

Striving to Capture Growth Momentum and Income



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Howard Chan, Kurv founder and CEO, and Dominique Tersin, portfolio manager, explain why and how we designed the Tech Titans Select Strategy for investors aiming to capture both momentum and income.

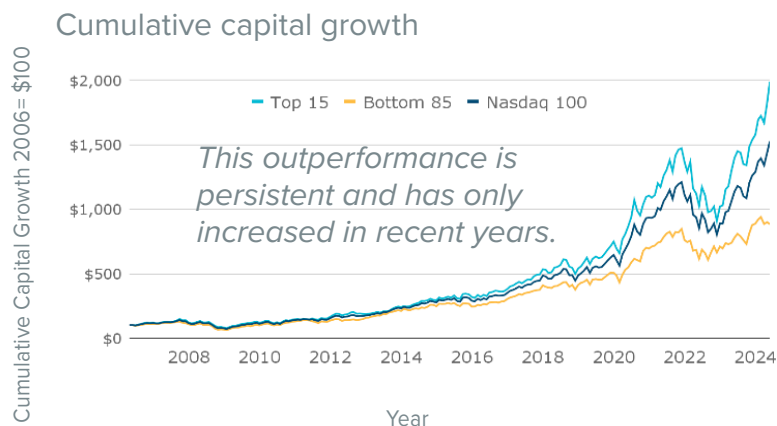
What is the Technology Titans Select Strategy?

The Kurv Technology Titans Select ETF seeks to maximize total return by actively managing a portfolio with concentrated exposure to high-conviction technology titans, while at the same time, generating potentially tax-efficient income.

Why focus on the largest technology companies?

The largest technology companies continue to be the growth engine of the economy. Their size allows certain market dominance and pricing advantages globally. Continuous development of artificial intelligence, in forms like large language models, requires large amounts of training data and even larger amounts of computational power. These titans seem to be well positioned for the future as well.

If we use the largest 100 companies listed on the Nasdaq exchange as a proxy (there are issues with this as we will later discuss), we find the 15 largest companies have outperformed the smallest 85 companies significantly.



Past performance is no guarantee of future results.
Source: Kurv, Nasdaq, As of 6/30/2024

Calendar year returns

	2019	2020	2021	2022	2023	2024 YTD
Top 15	43.33%	53.46%	34.52%	-38.37%	69.26%	29.45%
Nasdaq 100	40.20%	48.90%	30.03%	-33.63%	56.95%	21.11%
Outperformance	3.13%	4.56%	4.49%	-4.75%	12.31%	8.33%

Annualized returns

	Last 15 years (2009-2023)	Last 10 years (2014-2023)	Last 5 years (2019-2023)
Top 15	21.20%	20.19%	25.28%
Nasdaq 100	20.35%	18.30%	23.11%
Outperformance	0.85%	1.89%	2.17%

Past performance is no guarantee of future results. Source: Kurv, As of 6/30/2024

Does the higher return come at the expense of greater risks in the basket? The return of the Top 15 companies does come at slightly higher volatility. However, the Sharpe ratio of the Top 15 is higher than most of the entire index as well as the bottom 85 companies. This means that for every unit of risk, a basket of the largest companies typically generates higher returns than either the entire index or bottom 85 companies. Additionally, the top 15 companies fare better in the worst monthly performance and drawdown categories.

	Top 15	Nasdaq 100	Bottom 85
Avg. monthly performance	1.50%	1.38%	1.19%
Monthly volatility	5.66%	5.38%	5.25%
Sharpe ratio (annualized)	0.92	0.89	0.78
Worst monthly performance	-15.11%	-16.25%	-21.06%
Drawdown	-47.94%	-49.34%	-51.10%

Past performance is no guarantee of future results. Source: Kurv from 5/31/13 to 4/30/24

In fact, a curious quality to the basket of top 15 Nasdaq companies is that it behaves similarly to the index during falling markets but tends to outperform the index in rising markets.

	Top 15	Nasdaq 100	Bottom 85
Beta to Nasdaq 100	1.04	1.00	0.90
Upside Beta to Nasdaq 100	1.05	1.00	0.88
Downside Beta to Nasdaq 100	1.00	1.00	0.98

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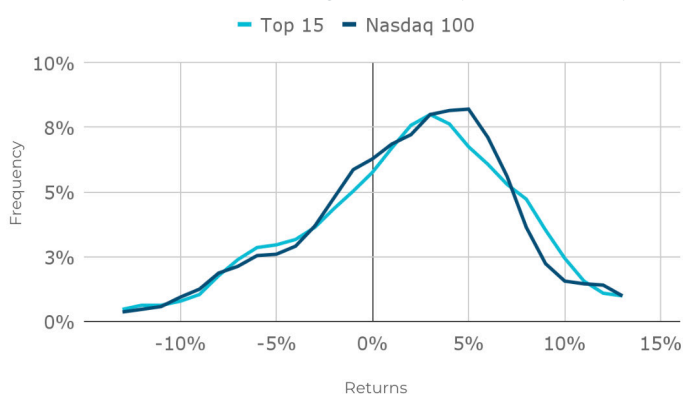
Source: Kurv, As of 6/30/2024

Beta: Beta (β) compares a stock or portfolio's volatility or systematic risk to the market.

The reason is that the distribution of returns for the biggest 15 names tends to skew higher than the returns of the overall index.

Although counterintuitive, our analysis shows that concentrated exposure to high-conviction technology titans can improve overall risk-adjusted returns. This exposure can be used not only as a complement but also as a substitute for existing technology allocations in the portfolio.

Frequencies of monthly returns (since 2006)



Past performance is no guarantee of future results. Source: Kurv from 6/30/06 to 6/30/24

How do you actively manage the ETF?

Kurv leverages our systematic three-step portfolio construction process to maximize total return: Step 1) smart security selection, Step 2) momentum weighting, and Step 3) potential downside mitigation with income generation.

Step 1: Smart security selection for a pure technology exposure

Investors use the Nasdaq 100 index as a proxy for their technology exposure because many technology companies are listed on the exchange. However, there are numerous non-technology companies that are also included in the index as well as technology companies listed on other exchanges.

Our strategy first looks to construct a purer high-conviction portfolio of the largest technology

giants by removing the largest non-technology companies in the cohort. This selection process occurs quarterly.

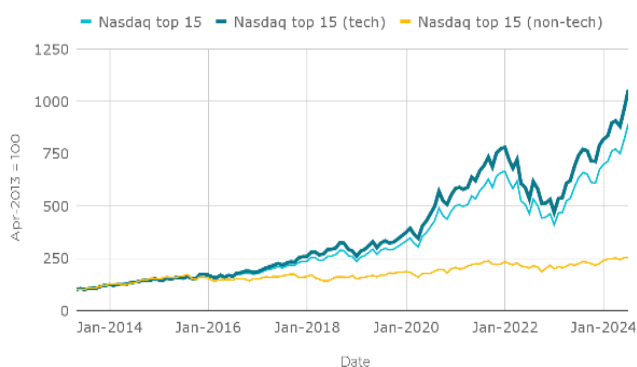
Non-technology companies tend to have a slower growth profile than their technology counterparts and therefore have significantly lagged in stock price appreciation. This filtering process has historically led to significant improvement in portfolio returns.

Cumulative price return

	Nasdaq top 15	Top 15 (tech)	Top 15 (non-tech)
5yr return	210.75%	228.06%	51.25%
10yr return	567.91%	686.87%	92.99%

Past performance is no guarantee of future results. Source: Kurv, As of 6/30/2024

Tech vs non-tech in the Nasdaq top 15 (price return)



Past performance is no guarantee of future results. Source: Kurv, As of 6/30/2024

Step 2: Momentum weighting to magnify returns from tech outperformers

Many technology or growth stocks tend to have price momentum. This means that if the price of a tech stock is rising, there is a tendency for the price to continue to rise until there is a pivot point.

Number of months in momentum	Frequency
0-5	45%
5-10	22%
10-15	17%
15-20	6%
20-25	6%
25-30	2%
30-35	1%
35+	1%

Average	9 months
Median	6 months

Past performance is no guarantee of future results.
Source: Kurv, from 2023 to 2024

Using our momentum factor, we look to overweight technology names that have demonstrated consistent price appreciation while underweighting those that have moved sideways or fallen. By overweighting momentum stocks early in their price trend, we aim to capture additional returns through additional capital allocation.

Step 3: Writing covered calls to generate potentially tax-advantage income and to mitigate downside

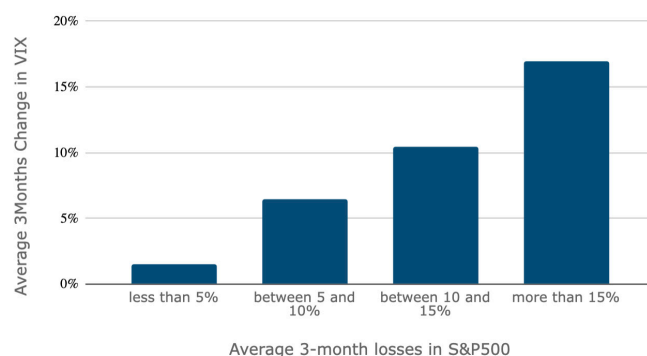
Another quality of growth/tech stocks is that they typically distribute no or very low dividends. Income or dividend investors have had to contort their equity exposures by underweighting technology sectors (the growth engine of the economy) and overweighting legacy and slow growth sectors like banks, utilities and energy.

To lessen this trade-off, the ETF looks to write covered calls on low or no momentum tech stocks to generate options income. The premium received

from the written call can be distributed as income. We believe this is a great complement to step 2 as call options written on low momentum stocks have a higher probability of expiring out-of-the-money, hence fully harvesting the premium received from the call writing.

Covered calls can also potentially mitigate downside risk in a market sell-off, as they reduce the performance sensitivity to the underlying market or securities. For example, in a sell-off, if the underlying security underperforms by 1%, the position with the covered call will usually underperform by less than 1%. The degree of outperformance will depend on where the covered call is written. In a general sell-off environment, most names in the portfolio are expected to lose price momentum, thus turning on the covered call feature of the strategies. This increases the option income generated from the covered call in a down market. Moreover, implied volatility often spikes during periods when market fears are pervasive, which further magnifies the income or option premiums that could be generated. The increased income acts as a countercyclical force that further manages downside risks.

Implied volatility rises as market weakens



Past performance is no guarantee of future results.
Data since Feb 1990: Kurv

By combining these three steps, we believe the ETF can maximize risk-adjusted returns in a sector that has been one of the largest contributors to global growth.

Definitions:

Annualized Premium: The total amount of premium paid annually is called the annualized premium.

Dividend Yield: a financial ratio, expressed as a percentage, that shows how much a company pays out in dividends each year relative to its stock price.

Implied Volatility: 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.

Sharpe Ratio: The Sharpe ratio calculates how much excess return you receive for the extra volatility you endure for holding a riskier asset.

Volatility Index (VIX): is a real-time index that represents the market's expectations for the relative strength of near-term price changes of the S&P 500 Index (SPX).

S&P 500: is a market-capitalization-weighted index of 500 leading publicly traded companies in the U.S. The index includes 503 components because three have two share classes listed.

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.

The Fund is new with a limited operating history.

Fund Objective: The Fund seeks maximum total return, consistent with prudent investment management.

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.

As an ETF, the Fund is exposed to the additional risks, including: (1) concentration risk associated with Authorized Participants, market makers, and liquidity providers; (2) costs risks associated with the frequent buying or selling of Fund shares; (3) market prices may differ than the Fund's net asset value; and (4) liquidity risk due to a potential lack of trading volume.

Fund Risks: The Fund will invest in the equity securities of, or derivative instruments (e.g. options) relating to, Technology Companies. Accordingly, the performance of the Fund could be negatively impacted by events affecting this sector. Market or economic factors impacting technology companies and companies that rely heavily on technological advances could have a significant effect on the value of the Fund's investments. The value of equity securities, such as common stocks and preferred securities, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities. When the Fund or an Underlying Kurv ETF invests in fixed income securities or fixed income ETFs, the value of your investment in the Fund will fluctuate with changes in interest rates. Typically, a rise in interest rates causes a decline in the value of fixed income securities. The Fund may engage in certain transactions, such as options, that may give rise to leverage, magnifying gains and losses and causing the Fund to be more volatile than if it had not been leveraged. This means that leverage entails a heightened risk of loss. 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. As a result, a decline in the value of an investment in a single issuer or a smaller number of issuers could cause the Fund's overall value to decline to a greater degree than if the Fund held a more diversified portfolio.

Synthetic Long Risks: The Fund will also invest in the Kurv Yield Premium ETFs. The Fund may gain long exposure via purchasing shares of individual companies or creating a synthetic long position. To achieve a synthetic long exposure, the Fund buys call options of a technology company and, simultaneously, sells put options of the same company to try to replicate the price movements of underlying company. The combination of the long call options and sold put options seek to provide the Fund with investment exposure to the underlying company for the duration of the application option exposure. Please note that the synthetic long and underlying equity security may not attain a 1:1 correlation. The notional exposure to an underlying company when the Fund buys put and call options directly will not exceed 150% of net asset value (when obtaining exposure to an underlying company through an Underlying Kurv Yield Premium ETF, notional exposure will be limited to 100% of net asset value). The call options the Fund buys and the put options it sells will be at the same strike price and have the same expiration, however, the amount may differ.

Underlying Kurv Yield Premium ETF Risks: The Fund will invest in Underlying Kurv ETFs, so the Fund's investment performance is likely to be related to the performance of the Underlying Kurv ETFs. An investment in the Fund entails more costs and expenses than the combined costs and expenses of direct investments in the Underlying Kurv ETFs. Each Underlying Kurv ETF invests in options contracts which are based on the value of its Underlying Security and subjects each ETF to the risks associated with the industry of the corresponding Underlying Issuer. Each Underlying Kurv ETF employs a strategy of selling call option contracts, limiting its participation in the value increase of the Underlying Security during the call period. Should an Underlying Security's value increase beyond the sold call options' strike price, the Underlying Kurv ETF may not experience the same extent of increase, potentially underperforming the Underlying Security and experiencing a NAV decrease, especially given its full exposure to any value decrease of the Underlying Security over the call period. The Underlying Kurv ETFs aim to provide monthly income, although distributions are not guaranteed, and amounts may vary. Monthly distributions may consist of capital returns, reducing each ETFs NAV and trading price over time which could lead to significant losses for investors (including the Fund). Repetitive payment of distributions may erode the Underlying Kurv ETFs NAV and trading price over time, which could result in notable losses for the Fund. The continuous application of each Underlying Kurv ETFs call writing strategy impacts its ability to participate in the positive price returns of its Underlying Security, which in turn affects each Underlying Kurv ETF's returns both during the term of the sold call options and over longer time frames. Some securities held by the Underlying Kurv ETFs, including options contracts, may be difficult to sell or be illiquid, particularly during times of market turmoil. This risk is greater for the Underlying Kurv ETFs as each will hold options contracts on a single security, and not a broader range of options contracts.

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