FAQs
SHORT AND LEVERAGED
SINGLE-STOCK ETFS

Understanding Short and Leveraged Single Stock ETFs

1. What are short and leveraged single stock ETFs?

The ETFs are designed to give investors leveraged or short exposure to the daily share price moves, both up and down, of individual companies listed on the Nasdaq Stock Exchange and other major U.S. stock exchanges.

Leveraged ETFs seek to deliver a multiple of the daily underlying share price move, i.e. 2 times (+200%) or 1.25 times (+125%). This is referred to as a the "Leveraged Factor". Short or Inverse single stock ETFs seek to deliver daily investment results of -1 times (-100%) the daily percentage change of the underlying share price move.

2. How does the Leverage Factor work?

Taking the example of the GraniteShares 1.25x Long TSLA Daily ETF, if the common stock of Tesla Inc, (TSLA) rises by 10% over a day, the ETF would expect to rise by 12.5%, excluding fees and other adjustments. However, if Tesla (TSLA) falls by 10% over a day, then the ETP will fall by 12.5%, excluding fees and other adjustments.

Hypothetical Example:

Scenario	Underlying Stock: TSLA	GraniteShares 1.25x Long TSLA Daily ETF
Rising Market	+1%	+1.25%
Falling Market	-1%	-1.25%

3. Who might use short[1] and leveraged[2] single stock ETFs?

The typical user profile is a sophisticated investor, who understands leverage and how daily rebalancing leads to compound returns. The Funds are not intended to be used by, and are not appropriate for, investors who do not intend to actively monitor and manage their portfolios.

4. What is the purpose of daily rebalancing?

The ETFs seek to replicate the daily performance of an underlying common stock multiplied by a leveraged factor. To achieve that objective the funds' "notional market exposure" is rebalanced at the end of each day to match the fund value multiplied by the leverage factor.

For instance, if a 2x long daily ETF is worth $100 at the end of a day, its notional market exposure will be adjusted (or rebalanced) to $200.

The process is carried out each day as illustrated in the tables below:

+1.5x Long Daily ETF	Day 0	Day 1	Day 2
Daily change in underlying stock		5%	-4%
NAV 1.5x Long Daily ETF	$100.00	$107.50	$101.05
Rebalanced exposure	$150.00	$161.25	$151.58

-1.5x Short Daily ETF	Day 0	Day 1	Day 2
Daily change in underlying stock		5%	-4%
NAV 1.5x Long Daily ETF	$100.00	$95.50	$98.80
Rebalanced exposure	-$100.00	-$95.00	-$98.80

This daily rebalancing may lead to compounding of returns

5. What is the potential impact of compounding on returns for holding periods longer than one day?

The Fund aims to replicate the leveraged daily returns of the Underlying Stock and the Fund's performance for periods greater than a trading day will be the result of each day's returns compounded over the period, which is very likely to differ from the Underlying Stock's performance, before fees and expenses. Compounding affects all investments but has a more significant impact on funds that aims to replicate leverage daily returns.

For a Fund aiming to replicate 1.5 times the daily performance of an Underlying Stock, if adverse daily performance of the Underlying Stock reduces the amount of a shareholder's investment, any further adverse daily performance will lead to a smaller dollar loss because the shareholder's investment had already been reduced by the prior adverse performance.

Equally, however, if favorable daily performance of the Underlying Stock increases the amount of a shareholder's investment, the dollar amount lost due to future adverse performance will increase because the shareholder's investment has increased.

The effect of compounding becomes pronounced as the Underlying Stock volatility and the holding period increase. The impact of compounding will impact each shareholder differently depending on the period of time an investment in the Fund is held and the volatility of the Underlying Stock during shareholder's holding period of an investment in the Fund.

Taking the example of a 1.5x long exposure, we look how this might play out under different market conditions:

Trending markets: hypothetical performance, excluding fees and other adjustments:

Market Conditions	Underlying Stock	1.5x leverage no compounding	1.5x Long Daily ETF	Performance Deviation
Trending Up				
Day 1	+3.0%	+4.5%	+4.5%	
Day 2	+3.0%	+4.5%	+4.5%	
Return over 2 days	+6.09%	+9.13%	+9.20%	+0.07%
Trending Up				
Day 1	-3.0%	-4.5%	-4.5%	
Day 2	-3.0%	-4.5%	-4.5%	
Return over 2 days	-5.91%	-8.87%	-8.80%	+0.07%

Volatile and directionless markets: hypothetical performance, excluding fees and other adjustments

Market Conditions	Underlying Stock	1.5x leverage no compounding	1.5x Long Daily ETF	Performance Deviation
Volatile Up				
Day 1	+5.0%	+7.5%	+7.5%	
Day 2	-3.0%	-4.5%	-4.5%	
Return over 2 days	+1.85%	+2.78%	+2.66%	-0.11%
Volatile Down				
Day 1	-5.0%	-7.5%	-7.5%	
Day 2	+3.0%	+4.5%	+4.5%	
Return over 2 days	-2.15%	-3.22%	-3.34%	-0.11%

Under volatile conditions, the performance deviation will be exacerbated by an increase in the volatility of the underlying stock.

Note. These charts are for illustration purposes to show the potential impact of daily re-balancing on returns for holding periods of longer than a single trading day. Further details about compounding and its effects are available in the Prospectus relating to the ETFs.

Trading, Costs And Etfs vs. Other Leveraged Instruments

1.How can investors trade short and leveraged daily ETFs?

Investors can trade short and leveraged single-stock ETFs through online brokerage platforms and apps, stockbrokers and or financial advisors. In short, any investment service offering access to ETFs listed on a stock exchange.

2. Are they eligible for domestic tax wrappers such as IRAs & 401Ks?

ETFs are eligible for tax wrappers such as IRAs. Please contact your broker or 401k provider for more information on availability.

3. What are the costs associated with short and leveraged single-stock ETFs?

Product costs are detailed on the relevant product fact sheets and prospectus on each product page.
The ETFs management fees are **0.99%** per annum.
The Total Expense Ratio for the ETFs is **1.15%** per annum.
In addition, trading commissions including a bid-offer spread on exchange will generally be charged for purchases and sales of the ETPs.

IMPORTANT: Please note that management fees and expense ratios are required to be quoted on an annualized basis i.e. assuming a 365 day holding period. Short and Leveraged single-stock ETFs are not designed to be buy and hold funds and therefore the costs for shorter holding periods, including as little as one day, will be significantly lower than advertised.

4. Is capital at risk and can investors lose more than their initial investment?

Capital is at risk, but in contrast to some other types of leveraged instrument, investors cannot lose more than their initial investment.

5. What are some of the benefits and features of these short and leveraged daily ETFs?

Possible Benefits Include:

- Ability to leverage long[3] and short[1] exposures on popular quoted shares
- Listed on exchange with competitive, independent pricing
- ETF structure
- Transparent
- Cost-effective
- No margin calls[4]
- Losses cannot exceed amount invested

6. How might an investor use the ETFs?

There are a number of possible ways that an investor could use the ETFs ranging from short-term tactical applications through to strategic, longer-term implementation.

Volatility: active traders can capture and magnify intra-day moves.

Swing-trading: typically a short-term strategy, two to five days, where investors take positions in relation to an identified technical range.

Hedging: for investors who wish to hedge risk on a stock position, which they hold directly or through a third-party fund or index-tracking ETF.

Event driven: in a takeover situation, for example, an investor may go long the company being acquired and go short the acquirer.

Relative value: situations where an investor simultaneously runs a long and short position, which could be long a stock versus another stock or an index, or vice versa

Portfolio tilts: an investor may look to overweight or underweight individual stock exposure to take advantage of the fact that index returns can be driven by a small number of stocks.

Momentum: magnify returns when stocks are driven by momentum.

Long-term trends: take positions in stocks that are at the forefront of technological or societal change with the scope to appreciate significantly over multi-year periods.

7. How do short and leveraged daily ETFs differ from other leveraged instruments?

Some of the key differences are highlighted in the table below:

+1.5x Long Daily ETF	Short and leveraged Single-stock ETFs	Listed Futures/Options	Structured products
Leverage	Limited. Range +2/-1 x	Potentially more than 10x	Potentially more than 10x
Multiple market makers competing on flow	✓	✓	✗
Maximum bid/ask spread [5] (stock exchange monitored)	✓	✓	✗
At least one market marker [6] quoting continuously	✓	✓	✗
Credit risk	Maximum is the collateral posted with swap provider	Maximum is the margin posted with broker	Fully exposed to issuer credit risk
Traded through traditional brokerage account	✓	✗	Yes
Minimum trade size	1 share	1 contract (generally $1k+)	Generally $1k+
Loses limited to initial investment	✓	✗	✓
Margin calls	✗	✓	✗

Product Structure

1. Who is involved in the GraniteShares Short and Leveraged single-stock ETFs

The funds are series of a 40-act registered entity. It is a highly regulated structure, under which the portfolio is disclosed daily on the issuer's website. Registration statements such as the prospectus as well as the financial statements are also available on the issuer's website.

More information can be found on www.graniteshares.com

Function	Entity
Issuer	GraniteShares ETF Trust
Administrator	SS&C ALPS Services
Custodian	BBH

2. What is the credit risk when investing in Short and Leveraged single-stock ETFs?

The ETFs use derivates[7] in order to obtain leverage. The derivatives used by the funds do not require upfront cash transfer to the derivatives counterparty. The potential credit result from gains that would remain unsettled while the derivatives counterparty was to go bankrupt. The fund manager aims to reduce the credit risk by limiting the overall amount of the unsettled gains.

Definitions

1. **Short** refers to a “Short Position” where investor seeks to profit from a fall in a company stock price.
2. **Leverage** refers to a “Leveraged Position” where investor seeks to magnify exposure to a rise or fall in a company stock price.
3. **Long** refers to a “Long Position” where the investor seeks to profit from a rise in a company stock price.
4. **Margin Call:** A demand by a broker that an investor deposit further cash or securities to cover possible losses.
5. **Bid/Ask Spread:** The term "bid and ask" (also known as "bid and offer") refers to a two-way price quotation that indicates the best potential price at which a security can be sold and bought at a given point in time.
6. **Marker Maker:** A dealer in securities or ETFs who undertakes to buy or sell at specified prices at all times.
7. **Derivatives:** The term derivative refers to a type of financial contract whose value is dependent on an underlying asset, group of assets, or benchmark. A derivative is set between two or more parties that can trade on an exchange or over-the-counter (OTC).

Important Risk Disclosure

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus or summary prospectus with this and other information about the Funds, please call (844) 476 8747 or click here. Read the prospectus or summary prospectus carefully before investing.

PRINCIPAL FUND RISKS (see the Prospectus for more information)

You could lose money by investing in the ETFs. There can be no assurance that the investment objective of the Funds will be achieved. None of the Funds should be relied upon as a complete investment program.

The investment program of the Fund is speculative, entails substantial risks and include asset classes and investment techniques not employed by more traditional mutual funds. Investments in the ETFs are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

GraniteShares Leveraged Long and Inverse Daily ETFs are not suitable for all investors. Investors who do not understand the Funds, or do not intend to actively manage their funds and monitor their investments, should not buy the Funds. The Funds are designed to be utilized only by traders and sophisticated investors who understand the potential consequences of seeking daily inverse and/or leveraged investment results, understand the risks associated with the use of leverage and/or short sales and are willing to monitor their portfolios frequently.

For periods longer than a single day, the Funds will lose money if the underlying stock's performance is flat, and it is possible that the Funds will lose money even if the underlying stock's performance increases over a period longer than a single day.

An investor could lose the full principal value of his/her investment within a single day. The Funds track the price of a single stock rather than an index, eliminating the benefits of diversification that most mutual funds and exchange-traded funds offer. Although the Funds will be listed and traded on an exchange, an investment in a Fund may not be suitable for every investor. The Funds pose risks that are unique and complex.

Underlying Stock Risk: The Underlying Stock is subject to many risks that can negatively impact its revenue and viability including, but are not limited to price volatility risk, management risk, inflation risk, global economic risk, growth risk, supply and demand risk, operations risk, regulatory risk, environmental risk, terrorism risk and the risk of natural disasters.

The Underlying Stock objectives may be affected by its ability to develop and launch new products, the growth of its sales and delivery capabilities, part supplier constraints or delays, consumer demand for electric vehicles and competition from existing and competitors. The Fund's daily returns may be affected by many factors but will depend on the performance and volatility of the Underlying Stock.

Derivatives Risk: The use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. These risks include (i) the risk that the counterparty to a derivative transaction may not fulfill its contractual obligations; (ii) risk of mispricing or improper valuation; and (iii) the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. Derivative prices are highly volatile and may fluctuate substantially during a short period of time.

Such prices are influenced by numerous factors that affect the markets, including, but not limited to: changing supply and demand relationships; government programs and policies; national and international political and economic events, changes in interest rates, inflation and deflation and changes in supply and demand relationships. Trading derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities.

For Long Funds: Leverage Risk: The Fund obtains investment exposure in excess of its net assets by utilizing leverage and may lose more money in market conditions that are adverse to its investment objective than a fund that does not utilize leverage. An investment in the Fund is exposed to the risk that a decline in the daily performance of the Underlying Stock will be magnified.

This means that an investment in the Fund will be reduced by an amount equal to 1.25% for every 1% daily decline in the Underlying Stock, not including the costs of financing leverage and other operating expenses, which would further reduce its value. The Fund could theoretically lose an amount greater than its net assets in the event the Underlying Stock declines more than 80%. Leverage will also have the effect of magnifying any differences in the Fund performance's correlation with the Underlying Stock.

For Short Funds: Short Sale Risk: The Fund will seek inverse or "short" exposure through financial instruments, which would cause the Fund to be exposed to certain risks associated with selling short. These risks include, under certain market conditions, an increase in the volatility and decrease in the liquidity of the instruments underlying the short position, which may lower the Fund's return, result in a loss, have the effect of limiting the Fund's ability to obtain inverse exposure through financial instruments, or require the Fund to seek inverse exposure through alternative investment strategies that may be less desirable or more costly to implement.

To the extent that, at any particular point in time, the instruments underlying the short position may be thinly traded or have a limited market, including due to regulatory action, the Fund may be unable to meet its investment objective due to a lack of available securities or counterparties. During such periods, the Fund's ability to issue additional Creation Units may be adversely affected. Obtaining inverse exposure through these instruments may be considered an aggressive investment technique. Any income, dividends or payments by any assets underlying the Fund's short positions, if any, would negatively impact the Fund. The Fund could theoretically lose an amount greater than its net assets in the event the Underlying Stock increases more than 100%

For Long Funds: Compounding Risk: The Fund aims to replicate the leveraged daily returns of the Underlying Stock and the Fund's performance for periods greater than a trading day will be the result of each day's returns compounded over the period, which is very likely to differ from the Underlying Stock's performance, before fees and expenses. Compounding affects all investments but has a more significant impact on funds that aims to replicate leverage daily returns.

For a Fund aiming to replicate 1.25 times the daily performance of an Underlying Stock, if adverse daily performance of the Underlying Stock reduces the amount of a shareholder's investment, any further adverse daily performance will lead to a smaller dollar loss because the shareholder's investment had already been reduced by the prior adverse performance. Equally, however, if favorable daily performance of the Underlying Stock increases the amount of a shareholder's investment, the dollar amount lost due to future adverse performance will increase because the shareholder's investment has increased.

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Shares are bought and sold at market price (not NAV) and are not individually redeemed from the ETF. There can be no guarantee that an active trading market for ETF shares will develop or be maintained, or that their listing will continue or remain unchanged. Buying or selling ETF shares on an exchange may require the payment of brokerage commissions and frequent trading may incur brokerage costs that detract significantly from investment returns.

A liquid secondary market may not exist for the types of commodity-linked derivative instruments the Fund buys, which may make it difficult for the Fund to sell them at an acceptable price. The Fund is new with no operating history. As a result, there can be no assurance that the Fund will grow to or maintain an economically viable size, in which case it could ultimately liquidate.

Because the Funds may effect redemptions principally for cash, rather than in-kind distributions, an investment in Funds' shares may be less tax efficient than investments in shares of conventional ETFs, and there may be a substantial difference in the after-tax rate of return between the Funds and conventional ETFs.

The Funds may engage in frequent trading of derivatives. Active and frequent trading may lead to the realization and distribution to shareholders of higher short-term capital gains, which would increase their tax liability. Frequent trading also increases transaction costs, such as commissions, which could detract from the Funds' performance.

The Funds are not a diversified investment, it may be more volatile than other investments. This information is not an offer to sell or a solicitation of an offer to buy shares of any. Funds to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction.

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