

# IBD® Breakout Stocks Index

The underlying index of the CapForce IBD® Breakout Opportunities ETF (BOUT) — a rules-based process that seeks stocks poised for sustained price growth beyond their recent resistance levels.

## 1 Define the Universe

~7,000

securities listed on the New York Stock Exchange, Nasdaq or NYSE American

## 2 Screen the Universe

Securities must meet quality and liquidity standards to enter the Selection Universe:

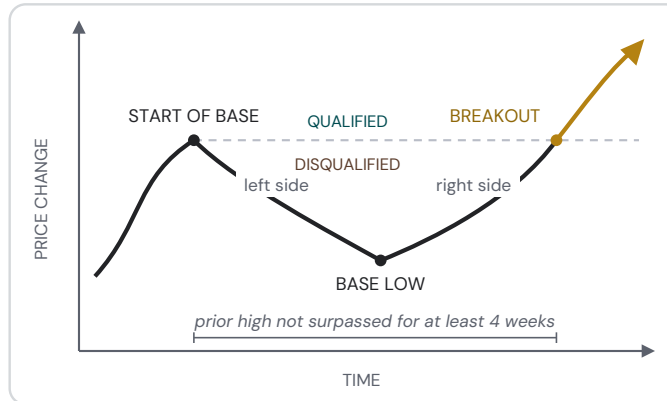
- ✓ Share price of at least \$10
- ✓ Average daily volume of 150,000+ shares — or \$5 million+ in average daily dollar volume

Removed from consideration:

- ✗ Stocks involved in a merger or tender cash offer
- ✗ ETFs and exchange-traded notes

## 3 Identify the Breakout Setup

A proprietary algorithm scans each chart for a “base” — an area of price consolidation lasting at least four weeks:



### NEARING BREAKOUT

In the right side of its base, but not yet broken out

### BREAKING OUT

Cleared the start of its base within the prior 5 days

Plus: stocks carried over from the prior week’s list — unless a sell rule is triggered (no longer passing the screens, or closing below the 10-week moving average).

## 4 Rank the Candidates

Qualifying stocks are ranked using IBD’s proprietary ratings:

### IBD COMPOSITE RATING

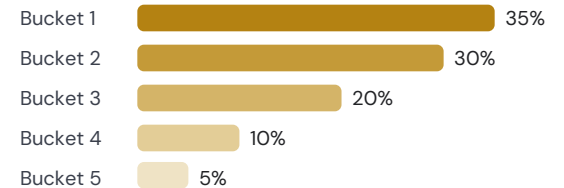
One score blending the key fundamental & technical ratings

- Earnings Per Share
- Relative Price Strength
- SMR (Sales · Margins · ROE)
- Accumulation / Distribution
- Industry Group Rel. Strength
- Supply & Demand
- Earnings Stability

Definition of terms of next page.

## 5 Weight in Five Buckets

Components are sorted by rank into five equal-count buckets. Higher-ranked stocks earn a larger share of the Index:



Top-ranked quintile receives 35% of Index weight; weight is equal within each

### A WEEKLY DISCIPLINE

Each Friday after the market close, the list is regenerated and weighted; the Index rebalances two trading days later. The final list targets at least 25 unique components.

To learn more, call (800) 324-3998 or visit [www.capforceetf.com](http://www.capforceetf.com)

Please see back for important disclosure information.

## DEFINITION OF TERMS

- Earnings Per Share (EPS) measures a company's profitability by calculating the portion of net income allocated to each outstanding share of common stock.
- Relative Price Strength (RPS) is a technical indicator that measures how an asset's price performs compared to a benchmark (such as the S&P 500) or another asset.
- SMR (Sales – Margins – ROE) is a fundamental stock-screening metric popularized by Investor's Business Daily (IBD). It evaluates a company's financial health by assigning a letter grade (from A to E) based on sales growth, pre- and after-tax profit margins, and ROE.
- Accumulation/Distribution (A/D) line is a cumulative, volume-based technical indicator designed to measure the underlying supply and demand for an asset. By analyzing the relationship between price and volume, it determines whether money is primarily flowing into (accumulating) or out of (distributing) a security.
- Industry Group Relative Strength is a momentum metric that measures the price performance of a specific industry sector or group against a broad market benchmark (like the S&P 500) over a defined period. It helps investors identify the strongest and weakest market trends.
- Supply & Demand for a stock dictate its price: when demand (buying pressure) outpaces supply (selling pressure), the stock price rises. Conversely, when supply exceeds demand, the price falls. Institutional orders, news, and market sentiment drive these daily fluctuations.
- Earnings Stability is the historic consistency and predictability of a corporation's or individual's income over time. For companies, it measures how steady profits are relative to broader market volatility, often calculated via the variability of earnings around a multi-year trend line

## ABOUT THE INDEX

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## RISK INFORMATION

Investing involves risks. Principal loss is possible. The Fund's return may not match the return of the Index. Along with general market risks, an ETF that concentrates its investments in the securities of a particular industry, market, sector, or geographic area may be more volatile than a fund that invests in a broader range of industries. Additionally, the Fund may invest in securities that have additional risks. Foreign companies can be more volatile, less liquid, and subject to the risk of currency fluctuations. This risk is greater for emerging markets. Small- and mid-cap companies can have limited liquidity and greater volatility than large-cap companies. Also, ETFs face numerous market trading risks, including the potential lack of an active market for Fund shares, losses from trading in secondary markets, periods of high volatility and disruption in the creation/redemption process of the Fund. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. ETFs are bought and sold at market price and not individually redeemed from the fund. Brokerage commissions will reduce returns.

## GROWTH STOCKS RISK

Growth stocks may be out of favor or may not produce the best results over short or longer time periods. The Fund invests in the securities included in the Index regardless of their investment merit (passive investment risk), and is classified as a "non-diversified company" under the 1940 Act.

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**The Fund's investment objectives, risks, charges and expenses should be considered carefully before investing. The prospectus and summary prospectus contain this and other important information, and may be obtained at [www.capforceetf.com](http://www.capforceetf.com). Read carefully before investing.**