

DSEP

FT Cboe Vest U.S. Equity Deep Buffer ETF - September

Fund Description

DSEP aims for specific buffered losses and capped gains on SPY shares over a specific holdings period. The actively-managed fund holds options and collateral.

FactSet Analyst Report

DSEP uses flex options in an effort to moderate losses on an ETF, SPY, over a one-year period starting each September. Using SPY is a slightly different approach than using S&P 500 index flex options, what is gained in favorable tax treatment may be lost in higher expense. The fund offers a buffer for the first 5-30% losses on the SPY. The fund will cover 5% of the losses between the buffer zone and additional 25% coverage on SPYs realized losses if it falls below the buffer zone. Investors forego the upside participation above a certain threshold, which is reset annually. Investors who buy at any other time than the annual reset day may have a very different protection and buffer zone. The issuer publishes effective interim levels daily on its website. The fund must be held to the end of the period to achieve the intended results. The targeted buffers and caps do not include the funds expense ratio. The fund is actively managed and uses flex options exclusively.