

# Parametric's Options-Based Equity ETFs

Engineered solutions to address investors' goals: Tax-efficient Income, Enhanced Equity Market Exposure, and Management of Downside Risk

Combining our industry-leading capabilities in options and equity management, we offer three distinct strategies to help achieve individual investors' goals. Once the domain of institutional investors, Parametric's sophisticated option strategies are now accessible to individual investors through ETFs.

## PAPI

### INVESTMENT GOAL: TAX-EFFICIENT INCOME

**Parametric Equity Premium Income ETF** – seeks to provide consistent tax-efficient monthly income derived from two sources – equity dividends and option premiums – while maintaining prospects for capital appreciation.

## PEPS

### INVESTMENT GOAL: ENHANCED EQUITY MARKET EXPOSURE

**Parametric Equity Plus ETF** – seeks to provide long-term capital appreciation and can potentially offer investors equity market outperformance with similar drawdown risk through a systematic options overlay.

## PHEQ

### INVESTMENT GOAL: MANAGING DOWNSIDE RISK

**Parametric Hedged Equity ETF** – seeks to provide capital appreciation while limiting losses experienced by investors through the incorporation of an options overlay hedge strategy.

There is no guarantee that the investment objectives will be met. All investments are subject to risk, including risk of loss.

	INCEPTION	EXPENSE RATIO (%)	BENCHMARK
PAPI	10/16/2023	0.29	Russell 1000 Value
PEPS	11/07/2024	0.29	S&P 500®
PHEQ	10/16/2023	0.29	S&P 500®

Source: Eaton Vance, Morningstar as of 3/31/2025. Expenses are based on the fund's current prospectus, in effect as of the date of this fact sheet. For information on the applicable fund's current fees and expenses, please see the fund's current prospectus.

## What's inside your ETF?

Liquid, low-cost, transparent solutions that combine an underlying equity portfolio with an options-based overlay that seek to deliver enhanced investor outcomes.

### Parametric Equity Premium Income ETF (PAPI)

EQUITY PORTFOLIO		OPTION OVERLAY		PAPI
Diversified active portfolio of high-dividend stocks, selected based on yield and risk metrics.	+	Rules-based, proprietary call overwriting strategy that seeks to generate incremental income.	=	Tax-optimized equity income strategy with two potential sources of distributable monthly income.

### Parametric Equity Plus ETF (PEPS)

EQUITY PORTFOLIO		OPTION OVERLAY		PEPS
U.S. large-cap equities, optimized for tax efficiency while minimizing tracking error versus the benchmark index.	+	Rules-based, proprietary call overwriting that aims to isolate the options-based risk premium while maintaining similar risk profile to broad equity markets.	=	Enhanced equity strategy seeking equity market outperformance with similar equity volatility and downside risk.

### Parametric Hedged Equity ETF (PHEQ)

EQUITY PORTFOLIO		OPTION OVERLAY		PHEQ
U.S. large-cap equities, optimized for tax efficiency while minimizing tracking error versus the benchmark index.	+	Put-spread collar* hedges are laddered and rolled quarterly with diversified entry and exit instead of a single date.	=	Hedged equity strategy with reduced equity volatility and reduced downside exposure.

The information represents how the investment team generally applies their investment processes under normal market conditions. All investments are subject to risk, including risk of loss.

\* A put-spread collar is a hedging strategy that combines a long put, a short put, and a short call option. In PHEQ, the hedge is structured with a goal to provide a downside buffer when the underlying index is 10% to 30% below current index price. The premium received from the short call option substantially offsets the cost of the downside buffer, but also caps upside participation at a level that varies based on market conditions when the hedge structure was put in place.

# Why Parametric?

Parametric's dedicated and stable team of portfolio managers has been designing and managing custom options-based solutions, as well as custom passive and systematic active equity strategies for individuals and institutional investors for over three decades.

30+

years of experience, with an average portfolio manager tenure of 10+ years

\$566B+

in assets under management with \$18B in options solutions

1,600+

custom options portfolios managed

Information as of 3/31/2025.

This material is a general communication, which is not impartial and all information provided has been prepared solely for informational and educational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy. The information herein has not been based on a consideration of any individual investor circumstances and is not investment advice, nor should it be construed in any way as tax, accounting, legal or regulatory advice. To that end, investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision. The indexes do not include any expenses, fees or sales charges. It is not possible to invest directly in an index. Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor. Any product based on an index is in no way sponsored, endorsed, sold or promoted by the applicable licensor and it shall not have any liability with respect thereto.

## INDEX INFORMATION:

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. Unless otherwise stated, index returns do not reflect the effect of any applicable sales charges, commissions, expenses, taxes or leverage, as applicable. It is not possible to invest directly in an index. Historical performance of the index illustrates market trends and does not represent the past or future performance of the fund.

The S&P 500® Index measures the performance of the large cap segment of the U.S. equities market, covering approximately 75% of the U.S. equities market. The Index includes 500 leading companies in leading industries of the U.S. economy.

Unless otherwise stated, index returns do not reflect the effect of any applicable sales charges, commissions, expenses, taxes or leverage, as applicable. It is not possible to invest directly in an index. Historical performance of the index illustrates market trends and does not represent the past or future performance of the fund.

## RISK CONSIDERATIONS

### Parametric Equity Premium Income ETF (PAPI)

**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.

### Parametric Equity Plus ETF (PEPS)

**Liquidity - 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).

**Market & Geopolitical - 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.

### Parametric Hedged Equity ETF (PHEQ)

**Correlation.** As an option approaches its expiration date, its value typically will increasingly move with the value of the Underlying Index. However, the value of the options may vary prior to the expiration date because of related factors other than the value of the Underlying Index. Factors that may influence the value of the options include interest rate changes and implied volatility levels of the Underlying Index, among others.

**Options Risk.** Options may be illiquid and the Fund may have difficulty closing out its position. A decision as to whether, when and how to use options involves the exercise of skill and judgment and even a well-conceived option transaction may be unsuccessful because of market behavior or unexpected events. The prices of options can be highly volatile and the use of options can lower total returns.

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.

### General Risk Considerations:

**Active Management Risk.** In pursuing the Fund's investment objective, the adviser and/or subadviser 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 adviser and/or subadviser, 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.

**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 transactions. As a result, shares may trade at a discount to net asset value ("NAV") and possibly face trading halts and/or delisting.

**Call Option 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 option 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 option writing which expose the Fund to potentially significant loss.

**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 clearing

house, such as the OCC, rather than a bank or broker. Since the Fund is not a member of clearing houses and only members of a clearing house ("clearing members") can participate directly in the clearing house, 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 clearing house 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.

**Correlation.** As an option approaches its expiration date, its value typically will increasingly move with the value of the Underlying Index. However, the value of the options may vary prior to the expiration date because of related factors other than the value of the Underlying Index. Factors that may influence the value of the options include interest rate changes and implied volatility levels of the Underlying Index, among others.

**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.

**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.

**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.

**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 Option 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 Option may not directly correlate to its underlying reference security or index. The Fund may experience losses from certain FLEX Option positions and certain FLEX Option 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).

**Information Technology Sector Risk.** To the extent the Fund invests a substantial portion of its assets in the information technology sector, the value of Fund shares may be particularly impacted by events that adversely affect the information technology sector, such as rapid changes in technology product cycles, product obsolescence, government regulation, and competition, and may fluctuate more than that of a fund that does not invest significantly in companies in the technology sector.

**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.

**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 option 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.

**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 intra-day value of holdings, and supply and demand for Shares. The Adviser and Subadviser 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.

**Underlying index and ETF Risk.** The Fund invests in options and futures that derive their value from an underlying index or underlying ETF, and therefore, in addition to the performance of the Equity Portfolio, the Fund's investment performance at least partially depends on the investment performance of the Underlying Index or Underlying ETF. The value of the Underlying Index or Underlying ETF will fluctuate over time based on fluctuations in the values of the securities that comprise the Underlying Index or Underlying ETF, which may be affected by changes general economic conditions, expectations for future growth and profits, interest rates and the supply and demand for those securities.

**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.

**Morgan Stanley Investment Management Inc. is the adviser and Parametric Portfolio Associates LLC is the subadviser to the Parametric ETFs. Parametric ETFs are distributed by Foreside Fund Services, LLC.**

**Before investing in any Parametric ETF, prospective investors should consider carefully the investment objective(s), risks, and charges and expenses. The current prospectus contains this and other information. To obtain a prospectus or summary prospectus (which includes the applicable fund's current fees and expenses, if different from those in effect as of the date of this fact sheet), download a copy at [eatonvance.com](http://eatonvance.com) or call 1-800-548-7786.**