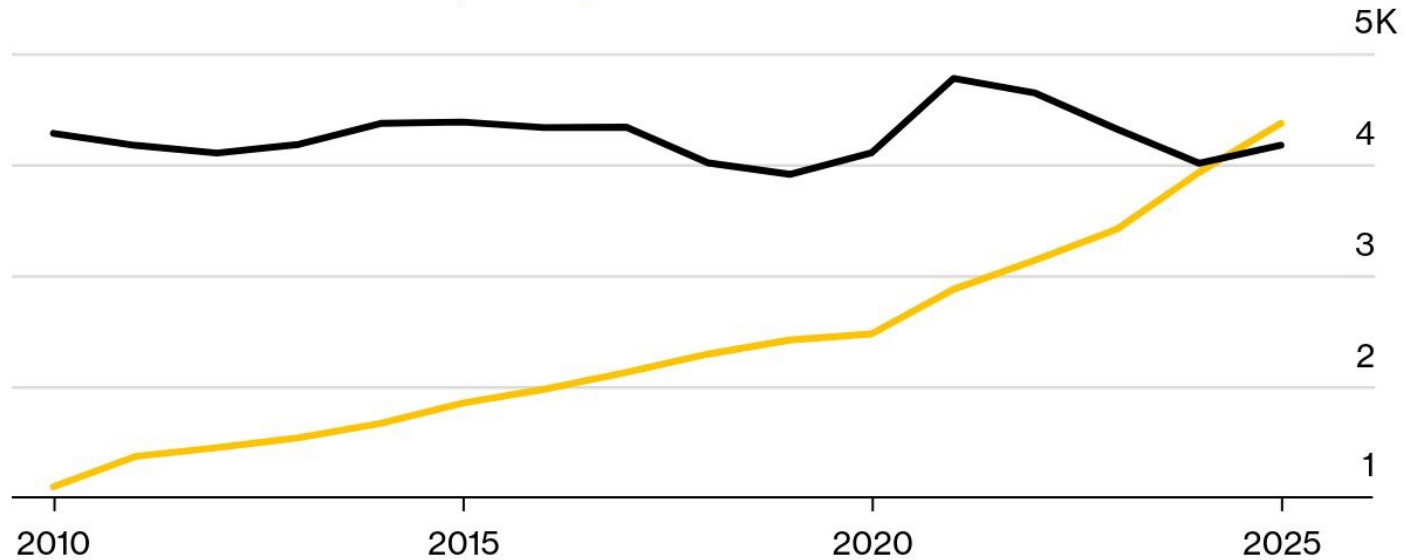


ETF Galore

There Are Now More ETFs Than Stocks

Number of US-Listed Companies Number of US-Listed ETFs

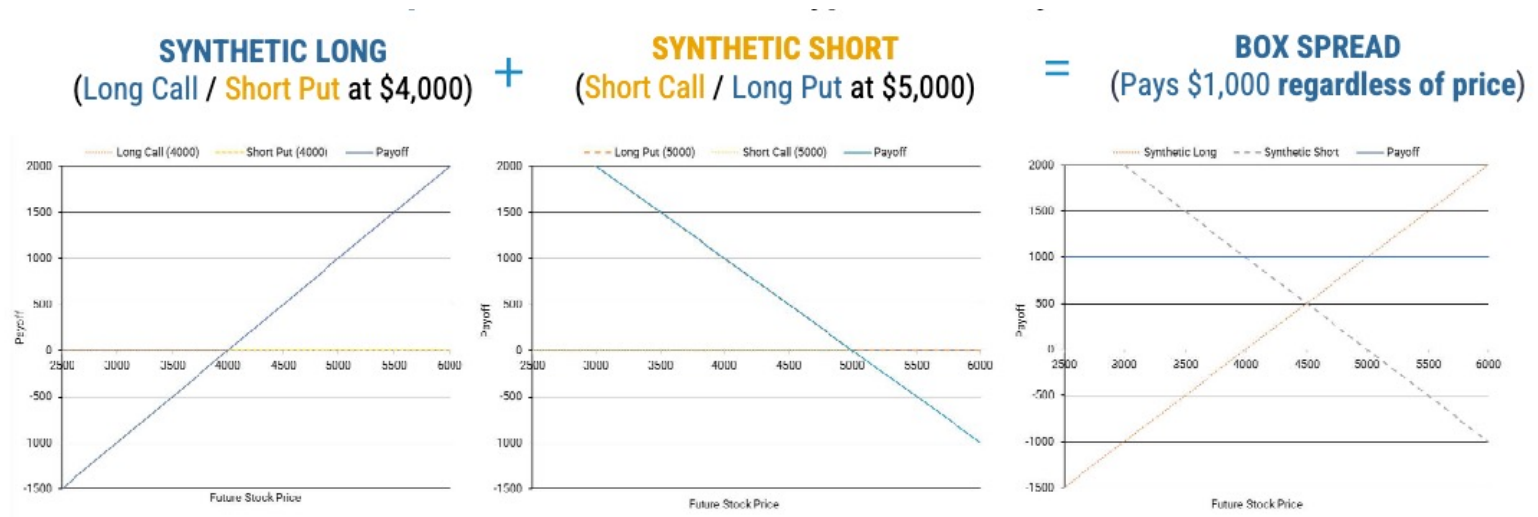


Source: Morningstar

Bloomberg

Example 1. BOXX (1/2)

- Alpha Architect 1-3 Month Box ETF
- Box Spread = Combination of four options that locks in a guaranteed payoff at expiration



Example 1. BOXX (2/2)

- Why Popular?
 - Tax Considerations: Turn interest income into capital gains
 - T-bill interest is taxed as ordinary income (up to 37% federal)
 - SPX options gains taxed as 60% long-term, 40% short-term capital gains, regardless of holding period (roughly 26.8%)
 - Timing: BOXX does not distribute income
 - Gains accrue inside the ETF and are only realized when you sell
- Why Not Invest?
 - Tax-advantaged accounts
 - Regulatory / legislative risk (Section 1256 loophole)
 - Not wealthy enough to justify the 0.19% expense ratio

Example 2. XDTE (1/2)

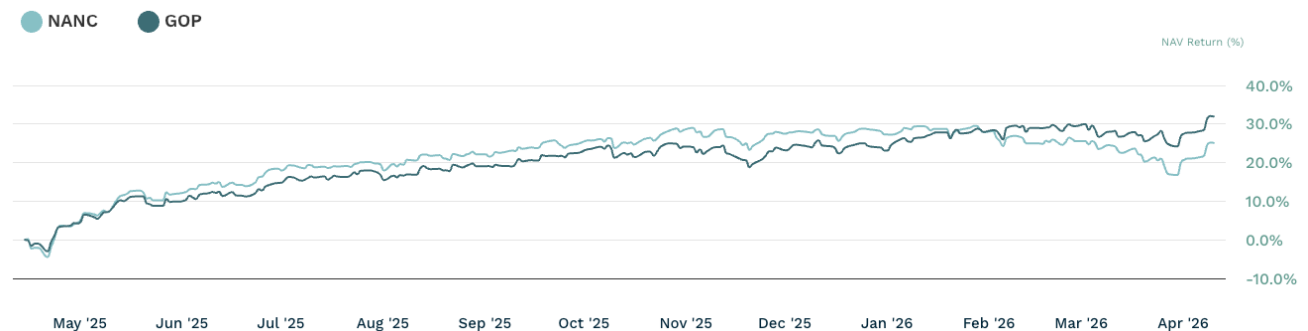
- Roundhill S&P 500 0DTE Covered Call Strategy ETF
- 0DTE contracts = options that expire within 24 hours
- Every morning, XDTE:
 - Holds a synthetic long position in the S&P 500 via options
 - Sells out-of-the-money call options that expire that same day (0DTE)
 - Collects the premium and repeats the next morning
 - Pays out the weekly distributions

Example 2. XDTE (2/2)

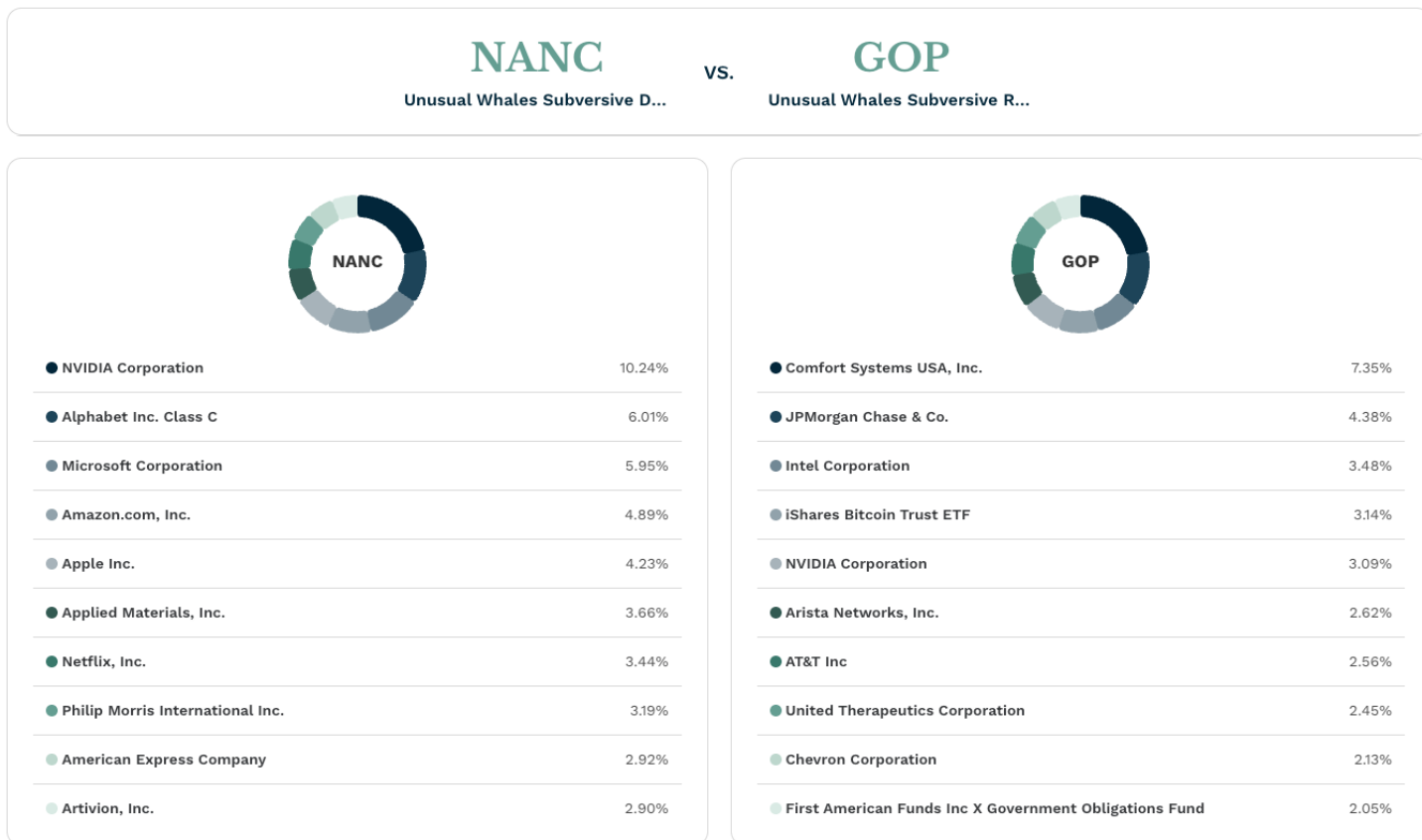
- Why Popular?
 - 30% yield grabs attention
 - Weekly payouts feel like getting a paycheck from the market
 - Best of both worlds: S&P exposure + massive income
 - 0DTE options are the hottest trade in the markets right now
- Why Not Invest?
 - 30% yield = Selling away your upside
 - You still bear the full downside
 - Short-term capital gains are taxed at ordinary income rates

Example 3. NANC & GOP (1/2)

- Unusual Whales Subversive Democratic Trading ETF (NANC)
- Unusual Whales Subversive Republican Trading ETF (GOP)
- The STOCK Act (2012) requires Congress members to disclose trades within 45 days. These ETFs scrape those filings, then mirror the positions



Example 3. NANC & GOP (1/2)



Example 3. NANC & GOP (2/2)

- Why Popular?
 - Cool narrative (“Politicians are insider trading, let’s follow them)
 - Pelosi’s trading record became a meme, which went viral
 - Performance looked great early on
- Why Not Invest?
 - Mostly a tech sector bet, not an alpha strategy
 - 45-day disclosure lag kills an information edge
 - Survivorship bias in the narrative
 - Small and concentrated portfolios

Example 4. BWET (1/2)

- Breakwave Tanker Shipping ETF
- BWET holds freight futures contracts
 - 90% TD3C (very large crude carrier routes from Middle East to China)
 - 10% TD20 (Suezmax routes, West Africa to Europe)
 - These contracts settle based on the daily cost of hiring a tanker to ship crude oil across the ocean
- So BWET allows you to bet on the shipping rates.

Example 4. BWET (2/2)

- Why Popular?
 - You can ETF-ify literally anything
 - Geopolitics as an important driver of return
 - Near-zero correlation with equities
- Why Not Invest?
 - 3.50% expense ratio (roughly 100x what you pay for SPY)
 - Contango (forward price > spot) destroys long-term holders, since you have to sell low and buy high when rolling over
 - Tiny and illiquid
 - Information asymmetry