GLOBAL X INSIGHTS

Introducing the Global X Ethereum Covered Call ETF (EHCC)

Robert J. Scrudato
rscrudato@globalxetfs.com

Date: April 2, 2026
Topic: Income, Options

On April 2, 2026, we listed the Global X Ethereum Covered Call ETF on the Cboe BZX Exchange. EHCC is designed to offer investors indirect exposure to the price performance of Ether ETPs (exchange traded products), while seeking to harvest option premiums and manage volatility by selling call options on the same underlying securities.

The crypto market has expanded materially over the last decade, and ether, the native digital currency that powers the Ethereum blockchain platform, has been one of its outright leaders. The coin has garnered interest by establishing itself with a differentiated value proposition relative to more widely accepted digital assets like bitcoin, while recent signs of institutional adoption, like its incorporation into new ETFs, have further imparted into it future growth potential. Ethereum is still a largely speculative asset, however, and its volatile return history may give more conservative investors pause when considering a position.

By obtaining synthetic exposure to Ether ETPs and operating a weekly covered call writing strategy on the same securities, the Global X Ethereum Covered Call ETF (EHCC) attempts to give investors a measure of Ether exposure while aiming to address some of the uncertainties that center around its underlying price fluctuations. The fund writes covered calls on a percentage of its portfolio in an effort to generate premiums and keep a portion Ether's price appreciation potential intact. It aims at leveraging the positive relationship that exists between volatility and option premiums to drive its distribution stream, which may act as a source of physical return or a buffer when the price of Ether falls.

Key Takeaways

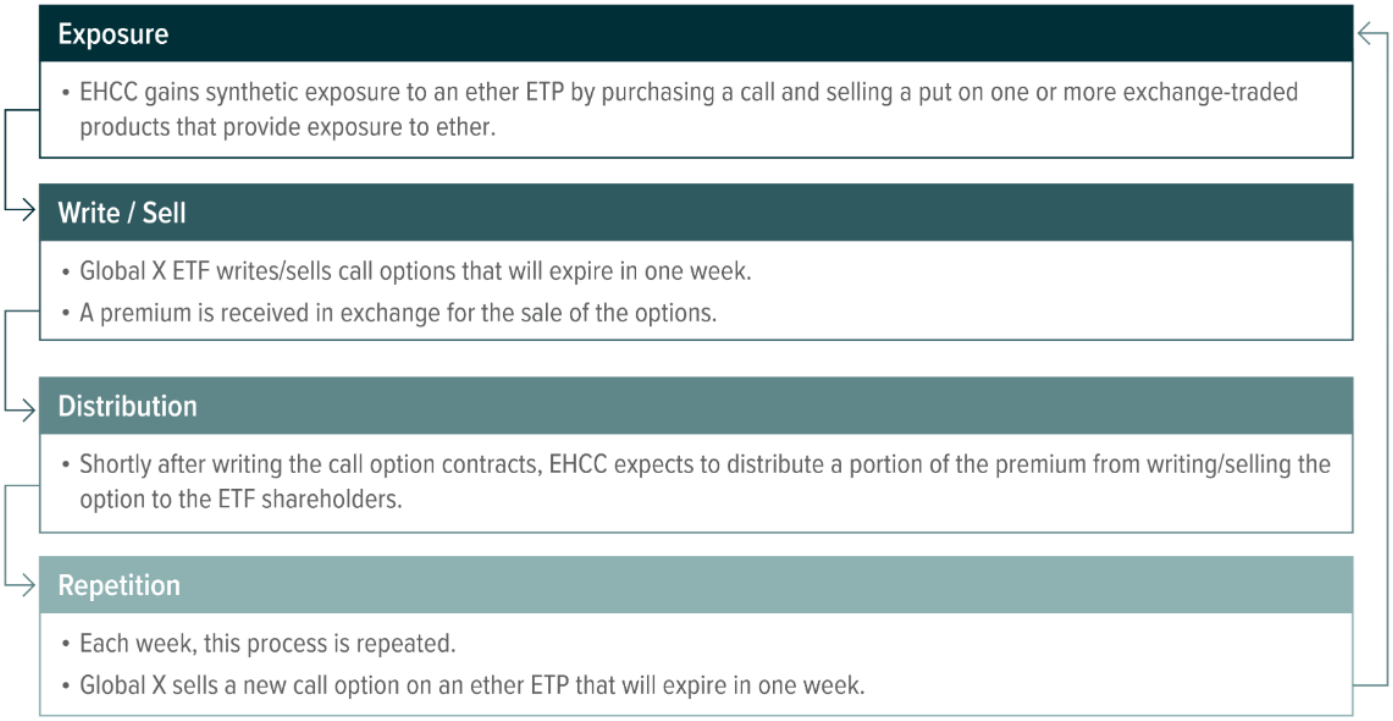
- The Global X Ethereum Covered Call ETF (EHCC) operates a systematic-active covered call strategy on Ether ETPs, granting indirect exposure to the cryptocurrency within the constructs of an ETF.
- The volatility with which Ether trades makes it a potentially ideal candidate for a covered call strategy. EHCC writes weekly call options on Ether ETPs while retaining a measure of Ether price appreciation potential.
- EHCC aims to provide shareholders weekly distributions, acting as a potential mitigator of price volatility for those seeking digital asset exposure.

EHCC Offers Differentiated Ether Exposure Through the ETF Wrapper

Over the years, there have been numerous obstacles to digital asset exposure. For ether, digital wallets in and of themselves represented hurdles that required education. Meanwhile, heightened security measures and the lack of a regulatory framework through which investors could operate represented impediments to seamless investing, as well. That's changed over the last few years, however, with the CFTC beginning to regulate ether as a commodity in 2019 and the SEC then approving the launch of Ethereum ETFs on multiple exchanges in 2024. It signaled an opportunity for investors to take stakes in Ether on exchange-traded platforms. It also introduced many of the traditional benefits of ETF investing, like transparency and trade flexibility, to ether.

The Global X Ethereum Covered Call ETF (EHCC) is an actively managed fund that operates a covered call strategy on Ether ETPs. It functions by obtaining synthetic exposure to Ether ETPs by purchasing a call option and selling ("writing") a put option on the same ETP at the same strike prices that create for the fund near-1:1 exposure, where it would experience the full upside associated with the ETP as well as the full downside. EHCC will then proceed to write at- or near-the-money FLEXible Exchange® ("FLEX") call options on the same ETP on a weekly basis at a value that is nearly equivalent to 50% of the notional value of its underlying portfolio. The fund will do this in an effort to create a stream of net premiums, which are expected to act as the basis for its weekly distributions. It intends for this makeup to leave it subject to 100% of the downside (less accumulated premiums) and roughly 50% of the upside of the price movements associated with the Ether ETPs on which the options are written. The fund seeks a less-volatile means of exposure to Ether, while offering investors a potential distribution stream that is generated by harvesting options premia.

EHCC'S COVERED CALL PROCESS EXPLAINED



Source: Global X ETFs.

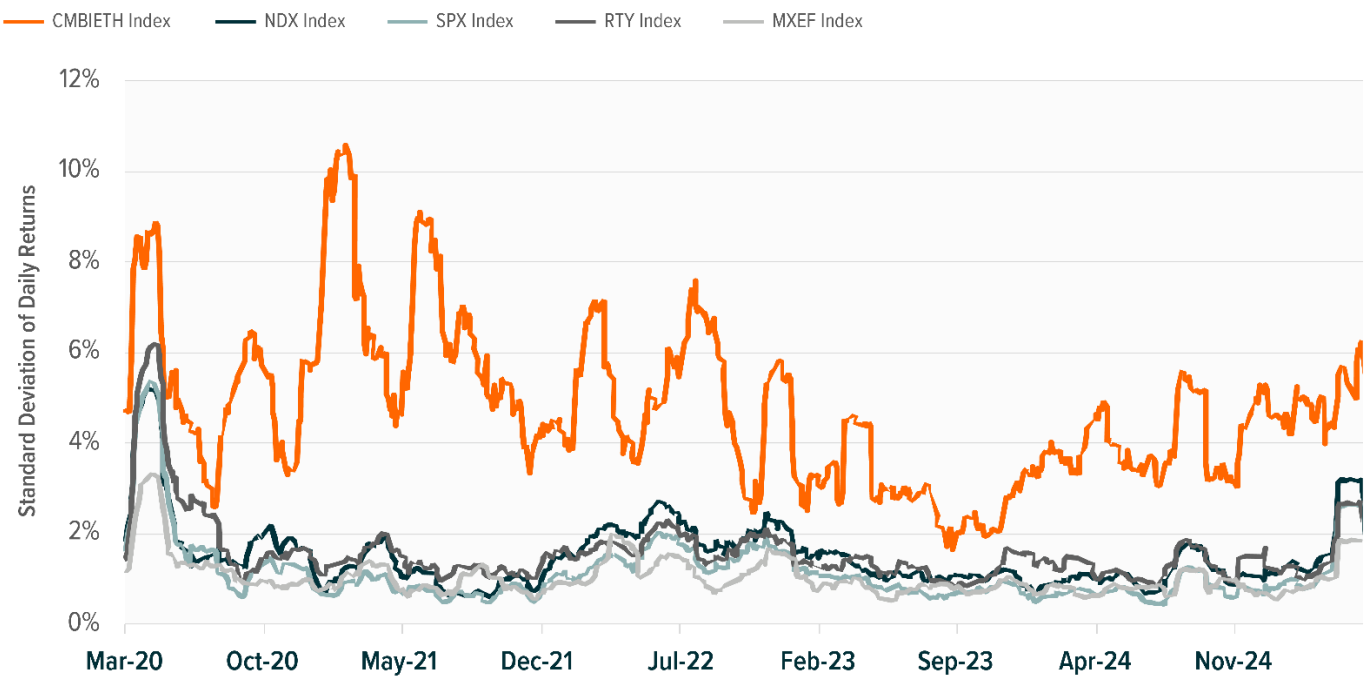
Ethereum Price Volatility Promotes Its Use Case in a Covered Call Strategy

Operation of a covered call strategy calls for an investor to obtain long exposure to a particular asset and then proceed to write a call option on that same asset in exchange for an option premium. It is a strategy that can be utilized purely in an effort to pursue a source of income. Or, it can be thought of in a more dynamic fashion, such as a means by which to potentially mitigate price volatility associated with a reference asset.

One core tenet of the strategy is the understanding that more volatile reference assets tend to breed more generous option premiums. This is due to the fact that more-widely oscillating prices for the reference asset increase the likelihood that an option contract, be it a call or a put, will end up in the money, or become exercisable. On the one hand, it suggests options on more volatile assets are more likely to be executed. On the other, it highlights how volatility must be present in order for an option to garner enough premium that it can be adequately utilized in a covered call strategy.

Ether is one such asset that trades with material measures of volatility, and we believe this promotes its use case for a covered call strategy. Below we can examine the standard deviation of daily Ether price returns relative to some of the major U.S. equity indices, as well as the MSCI Emerging Markets Index.

ETHER HAS EXHIBITED MATERIAL RETURN VOLATILITY OVER THE LAST FIVE YEARS

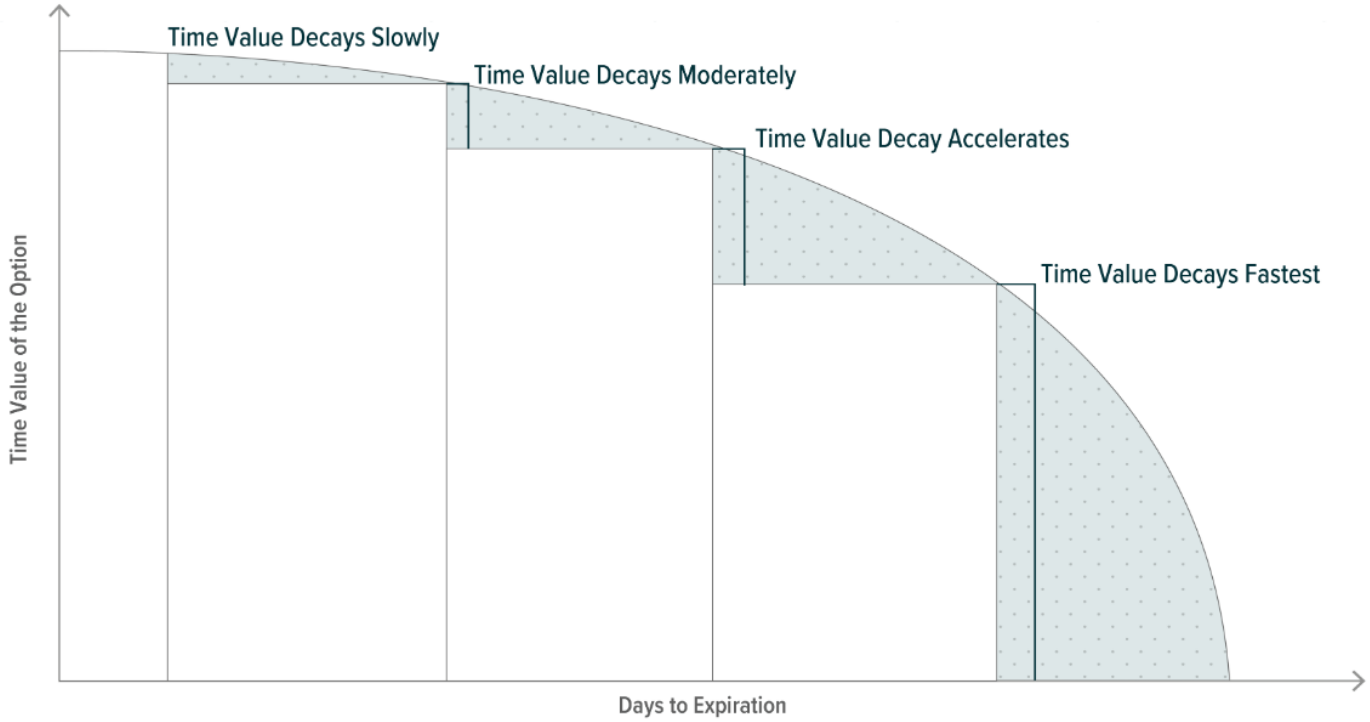


Past performance is not a guarantee of future results.
Sources: Bloomberg L.P. 30-day rolling standard deviation of daily total return data from March 1st, 2020 to December 31st, 2025 on the Coin Metrics' CMBI Ethereum Index (CMBIETH), Nasdaq 100 Index (NDX), Russell 2000 Index (RTY), S&P 500 Index (SPX), and MSCI Emerging Markets Index (Net) (MXEF).

This standard deviation of returns highlights the wide levels of price oscillation that Ethereum has exhibited. The Global X Ethereum Covered Call ETF then pulls another lever aimed at boosting its premium values, which is the utilization of weekly call option contracts for its volatility harvesting agenda. Options with a shorter amount of time until expiration are not valued as favorably in absolute terms as longer dated options because they offer less time for a contract to move into the money. However, from the option writer's perspective, when written in succession, they have the potential to produce more generous annualized premiums because they lose value more rapidly, a phenomenon known as time decay.

Time decay is a function of options trading that says options generally lose their value at an increasingly faster pace the closer that the contract moves to its expiration date. EHCC seeks to take advantage of this elevated rate of time decay that takes place in the last week of an option contract to drive higher option premia.

PROGRESSION OF THE TIME VALUE DECAY OF AN AT-THE-MONEY OPTION OVER TIME



For illustrative purposes only.
Source: Global X ETFs.

Between the volatility in Ether price movements and the premia that can be attained by utilizing weekly call contracts, EHCC attempts to provide investors with a competitive stream of distributions while still leaving roughly half its portfolio uncovered so investors can benefit from the potential upside price appreciation in Ether, as well.

EHCC's Weekly Distribution Schedule Contributes to Its Status as a Multipurpose Portfolio Allocation

Income-oriented investors have a wealth of tools at their disposal. In a falling interest rate environment, however, conventional bond investments have the potential to grow increasingly unattractive. This has been one of the primary reasons why investors have turned to covered call ETFs in recent years. Operating a covered call strategy on an asset with volatility like Ether, the potential to incorporate it into a portfolio as a pure generator of a distribution stream is enticing. Add in the fact that the Global X Ethereum Covered Call ETF aims at providing investors with distributions on a weekly basis, expected to represent approximately 75% of the premium that is received from writing the call option, with the balance being reinvested into the fund, and the distribution rate combined with the frequency with which they are performed could be deemed a real value proposition for investors.

Beyond the bounds of pure distribution generation, the makeup of a covered call strategy stands to benefit those that are seeking exposure to Ether but may want to attempt to tone down the measure of volatility that such a position might express. By writing call options that are at- or near-the-money on about 50% of its portfolio, EHCC expects to crimp its return profile to the upside, capturing about half the price advances of Ether above the strike price on a weekly basis. In exchange, the fund receives the premium for the call it sold, regardless of whether the market moves up or down. To wit, should the price of Ether fall, the fund will remain fully exposed to those losses. They will likely be offset to an extent, however, by the premium that the fund acquires week after week.

Finally, investors looking for portfolio diversification that might have formerly been apprehensive about allocating to digital assets may be able to harness this type of an exposure to take said positions. We believe Ether represents an interesting portfolio diversifier because it has exhibited weak correlations with many other asset classes.

ETHEREUM MAY REPRESENT A LESS HIGHLY CORRELATED PORTFOLIO ALLOCATION

	Ether	High Yield Bonds	U.S. Equities	REITs	Fixed Rate Preferreds	Emerging Market Bonds	Investment Grade Bonds	High Dividend Equity
Ethereum	1							
High Yield Bonds	0.374	1						
U.S. Equities	0.458	0.615	1					
REITs	0.246	0.564	0.532	1				
FR Preferreds	0.269	0.663	0.414	0.520	1			
Emerging Market Bonds	0.170	0.697	0.189	0.428	0.627	1		
Investment Grade Bonds	0.049	0.417	0.053	0.414	0.559	0.786	1	
High Dividend Equity	0.301	0.570	0.758	0.731	0.444	0.271	0.198	1

Sources: Bloomberg L.P. Daily correlation from 12/31/2023 to 12/31/2025. Asset class representations are as follows: Ethereum, Coin Metrics' CMBI Ethereum Index; High Yield Bonds, Bloomberg US Corporate High Yield Bond Total Return Index; Fixed Rates Preferreds, ICE BofA Fixed Rate Preferred Securities Index; Emerging Market Bonds, Bloomberg EM USD Aggregate Total Return Index; REITs, FTSE NAREIT All Equity REITS Index; Investment Grade Bonds, Bloomberg US Corporate Total Return Index; US Equities, S&P 500 Index; High Dividend Equity, MSCI USA High Dividend Yield Index (gross).

With digital assets like Ether, investors may not be as meaningfully exposed to the interest rate or duration risks that they might have to endure via a fixed-income allocation. Utilizing covered calls, they also gain the opportunity to incorporate into their portfolios an element of investment that shares a positive relationship with volatility. Indeed, option premiums have a tendency to rise and fall in conjunction with the measures of volatility that are expressed by their reference asset, and volatility is expected to rise when the price of a reference asset falls. Therefore, should the price of a reference asset decline, an investor performing a covered call strategy on said asset would still have the potential to reap a more advantageous option premium as a function of such an environment, which is a portfolio differentiator that is somewhat uncommon when thinking about other assets.

Conclusion: EHCC Is Indirect Ether Exposure with Weekly Premium-Driven Distributions

Ether experienced new highs in 2025 after the Bloomberg Ethereum Index appreciated 230% in value from the market's trough following Liberation Day on April 8th to its peak on August 22nd.[1] However, that same index gave back about 42% of its value over a two-month stretch near the end of the year.[2] While past performance is not a guarantee of future results, the price appreciation (along with the growth these assets have experienced over the last decade) may entice investors to consider a position. However, the recent decline brings to the limelight a glaring risk associated with Ether exposure. The Global X Ethereum Covered Call ETF (EHCC) is being brought to market with the goal of offering investors a stream of competitive distributions and less volatile Ether exposure. It can be a multipurpose portfolio allocation that is provided to the market through the convenience and transparency of the ETF wrapper.

Related ETFs

EHCC - Global X Ethereum Covered Call ETF

Click the fund name above to view current performance and holdings. Holdings are subject to change. Current and future holdings are subject to risk.

Footnotes

1. Bloomberg L.P. Bloomberg Ethereum Index Total Return from April 8th, 2025 to August 22nd, 2025.
2. Bloomberg L.P. Bloomberg Ethereum Index Total Return from October 6th, 2025 to November 21st, 2025.

Glossary

Strike Price: The fixed price at which an option holder can buy or sell the underlying asset. Also called exercise price.

At-the-Money: An option in which the underlying asset's price equals the strike price.

Standard Deviation: Standard deviation is a statistical measure of the variation or dispersion within a set of numbers. In investing it is used to discuss the volatility in returns. Typically, fixed income returns are more stable while equity returns have a higher level of volatility.

Distribution Rate: The annual rate an investor would receive if the most recent fund distribution remained the same going forward. The rate represents a single distribution from the fund and does not represent total return of the fund. The distribution rate is calculated by annualizing the most recent distribution and dividing by the most recent fund NAV.

This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information is not intended to be individual or personalized investment or tax advice and should not be used for trading purposes. Please consult a financial advisor or tax professional for more information regarding your investment and/or tax situation.

Ether and Ether futures are a relatively new asset class. They are subject to unique and substantial risks, and historically, have been subject to significant price volatility. The value of an investment in the Fund could decline significantly and without warning, including to zero. You should be prepared to lose your entire investment.

Investing involves risk, including the possible loss of principal. EHCC is subject to certain principal risks, including Active Management Risk; Derivatives Risk; ETF Investment Risk; Ether ETP Risk; Ether Futures ETF Risk; U.S. Treasury Obligations Risk; Cash Transaction Risk; Covered Call Option Writing Risk; Cybersecurity Risk; Ether Investing Risk, including Ether Risk, Custody Risk, Ether Derivatives Counterparty Risk, Ether Derivatives Liquidity Risk, Ether Futures Capacity Risk, Digital Asset Regulatory Risk, Fork and Air Drop Risk, Irrevocability of Transactions Risk; FLEX Options Risk; Focus Risk; Risk of Investing in the United States; Income Risk; Interest Rate Risk; Investable Universe of Companies Risk; Market Risk; New Fund Risk; Non-Diversification Risk; Operational Risk; Options Premium Tax Risk; Qualifying Income Risk; Risks Associated with Exchange-Traded Funds, including Authorized Participants Concentration Risk, Large Shareholder Risk, Listing Standards Risk and Market Trading Risks and Premium/Discount Risks; Subsidiary Investment Risk; Tax Risk; Trading Halt Risk; Turnover Risk; and Valuation Risk.

EHCC is actively managed and invests in options contracts on one or more Ether exchange-traded product (ETP) that invests principally in Ether futures contracts or invests directly in Ether. EHCC does not invest directly in or hold Ether. The price and performance of Ether futures should be expected to differ from the current "spot" price of Ether. These differences could be significant. Ether futures are subject to margin requirements, collateral requirements and other limits that may prevent the ETF from achieving its objective. Margin requirements for futures and costs associated with rolling (buying and selling) futures may have a negative impact on the fund's performance and its ability to achieve its investment objective.

Ether is largely unregulated and Ether investments may be more susceptible to fraud and manipulation than more regulated investments. Ether and Ether futures are subject to rapid price swings, including as a result of actions and statements by influencers and the media, changes in the supply of and demand for Ether and Ether futures contracts and other factors. While EHCC is designed to cover roughly half its notional exposure, the degree of exposure may vary.

EHCC's concentration will subject it to loss due to adverse occurrences that may affect that sector. Investors in EHCC should be willing to accept a high degree of volatility in the price of the fund's shares and the possibility of significant losses. EHCC engages in options trading. An option is a contract sold by one party to another that gives the buyer the right, but not the obligation, to buy (call) or sell (put) a stock at an agreed upon price within a certain period or on a specific date. A covered call option involves holding a long position in a particular asset and writing a call option on that same asset with the goal of realizing additional income from the option premium. EHCC establishes its "long" position through the combination of purchasing call options and selling put options on Ether ETPs. As a buyer of call options, the Fund pays a premium to the seller of the options. The fund then also sells call options to establish the "covered call". By selling covered call options, the fund limits its opportunity to profit from an increase in the price of the underlying asset above the exercise price, but continues to bear the risk of a decline in the asset. A liquid market may not exist for options held by the fund. While the fund receives premiums for writing the call options, the price it realizes from the exercise of an option could be substantially below the underlying asset's current market price.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns.

Carefully consider the fund's investment objectives, risks, and charges and expenses before investing. This and other information can be found in the fund's full or summary prospectuses, which may be obtained at globalxetfs.com. Please read the prospectus carefully before investing.

Global X Management Company LLC serves as an advisor to Global X Funds. The Funds are distributed by SEI Investments Distribution Co. (SIDCO), which is not affiliated with Global X Management Company LLC or Mirae Asset Global Investments. Information provided by Global X Management Company LLC.