



Howard Chan
Founder & CEO



Dominique Tersin
Portfolio Manager

Seeking Gold & Silver Exposure Plus Income

Howard Chan and Dominique Tersin explain the design and strategy of the Kurv Gold Enhanced Income ETF (KGLD) and Kurv Silver Enhanced Income ETF (KSLV) for investors seeking exposure to gold and silver prices with added income.

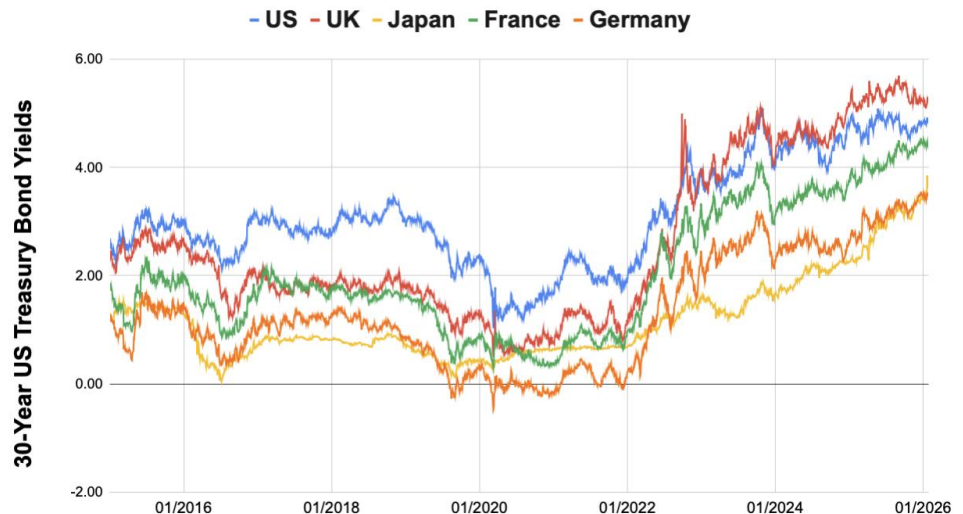
What's the investment objective of the Kurv Gold Enhanced Income ETF (KGLD) & Kurv Silver Enhanced Income ETF?

Both KGLD and KSLV seek to maximize total return by actively managing a portfolio with efficient exposure to gold and silver, respectively, while at the same time, generating potentially tax-efficient income.

Why Seek Exposure to Gold and Silver?

Market participants remain concerned about the deteriorating fiscal position of developed countries, which has led to higher long-term government bond yields.

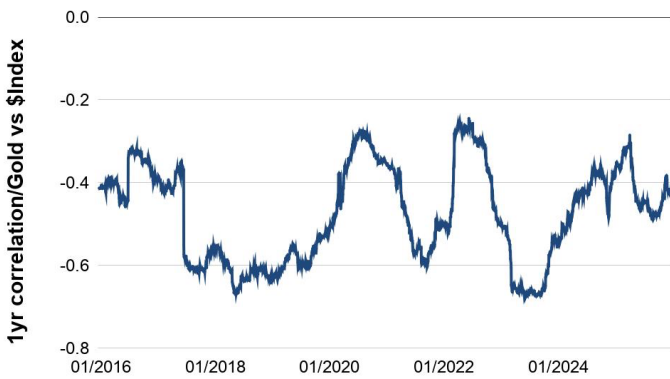
30yr Yields continued to rise even though central banks initiated rate cuts



Source: Investing.com

The U.S. government's debt-to-gross domestic product (GDP) ratio surpassed the 100% threshold in 2013 and was just shy of 125% as of 2025, a level last seen around World War II. At the same time, our debt obligations and interest burden are growing faster than GDP. This means that we are issuing new debt just to pay interest on our existing debt—a clear sign of fiscal deterioration. Add in threats to central bank independence, and investors are increasingly less inclined to hold U.S. Treasuries and U.S. Dollars in their risk-off portfolios.

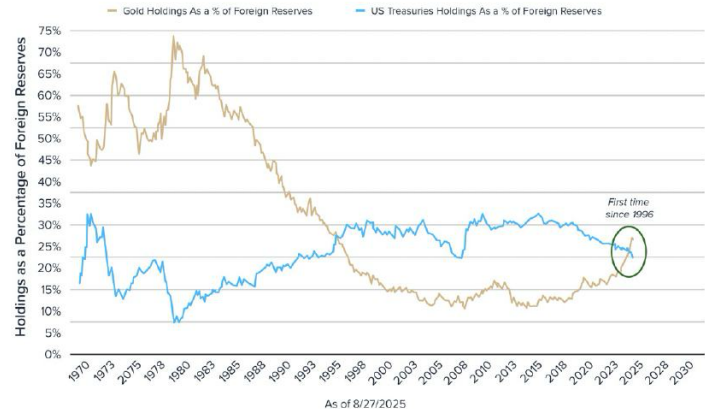
Gold is Negatively Correlated to the USD



Source: investing.com

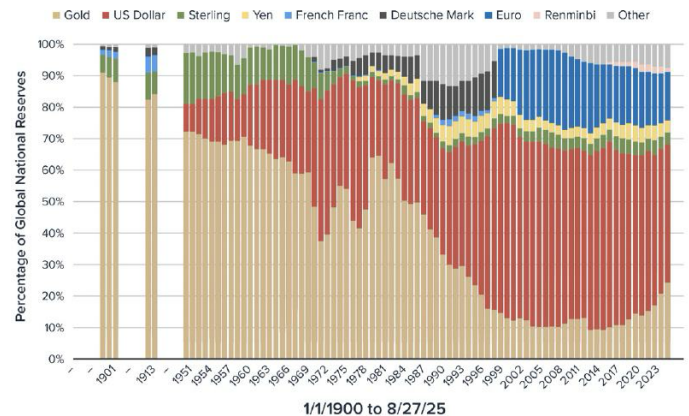
That may leave gold as the only remaining risk-off asset. Outside of emergency programs, it's notable that gold is one of the few assets other than short-term government bonds that central banks hold on their balance sheets. So, whether you believe gold preserves value or is a hedge against inflation, enough major players—including central banks—believe it does. And these official sector institutions have been significant buyers in recent years. Large bullion dealers have also reported that central banks may be exploring silver as a means of diversifying reserves.

Foreign Central Banks Hold More Gold Than Treasuries



Source: Bloomberg

Global International Reserves (inc. Q1 2025)



Source: IMF, P. Lindert, World Gold Council, B. Eichengreen & A. Mehl, Money Metals

Is this a Cyclical Story, or a Secular One?

It's a secular story because it is very hard for governments (the U.S. or otherwise) to rein in their spending, as this will result in decreased services. And it's also very hard to generate revenue by raising taxes. That means there will be more debt issuance. More debt means a higher money supply, which results in more competitive devaluation of fiat currencies. As a result, we believe there will be continued demand for gold to hold value in people's portfolios.

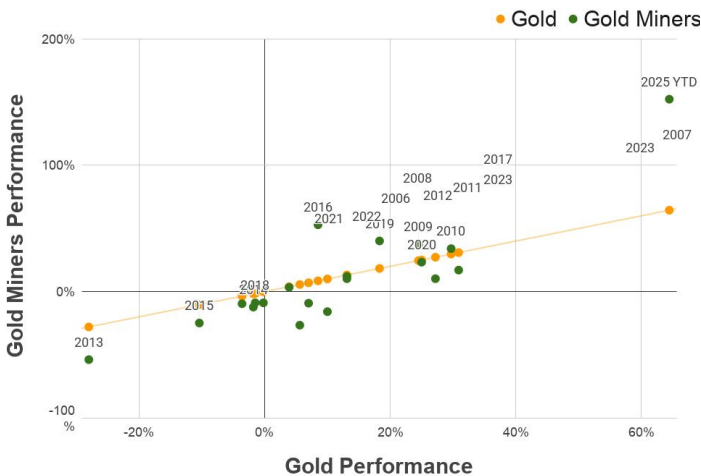
What's the Problem with Conventional Gold and Silver Investing Approaches?

Historically, most investors seeking exposure to the gold and/or silver price have expressed their thesis by either buying physical gold or silver (directly or via an ETF), or by purchasing gold and silver mining equities. At Kurv, we believe both approaches are sub-optimal.

The problem with simply having exposure to physical gold or silver is that it pays no interest, which discourages investors who require regular income. There are also costs, such as storage and security, associated with holding bars and coins. As a result, many people don't invest and end up missing out on potential capital growth during precious metals bull markets.

Owning gold or silver mining shares also may not be especially attractive. Most people probably don't realize that these equities only outperform bullion 1 in every 4 years for gold and 1 in every 3 years for silver. So, unless you can correctly identify what year that will be, you're safer owning gold or silver. Plus, owning the miners comes with operational risks that are not present in the metal itself.

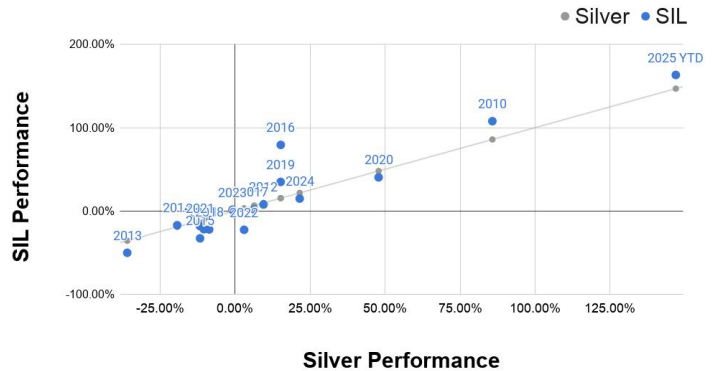
Annual Performance Gold Miners vs Gold



Source: investing.com, Kurv

Performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Call 800.826.2333 or click here GDX Risks and Performance for current month end performance.

Annual Performance SIL Silver Miners ETF vs Silver



Source: investing.com, Kurv

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For investors who prefer to diversify their portfolio with both precious metals and mining companies, a combination of both exposures may be optimal. Historically, the combination of these exposures produced a similar return to each exposure, albeit with much lower volatility than owning the miners alone.

Example of Splitting

Total Return (%)	3YR	5YR	10YR	19YR
Gold	33.2%	17.9%	15.1%	10.6%
Gold miners	45.2%	20.4%	21.1%	4.9%
50/50	39.9%	19.8%	18.9%	8.5%

Volatility (%)	19YR
Gold	16.7%
Gold miners	36.8%
50/50	25.8%

Total Return (%)	3YR	5YR	10YR	15YR
Silver	43.8%	22%	17.8%	5.7%
Silver miners	45.2%	14%	17.8%	1.1%
50/50	45.3%	18.5%	18.5%	4.1%

Volatility (%)	15YR
Silver	31.5%
Silver miners	39.2%
50/50	33.6%

Source: investing.com, Kurv, Gold miners represented by VanEck Gold Miners ETF (GDX), Silver miners represented by Global X Silver Miners ETF (SIL), Gold represents the price return of physical gold. Silver represents the price return of physical silver.

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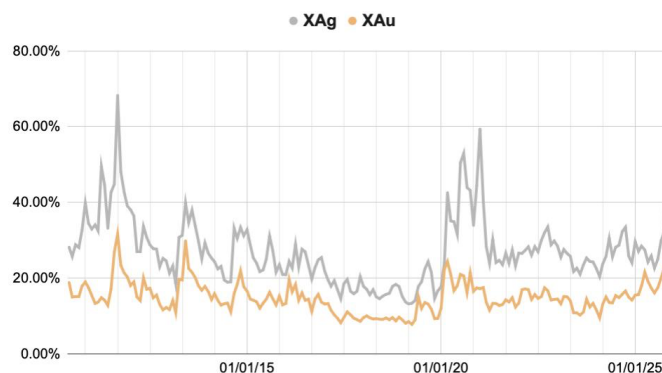
What is the Difference Between Investing in Gold vs. Silver?

Gold and silver are commonly categorized as precious metals, and both have been used as a standard means of exchange. As late as the 17th and 18th centuries, many countries, including Great Britain, the United States, China, and others, were still on the silver standard. In 1816, Great Britain officially adopted the gold standard, marking the transition from silver to gold. That left China (particularly Hong Kong) as the last country to transition away from silver in 1935.

While gold and silver share a close relationship, their characteristics and applications can differ significantly. After most countries abandoned the gold standard, gold was primarily viewed as a safe-haven asset in portfolios during times of high uncertainty and as an inflation hedge during periods of rising prices. Silver has the qualities of gold, but it also has industrial uses, ranging from electronics to dentistry. While gold prices are often linked to market volatility and inflationary fears, silver prices can also be influenced by industrial demand.

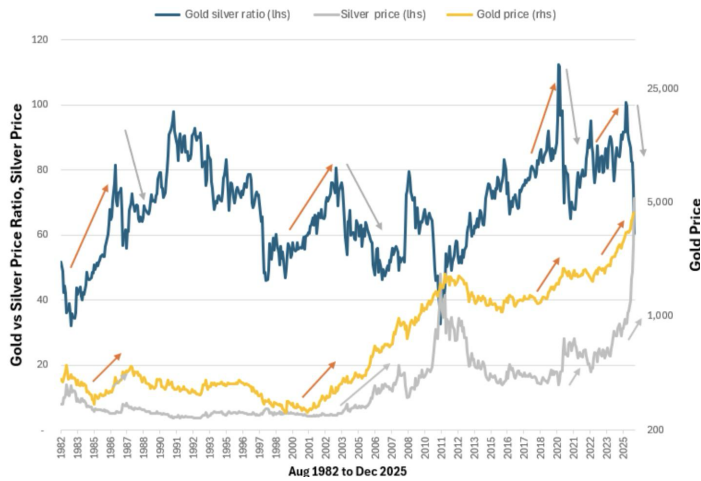
Although silver prices tend to be twice as volatile as gold, the prices of the two metals move in a similar direction, with gold prices typically leading. Prices of silver per ounce are much lower than gold, allowing interested investors to “catch up” after a run on gold. Investors commonly use a gold-to-silver price ratio to determine the relative value of gold and silver.

1 Month ATM Implied Volatility



Source: CME

Gold vs Gold/Silver Ratio



Source: investing.com, Kurv

How Do KGLD and KSLV Compare to Physical Gold and Silver from a Tax Perspective?

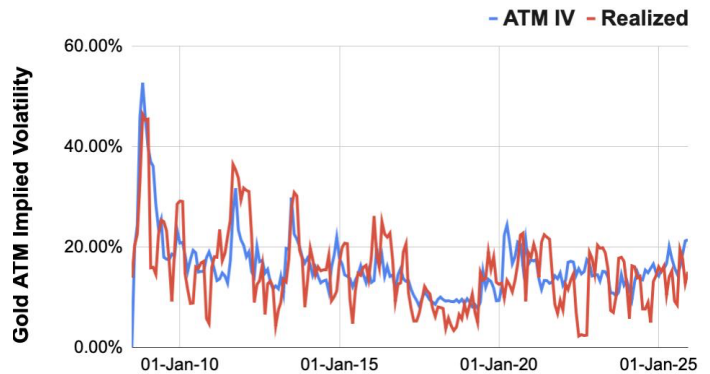
As every investor knows, what really matters is your after-tax return. In this regard, we believe KGLD/KSLV’s strategy is superior to investing in physical gold or silver. Physical gold or silver is taxed as a collectible, resulting in a relatively high tax rate. Futures enjoy somewhat better treatment, as 60% of gains are taxed as long-term capital gains, while 40% are taxed as short-term capital gains. But options (which are used by KGLD and KSLV) are ‘securities’. With various portfolio management techniques, taxes on gains may be and should be treated more favorably by the IRS compared to either physical or futures exposure.

How do you Manage KGLD and KSLV?

KGLD and KSLV aim to provide investors with the best of both worlds: exposure to gold or silver prices, respectively, along with ongoing income. The ETF seeks exposure to gold or silver via a combination of long call options and/or short put options of the same strike price. Having a different number of contracts may enhance upside potential to gold or silver prices. To generate income, KGLD and KSLV employ an array of option strategies. Protective puts and put spreads may be used to limit downside risk, especially for silver exposures. On a relative basis, the heightened volatility of silver prices to gold typically translates into elevated option premiums generated for KSLV compared to KGLD.

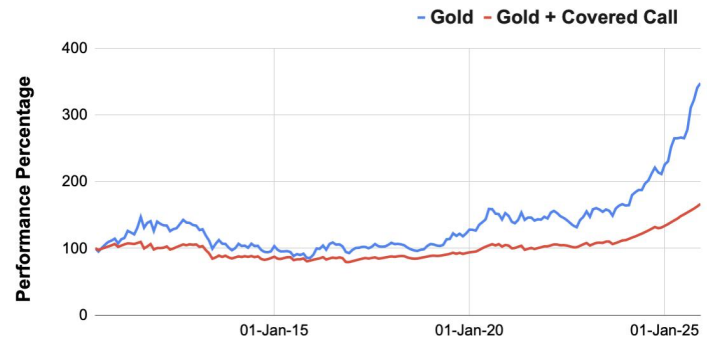
While a straight covered call strategy may appear to be the simplest way of obtaining income from gold, it’s actually a suboptimal approach. That’s because, unlike with equities, gold’s realized volatility is often higher than its implied volatility. In other words, call option writers may not be adequately compensated for the risk they absorb.

Systemically Selling Implied Volatility Has Not Been Very Profitable On Gold



Source: CME, Kurv

Total Return of Spot & Covered Call on Gold



Methodology: systematic sales of ATM 1-month implied on gold futures

Source: investing.com, CME, Kurv

By having a structural long exposure to gold and silver, combined with smart option positions, KGLD and KSLV aim to outperform the prices of gold and silver, respectively, while generating tax-efficient income.

Definitions:

ATM: at-the-money

Debt-to-GDP ratio: financial metric that compares a country's total government debt to its Gross Domestic Product (GDP) and is expressed as a percentage.

Implied Volatility (IV): a measure of how much the market believes the price of a stock or other underlying asset will move in the future, and is a key factor in determining the price of an options contract.

Gold/Silver Ratio: Price of gold per ounce divided by the price of silver per ounce

Strike Price: the price at which a put or call option can be exercised

Protective Put: options strategy where an investor who owns a stock or other asset also buys a put option on that same asset to limit potential losses.

Put Spread: an options strategy involving two put options on the same underlying asset with the same expiration date, but different strike prices.

An investor should consider the investment objectives, risks, charges, and expenses of the Fund carefully before investing. To obtain a prospectus containing this and other information, please call 1-888-719-KURV (5878) or click here. Read the prospectus carefully before investing.

Both KGLD and KSLV are new with a limited operating history.

An investment in the Fund entails risk, including the loss of principal. The Fund is not a complete investment program and investors should review the risks associated with the Fund before investing. The Fund is an actively managed portfolio, and the portfolio managers will apply investment techniques and risk analyses that may not produce the desired result. There can be no guarantee that the Fund will meet its investment objective.

(1) the amount of any distribution will vary, and there is no guarantee the Fund will pay either an income dividend or a capital gains distribution, (2) distributions may include return of capital, and (3) part of the Fund's strategy to generate income may limit upside returns.

KGLD Risks: the Fund may invest in gold and gold bullion-related ETFs and derivatives on gold and gold bullion-related ETFs. The price of gold may be volatile, and gold bullion-related ETFs and derivatives may be highly sensitive to the price of gold. The price of gold bullion can be significantly affected by international monetary and political developments such as currency devaluation or revaluation, central bank movements, economic and social conditions within a country, transactional or trade imbalances, or trade or currency restrictions between countries. Physical gold bullion has sales commission, storage, insurance, and auditing expenses. No income is derived from holding physical gold, which is unlike securities that may pay dividends or make other current payments. Gold held in physical form (even in a segregated account) involves the risk of delay in obtaining the assets in the case of bankruptcy or insolvency of the custodian. This could impair disposition of the assets under those circumstances. To the extent it holds physical gold, the Gold Fund is also subject to an increased risk of loss and expense in connection with the transportation of such assets to and from the Gold Fund's custodian.

KSLV Risks: the Fund may invest in silver ETFs and derivatives on silver and silver-related ETFs. The price of silver may be volatile, and silver-related ETFs and derivatives may be highly sensitive to the price of silver. The price of silver can be significantly affected by international monetary and political developments such as currency devaluation or revaluation, central bank movements, economic and social conditions within a country, transactional or trade imbalances, or trade or currency restrictions between countries. Physical silver has sales commission, storage, insurance, and auditing expenses. No income is derived from holding physical silver, which is unlike securities that may pay dividends or make other current payments. Silver held in physical form (even in a segregated account) involves the risk of delay in obtaining the assets in the case of bankruptcy or insolvency of the custodian. This could impair disposition of the assets under those circumstances. To the extent it holds physical silver, the Silver Fund is also subject to an increased risk of loss and expense in connection with the transportation of such assets to and from the Silver Fund's custodian. Distributions are not guaranteed.

The Kurv Gold Enhanced Income ETF and Kurv Silver Enhanced Income ETF are distributed by Foreside Fund Services, LLC, Member FINRA/SIPC. Foreside Fund Services, LLC is not affiliated with Kurv Investment Management.