

AAPY

Kurv Yield Premium Strategy Apple (AAPL) ETF

Fund Description

AAPY seeks to provide current income and capped gains on the Apple stock (AAPL) through a synthetic covered call strategy, collateralized by cash and short-term fixed-income instruments. The actively managed fund uses both standardized exchange-traded and FLEX options.

FactSet Analyst Report

AAPY aims to generate monthly income while providing exposure to the price returns of the Apple stock (AAPL), subject to a cap on potential gains. The fund utilizes a synthetic covered call strategy via standardized exchange-traded and FLEX options, which consists of three elements: i) synthetic long exposure, ii) covered call writing, and iii) cash and short-term fixed income instruments. The synthetic long exposure seeks to replicate the price movements of AAPL by purchasing and selling at-the-money call and put options with one-month to one-year terms. To generate income, the fund writes out-of-the-money call options with similar expirations and a strike price approximately 5%-15% above AAPL's current share price. This limits the fund's participation in potential gains if AAPL shares increase in value. The short put positions fully expose investors to the downside of the stock. Note that the fund may also invest directly in AAPL shares and the combined direct and synthetic long position will not exceed 100% of net assets.