Loss of principal is possible.

This material is for informational purposes only. This is not an offer to buy or sell, or a solicitation of any offer to buy or sell any of the securities mentioned herein. The information presented does not involve the rendering of personalized investment, financial, legal, or tax advice. You should consult your own legal counsel and accountant for advice concerning the various legal, tax, and economic considerations related to your investment.

The prospectus should be read carefully before investing. Investors should consider each Fund's investment objectives, risks, charges, and expenses carefully before investing. For a prospectus with this and other information about the Fund, please reach out to each Fund's respective distributor. The Funds are distributed either by Quasar Distributors, LLC or by VP Distributors, LLC, an affiliate of Virtus ETF Advisers, LLC. ICAP, SCAP, and BNDS are distributed by Quasar Distributors, LLC. PFFA, PFFR, and AMZA are distributed by VP Distributors, LLC, an affiliate of Virtus ETF Advisers, LLC. Please read the prospectus carefully before investing. Visit www.infracapfunds.com for more information about the adviser. Please see the fact sheets available here or visit the fund's web sites for standardized performance information. Past performance does not guarantee future results.

President's Letter

CONTINUED FROM PAGE 1

COMING SOON: The Board has also moved to monetize our NAAIM Exposure Index by setting it behind a paywall. This index is a critical data point for market sentiment and has become widely used by large and small firms throughout the financial industry since its introduction in 2007. **The Index will remain a free benefit for NAAIM members;** however, non-member firms that are utilizing our data will be charged a modest subscription fee, not unlike other popular sentiment gauges.

There will also be a changing-of-the-guard with the election of new board members and officers at Uncommon Knowledge. Again, it has been an honor serving as President but the lifeblood of NAAIM is its emphasis on "new blood". I would encourage any members that are approached by our Executive Team to serve on our Board, "Take that offer and run with it!" We have made great strides over the past 4+ years... while leadership is important, it is truly the engagement and volunteering efforts by our members that have taken NAAIM to its next growth trajectory.

In the meantime, the financial markets have taken "March Madness" to an entirely new level. By that same token, 2026 thus far has been a great time to be a quant-driven, trend-following and/or active manager. The stock market is sloppy at best, and per some pundits, entering a bear market at worst. News-driven volatility is now a daily staple, with investors focusing on the conflict in Iran, oil prices, potential inflation, the Fed and interest rates. Several internal market indicators still look fairly healthy...but as we all know, market direction can change on a dime, a tweet or a soundbite. Tales from our NAAIM members and how they are navigating the current market landscape are worth the price of admission to Uncommon Knowledge!

With that said, it's not too late to join our active management crowd in Tampa April 26-29. Sign up for the conference. Get a flight and book your hotel. You won't be disappointed. If the dates just don't work for you, the NAAIM OUTLOOK Conference moves to Dallas this fall (late-October). Outlook is a shorter two-day meeting yet chock full of timely information as well.

It has been a privilege and pleasure to serve as your President over the past two years. Let's see where our new members and Board take us in the years ahead!

Sincerely,



Barry Arnold
Your soon-to-be outgoing NAAIM
President

Welcome to New Regular and Special Members

New Regular and Special Members

Michael Cutbirth
Walter Reyna, Inc.
4308 Conestogo Ct
Bryan, TX 77802-1485
832-439-8231

Ryan Gorman
West Michigan Advisors
301 Hoover Blvd
Holland, MI 49423
616-820-1040

John Reutemann Jr.
Research Financial Strategies
2273 Research Blvd., Ste. 101
Rockville, MD 20850
240-401-2355

Walter Reyna
Walter Reyna, Inc.
5315 N. McColl
McAllen, TX 78504
956-682-4196

Sanjay Wagle
The Strategic Wealth Group
45 S. Park Blvd., Ste. 205
Glen Ellyn, IL 60137
630-469-0101

Chris Cordle
Wells Fargo Advisors
2660 Eastchase Lane, Suite 301
Montgomery, AL 36117
334-309-3817

New Associate Members

Kize Behrends
Global X ETFs
605 3rd, Fl. 43
New York, NY 10158
773-314-3216

Chris Caswell
Swan Global Investments
1099 Main Ave., Unit 206
Durango, CO 81301
813-774-0960

Si Katara
TappAlpha
3700 W. Lawton St.
Seattle, WA 98199
415-706-6685

Mark Your Calendars

NAAIM Outlook 2026

Oct 26-27

The Westin Dallas Fort Worth Airport