

FAAR

First Trust Alternative Absolute Return Strategy ETF

Fund Description

FAAR is an actively-managed fund that, through a subsidiary, provides broad long/short exposure to commodity futures contracts.

FactSet Analyst Report

FAAR's active manager (First Trust Advisors) has broad leeway to execute the fund's long/short commodities strategy: the fund may go long or short any exchange-traded commodity futures contract, and take a net-long, net-short, or neutral stance. The fund may also hold cash and equivalents (including US Treasuries with up to five years to maturity), both as collateral for its futures investments and as a safe haven. FAAR doesn't own futures directly, but rather through its holdings in a Cayman Islands subsidiary arrangement that allows it to be structured as an open-ended fund under the 1940 Act, and avoid a K-1 at tax time.