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What is a Special Purpose Acquisition Company (SPAC)?

By

Robinson Capital

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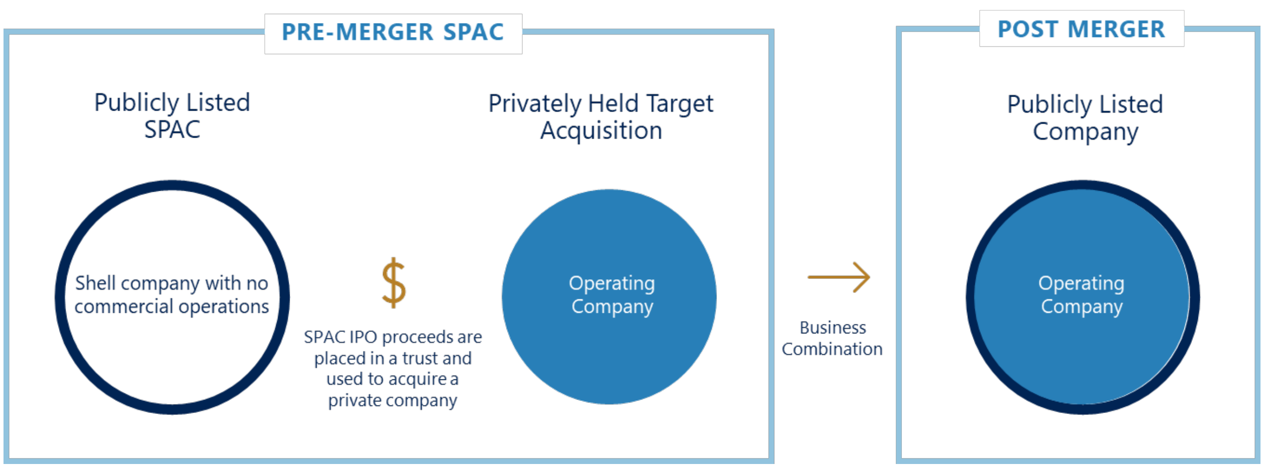
Robinson Capital, LLC is an independent investment advisor that provides customized investment management services for RIAs, family offices, broker-dealers and institutions. Robinson Capital manages traditional and alternative fixed income solutions.

Founded in 2012, Robinson seeks to identify long-term trends and favorable risk/return scenarios using multiple strategies in the fixed income markets.

What is a Special Purpose Acquisition Company (SPAC)?

A **S**pecial **P**urpose **A**cquisition **C**ompany (SPAC), also known as a blank check company, is a company formed strictly to raise capital through an initial public offering (IPO) for the purpose of acquiring (or merging with) one or more existing private companies. SPACs generally have 18-24 months to complete a business combination. SPAC IPO proceeds are placed in an interest -bearing account, or trust and are simply invested in U.S. government securities (T-Bills), money market securities, and cash until a business combination is completed.



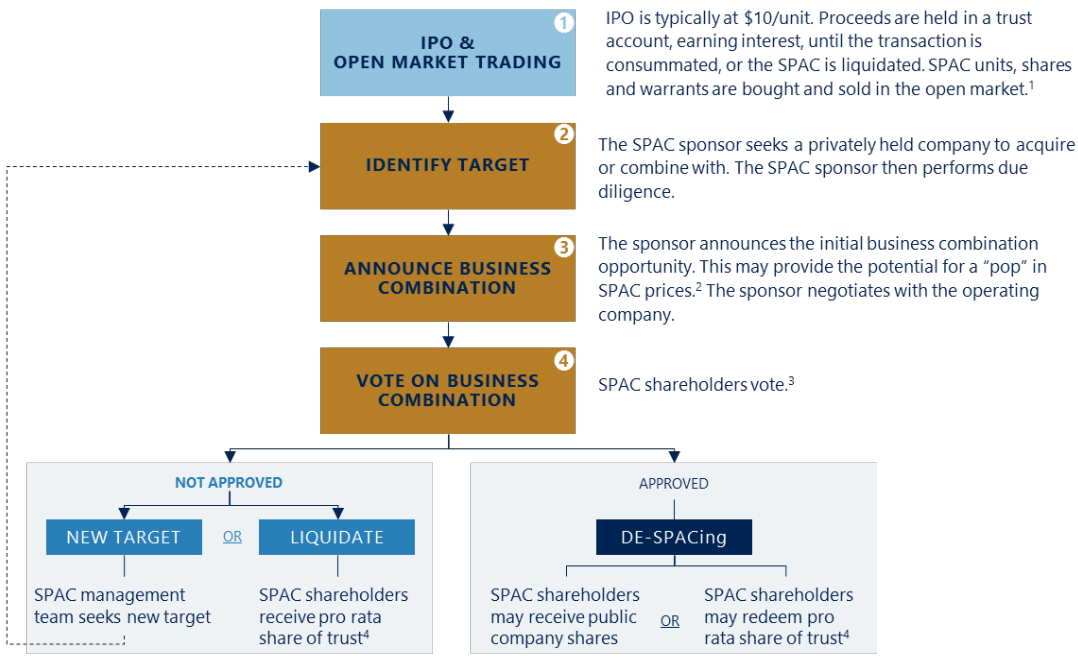
How do SPACs work?

SPACs raise capital to make an acquisition through an initial public offering. A typical SPAC IPO structure consists of a unit, which is made up of common stock combined with a warrant. A warrant gives the holder the right to buy more stock at a fixed price at a later date. Investors who participate in the SPAC IPO are attracted to the opportunity to exercise the warrants so they can acquire more common stock shares once the acquisition target is identified and the transaction closes.

The typical IPO price for a SPAC common stock is $10 per share. The exercise price for the warrants is typically set about 15% or higher than the IPO price. After the IPO, the SPAC's management team searches for a potential acquisition target. During this period, the SPAC stock should trade near its IPO price since the proceeds are held in government bonds, although during market sell-offs, SPAC stocks can fall below the IPO price. SPACs can also trade at a premium to the IPO price if shareholders believe management will identify a compelling acquisition target.

During the time it takes to find a target, a SPAC will usually trade near its cash value, which is usually close to $10. After announcing a merger target, however, investors will evaluate the deal and usually bid the SPAC up. The last phase, the post-merger phase, only occurs after the SPAC closes the deal and the ticker changes. This is the most controversial phase of a SPAC's lifecycle and what is typically reported on by mainstream media – it is why many investors are wary of SPACs. After the ticker changes, investors can no longer redeem their shares for a pro rata potion of the trust and the merger closes.

Four main phases of a pre-merger SPAC



1 Generally, common shares and warrants may be traded individually about 50 days after the IPO.
2 Due to an exuberance in the marketplace, SPACs have traded above their IPO prices ("pop"), but there is no guarantee this will continue. In fact, some SPACs may trade below their IPO price of $10.00.
3 Public stockholders of SPACs may not be afforded a meaningful opportunity to vote on a proposed initial business combination. As a result, a SPAC may complete a business combination even though a majority of its public stockholders do not support such a combination.
4 If shares are purchased in the open market, you are only entitled to your pro rata share of the trust account and not the price at which you bought the SPAC shares on the market.

How to Invest in SPACs?

The firm serves as investment sub-adviser to the Robinson Alternative Yield Pre-Merger SPAC ETF (ticker: SPAX). SPAX is an actively managed exchange-traded fund (ETF) that intends to invest primarily in pre-merger SPACs. SPAX seeks to provide total return while minimizing downside risk. Robinson Capital intends to sell SPAC investments in the SPAX portfolio prior to completed business combinations.

ABOUT ROBINSON CAPITAL

Founded in December 2012, Robinson Capital Management, LLC, is an independent investment advisor specialized in developing traditional and alternative fixed income solutions. Robinson's investment approach employs both fundamental and value techniques to best identify positive risk/reward opportunities and to maintain a consistent and disciplined approach. Robinson Capital also specializes in alternative value investing strategies, particularly through special purposes acquisition companies (SPACs) and closed-end mutual funds (taxable and tax-exempt).

Robinson Capital provides customized investment management services for RIAs, family offices, broker-dealers and institutions.

The firm serves as investment sub-adviser to the Robinson Active Pre-Merger SPAC ETF (ticker: SPAX). For more information, visit, robinsonetfs.com.

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Formed by ETF industry pioneers and thought leaders, Tidal is a boutique multi-manager platform whose mission is to disrupt the way ETFs have historically been developed, launched, marketed and sold. With a transparent, partnership approach, Tidal offers a comprehensive suite of services, proprietary tools, and methodologies designed to bring lasting ideas to market. As advocates for ETF innovation, Tidal helps institutions and RIAs launch interesting and viable ETFs. For more information, visit tidaletfservices.com.

Fund Risks

Investing involves risk. Principal loss is possible.

ETFs may trade at a premium or discount to their net asset value. Brokerage commissions are charged on each trade, which may reduce returns.

The Fund invests in equity securities and warrants of SPACs, which raise assets to seek potential business combination opportunities. Unless and until a business combination is completed, a SPAC generally invests its assets in U.S. government securities, money market securities, and cash. Because SPACs have no operating history or ongoing business other than seeking a business combination, the value of their securities is particularly dependent on the ability of the entity's management to identify and complete a profitable business combination. There is no guarantee that the SPACs in which the Fund invests will complete a business combination or will be profitable.

Some SPACs may pursue a business combination only within certain industries or regions, which may increase the volatility of their prices. To the extent a SPAC or the fund is invested in cash or cash equivalents, this may impact the ability of the Fund to meet its investment objective. Investments in a SPAC may be considered illiquid and subject to restrictions on resale.

The Fund may purchase warrants to purchase equity securities. Investments in warrants are pure speculation in that they have no voting rights and pay no dividends. They do not represent ownership of the securities, but only the right to buy them. Warrants involve the risk that the Fund could lose the purchase value of the warrant if the warrant is not exercised or sold prior to its expiration. The Fund may also purchase securities of companies that are offered in an IPO. The risk exists that the market value of IPO shares will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, a small number of shares available for trading and limited information about the issuer. Such investments could have a magnified impact on the Fund.

Some sectors of the economy and individual issuers have experienced particularly large losses due to economic trends, adverse market movements and global health crises. This may adversely affect the value and liquidity of the Fund's investments especially since the fund is non-diversified, meaning it may invest a greater percentage of its assets in the securities of a particular industry or sector than if it was a diversified fund. As a result, a decline in the value of an investment could cause the Fund's overall value to decline to a great degree.

The Fund is a recently organized management investment company with limited operating history and track record for prospective investors to base their investment decision.

Before investing you should carefully consider the Fund’s investment objectives, risks, charges and expenses. This and other information is in the prospectus. A prospectus or summary prospectus may be obtained by calling 1-833-743-0330 or by visiting our website at www.robinsonetfs.com. Please read the prospectus or summary prospectus carefully before you invest.

The Robinson Alternative Yield Pre-Merger SPAC ETF is distributed by Foreside Fund Services, LLC.