



DYNAMIC
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IN CONVERSATION

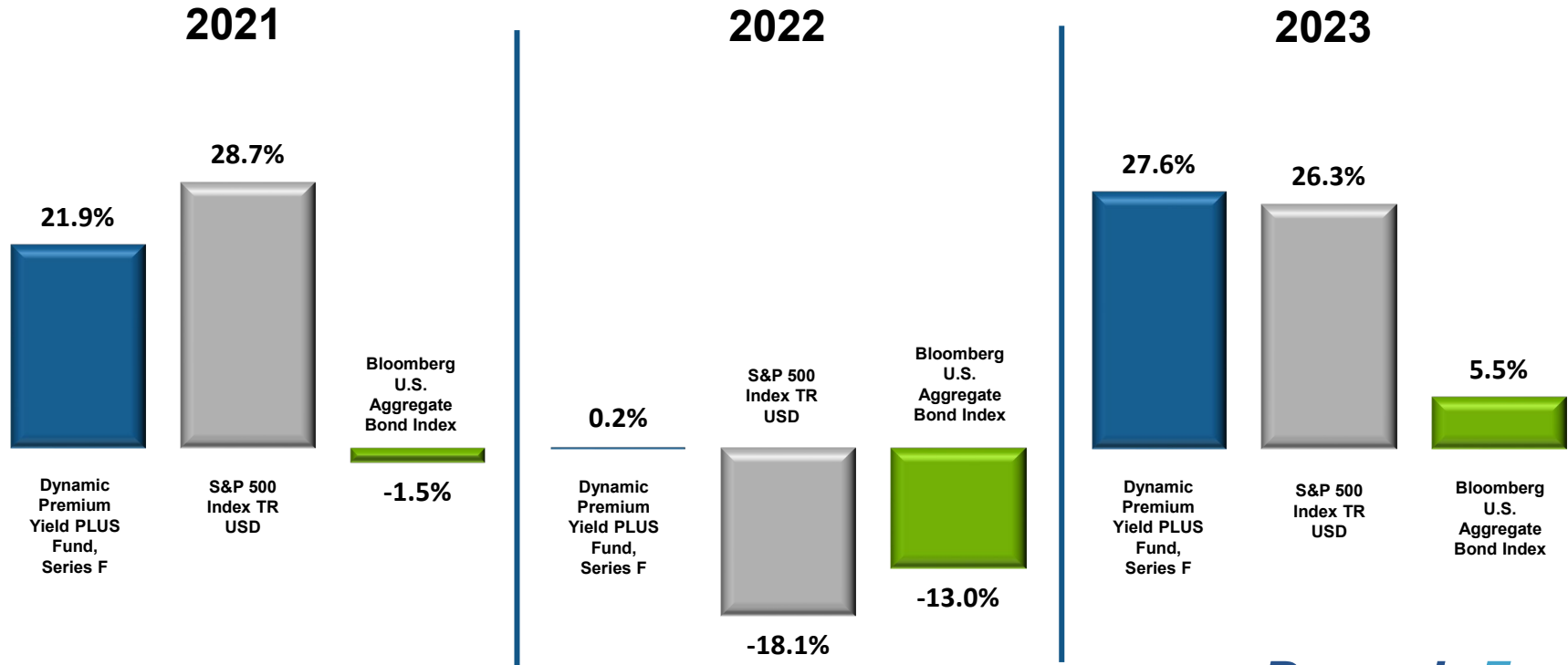
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Triple A – An Asymmetrical Alternative

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Vice President & Senior Portfolio Manager

An Asymmetrical Alternative – Dynamic Premium Yield PLUS Fund



Source Morningstar, Indices are not managed, and it is not possible to invest directly in an index

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Alternative Offerings – Three Distinct Strategies

Dynamic Premium Yield Fund offers

Premium income ~7% yield

Designed to generate equity-like returns over time but with a smoother path (effectively to earn the distributed income)

Defensive and low beta

Write fully cash covered puts

Strategic usage of puts, calls, and stocks

Systematic portfolio protection

Dynamic Premium Yield PLUS Fund offers

Higher income ~11% yield

Designed to generate equity-like returns over time but with a smoother path (effectively to earn the distributed income)

Defensive and low beta

Partially cash covered puts (more puts written)

Strategic usage of puts, calls, and stocks

More systematic portfolio protection

Dynamic Active Enhanced Yield Covered Options ETF offers

Premium income ~7.5% yield

Designed with a higher beta vs other Dynamic offerings, more market participation while still offering an attractive conditional dividend

Less defensive and medium beta

Write fully cash covered puts and covered calls

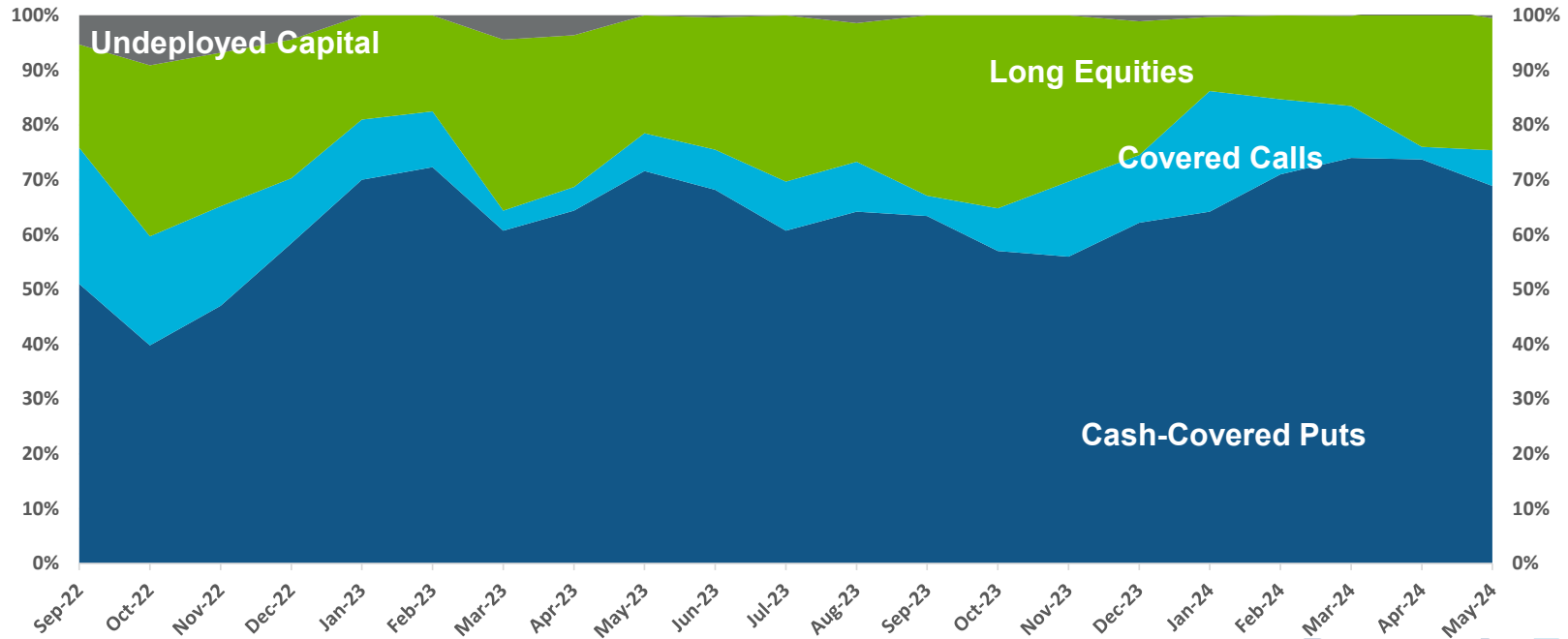
Strategic usage of puts, calls, and stocks

No additional systematic portfolio protection

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DXQ is Not a Covered Call ETF

Dynamic Active Enhanced Yield Covered Options ETF Since Inception – May 2024



Source: Dynamic Funds, Since inception date of 09/20/2022

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Who is DXQ Right For?

	Dynamic Active Enhanced Yield Covered Options ETF (DXQ)	Dynamic Premium Yield Fund (Series F)	Dynamic Premium Yield PLUS Fund (Series F)
Gross yield	~9% to ~11%	~10%	~20%
Distribution yield	~7.5%	~7%	~11%
Liquid alternative	No	No	Yes
Investment strategy¹	Puts typically 30 - 60% Long equities typically 30 - 60% Covered calls typically 20 - 40%	Puts typically > 50% Long equities typically < 40% Covered calls opportunistic	Puts typically > 50% Long equities typically < 40% Covered calls opportunistic
Leverage primarily through gross derivatives exposure (primarily written puts)	n/a	n/a	Up to 150%
Number to holdings	20 - 35	>45	>45
Systematic protection	n/a	Buying protective puts on index ETFs (budget 1.0-1.5% per annum on average)	Buying protective puts on index ETFs (budget ~2% per annum on average)
Additional protection	Shorting equity index futures (as warranted)	Shorting equity index futures	Shorting equity index futures
Beta	0.50 - 0.75	0.40 - 0.50	~0.50
Currency hedging	Between 0 – 50%	Between 50 – 90%	Between 50 – 90%
Management Fee / FAF	0.65% / NA	0.85% / 0.14%	0.85% / 0.14%

¹ Percentages are normalized to 100 where applicable. Distributions may consist of dividends, net realized capital gains, and/or return of capital. Distributions are not guaranteed and investors should not confuse a fund's distribution yield rate with its performance or rate of return.

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Fundamental Due Diligence Framework

Business

- Stable revenue growth with high proportion of recurring revenue
- Has pricing power
- Competitive advantage vs peers

Financial Metrics

- Ability to generate strong FCF
- Consistent margin expansion
- Solid balance sheet
- Strong and consistent growth in operating income
- Attractive growth at a reasonable valuation (FCF yield, P/E, EV/EBITDA, DCF, Proprietary techniques, Quant)



Management

- Proven track record
- High level of transparency and company disclosures
- Clear communication with investors
- Strong corporate governance
- Aligned interest with shareholders

Growth

- Quantifiable catalyst
- TAM (total addressable market) expansion and/or gaining market share
- Innovation
- If applicable, strong track record of business development

Economic Moat

- High barriers to entry
- Customer loyalty and brand recognition
- High switching costs
- Superior scale
- Best in class technology/products/offering

Buy the Dip Discipline for Equities



Microsoft

Fair Valuation Range for MSFT ~\$460

Write cash-covered puts on quality stocks with margin of safety ~7% to 12%

- For example, wrote a \$255 put on Microsoft when stock was trading at \$277
- Receive \$4.80 (~1.9% yield) premium for a 43-day option (~16% annualized yield)
- Set aside \$255 to buy the stock, commit to buy MSFT ~8% lower
- MSFT traded to \$247 on expiry, took delivery of the shares and kept the \$4.80 in premium
- Our put lost \$3.20 and we got stock ~10% on sale. A long stock position would have lost ~\$30

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Sell the Rip Discipline for Equities



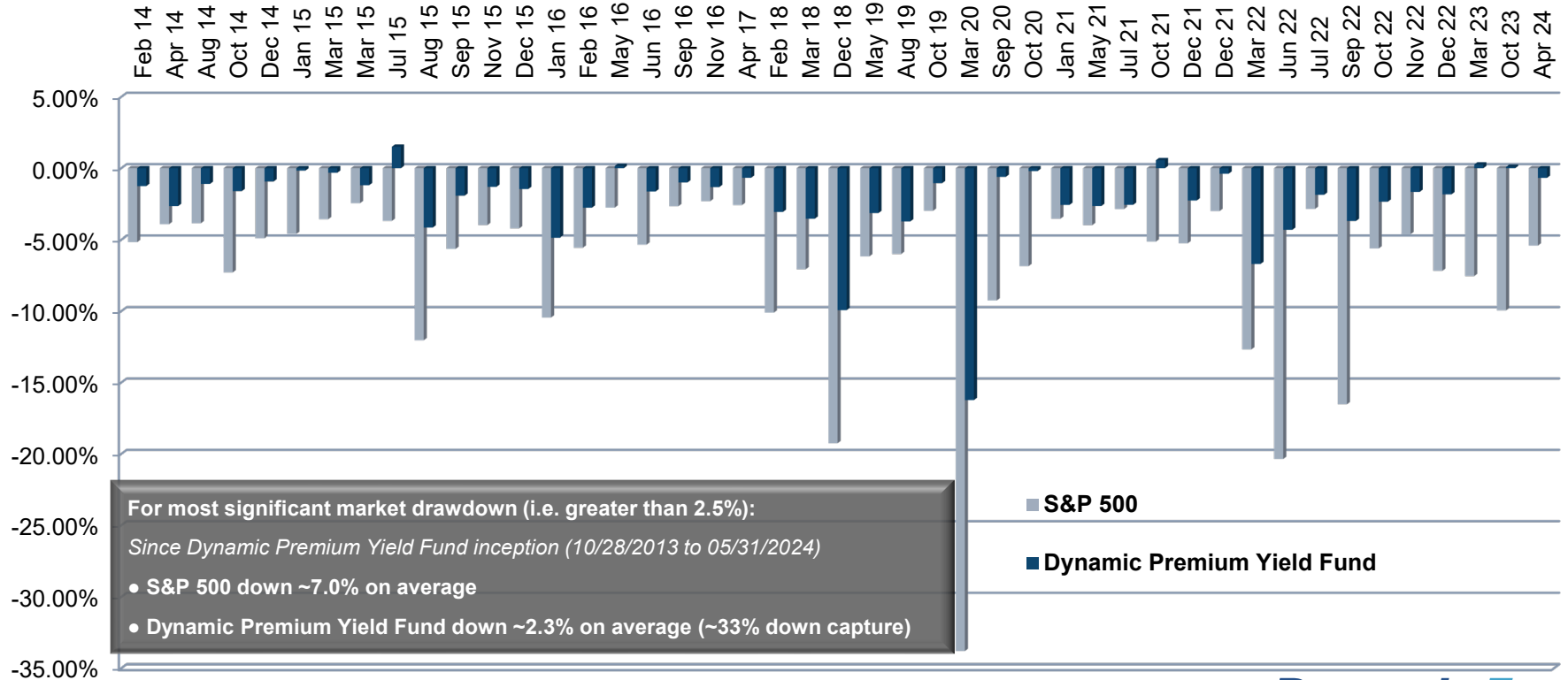
Microsoft

Fair Valuation Range for MSFT ~\$460

Write covered calls on quality stocks owned while retaining reasonable upside participation

- Stock trading ~\$420 as of March 31
- P&L on the trade \$169.80 ($\$420 - \$255 + \4.80 in initial option premium)
- Wrote \$465 Call collecting \$2.54 (0.6%) for a 32-day option (6.9% annualized yield)
- Commit to sell Microsoft at \$465 (~11% higher than \$420)
- The next \$45 of gain would accrue to the fund → Upside participation ~11% locking in sell price

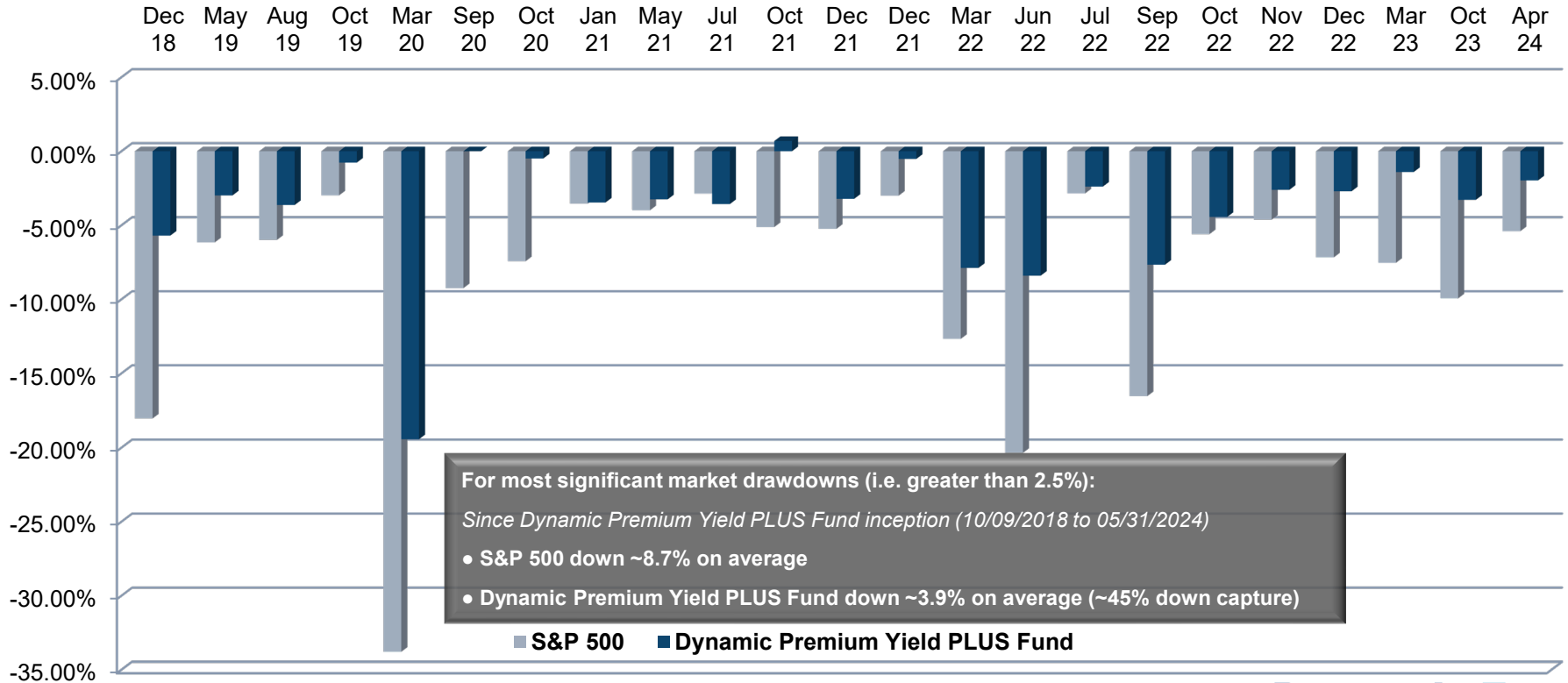
Fund Performance in a Protracted Bear Market?



Source: Bloomberg as of 05/31/2024, Indices are not managed, and it is not possible to invest directly in an index

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Fund Performance in a Protracted Bear Market?



Source: Bloomberg as of 05/31/2024, Indices are not managed, and it is not possible to invest directly in an index

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Fund Performance in a Protracted Bear Market?

**Dynamic
Premium Yield
Fund**

9.3%

**Typical historical range
9% to 11%**

**Gross internal yield
(with hedges)**

**Dynamic
Premium Yield
PLUS Fund**

17.4%

**Typical historical range
15% to 20%**

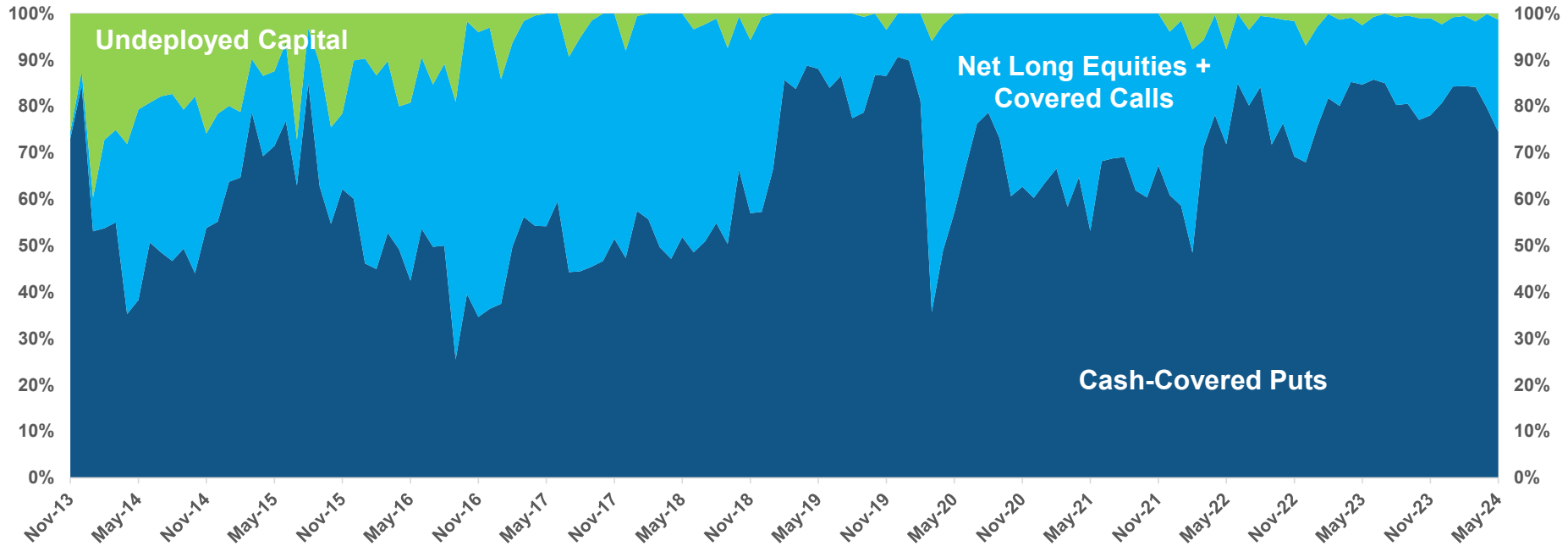
**Gross internal yield
(with hedges)**

Source: Dynamic Funds, Data as of 05/31/2024

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Historical Portfolio Allocation

Dynamic Premium Yield Fund Since Inception – May 2024

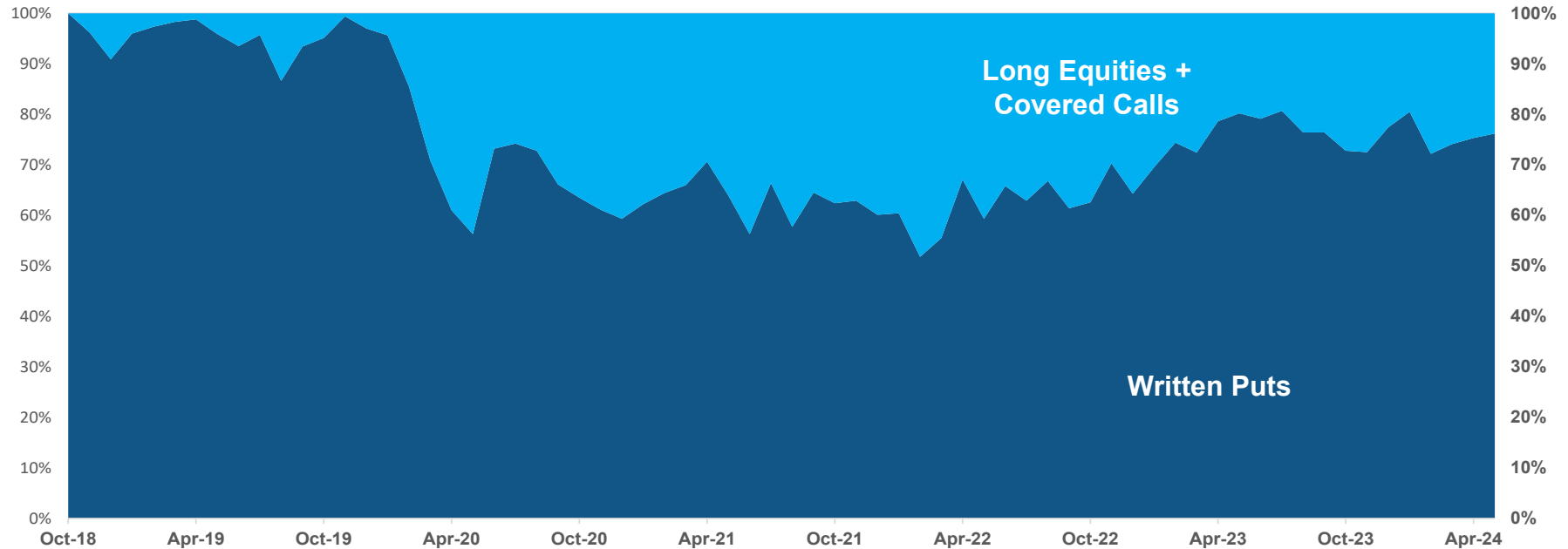


Source: Dynamic Funds, Since inception date of 10/28/2013, this can also include synthetic cash

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Historical Portfolio Allocation

Dynamic Premium Yield PLUS Fund Since Inception – May 2024

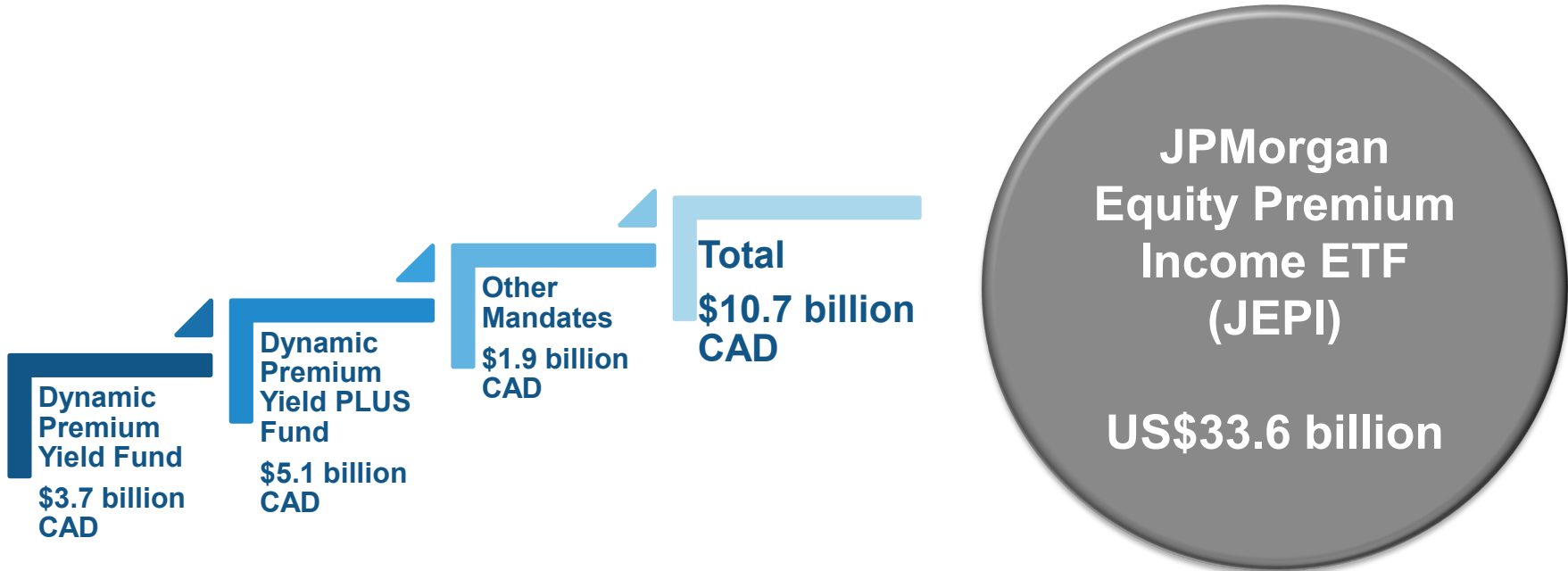


Source: Dynamic Funds, Since inception date of 10/09/2018, normalized to 100%

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Are We Too Big?



Source: Dynamic Funds, J.P. Morgan Asset Management, Data as of 05/31/2024

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Are We Too Big?



**Our Funds Annualized
Options Notional**

\$200-250 Billion*



*Dynamic Funds Data – based off 05/31/2024 run rate,

**Jane Street Execution Services – based off 05/2024 run rate

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Important Information

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