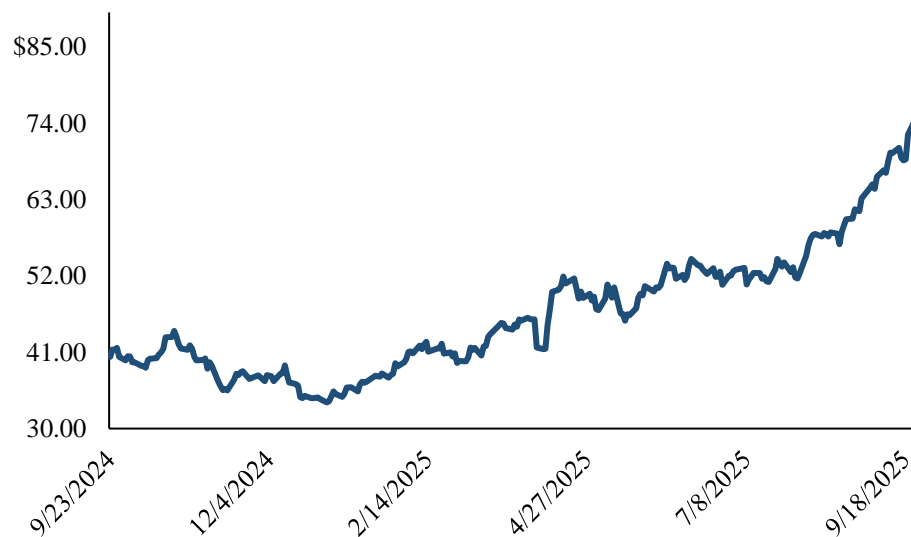




## VanEck Gold Miners ETF | One-Year Price Chart



### Position Details

- VanEck Gold Miners ETF | GDX U.S. Equity
- Underlying Price: \$72.32
- Bull Call Spread
- Expiration Date: January 16, 2026

### Equity Derivates

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#### Associate

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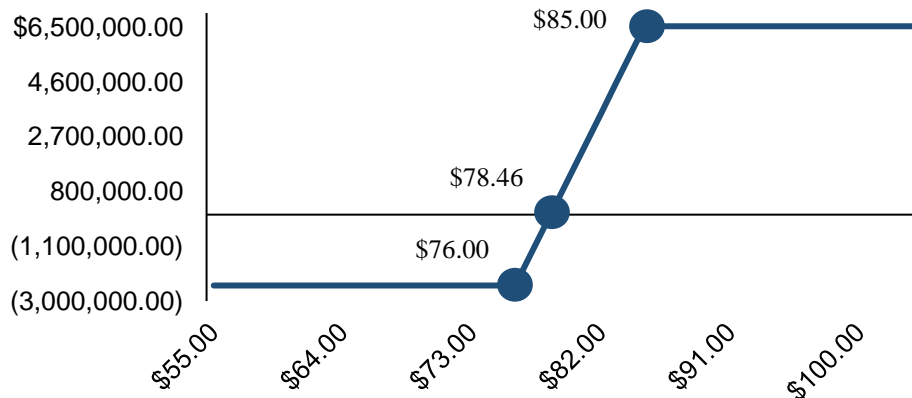
## I. Product & Position Overview

## Product & Position Overview

### Product Description

- **VanEck Gold Miners ETF (GDX)**
  - VanEck Gold Miners ETF is an exchange-traded fund incorporated in the U.S. The ETF tracks the performance of the MarketVector Global Gold Miners Index. The index uses a free-float market capitalization approach, rebalancing holdings
  - Adopting a free-float market cap better reflects the investable opportunity for investors and avoids overweighting into companies with shares that can't be traded
  - The top holdings of GDX include Agnico Eagle Mines Ltd. (AEM) 7.88%, Newmont Corp (NEM) 6.88%, Barrick Mining Corp (B) 5.56%, and Gold Fields Ltd. (GFI) 5.31%

### Payoff Diagram



### Trade Breakdown

- **Bull Call Spread**
  - The strategy benefits from bullish movements in the price of the underlying asset, with the potential for profit prior to expiration
- **Setup**
  - We Buy – 10.00 k OTM \$76.00 Calls | GDX U.S. Equity
  - We Sell – 10.00 k OTM \$85.00 Calls | GDX U.S. Equity
  - Max Profit: \$6,540,000.00
  - Max Loss: (\$2,460,000.00)
- **Expiration**
  - Date: January 16, 2026

### Exit Strategy & Potential Hedge Strategy

- **Bull Base & Bear Case**
  - \$85.00 / \$80.00 / \$76.00
  - Breakeven – \$78.46
- **Methodology**
  - The Sector seeks to benefit from an ~17.50% bullish movement in the underlying price by the time of expiration
- **Hedge Strategy**
  - In the event of bearish movements in the price of the underlying asset, the Sector would reverse trade to minimize potential losses



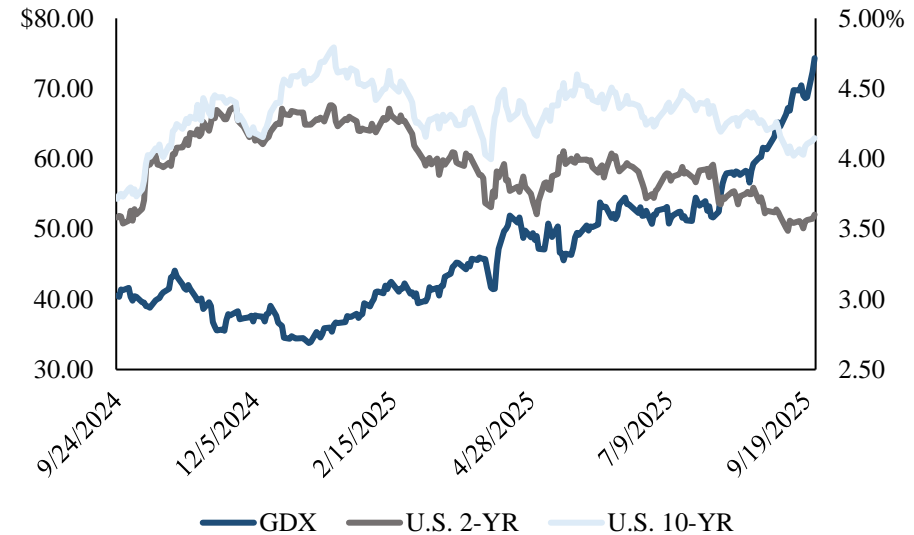
## II. Macroeconomic Thesis

## Macroeconomic Thesis

### Macroeconomic Summary

- **Fed Easing and Weaker Dollar Enhance Gold's Attractiveness**
  - Gold has consistently delivered substantial gains following the onset of Fed easing cycles. It advanced 31.00% in 2000, 39.00% in 2007, 26.00% in 2019, and 42.00% following the first of three cuts in 2024 over the subsequent two years, reflecting strength
  - Anticipated rate cuts are likely to keep the dollar under pressure. The DXY has fallen 11.04% YTD after just one rate cut, while gold has rallied 40.69% benefiting from a weaker dollar
  - Rate cuts reduce the opportunity cost of holding gold, shifting investors away from interest-bearing assets, boosting demand
- **Mining Efficiency Increases and Strengthens Margins**
  - Mining companies are seeing record profit margins as commodity prices hit historic highs, while production costs remain relatively stable across the industry
  - All-in sustaining costs (AISC) have remained steady ~\$1.40 k per oz for major operations, gold prices have moved substantially higher, boosting margins. Gold reserve prices also fell below three-year averages, making future operations more profitable
- **Central Banks Hold More Gold than U.S. Treasuries**
  - Annual net purchases of gold by central banks have exceeded 100.00 k MT y/y since 2022, and are expected to purchase 900.00 k MT over the next year, twice the annual average of 457.00 MT from 2016-2021, diversifying away from the dollar
  - Central Bank Gold Reserves (CBGR) surveys show that 95.00% of respondents believe that global central bank reserves will increase over the next 12.00 months, none indicated a decline
  - Central banks' gold holdings are now worth \$4.50 T, more than their \$3.50 T reserve of Treasuries, for the first time since 1996

### GDX ETF vs. U.S. 2-Year vs. U.S. 10-Year Treasury Yields | One-Year Chart



### Market Pros & Cons

- Demand for gold in the Technology Sector continues to increase
- The PBOC becomes a custodian for global gold reserves
- Relative Strength Index (RSI) is above 70.00
- Inflation leads to a rise in long-term yields

## III. Risk Analysis

## Risk Analysis

### Directional & Magnitude Risk

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- **Delta Analysis**

- The Delta value for this trade is 0.224
- For every \$1.00 change in the price of the underlying, the contract will experience a gain or loss of \$0.224 in value
- Since the strikes are out of the money, the Delta value for this trade is moderate. This trade requires a strong upward movement in the price of the underlying as it approaches the expiration date

- **Gamma Analysis**

- The trade has a Gamma value of 0.007
- If the price of the underlying rises or falls by \$1.00, the Delta value of the contract will move up or down by \$0.007

### Implied Volatility Risk

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- **Vega Analysis**

- The trade has a Vega value of 0.039
- Implied volatility for this trade is 32.00%
- For every 100.00 bps change in implied volatility, the value of the contract is expected to increase or decrease by \$0.039
- The Vega for this trade is relatively low, as the position is not heavily exposed to volatility. Instead, this position is driven by directional price movements, relying on Delta and Gamma

### Time Risk

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- **Theta Analysis**

- The Theta value of this trade is (0.004)
- Because of time decay, the trade will lose \$0.004 for every 1.00 day that passes. Time decay accelerates in magnitude as the option approaches expiration, making Theta increasingly significant
- The short options decay faster due to being further out-of-the-money and are more sensitive to time decay. As the option moves further from the current market price, the more rapidly their extrinsic value declines. This works against the strategy because we are more sensitive to time decay than a long call
- Time decay will become substantially more of a risk to this trade as the expiration date approaches and Theta continues to increase

### Interest Rate Risk

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- **Rho Analysis**

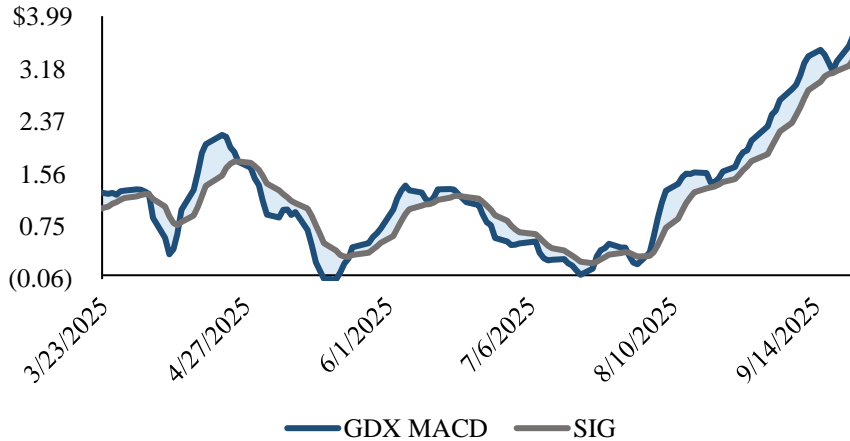
- The trade has a Rho value of 0.043
- For every 100.00 bps change in interest rates, the value of the contract is expected to increase or decrease by \$0.043
- Rho is generally less significant to the value than Greeks like Delta or Theta but becomes more influential for long-dated options. Since this strategy is shorter-dated, changes in interest rates may have a less significant effect than expected. However, Rho diminishes sharply as expiration approaches
- Investors are currently pricing in roughly 50.00 bps of cuts by the expiration date, which won't affect the contract heavily



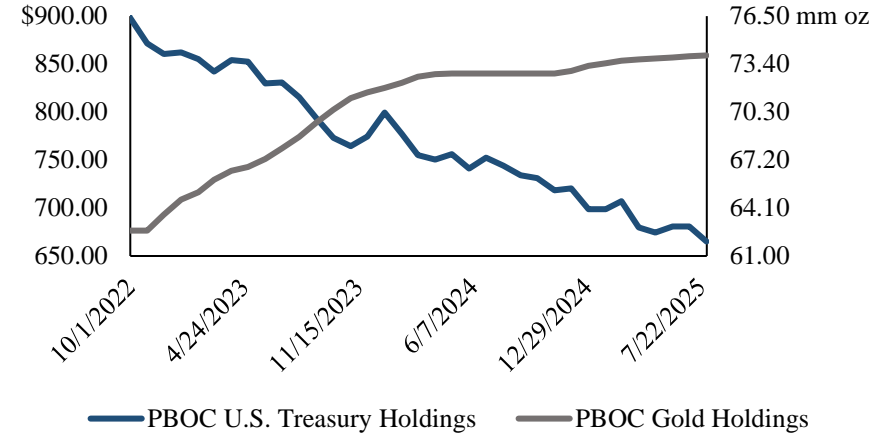
## IV. Technical Bias & Fair Value

## Technical Bias & Fair Value

**GDX MACD vs. Signal Line | Six Month Chart**



**PBOC U.S. Treasury in bn vs. PBOC Gold Holdings in mm | Three Year Chart**



### Monte Carlo

	Long Call	Short Call
Value	\$10.44	\$4.73

### Synopsis

- Moving Average Convergence/Divergence (MACD) subtracts the 26.00-day EMA from the 12.00-day EMA, where a positive value shows stronger short-term momentum than long-term momentum. When the MACD line crosses the signal line, which is the nine-day EMA of the MACD line, it indicates that this short-term momentum is stronger than its average momentum over nine trading days, indicating a strong bullish trend
- The PBOC has steadily decreased U.S. Treasuries and favored holding gold as a reserve over the past few years. This trend from the world's largest consumer of gold reflects declining trust in the safety of U.S. assets, and expectations of continued appreciation of gold. This increased spending by the PBOC further grows demand for gold, raising prices and profits

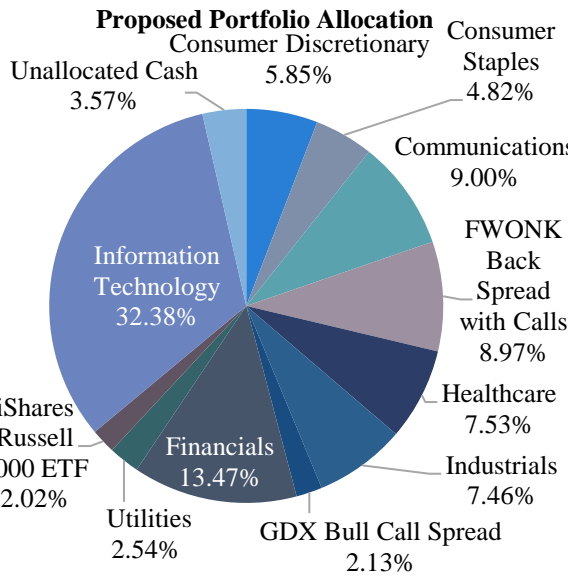
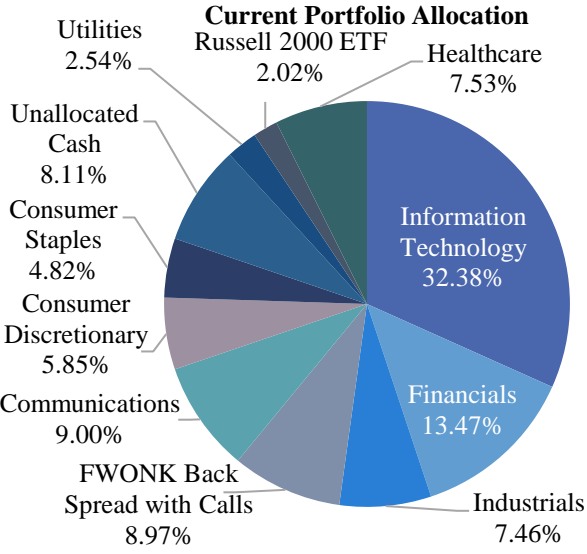


## V. Capital Allocation

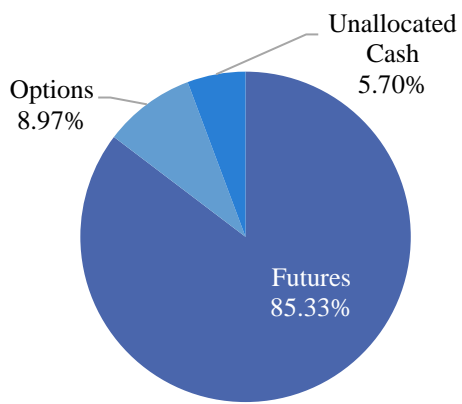
### Transaction Summary

Ticker	Position Change	
	Contracts	Allocation
Information Technology	0	\$0.00
Financials	0	\$0.00
Communications	0	\$0.00
FWONK Back Spread with Calls	0	\$0.00
Healthcare	0	\$0.00
Industrials	0	\$0.00
Consumer Discretionary	0	\$0.00
Consumer Staples	0	\$0.00
Utilities	0	\$0.00
iShares Russell 2000 ETF	0	\$0.00
GDX Bull Call Spread	+20000	\$2,460,000.00
<b>Allocation Change</b>		<b>\$2,460,000.00</b>

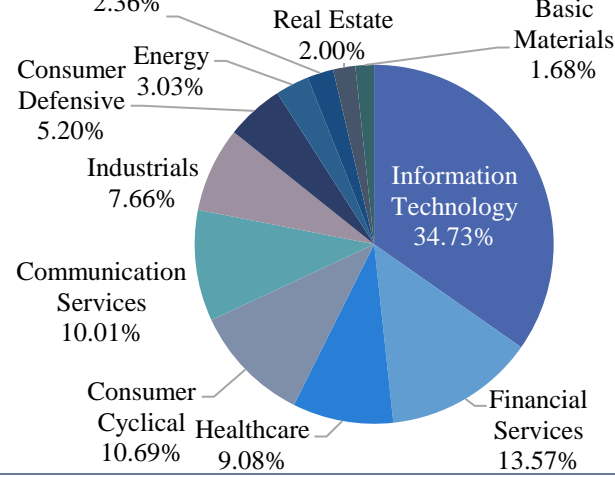
### Capital Allocation



### Current Position Allocation



### Benchmark Allocation



### Proposed Position Allocation

