

DVXF

WEBs Defined Volatility XLF ETF

Fund Description

DVXF tracks an index that adjusts exposure, between 0-200% via swaps, to the US large-cap Financial 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

DVXF is a part of a suite of defined volatility ETFs. The fund is passively managed to actively adjust exposure to the SPDR Financial ETF (XLF) based on market volatility. As such, the fund is not expected to track XLF's performance, instead, its exposure is volatility-driven. The fund uses a rules-based strategy, dynamically adjusting exposure to XLF (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 XLF 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.