

DVXC

WEBs Communication Services XLC Defined Volatility ETF

Fund Description

DVXC tracks an index that adjusts exposure, between 0-200% via swaps, to the US large-cap Communication Services sector based on recent market volatility. The investment objective is to reduce volatility to a distinct target level and pursue better risk-adjusted sector returns.

FactSet Analyst Report

DVXC is a part of a suite of defined volatility ETFs. The fund is passively managed to actively adjust exposure to the SPDR Communication Services ETF (XLC) based on market volatility. As such, the fund is not expected to track XLC's performance, instead, its exposure is volatility-driven. The fund uses a rules-based strategy, dynamically adjusting exposure to XLC (via direct holdings or total return swaps for leverage) based on 21-day realized volatility relative to the 30% target: exposure increases when volatility is below 30% and decreases (by allocating to cash or cash-like instruments) when above. Fund exposure to XLC can vary between 0-200%. This suite of ETFs provides investors the ability to take a tactical approach to sector rotation or emphasize a sector-focus in a broad market portfolio.