





# Global income & growth

The Funds primary objective is to generate income through the use of options



#### **Global Equity**

The Fund will typically invest in broad-based, US and foreign ETFs and individual securities, that seek to provide exposure to a range of global equity markets.



#### **Index Call Spread**

The Fund will sell index credit call spreads on one or more equity indices. The Fund's Index Call Spreads will generally be based on U.S. Indices.

### Structure



ETF's and Individual Securities



Options Overlay



Nicholas Global Equity and Income ETF



Generally, the Fund will hold four to six Index ETFs (or representative samplings of four to six Index ETFs), approximately equally weighted. At least two of the Fund's Index ETF holdings (or sets of representative samplings) will predominantly track the performance of foreign securities.



### Actively Managed

The Fund is an actively managed exchange-traded fund ("ETF") that seeks to provide current income. The funds holdings will be selected based on market and economic factors.



### Index Call Spreads

The Fund will sell credit call spreads on one or more Indices to generate net income from the options premiums. The Fund will typically sell Index Call Spreads on U.S. Indices.

The Fund will focus on options with expirations of one month or less. This involves selling call options at a strike price at or near the money and buying call options above that strike price.





# Structure: Diversified Global Equity

The Fund will typically invest in broad-based, passively managed Index ETFs that seek to track the performance of particular equity market indices. The indices may consist of U.S. market indices, indices concentrating on one or more developed and emerging markets outside of the U.S., or global indices (individually, an "Index," and collectively, the "Indices"). In addition, the Fund may invest in a representative sampling of individual securities (e.g., the top 10 to 15 individual companies then held by the relevant Index ETF) that comprise a particular Index ETF, rather than invest directly in the Index ETF.

Why choose between income or growth?
Have both



### Income



### ETFS / Equities

Four to six Index ETFs (or representative samplings of four to six Index ETFs), approximately equally weighted



### 15-20% Target Income <sup>1</sup>

Shareholders will receive monthly dividend distributions



### **Index Call Spreads**

Generate current income from option premium. Expected target maturity is typically weekly

175-20% is the Advisors desired target but it is not guaranteed.

# Options Income Global Equity

S&P 500 - SPY

Large Cap

Nasdaq 100 - QQQ

Large Cap

Russell 2000- VTWO

Small Cap



# Emerging Markets FRDM

Large/Mid Cap

Developed Markets - VEA

Large Cap

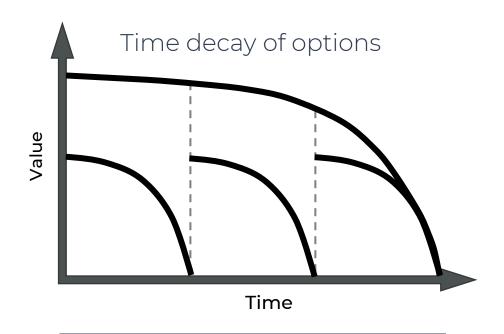
International Dividend - VIGI

Exposure to alternative asset classes



# Selling Credit Spreads for Income

- The primary driver of dividends will be derived via using an overlay short credit spread for income.
- Utilize index options which cash settle and do not have early assignment risk
- While covered calls alone have a hard cap on the underlying appreciation, writing short call spreads have a soft cap
- An overlay uses the underlying ETF holdings as collateral and does not use leverage
- Short call spreads structured by selling slightly OTM call ~ 1% and buying a call ~ 3% OTM
- Appreciation will be capped each week from the first
   ~ 1% to 3% minus the extrinsic premium received

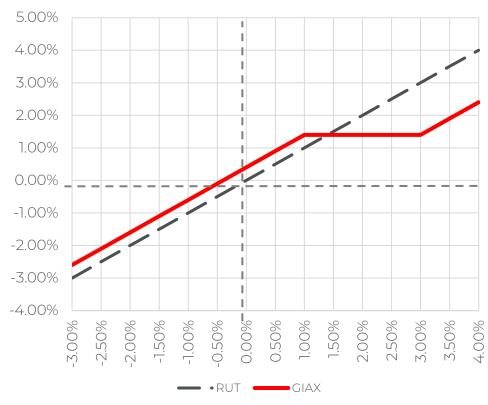


Selling short-term credit spreads weekly generates higher yield vs. selling longer options less frequently

# Options Income Global Equity

- As with a standard covered call strategy, there are still market related risks to performance. The strategy has the downside risk of the ETF positions. It is worth noting that this strategy targets only a 100% weekly exposure.
- ETF portfolio correlation (Beta) to RUT Index may vary depending on market conditions.
- Beta risk means there may be times when the RUT Index moves up to the ~3% cap without a corresponding gain in the portfolio holdings
- Option premiums are primarily derived via the implied volatility available in the markets. Should volatility decline option premiums may be less than anticipated
- Portfolio risk across the various ETFs including US Large Cap, Emerging Markets, and Developed International Markets





Source: ZEGA Financial Calculations - Hypothetical

### Dividends

- Dividends driven by time value sold of the short credit call spreads. With a target of ~0.40% of weekly option premium earned, the funds should have at least 20% of yield to distribute if deemed appropriate.
- Since credit spread trades settle weekly there is an opportunity to distribute realized gains each month
- ETF holdings will offer additional yield via their dividends

- Treasuries while not anticipated to be a large % of holdings may also provide additional yield
- Opportunity for additional capital gains within the ETF holdings
- Potential for 60/40 tax treatment on index call spreads which are 1256 contracts

# Portfolio Managers



Portfolio Manager of XFUNDS
President and Founder of Nicholas
Wealth Management



Jay Pestrichelli

Portfolio Manager of XFUNDS

Chief Trading Officer, Tidal Financial

Group



Portfolio Manager of XFUNDS

SVP of Trading, Tidal

Financial Group



Chris Mullen

Portfolio Manager of XFUNDS

SVP of Derivatives Trading, Tidal

Financial Group

# Important Risk Information

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus or summary prospectus with this and other information about the Fund, please call (855) 563-6900 or visit our website at <a href="https://www.nicholasx.com">www.nicholasx.com</a>. Read the prospectus or summary prospectus carefully before investing.

Investments involve risk. Principal loss is possible.

Derivatives Risk. Derivatives are financial instruments that derive value from the underlying reference asset or assets, such as stocks, bonds, or funds (including ETFs), interest rates or indexes. The Fund's investments in derivatives may pose risks in addition to, and greater than, those associated with directly investing in securities or other ordinary investments, including risk related to the market, imperfect correlation with underlying investments or the Fund's other portfolio holdings, higher price volatility, lack of availability, counterparty risk, liquidity, valuation and legal restrictions.

Counterparty Risk. The Fund is subject to counterparty risk by virtue of its investments in option contracts which exposes the Fund to the risk that the counterparty will not fulfill its obligation to the Fund.

**Equity Market Risk.** By virtue of the Fund's investments in option contracts equity ETFs and equity indices, the Fund is exposed to common stocks indirectly which subjects the Fund to equity market risk.

High Portfolio Turnover Risk. The Fund may actively and frequently trade all or a significant portion of the Fund's holdings. A high portfolio turnover rate increases transaction costs, which may increase the Fund's expenses.

Non-Diversification Risk. Because the Fund is "non-diversified," it may invest a greater percentage of its assets in the securities of a single issuer or a smaller number of issuers than if it was a diversified fund.

Hedging Transactions Risk. Hedging transactions involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of hedging transactions and price movements in the position being hedged means that losses on the hedge may be greater than gains in the value of the Fund's positions, opportunities for gain may be limited or that there may be losses on both parts of a transaction.

# Important Risk Continued

Illiquid Investments Risk. The Fund may, at times, hold illiquid investments, by virtue of the absence of a readily available market for certain of its investments, or because of legal or contractual restrictions on sales.

Interest Rate Risk. The value of the Fund's investments in fixed income Treasury securities will fluctuate with changes in interest rates.

New Fund Risk. The Fund is a recently organized management investment company with no operating history. As a result, prospective investors do not have a track record or history on which to base their investment decisions.

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