

FBUF

Fidelity Dynamic Buffered Equity ETF

Fund Description

FBUF actively invests in US and non-US large-cap stocks based on a proprietary, quantitative process. The fund utilizes a dynamic options collar strategy for downside protection.

FactSet Analyst Report

FBUF seeks capital appreciation by investing in a large-cap equity portfolio of US and foreign stocks while utilizing a defensive options collar strategy. The fund aims to outperform the S&P 500 by picking stocks using a computer-aided, quantitative analysis of factors like historical valuation, growth, and profitability. The proprietary process seeks to find the optimal portfolio holdings, overweight stocks with positive characteristics, and manage benchmark relative risks. The fund typically buys out-of-the-money put options on the S&P 500 Index and simultaneously sells out-of-the-money S&P 500 Index call options. Premium earned from writing calls is intended to offset the cost of buying puts but essentially caps the upside returns of the equity portfolio. For a continuous downside hedge, the adviser selects put options through a laddered approach that rolls monthly. The adviser diversifies the written call positions, rolled weekly, with different strike prices and expiration dates.

