2025

THE TOP ETF INNOVATORS

OPPORTUNITIES FOR REGISTERED INVESTMENT ADVISORS (RIAs), BD REPRESENTATIVES, BANKS, INSURANCE COMPANIES, HEDGE FUNDS, ENDOWMENTS, FOUNDATIONS, AND QUALIFIED RETIREMENT PLANS

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ABOUT OUR COVER

Welcome to the ETF Grand Prix, where top exchange-traded funds compete for investor confidence. Leading the pack in terms of size is the seasoned SPY, a veteran on the S&P 500 circuit. Close behind is QQQ, expertly navigating the tech sector's twists and turns. Meanwhile, VTI, steady and reliable, represents the entire U.S. market.

Illustration by Daniel Hertzberg

The stands are filled with eager investors—ranging from boutique retail traders to seasoned fund managers—each with an eye on the ETF that could mark the difference between financial victory or missed opportunity.

As the race unfolds, different ETFs excel on various parts of the track. VOO and IVV dominate the low-cost straightaway, while sector-specific funds like XLF and XLK handle the economic cycle's tricky curves. International ETFS add flair, maneuvering through global market challenges.

But this is no ordinary race—the track mirrors the ever-changing financial landscape. ETFs must adapt on the fly, with analysts and fund managers constantly refining strategies to stay competitive.

For discerning investors, the key is to look beyond the surface. Which ETFs deliver consistent performance? Which adapt to market changes? And, most importantly, which align with your clients' investment goals—whether it's the steady pace of a broad-market index or the excitement of a niche sector?

As you explore our ETF guide, think of yourself as both a spectator and team manager. These insights will help identify potential champions, understand strategies and make informed decisions about which ETFs deserve a place in your portfolio. Buckle up, and get ready for the race.

SCOTT MARTIN
EDITOR-IN-CHIEF
ETF INNOVATORS

A lot of advisors I talk to are hungry for fresh ideas. Suddenly, after a decade of relative calm, we have problems worth solving.

Whatever broke in the last few years needs to be fixed. And as part of that process, every component of the portfolio needs to be tested, refined and, where necessary, replaced.

It's a daunting task. But there's help. Money managers didn't spend the last decade asleep and dreaming of index funds. They kept innovating. Pushing the science

You just won't find a lot of these fresh ideas on standard fund screens. They're under the surface, submerged in the status quo of literally thousands of look-alike index products with copycat characteristics and "me too" attitude.

That's why I talked to managers, strategists and advisor liaisons at established ETF companies and upstarts alike, to get those ideas in front of you and into your professional tool kit. If you've got a problem, there's got to be something here that helps.

THE TOP **ETF INNOVATORS** OF 2025

Exchange-traded funds (ETFs) have become a staple in the portfolios of investors worldwide, offering a versatile, cost-effective way to access a broad spectrum of assets. Whether you're a seasoned investor or a novice just starting out, the ever-evolving landscape of ETFs presents both opportunities and challenges that can significantly impact your investment strategy.

In recent years, the world of ETFs has seen rapid innovation, with active ETFs gaining traction alongside the more traditional passive options.

Active ETFs are projected to account for 24% of total fund assets by 2027, representing about $14 trillion globally. The rise of active ETFs has been fueled by regulatory changes, such as the Securities and Exchange Commission (SEC) Rule 6c-11, which allows new structures and greater flexibility for fund managers. It has opened the door for more sophisticated, actively managed strategies that aim to outperform the market—a stark contrast to the passive ETFs that simply aim to mirror the performance of a specific index or benchmark. As a result, investors now face a key decision: should they stick with the tried-and-true approach of passive ETFs or explore the potentially higher returns—and higher risks—active ETFs offer?

The choice between active and passive ETFs is more than just a matter of preference; it's a strategic decision that hinges on factors such as cost efficiency, performance potential, and transparency.

Beyond the active vs. passive debate, the ETF market has also been shaped by the need for continuous innovation. In today's complex investment environment, simply relying on traditional strategies may not be enough. The efficient frontier—the sweet spot where risk and return are optimized—is constantly shifting, and investors must adapt their strategies accordingly. This guide will help you navigate these changes, offering insights into the trade-offs between different types of ETFs and how to position your portfolio for success in this dynamic landscape. Whether you're looking to stick with the simplicity of passive ETFs or explore the cutting-edge strategies that active management offers, understanding the current ETF environment is crucial to making informed investment decisions.

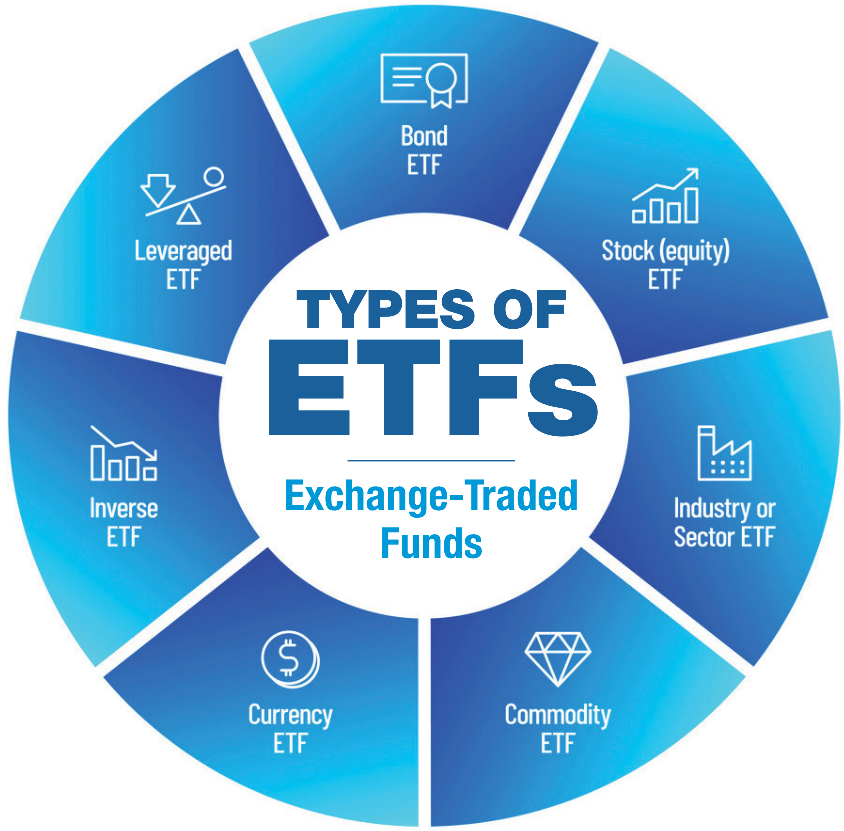
ACTIVE VS. PASSIVE ETFs: WHAT'S THE TRADE-OFF?

ETFs have undergone a notable transformation in recent years, particularly with the rise of active ETFs. The shift has opened new avenues for investors seeking market-beating returns while retaining the benefits of an ETF structure. Still, when it comes to choosing between active and passive ETFs, investors often face a key trade-off: the potential for outperformance versus cost efficiency and simplicity. To understand the trade-offs between active and passive ETFs, it's essential to delve into their key characteristics, market trends, and the implications for investors.

Active ETFs have emerged as a prominent trend, driven by regulatory changes and a growing appetite for active management strategies, thanks in part to the SEC's Rule 6c-11, which took effect in December 2019. The rule, allowing for non-transparent and semi-transparent ETF structures, has empowered managers with greater flexibility in portfolio management while protecting their holdings. While the rule applies to both passive and active open-ended funds, several key changes have addressed previous limitations on active ETFs and created a more favorable environment for active management.

Key provisions of the rule include:

1. **Custom Basket Flexibility:** The rule permits ETFs to use custom baskets, enhancing portfolio management, tax efficiency, and the ability to accommodate in-kind creations and redemptions.
2. **Simplified Approval Process:** The rule standardizes the approval process for ETFs, reducing the need for individual exemptive relief applications and making it easier for sponsors to bring new ETFs to market.
3. **Enhanced Transparency:** ETFs must now disclose daily portfolio holdings on their websites, increasing transparency for investors.



4. **Harmonized Exemptive Relief:** By eliminating the need for most ETFs to seek individual exemptive relief, the regulatory process has been simplified, benefiting both sponsors and investors.

Let's look closer at the differences between passive and active ETFs.

Passive ETFs are designed to replicate the performance of a specific index or benchmark. They are often favored for their cost efficiency, with expense ratios typically 2 to 3 basis points lower than those of mutual funds. The cost-effectiveness, combined with high liquidity and tax advantages, makes passive ETFs an attractive option for many investors. They are particularly useful for achieving broad market exposure and are widely used for diversified investments in stocks and bonds.

Active ETFs, on the other hand, are managed by fund managers who actively select securities with the aim of outperforming an index or benchmark. These ETFs can focus on specific themes or innovative beta strategies, providing potential for higher returns. However, this active management comes with higher costs compared to passive ETFs. Investors in active ETFs are betting on the expertise of the fund manager to generate alpha, or excess returns above the benchmark.

The trade-offs with actively managed ETFs include:

1. **Cost Efficiency:** Passive ETFs generally have lower expense ratios thanks to their automated management approach. Active ETFs incur higher management fees, reflecting the cost of research, analysis, and active decision-making.
2. **Performance Potential:** While passive ETFs aim to match market returns, active ETFs seek to beat them. This different focus could lead to higher returns if

the fund manager's strategy succeeds, but it also introduces the risk of underperformance if the manager's decisions do not pan out.

3. **Transparency and Flexibility:** Passive ETFs offer straightforward transparency by tracking an index, whereas active ETFs provide a more complex, but potentially more nuanced, picture. Rule 6c-11 has introduced a level of semi-transparency for active ETFs, but it may still be less transparent than passive options.

4. **Investment Strategy:** Passive ETFs are ideal for investors seeking a low-cost, diversified approach with predictable outcomes. Active ETFs cater to those looking for higher returns through strategic management and who are willing to accept higher costs and risks associated with active investing.

Globally, the trend toward cost efficiency has bolstered the popularity of passive ETFs. However, the rise of active ETFs, particularly with the new regulatory frameworks, suggests a growing adoption of active management strategies. The balance between cost and performance remains a critical consideration for investors.

The choice between active and passive ETFs depends on an investor's objectives, risk tolerance, and preference for cost versus potential return. While passive ETFs provide a cost-effective, diversified approach with lower fees, active ETFs offer the opportunity for higher returns at the expense of higher costs and greater risk. As the ETF landscape continues to evolve, understanding these trade-offs will be crucial for making informed investment decisions.

NECESSITY NEEDS INNOVATION

In recent years, many aspects of the investment landscape have faced significant challenges, and that means every part of the portfolio must be tested, refined, and, when necessary, replaced. It's a daunting task, but there's good news: money managers have been diligently at work. Over the past decade, they've been innovating and rigorously testing new strategies to address the gaps in the market and solve real problems advisors face.

However, many of these new ideas aren't easily spotted on standard fund screens—they're often hidden beneath the surface, overshadowed by the vast number of similar index products that blend into the crowd. That's why we reached out to managers, strategists, and advisor liaisons at both established ETF companies and innovative startups to bring these ideas to the forefront and add them to your professional tool kit.

Even if everything seems to be working just fine, there's always room for improvement. We continuously learn, benchmark, innovate, and integrate the best new ideas to stay ahead of the curve. But before we dive into solutions, let's start by identifying the problems.

THE EFFICIENT FRONTIER HITS A WALL

In the world of investing, there's always a delicate balance between risk and returns. The sweet spot is where you achieve the highest possible return for a given level of risk, known as the efficient frontier—a concept rooted in modern portfolio theory. But here's the catch: the efficient frontier isn't fixed—it's constantly evolving as markets shift and new challenges arise, demanding continuous adaptation from investors.

For mass affluent and ultra-high-net-worth (UHNW) individuals, identifying the right position on this evolving frontier is vital and heavily influenced by their unique financial situations and goals. Here's how this concept plays out, especially when considering ETFs:

- **Balancing Risk and Return:** Both mass affluent and UHNW individuals want good returns without taking on unnecessary risk. For these investors, positioning portfolios on the efficient frontier involves selecting investments that strike this balance, offering a favorable trade-off between risk and return.

INVESTORS WORLDWIDE PRIORITIZE COST EFFICIENCY AND DEMAND HIGH-QUALITY INVESTMENT OPTIONS.

- **Diversification:** ETFs are great for spreading investments across various asset classes, sectors, and regions. This diversification reduces the impact of any single investment going wrong and helps improve risk-adjusted returns. For both groups, portfolios on the efficient frontier should include diversified ETFs.

- **Cost Efficiency:** ETFs generally have lower management fees compared to actively managed funds. For those who prioritize cost efficiency, selecting low-cost ETFs that align with the efficient frontier can significantly enhance net returns. This cost advantage is especially relevant for investors looking to maximize their financial outcomes while keeping expenses in check.

- **Liquidity:** The liquidity of ETFs allows investors to easily buy or sell shares, offering flexibility in portfolio management. For individuals who require this level of adaptability, portfolios that feature highly liquid ETFs provide a practical advantage.

- **Customization:** UHNW investors often demand bespoke investment solutions tailored to their specific preferences and needs. The efficient frontier accommodates this need by including options for customization, such as sector-specific or factor-based ETFs. These tailored solutions help UHNW individuals align their portfolios with their unique financial objectives.

Efficiency in investing is about making the most of what you have to work with, aiming for an ideal within the boundaries of the current market landscape. But what happens when the standard itself changes? Traditional strategies may falter. For example, the simple, passive strategies that once worked in a post-2008 era have started to crack under pressure. Fixed income allocations, traditionally seen as safe havens, failed to provide the protection investors expected when the Federal Reserve began tightening. Bonds, which were supposed to be reliable, turned volatile, shaking the confidence of many investors.

Similarly, reliance on broad market indexes such as the S&P 500 (SPY) is proving insufficient for today's investors. While these indexes offer valuable insights, they lack the tailored approach that modern clients demand. Wealth management has evolved beyond securing average returns—it now involves helping clients achieve specific, personalized financial goals, whether that means seeking higher returns or mitigating risk.

The reality is that the efficient frontier we once knew has shifted. The models that guided portfolio construction in the past may no longer align with the current market environment.

And while your clients think they can do it on their own, they can't.

Remember, according to DALBAR, the average equity fund investor underperformed the S&P 500 by 5.5% in 2023, marking the third-largest gap in a decade—and in a normally bullish year at that.

The performance gap largely resulted from emotional decision-making, with investors often selling during downturns and missing out on subsequent rebounds. Despite optimal portfolio allocations designed to balance risk and reward, many investors succumbed to loss aversion during market declines, particularly following 2022, and missed out on the recovery.

To continue delivering value, we need to redefine what efficiency and perfection mean in today's terms. The key is to refine strategies, embrace innovation, and build portfolios that are resilient to new challenges.

COMPARISON OF ETFs VS. MUTUAL FUNDS FROM AN INVESTOR'S POV

1 TOTAL COSTS OF OWNERSHIP
The overall cost of owning ETFs compared to mutual funds is generally comparable and can vary based on factors such as the investor's profile, fund type, and asset class

2 TOTAL EXPENSE RATIO
ETFs typically have a lower expense ratio due to factors such as the absence of a transfer agent, wider distribution capabilities, and increased price visibility and competition on exchanges

3 TRADING FEES
Retail investors are more likely to be impacted by additional expenses associated with ETFs, such as trading fees, compared to institutional investors

4 TAX ADVANTAGES
The US ETF market has experienced substantial growth, partly due to the significant tax advantages that ETFs enjoy compared to mutual funds

5 LIQUIDITY
ETFs offer greater liquidity compared to mutual funds because ETFs can be traded throughout market hours, while mutual funds only execute orders once a day

6 INVESTMENT MINIMUMS
ETFs generally have lower investment minimums, making them more accessible to retail investors and providing greater ease of access compared to other investment options.

7 TRANSPARENCY
ETFs offer a higher level of transparency compared to mutual funds. ETFs typically provide daily disclosure of their holdings, except for se-mi transparent ETFs, allowing investors to have more frequent access to information about the underlying securities. In contrast, mutual funds typically disclose their holdings on a quarterly basis.

8 INNOVATION
Recent data suggests that the launch of new funds in the ETF space is gaining market share, partially due to the reduced infrastructure costs associated with introducing ETFs.

9 ACCESSIBILITY
ETFs offer greater accessibility to the general public compared to mutual funds, as they are traded on exchanges and do not require an intermediary for transactions.

THE "RANDOM WALK" NARRATIVE WORKS WHEN YOU WANT PEOPLE TO FORGET ABOUT THEIR CONCERN AND DISENGAGE FROM THE PROCESS.

In a constantly changing landscape, the pursuit of an investment ideal is an ongoing process. Investors and advisors must learn from past experiences, adapt to new realities, and ensure that their strategies remain aligned with evolving definitions of the efficient frontier. By staying informed and responsive to market shifts, they can better position their clients for success, regardless of how the landscape of investing evolves.

BEYOND THE RANDOM WALK

The allure of passive strategies such as those involving the S&P 500 and similar index funds can be strong. They offer the comfort of a familiar, well-trodden path that leads the way. But what if your clients are seeking something beyond the standard route?

The investing landscape has shifted significantly since the days when Burton Malkiel's "random walk" theory suggested that passive investing was the best way to go. Malkiel's theory argues that stock prices move unpredictably and it's nearly impossible to consistently outperform the market through stock picking, so holding a diversified portfolio may be most beneficial long term. However, the theory may not hold as strongly today due to increased market complexity, information asymmetries, and the significant influence of a few dominant technology companies, which can skew traditional risk-return assumptions and diminish the effectiveness of passive strategies.

The concentration of big tech dominating the market, often referred to as the "Magnificent Seven," makes proper diversification tricky, especially if your clients are already heavily invested in these tech magnates. The handful of high-volatility giants can distort the risk-return balance that once made the S&P 500 so appealing. Although these stocks have performed well and earned their place at the top, as they grow, the index becomes more concentrated, and with that concentration comes increased volatility, which makes it harder to mitigate risk when things go awry.

In response to these changes, many investment managers are exploring more active strategies to enhance their clients' portfolios. Instead of completely overhauling the S&P 500, some managers are reweighting portfolios to increase cash yield, which might only provide a 1% advantage but can have a meaningful impact. This strategy could help cover fees, offset low bond yields, or even assist with required minimum distributions, offering a smoother investment experience in turbulent times.

Other managers are revisiting traditional stock-picking techniques, focusing on quality over sheer market size. This approach aligns with the belief that successful wealth management involves more than just tracking the market—it requires making informed, research-driven decisions that add value over time. By selecting high-quality stocks and fostering a deeper connection between investors and their investments, advisors can offer a more personalized and engaging experience. Clients often want to feel a connection to the companies they invest in, rather than just owning a slice of the market. Advisors can guide them on this journey and explain the story behind their investments.

While passive investing offers a straightforward approach, the evolving market landscape suggests that a more nuanced strategy might be necessary. By integrating active management and exploring alternative theories, advisors can provide clients with more personalized, engaging investment experiences, potentially uncovering unique opportunities beyond the traditional index fund route.

STORY FUNDS: NEW THEMES, OLD FAITH

While tweaking the core of a portfolio can add some stability or boost returns, the real magic happens on the edges and beyond the numbers, where you can connect with your clients by telling them the stories behind their investments.

Sometimes, these narratives are purely economic, where you generate alpha and improve your client's financial position, and there's no shortage of thematic funds that cater to almost every narrative you can imagine. However, economic gains aren't the only aspect of client satisfaction. The power of thematic investing lies in aligning investments with clients' interests and values to enhance their engagement. Find out what your clients are passionate about and get them involved. It's not just about making money—it's about making them feel connected to what their money is being invested in.

"Disruption" funds rely heavily on the manager's ability to predict future trends accurately. Investing in innovative technologies, businesses, and emerging industries that may challenge the status quo embodies classic active management: aiming to outperform the market by anticipating where it's heading. In an era dominated by passive index funds, investing in unique disruption funds may offer valuable diversification benefits.

Then there are more specialized thematic funds, which focus on niche interests that may not be covered by traditional-broad market funds. While some have been criticized for chasing trends, there's a renewed emphasis on integrating them into portfolios to meet specific investment goals and engage clients with emerging technologies and industries.

Similarly, high-impact bets in specialized and thematic areas can be more volatile, leading to significant gains or losses. However, when successful, they can be transformative and make clients feel more connected to their investments. The ones that don't pan out aren't large enough to cause significant damage, but the ones that do can be game-changers. And when they succeed, your clients won't just see them as investments—they'll see them as victories.

While adjustments to the core of a portfolio can offer stability and potential gains, the true value often lies in the more individualized and innovative aspects of investing—where stories and personal connections elevate the investment experience. Thematic funds, whether driven by economic gains or personal values, offer a chance to deeply engage clients by aligning their investments with their passions and interests.

ALL THE FLAVORS IN THE MODERN MARKET

What have we learned so far? You can reach for better outcomes than the random walk. It's possible. Over time, that's worth something.

And this is essential after "business as usual" hits a wall and reveals its limitations. We learn. We evolve. "Modern" portfolio theory is now 70 years old. It has been refined a lot along the way and keeps getting better.

After all, the last decade wasn't all about consolidating popular ideas into gigantic fund complexes. The world has changed a lot.

Whole asset classes emerged out of nowhere. Others got the technological and regulatory lift they needed to make the leap from institutional environments to the ETF format.

Think private equity and private debt. Think derivatives. Think pure hedge fund: all of the return characteristics, no complicated structure or qualified investor hurdles to jump.

EVALUATING A FUND

There's more to life than performance. Even with funds that ostensibly mirror the same index, you need to be conscious of "tracking error" and "tracking difference."

Tracking difference measures how closely the ETF tracks the index returns, while tracking error indicates the consistency of monitoring quality over time. Both metrics are equally important for determining the ETF's ability to mirror its index accurately.

Additionally, the choice of ETF provider is significant in performance evaluation. With a plethora of ETF providers in the market, factors such as size, scale, expertise, and commitment vary widely. Trust in the provider's technology capabilities to manage costs and risks efficiently is vital.

Understanding the underlying index is also essential. ETFs closely follow specific indexes or sectors. Indexes employ varying selection rules for their holdings, so selecting the correct index is crucial.

Consider your client's investment objectives when choosing an ETF. Do they actively seek exposure to country-specific, regional, or global assets? Which sectors or asset classes are they interested in? This consideration helps tailor your ETF selection to align with their investment goals.

ETFs have two primary structures: physical and synthetic. Physical ETFs hold the underlying assets of the index, while synthetic ETFs use derivatives to replicate index performance. Each structure has advantages and disadvantages, impacting risk levels and management costs.

Understanding the trading mechanics of ETFs is crucial. ETFs, like stocks, can be traded throughout the trading hours of the exchange, enhancing liquidity compared to managed funds. Awareness of trading times and liquidity layers is essential for practical trading strategies.

Assess the total cost of ETF ownership, comprising transaction costs and annual management fees. Beyond immediate costs, consider potential taxes and associated risks to determine the actual total cost.

Different types of ETFs entail varying levels of risk. ETFs holding foreign securities are subject to exchange rate movements, while those investing in bonds are sensitive to interest rate fluctuations. ETFs focused on emerging markets and commodities may face extreme market conditions.

In summary, prioritize performance evaluation, index selection, and ETF structure alignment with your client's investment objectives. Assess total costs comprehensively and choose a reputable ETF provider with the right technology and track record.

Advisors' fiduciary duty when choosing an ETF: The primary fiduciary law governing financial advisors in the United States is the Employee Retirement Income Security Act (ERISA) of 1974. Under ERISA, financial advisors who are considered fiduciaries must adhere to the fundamental principles of duty of loyalty, duty of prudence, duty of diversification, and duty of disclosure.

In addition to ERISA, the SEC has introduced regulations to establish a fiduciary duty for financial advisors who provide investment advice to retail clients. The SEC's Regulation Best Interest (Reg B.I.), implemented in 2020, requires brokers and investment advisors to act in the best interests of their retail clients when making investment recommendations.

How advisors pick a fund: Below is a non-exhaustive list of some specific obligations that an advisor has when choosing an ETF for a client.

Suitability: The advisor must ensure that the chosen ETF is suitable for the client's investment objectives, risk tolerance, time horizon, financial situation, and any other relevant factors.

Due diligence: The advisor has a responsibility to conduct thorough research and due diligence on their recommendations, including analyzing the ETF's investment strategy, performance track record, expense ratio, underlying assets, and provider's reputation and track record.

Disclosure of risks and fees: The advisor must provide clear and accurate information about the risks associated with investing in the ETF—including market risks, liquidity risks, and any specific risks related to the ETF's investment strategy or underlying assets—and disclose all fees and expenses associated with the ETF.

Monitoring and review: Once an ETF is selected, the advisor has an ongoing obligation to monitor the performance and suitability of the investment.

Conflict of interest disclosure: If the advisor or their firm receives compensation or incentives for recommending a particular ETF, they must disclose these conflicts of interest to the client and ensure that their recommendations are based on the client's best interests.

How to pick a fund for your client: There is no specific formula for selecting a client portfolio's "correct" ETFs. However, financial advisors typically follow a systematic approach. In addition to the client's investment objectives, risk tolerance, and overall investment style and strategy, key factors that help ensure suitability include:

- Asset allocation
- Index or strategy selection
- Expense ratio and fees
- Liquidity and trading volume
- Provider and reputation
- Market conditions and outlook
- Investment style and strategy
- Client preferences and restrictions
- Performance and historical data

When an old fund isn't working: An advisor might consider selling or replacing one or more ETFs to, for example, optimize the portfolio's performance, adjust the risk profile, or respond to changing market or economic conditions. The advisor will consider:

- Performance reassessment
- Asset allocation adjustment
- Sector or theme rotation
- Cost efficiency
- Improved solution availability
- Tax considerations
- Liquidity concerns
- Divergence from investment thesis

When considering these changes, advisors must weigh the costs of transactions, potential tax implications, and the impact on the overall investment strategy to ensure the portfolio remains aligned with the client's goals, risk tolerance, and investment horizon.

The suitability question: When selecting an ETF or creating a sleeve for ETFs, several considerations can impact the best choice to meet client's investment goals and risk tolerance. Advisors should:

- Define investment objectives
- Assess risk tolerance
- Determine the asset allocation
- Evaluate diversification
- Research ETFs
- Analyze holdings
- Integrate tracking error
- Gauge liquidity
- Analyze tax efficiency
- Evaluate performance
- Consider costs
- Review fund providers
- Determine suitability and fit

MAKE ROOM FOR INNOVATION

1. Does this ETF improve on an existing holding?

2. Does this ETF enhance my portfolio?

Answers to these questions are often personal. They depend on your client's immediate and long-term priorities and goals. Maybe they need current income. Maybe they're looking for a long-term payoff and are willing to tolerate years or even decades of frustration.

Once you've found a fund that performs a particular investment function better than something in your client's portfolio, it's time to make a switch.

If you're 100% convinced that the new solution is superior, sell out of the old position and replace it with the new one.

Otherwise, rotate out of the old and into the new on an incremental basis to give the new holding a chance to verify that it provides an enhanced experience.

And when you are unhappy with a given allocation, that's an incentive to look harder for a replacement. You might need to pay higher fees for higher returns, a smoother glide path or some other benefit. That's how this goes.

At a minimum, everything in the portfolio needs to be competitive according to whatever criteria matter to you. If fees matter, go for a low-cost provider that can at least match the category benchmark. If performance matters, look for alpha and be prepared to pay the price. Correlation and volatility (or the lack thereof) can also be important factors.

Keep in mind that some ETFs do not fit into the standard asset class scheme. "Modern" portfolio needs to keep evolving or it rapidly becomes obsolete.

A fund may blur conventional allocation lines: maybe it's an "alternative" investment or a new approach to standard stocks, bonds or even cash. When there isn't an existing sleeve in the portfolio to open up to something good, maybe it's time to take a few percentage points from other allocations to make it happen.

THE TACTICAL FRONTIER

You don't need to travel to exotic places to find places where innovation makes a difference. Even asset management complexes that once distributed their ideas only through managed accounts and proprietary fund placements are now opening up to the exchange-traded mind-set.

When it comes to innovation in investing, you don't need to look far to find cutting-edge strategies. Even firms that once reserved their best strategies for managed accounts or proprietary funds are now embracing ETFs. Advisors can now tap into exclusive strategies from top-tier names like DFA, AllianceBernstein, and Goldman Sachs—without compromising on diversification or performance. In fact, traditional mutual funds may actually lag behind in terms of fee efficiency and tax treatment.

These firms have spent years perfecting world-class trading and portfolio construction systems to squeeze out every bit of alpha. Now, they're packaging those strategies in ETFs that are accessible to any advisor. The once-elite insights from Wall Street's top banks are now available on the open market, giving everyone a chance to benefit. And these firms are constantly innovating, introducing new core strategies designed to challenge even the NASDAQ.

Proprietary traders, for example, are layering options around indexes to generate current income. These are brand new strategies, and being early to the game can give your clients a significant advantage. The level of sophistication involved means that while you might be able to manage it yourself, you probably wouldn't want to—leaving you free to focus on other areas where you can add value.

For those who cling to the "hold forever" mind-set, it's worth reminding them that there are always new opportunities to explore. You can help your clients move beyond the standard "random walk" approach and show them something different, something that might just outperform the benchmarks. Consider, for example, the fund-of-CEFs (Closed-End Funds) approach, which combines the steady income of traditional bonds with the potential for capital appreciation of stocks.

GIVE US ACCESS TO THE KEYS TO THE CASTLE, AND LET EVERYONE PICK THE VERSION THAT WORKS BEST FOR EACH CLIENT.

With more distribution channels opening up, more advisors have access to more sophisticated tools. It's all about finding the right fit for each client.

GO BEYOND THE PASSIVE SCREEN

The evolving world of ETFs offers boundless opportunities, with innovative options like single-stock ETFs, metaverse funds, and special-purpose acquisition company ETFs. But with thousands to choose from, finding the right fit can be daunting, and it can be tempting to lean on familiar ways.

Don't limit yourself to just one source. Listen to what other advisors are saying, keep an ear to the ground on financial media, and consider more than just the numbers. The market is full of potential winners, and while being the first to adopt a new ETF might seem appealing, it's not always the smartest move.

Instead, let the market do some of the heavy lifting. Let others beta-test new products and see how they perform in the real world. Consider jumping in when an ETF's assets reach a certain threshold, say $1 billion. A live track record will provide real-world insights that backtests simply can't, and watching how a fund performs during market ups and downs will help build your confidence in its future. Remember, the more assets a fund attracts, the better its liquidity, which in turn reduces trading costs. And if the broader market is flowing money into a particular ETF, chances are it's onto something good. Keep your eyes and ears open, there's more than one way to find an opportunity.

REFRESHER COURSE: WHY ETFs AT ALL?

Many advisors love exchange-traded funds, and for good reason:

Diversification: ETFs offer exposure to various assets, such as stocks, bonds, commodities, or sectors. This diversification helps reduce risk by spreading investments across multiple holdings.

Cost-effectiveness: ETFs typically have lower expense ratios than mutual funds. This is because ETFs are passively managed and aim to replicate the performance of a specific index rather than actively selecting and managing individual securities.

Liquidity: ETFs trade on stock exchanges throughout the day, allowing investors to buy or sell shares at market prices. This liquidity provides flexibility and ease of trading, especially during volatile market conditions.

Transparency: ETFs provide transparency as they disclose their holdings daily. Investors can see the underlying securities and their weightings, enabling them to make informed investment decisions. Mutual funds, on the other hand, typically disclose their holdings quarterly.

Tax efficiency: ETFs are structured in a way that can be more tax-efficient compared to mutual funds. Due to their unique creation and redemption process, ETFs can minimize capital gains distributions, potentially reducing tax liabilities for investors.

Flexibility: ETFs provide flexibility in terms of investment strategies and asset classes. Investors can choose from a wide range of ETFs that cover various market segments, sectors, geographic regions, or investment themes, allowing them to tailor their portfolios to their specific investment objectives.

However, some advisors have been more reluctant, preferring to keep clients in conventional 40 Act mutual funds or individual securities. But remember, diversifying a portfolio with ETFs is hassle-free.

Instead of selecting individual stocks or bonds, investing in ETFs grants clients ownership of a fund comprising numerous securities. These funds span various categories and even cross-asset classes, providing direct exposure to bonds, stocks, commodities, derivatives, and more complex instruments.

And exposure is as broad or narrow as you need for your clients. Many ETFs aim to mirror the performance of renowned indexes such as the S&P 500, offering exposure to broad market movements or specific segments. You can effectively diversify any investment portfolio or tailor risk/return characteristics by combining different ETFs representing diverse asset classes or industries.

KNOW THE RISKS

The broad spectrum of securities within ETFs can help mitigate risk; if a few holdings decline in value, the remaining assets within the ETF can help offset losses. While ETFs don't eliminate risk entirely, they often entail less risk compared to investing solely in individual companies.

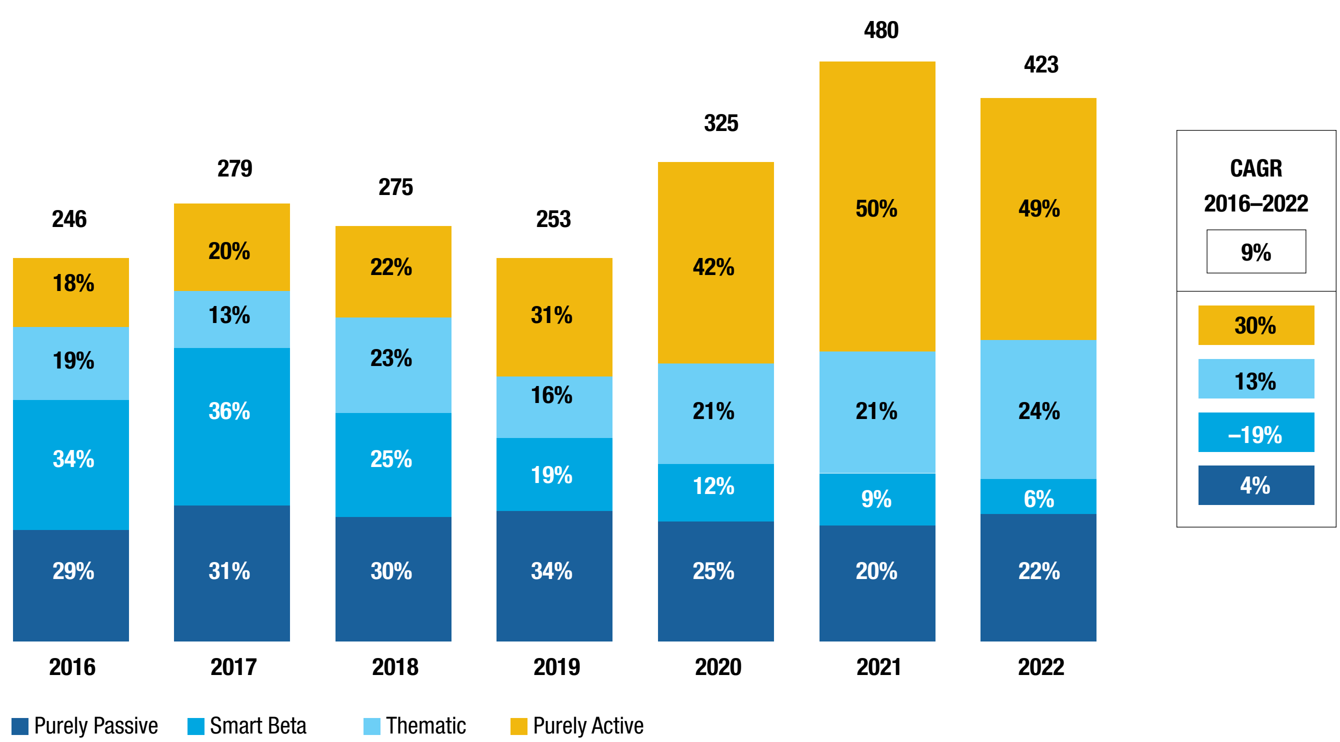
There are risks associated with ETF investing, including those detailed below.

Market risk: ETFs are subject to market fluctuations and can experience losses due to factors such as economic conditions, geopolitical events, or changes in investor sentiment. If the underlying assets in the ETF decline in value, the ETF's price will also decrease.

Tracking error: ETFs aim to replicate the performance of a specific index or asset class. However, there can be a slight difference between the ETF's performance and the underlying index due to factors like fees, trading costs, and imperfect replication. This tracking error can impact returns.

Liquidity risk: While ETFs are generally considered liquid investments, some ETFs may have lower trading volumes and less liquidity than others. This can result in wider bid-ask spreads and potential difficulty in buying or selling shares at desired prices, especially during volatile market conditions.

NUMBER OF FUNDS, 2016–2022



SOURCES: 2023 MORNINGSTAR, OLIVER WYMAN ANALYSIS

A VAST UNIVERSE TO EXPLORE

The "random walk" message succeeded too well and now the big index fund complexes dominate the ETF market with trillions of dollars in AUM. They're mass market brands with a gigantic market footprint you can practically see from space. And that's great for investors who don't want to be anywhere but in the lowest common denominator.

But your clients are special. They want special treatment and are willing to pay for a more rarefied experience than they can get in the trillion-dollar crowd. That's why they're your clients, right? And that's why we urge every advisor to dig a little deeper for great ideas. Maybe there's a strategy hidden on the screen that delivers tangible alpha even after you factor out fees. Maybe there's a way to smooth the specific parts of the market cycle that make your clients nervous.

In our view, the rise of "old fashioned" active security selection in the ETF format is the most exciting thing to happen in asset management over the past decade. These funds are a long way from world domination. That's the opportunity. Finding the right differentiated solution for a client's differentiated situation is how you get ahead of the curve. The passive walk is random. Yours is planned.

RANK	FIRM	TOTAL AUM ($ BILLIONS)
1	**iShares**	$2,676.53
2	**Vanguard**	$2,474.59
3	**State Street**	$1,249.23
4	**Invesco**	$494.96
5	**Charles Schwab**	$331.35
6	**First Trust**	$159.59
7	**JPMorgan**	$143.90
8	**Dimensional**	$126.49
9	**WisdomTree**	$75.79
10	**ProShares**	$69.83
11	**VanEck**	$69.67
12	**Fidelity**	$63.23
13	**Global X**	$43.84
14	**American Century**	$40.70
15	**Pacer**	$40.09
16	**Direxion**	$39.58
17	**Grayscale**	$38.44
18	**Goldman Sachs**	$33.92
19	**PIMCO**	$24.82
20	**Capital Group**	$22.82
21	**FlexShares**	$20.85
22	**Xtrackers**	$20.24
23	**Innovator**	$18.04
24	**Franklin Templeton**	$17.69
25	**BlackRock**	$16.91

SOURCE: MORNINGSTAR

Sector concentration risk: Some ETFs focus on specific sectors or industries. The ETF's performance may be negatively affected if the sector experiences a downturn or faces regulatory or economic challenges.

Counterparty risk: Certain ETFs use derivatives or engage in securities lending to achieve their investment objectives. This introduces counterparty risk, as the ETF is exposed to the counterparties' creditworthiness. If a counterparty defaults, it can impact the ETF's performance.

Tax considerations: ETF investors may be subject to capital gains taxes when selling shares, especially if the ETF has a significant turnover or distributes capital gains to shareholders. It's essential to understand the tax implications of investing in ETFs.

Embracing ETFs can save your clients money in the long run. Unlike individual stock transactions that incur fees each time, ETFs involve a single transaction fee for access to a comprehensive array of assets.

Although management fees still apply, ETFs generally boast lower annual expenses than mutual funds. For instance, the average equity ETF charges a modest 0.53% in annual costs, considerably lower than the 1.42% charged by the typical U.S. equity mutual fund.

ETFs offer the flexibility of trading akin to stocks. While mutual funds only trade at day's end, ETFs trade continuously throughout market hours, akin to traditional stocks and commodities.

This real-time trading capability empowers investors to buy and sell ETF shares at their discretion, just as they would with individual stocks. With ETFs exchanging hands hundreds of times daily on the stock market, investors enjoy the freedom to enter swiftly and exit positions.

THE COST STRUCTURE

ETFs make money through a combination of management fees, transaction fees, and securities lending.

Management fees: ETFs charge investors an annual management fee, also known as an expense ratio. This fee is a percentage of the total assets under management and covers the costs associated with managing the ETF, including portfolio management, administration, and marketing.

Transaction fees: ETFs may also generate revenue from transaction fees. These fees are charged when investors buy or sell shares of the ETF. The transaction fees vary depending on the brokerage platform used and the specific ETF.

Securities lending: Some ETFs engage in securities lending to generate additional income. In securities lending, the ETF lends out a portion of its portfolio holdings, typically to institutional investors, in exchange for collateral. The ETF earns income from the interest or fees charged on the loaned securities.

The management fees ETF providers charge can vary based on several factors, including the investment strategy, the complexity of the fund, and the assets under management. There are a few reasons why some ETFs may charge higher fees compared to other ETFs.

Active vs. passive management: ETFs that are actively managed, meaning the fund manager actively selects and manages the underlying assets, tend to have higher fees compared to passively managed ETFs. Active management involves more research, Analysis, and trading, which can increase the costs associated with managing the fund.

Complexity and specialized strategies: Some ETFs employ complex investment strategies or focus on niche markets or sectors. These specialized ETFs may require more expertise and resources to manage, resulting in higher fees.

Assets under management: Larger ETFs with a higher amount of assets under management can benefit from economies of scale. As the fund grows, the management fees can be spread across a more extensive asset base, resulting in lower fees for investors. Conversely, smaller ETFs may have higher fees to cover their operating costs.

Index licensing fees: Some ETFs track proprietary or custom indexes, which may require licensing fees to use. These licensing fees can contribute to higher expense ratios for the ETF.

Trading costs: ETFs that have higher trading volumes and more liquidity tend to have lower trading costs, which can be reflected in lower expense ratios. On the other hand, ETFs with lower trading volumes or less liquid underlying assets may have higher trading costs, leading to higher fees

Alpha: If you deliver better results, you deserve to charge a premium fee. And it can make sense for investors to pay that fee.

THE RETURN PROFILE

Clients or investors can make money from ETFs in a few ways:

Capital appreciation: If the price of the ETF's underlying assets increases, the value of the ETF shares will also increase. Investors can sell their shares at a higher price than they initially paid, resulting in a capital gain.

Dividends and interest: Some ETFs invest in assets that generate income, such as stocks that pay dividends or bonds that pay interest. Investors in these ETFs can receive a portion of the revenue generated by the underlying assets in the form of dividends or interest payments.

Distributions: ETFs may distribute capital gains to investors if the fund sells securities at a profit. These distributions are typically made annually or semi-annually and can be reinvested or taken as cash.

CATEGORY AND STYLE

There is no definitive number of ETF categories, as the classification of ETFs can vary depending on different criteria and perspectives. However, below is an overview of some commonly recognized categories of ETFs. This list is incomplete, as new categories may emerge over time.

Equity ETFs: These ETFs invest in stocks and represent ownership in companies. They can be broad-based, tracking broad market indexes like the S&P 500 or focusing on specific sectors, regions, or market capitalizations. Examples include technology ETFs, healthcare ETFs, emerging market ETFs, and small-cap ETFs.

Sample equity ETF tickers: SPDR S&P 500 ETF Trust (SPY), Technology Select Sector SPDR Fund (XLK), iShares Global Healthcare ETF (IXJ), iShares MSCI Emerging Markets ETF (EEM), iShares Russell 2000 ETF (IWM)

Bond ETFs: Bond ETFs invest in fixed-income securities such as government bonds, corporate bonds, municipal bonds, or high-yield bonds. They can focus on specific durations, credit qualities, or bond market sectors. Examples include Treasury bond ETFs, corporate bond ETFs, and municipal bond ETFs.

Sample bond ETF tickers: iShares 20+ Year Treasury Bond ETF (TLT), iShares iBoxx $ Investment Grade Corporate Bond ETF (LQD), iShares National Muni Bond ETF (MUB)

Sector ETFs: These ETFs focus on specific sectors of the economy, such as technology, healthcare, energy, or financials. They provide exposure to a particular industry or sector and allow investors to target specific areas of the market.

Sample sector ETF tickers: Select Sector SPDR Funds (XLF for financials, XLE for energy, XLK for technology, etc.)

International ETFs: International ETFs provide exposure to stocks or bonds of companies or countries outside of the investor's home country. They can focus on specific regions, such as Europe, Asia, or emerging markets, or provide broad global exposure.

Sample international ETF tickers: iShares MSCI EAFE ETF (EFA), Vanguard FTSE Emerging Markets ETF (VWO)

Commodity ETFs: Commodity ETFs invest in physical commodities like gold, silver, oil, natural gas, or agricultural products. They can provide exposure to the price movements of these commodities without the need for physical ownership.

Sample commodity ETF tickers: SPDR Gold Shares (GLD), United States Oil Fund (USO), Invesco D.B. Agriculture Fund (DBA)

Real Estate ETFs: Real estate ETFs invest in real estate investment trusts (REITs) or companies involved in the real estate industry. They provide exposure to the real estate market and can focus on residential, commercial, or specialized sectors of real estate.

Sample real estate ETF tickers: Vanguard Real Estate ETF (VNQ), iShares U.S. Real Estate ETF (IYR)

Dividend ETFs: Dividend ETFs focus on stocks that pay regular dividends. They can target high dividend yield stocks, dividend growth stocks, or companies with a history of consistent dividend payments.

Sample dividend ETF tickers: iShares Select Dividend ETF (DVY), Vanguard Dividend Appreciation ETF (VIG)

Factor-based ETFs: Factor-based ETFs follow specific investment factors such as value, growth, momentum, quality, or low volatility. These ETFs aim to capture particular investment styles or factors that have historically shown to outperform the broader market.

Sample factor-based ETF tickers: iShares Russell 1000 Value ETF (IWD), iShares Russell 1000 Growth ETF (IWF), Invesco S&P 500 Low Volatility ETF (SPLV)

Smart beta ETFs: Smart Beta ETFs combine active and passive investing elements. They use alternative weighting schemes or rules-based methodologies to construct portfolios that aim to outperform traditional market-cap-weighted indexes.

Sample smart beta ETF tickers: Invesco S&P 500 Equal Weight ETF (RSP), iShares Edge MSCI USA Quality Factor ETF (QUAL)

ESG ETFs: ESG (environmental, social, and governance) ETFs focus on companies that meet certain sustainability and ethical criteria. They consider environmental and social impact, as well as corporate governance practices.

Sample ESG ETF tickers: iShares ESG MSCI USA ETF (ESGU), Xtrackers MSCI USA ESG Leaders Equity ETF (USSG)

There are several different styles of ETF investing that investors can consider based on their investment objectives and preferences:

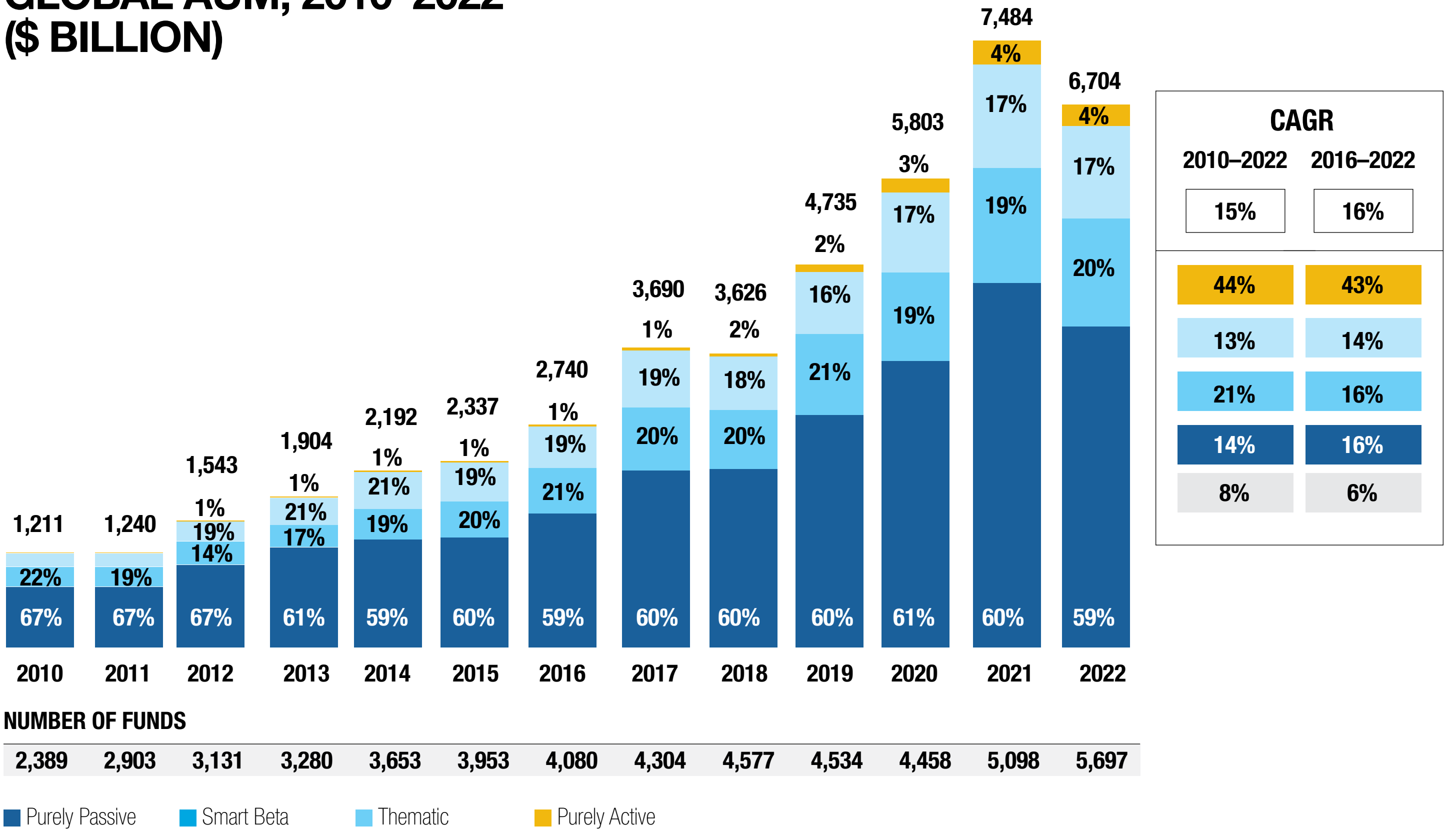
Passive/index investing: This style involves investing in ETFs that aim to replicate the performance of a specific index, such as the S&P 500 or the FTSE 100. Passive/index ETFs typically have low expense ratios and seek to provide broad market exposure.

Active investing: Active ETFs are managed by portfolio managers who aim to outperform a benchmark index through active stock selection and market timing. Due to the active management involved, these ETFs may have higher expense ratios compared to passive/index ETFs.

Value investing: Value ETFs focus on investing in stocks that are considered undervalued based on fundamental Analysis. These ETFs typically seek out companies with low price-to-earnings (P/E) ratios, low price-to-book (P/B) ratios, or other value-oriented metrics.

Growth investing: Growth ETFs target companies that are expected to experience above-average growth rates in earnings or revenue. These ETFs typically invest

GLOBAL AUM, 2010–2022 ($ BILLION)



SOURCES: 2023 MORNINGSTAR, OLIVER WYMAN ANALYSIS

in companies with high price-to-earnings (P/E) ratios or high price-to-sales (P/S) ratios.

Dividend investing: Dividend ETFs focus on investing in stocks that pay regular dividends. These ETFs may target companies with a history of consistent dividend payments, high dividend yields, or dividend growth.

Momentum investing: Momentum ETFs seek to capture the trend-following strategy by investing in stocks or other assets that have shown positive price momentum. These ETFs aim to benefit from the continuation of recent price trends.

Quality investing: Quality ETFs focus on investing in companies with strong financials, stable earnings, and solid balance sheets. These ETFs typically target companies with high return on equity (ROE), low debt levels, and consistent profitability.

Low-volatility investing: Low-volatility ETFs invest in stocks or other assets that have historically exhibited lower price volatility compared to the broader market. These ETFs aim to provide downside protection during market downturns.

Factor-based investing: Factor-based ETFs follow specific investment factors such as value, growth, momentum, quality, or low volatility. These ETFs aim to capture the excess returns associated with these factors and may combine multiple factors in their investment approach.

ESG investing: ESG (environmental, social, and governance) ETFs focus on investing in companies that meet certain sustainability and ethical criteria. These ETFs consider environmental and social impact and corporate governance practices in their investment selection.

These styles of ETF investing are not mutually exclusive, and investors can combine different styles based on their investment goals and risk tolerance. Additionally, the availability and specific characteristics of ETFs within each style may vary among other providers.

FROM ASSET CLASS TO ALLOCATION

Equity ETFs mirror an index of stocks, offering a range of options from large to small businesses and even country-specific stocks. They also provide exposure to specific sectors like technology or banking, catering to investors looking to capitalize on current market trends.

DIVERSIFYING A PORTFOLIO IS KEY, AND BOND OR FIXED-INCOME ETFs OFFER A STABLE RETURN WITH POTENTIALLY LOWER RISK COMPARED TO EQUITIES.

Diversifying a portfolio is key, and bond or fixed-income ETFs offer a stable return with potentially lower risk compared to equities. Professionals favor these investments because of their role in spreading investment risk.

Commodities like gold, silver, or oil can be challenging to access directly, making ETFs an attractive option. However, they may need to be more transparent, often utilizing derivatives to track commodity prices, which introduces additional risks like counterparty risk.

Currency ETFs invest directly or through derivatives in single or multiple currencies (and now cryptocurrencies). While offering opportunities for currency speculation or hedging, they also carry added risk, particularly when derivatives are involved.

Leveraged and inverse ETFs cater to investors seeking amplified returns but come with significantly higher risk. Inverse funds rise when the target index falls, mimicking short-selling, while leveraged funds aim to enhance returns by borrowing additional funds, denoted by multiples like 2X.

Alternative Investments: Some ETFs offer exposure to alternative investments, such as hedge fund strategies, private equity, infrastructure, or volatility indexes.

Real estate ETFs invest in real estate investment trusts (REITs) or actual estate-related companies, providing exposure to the real estate market without direct property ownership.

Factor investing targets specific drivers of returns across asset classes, often implemented through rules-based ETFs known as “Smart Beta.” This strategy, long utilized by institutional investors and active managers, provides investors with exposure to various market factors.

Finally, the rapidly expanding range of sustainable ETFs integrates environmental, social, and governance (ESG) considerations into traditional investment approaches. Driven by demographic shifts, government policies, and evolving risk perceptions, sustainable investing is gaining traction among a diverse investor base. Recently, there has been a significant rise in the introduction of innovative ETF products that specifically cater to today’s investors’ environmental and socially responsible preferences. These products offer investors the chance to align their investments with modern themes and trends and provide an avenue to support their environmental and social values.

ACTIVE MANAGER, ETF WRAPPER

The core concept of an actively managed ETF revolves around portfolio managers making strategic adjustments to the fund’s investments without being bound by the strictures of tracking an index, unlike passively managed ETFs.

These managers seek to surpass a benchmark through meticulous research and strategic decisions. Like their passive counterparts, traditional actively managed ETFs disclose their holdings daily and are traded throughout the day, setting them apart from comparable mutual funds.

While passive ETFs have historically dominated the market and still command a significant share of ETF assets, the actively managed segment has witnessed remarkable growth and substantial inflows.

Some advantages include:
Potential for higher returns: Unlike passively managed ETFs that aim to track a benchmark, actively managed ETFs have the potential to outperform the benchmark through strategic investment decisions.

Lower costs compared to similar funds: The structure of actively managed ETFs may allow for lower expenses relative to comparable mutual funds. On average, ETFs generally have lower costs compared to mutual funds. When examining the average management fees across various strategies, purely passive and hybrid ETFs (such as smart beta and thematic ETFs) have approximately 20% lower fees on average compared to passively managed and hybrid mutual funds. The difference in management fees becomes even more pronounced for purely actively managed funds, with actively managed ETFs having nearly 50% lower costs compared to actively managed mutual funds.[1]

Flexibility: Similar to index ETFs, actively managed ETFs offer investors the flexibility to trade throughout the day, including engaging in short sales and margin trading. This potentially enhances liquidity compared to funds without intraday trading capabilities.

DON’T FORGET TAX ALPHA

Tax alpha refers to the additional after-tax returns that can be generated by implementing tax-efficient investment

[1]Note: the number of active ETFs available in the market is still significantly smaller (about 500 ETFs) compared to the number of mutual funds (more than 14,000).

strategies. ETFs are often associated with tax alpha due to their unique structure and features.

ETFs are widely known for their tax efficiency, but delving into the intricacies of the tax treatment of different asset classes unveils a landscape of complexity. Continue reading to gain insight into capital gains distributions, dividends, interest, K-1 statements, collectibles, tax rates, and more. Understanding these nuances could lead to tax savings.

ETFs can potentially contribute to tax alpha in several ways:.
In-kind creations and redemptions: ETFs utilize an in-kind creation and redemption process, which allows authorized participants (APs) to exchange a basket of securities for ETF shares or vice versa. This mechanism helps ETFs minimize taxable capital gains distributions. When an AP redeems ETF shares, the ETF can distribute low-cost basis securities, reducing the potential for capital gains.

Lower portfolio turnover: ETFs, particularly index-based ETFs, tend to have lower portfolio turnover compared to actively managed mutual funds. Lower turnover means fewer taxable events, resulting in potential tax savings for investors.

Tax efficiency of indexing: Many ETFs are designed to track specific indexes, which can lead to tax efficiency. Indexing strategies generally involve less frequent buying and selling of securities, reducing the realization of capital gains and associated tax liabilities.

Tax-loss harvesting: ETFs can be used for tax-loss harvesting strategies. Investors can sell ETFs that have experienced losses to offset capital gains from other investments, potentially reducing their overall tax liability.

Equity and bond ETFs—capital gains: ETF investors have more control over realizing capital gains. They can choose when to sell their ETF shares,

ETFs ARE WIDELY KNOWN FOR THEIR TAX EFFICIENCY, BUT DELVING INTO THE INTRICACIES OF THE TAX TREATMENT OF DIFFERENT ASSET CLASSES UNVEILS A LANDSCAPE OF COMPLEXITY.

allowing for greater flexibility in managing their tax obligations. ETFs, mainly passively managed equity ones, are lauded for their tax efficiency. These funds typically track an index passively, resulting in minimal capital gains distributions compared to actively managed mutual funds. Additionally, ETF managers have strategies to mitigate capital gains when creating or redeeming shares.

However, ETFs holding dividend-paying stocks will distribute earnings to shareholders, usually annually, while dividend-focused ETFs may do so more frequently. Qualified dividends may enjoy lower tax rates, while interest from bond ETFs is taxed as ordinary income.

The taxation depends on the holding period and income level when selling an equity or bond ETF. Holding for more than a year subjects gains to long-term capital gains taxes, while shorter durations lead to ordinary income tax rates.

Commodity ETFs—K-1s and the 60/40 rule: Commodity ETFs, which invest via futures contracts, can complicate tax filings. Structured as limited partnerships, these ETFs issue K-1 forms, potentially delaying tax reporting. Moreover, investors may face unrelated business taxable income (UBTI) concerns.

The 60/40 rule governs gains and losses from commodity ETF sales, attributing 60% to long-term gains and 40% to short-term profits, regardless of holding duration. This rule impacts taxation irrespective of the ETF's holding period.

To simplify tax treatment, newer commodity ETFs allocate a portion of assets to offshore subsidiaries, treating investments more akin to equities or bonds.

Precious metals ETFs—collectibles tax rate: ETFs focused on precious metals, structured as grantor trusts, are taxed as collectibles. Long-term gains face a maximum rate of 31.8%, with short-term gains taxed as ordinary income. However, ETFs structured differently may have distinct tax implications.

Currency ETFs: Currency ETFs' taxation varies based on structure. Open-end funds face long-term rates up to 23.8% or short-term rates up to 40.8%, while grantor trusts or limited partnerships adhere to the 60/40 rule or ordinary income rates, respectively.

Investing in exchange-traded notes (ETNs): ETNs pose credit risk, as they rely on the issuer's credit. Although they don't distribute dividends or interest, selling ETNs may incur capital gains taxes similar to ETFs.

Understanding the tax implications of ETFs and ETNs is crucial for informed investment decisions.

WHO OWNS THE SECURITIES?

When considering an ETF, understanding its structure is essential as it determines how the target index is tracked, its assets, and the level of visibility and risk involved. These factors ultimately influence total cost and expected returns.

Most ETFs in the market today follow the physical replication method. These ETFs offer simplicity and transparency by directly holding some or all of the underlying assets of the target index. For instance, an ETF tracking the STI (Straits Times Index) may have either all the stocks listed on the STI or a selected core basket of those stocks.

Synthetic ETFs do not invest directly in assets but instead use derivatives, such as futures contracts, to replicate the performance of the target index. For example, a synthetic ETF tracking crude oil might hold a series of oil futures contracts, typically arranged with a third party such as an investment bank.

Synthetic ETFs appeal to investors seeking exposure to assets that are not easily accessible through traditional exchanges, such as China A shares, or to commodities that are challenging to hold directly, like crude oil. While offering potentially higher returns, synthetic ETFs also come with increased risk, notably counterparty risk—the risk that the counterparty fails to deliver the agreed-upon returns specified in the ETF contract.

WHERE WE GO FROM HERE

The ETF market has experienced substantial growth over the past two decades, with notable advancements in the last five years.

During this period, there has been a surge in the introduction of innovative ETF products that cater to the environmental and socially responsible preferences of today's investors.

While ETFs have traditionally been associated with passive investments that track broad equity indexes, the ETF landscape is entering a new phase of growth driven by the emergence of active ETFs.

The outlook for the ETF industry is generally positive, with several factors contributing to its continued growth and development. Several key trends and factors are shaping a favorable position.

Increasing adoption: The adoption of ETFs by both retail and institutional investors is expected to continue growing. ETFs offer benefits such as diversification, liquidity, and cost-efficiency, which make them attractive investment options.

Innovation and product expansion: The ETF industry is witnessing ongoing innovation, with the introduction of new and specialized ETF products. This includes thematic ETFs, ESG-focused ETFs, actively managed ETFs, and ETFs targeting specific sectors or asset classes. This product expansion will attract investors seeking exposure to specific investment themes or strategies.

ESG and sustainable investing: Environmental, social, and governance (ESG) investing is gaining prominence, and ETFs focused on ESG and sustainable investing are experiencing increased demand. Investors are increasingly seeking investment options that align with their values and have a positive impact.

Technological advancements: Technology continues to play a significant role in the ETF industry. Digital platforms and robo-advisors are making it easier for investors to access and invest in ETFs. Additionally, trading technology and data analytics advancements are enhancing the efficiency and transparency of ETF trading and management.

Regulatory developments: Regulatory changes and advancements are shaping the ETF industry. For example, the introduction of non-transparent and semi-transparent ETF structures has expanded the possibilities for active management within the ETF space.

Regulatory frameworks are also evolving globally to accommodate the growth and complexity of the ETF industry.

Global expansion: The ETF industry is expanding globally, with increased adoption and product offerings in various regions. While the U.S. remains the largest market for ETFs, Europe and Asia are experiencing significant growth and are expected to contribute to the industry's expansion.

ALPHA BLUE CAPITAL MANAGEMENT LP
David M. Dabora
Managing Partner

ABCS—Alpha Blue Capital US Small-Mid Cap Dynamic ETF—is an innovative and pioneering Dynamic Active ETF that integrates a repeatable fundamental bottom-up security selection investment process practiced for 30+ years with the flexibility to invest in Vanguard Small & Mid Cap passive CRSP Equity Index ETFs all in one ETF.

ABCS ETF's investment objective is to seek to achieve long-term capital appreciation. Targeted annualized alpha and investment performance of 1%–3% in excess of the Bloomberg US 2500 (Small-Mid) Index returns over a full market cycle. With the opportunity to provide diversification and outperform the Larger Cap broader US market's returns by focusing on the bottom 30% of the US market by market cap.

αβ AlphaBlue CAPITAL

Alpha Blue Capital Management LP
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alphabluecapitalabcs.com

Alpha Blue Capital is located in the San Francisco Bay Area providing Fundamental Research & Value-Focused Investment Management with a 30+ year distinctive approach firmly based on a disciplined Investment Philosophy, Process & Strategies. Focusing on security selection and portfolio characteristics with attractive Valuation, sound Fundamentals, Quality & positive business Momentum (V, F, Q, M). The firm is an Investment Adviser & ETF Sponsor that provides investment research, management & advisory services for Alpha Blue Capital US Small-Mid Cap Dynamic ETF (Nasdaq ticker: ABCS).

The ETF is managed by the Founding Partner & Portfolio Manager from the San Francisco Bay Area city of Greenbrae in Marin County, California.

ETF Architect, based in the Philadelphia area, is the adviser, providing ETF white label operations and the EA Series Trust.

ABCS ETF—A Dynamic Active Portfolio of Small & Mid Cap Stocks That Integrates Vanguard Small & Mid Cap Passive CRSP Equity Index ETFs All in One ETF

Alpha Blue Capital Management LP is the ETF sponsor & sub-adviser providing fundamental research, portfolio management strategy and decision making for ABCS. ETF Architect is the adviser, providing ETF white label operations and the EA Series Trust. ABCS's dynamic active process focuses on its "4-levels" of bottom-up stock selection based on attractive Valuation, sound Fundamentals, Quality and positive business Momentum. Vanguard Index ETFs provide the strategic and tactical flexibility for style, size and risk management.

TICKER	NAME	CATEGORY	GROSS EXPENSE	NET EXPENSE
ABCS	ALPHA BLUE CAPITAL US SMALL-MID CAP DYNAMIC ETF	ACTIVE EQUITY	0.42%	0.27%

[1]Alpha: A measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark is a fund's alpha.

Disclosures: ***The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory prospectus and prospectus contain this and other important information about the investment company, and it may be obtained by calling 215-882-9983 or visiting https://alphabluecapitalabcs.com/. Read it carefully before investing.***

Investments involve risk. Principal loss is possible. The Fund is actively-managed and is subject to the risk that the strategy may not produce the intended results. The Fund is new and has a limited operating history to evaluate.

Growth-Style Investing Risk. Stocks of companies the Sub-Adviser believes are fast-growing may trade at a higher multiple of current earnings than other stocks. If the Sub-Adviser's assessment of a company's prospects for earnings growth, or how other investors will value the company's earnings growth, is incorrect, the price of the stock may fall or may never reach the value the Sub-Adviser has placed on it. **Value-Style Investing Risk.** Value stocks can perform differently from the market as a whole and from other types of stocks. Value stocks may be purchased based upon the Sub-Adviser's belief that the stock may be out of favor. Value investing seeks to identify stocks that have depressed valuations, based upon a number of factors which are thought to be temporary in nature, and to sell them at superior profits should their prices rise in response to resolution of the issues which caused the valuation of the stock to be depressed. **Foreign Securities Risk.** Investments in non-U.S. securities involve risks that may not be present with investments in U.S. securities. For example, investments in non-U.S. securities may be subject to risk of loss due to foreign currency fluctuations or to political or economic instability. **Non-Diversification Risk.** Because the Fund is non-diversified, it may be more sensitive to economic, business, political or other changes affecting individual issuers or investments than a diversified fund, which may result in greater fluctuation in the value of the Fund's Shares and greater risk of loss. **Business Development Company (BDC) Risk.** BDCs generally invest in less mature U.S. private companies or thinly traded U.S. public companies which involve greater risk than well-established publicly traded companies. Real Estate Investment Risk. The Fund's investments in real estate companies and companies related to the real estate industry subject the Fund to risks associated with the direct ownership of real estate securities. **New Fund Risk.** The Fund is a recently organized management investment company with no operating history. As a result, prospective investors have no track record or history on which to base their investment decision. There can be no assurance that the Fund will grow to or maintain an economically viable size. **Small-Capitalization Companies Risk.** Investing in securities of small-capitalization companies involves greater risk than customarily is associated with investing in larger, more established companies.

ETFs may trade at a premium or discount to their net asset value. Redemptions are limited and often brokerage commissions are charged on each trade which may reduce returns.

The fund may invest in medium-capitalization companies which may be subject to greater risks than large company stocks due to limited resources and inventory as well as more sensitivity to adverse market conditions.

The Fund is distributed by Quasar Distributors, LLC. The Fund investment advisor is Empowered Funds, LLC, which is doing business as EA Advisers. The Fund's sub-advisor is Alpha Blue Capital Management LP.

AMPLIFY ETFs
Christian Magoon
Founder and CEO

Behind Amplify ETFs

Christian Magoon, the Founder and CEO of Amplify ETFs, is well known for his contributions to the ETF industry. With nearly 100 ETF launches, he has been instrumental in driving the widespread adoption of ETFs through his advocacy and educational efforts. Christian has consistently displayed an innovative approach, introducing new and pioneering strategies to the market in collaboration with leading investment managers and index providers.

Christian has been honored to receive recognition for his impact in the ETF industry and has been referred to as an "ETF Pioneer" by both *The Financial Times* and *Financial Planning Magazine*. Appearing regularly on CNBC's "ETF Edge" and other national, trade, and business press, Christian lends his insights about the latest developments in the ETF industry, sector-specific observations, as well as advancements and new offerings from Amplify ETFs.

Amplify ETFs
3333 Warrenville Rd, Ste 350, Lisle, IL 60532 • amplifyetfs.com

At **Amplify ETFs**, our goal is to enhance the value of investors' portfolios through a diverse range of actively managed and index-based ETFs. Our ETFs are designed to provide access to attractive income generation, bolster core allocations, and capitalize on transformative growth trends. Our seasoned team utilizes a combination of technical analysis, fundamental research, and quantitative modeling to offer distinctive exposure to various asset classes, sectors, and themes.

Aligned with our client-centric approach, we offer educational materials and valuable resources to empower investors in making well-informed decisions. We firmly believe in equipping investors with the knowledge and essential tools required to help navigate the ever-changing investment landscape and capitalize on emerging opportunities.

Explore the possibilities at **AmplifyETFs.com**.

Amplify Your Future!

Amplify ETFs offers access to innovative investment strategies focused on generating attractive income, strengthening core allocations, and tapping into transformational growth trends. Explore Amplify ETFs' selection of actively managed and index-based ETFs today at **AmplifyETFs.com**.

TICKER	NAME	CATEGORY	EXPENSE
BLOK	AMPLIFY TRANSFORMATIONAL DATA SHARING ETF (BLOCKCHAIN)	GROWTH	0.76%
HACK	AMPLIFY CYBERSECURITY ETF	GROWTH	0.60%
IDVO	AMPLIFY INTERNATIONAL ENHANCED DIVIDEND INCOME ETF	INCOME	0.66%
SILJ	AMPLIFY JUNIOR SILVER MINERS ETF	GROWTH	0.69%
SOF	AMPLIFY SAMSUNG SOFR ETF	INCOME	0.20%

Disclosures: Carefully consider the Fund's investment objectives, risks, charges, and expenses before investing. This and other information can be found in the Fund's statutory and summary prospectuses, which may be obtained at AmplifyETFs.com. Read the prospectus carefully before investing.

Investing involves risk, including the possible loss of principal. There can be no assurance that the Funds' investment objectives will be achieved. Shares of any ETF are bought and sold at market price (not NAV), may trade at a discount or premium to NAV and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. BLOK does not invest directly in blockchain technology, but invests in companies actively involved in the development and utilization of blockchain technology. BLOK is also comprised of companies that are partnering with and/or directly investing in companies that are actively engaged in this technology, as well as companies acting as members of multiple consortiums dedicated to this technology.

Amplify ETFs are distributed by Foreside Fund Services, LLC.

BONDBLOXX
Joanna Gallegos
Co-Founder and COO

BondBloxx is the first ETF issuer to focus solely on fixed income, offering a range of exposures spanning U.S. Treasuries, investment grade, high yield, and emerging markets bonds.

Advisors use BondBloxx ETFs to access precise fixed income exposures. Our funds offer advisors more flexibility and choice in fixed income, similar to the breadth of products in the equity ETF landscape, enabling them to refine their investment strategies and risk management.

We see advisors using our ETFs in a variety of ways, including:

- Managing strategic cash with our short duration U.S. Treasury ETFs and Tax-Aware ETF
- Expressing their views on interest rates by using our ETFs that span the U.S. Treasury yield curve
- Implementing active views on specific bond market categories
- Enhancing after-tax return potential using a tax-aware bond strategy
- Redeploying broad bond market allocations to capture more precise opportunities

BondBloxx Investment Management Corp.
700 Larkspur Landing Cir, Ste 250, Larkspur, CA 94939 • bondbloxxetf.com

BondBloxx was founded by industry veterans who have been responsible for the innovations behind today's exchange traded fund (ETF) market, including launching some of the largest ETF products currently available, designing the portfolio management processes and product structures that underpin current product offerings, and developing approaches tailored to institutional investors. We harness decades of experience and recent advancements in bond market data, analytics, and trading technology to develop innovative fixed income ETFs.

While fixed income ETFs have grown significantly, investors still have limited choices for products that offer the specificity and precision available in equity markets. Most bond ETFs currently available have broad based exposures which limit choices for investors.

BondBloxx funds address this gap, offering greater precision to help meet the evolving needs of investors seeking targeted and flexible solutions.

Fixed Income: The Future Is Here

BondBloxx is the first ETF issuer to focus solely on providing precision tools to help investors seize opportunities in fixed income markets.

TICKER	NAME	CATEGORY	EXPENSE
XHLF	BONDBLOXX BLOOMBERG SIX MONTH TARGET DURATION US TREASURY ETF	FIXED INCOME: US TREASURY	0.03%
TAXX	BONDBLOXX IR+M TAX-AWARE SHORT DURATION ETF	FIXED INCOME: TAX-AWARE	0.35%
BBBS	BONDBLOXX BBB RATED 1-5 YEAR CORPORATE BOND ETF	FIXED INCOME: CORPORATES	0.19%
XCCC	BONDBLOXX CCC RATED USD HIGH YIELD CORPORATE BOND ETF	FIXED INCOME: CORPORATES	0.40%
HYSA	BONDBLOXX USD HIGH YIELD BOND SECTOR ROTATION ETF	FIXED INCOME: CORPORATES	0.55%*

Net expense ratio shown. BondBloxx Investment Management has contractually agreed to waive a portion of its management fees through 2026. Please see the Fund's **prospectus for additional details.*

HORIZON KINETICS
James Davolos
Portfolio Manager, Horizon Kinetics Inflation Beneficiaries Active ETF (INFL)

Horizon Kinetics believes that the era of highly accommodative financial conditions has ended, as structural shifts in economic growth and inflation have resulted in higher interest rates. This emergent market regime is likely to favor finite hard asset exposure, such as energy, base and precious metals, agriculture, and certain financial services.

The Inflation Beneficiaries Fund (INFL) is distinguished by its focus on high quality, "capital light" business models that operate in these hard asset end markets. The businesses generate high returns through full market cycles, hence do not require rising price levels to achieve strong returns. The bespoke portfolio includes niche business models such as royalties, financial exchanges, and other high margin hard asset companies. INFL can benefit a portfolio through various uses, namely quality, diversification, and real asset exposure.

HORIZON KINETICS

Horizon Kinetics LLC
470 Park Ave S, New York, NY 10016 • www.horizonkinetics.com

Horizon Kinetics is a research-driven, fundamentals-oriented asset manager ($7.4 billion in assets under management ("AUM") as of June 30, 2024) serving institutions, individuals, and financial professionals. The Firm's founders and lead investors have worked together for over thirty years, dating back to their tenure at Bankers Trust Company.

- We are contrarian investors, and our vision is diametrically opposed to the movement of the crowd.
- Our investment approach stresses absolute returns, blending a combination of fundamental research, discipline, and patience with the goal of long-term preservation and compounding of capital.
- We measure risk as an impairment of capital. Returns can be increased by extension of the investment horizon rather than by extension of risk.
- Our strategies are driven by fundamental research and opportunity, not capacity for asset gathering.
- We invest alongside our clients and believe that a skin in the game approach is critical to aligning interests.

INFL for Quality, Diversification, and Real Asset Exposure

The Horizon Kinetics Inflation Beneficiaries ETF is an actively managed ETF that seeks long-term growth of capital in real (inflation-adjusted) terms. It seeks to invest in companies that are expected to benefit, either directly or indirectly, from rising prices of real assets without corresponding increases in expenses.

TICKER	NAME	CATEGORY	EXPENSE
INFL	HORIZON KINETICS INFLATION BENEFICIARIES ACTIVE ETF	REAL ASSET	0.85%

Please consider carefully a fund's investment objectives, risks, charges and expenses. For this and other important information, obtain a statutory and summary prospectus by contacting 646-495-7333. Read it carefully before investing.

Past performance is not a guarantee of future returns, and you may lose money. Opinions and estimates offered constitute our judgment as of the date made and are subject to change without notice. This information should not be used as a general guide to investing or as a source of any specific investment recommendations.

The Horizon Kinetics Inflation Beneficiaries ETF (Symbol: INFL) is an exchange-traded fund ("ETF") managed by Horizon Kinetics Asset Management LLC ("HKAM"). HKAM is an investment adviser registered with the U.S. Securities and Exchange Commission. You may obtain additional information about HKAM at aour website at www.horizonkinetics.com.

Investing involves risk, including the possible loss of principal. Shares of any ETF are bought and sold at market price (not NAV), may trade at a discount or premium to NAV and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. The Fund's investments in securities linked to real assets involve significant risks, including financial, operating, and competitive risks. Investments in securities linked to real assets expose the Fund to potentially adverse macroeconomic conditions, such as a rise in interest rates or a downturn in the economy in which the asset is located.

The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for investments in emerging markets. The S&P 500 Index is a broad-based index intended to show the performance of the 500 largest companies listed on stock exchanges in the United States.

The Fund may invest in the securities of smaller and mid-capitalization companies, which may be more volatile than funds that invest in larger, more established companies. The fund is actively managed and may be affected by the investment adviser's security selections. Diversification does not assure a profit or protect against a loss in a declining market.

HKAM does not provide tax or legal advice, all investors are encouraged to consult their tax and legal advisors regarding an investment in the Fund. No part of this material may be copied, photocopied, or duplicated in any form, by any means, or redistributed without the express written consent of HKAM.

The Horizon Kinetics Inflation Beneficiaries ETF (INFL) is distributed by Foreside Fund Services, LLC ("Foreside"). Foreside is not affiliated with Horizon Kinetics LLC, HKAM, or their affiliates or subsidiaries. Returns are subject to change. Note that indices are unmanaged, and the figures shown herein do not reflect any investment management fee or transaction costs. Investors cannot directly invest in an index. References to market indices, benchmarks or other measures of relative market performance (a "Benchmark") over a specific period are provided for your information only. It is not our intention to state, indicate or imply in any manner that our future results will be profitable or equal past results.

Murray Stahl is a member of the Board of Directors of Texas Pacific Land Corporation ("TPL"), a large holding in certain client accounts and funds managed by Horizon Kinetics Asset Management LLC ("HKAM"). Officers, directors and employees may also hold substantial amounts of TPL, both directly and indirectly, in their personal accounts. HKAM seeks to address potential conflicts of interest through the adoption of various policies and procedures, which include both electronic and physical safeguards. All personal and proprietary trading is also subject to HKAM's Code of Ethics and is monitored by the firm's Legal and Compliance Department.

HULL TACTICAL ASSET ALLOCATION
Petra Bakosova
CEO

Advisors may approach Hull Tactical seeking solutions for various client needs. For instance, some clients desire dynamic market exposure that adjusts based on market conditions and macroeconomic events, providing peace of mind amidst market fluctuations.

Other advisors may aim to enhance returns without increasing volatility, in which case they might replace a portion of their client's equity exposure in a traditional 60/40 portfolio with a tactical allocation component. Lastly, they could even be looking for long market exposure with added income generation with derivatives.

These solutions and access to sophisticated investment strategies are readily available and packaged into our transparent exchange traded fund, HTUS.

Hull TACTICAL

Hull Tactical Asset Allocation
141 W Jackson Blvd, Ste 1650, Chicago IL, 60604
hulltactical.com

For decades, some have questioned the wisdom of market timing—the strategy of attempting to take advantage of predicted future price movements—however, with the explosion of data as well as the development of predictive analytics, **HTAA** believes market timing is not just possible but necessary. HTAA also believes in the predictability of volatility, leading to some options being overpriced and others being cheap. Volatility forecasts are used to build a portfolio of index options and other volatility-related products to enhance the core equity models.

If market participants must adapt to a changing investing environment, so too must models and strategies. Recognizing that no single model can indefinitely survive the test of time, the HTAA team is continually re-evaluating and adapting their models, combining strategies into a blended signal that informs fund allocations on a day-to-day basis.

Hull Tactical US ETF Offers a Sophisticated Approach to Delivering Risk-Hedged Exposure to the S&P 500.

Equity Risk Premium forecasting indicators proven via academic research and rigorous testing, combined into a sophisticated strategy that seeks excess market returns with market volatility. Provides diversification by serving as a replacement for a portion of S&P 500 exposure with added income generation via risk-reversal and zero-days-to-expiration option overlays.

TICKER	NAME	CATEGORY	EXPENSE
HTUS	HULL TACTICAL US ETF	LONG-SHORT EQUITY	1.00%

About the Hull Tactical US ETF (HTUS) Investment Strategy
HTUS is an actively managed exchange traded fund (ETF) driven by various proprietary analytical investment models that examine current and historical market data to attempt to predict the performance of the S&P 500® Index (the "S&P 500®"), a widely recognized benchmark of U.S. stock market performance that is composed primarily of large-capitalization U.S. issuers. The models deliver investment signals that the Adviser uses to make investment decisions for the Fund. The investment models used are to anticipate forward market movements and position the Fund to take advantage of these movements. Currently, signals are combined into an 'ensemble' array that spans statistical, behavior-sentimental, technical, fundamental, and economic data sources. This combined signal is generated each trading day towards the close of the market and dictates whether the Fund is long/short and the magnitude of position sizing. The Adviser routinely evaluates the performance and impact of each model on the Fund with the goal of realizing a risk/return profile that is superior to that of a buy and hold strategy.

The use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. These risks include (i) the risk that the counterparty to a derivative transaction may not fulfill its contractual obligations; (ii) risk of mispricing or improper valuation; and (iii) the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate, or index. Derivative prices are highly volatile and may fluctuate substantially during a short period of time. The use of leverage by the Fund, such as borrowing money to purchase securities or the use of options, will cause the Fund to incur additional expenses and magnify the Fund's gains or losses. The Fund's investment in fixed income securities is subject to credit risk (the debtor may default) and prepayment risk (an obligation paid early) which could cause its share price and total return to be reduced. Typically, as interest rates rise the value of bond prices will decline and the fund could lose value.

While the option overlay is intended to improve the Fund's performance, there is no guarantee that it will do so. Utilizing an option overlay strategy involves the risk that as the buyer of a put or call option, the Fund risks losing the entire premium invested in the option if the Fund does not exercise the option. Also, securities and options traded in over-the-counter markets may trade less frequently and in limited volumes and thus exhibit more volatility and liquidity risk.

HTAA, LLC serves as the investment advisor. The Fund is distributed by Northern Lights Distributors, LLC (225 Pictoria Drive, Suite 450, Cincinnati, OH 45246), which is not affiliated with HTAA, LLC.

Carefully consider the Fund's investment objectives, risk factors, charges, and expenses before investing. This and additional information can be found in the Fund's prospectus, which may be obtained by visiting www.hulltacticalfunds.com or calling toll-free 1-844-484-2484. Read the prospectus carefully before investing.

There is no guarantee that the investment objectives will be achieved. Moreover, past performance is not a guarantee or indicator of future results.

INNOVATOR ETFs
Graham Day
Chief Investment Officer

When advisors decide to work with Innovator Capital Management, they are looking for a way to maintain exposure to the stock market's upside potential, but with risk management they know they can rely on and can be confident telling their clients about.

Advisors work with us because of our industry-leading lineup of Defined Outcome ETFs, our innovative tools, and our top-notch team of ETF consultants. We provide solutions that can help to stabilize advisors' businesses by helping to stabilize client portfolios.

INNOVATOR®
exchange-traded funds

Innovator Capital Management
109 N Hale St, Wheaton, IL 60187 • www.innovatoretfs.com

Innovator was established in 2017 by Bruce Bond and John Southard, founders of the PowerShares ETF lineup that has grown to be the fourth largest in the world. The listing of three Innovator Buffer ETFs™ in August 2018 marked the launch of the world's first Defined Outcome ETFs™.

Innovator is dedicated to providing ETFs with built-in risk management that offer investors a high level of predictability around their investment outcomes. Today, with more than 100 ETFs and $18 billion in AUM, Innovator is the industry's leading provider of Defined Outcome ETFs™.

Innovator Buffer ETF™ Suite

With more than 80 Buffer ETFs™, Innovator offers the industry's largest and widest-ranging lineup, spanning a variety of outcome periods, exposures and buffer levels.

Visit innovatoretfs.com/define/etfs/#buffer for our full list of Buffer ETFs™.

INNOVATOR BUFFER ETF PARAMETERS

OUTCOME PERIODS			
3-Month	6-Month	12-Month	24-Month

REFERENCE ASSETS				
U.S. Large Cap (SPY)	U.S. Growth (QQQ)	U.S. Small Cap (IWM)	Int'l Dev'd (EFA	EM (EEM)

BUFFER LEVELS					
9%	10%	15%	20%	20%	100%

Buffer levels are stated gross of fees.

Innovator Capital Management: Home of Defined Outcome ETFs™

Rather than relying on stock selection or historical performance, Innovator's risk-managed ETFs are designed to provide known levels of built-in risk management prior to investing. Instead of hoping to manage risk, Innovator ETFs enable investors to implement known levels of risk management with precision.

TICKER	NAME	CATEGORY	EXPENSE
AAPR	EQUITY DEFINED PROTECTION ETF	100% BUFFER	0.79%
QFLR	NASDAQ-100 MANAGED FLOOR ETF	LADDERED FLOOR	0.89%
EALT	US EQUITY 5 TO 15 BUFFER ETF	HEDGED EQUITY	0.69%

Disclosures: 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 it may be obtained at **innovatoretfs.com**. Read it carefully before investing.

PACER ETFs
Sean O'Hara
President of Pacer ETF Distributors

Sean O'Hara is the President of Pacer ETF Distributors. Sean began his career at PLANCO/Hartford in 1985, where he spent 22 years as wholesaler, divisional manager, and managing director of the national wholesaler team.

In 2007, Sean joined Joe Thomson again, co-founder of PLANCO, at Pacer Financial to serve as a national wholesaling company for various products including exchange traded funds, exchange traded notes, Annuities, and SMAs.

In 2015, Joe and Sean co-founded Pacer ETFs. Under their combined leadership, Pacer ETFs has become one of the fastest growing US ETF Companies. Sean often appears on Fox Business Network, CNBC, and various other news outlets to give insight into the market.

Sean is a graduate of the Catholic University of America.

Pacer ETFs
500 Chesterfield Parkway, Malvern PA, 19355 • www.paceretfs.com

Pacer ETFs is proud to provide financial advisors with unique, innovative, and disruptive investment solutions. The firm has a proven track record of delivering for advisors and investors through innovation amongst its peers. With 47 ETFs in its lineup, Pacer maintains a keen focus on high quality investment solutions that address unique market gaps.

Pacer is also dedicated to investor education, publishing thoughtful content and educational information ranging from simple ETF explainers to more in-depth pieces that highlight complex areas of the market. With a total AUM of $45B, the firm has undergone significant growth over the last year, growing from $35B at the beginning of 2024 for an impressive 29.55% growth rate.

Pacer ETFs are distributed by Pacer Financial, Inc.

Strategy Driven ETFs Designed to Help Investors Meet Their Goals

Pacer ETFs is a 11-time award winning exchange traded fun provider that has been recognized for its client-focused philosophy. Pacer's strategy driven ETFs serve as tools to help investors navigate turbulent markets. They use a rules-based management approach to track a variety of indexes like S&P, NASDAQ, and FTSE Russell.

TICKER	NAME	CATEGORY	EXPENSE
COWZ	PACER US CASH COWS 100 ETF	LARGE CAP VALUE	0.49%
CALF	PACER US SMALL CAP CASH COWS 100 ETF	SMALL CAP VALUE	0.59%
COWG	PACER US LARGE CAP CASH COWS GROWTH LEADERS ETF	LARGE CAP GROWTH	0.49%
PTLC	PACER TRENDPILOT US LARGE CAP ETF	LARGE CAP BLEND	0.60%
QDPL	PACER METAURUS US LARGE CAP DIVIDEND MULTIPLIER 400 ETF	LARGE CAP DIVIDEND MULTIPLIER	0.60%

Disclosures

Before investing you should carefully consider the Fund's investment objectives, risks, charges, and expenses. This and other information is in the prospectus. A copy may be obtained by visiting www.paceretfs.com or calling 1-877-577-2000. Please read the prospectus carefully before investing.

An investment in the Funds is subject to investment risk, including the possible loss of principal. Pacer ETF shares may be bought and sold on an exchange through a brokerage account. Brokerage commissions and ETF expenses will reduce investment returns. There can be no assurance that an active trading market for ETF shares will be developed or maintained. The risks associated with this fund are detailed in the prospectus and could include factors such as calculation methodology risk, concentration risk, derivatives risk, equity market risk, ETF risks, futures contracts risk, high portfolio turnover risk, large- and mid-capitalization investing risk, passive investment risk, tracking risk, sector risk, style risk, and/or special risks of exchange traded funds.

Dividends Risk: There can be no assurance that a dividend-paying company will continue to make regular dividend payments. The ability for a company to pay dividends is dependent on the economic climate and the companies' current earnings and capital resources. Changes in economic conditions or a company's earnings or financial resources could cause a company to reduce its dividend payments or suspend the payment of dividends altogether. The possibility that such companies could reduce or eliminate the payment of dividends in the future, especially if the companies are facing an economic downturn, could negatively affect the Fund's performance.

NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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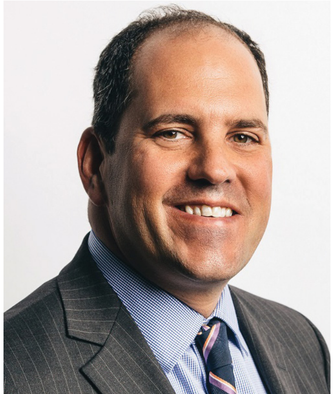

PRINCIPAL ASSET MANAGEMENT
Matt Cohen
Director, Senior ETF Specialist

At Principal Asset Management, we understand the importance of offering investment vehicles that meet our clients' needs. That is why over the last decade we have been building out our Exchange Traded Fund (ETF) platform to meet each investor's unique goals. ETFs offer investors the following benefits across asset classes:

- Diversification (pooled vehicle, where one ETF can give investors exposure to many stocks)
- Accessibility/Liquidity (can be bought and sold throughout the day)
- Transparency (ability to see underlying holdings)
- Cost (usually very competitive from an expense standpoint)
- Tax-efficiency (ETF structure usually has less taxable events)

As active ETFs continue to carve out a larger space within the ETF ecosystem, investors can benefit from the active management history of Principal Asset Management, finding investment solutions to help navigate complexities and exploit emerging opportunities.

Principal Asset Management
711 High St, Des Moines, IA 50392
www.principalam.com

With public and private market capabilities across all asset classes, **Principal Asset Management℠** and its investment specialists look at asset management through a different lens, creating solutions to help deliver client investment objectives. By applying local insights with global perspectives, Principal Asset Management identifies distinct and compelling investment opportunities for more than 1,100 institutional clients in over 80 markets.[1]

Throughout market cycles, our teams of specialists have applied local insights and global perspectives to optimize results. This clear point of view allows us to identify the most compelling opportunities now, while positioning for what's next.

Principal Asset Management is the global investment solutions business for Principal Financial Group® (Nasdaq: PFG), managing $540.4 billion[2] in assets and recognized as a "Best Places to Work in Money Management" for 12 consecutive years.[3]

Principal ETFs Are Built with Portfolio Construction in Mind

Access world-class investment teams within Principal Asset Management through our suite of actively managed ETF investment solutions. With a variety of strategies available to help meet investor goals, our ETF lineup is built on a legacy of outcome-oriented solutions.

TICKER	NAME	CATEGORY	EXPENSE
USMC	PRINCIPAL U.S. MEGA-CAP ETF	LARGE BLEND	0.15%
PREF	PRINCIPAL SPECTRUM PREFERRED SECURITIES ACTIVE ETF	PREFERRED STOCK	0.55%
PSC	PRINCIPAL U.S. SMALL-CAP ETF	SMALL BLEND	0.38%
YLD	PRINCIPAL ACTIVE HIGH YIELD ETF	HIGH YIELD BOND	0.39%
BCHP	PRINCIPAL FOCUSED BLUE CHIP ETF	LARGE GROWTH	0.58%

[1]As of September 30, 2023. [2]As of December 31, 2023. [3]*Pensions & Investments*, "Best Places to Work in Money Management" among companies with 1,000 or more employees. As of December 12, 2023.

SPROTT ASSET MANAGEMENT John Ciampaglia, CFA, FCSI Chief Executive Officer

Every aspect of energy production, transmission and storage requires resources that are mined—materials such as uranium, copper and others.

As the world works to meet the growing energy requirements of rising middle classes and technologies such as AI, while also pursuing net-zero emission mandates, demand for critical materials is rising. In the process, the gap between critical material demand and projected supplies is widening—shining a spotlight on years of underinvestment in the mining sector.

We believe renewing interest in mine production, rebuilding critical material supply chains, working toward energy security, and reshoring fuel sources may mean that uranium, copper and other miners may offer long-term growth potential for investors. We offer a suite of mining equity ETFs so you can pursue the opportunity.

Sprott | Energy Transition ETFs

Sprott Asset Management
Toronto, Ontario
SprottETFs.com

The clean energy transition is accelerating as global countries seek reliable, affordable sources of electricity and strive to reach net-zero emissions by 2050. Today, 152 nuclear reactors are under construction or planned for construction,[1] electric vehicle adoption is reaching a tipping point, global energy grids are being upgraded, and wind, solar and other clean energy projects are proliferating. The demand for critical materials required for these projects—such as uranium, copper, silver, lithium, nickel and others—is quickly outstripping supply. As a result, we believe miners of these materials are incentivized to increase production and expand operations—positioning them for growth.

Sprott Asset Management is a global leader in precious metals and critical materials investments. We are specialists, with decades of experience in the mining and commodity sectors. Our Sprott Energy Transition ETF suite offers pure-play exposure to critical minerals and their miners, making it easier to add exposure to essential energy transition materials like uranium, copper and battery metals to your portfolio.

Sprott Energy Transition ETFs: Exposure to the Elements of Energy

The Sprott Energy Transition ETFs provide investors with pure-play* investment exposure to the minerals critical to the world's transition to clean energy through access to mining companies and physical materials that we believe are positioned to benefit from quickly increasing demand and limited supplies.

TICKER	NAME	CATEGORY	EXPENSE
URNM	SPROTT URANIUM MINERS ETF	NATURAL RESOURCES	0.75%
URNJ	SPROTT JUNIOR URANIUM MINERS ETF	NATURAL RESOURCES	0.80%
COPP	SPROTT COPPER MINERS ETF	NATURAL RESOURCES	0.65%
COPJ	SPROTT JUNIOR COPPER MINERS ETF	NATURAL RESOURCES	0.75%
SETM	SPROTT ENERGY TRANSITION MATERIALS ETF	NATURAL RESOURCES	0.65%

*The term "pure-play" relates directly to the exposure that the Fund has to the total universe of investable, publicly listed securities in the investment strategy.

[1]Source: World Nuclear Association as of April 23, 2024.

Before investing in the Sprott ETFs, you should consider each Fund's investment objectives, risks, charges and expenses. Each Fund's prospectus contains this and other information about the Fund and should be read carefully before investing. A prospectus can be obtained by calling 888.622.1813 or by visiting these links: Sprott Energy Transition Materials ETF Prospectus, Sprott Uranium Miners ETF Prospectus, Sprott Junior Uranium Miners ETF Prospectus, Sprott Copper Miners ETF Prospectus and Sprott Junior Copper Miners ETF Prospectus. The Funds are not suitable for all investors. Investors in the Funds should be willing to accept a high degree of volatility in the price of the Funds' shares and the possibility of significant losses. An investment in the Funds involves a substantial degree of risk. The Funds are non-diversified and can invest a greater portion of assets in securities of individual issuers than a diversified fund. As a result, changes in the market value of a single investment could cause greater fluctuations in share price than would occur in a diversified fund. Brokerage commissions will reduce returns. "Authorized participants" may invest directly with the Fund, typically in blocks of 10,000 shares. These costs, which are not reflected in annual fund operating expenses, affect the Fund's performance. Sprott Asset Management USA, Inc. is the Investment Adviser to the Sprott ETFs. Sprott Asset Management LP is the Sponsor of the Funds. **ALPS Distributors, Inc. is the Distributor for the Sprott ETFs and is a registered broker-dealer and FINRA Member.** ALPS Distributors, Inc. is not affiliated with Sprott Asset Management LP.
This information is intended for investment professional use only.

TEMA GLOBAL
Yuri Khodjamirian, CFA
Chief Investment Officer

Tema's ETF solutions provide advisors with institutional grade, precision instruments which target the most compelling, and often overlooked, parts of the global equity markets. Tema's mission is to empower advisors with innovative solutions focused on today's most pressing and durable investment opportunities.

The Tema platform also delivers insights and expertise from its team of investment managers, industry veterans, and thought leaders. Through an educational focus and white-glove client service, Tema strives to deliver value and partner collaboratively with advisors large and small.

Tema Global
Brookfield Place, 200 Vesey St, Ste 24106, New York, NY 10281 • temaetfs.com

Tema is on a mission to build institutional grade solutions accessing today's most durable investment opportunities. Across life sciences, strategic equities, and alternatives, Tema's innovative suite of products empowers investors to strengthen and diversify their portfolios. We look for unexplored and overlooked areas of the market that we believe are pressing and durable.

We believe this is best delivered through a thoughtfully active approach. Our portfolio managers' domain expertise and experience mean the products that we offer deliver precise exposure to long-term strategic investments. Unlike backward looking indices, our flexible investment process means that we always look forward and adjust to changing market environments. Finally, risk management is at our core, combining both fundamental and systematic principles in a multi-layered approach, to deliver the best possible outcome for investors.

Strategic Active ETFs: Managed to Pursue Better Outcomes

Tema's suite of life sciences, strategic equity, and alternatives solutions provides investors with access to today's most durable investment opportunities. Through a thoughtful, actively managed approach, Tema delivers world-class investment expertise, experience, and process, along with the convenience, low cost, and tax-efficiency of the ETF wrapper.

TICKER	NAME	CATEGORY	EXPENSE
HRTS	GLP-1, OBESITY & CARDIOMETABOLIC ETF	HEALTHCARE	0.75%
RSHO	AMERICAN RESHORING ETF	STRATEGIC EQUITY	0.75%
CANC	ONCOLOGY ETF	HEALTHCARE	0.75%
TOLL	MONOPOLIES & OLIGOPOLIES ETF	STRATEGIC EQUITY	0.55%
MNTL	NEUROSCIENCE AND MENTAL HEALTH ETF	HEALTHCARE	0.75%

Risk Information

Carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. This and additional information can be found in the Fund's prospectus or summary prospectus, which may be obtained by visiting www.temaetfs.com. Read the prospectus carefully before investing.

Diversification does not ensure profits or prevent losses.

Investing involves risk including possible loss of principal. The Funds may invest a significant portion of their assets in one or more sectors and thus will be more susceptible to the risks affecting those sectors than funds that have more diversified holdings across a number of sectors. There is no guarantee the adviser's investment will be successful in identifying and investing in thematic trends.

The small- and mid-capitalization companies in which the Funds invest may be more vulnerable to adverse business or economic events than larger, more established companies, and may underperform other segments of the market or the equity market as a whole.

International and emerging market investing may involve risk of capital loss from unfavorable fluctuations in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. Frontier markets generally have less developed capital markets than traditional emerging market countries, and, consequently, the risks of investing in foreign securities are magnified in such countries.

Because the Funds evaluate ESG factors to assess and exclude certain investments for non-financial reasons, the Funds may forego some market opportunities available to funds that do not use these ESG factors.

Adviser: Tema Global Limited

Distributor: Foreside Fund Services, LLC.

TOUCHSTONE INVESTMENTS
Matt Barry
Vice President, Product Management & Head of Capital Markets

Touchstone offers "Distinctively Active" investment strategies. Distinctively Active strategies represent a subset of the active (i.e., non-indexed) strategies.

These strategies connect investors with institutional asset managers who actively manage with high conviction and distinctive approaches, setting them apart from the benchmark. This difference is essential for outperforming the benchmark, a concept supported by academic research.

Our research shows that many active management strategies have traits that limit their potential for strong performance. Therefore we focus on Distinctively Active strategies to give investors the best chance to benefit from active management.

Touchstone ETFs combine the advantages of Distinctively Active investing with the benefits of an ETF structure such as tax-efficiency, liquidity and transparency.

Investing involves risk including principal loss.

Touchstone Investments®

DISTINCTIVELY ACTIVE®

Touchstone Investments
303 Broadway, Ste 1100, Cincinnati, OH 45202 • TouchstoneInvestments.com

Touchstone Investments, based in Cincinnati, Ohio is an asset management company and subsidiary of the Western & Southern Financial Group. Touchstone manages 35 mutual funds and 7 exchange traded funds (ETFs) through 15 sub-advisers, overseeing over $28B in assets. Touchstone's Distinctively Active philosophy ensures our clients receive top tier investment solutions.

Distinctively Active
Recognizing the Difference: We understand that not all "Active" managers are the same. Many so-called active strategies suffer from closet indexing, asset bloat and over diversification. We focus on managers with proven institutional success and strategies that have the potential for future growth.

Global Talent Utilization: We are not limited to the talent within one firm. By using sub-advisers to manage Touchstone's strategies, we can find the best investment talent world-wide.

Targeted Strategies: We offer strategies tailored for U.S.-based financial professionals who focus on Fixed Income, U.S. Equities and International/Global Equities.

Versatile Investment Solutions: We provide investment solutions in various forms to meet the diverse needs of investors and financial professionals.

Partners in Practice
Industry Leading Consulting: We work with financial professionals to create solutions for their unique business challenges, beyond just investments.

Practice Analysis Review (PAR): We work with financial professionals to create solutions for their unique business challenges, beyond just investments.

Accountability and Collaboration: We stand out with our commitment to accountability, ongoing collaboration, and action planning to help achieve business goals.

Touchstone sets itself apart by being Distinctively Active, focusing on quality and expertise and partnering closely with financial professionals to deliver excellent investment solutions and support.

Touchstone Funds are distributed by Touchstone Securities, Inc.

Touchstone ETFs are distributed by Foreside Fund Services LLC.

Distinctively Active Investing

Touchstone offers 7 Distinctively Active ETFs sub-advised by Fort Washington Investment Advisors, Lombard Odier Investment Managers and Los Angeles Capital Management. Our ETFs are offered in Income and International/Global Equity and US Equities asset classes.

TICKER	NAME	CATEGORY	EXPENSE
TUSI	TOUCHSTONE ULTRA SHORT INCOME ETF	ULTRASHORT BOND	0.25%
TSEC	TOUCHSTONE SECURITIZED INCOME ETF	SHORT-TERM BOND	0.40%
TDI	TOUCHSTONE DYNAMIC INTERNATIONAL ETF	FOREIGN LARGE BLEND	0.65%

Please consider investment objectives, risks, charges and expenses of the fund carefully before investing. The prospectus contains this and other information about the Fund. To obtain a prospectus call 833-368-7383. Read the prospectus carefully before investing.

U.S. GLOBAL INVESTORS Frank Holmes CEO and CIO

Frank Holmes is the CEO and chief investment officer of U.S. Global Investors (NASDAQ: GROW). He is the co-author of *The Goldwatcher: Demystifying Gold Investing*. Over 100,000 subscribers follow his weekly commentary in the award-winning Investor Alert newsletter, across social channels and in his Frank Talk blog, which is read in over 180 countries.

Under his guidance, the company's mutual funds have received recognition from Lipper and Morningstar over the years. In 2015, Mr. Holmes led the company into the exchange-traded fund business with the launch of the U.S. Global Jets ETF (NYSE: JETS).

In 2017, U.S. Global made a strategic investment in HIVE Digital Technologies (NASDAQ: HIVE). Mr. Holmes serves as Executive Chairman of HIVE, which is the first cryptocurrency mining company to go public.

U.S. Global Investors

U.S. Global Investors
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U.S. Global Investors, Inc. functions as the investment advisor for the U.S. Global ETFs. Renowned for its innovative approach, U.S. Global Investors, Inc. leverages extensive experience in global markets and specialized sectors. Originally established as an investment club, the company transitioned into a registered investment advisor in 1968, boasting a rich history of pioneering investment products. Notably, U.S. Global Investors excels in gold and precious metals, natural resources, and emerging markets.

Under the leadership of CEO Frank Holmes since 1989, who acquired a controlling interest in the company that same year, U.S. Global Investors continues to push boundaries. It embraces a quant approach to investing and introduces smart beta 2.0 products, showcasing its commitment to innovation. As a publicly traded company (NASDAQ symbol: GROW) headquartered in San Antonio, Texas, U.S. Global Investors remains dedicated to delivering dynamic investment solutions to meet evolving investor needs.

A Dynamic Approach to Quant Investing

U.S. Global Investors offers thematic ETFs with a quant approach. Our smart beta 2.0 ETF lineup provides distinct portfolio diversification options.

TICKER	NAME	CATEGORY	EXPENSE
JETS	U.S. GLOBAL JETS ETF	AIRLINE	0.60%
GOAU	U.S. GLOBAL GO GOLD AND PRECIOUS METAL MINERS ETF	GOLD & PRECIOUS METALS	0.60%
SEA	U.S. GLOBAL SEA TO SKY CARGO ETF	CARGO & SHIPPING	0.60%

Disclosures: Please consider carefully a fund's investment objectives, risks, charges and expenses. For this and other important information, obtain a statutory and summary prospectus for JETS here, GOAU here and for SEA here. Read it carefully before investing.

Distributed by Quasar Distributors, LLC. U.S. Global Investors is the investment adviser to JETS, GOAU and SEA.

VANECK
Ed Lopez
Head of ETF Product

As the person responsible for ETF product and marketing strategy, Ed Lopez is always on the lookout for untapped asset classes and opportunities to improve the core investor experience.

Besides being an ETF industry expert, spokesperson and frequent panelist at conferences, Ed Lopez is also the host of VanEck's Trends With Benefits podcast, talking to guests to uncover new ways of thinking about the markets, investing, work and life.

VanEck
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For nearly 70 years, **VanEck** has sought to **identify trends**—economic, technological, political and social—that shape financial markets. We consider whether these create opportunities, perhaps even new asset classes, or present potential risks to existing portfolios. Through **intelligently designed, competitively priced solutions**, we empower investors to gain exposure effectively.

Recently, we have taken significant strides **to increase investor access to bitcoin** and remain committed to arming investors with knowledge. **We're builders not just observers.**

"Don't settle for the conventional. Dare to be different." —CEO Jan van Eck

VanEck was one of the first U.S. asset managers to offer investors access to international markets and recognized early the transformative potential of gold investing, emerging markets, ETFs and digital assets. Today, our firm's capabilities range from core investment opportunities to more specialized exposures to enhance portfolio diversification.

TICKER	NAME	CATEGORY	EXPENSE
MOAT	VANECK MORNINGSTAR WIDE MOAT ETF	US EQUITY	0.47%
SMOT	VANECK MORNINGSTAR SMID MOAT ETF	US SMID-CAP EQUITY	0.49%
CLOI	VANECK CLO ETF	INCOME	0.40%
HODL	VANECK BITCOIN TRUST	DIGITAL ASSETS	WAIVED*
DGIN	VANECK DIGITAL INDIA ETF	EQUITY	0.71%

For Financial Professional Use Only. Not for Retail Distribution.

Investing involves substantial risk and high volatility, including possible loss of principal. An investor should consider the investment objective, risks, charges and expenses of a Fund carefully before investing. To obtain a prospectus and summary prospectus, which contain this and other information, call 800.826.2333 or visit vaneck.com. Please read the prospectus and summary prospectus carefully before investing.

** During the period commencing on March 12, 2024, and ending on March 31, 2025, the Sponsor will waive the entire Sponsor Fee for the first $1.5 billion of the Trust's assets. If the Trust's assets exceed $1.5 billion prior to March 31, 2025, the Sponsor Fee charged on assets over $1.5 billion will be 0.20%. All investors will incur the same Sponsor Fee which is the weighted average of those fee rates. After March 31, 2025, the Sponsor Fee will be 0.20%. Please refer to the **press release** for more information.*

This material must be preceded or accompanied by a prospectus. An investment in the Trust may not be suitable for all investors. Before investing you should carefully consider the VanEck Bitcoin Trust's (the "Trust") investment objectives, risks, charges and expenses.

An investment in the Trust may involve significant risk, and may not be suitable for all investors. We use the generic term "ETF" to refer to exchange-traded investment vehicles, including those that are required to register under the Investment Company Act of 1940, as amended (the "40 Act"), as well as other exchange-traded products which are not subject to the registration of the '40 Act. The Fund is not registered under the 1940 Act and is not subject to regulation under the 1940 Act, unlike most exchange traded products or ETFs. An investment in the Trust is subject to risks which include, but are not limited to, the historically and potentially future extreme volatility of bitcoin, various potential factors that may adversely affect the liquidity of Trust shares, the limited history of the Index from which the value of bitcoin and hence the value of Trust shares will be determined, potential threats to the Trust's bitcoin custodian, and the unregulated nature and lack of transparency surrounding the operations of bitcoin trading platforms, all of which may ultimately adversely affect the value of shares of the Trust. Please note that this is not an exhaustive list of risks pertaining to the Trust. Please read carefully the prospectus for a complete list of potential risks. The Sponsor of the Trust is VanEck Digital Assets, LLC. The Marketing Agent for the Trust is Van Eck Securities Corporation. VanEck Digital Assets, LLC., and Van Eck Securities Corporation are wholly-owned subsidiaries of Van Eck Associates Corporation.

EXCHANGE-TRADED FUNDS GLOSSARY OF TERMS

Master the exchange-traded funds industry terminology to help your clients better understand the opportunities ETFs provide. This Glossary of Terms can guide you through the **Top ETF Innovators of 2024 Guide**.

Active Investing: The strategy of trying to outperform the market by selecting stocks, ETFs, or timing market movements. It's challenging and often more challenging than it sounds.

Alpha: The performance of your investment compared to the expected return for its risk level. If you do better than expected, you've got positive Alpha; if worse, it's negative Alpha.

Ask Price: The lowest price a seller is willing to accept for their stock or ETF. If a buyer agrees to this price, a sale happens. Otherwise, the price may decrease over time.

Asset Class: Different types of investments, like stocks or bonds. Diversification involves spreading your investments across various asset classes to reduce risk.

Beta: A measure of how much an investment's price moves compared to the market. A beta of 1.5 means the investment's price moves 50% more than the market.

Bid Price: The highest price a buyer is willing to pay for a stock or ETF. The price must match the asking price for a sale to occur.

Buffer (or Defined-Outcome) ETF: An ETF that limits your gains in exchange for protection against losses, often in return for a fee.

Cap Size (Market Capitalization): The total value of a company's shares of stock. It helps classify companies into large, mid, or small caps based on their total market value.

Closed-End Fund (CEF): An investment fund with a fixed number of shares that doesn't regularly issue new shares or redeem existing ones, possibly leading to price deviations from the net asset value.

Closet Index Fund: A fund that charges like an actively managed fund but follows an index closely, not truly justifying its higher fees.

Correlation: Measures how two investments move in relation to each other. A perfect positive correlation (1) means they move identically, a perfect negative correlation (-1) means they move in opposite directions, and no correlation (0) indicates their movements are unrelated.

Diversification: Spreading investments across various asset classes to minimize risk. It's a fundamental strategy to protect your portfolio from significant losses.

EAFE Index: This index represents large-cap stocks from developed countries in Europe, Australia, and the Far East, often used as a benchmark for international stocks.

Emerging Markets: Countries with developing economies that offer high growth potential but come with higher

Expense Ratio: The annual fee charged by ETFs or mutual funds, expressed as a percentage of the fund's assets. Lower expense ratios mean more of your money is invested rather than spent on fees.

Exposure: In the context of investing, exposure refers to the degree to which an investor is invested in a particular asset, asset class, or market. It indicates the potential risk and returns from that investment. High exposure to a specific market or sector means that an investor's portfolio could significantly gain or lose value based on the performance of that market or sector. Managing exposure is key to diversification, aiming to balance risk and reward by spreading investments across various assets or markets.

Fundamental Analysis: The assessment of a company's financial health and prospects through its financial statements, to decide on the attractiveness of its stock as an investment.

Growth Fund: Focuses on companies expected to grow at an above-average rate compared to their industry or the overall market, though these stocks may be more volatile.

Hedging: Reducing risk by making investments that are expected to move in the opposite direction of your main investments. It's like insurance against market movements.

Indexing: Investing in a portfolio designed to replicate the performance of a market index. It's a form of passive investing that usually incurs lower fees and taxes.

iShares: A brand of ETFs managed by BlackRock, one of the largest providers of ETFs globally, known for a wide range of investment options.

Leverage: Using borrowed money to increase the potential return on an investment. While it can amplify gains, it also increases the risk of losses.

Liquidity: The ease with which an asset can be converted into cash without significantly affecting its price. High liquidity means you can quickly sell the asset at a fair price.

Load: A sales charge or commission paid when buying or selling certain mutual funds, which does not apply to ETFs.

Long Position: Buying securities with the expectation that their price will rise over time, allowing you to sell them at a profit later.

Modern Portfolio Theory (MPT): A strategy that emphasizes the benefits of diversification. You can create a portfolio of investments with lower risk than individual investments by choosing assets that don't move in the same direction.

Passive Investing: Buying and holding a portfolio of stocks or ETFs that track an index, believing that over time, this strategy will outperform active trading. It's less expensive and often results in better long-term returns.

Price/Earnings (P/E) Ratio: A metric to evaluate a company's stock price relative to its earnings. A high P/E ratio might indicate a growth stock, while a low P/E ratio could suggest a value stock.

Qubes: A colloquial term for the ETF that tracks the NASDAQ-100 Index, representing 100 of the largest nonfinancial companies on the NASDAQ stock market.

R squared (R^2): Shows how much of a fund's movements can be explained by movements in its benchmark index. A higher R^2 indicates a closer match to the index.

REIT (real estate investment trust): An investment in real estate companies or properties that pays dividends. REITs can be more sensitive to interest rate changes but offer a different risk/return profile than stocks or bonds.

Risk: In investing, risk is typically seen as the volatility or the degree to which an asset's price can change. High risk is associated with greater potential returns and more significant potential losses.

Sector Investing: Focusing your investments in specific sectors of the economy, like technology or healthcare, believing these sectors will outperform others.

Sharpe Ratio: A measure of the return an investment provides relative to its risk. Higher Sharpe ratios indicate better risk-adjusted returns.

Short Position: Borrowing a stock or security and selling it with the plan to repurchase it later at a lower price. This strategy profits from declining prices.

Sophisticated Investor: This is not just someone who trades frequently or uses complex strategies but also an investor who achieves long-term success through a well-diversified, low-cost portfolio, often including ETFs.

SPDRs: A series of ETFs provided by State Street Global Advisors, known for their wide range of investment options and significant presence in the ETF market.

Spread: The difference between the buying price (ask) and the selling price (bid) of a stock or ETF. A narrower spread indicates a more liquid market.

Standard Deviation: A statistical measure of the range of an investment's returns. A higher standard deviation indicates more volatility and, therefore, higher risk.

Style Investing: Allocating investments according to certain characteristics, like size (large-cap, small-cap) or investment approach (value, growth), to achieve diversification.

Style Drift: Occurs when a fund manager deviates from the fund's stated investment strategy, potentially altering its risk and return profile.

Tax Efficiency: A characteristic of investments that minimize tax payments, allowing investors to keep more of their returns. ETFs are often more tax-efficient than mutual funds.

Tax-Loss Harvesting: Selling securities at a loss to offset capital gains taxes. This strategy can lower your tax bill while allowing you to reinvest in similar assets.

Technical Analysis: Using historical market data and charts to predict future price movements. While popular, its effectiveness is widely debated.

Ticker: A unique series of letters assigned to a stock, mutual fund, or ETF for identification. It's used when trading on stock exchanges.

Transparency: The ease with which investors can see an investment's underlying assets or holdings, like an ETF. This visibility can influence investment decisions.

Turnover: The rate at which a fund buys and sells its assets. High turnover can lead to higher transaction costs and tax liabilities for investors.

Value Fund: An investment fund focusing on stocks considered undervalued in price and poised for growth. These funds aim to buy low and sell high.

Value Premium: The historical observation that stocks with lower price-to-earnings ratios have outperformed those with higher ratios over long periods.

Volatility: The extent to which the price of an asset fluctuates over time. High volatility means large price swings, which can lead to higher returns or more significant losses.

Yield: The income return on an investment, such as dividends or interest, expressed as a percentage of the investment's cost or current market value.

YTD (Year-To-Date): The return on investment from the beginning of the current calendar year to the current date. It reflects the investment's performance over this period.

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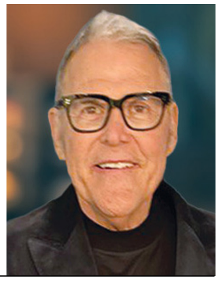

Jerry Cooper

Jerry Cooper is a contributing editor and Publisher of *The Wealth Advisor*. Mr. Cooper has been in the financial services industry for nearly four decades—and has been working closely with model providers and strategists for much of the last 8 years. His knowledge of the industry, which messages will resonate, how to capture the attention of advisors, and the entire sales process—is second to none. Jerry is also the publisher of *The Wealth Advisor* where serves in a leadership role over both the editorial and advertising departments.

Scott Martin

Scott Martin came to *The Wealth Advisor* after nearly a decade in hedge fund land once it became clear that the individual advisor had been his true passion all along. He knows what frustrates and excites financial intermediaries at all levels of the industry and has written endlessly about the ways technology, client demand patterns and innovation keep creating opportunities as well as challenges. You might have seen some of it in places like *Research, Buyside* and *Institutional Investor* (and *ALPHA*). If you're reading this, you know how to reach him.

Madeline Garfinkle

Madeline Garfinkle is a Marketing and Communications Writer for The Wealth Advisor, focusing on wealth management and financial planning. With over seven years of digital media experience, including three years as a financial writer and journalist, she's driven by the intersection of technology and economy, economic decision-making psychology, and investment industry nuances. Previously, Madeline was a News Writer for Entrepreneur Magazine, contributing to print and digital platforms on topics like the housing market, cryptocurrency, and franchise industry. She holds a degree from Syracuse University and earned her Masters from Columbia University in 2021.

THE TOP ETF INNOVATORS

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