Options Strategy Overview

The pace of stock market gains since the onset of the COVID-19 pandemic, against the backdrop of still historically low interest rates, leave many investors looking for alternatives to traditional equity and bond exposures. We believe that options strategies represent a compelling opportunity for investors seeking to target different portfolio outcomes, whether in pursuit of higher yields, downside protection, or range-bound returns. ETFs can be an efficient way to pursue these objectives, saving investors the time and potential expense of writing options individually.

Strategies	Covered Call ETFs	Covered Call & Growth ETFs	Risk Managed Income ETFs	Tail Risk ETFs	Collar 95-110 ETFs
Strategy Overview	Buy reference index components, write monthly ATM[1] index calls on 100% of the fund's portfolio in an effort to maximize income.	Buy reference index components, write monthly ATM index calls on 50% of the fund's portfolio for income with some upside potential.	Buy reference index components, write monthly call options for income & purchase monthly protective puts for a degree of downside protection on the same index. (Net credit collar[2])	Buy reference index components, purchase three month protective puts to provide a degree of protection against extreme selloffs on the same index.	Buy reference index components, write three month call options for income & purchase 3 month protective puts to provide a degree of downside protection on the same index. (Net debit collar[3])
Associated Tickers	**QYLD, XYLD, RYLD**	**QYLG, XYLG**	**QRMI, XRMI**	**QTR, XTR**	**QCLR, XCLR**
Call Positions	Sells ATM Covered Calls (on 100% of assets) 100% of the upside is forfeited	Sells ATM Covered Calls (on 50% of assets) 50% of the upside is forfeited	Sells ATM Calls (on 100% of assets) 100% of the upside is forfeited	None. The fund has unlimited upside potential*	Sells 10% OTM[4] Calls (on 100% of assets) Upside is limited to 10% (excluding costs) over three months from selling call contract
Put Positions	None. Fund has all the downside risk of the index	None. Fund has all the downside risk of the index	Buys 5% OTM Puts. Fund should not be down more than 5% (exclusive of fees) over over one month from entering the put contract	Buys 10% OTM Puts. Fund should not be down more than 10% (exclusive of fees) over over three months from entering the put contract	Buys 5% OTM Puts. Fund should not be down more than 5% (exclusive of fees) over over three months from entering the put contract
Options Contract Length	Monthly	Monthly	Monthly	Three Months	Three Months
Distribution Frequency	Monthly	Monthly	Monthly	Semi-Annually	Semi-Annually
Potential Portfolio Usage	Can be a replacement/ complement to equity & fixed income exposures for investors who are seeking strictly high income with reduced equity volatility.	Can be an equity sleeve replacement or complement for bullish investors who are seeking high income as well as upside potential.	Can be a complement to fixed income exposures as well as a replacement/ complement for existing QYLD/XYLD holders who are willing to sacrifice some yield for a degree of downside protection.	Can replace or complement existing S&P 500 or Nasdaq 100 exposures for a degree of protection against tail risk events.	Can be a complement or replacement to existing S&P 500 or Nasdaq 100 exposures for investors who are expecting the market to move slightly upwards or sideways.

*Growth potential will decrease by the cost of the premiums paid.

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[1] An at-the-money (ATM) call or put options occurs when the strike price of the option is identical to the value of the underlying asset.

[2] A protective net-credit collar strategy is a mix of short (sold) call options and long (purchased) put options where the premiums received from the sale of the call options will be greater than the premium paid when buying the put options

[3] A net debit credit collar strategy is a mix of short (sold) call options and long (purchased) put options where the premiums received from the sale of the call options will be less than the premiums paid when buying the put options

[4] An out-of-the-money (OTM) put option conveys the right, but not the obligation, to sell an underlying asset at a strike price below that underlying asset's market price; an out-of-the-money call option conveys the right, but not the obligation, to buy an underlying asset at a strike price above that underlying asset's market price

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