



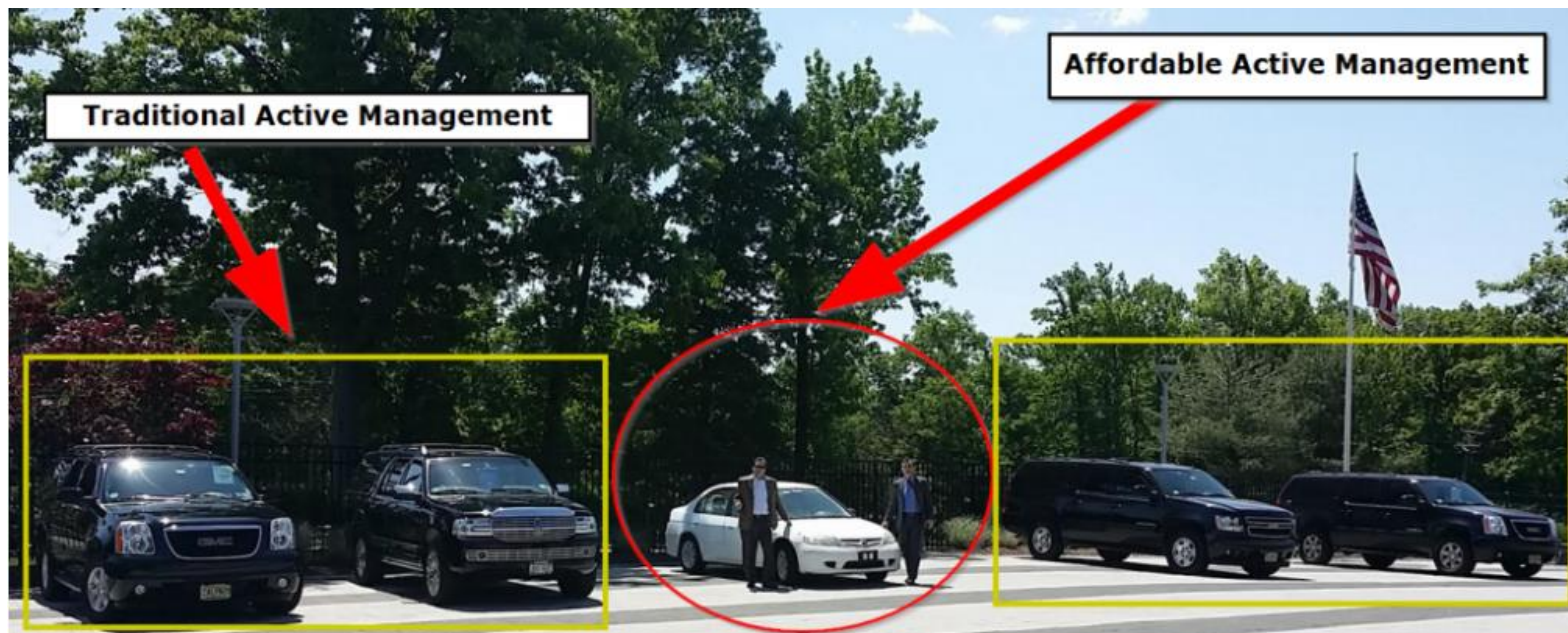
ETF rchitect

August 2024

White Label ETF Platform

## Culture Matters

## The ETF “entrepreneur” mindset



**Transparency and low costs drive ETF success.  
We are a partner that lives those values.**

Details: A photo of Wes Gray driving a 10-year-old Honda Civic to the CNBC studio parking lot

## Our Purpose

# Lower barriers to entry in the ETF market

### We deliver affordability

We combine the Marine Corps ethos of “doing more with less” with a strong focus on technology to make ETF Architect the natural choice for cost-conscious ETF sponsors. Survival in the fee-compressed asset management industry requires a frugal culture.

### We offer a turnkey solution

We deliver an end-to-end ETF solution. Trading, compliance, billing, and back-office admin are all done internally and streamlined. Complete accountability and ownership from A to Z. This allows ETF sponsors to focus exclusively on their highest and best use: marketing and intellectual property efforts.

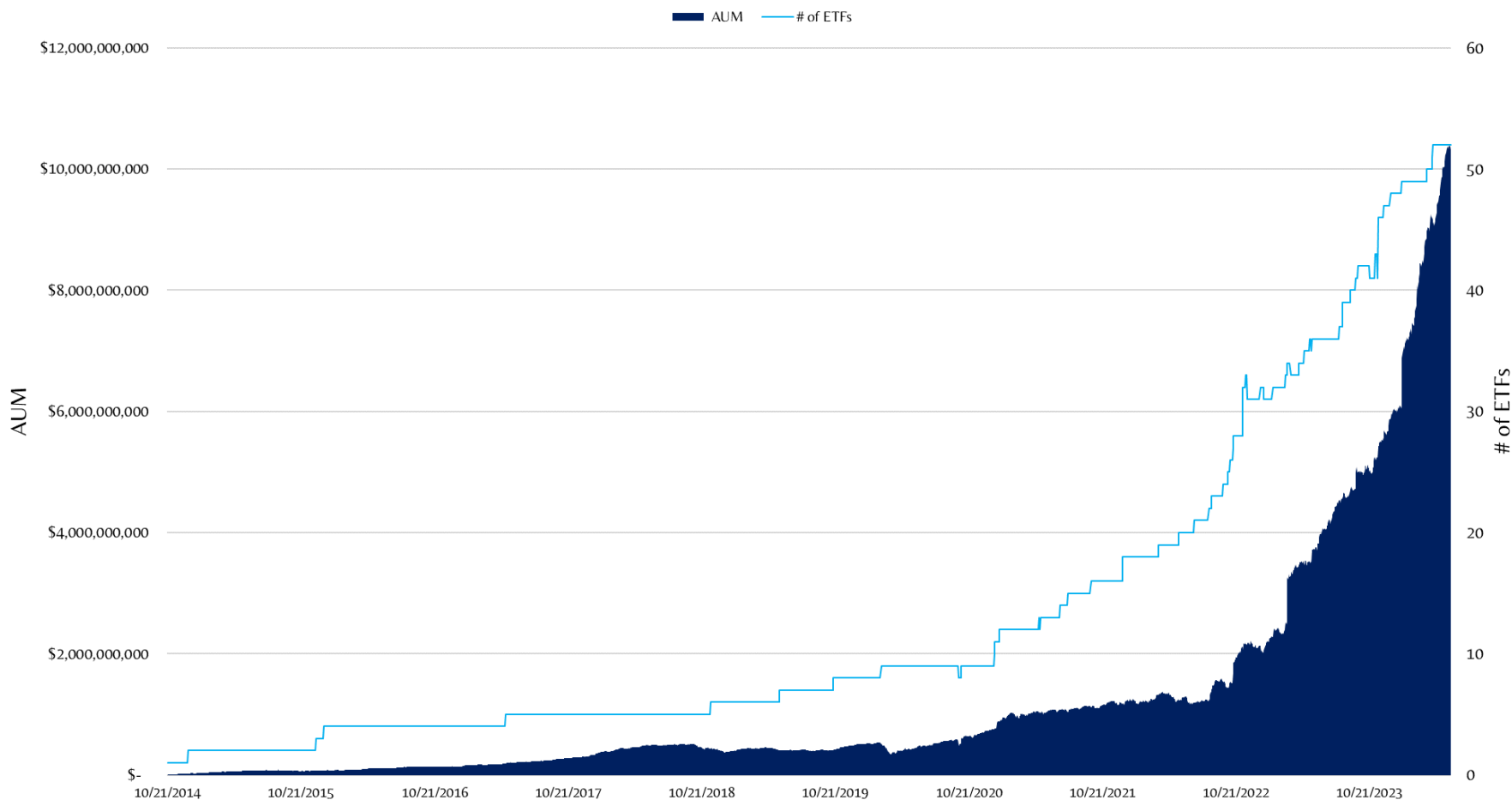
### We operate with transparency

We help clients understand the costs and benefits of our services and how to succeed in the ETF business. We are also direct and will get to the bottom-line ASAP. This transparency sets the tone for the long-term relationships we want to build.

Platform Growth

# Our ETF Platform is Growing Rapidly

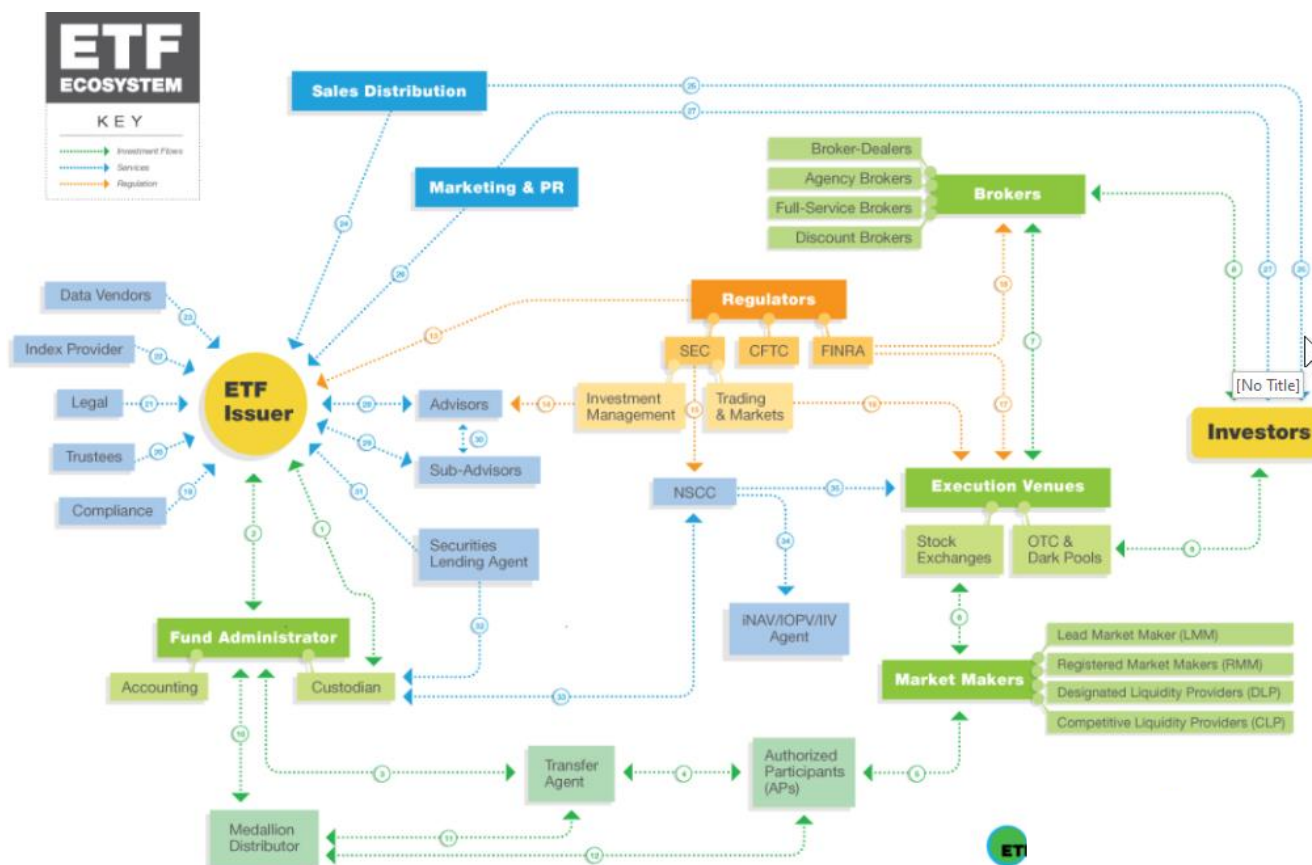
ETF Architect Growth Since Inception (10/22/2014)



Source: ETF Architect, as of 5/31/2024

Question: Why Are We Growing Rapidly?

## The ETF ecosystem is complex and opaque...

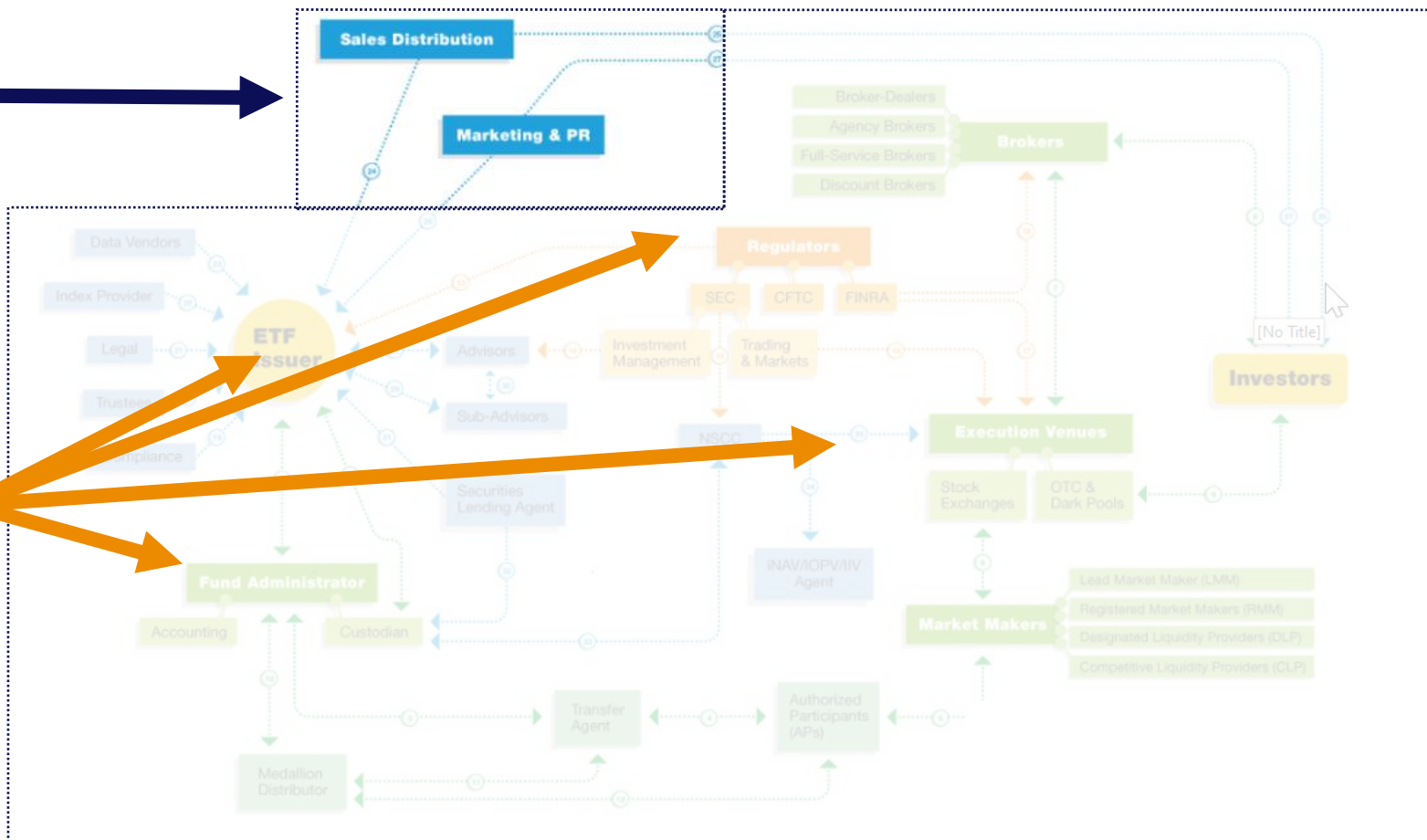


Answer: Why Are We Growing Rapidly?

# We make ETF operations easy and transparent

You do this

We do everything else





## Our Services

# Bring your ETF to life with a high caliber team

Pre-Launch ●

Launch ●

Management ●



## We cater to **all investment styles**

We can help you launch both passive and active ETFs via our exemptive relief from the SEC under the Investment Company Act of 1940. We also specialize in tax-free conversions and complex transactions.



## We seek **qualified, long-term partners**

The clients we partner with need substantial working capital and initial ETF capital to be approved on our platform. We only work with operators that have long-term viability.

## Full-Suite ETF Operations Solution

# We are a one-stop solution

### Pre-Launch

Build a solid foundation for the successful launch of your ETF

- Business planning/modeling
- Index creation / strategy prep
- Registration / prospectus drafting
- Iteration with regulatory agencies
- Data controls
- Vendor management
- Board approval, Trustee engagement
- Tailor-made distribution options

### Launch

Take your ETF to market with maximum impact

- Basket creation
- Exchange listing completion
- Marketing coordination
- Capital markets management
- Seed capital deployment
- Index coordination (as required)

### Management

Provide ongoing support for an efficient ETF

- Portfolio mgmt. & trading
- Vendor mgmt.
- Printing / filing
- Regulatory disclosures
- Liquidity assessments
- Ongoing marketing
- Invoicing/vendor payments
- Fully dedicated compliance team



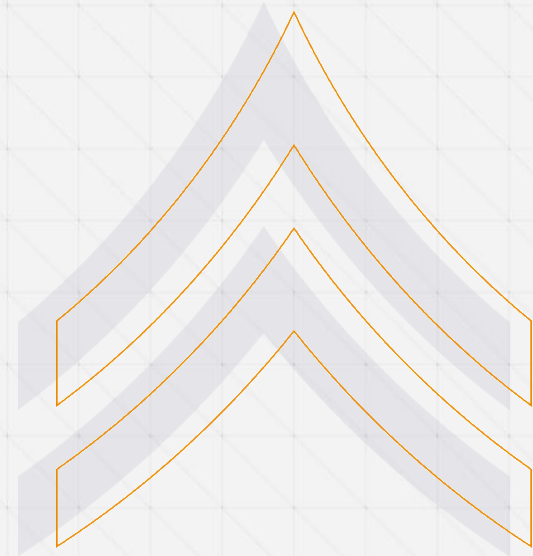
## An Important Note

# We do ops, not marketing and distribution

**We believe distribution and marketing should be open architecture**

Many white label platforms offer distribution and marketing services as part of their offering. We do not. We focus on operations and tax-free conversions. When it comes to marketing and distribution, we believe in an open architecture approach.

How can we help on distribution? We are very familiar with the various distribution and marketing firms in the marketplace and can consult and guide you to the solution that fits your specific needs.



## Our Advantage

# Why ETF Architect? Affordable & Transparent



### Integrity comes standard

We have earned a strong reputation for education and innovation in the ETF space. We are also veteran-owned and lean on military values to guide our actions.



### Vertically integrated

We are vertically integrated across legal, compliance, and portfolio management operations, which allows us to deliver a 100% turnkey solution for our clients.



### Skin in the game

Our own ETFs sit alongside yours on the platform to align our interests. Platform benefits flow to all platform partners.



### Powered by tech

Our platform is focused on leveraging technology to maximize efficiency and minimize human error, which lowers costs.

# Appendix #1: Tax-Free ETF Conversions

ETF Architect

## We specialize in tax-free conversions

- Tax-Free Mutual Fund to ETF Conversions
- Tax-Free Hedge Fund to ETF Conversions
- Tax-Free SMA to ETF Conversions (“351s”)
- Tax-free family office to ETF Conversions
- + other creative ideas

ETF Architect

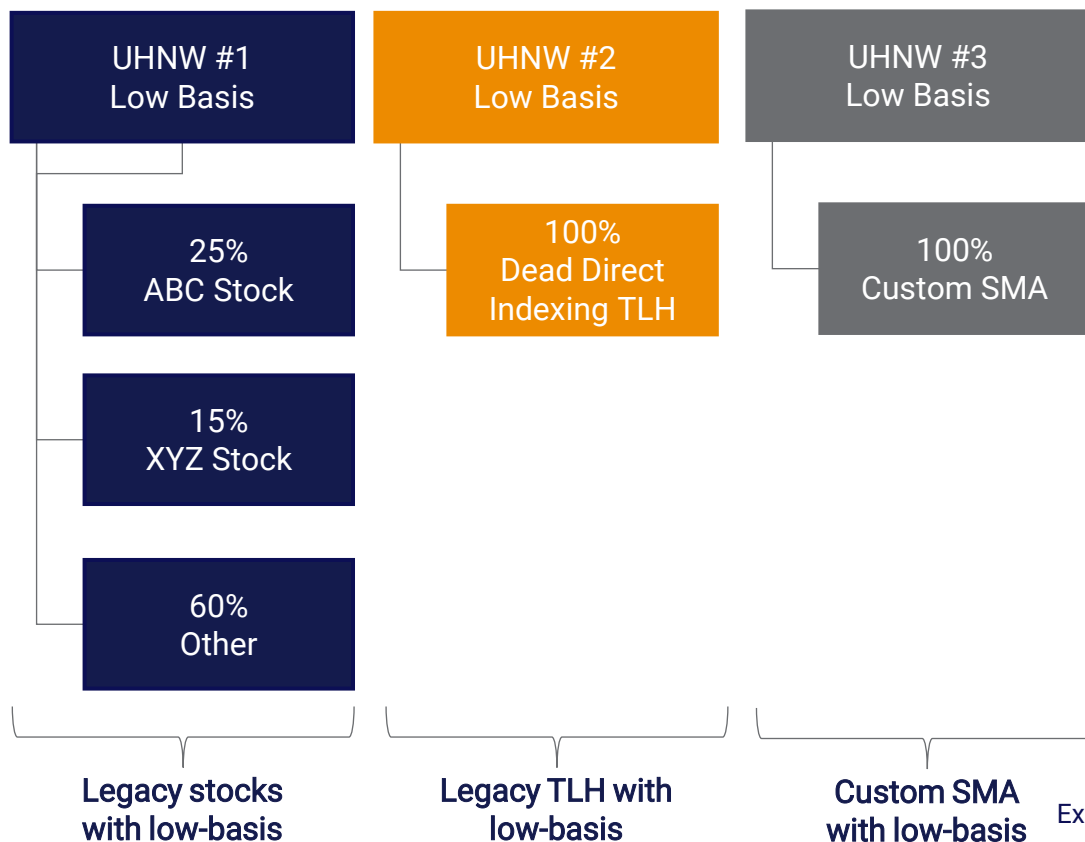
## Notable tax-free conversion transactions

- Reorganization of a hedge fund into an ETF for UPHOLDINGS Group, LLC
- Reorganization of a hedge fund into an ETF for Euclidean Technologies Management, LLC
- Reorganization of SMAs into an ETF for Argent Capital Management, Inc.
- Reorganization of SMAs into an ETF for Burney Company, LLC
- Reorganization of SMAs into an ETF for Sepio Capital, L.P.
- Reorganization of SMAs into an ETF for CCM, LLC
- Reorganization of 2 separate MFs into ETFs for Bridgeway Capital Management, LLC
- Reorganization of a MF into an ETF for Arin Risk Advisors, LLC
- + more

## SMA to ETF Conversions

# The problem: low basis and no flexibility

## Client Examples



## Problems

- Limited portfolio flexibility
- Limited control
- Complicated operations
- Legacy fees for little/no effort

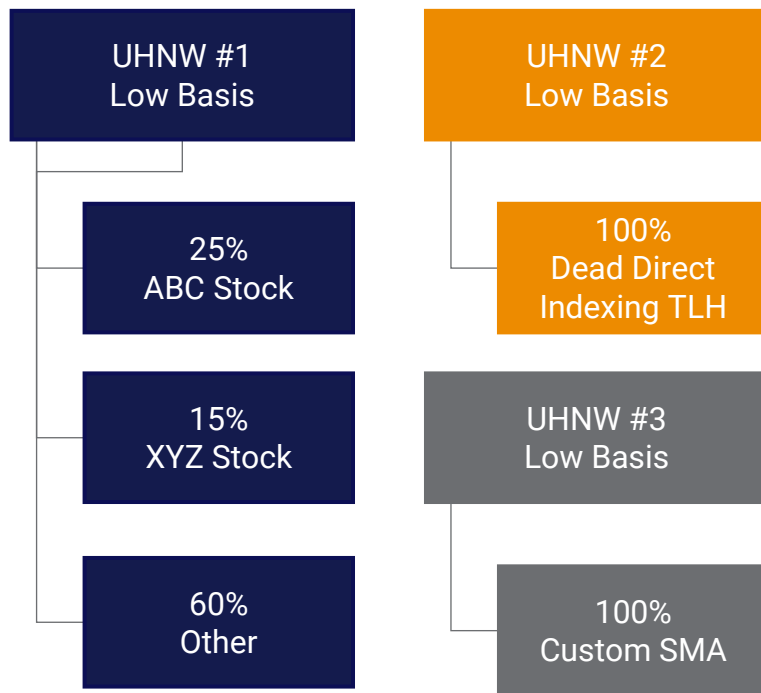
Examples above are for illustrative purposes only



## SMA to ETF Conversions

## Our solution: convert SMAs into an ETF

## Problem: No flexibility



## Solution: High flexibility



Examples above are for illustrative purposes only

Time to Market is Approximately 4 Months

## Hypothetical timeline for an SMA to ETF Conversion



## SMA to ETF Conversions

## Tax-free transfer limitations

- Contributed portfolios must be “diversified”
  - No single position > 25% (ETFs are exempt from this requirement)
  - Not more than 50% of the value can be in 5 or fewer issuers.
  - $\geq 11$  positions is the practical minimum number of positions
- Control of 80% or more of the shares post transaction
  - You can’t do on-going contributions to the ETF
- A well-documented plan
  - A business plan/purpose tied to the transaction
  - Clear investment policies/procedures pre/post conversion

## SMA to ETF Conversions

## Key considerations

### Potential Benefits

- Portfolio flexibility
- Tax-deferral capability
- Tax-deductible advisory fees
- Public market access
- Branding and Marketing
- Free up operational resources

### Potential Costs

- ETF Startup and ongoing costs
  - SMA Billing complexity
  - Client communications
  - Treasury and SEC hurdles
  - Increased compliance complexity
  - Managing change/status quo bias
- Increased transparency?
    - Client stickiness?

## Appendix #2: Our Platform

Our Platform

## Quick Facts

We were  
established in  
**2013**

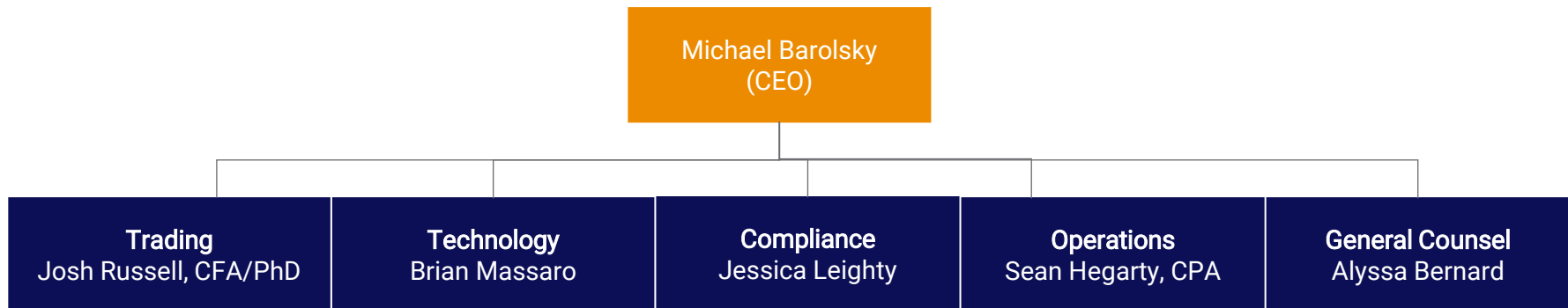
We manage **over**  
**\$10 Billion** in ETF  
assets on our  
platform

We manage **over**  
**50 ETFs**



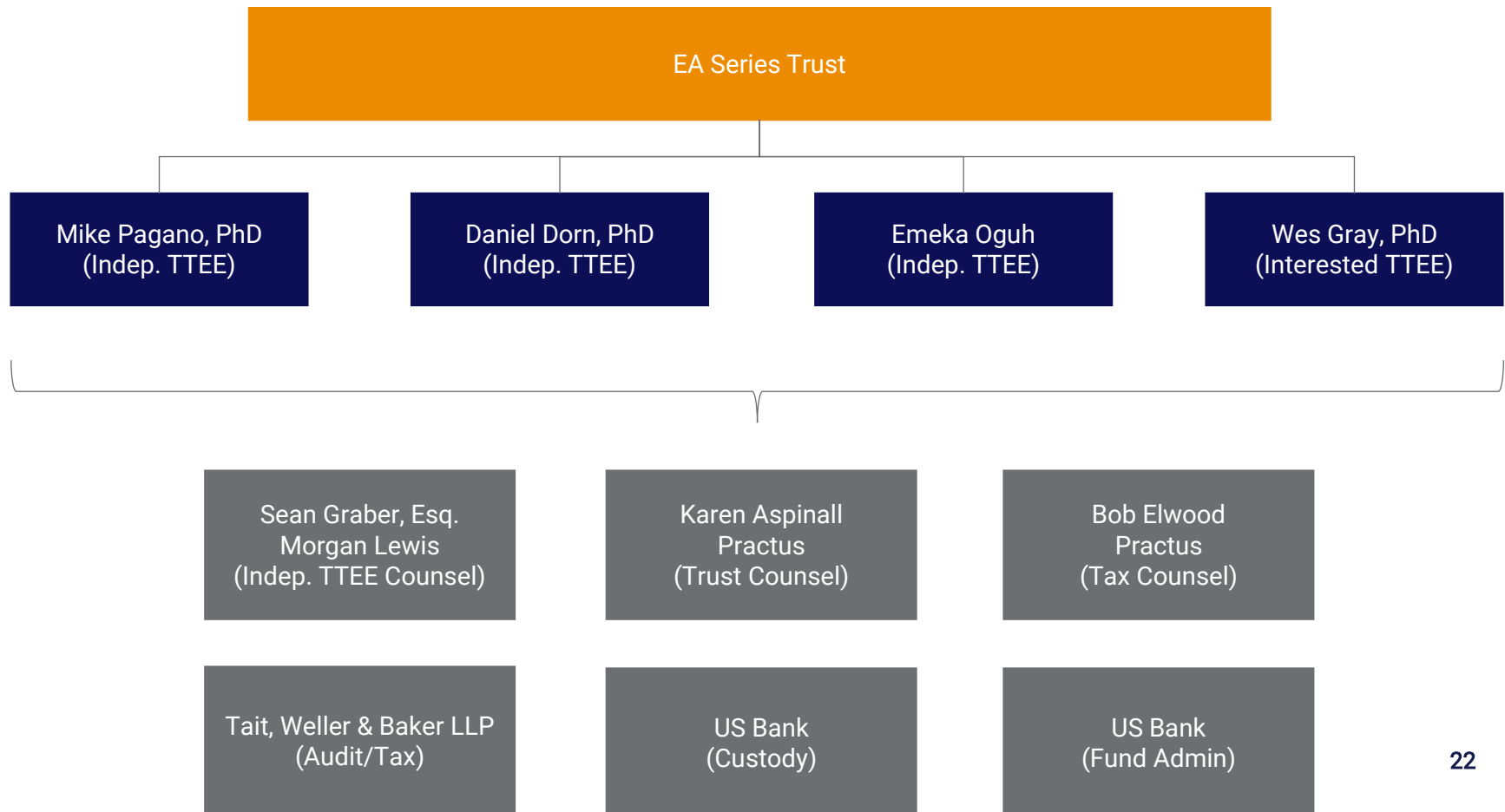
Veteran Owned and Operated

## Our executive team



ETF Architect

# Our Trust structure



## Appendix #3: Marketing and Distribution

## Marketing and Distribution

# Key considerations

## Generic Recommendation

1. Launch with \$25mm+
  2. Sell close current relationships
  3. Develop the story and marketing materials
  4. Build 1yr of tracks, which establishes credibility as an ETF operator
- #1-#4 are complete? You now have something to sell → consider an investment in marketing and distribution services (see to the right)

## Marketing and Distribution Options

- Person to Person Selling
  - E.g., FLX, Focus, Apex, etc.
- General Marketing
  - E.g., Gregory, Arro, VettaFi, Hybrid, etc.
- Digital Marketing
  - E.g., Defiance, Hacktics, etc.
- DIY/Internal
  - E.g., Self, Employees, Contractors

**ETF**  **Architect**



Contact Us

Ready for action?

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