PEERLESS etfs

WEEL

PEERLESS OPTION INCOME WHEEL ETF

The first-ever actively managed alternative income ETF solution that utilizes the option wheel strategy. WEEL seeks equity-like returns from income, without the requirement of rising share prices.

WEEL: EQUITY-LIKE RETURNS FROM INCOME WITH LOWER RISK EXPOSURE

WEEL is the first and currently only '40 Act investment vehicle to utilize an option wheel strategy—a repeatable, rules-based process that sells cash-secured puts and covered calls to seek equity-like returns from income. As an alternative income solution, WEEL combines the risk-mitigation and protection features of buffer ETFs with the income potential of option-writing strategies.

WEEL Features

- **Repeatable, rules-based, patent-pending process**—No other ETF or mutual fund implements the option wheel income generation process as it's primary strategy.
- **Seeks total return independent of market movements**— Income generation does not depend on directional market movements.
- **Not a speculative option strategy**— WEEL only sells cash secured puts and covered calls. It does not speculate on long options nor does it use leverage.
- **Underlying holdings are broad range of sector ETFs**—Offers diversification and broad market exposure while avoiding single-stock risk and over-concentration in any sector, industry, or style.
- **An ideal strategy for flat or range-bound markets**—WEEL may lag traditional equities in a strong bull market. However, due to short-term buffers and income generated from option premiums, it offers risk mitigation and seeks equity-like returns without the requirement of rising share prices.
- **An alternative income solution**—Seeks high income without the duration risk inherent in most traditional fixed income strategies. Seeking to fill the void, WEEL was built. After several years of successfully running and fine-tuning the strategy for private clients, Erik and Rob (co-portfolio managers of WEEL) confirmed that the strategy should be available to all investors, not just the wealthy. They partnered with Tidal Financial, were named sub-advisor and fund portfolio manager, and launched the Peerless Option Income Wheel ETF (WEEL) in May of 2024 on the NYSE.

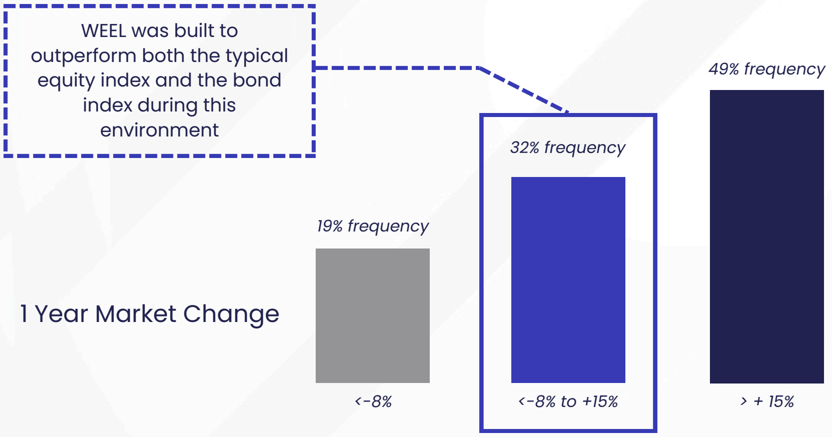
WHY INVESTORS NEED A STRATEGY FOR RANGE-BOUND MARKETS

Because WEEL seeks return from income and does not require prices to go up to produce returns, the strategy offers investors the ability to manage risk and realize their long-term return goals.

Investors have grown accustomed to stellar stock market returns since the end of the Global Financial Crisis in 2009, with only a few significant interruptions. During prolonged periods of strong returns, investors may overlook the reality that markets can also move sideways or decline. Over the long-term history of the stock market, more than half of the calendar years have either been down (decline of 8% or more) or range-bound (return between -8% and 15%.)

S&P 500 RETURNS

HISTORICAL FREQUENCY OF 1-YEAR RETURNS



From 1925 through 2020, the S&P 500 Index and its pre-cursors had calendar-year losses that exceeded 8% nearly one-fifth of the time. During that same period, calendar-year gains exceeded 15% almost half of the time.

This historical distribution shows the importance of staying invested while seeking to mitigate significant downside risk.

WEEL seeks to achieve notional exposure through a Put selling program that aims to provide downside market buffer.

In a rangebound market, WEEL is collecting Put premium, any Call premium on positions put to the portfolio, and dividends on said held long positions, and interest on cash sweeps or treasuries used to collateralize the Put positions.

**Returns are for the S&P 500 and its pre-cursors from 1925-2020, In 1923, the Standard Statistics Company developed its first stock index, which tracked 233 US stocks and was calculated weekly, In 1926, the index was reformulated as the Composite Stock index, which traced 90 stocks and was calculated daily.*

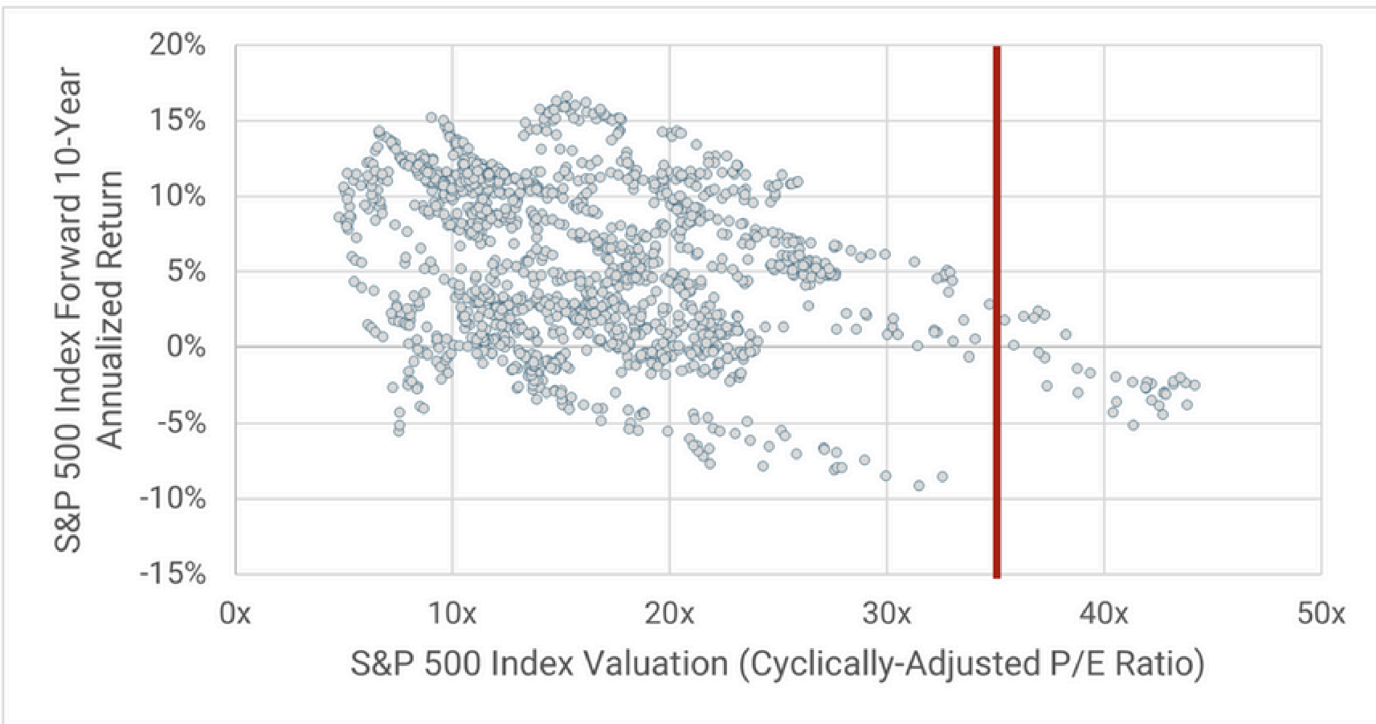
WEEL seeks to deliver equity-like returns from income in all markets, but is designed to outperform equity and fixed income indices during flat or range-bound markets.

Volatile markets may garner investors' attention, but it's just as important to plan for a period of stagnation, dampening portfolio performance, especially over long periods. While no one can accurately predict when flat or range bound markets will occur, history can give us guidance.

High valuations often indicate potential for lower future returns.

The recent strong bull market has increased stock market valuations considerably. As of December 31, 2024, the trailing 12-month price/earnings (P/E) ratio of the S&P 500 was over 25—a level reminiscent of the “dot-com” era stock market bust of the early 2000s and the global financial crisis of 2007-2008.

The S&P 500 Index Has Not Historically Delivered Strong Returns Following Valuations Like September 2024.



Source: Robert Shiller and Catalyst Capital Advisors LLC based on data from 1900 to September 2024.

P/E has historically been a poor indicator of future short-term performance, but there is a strong correlation between high valuations and lower long-term returns. The CAPE ratio is often sited as superior to the P/E ratio and is similarly elevated as shown in the below chart.

HOW THE OPTION WHEEL WORKS

WEEL encompasses a dynamic process of cash secured put and covered call option writing to generate current income for investors. For the underlying allocation, options are primarily written on a diversified range of sector ETFs to simulate broad market exposure.

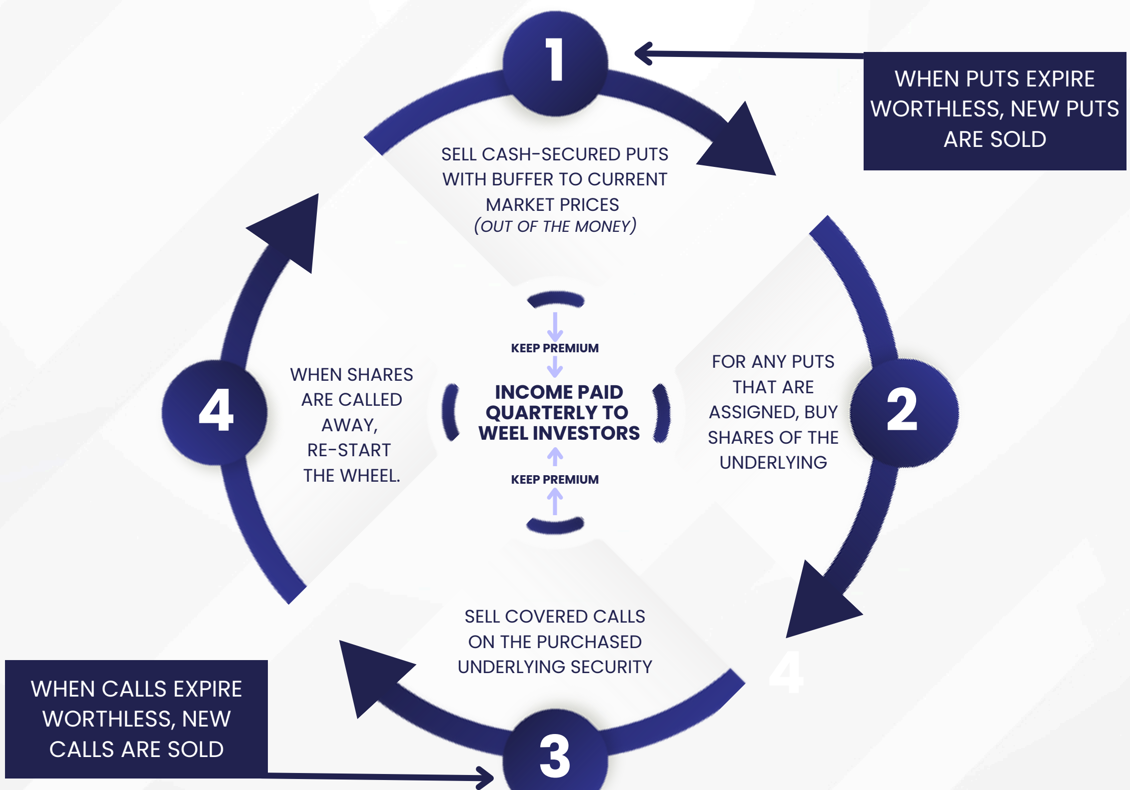
WEEL in Motion

The option wheel starts by selling cash secured, out-of-the-money puts on short-term contracts on different underlying sector ETFs (Step 1). The short-term nature of the contracts is intentional, allowing for frequent resets to control downside risk. The option premiums are collected for distribution to investors.

If the underlying ETF does not close under the strike price by expiry, the contract expires worthless and a new put is sold, generating more income for investors.

If the underlying ETF is assigned, shares are purchased at a discount from cash, resulting in a long position (Step 2).

Covered calls on the purchased ETF shares are written to seek additional income (Step 3). When the long position closes higher than covered call strike (Step 4) the shares are called away and the wheel starts again.

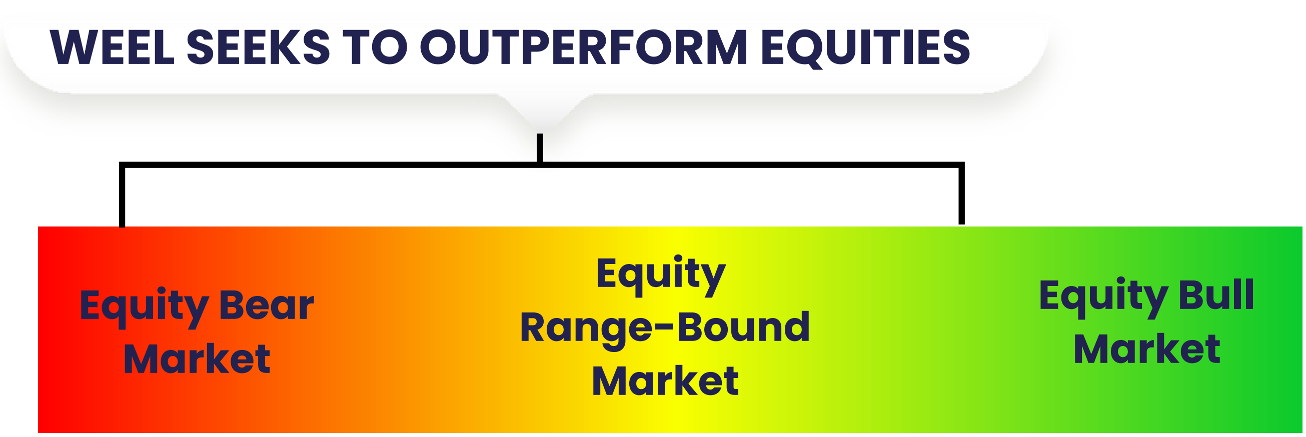


RISK AND RETURN CHARACTERISTICS

WEEL is ideal for moderate to conservative investors looking to manage market risk exposure as they pursue their return objectives. The risk profile of WEEL is lower than a typical long-equity strategy, but higher than a typical fixed income strategy.

Peerless recognizes its suitability as a liquid alternative, often reallocating portions of both equity and fixed-income exposures to incorporate it into their portfolios.

As shown by the illustration below, WEEL will likely lag the equity markets during strong bull environments, but will likely outperform fixed income. Conversely, WEEL will likely lag traditional fixed income in equity bear markets, but likely hold up better than traditional equities.



Buffer ETF: A Buffer ETF is a type of exchange-traded fund designed to provide downside protection against market losses while allowing for limited participation in upside gains. These ETFs use structured investment strategies to "buffer" against a specified range of losses over a predefined time period, typically one year. They are often referred to as defined-outcome ETFs because they offer predictable performance parameters based on market conditions.

P/E ratio: The P/E ratio of the S&P500 is the Price relative to its earnings and is the most common valuation measure used to determine if the market is overvalued or undervalued. A higher P/E ratio would represent a more richly valued market than one with a lower P/E ratio.

CAPE Ratio: The CAPE ratio (Cyclically Adjusted Price-to-Earnings ratio), also known as the Shiller P/E ratio, is a valuation metric used to assess the overall valuation of the stock market or a specific stock. It provides a longer-term perspective on the market's valuation by adjusting for cyclical variations in earnings.

WHERE THE WEEL STARTED TURNING

The strategy encompassing WEEL was developed by Erik Thompson and Rob Pascarella of Peerless Wealth, LLC, an SEC-registered investment advisor and investment manager to individual and institutional clients. Both Erik and Rob came to Peerless from different backgrounds, but shared a conservative, risk-averse philosophy that became the starting point for the WEEL process.

Erik Thompson, Portfolio Manager
Erik brings over 25 years of financial and investment advisory experience to lead Peerless Wealth, a fee-only registered investment advisor based in Columbus, Ohio. Erik began development of the option-wheel strategy used in WEEL with select clients in 2021. He holds a Bachelor of Science in Finance degree from Miami University (Ohio).

Robert Pascarella, PE, Portfolio Manager
Rob brings over 10 years of investment management and trading experience to Peerless Wealth. As a director of research and trading, Rob partnered with Erik to implement the options-wheel strategy used in WEEL with client portfolios. He holds a Bachelor of Science in Mechanical Engineering from Ohio Northern University and a Series 65 FINRA license. Rob is currently a Candidate for the Certified Financial Advisor (CFA) designation.

The WEEL Advisor: Tidal Financial Group

TIDAL The ETF Masters

Tidal is an award-winning, full-service ETF platform managing 183 ETFs in partnership with 68 issuers and responsible for over $29 billion in assets under management. Tidal currently has offices in New York, Chicago, Milwaukee and Detroit.

For more information on WEEL, including a current prospectus and fact sheet, please visit **peerlessetfs.com.**

Before investing you should carefully consider the fund's investment objectives, risks, charges, and expenses. This and other information is in the prospectus, a copy of which may be obtained by clicking here. Please read the prospectus carefully before you invest.

Fund Risks: An investment in the Fund entails risk. The Fund may not achieve its investment objective and there is a risk that you could lose all of your money invested in the Fund. The Fund is not a complete investment program. It is important that investors closely review all of the risks listed below and understand them before making an investment in the Fund.

Option Wheel Strategy Risk. The implementation of the Fund's option wheel strategy, which involves cyclically selling put options and then call options on the same underlying assets (i.e., Underlying Issuers), will significantly affect the Fund's performance in relation to the underlying assets' price movements. This strategy's effectiveness depends on the sequence of market movements and option expirations. For instance, if the Fund initiates the strategy by selling out-of-the-money put options and the underlying asset's price falls below the strike price, the Fund would be obligated to purchase the asset at a potentially unfavorable price. Subsequently, if the Fund sells call options on these assets and their market price rises above the call options' strike price, the assets would be called away, potentially limiting the Fund's profit to the premium received.

Derivatives Risk. Derivatives are financial instruments that derive value from the underlying reference asset or assets including stocks, bonds, commodities, currencies, interest rates, indexes or ETFs that hold or offer exposure to one or more of the foregoing assets. The Fund's investments in derivatives may pose risks in addition to those associated with directly investing in securities or other ordinary investments, including risk related to the market, imperfect correlation with underlying investments or the Fund's other portfolio holdings, higher price volatility, lack of availability, counterparty risk, liquidity, valuation and legal restrictions.

NAV Erosion Risk Due to Distributions. When the Fund makes a distribution, the Fund's NAV will typically drop by the amount of the distribution on the related ex-dividend date. The repeated payment of distributions by the Fund, if any, may significantly erode the Fund's NAV and trading price over time. As a result, an investor may suffer significant losses to their investment.

Underlying ETFs Risks. The Fund will incur higher and duplicative expenses because it holds shares of Underlying ETFs. There is also the risk that the Fund may suffer losses due to the investment practices of the Underlying ETFs.

New Fund Risk. The Fund is a recently organized management investment company with no operating history. As a result, prospective investors do not have a track record or history on which to base their investment decisions.

The Fund's investment adviser, Tidal Investments LLC (the "Adviser"), has agreed to reduce its unitary management fee (which includes all expenses incurred by the Fund except for interest charges on any borrowings, dividends and other expenses on securities sold short, taxes, brokerage commissions and other expenses incurred in placing orders for the purchase and sale of securities and other investment instruments, acquired fund fees and expenses, accrued deferred tax liability, extraordinary expenses, distribution fees and expenses paid by the Fund under any distribution plan adopted pursuant to Rule 12b-1 under the 1940 Act (collectively, the "Excluded Expenses")) to 0.99% of the Fund's average daily net assets through at least July 29, 2025. This agreement may be terminated only by, or with the consent of, the Board of Trustees (the "Board") of Tidal Trust II (the "Trust"), on behalf of the Fund, upon sixty (60) days' written notice to the Adviser. This Agreement may not be terminated by the Adviser without the consent of the Board. The fee waiver is not subject to recoupment.

Option: The term option refers to a financial instrument that is based on the value of underlying securities such as stocks, indexes, and exchange traded funds (ETFs). An options contract offers the buyer the opportunity to buy or sell—depending on the type of contract they hold—the underlying asset.

Call: Call options are financial contracts that give the buyer the right—but not the obligation—to buy a stock, bond, commodity, or other asset or instrument at a specified price within a specific period. A call seller must sell the asset if the buyer exercises the call.

Covered Call: The term covered call refers to a financial transaction in which the investor selling call options owns an equivalent amount of the underlying security. To execute this, an investor who holds a long position in an asset then writes (sells) call options on that same asset to generate an income stream. The investor's long position in the asset is the cover because it means the seller can deliver the shares if the buyer of the call option chooses to exercise.

Put: A put is an options contract that gives the owner the right, but not the obligation, to sell a certain amount of the underlying asset, at a set price within a specific time.

Notional Value: Notional value is a term often used by derivatives traders to refer to the total value of the underlying asset in a contract. It can be the total value of a position, how much value a position controls, or an agreed-upon amount in a contract. Put simply, it is the face value that is used to determine payments on a financial asset. This term is used when describing derivative contracts in the options, futures, forwards, and currency markets.

For a full list of holdings, click here.

Launch & Structure partner: Tidal Financial Group

The funds are distributed by Foreside Fund Services, LLC. Foreside is not affiliated with Peerless or Tidal.