



Nationwide Risk-Managed Income ETF

The Sourcing and Treatment of Monthly Fund Distributions

NUSI

FAQs

FUND HIGHLIGHTS

- *The Nationwide Risk-Managed Income ETF (NUSI) seeks to harness the income generating potential of a dynamic protective collar and the enhanced downside protection benefit of active risk management.*
- *Each month, investors in the strategy are paid a managed distribution using a portion of the net credit generated by the Fund's dynamic collar, an option strategy limiting both gains and losses that is traditionally established by holding an underlying stock, buying an out-of-the money put option, and selling an out-of-the money call option.*
- *At the end of the fiscal year, the ACTUAL amounts and sources of the distributions generated by the Fund over the applicable reporting period may be determined to be from net investment income (NII), short-term gains, long-term gains (to the extent permitted by law), and return of capital – an important and frequently misunderstood distribution component.*

EXECUTIVE SUMMARY

A persistent decline in real interest rates since the 1980s has made it exceedingly more difficult to generate reliable streams of income from traditional bond investing. Consequently, investors have increasingly sought out alternative investment strategies for generating the supplementary income needed to address their retirement and other cash-dependent needs in a low-rate world. These solutions have primarily included real estate investment trusts (REITs), master limited partnerships (MLPs), fixed rate preferreds, high-yield bonds, emerging market debt, and high dividend stocks.

The Nationwide Risk-Managed Income ETF (NUSI), a recent addition to the income-focused investment landscape, seeks to harness the income generating potential of a dynamic protective collar and the enhanced downside protection benefit of active risk management. NUSI targets high monthly distributions with less risk relative to the income-focused investments previously mentioned, by deploying a constant, fully financed portfolio hedge, in concert with the payment of a managed distribution each month. The Fund further seeks to provide investors with a measure of downside protection in falling markets, along with the potential for upside participation in rising markets. NUSI pursues these objectives through a rules-based, systematic approach to investing with options, whereby the Fund sources income from a combination of market volatility, capital appreciation, and stock dividends.

The details that follow are intended to provide potential and existing investors in NUSI with important information regarding the underlying mechanics of the Fund's monthly distributions, including:

- The Fund's distribution policy and how NUSI's investment process may aid in generating investment income;
- How estimates of the amounts and corresponding sources of the Fund's distributions are reported each month;
- The classifications given to the actual amounts and sources of the distributions generated by the Fund that are used for tax reporting purposes; and
- A discussion of return of capital (ROC), an important and frequently misunderstood distribution component, including: the potential circumstances under which a ROC distribution may arise; the impacts stemming from a ROC distribution; and potential strategies that investors may employ for differentiating between a constructive and destructive use of ROC.

INTRODUCTION

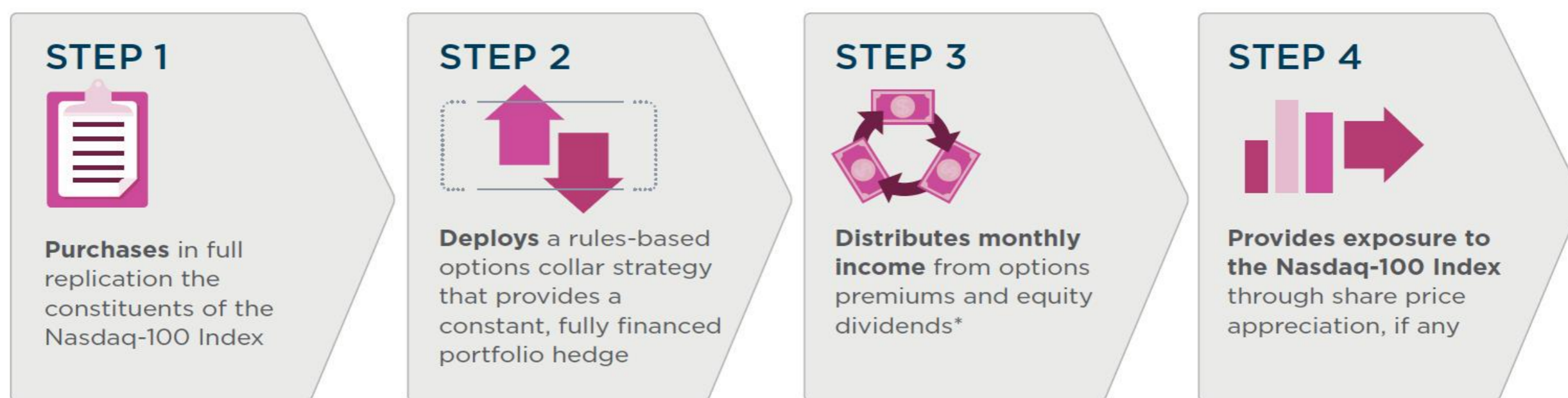
1. WHAT ARE THE INVESTMENT OBJECTIVES AND DISTRIBUTION POLICY OF THE FUND?

The Nationwide Risk-Managed Income ETF (NUSI) seeks to generate high income, while providing a measure of downside protection and upside participation potential, by harnessing the income generating potential of a dynamic protective collar and the enhanced downside protection benefit of active risk management.

The Fund employs a managed distribution program which is similar in nature to comparable option-based funds. This approach may aid in facilitating smooth regular distributions to investors. Each month, after the Fund resets its collar strategy, the Fund seeks to pay a distribution that may be derived from a combination of options premium, the dividends generated by the underlying equity portfolio, and the appreciation of the Fund's equity holdings.

2. HOW DOES THE FUND'S INVESTMENT PROCESS AID IN GENERATING INVESTMENT INCOME?

The Fund generates investment income using an options trading strategy called a protective net-credit collar. A protective net-credit collar is established by selling an upside call option and using a portion of the proceeds received to buy a put option that hedges the downside risk on an underlying portfolio of securities. The process that is employed by the Fund in establishing the collar is comprised of the following steps:



*Income from net realized capital gains, if any, are distributed annually.

STEP 1: Purchases, in full replication, the constituents of the Nasdaq-100 index

- The Fund owns all the stocks included in the Nasdaq-100 index.



Nationwide Risk-Managed Income ETF

The Sourcing and Treatment of Monthly Fund Distributions

NUSI

FAQs

STEP 2: Deploys a dynamic options collar strategy which provides a constant, fully financed portfolio hedge

- A near at-the-money (ATM) to out-of-the-money (OTM) Nasdaq-100 index call option is sold, with the intent of generating premium.
- An at-the-money (ATM) call option has a strike price that is identical to the market price of the underlying security, while an out-of-the-money call option has a strike price that is higher than the market price of the underlying security.
- Using a portion of the premium received, a Nasdaq-100 index put option is purchased to fully hedge the portfolio and protect against potential losses in the underlying equity portfolio.

STEP 3: Generates a monthly distribution using options premium and equity dividends

- A managed distribution is paid to investors each month using a portion of the net credit generated by the collar. The net credit represents the difference between the proceeds derived from the sale of the call option and the expense associated with the purchase of the put option.
- This distribution may be further comprised of the dividends generated by the underlying equity portfolio and the appreciation of the Fund's equity holdings.

STEP 4: Reinvests remaining premium in the underlying constituents of the Nasdaq-100 Index

- The remaining premium is then reinvested in the Fund's underlying stocks to allow for potential equity participation.

THE MECHANICS OF DISTRIBUTIONS AND RETURN OF CAPITAL (ROC)

3. ARE THE AMOUNTS AND CORRESPONDING SOURCES OF THE FUND'S DISTRIBUTION REPORTED EACH MONTH?

Pursuant to Rule 19a-1 under the Investment Company Act of 1940, the Fund furnishes a monthly notice outlining the amount and sources of the Fund's distribution for that month, estimated on a book basis (i.e. estimates reflected on a book basis are sourced from the trial balance in income/expenses, with no adjustments for gains considerations or other tax considerations). The purpose of this rule is to effectively provide shareholders with adequate disclosure of the sources from which distribution payments are derived, as a measure for mitigating the potential of shareholders confusing income dividends with distributions made from capital sources.

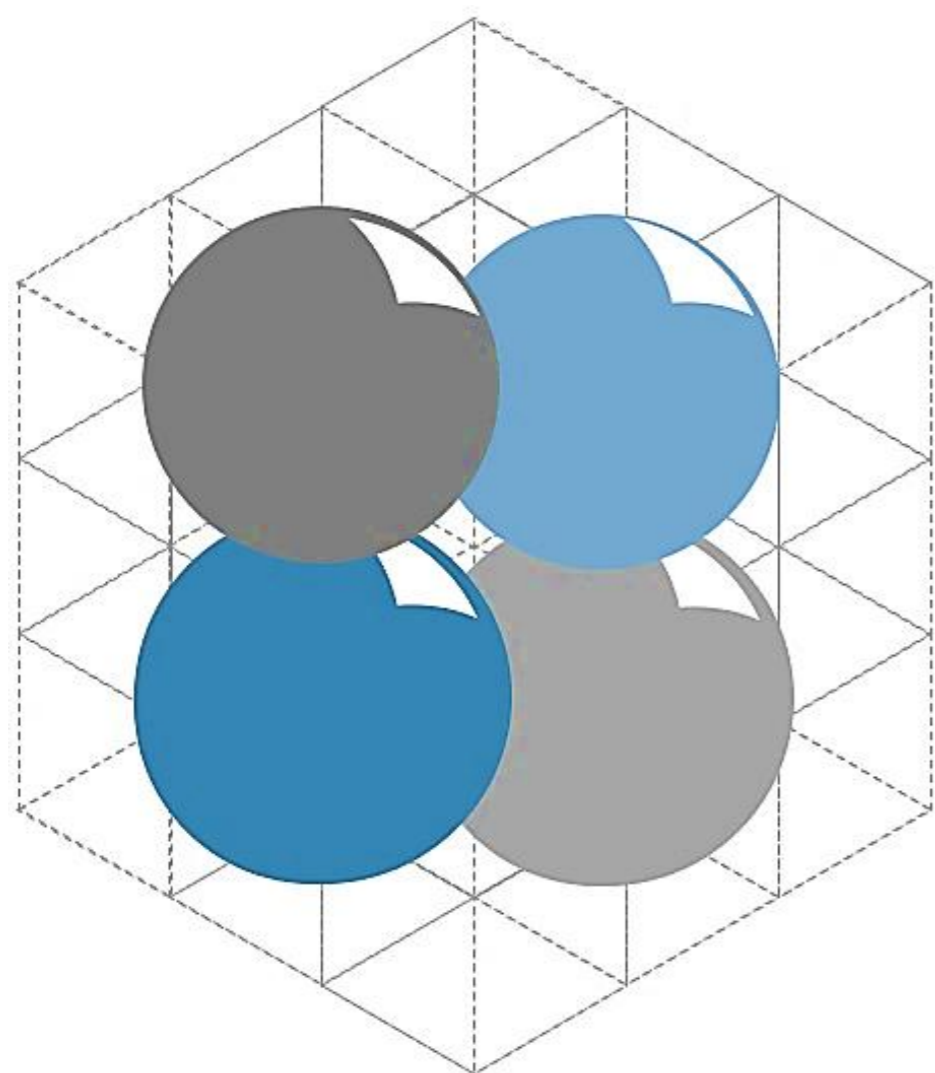
These monthly notifications for the Nationwide Risk-Managed Income ETF (NUSI) are available on the Fund's website using the following link: <https://nationwidefinancial.com/products/investments/etfs/fund-details/NUSI>.

As noted, the amounts and sources of the Fund's distributions reported in these notices are estimates. Determinations of the actual composition of the Fund's distributions for tax reporting purposes are dependent on various factors, including the Fund's cumulative investment experience during the reporting period (such as income and expenses and realized gains and losses stemming from the purchase and sale of securities) and may be subject to changes based on tax regulations. The Fund will send investors a Form 1099-DIV for the calendar year that will specify how these distributions should be reported for tax purposes.

As a result, shareholders should not use the information provided in these notices for tax reporting purposes.

4. HOW ARE THE SOURCES OF THE FUND'S DISTRIBUTIONS CLASSIFIED FOR TAX REPORTING PURPOSES?

At the end of the fiscal year, the ACTUAL amounts and sources of the distributions generated by the Fund over the applicable reporting period may be determined to be from net investment income (NII), short-term gains, long-term gains, and return of capital.



- 1 • **NET INVESTMENT INCOME (NII)**
- 2 • **SHORT-TERM CAPITAL GAINS**
- 3 • **LONG-TERM CAPITAL GAINS**
- 4 • **RETURN OF CAPITAL (ROC)**

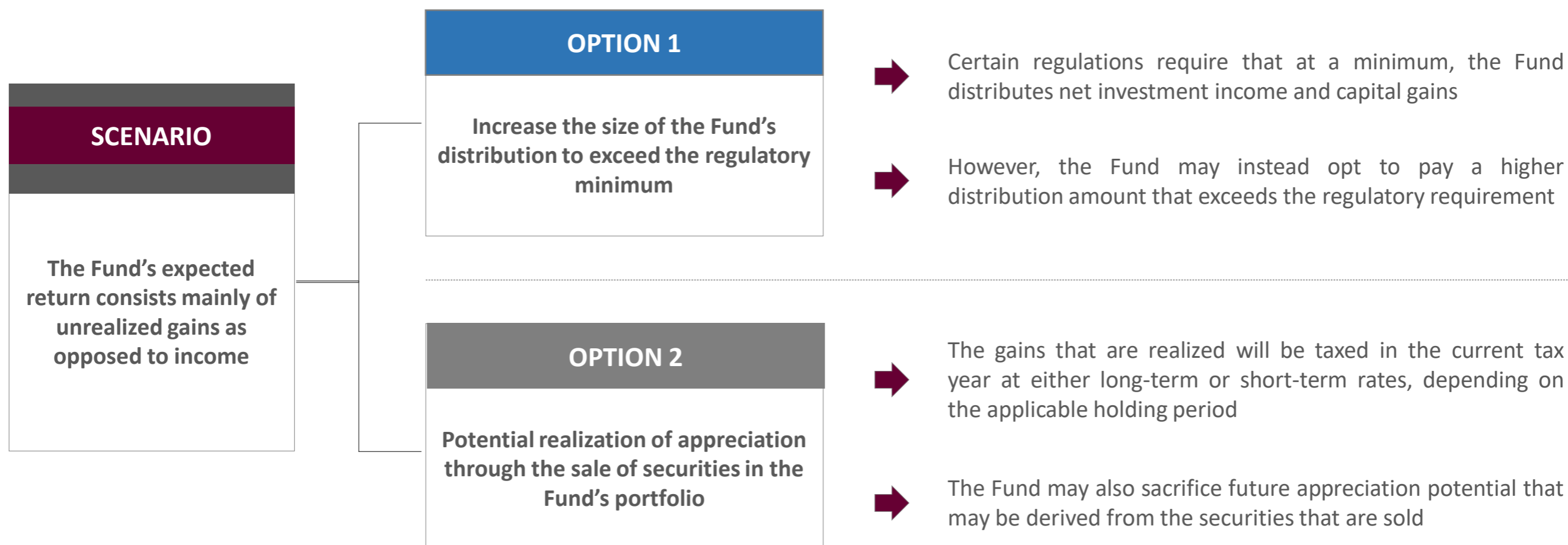
- **NET INVESTMENT INCOME (NII)** refers to investment income received from the securities held by the Fund, less any applicable expenses. NII will generally include, but is not limited to, taxable interest, dividends, and realized capital gains. Pursuant to section 1411 of the Internal Revenue Code, an additional Net Investment Income Tax (NIIT) is applied at a rate of 3.8% to the net investment income of individuals, estates, and trusts that have modified adjusted gross income (adjusted gross income with adjustments for certain foreign deductions or income) above defined statutory thresholds.
- **SHORT-TERM CAPITAL GAINS** are the profits (the sale of a security at a price that is higher than its initial purchase price) derived from the sale of shares in the Fund that were held for less than one year, prior to disposition. These gains are realized only when the securities are sold, which consequently triggers a taxable event. Conversely, unrealized gains or “paper profits” reflect the appreciation or an increase in the value of the securities held by the investor (relative to the initial purchase price), which has not triggered a taxable event. Short-term capital gains are taxed in the same manner as ordinary income, with rates ranging from 10% to 37% based on the investor’s filing status and taxable income.
- **LONG-TERM CAPITAL GAINS** are the profits (the sale of a security at a price that is higher than its initial purchase price) derived from the sale of securities that were held for more than one year, prior to disposition. These gains are realized only when the securities are sold, which consequently triggers a taxable event. Conversely, unrealized gains or “paper profits” reflect the appreciation or an increase in the value of the securities held by the

investor (relative to the initial purchase price), which has not triggered a taxable event. Long-term capital gains are generally taxed at a more favorable rate than short-term capital gains, consequently allowing investors to potentially minimize the capital gains tax incurred by holding shares of the Fund for longer than a year.

- **RETURN OF CAPITAL (ROC)** are distributions made that are over and above the earnings generated by the Fund (i.e. net investment income and capital gains). The Fund’s “capital” or its net asset value (NAV) effectively starts with the initial investments made by investors in the Fund – a value which fluctuates with the appreciation and depreciation of the Fund’s investment portfolio or the generation and distribution of income. The composition of the Fund’s total return on NAV is therefore comprised of its net income and any realized and unrealized gains. Accordingly, for tax purposes, ROC includes the return of a portion of an investor’s initial investment, as well as the value of unrealized appreciation over the specified reporting period, if any. Unlike traditional dividends that an ETF would generally pay out of its income, ROCs are paid out of the Fund’s NAV.

5. UNDER WHAT CIRCUMSTANCES MIGHT A DISTRIBUTION INCLUDE A RETURN OF CAPITAL (ROC)?

The first potential scenario under which the Fund’s distribution might include a ROC is if the Fund’s expected return consists mainly of unrealized gains, as opposed to income. In this case, the Fund has one of two options: the Fund may choose to pay a distribution that exceeds the regulatory minimum that is traditionally comprised of net investment income and realized gains or may choose to realize some or all of its appreciation (where unrealized gains exist) by selling securities in the Fund’s portfolio as a measure for generating the cash flow needed to pay the Fund’s distribution.



Rather than pursuing either option, the Fund may instead choose to pay the additional distribution using ROC, effectively sourcing this amount from the Fund’s “capital” or a combination of the initial investments made by investors and the value of the unrealized appreciation – sources which, for tax purposes, would be classified as ROC.

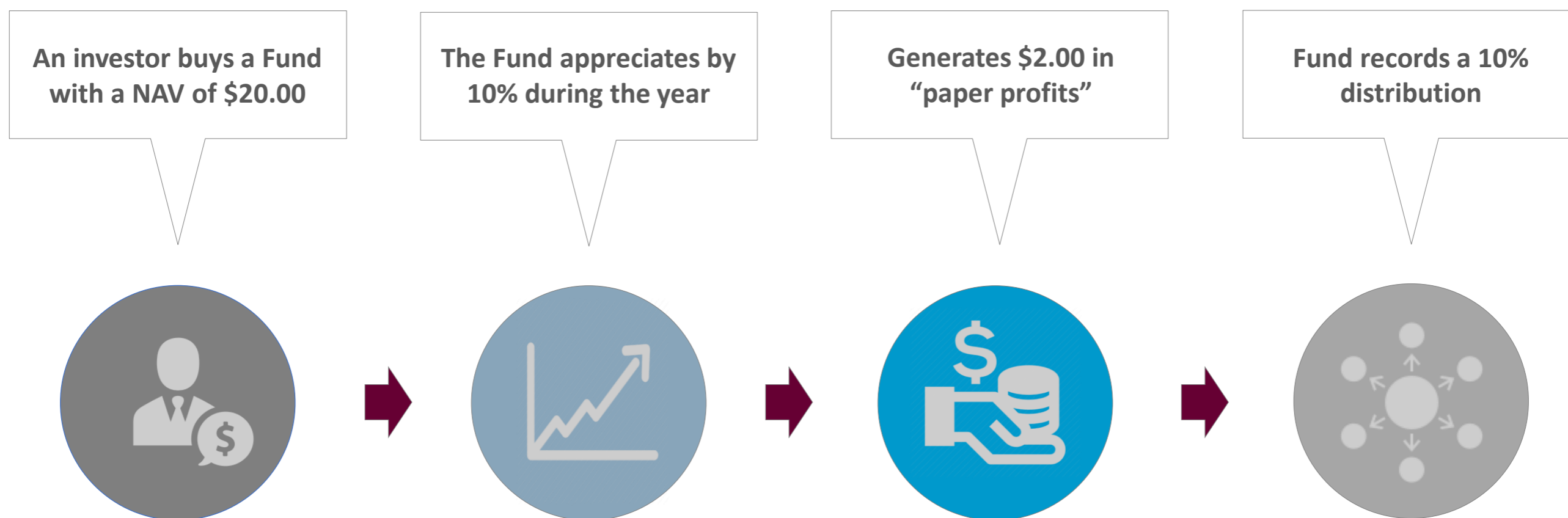
Another scenario that might give rise to a ROC is new inflows into the Fund. When new money flows into the Fund, additional units must be created in order to satisfy this demand, while simultaneously preserving the existing composition of the Fund. Investors who own these newly created units will anticipate receiving a full distribution, even if these units haven't been around long enough to accumulate the requisite income needed to fully support this distribution. Consequently, the Fund will distribute a combination of "old" cash (income accumulated in the Fund) and "new" cash (a portion of inflows from new investors).

The portion of the distribution derived from new investments in the Fund was not generated by taxable interest, dividends or realized capital gains and as such, would be classified as ROC. Investors who held the Fund long enough to collect the distribution would effectively receive net investment income and realized gains, but now, a portion of that distribution would be classified as ROC.

Finally, investors may see a ROC in the Fund's distribution when the net investment income and realized capital gains generated by the Fund are insufficient to support the full distribution.

6. DOES A RETURN OF CAPITAL (ROC) ALWAYS EQUATE SOLELY TO A RETURN OF MY ORIGINAL INVESTMENT?

No, not necessarily. Rather, in certain situations, a ROC could reasonably be comprised of a portion of your initial investment in the Fund **PLUS** the growth of that investment, which together, would constitute your "capital". In other words, ROC may also reflect unrealized capital gains or "paper profits" from the appreciation of the Fund's underlying securities, where applicable. To illustrate this point, let's briefly review a simple example¹:



¹The preceding example is hypothetical and has been provided for illustrative purposes only. It does not consider transaction costs (such as brokerage commissions) associated with the reinvestment of distributions nor does it represent an actual Fund or the actual results of the Nationwide Risk-Managed Income ETF (NUSI). For the purposes of this illustration, the following assumptions have been made: the Fund earns no interest nor dividends during the reporting period and the Fund does not sell any of its holdings and therefore has no realized capital gains during the reporting period.



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The Sourcing and Treatment of Monthly Fund Distributions

NUSI

FAQs

An investor purchases a Fund with a net asset value (NAV) or price of \$20.00. During the year, the Fund returns 10%, which consequently leads to an increase in the Fund's NAV from \$20.00 to \$22.00 (\$20.00 + \$2.00 in unrealized gains or "paper profits" stemming from the appreciation of the Fund's underlying securities). If the Fund distributes that \$2.00, that amount would be classified as ROC, however the investor has not eaten into his or her original investment – he or she collects that \$2.00 and the Fund's NAV goes back to \$20.00 - \$22.00 minus \$2.00 – which is the same as what she initially paid.

This example illustrates two very important points about the potential composition of a return of capital distribution :

- 1 If the ROC amount is **equal to or less than** the Fund's unrealized gains, some or all of the ROC may represent unrealized gains derived from the appreciation of the Fund; and
- 2 If the ROC amount **exceeds** the Fund's unrealized gains, some or all of the ROC may represent a part of the shareholder's initial investment.

7. WHAT HAPPENS WHEN A DISTRIBUTION INCLUDES A RETURN OF CAPITAL (ROC)?

ROCs are paid out of the Fund's "capital" or its net asset value (NAV), which, as previously stated, is comprised of the initial investments made by investors in the Fund plus the growth of those investments. To reiterate, **if the ROC amount exceeds the Fund's unrealized appreciation, some or all of the ROC may represent a part of the investor's initial investment in the Fund.**

Unlike taxable income and capital gains, ROCs are not taxed in the year in which they are received, because they would neither be classified as income nor profits from the investment. Instead, the return of capital distribution reduces the investor's adjusted cost basis (ACB) (i.e. the net purchase price after adjusting for tax-related items) in the Fund. This consequently increases the amount of capital gains (or decreases the capital loss) that is realized when the investor sells his or her shares, with any such gains taking into account the selling price relative to the investor's reduced cost basis.

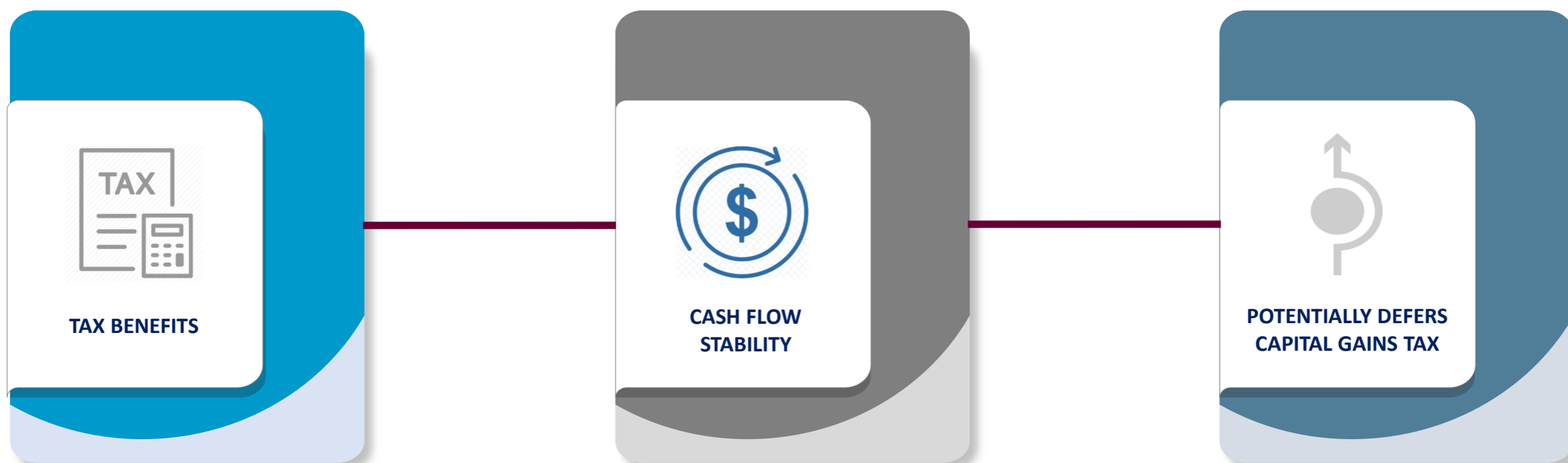
8. WHAT OCCURS IF THE ADJUSTED COST BASIS (ACB) OF MY INVESTMENT FALLS TO ZERO?

As stated above, for tax purposes, ROC will reduce the adjusted cost basis (ACB) of your investment, which will typically result in a larger capital gain or smaller capital loss when you eventually dispose of the investment. Given that return of capital distributions are deducted from the ACB of the Fund, it is theoretically feasible that given enough ROC payments, the ACB of your investment could fall to, or even below, zero. Should this occur, the negative amount is classified as a capital gain in the year in which it arises. Further, any subsequent ROC distributions will also be taxed as capital gains, because you are effectively getting back more than you invested, with your ACB having gone to zero.

It is important to additionally note that if your ACB falls to or below, zero, that does not necessarily mean that the Fund's NAV must also fall to zero. Rather, the Fund's NAV may rise, fall, or remain flat **depending on whether the Fund's distributions have been greater or less than the total return derived from all sources over time.**

9. ARE THERE ANY POTENTIAL BENEFITS TO INVESTORS THAT CAN BE DERIVED FROM A RETURN OF CAPITAL (ROC)?

While it has traditionally been viewed as a less-than-desirable form of distribution from an ETF, if employed effectively, a ROC may prove potentially advantageous to investors in the Fund in three key ways:



- **TAX BENEFITS:** Unlike interest, dividends, and capital gains, a ROC distribution is not taxable in the year it is received because, as previously discussed, it would not be classified as income nor profits realized from the investment. For example, let's say an investor purchases 1,000 shares of a Fund at \$10 per share, equating to an initial investment of \$10,000. If the investment paid a distribution of \$700 in a given year that was comprised exclusively of income generated by the Fund, that income would be taxed at the investor's ordinary tax rate. Instead, assume that 50% of that distribution (\$350) was a ROC, while the remaining \$350 was comprised of income derived from the investment. Under the latter scenario, the investor would only pay taxes on the \$350 attributed to income, thereby reducing the amount of the distribution that is taxable by 50%.
- **CASH FLOW STABILITY:** Investments that seek to generate a monthly distribution, like the Nationwide Risk-Managed Income ETF (NUSI), may be particularly appealing to investors who are interested in sourcing regular cash flows (i.e. distribution derived from the investment). Accordingly, ROC may be used to aid the Fund's manager in furnishing a predictable monthly distribution.
- **MAY POTENTIALLY DEFER CAPITAL GAINS:** Under certain circumstances, ROC may potentially allow investors to defer paying taxes on capital gains until such time as they sell their shares in the Fund. Consider once again our previous example in which the Fund generates an annual distribution of \$700 – 50% of which consists of ROC and as such, is not taxed, with the remaining \$350 being taxed as ordinary income. Let's say that during this period, the Fund generates \$350 in unrealized capital gains – the same amount as the distribution for simplicity – derived from the appreciation of the Fund's underlying portfolio, consequently giving rise to an important choice – pay out a ROC or partially fund the annual distribution using proceeds generated from the sale some of the appreciated securities. By opting to pay a ROC rather than selling some of the appreciated securities, the Fund may avoid



Nationwide Risk-Managed Income ETF

The Sourcing and Treatment of Monthly Fund Distributions

NUSI

FAQs

realizing short-term capital gains inside the Fund, while allowing for the potential deferral of taxes on the appreciation of the investment until such time as the shares are sold. Further, if the investor chooses to hold the Fund for more than a year, he or she would be subject to long-term capital treatment as opposed to short-term capital treatment and as a result, would pay a lower tax rate.

10. HOW CAN INVESTORS DISTINGUISH BETWEEN CONSTRUCTIVE AND DESTRUCTIVE RETURN OF CAPITAL (ROC)?

In order to effectively differentiate between a constructive and destructive use of ROC, **the key is to compare the Fund's distribution rate to its total return over a long-term horizon.** As previously discussed, the Fund's NAV is comprised of the initial investments made by investors in the Fund, its net income, and any realized and unrealized capital gains. If the Fund's distribution came partially or fully from ROC, then it follows that that ROC was sourced from initial investments made by investors and unrealized capital gains. Distributions, regardless of their sources, are deducted from the Fund's NAV, so if the Fund's NAV plus its distribution increases during a specified reporting period, then any distribution that is attributed to ROC would be deemed a constructive use of ROC.

In other words, a constructive return of capital would arise from unrealized capital gains – **if the Fund has a total return that is greater than or equal to its distribution rate, and any portion of that distribution is attributed to a ROC, then that would be deemed a constructive return of capital.** Let's briefly review an example of a constructive use of ROC:

EXAMPLE OF A CONSTRUCTIVE USE OF ROC²:

- BEGINNING FUND NAV : **\$20.00**
- DISTRIBUTION DURING THE PERIOD: **\$2.00***
- FUND NAV AT THE END OF THE REPORTING PERIOD: **\$20.00**

*Assumes that 100% of the distribution is a return of capital (ROC)

²The preceding example is hypothetical and has been provided for illustrative purposes only. It does not consider transaction costs (such as brokerage commissions) associated with the reinvestment of distributions nor does it represent an actual Fund or the actual results of the Nationwide Risk-Managed Income ETF (NUSI). For the purposes of this illustration, the following assumptions have been made: the Fund earns no interest nor dividends during the reporting period and the Fund does not sell any of its holdings and therefore has no realized capital gains during the reporting period.

In this scenario, you'll notice that the return on NAV during the reporting period was 0%, such that the Fund's beginning and ending NAV were the same. Here, the Fund returned \$2.00 per share out of unrealized capital gains, equating to a 10% distribution rate. Therefore, the total return of the Fund would be 10% or the sum of the NAV return (0%) and the distribution rate for the reporting period (10%). Because the total return of the Fund is equal to its distribution rate, this would be a constructive return of capital. Further, an ending NAV that is greater than the Fund's NAV at the start of the reporting period would have also indicated a constructive use of return of capital.



Nationwide Risk-Managed Income ETF

The Sourcing and Treatment of Monthly Fund Distributions

NUSI

FAQs

Let's now look at a destructive use of ROC with the following example. In this scenario, the return on NAV was -10%, such that the Fund's NAV declined by 10% during the reporting period. Here, the Fund returned \$2.00 per share, equating to a 10% distribution rate. Therefore, the total return of the Fund would be 0% or the sum of the NAV return (-10%) and the distribution rate for the reporting period (10%).

Because the total return of the Fund is less than the sum of the Fund's NAV at the beginning of the reporting period and its distribution, this would be deemed a destructive return of capital.

EXAMPLE OF A DESTRUCTIVE USE OF ROC³:

- **BEGINNING FUND NAV : \$20.00**
- **DISTRIBUTION DURING THE PERIOD: \$2.00***
- **FUND NAV AT THE END OF THE REPORTING PERIOD: \$18.00**

*Assumes that 100% of the distribution is a return of capital (ROC)

³The preceding example is hypothetical and has been provided for illustrative purposes only. It does not consider transaction costs (such as brokerage commissions) associated with the reinvestment of distributions nor does it represent an actual Fund or the actual results of the Nationwide Risk-Managed Income ETF (NUSI). For the purposes of this illustration, the following assumptions have been made: the Fund earns no interest nor dividends during the reporting period and the Fund does not sell any of its holdings and therefore has no realized capital gains during the reporting period.

In other words, **a destructive return of capital equates to an investor simply receiving his or her own invested capital back, less expenses.** Because a destructive return of capital would be sourced directly from a shareholder's initial investment capital, frequent distributions from the initial capital pool will tend to erode the Fund's assets, as well as its NAV plus distributions, over time.

It is important to further note that in certain situations investors may encounter some combination of constructive and destructive return of capital. In the following example, the return on NAV was -5%, such that the Fund's NAV declined by 5% during the reporting period. Here, the Fund returned \$2.00 per share, equating to a 10% distribution rate. Therefore, the total return of the Fund would be 5% or the sum of the NAV return (-5%) and the distribution rate for the reporting period (10%).

In this case, of the \$2.00 in ROC distributed by the Fund, \$1.00 per share was derived from unrealized capital gains and as such, may be deemed a constructive use of ROC. Conversely, the remaining \$1.00 per share would be deemed a destructive use of ROC, having been sourced from shareholders' initial investment capital.

To be clear, scenarios in which there is a mix of constructive and destructive ROC are highly subjective and effectively require a judgement call, based on the investment objectives of the Fund's shareholders.

EXAMPLE OF A COMBINATION OF CONSTRUCTIVE AND DESTRUCTIVE ROC⁴:

- BEGINNING FUND NAV : **\$20.00**
- DISTRIBUTION DURING THE PERIOD: **\$2.00***
- FUND NAV AT THE END OF THE REPORTING PERIOD: **\$19.00**

*Assumes that 100% of the distribution is a return of capital (ROC)

⁴The preceding example is hypothetical and has been provided for illustrative purposes only. It does not consider transaction costs (such as brokerage commissions) associated with the reinvestment of distributions nor does it represent an actual Fund or the actual results of the Nationwide Risk-Managed Income ETF (NUSI). For the purposes of this illustration, the following assumptions have been made: the Fund earns no interest nor dividends during the reporting period and the Fund does not sell any of its holdings and therefore has no realized capital gains during the reporting period.

To summarize, when evaluating ROC distributions made by the Fund, specifically as it relates to distinguishing between a constructive use of ROC and a destructive use of ROC, investors should carefully compare the Fund's distribution rate to its total return over a long-term horizon, keeping the following characteristics of each use case in mind:

CONSTRUCTIVE RETURN OF CAPITAL (ROC)



DESTRUCTIVE RETURN OF CAPITAL (ROC)

- If the Fund has a **total return that is greater than or equal to its distribution rate**, and any portion of that distribution is attributed to a ROC, then that would be deemed a constructive return of capital
- An **ending NAV that is greater than the Fund's NAV at the start of the reporting period** is also indicative of a constructive use of return of capital

- If the **total return of the Fund is less than the sum of the Fund's NAV at the beginning of the reporting period and its distribution**, this would be deemed a destructive return of capital
- Because a destructive return of capital would be sourced directly from a shareholder's initial investment capital, frequent distributions from the initial capital pool will tend to **erode the Fund's assets, as well as its NAV plus distributions, over time**

ABOUT THE NATIONWIDE RISK-MANAGED INCOME ETF (NUSI)

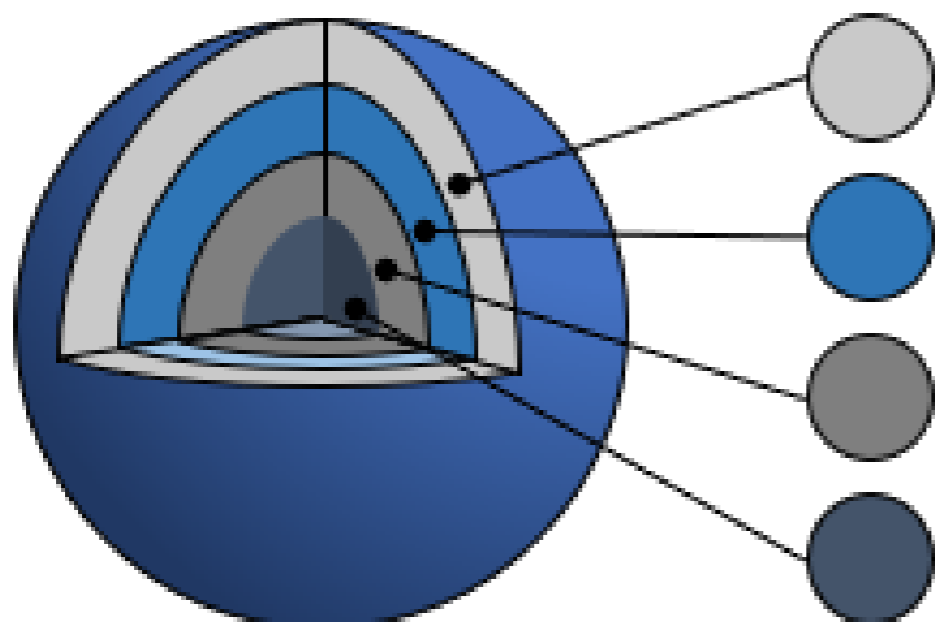
KEY FACTS

Fund Inception Date	12/19/2019
Ticker	NUSI
CUSIP	26922A172
Base Index	Nasdaq-100® Index
Option Strategy	Protective Net-Credit Collar
Distribution Frequency	Monthly
Total Fund Expense	0.68%
Use of Leverage	No
Subadviser	Harvest Volatility Management LLC
Listing Exchange	NYSE Arca

FUND OBJECTIVES

- 1 • High monthly income generation
- 2 • Portfolio volatility reduction
- 3 • Reduced duration risk and interest rate sensitivity
- 4 • Capital appreciation from equity participation
- 5 • Downside risk mitigation
- 6 • Daily liquidity and trades like a stock

PORTFOLIO CONSTRUCTION USE CASES FOR NUSI



A complement to a traditional 60/40 allocation

A bond alternative that may provide investors with greater flexibility across different market cycles

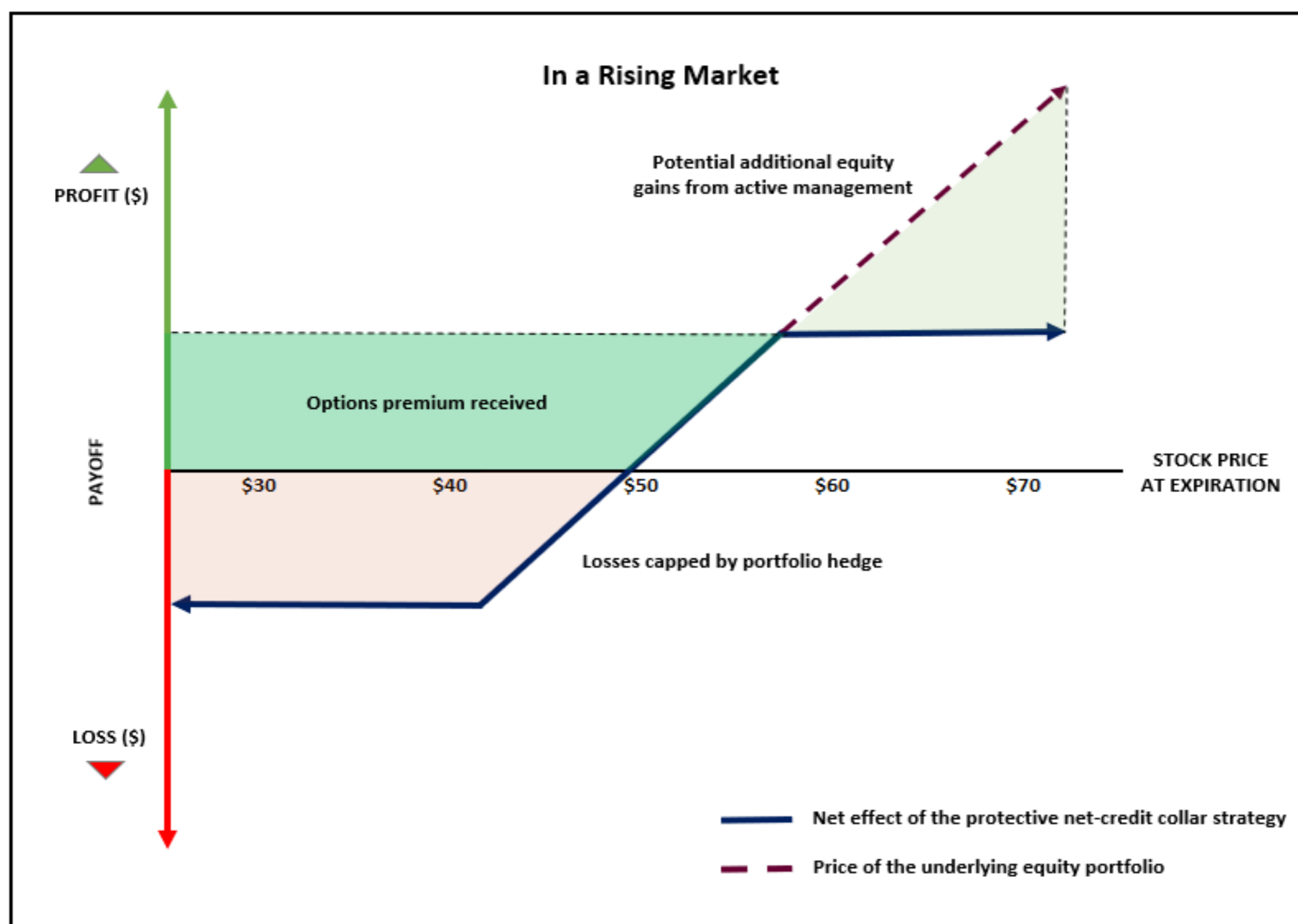
A volatility dampener that may augment existing investment allocations

A tool that may aid in supplementing current income

PERFORMANCE EXPECTATIONS

IN A RISING MARKET

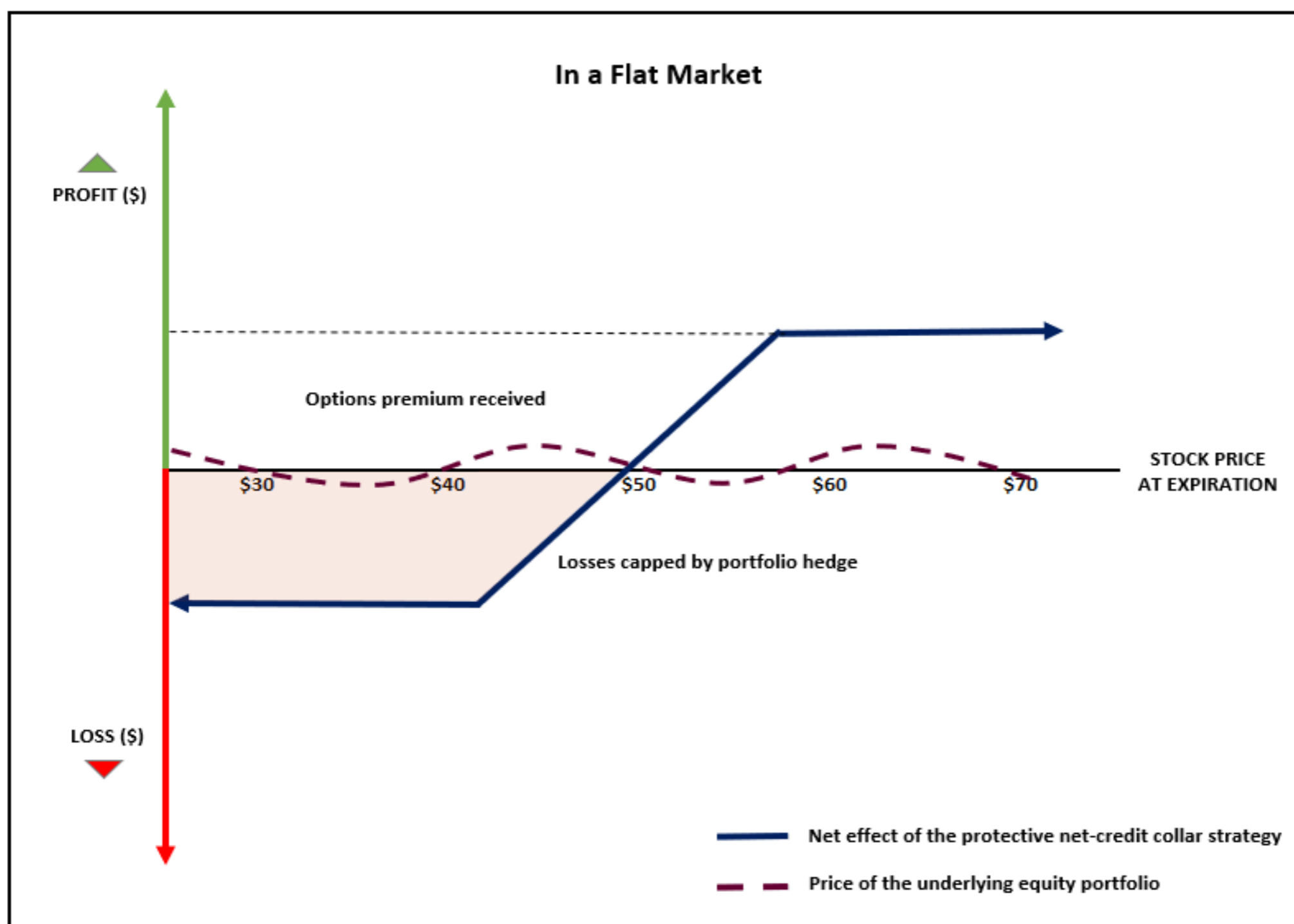
- When the market trends upward, the Fund’s managers have the ability to close the short call option, thereby “uncapping” the portfolio which may consequently allow for potential appreciation stemming from the underlying equity portfolio.
- However, in a rising market, the Fund may potentially underperform the broader equity market, with the sale of the index call option at a predefined strike price capping upside.
- It is further anticipated that the majority of the income generated by the Fund will be sourced from equity appreciation and underlying equity dividends, with a smaller amount being derived from options premium, particularly in a low volatility environment.



For illustrative purposes only. Source: Nationwide (2019).

IN A FLAT MARKET

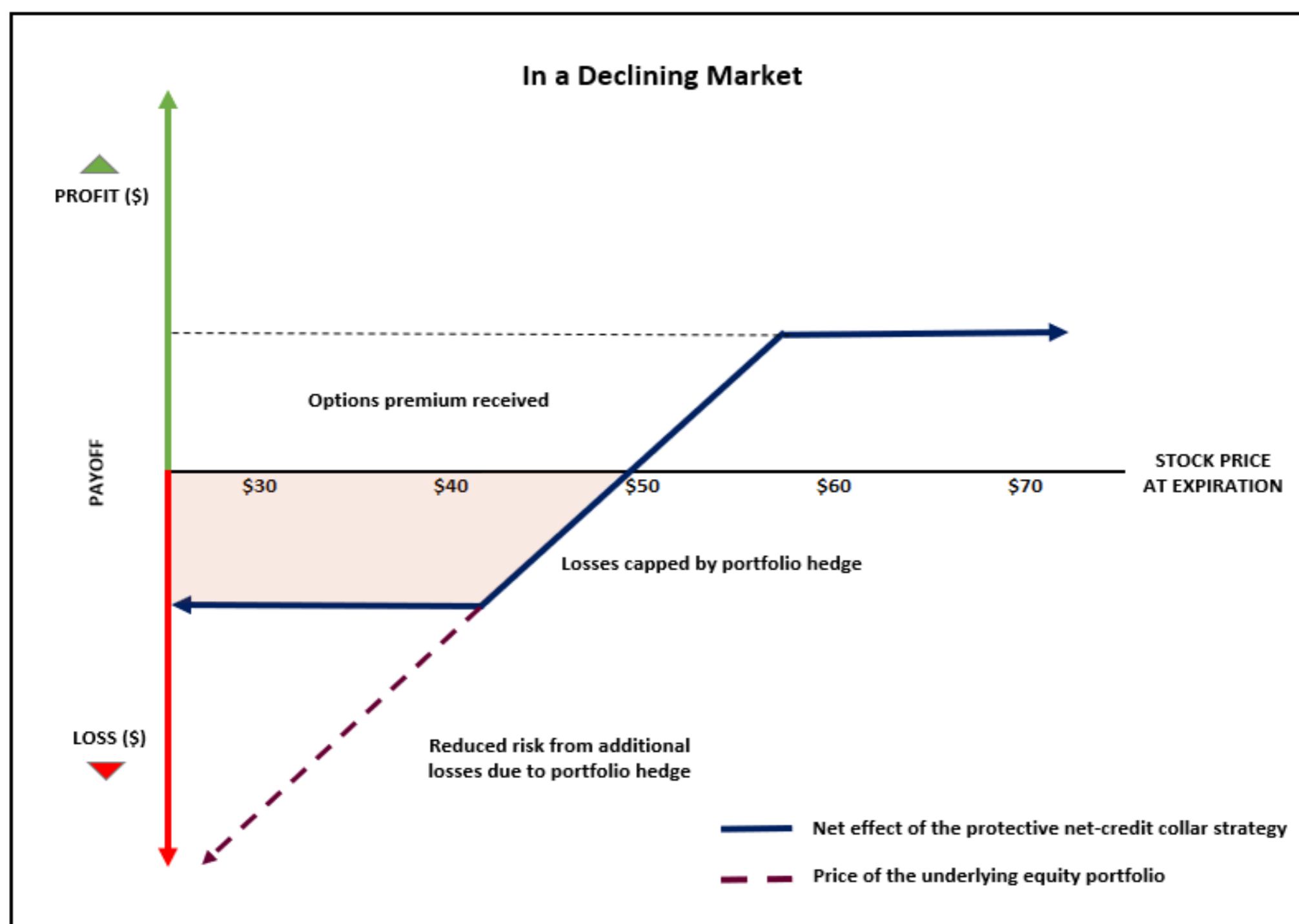
- In a sideways market during which the equity benchmark remains relatively static, the sale of the call option may aid in supporting the generation of premium which the investor retains.
- Further, the constant hedge continues to protect against potential losses in the equity portfolio, with the retention of the underlying equity holdings allowing for future appreciation.
- It is additionally anticipated that the majority of the income generated by the Fund may be derived from options premium, with a smaller portion stemming from the dividends from the Fund's underlying equity portfolio. In a flat market, the fund can also potentially benefit from a total return which equals the annual distribution.



For illustrative purposes only. Source: Nationwide (2019).

IN A DECLINING MARKET

- In a down or declining market, it is reasonably anticipated that the Fund will post solid relative performance. In this environment, the strategy will sustain its generation of premium from the index call option, assuming that the market decline does not make the Nasdaq-100 index put option relevant.
- The Fund may, however, underperform in this environment if the positioning (i.e. strike price) of the portfolio hedge exceeds the magnitude of the market decline.
- It is further anticipated that in a down market, the majority of the income generated by the Fund will come from options premium, accrued gains in the underlying equities from prior periods, underlying equity dividends, and potentially, current period gains from the put options appreciating in value.
- In a declining market, the fund may also benefit from increased volatility that potentially increases options premium derived from the call option and from gains in the put option.



For illustrative purposes only. Source: Nationwide (2019).



Nationwide Risk-Managed Income ETF

The Sourcing and Treatment of Monthly Fund Distributions

NUSI

FAQs

The information contained herein is provided for informational purposes only. The details included in this document are not intended to serve as investment or tax advice nor do these details constitute a recommendation to buy, sell, hold or roll over any asset, adopt an investment strategy, retain a specific investment manager or use a particular account type. Nationwide Fund Advisors and its affiliates are not tax advisors; investors should always consult a professional tax advisor for details about the tax implications of investment products and for guidance that is specific to their own tax situation.

• Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution • Not insured by any federal government agency • May lose value

IMPORTANT DISCLOSURES

Must be preceded or accompanied by a current prospectus. You may download the prospectus [here](#) or by visiting etf.nationwide.com. These prospectuses outline investment objectives, risks, fees, charges and expenses, and other information that you should read and consider carefully before investing.

Investing involves risk, including the possible loss of principal. Shares of any ETF are bought and sold at market price (not NAV), may trade at a discount or premium to NAV and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. The Fund's return may not match or achieve a high degree of correlation with the return of the underlying index. The results shown represent past performance; past performance does not guarantee future results. Current performance may be lower or higher than the past performance shown, which does not guarantee future results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. Short term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on returns. For most recent quarter-end performance, view the fund's fact sheets here: [NUSI](#). To obtain the most recent month-end performance, go to etf.nationwide.com or call 1-877-893-1830.

KEY RISKS: The Fund is subject to the risks of investing in equity securities, including tracking stock (a class of common stock that "tracks" the performance of a unit or division within a larger company). A tracking stock's value may decline even if the larger company's stock increases in value. The Fund is subject to the risks of investing in foreign securities (currency fluctuations, political risks, differences in accounting and limited availability of information, all of which are magnified in emerging markets). The Fund may invest in more-aggressive investments such as derivatives (which create investment leverage and illiquidity and are highly volatile). The Fund employs a collared options strategy (using call and put options is speculative and can lead to losses because of adverse movements in the price or value of the reference asset). The success of the Fund's investment strategy may depend on the effectiveness of the subadviser's quantitative tools for screening securities and on data provided by third parties. The Fund expects to invest a portion of its assets to replicate the holdings of an index. Correlation between Fund performance and index performance may be affected by Fund expenses and because the Fund may not be invested fully in the securities of the index or may hold securities not included in the index. The Fund frequently may buy and sell portfolio securities and other assets to rebalance its exposure to various market sectors. Higher portfolio turnover may result in higher levels of transaction costs paid by the Fund and greater tax liabilities for shareholders. The Fund may concentrate on specific sectors or industries, subjecting it to greater volatility than that of other ETFs. The Fund may hold large positions in a small number of securities, and an increase or decrease in the value of such securities may have a disproportionate impact on the Fund's value and total return. Although the Fund intends to invest in a variety of securities and instruments, the Fund will be considered nondiversified. Additional Fund risk includes: Collared options strategy risk, correlation risk, derivatives risk, foreign investment risk, and industry concentration risk. The tax treatment of Fund distributions may be affected by future changes in tax laws and regulations or their interpretation by the Internal Revenue Service or state tax authorities.

DEFINITIONS: **Call option** is a contract that gives the holder the right, but not the obligation, to buy a specified amount of an underlying security at a pre-determined price within a specified time frame. **Master Limited Partnerships (MLPs)** are business ventures that exist in the form of publicly traded limited partnerships and which combine the tax benefits of a private partnership with the liquidity of a common stock. **Put option** is a contract that gives the holder the right, but not the obligation, to sell a specified amount of an underlying security at a pre-determined price within a specified time frame. **Real estate investment trust (REIT)** refers to a corporation, association, or trust that invests directly in income-producing real estate and is traded like a stock.

Managed Distribution: The Fund provides a monthly notice of the best estimate of its distribution amounts and sources as of the stated time period which may be viewed here: <https://nationwidefinancial.com/products/investments/etfs/fund-details/NUSI>. The amounts and sources of distributions reported in each notice are estimates on a book basis and may later be determined to be from taxable net investment income, short-term gains, long-term gains (to the extent permitted by law) and return of capital. The estimates contained in these documents may not match the final tax characterization (for the full year's distributions) contained in shareholders' 1099-DIV forms after the end of the year. As a result, shareholders should not use the information provided in these notices for tax reporting purposes nor should they draw any conclusions about a Fund's past or future investment performance from its current distribution rate.

Nasdaq-100 Index: An unmanaged, market capitalization-weighted index of equity securities issued by 100 of the largest non-financial companies, with certain rules capping the influence of the largest components. It is based on exchange, and it is not an index of U.S.-based companies. Market index performance is provided by a third-party source Nationwide Funds Group deems to be reliable (Morningstar). Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses have been reflected. Individuals cannot invest directly in an index. Nasdaq® and the Nasdaq-100® are registered trademarks of Nasdaq, Inc. (which with its affiliates is referred to as the "Corporations") and are licensed for use by Nationwide Fund Advisors. The Product has not been passed on by the Corporations as to their legality or suitability. The Product is not issued, endorsed, sold, or promoted by the Corporations. **The Corporations make no warranties and bear no liability with respect to the product.**

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