

# Parametric Equity Premium Income ETF (PAPI)

## FUND PROFILE

**Parametric Equity Premium Income ETF is a low-cost alternative income fund that seeks to deliver consistent, tax-efficient monthly income while maintaining equity market exposure.**

PAPI combines two established capabilities into a single portfolio: 1) Parametric Dividend Income, a diversified equity dividend strategy with a 10-plus-year track record; and 2) Call Overwriting, our proprietary methodology that leverages 30+ years' experience in managing options overlay solutions.

PAPI utilizes a strategic, rules-based investment approach, which seeks to deliver a sustainable source of monthly income that is derived from two distinct sources—qualified equity dividends and options premium income—while maintaining equity upside participation.

**INVESTMENT OBJECTIVE:** Seeks to provide consistent monthly income while maintaining prospects for capital appreciation.

## Fast Facts

### AT A GLANCE

Ticker	PAPI
Inception Date	October 16, 2023
Options Portfolio	Laddered 2-week short calls on SPY
Equity Portfolio	≈200 holdings (approx. equal weight)
Exchange	NYSE Arca
Expense Ratio (Gross)	0.29%
Expense Ratio (Net)	0.29%

Expenses are based on the fund's current prospectus, in effect as of the date of this material. For information on the applicable fund's current fees and expenses, please see the fund's current prospectus. All investments are subject to loss.

## Potential Benefits

**EXPERIENCED TEAM:** PAPI leverages vast experience in both equity and options-based strategies at Parametric.

**DUAL INCOME SOURCES:** PAPI derives distributable income from two key income sources—qualified equity dividends and options overwriting.

**DIVERSIFICATION:** Underlying equity strategy is broadly diversified across securities and sectors, while laddering of options diversifies the risk-return profile across changing market environments.

**TAX EFFICIENCY:** PAPI utilizes active tax-management techniques, including loss harvesting, to potentially produce a more tax-efficient income stream.

**NO COUNTERPARTY RISK:** PAPI's portfolio is composed of transparent exchange-traded instruments only, with no OTC counterparty exposure.

**COST:** With an expense ratio of 0.29%, PAPI offers a competitive rate relative to the active ETF category average of 0.81%.<sup>1</sup>

<sup>1</sup>Source: Morningstar, as of 09/30/2025. Based on the average fee of active ETFs within the Morningstar Derivative Income category.

## Portfolio Construction

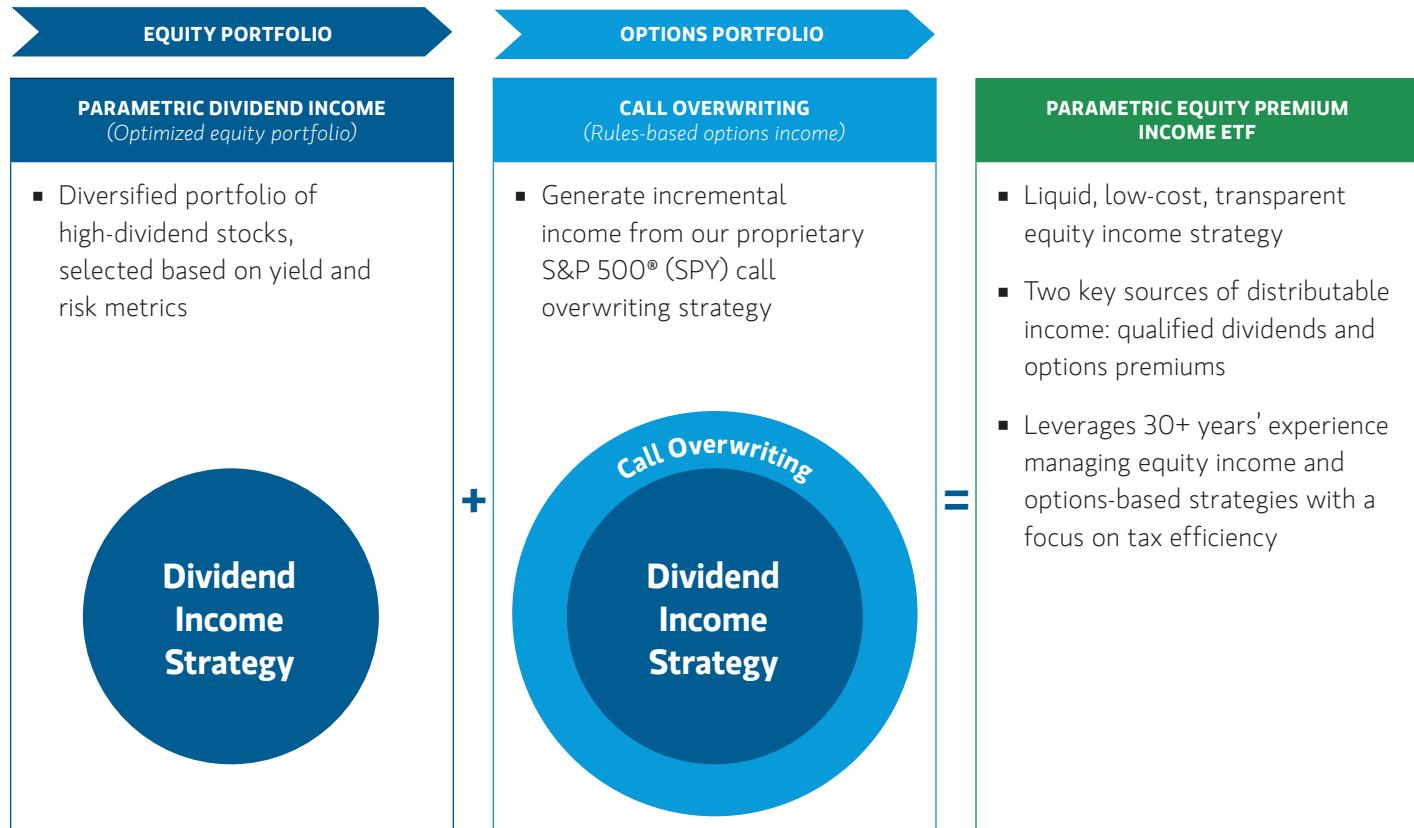
The underlying equity exposure replicates the Parametric Dividend Income strategy, which emphasizes sector and security diversification as well as risk and yield characteristics. Using a rules-based methodology, the portfolio is constructed by applying various dividend and risk rankings to a broad universe of US equities and equally weighting each sector.

The equity portfolio is then supplemented with Parametric's proprietary rules-based call overwriting strategy that seeks to achieve three objectives:

1. Yield enhancement
2. Risk reduction
3. Diversification

The options overlay consists of a series of short-maturity call options with staggered expirations on the S&P 500® (SPY). The portfolio management team believes the "tranching" of shorter-dated call options may create greater diversification, while offering a more stable risk-return profile across market regimes. Importantly, Parametric's proprietary tax-loss harvesting strategy seeks to offset realized gains in the options portfolio with realized losses in the equity portfolio. PAPI seeks to distribute consistent tax-efficient income with an emphasis on tax efficiency, seeking to defer taxes as able and ultimately to pay tax liabilities at more favorable rates than ordinary income.

## Portfolio Overview



For illustrative purposes only.

## Potential Advantages of PAPI's Portfolio Construction

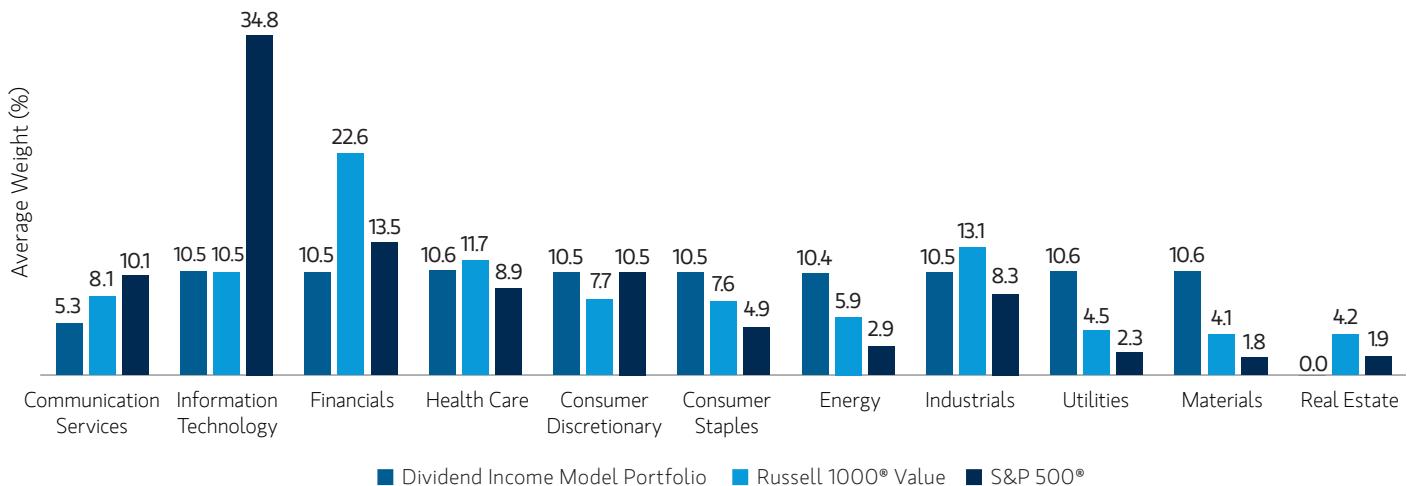
### DIVERSIFIED PORTFOLIO OF DIVIDEND PAYERS.

Parametric believes that with the combination of elevated dividends, lower risk and balanced sector weightings, the strategy may achieve a more robust dividend payout and may avoid the concentration risk of owning only the highest-yielding stocks.

**OPTIONS PREMIUM INCOME.** Parametric's proprietary call overwriting strategy focuses on selling a series of call options with diversified laddered expirations. The team believes this approach may help deliver more consistent premium income and allow for greater potential equity upside participation. In addition to yield enhancement, call overwriting aims to reduce volatility, improve diversification and produce a more stable risk-return profile over time.

**GREATER TAX EFFICIENCY.** Leveraging Parametric's established tax-management capabilities, PAPI seeks to minimize the gap between pre- and post-tax yield by deferring taxes and ultimately paying at preferred rates—via qualified dividends on equities and aiming to defer short-term capital gains on options to a future long-term capital gain through proactive tax management.

## Comparison of 1-Year Average Sector Weights



Sources: Parametric, FactSet, Standard & Poor's, As of 09/30/2025. Strategy target model portfolio information presented is for illustrative purposes only as of the date hereof and is subject to change at any time. Actual allocation will vary. The Parametric Dividend Income Strategy is the dividend income model portfolio shown above, which represents the equity portion of the Parametric Equity Premium Income (PAPI) portfolio. PAPI's equity holdings and portfolio management are materially similar to Parametric Dividend Income Strategy. It is not possible to invest directly in an index. Indexes are unmanaged and do not reflect the deduction of fees or expenses. Diversification does not eliminate risk of loss.

## Portfolio Management Leadership

Alex Zweber leads a team of six seasoned portfolio managers with an average industry experience of 21 years, 16 of those at Parametric.



**ALEX ZWEBER, CFA, CAIA**  
Managing Director, Investment Strategy

19 years of industry experience  
19 years at Parametric

### Team Experience

- \$330Bn+ in equity-based separately managed account (SMA) portfolios across hundreds of indexes and custom blends<sup>2</sup>
- \$21Bn+ in options-based strategies and 30+ years of investment experience with a dedicated and stable team<sup>2</sup>
- Decades of experience in tax management that strives to improve after-tax returns<sup>3</sup>

<sup>2</sup>Asset figures are approximate as of 09/30/2025.

<sup>3</sup>Third-party research has shown that tax management can add 1%–2% in after-tax excess returns. Source: Shomesh E. Chaudhuri, Terence C. Burnham and Andrew W. Lo, "An Empirical Evaluation of Tax-Loss-Harvesting Alpha," *Financial Analysts Journal* 76, no. 3 (2020): 99–108. This study did not involve Parametric or its clients. There is no guarantee that a tax-management strategy will result in increased after-tax returns. Results will differ based on an individual investor's circumstances.

## Risk Considerations

**Diversification** does not eliminate risk of loss. There is no assurance that a fund will achieve its investment objective. Funds are subject to market risk, which is the possibility that the market values of securities owned by the fund will decline. Market values can change daily due to economic and other events (e.g., natural disasters, health crises, terrorism, conflicts and social unrest) that affect markets, countries, companies or governments. It is difficult to predict the timing, duration and potential adverse effects (e.g., portfolio liquidity) of events. Accordingly, you can lose money investing in this fund. Please be aware that this fund may be subject to certain additional risks. In general, **equities securities'** values also fluctuate in response to activities specific to a company. **Active Management Risk.**

In pursuing the Fund's investment objective, the advisor and/or subadvisor has considerable leeway in deciding which investments to buy, hold or sell on a day-to-day basis, and which trading strategies to use. For example, the advisor and/or subadvisor, in its discretion, may determine to use some permitted trading strategies while not using others. The success or failure of such decisions will affect the Fund's performance. **New Fund Risk.** A new fund's performance may not represent how the fund is expected to or may perform in the long term. In addition, there is a limited operating history for investors to evaluate, and the fund may not attract sufficient assets to achieve investment and trading efficiencies. **Clearing Member Risk.** Transactions in some types of derivatives, including FLEX Options, are required to be centrally cleared ("cleared derivatives"). In a transaction involving cleared derivatives, the Fund's counterparty is a clearinghouse, such as the OCC, rather than a bank or broker. Since the Fund is not a member of clearinghouses and only members of a clearinghouse ("clearing members") can participate directly in the clearinghouse, the Fund will hold cleared derivatives through accounts at clearing members. In cleared derivatives positions, the Fund will make payments to and receive payments from a clearinghouse through their accounts at clearing members. The Fund is also subject to the risk that a limited number of clearing members are willing to transact on the Fund's behalf, which heightens the risks associated with a clearing member's default. If a clearing member defaults, the Fund could lose some or all of the benefits of a transaction entered into by the Fund with the clearing member. The loss of a clearing member for the Fund to transact with could result in increased transaction costs and other operational issues that could impede the Fund's ability to implement its investment strategy. If the Fund cannot find a clearing member to transact with on the Fund's behalf, the Fund may be unable to effectively implement its investment strategy. **Counterparty.** Counterparty risk generally refers to the risk that a counterparty on a derivatives transaction may not be willing or able to perform its obligations under the derivatives contract and the related risks of having concentrated exposure to such a counterparty. If an OCC clearing member or OCC becomes insolvent, the Fund may have its positions closed or experience delays or difficulties in closing or exercising its FLEX Options positions, and the Fund could suffer significant losses. **Tax Risk.** The Fund intends to limit the overlap between its stock holdings and the stock holdings of the underlying ETF or underlying index of options to less than 70% on an ongoing basis in an effort to avoid being subject to the "straddle rules" under federal income tax law. The Fund expects that the options contracts it writes will not be considered straddles. Under certain circumstances, however, the Fund may enter into options transactions or certain other investments that may constitute positions in a straddle. The straddle rules may affect the character of gains (or losses) realized by the Fund. **Authorized Participant Concentration Risk.** The Fund has a limited number of intermediaries that act as authorized participants, and none of these authorized participants is or will be obligated to engage in creation or redemption of transactions. As a result, shares may trade at a discount to net asset value ("NAV") and possibly face trading halts and/or delisting. **Trading Risk.** The market prices of shares of the Fund are expected to fluctuate, in some cases materially, in response to changes in the Fund's NAV, the intraday value of holdings, and supply and demand for shares. The advisor and subadvisor cannot predict whether shares will trade above, below or at their NAV. Buying or selling shares in the secondary market may require paying brokerage commissions or other charges imposed by brokers as determined by that broker.

**Income Risk.** The Fund's ability to distribute income to shareholders will depend on the yield available on the equity securities held by the Fund and the premiums received by the Fund with respect to its written call options. The amount of the Fund's distributions for any period may exceed the amount of the Fund's income and gains for that period. In that case, some or all of the Fund's distributions may constitute a return of capital to shareholders. **Call Options Writing Risk.** Writing call options involves the risk that the Fund may be required to sell the underlying security or instrument (or settle in cash an amount of equal value) at a disadvantageous price or below the market price of such underlying security or instrument at the time the option is exercised. As the writer of a call option, the Fund forgoes, during the option's life, the opportunity to profit from increases in the market value of the underlying security or instrument covering the option above the sum of the premium and the exercise price, but retains the risk of loss should the price of the underlying security or instrument decline. Additionally, the Fund's call options writing strategy may not fully protect it against declines in the value of the market. In rising markets, a fund with a call writing strategy could significantly underperform the same fund without such an options writing strategy. The Fund will also incur a form of economic leverage through its use of call options, which could increase the volatility of the Fund's returns and may increase the risk of loss to the Fund. There are special risks associated with uncovered options writing which expose the Fund to potentially significant loss. **FLEX Options.** The Fund utilizes FLEX Options guaranteed for settlement by the Options Clearing Corporation ("OCC"). The Fund bears the risk that the OCC will be unable or unwilling to perform its obligations under the FLEX Options contracts. In the unlikely event that the OCC becomes insolvent or is otherwise unable to meet its settlement obligations, the Fund could suffer significant losses. FLEX Options are subject to the risk that they may be less liquid than certain other securities, such as standardized options. Additionally, in connection with the creation and redemption of Fund shares, to the extent market participants are not willing or able to enter into FLEX Options transactions with the Fund, the Fund's NAV and, in turn, the share price of the Fund, could be negatively impacted. The value of a FLEX Options may not directly correlate to its underlying reference security or index. The Fund may experience losses from certain FLEX Options positions, and certain FLEX Options positions may expire with little to no value. **Illiquid Securities.** The fund may make investments in securities that are or become illiquid or less liquid and which may be more difficult to sell and value (liquidity risk). **Derivative instruments** may disproportionately increase losses and have a significant impact on performance. They also may be subject to counterparty, liquidity, valuation, correlation and market risks.

## DEFINITIONS

**Options** are financial derivatives that give buyers the right, but not the obligation, to buy or sell an underlying asset at an agreed-upon price and date. **Overwriting** is a strategy to sell (write) options that are overpriced under the assumption that the options won't get exercised. **The Russell 1000® Value Index** is an index that measures the performance of those Russell 1000® companies with lower price-to-book ratios and lower forecasted growth values. **The S&P 500® Index** measures the performance of the large-cap segment of the US equities market, covering approximately 75% of the US equities market. The index includes 500 leading companies in leading industries of the US economy.

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