



Date: October 30, 2020
TO: MIAX PEARL Equities Members
FROM: MIAX PEARL Equities Listings Department
Re: Absolute Shares Trust WBI BullBear Trend Switch US Total Return ETF - WBIN

MIAX PEARL, LLC (“Exchange”) commenced trading of equity securities on September 25, 2020 followed by a security-by-security phase-in period. This Product Circular is being issued to advise you that the following security has been approved for trading pursuant to unlisted trading privileges (“UTP”) on the Exchange as a UTP Derivative Security pursuant to Exchange Rule 2900, and will begin trading on MIAX PEARL during the phase-in period. See the [Exchange’s Website](#) for the phase-in schedule.

<u>Security (the “Fund”)</u>	<u>Symbol</u>
Absolute Shares Trust WBI BullBear Trend Switch US Total Return ETF	WBIN

Issuer/Trust: Absolute Shares Trust

Website: <https://www.sec.gov/Archives/edgar/data/1591939/000089418919004230/wbitrendswitchustotalretur.htm>

Primary Listing Exchange: NYSE Arca

The purpose of this Product Circular is to outline various rules and policies that will be applicable to trading in this new product pursuant to the Exchange’s unlisted trading privileges, as well as to provide certain characteristics and features of the Shares. For a more complete description of the Issuer, the Shares and the underlying market instruments or indexes, visit the Issuer Website, consult the Prospectus available on the Issuer Website, examine the Issuer Registration Statement or review the most current information bulletin issued by the Primary Listing Exchange. The Issuer Website, the Prospectus, the Issuer Registration Statement and the Primary Exchange Circular are hereafter collectively referred to as the “Issuer Disclosure Materials.”

Background Information on the Fund

The Fund will seek to invest in U.S. fixed income securities that WBI Investments, Inc., the sub-advisor (“Sub-Advisor”) to the Fund and an affiliate of Millington Securities, Inc., the advisor (“Advisor”), believes display attractive prospects for current income with the potential for long-term capital appreciation under then current market conditions. These securities will be selected on the basis of the Sub-Advisor’s investment process which includes the use of various quantitative models. The Fund’s securities selection process is driven by the Sub-Advisor’s proprietary rules-based bond model (the “Bond Model”) that utilizes a systematic approach analyzing macro-economic factors and technical market trends including, among others, those relating to commodities, monetary policy, valuation,

sentiment and change in interest rates, to assess risk and generate their signals, and is described further below. Since cash equivalents are among the investment opportunities evaluated by the Bond Model, the Fund may invest in and hold most, if not all, of its net assets in cash equivalents as part of the normal operation of its investment strategy.

Debt securities will be selected on the basis of the Sub-Advisor's assessment of the risks in the U.S. fixed income market using its Bond Model described briefly below. The purpose of the Bond Model is to assess conditions likely to affect the relative performance of selected segments of the fixed income market with respect to their sensitivity to credit quality and duration. The types of debt securities in which the Fund will invest are U.S. Treasuries, U.S. investment grade corporate bonds, and U.S. high yield bonds (also known as "junk bonds"), and ETFs and ETNs with exposure to the debt securities described. The Fund expects to invest in debt securities of short and long durations, depending on the Sub-Advisor's assessment of the risks along the yield curve. The yield curve refers to differences in yield among debt assets of varying maturities.

The Fund defines a total return fund as one that seeks to maximize gains from both income generating investments, such as bonds and dividend paying stocks, while simultaneously aiming to invest in assets which will experience capital appreciation, and as such these approaches are used (in part) to achieve the Fund's investment objective.

The Fund uses the Bond Model, which directs investment exposure to debt securities (or bonds) of a particular duration and credit quality. Duration is a measure of a debt security's expected price sensitivity to changes in interest rates. Debt security prices typically have an inverse relationship with interest rates. Rising interest rates indicate that debt security prices are likely to decline, while declining interest rates indicate that debt security prices are likely to rise. As a general rule, for every 1% increase or decrease in interest rates, a debt security's price will change approximately 1% in the opposite direction for every year of duration. For example, if a bond has a duration of three years and interest rates increase by 1%, the bond's price is expected to decline by approximately 3%. Credit quality is a measure of a borrower's (or bond issuer's) creditworthiness or risk of default. A company or bond's credit quality may also be known as its "bond rating" as determined by private independent rating agencies such as Standard & Poor's, Moody's and Fitch. Each rating agency has its own credit quality designations which typically range from high ('AAA' to 'AA') to medium ('A' to 'BBB') to low ('BB', 'B', 'CC' to 'C').

The Bond Model generates both a credit quality signal and a duration signal. The combination of the Bond Model's credit quality signal and the duration signal indicates the recommended debt security exposure. For example, the Bond Model's credit quality signal may indicate that exposure to relatively lower rated debt securities is appropriate. Simultaneously, the Bond Model's duration signal may indicate that exposure to relatively short duration debt securities is appropriate. In this example, the combination of the two Bond Model signals would indicate that exposure to lower rated debt securities with short duration is appropriate. Market conditions may call for the Fund to remain in any of the possible exposure positions for an extended period of time. The Fund will change its exposure position based on the following signals, and each change will become effective on the business day after the indicator signals change.

The Sub-Advisor's credit quality signal indicates the fixed income credit quality that current conditions are more likely to favor among U.S. treasuries, U.S. investment grade bonds, or U.S. high yield bonds on the basis of credit quality probability and credit condition momentum analysis. Credit quality probability analysis seeks to predict which of the three possible credit quality debt securities market segments is likely to perform best in the subsequent week. Credit momentum analysis seeks to determine whether a change in the current credit state will be recommended.

The Sub-Advisor's duration signal indicates whether current conditions are more likely to favor bonds of short or long maturities on the basis of duration probability and duration momentum analysis. Duration probability analysis seeks to predict whether long or short duration exposure to the credit quality debt securities determined by the credit quality signal is likely to perform best in the subsequent week. Duration momentum analysis seeks to determine whether a change in the current duration will be recommended.

The Fund seeks to achieve its investment objective by principally investing directly in the following different types of instruments:

- U.S. Treasuries, U.S. Investment Grade Corporate Bonds, and U.S. High Yield Bonds issued by the U.S. government and U.S. public and private companies ("Direct Investments");
- Registered fund shares ("investment company shares") where such funds' portfolios primarily contain Direct Investments. Investment company shares through which the Fund obtains indirect exposure to Direct Investments include those issued by mutual funds and exchange-traded funds ("ETFs"); and
- Exchange-traded notes ("ETNs") and listed and over-the-counter ("OTC") derivatives whose performance is designed to track the performance of Direct Investments (such derivatives together with ETNs and investment company shares are referred to as "Indirect Investments".)

Indirect Investments include gaining exposure to Direct Investments through listed and OTC derivatives, including:

- futures contracts, swap agreements, and forward contracts; and
- options on securities, indices, and futures contracts.

The Fund is an actively managed ETF. The Sub-Advisor actively manages the Fund's portfolio. As a result, the portfolio turnover rate for the Fund, especially during periods of significant volatility, may be high. The Sub-Advisor expects that the Fund's investment strategy will result in a portfolio turnover rate in excess of 700% on an annual basis. Since the Fund's principal investment strategy is expected to result in a higher annual portfolio turnover rate than that of many other investment companies, the Fund may experience higher portfolio transaction costs and Shares held in taxable accounts may incur higher taxes than what may be experienced by other investment companies and their shares.

The Fund is considered to be diversified.

For additional information about the Fund's principal investment strategies and the investment process, see "Description of the Principal Strategies of the Funds."

Unlike conventional mutual funds, the Fund issues and redeems Shares on a continuous basis at NAV only in Creation Units comprised of blocks of 25,000 Shares, or whole multiples thereof. Only a broker-dealer ("Authorized Participant") that enters into an appropriate agreement with the Fund's distributor may engage in such creation and redemption transactions directly with the Fund. The Fund's Creation Units generally are issued and redeemed "in-kind", for securities in the Fund, but may also be issued and redeemed in cash. Retail investors may acquire Shares on the NYSE Arca through a broker-dealer. Shares of the Fund will trade at market price rather than NAV. As such, Shares may trade at a price greater than NAV (premium) or less than NAV (discount).

Principal Risks

Interested persons are referred to the discussion in the prospectus for the Fund of the principal risks of an investment in the Fund. These include tracking error risk (factors causing a Fund's performance to not match the performance of its underlying index), market trading risk (for example, trading halts, trading above or below net asset value), investment style risk, sector risk, investment approach risk, non-diversification risk, issuer-specific risk, management risk, concentration risk, equity securities risk, sector risk and passive investment risk.

Exchange Rules Applicable to Trading in the Shares

Trading in the Shares on MIAX PEARL is subject to MIAX PEARL trading rules.

Trading Hours

The value of the Index underlying the Shares will be disseminated to data vendors every 15 seconds during the Regular Trading Session.

The Shares will trade on MIAX PEARL between 9:30 a.m. and 4:00 p.m. Please note that trading in the Shares during the Exchange's Pre-Market and Post-Market Sessions ("Extended Market Sessions") may result in additional trading risks which include: (1) that the current underlying indicative value may not be updated during the Extended Market Sessions, (2) lower liquidity in the Extended Market Sessions may impact pricing, (3) higher volatility in the Extended Market Sessions may impact pricing, (4) wider spreads may occur in the Extended Markets Sessions, and (5) because the indicative value is not calculated or widely disseminated during the Extended Market Sessions, an investor who is unable to calculate an implied value for the Shares in those sessions may be at a disadvantage to market professionals.

Dissemination of Data

The Consolidated Tape Association will disseminate real time trade and quote information for the Shares to Tape B.

Name	Listing Market	Trading Symbol	IOPV Symbol	NAV Symbol
Absolute Shares Trust WBI BullBear Trend Switch US Total Return ETF	NYSE Arca	WBIN	WBIN.IV	WBIN.NV

Delivery of a Prospectus

MIAX PEARL Equity Members should be mindful of applicable prospectus delivery requirements under the federal securities laws with respect to transactions in the Fund. Prospectuses may be obtained through the Fund’s website. The prospectus for the Fund does not contain all of the information set forth in the Fund’s Registration Statement (including the exhibits to the Registration Statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Fund, please refer to its Registration Statement.

In the event that the Fund relies upon an order by the SEC exempting the Shares from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 and in the future make available a written product description, MIAX PEARL Rules requires that MIAX PEARL Equity Members provide to all purchasers of Shares a written description of the terms and characteristics of such securities, in a form prepared by the Issuer of the Fund, no later than the time a confirmation of the first transaction in the Shares is delivered to such purchaser. In addition, MIAX PEARL Equity Members shall include such a written description with any sales material relating to the Shares that is provided to customers or the public. Any other written materials provided by an MIAX PEARL Equity Member to customers or the public making specific reference to the Shares as an investment vehicle must include a statement in substantially the following form: “A circular describing the terms and characteristics of [the UTP Exchange Traded Products] has been prepared by the [open-ended management investment company name] and is available from your broker. It is recommended that you obtain and review such circular before purchasing [the UTP Exchange Traded Products].”

A MIAX PEARL Equity Member carrying an omnibus account for a non-member broker-dealer is required to inform such non-member that execution of an order to purchase Shares for such omnibus account will be deemed to constitute agreement by the non-member to make such written description available to its customers on the same terms as are directly applicable to MIAX PEARL Equity Member under this rule.

Upon request of a customer, MIAX PEARL Members also shall provide a copy of the Prospectus.

Suitability

Trading in the securities on the Exchange will be subject to the provisions of MIAX PEARL Rule 2107 and other applicable suitability rules. Equity Members recommending transactions in the securities to customers should make a determination that the recommendation is suitable for the customer.

Trading Halts

MIAX PEARL will halt trading in the Shares of a security in accordance with MIAX PEARL Rules. The grounds for a halt under MIAX PEARL Rules include a halt by the primary market because the intraday indicative value of the security and/or the value of its underlying index are not being disseminated as required, or a halt for other regulatory reasons. In addition, MIAX PEARL will stop trading the Shares of a security if the primary market de-lists the security.

Exemptive, Interpretive and No-Action Relief Under Federal Securities Regulations

The Securities and Exchange Commission (the “SEC”) has issued letters granting exemptive, interpretive and no-action relief from certain provisions of rules under the Securities Exchange Act of 1934 for exchange-traded securities listed and traded on a registered national securities exchange that meet certain criteria.

AS WHAT FOLLOWS IS ONLY A SUMMARY OF THE RELIEF OUTLINED IN THE NO-ACTION LETTERS REFERENCED ABOVE, THE EXCHANGE ADVISES INTERESTED PARTIES TO CONSULT THE NO- ACTION LETTERS FOR MORE COMPLETE INFORMATION REGARDING THE MATTERS COVERED THEREIN AND THE APPLICABILITY OF THE RELIEF GRANTED IN RESPECT OF TRADING IN SECURITIES. INTERESTED PARTIES SHOULD ALSO CONSULT THEIR PROFESSIONAL ADVISORS.

Regulation M Exemptions

Generally, Rules 101 and 102 of Regulation M prohibit any “distribution participant” and its “affiliated purchasers” from bidding for, purchasing, or attempting to induce any person to bid for or purchase any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities.

The SEC has granted an exemption from Rule 101 under Regulation M to permit persons participating in a distribution of shares of the above-mentioned Fund to engage in secondary market transactions in such shares during their participation in such a distribution. In addition, the SEC has granted relief under Regulation M to permit persons who may be deemed to be participating in the distribution of Shares of the above-mentioned Fund (i) to purchase securities for the purpose of purchasing Creation Unit Aggregations of Fund Shares and (ii) to tender securities for redemption in Creation Unit Aggregations. Further, the SEC has clarified that the tender of Fund Shares to the Fund for redemption does not constitute a bid for or purchase of any of the Fund’s securities during the restricted period of Rule 101. The SEC has also granted an exemption pursuant to paragraph (e) of Rule 102 under Regulation M to allow the redemption of Fund Shares in Creation Unit Aggregations during the continuous offering of Shares.

Rule 10b-10 (Customer Confirmations for Creation or Redemption of Fund Shares)

Broker-dealers who handle purchases or redemptions of Fund Shares in Creation Unit size for customers will be permitted to provide such customers with a statement of the number of Creation Unit Aggregations created or redeemed without providing a statement of the identity, number and price of shares of the individual securities tendered to the Fund for purposes of purchasing Creation Unit

Aggregations (“Deposit Securities”) or the identity, number and price of shares to be delivered by the Trust for the Fund to the redeeming holder (“Redemption Securities”). The composition of the securities required to be tendered to the Fund for creation purposes and of the securities to be delivered on redemption will be disseminated each business day and will be applicable to requests for creations or redemption, as the case may be, on that day. This exemptive relief under Rule 10b-10 with respect to creations and redemption is subject to the following conditions:

- 1) Confirmations to customers engaging in creations or redemptions must state that all information required by Rule 10b-10 will be provided upon request;
- 2) Any such request by a customer for information required by Rule 10b-10 will be filed in a timely manner, in accordance with Rule 10b-10(c); and
- 3) Except for the identity, number, and price of shares of the component securities of the Deposit Securities and Redemption Securities, as described above, confirmations to customers must disclose all other information required by Rule 10b-10(a).

Rule 10b-17 (Untimely Announcement of Record Dates)

The SEC has granted an exemption from the requirements of Rule 10b-17 that will cover transactions in the Shares.

Section 11(d)(1); Rule 11d1-2 (Customer Margin)

The SEC has taken a no-action position under Section 11(d)(1) that will permit broker-dealers that do not create Shares but engage in both proprietary and customer transactions in such Shares exclusively in the secondary market to extend or maintain or arrange for the extension or maintenance of credit on the Shares, in connection with such secondary market transactions. For broker-dealers that engage in the creation of Shares, the SEC has also taken a no-action position under Rule 11d1-2 that will cover the extension or maintenance or the arrangement for the extension or maintenance of credit on the Shares that have been owned by the persons to whom credit is provided for more than 30 days.

Rule 14e-5

An exemption from Rule 14e-5 has been granted to permit any person acting as a dealer-manager of a tender offer for a component security of the Fund (1) to redeem Fund Shares in Creation Unit Aggregations from the issuer that may include a security subject to such tender offer and (2) to purchase Fund Shares during such tender offer. In addition, a no-action position has been taken under Rule 14e-5 if a broker-dealer acting as a dealer-manager of a tender offer for a security of the Fund purchases or arranges to purchase such securities in the secondary market for the purpose of tendering such securities to purchase one or more Creation Unit Aggregations of Shares, if made in conformance with the following:

- 1) such bids or purchases are effected in the ordinary course of business, in connection with a basket of 20 or more securities in which any security that is the subject of a distribution, or any reference security, does not comprise more than 5% of the value of the basket purchase;
or

- 2) purchases are effected as adjustments to such basket in the ordinary course of business as a result of a change in the composition of the underlying index; and
- 3) such bids or purchases are not effected for the purpose of facilitating such tender offer.

SEC Rule 15c1-5 and 15c1-6 (Disclosure of Control and interest in Distributions)

The SEC has taken a no-action position under Rule 15c1-5 that will permit a broker-dealer to execute transactions in Shares without disclosing any control relationship with an issuer of a component security. In addition, the SEC has taken a no-action position under Rule 15c1-6 that will permit a broker dealer to execute transactions in the Shares without disclosing its participation or interest in a primary or secondary distribution of a component security.

This Product Circular is not a statutory prospectus. MIAX PEARL Equity Members should consult the prospectus for a security and the security's website for relevant information.

Please direct product listing questions to MIAX PEARL Equities Listings at Listings@MIAXOptions.com or (609) 897-7308.

Please direct regulatory questions to the MIAX PEARL Regulatory Department at Regulatory@MIAXOptions.com or (609) 897-7309.