

USO – United States Oil Fund

Cusip 91232N108

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As reported on Marketwatch today:

The parent company of the United States Oil Fund LP **USO, -11.03%**, the largest oil-related exchange-traded fund, on Wednesday announced a **one-for-eight reverse stock split**. The move comes after USO lost one-third of its value in the most recent week amid a worsening global oil glut. USO, which directly tracks oil futures contracts, had earlier attempted to mitigate losses by stretching out its exposure to later-dated oil futures contracts, but on Tuesday said it would abandon a pre-set strategy and invest in contracts in "any month available."

On Tuesday, USO had to stop creating new fund shares after it reached a pre-determined threshold of exposure to the underlying securities. By reducing the number of USO shares outstanding, USO's post-split shares will be valued eight times higher than pre-split shares. The step will be completed April 28. USO shares have lost about 78% of their value in the year to date, and many analysts believe retail investors have borne most of those losses in recent weeks.

ETFs are often popular vehicles for institutional investors or professional traders who want to sell an investment short, or use it to make a bet that the price of an asset class will decline. But only about 13% of USO's float was held by traders with short interest in the fund.

Because of the upheaval in the oil markets, USO in mid-April decided to stagger its exposure to oil prices by investing in different contracts spanning subsequent months. On Tuesday, with markets in freefall, it smoothed that exposure even more: the fund will invest approximately 40% of its portfolio in crude oil futures contracts for June, approximately 55% of its portfolio in contracts for July, and approximately 5% of its portfolio in contracts for August.

Fund Facts as of 04/21/2020

NAV	\$2.06	Last Trade Price	\$2.81
NAV Change	\$-1.40	Premium Discount (%)	36.41%
Shares Outstanding	1,448,800,000	There were 596,600,000 shares as of 3/31/2020	

Considerations (as published in the USCF Fund Details – link below)

USO® is not a mutual fund or any other type of Investment Company within the meaning of the Investment Company Act of 1940, as amended, and USO is not subject to regulation thereunder.

- This investment is not suitable for all investors.
- Commodity trading is highly speculative. Commodity prices and futures generally are volatile and are not suitable for all investors. USO is speculative and involves a high degree of risk. USO is likely to be volatile and could suffer from periods of prolonged decline in value. An investor may lose all or substantially all of an investment in USO. Funds that focus on a single sector generally experience greater volatility.
- The Fund is not operated in a fashion such that its NAV will reflect the percentage change of the price of any particular futures contract as measured over a time period greater than one day. It is not the intent to operate the Fund in a fashion such that its per share NAV will equal, in dollar terms, the spot price of any particular futures contract.
- There is the risk that the daily changes in the price of USO's shares on the NYSE Arca will not closely track the daily changes in the spot price of light, sweet crude oil. If these correlations do not exist, then investors may not be able to use USO as a cost-effective way to invest indirectly in light, sweet crude oil or as a hedge against the risk of loss in crude oil-related transactions.
- USO could terminate at any time and cause the liquidation of your investment which may upset the overall maturity and timing of your investment portfolio. An unanticipated number of redemption requests during a short period of time could have an adverse effect on the NAV or USO.
- USO may not earn trading gains sufficient to compensate for the fees and expenses that it must pay, and as such, it may not earn any profit. You should not invest in USO if you will need cash distributions from USO to pay taxes on your share of income and gains of USO, if any, or for any other reason.

The following are helpful links for more information

<http://www.uscfinvestments.com/documents/united-states-oil-fund-pr-20200422.pdf>

<https://www.nasdaqtrader.com/content/newsalerts/2010/psxinfocirculars/USOcircular.pdf>

<http://www.uscfinvestments.com/documents/united-states-oil-fund-pro-20200323.pdf>

USCF <http://www.uscfinvestments.com/documents/united-states-oil-fund-fs-20200331.pdf>

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