

FEPI

REX FANG & Innovation Equity Premium Income ETF

Fund Description

FEPI is actively managed, seeking to provide similar returns as the Solactive FANG Innovation Index and monthly income. The fund invests in the securities comprising the index while writing call options on them.

FactSet Analyst Report

FEPI employs a covered call strategy, aiming for a balance between generating income and participating in potential gains within the technology sector. Specifically, the fund holds the stocks of its benchmark, the Solactive FANG Innovation Index, and writes slightly out-of-the-money call options on them. This approach capitalizes on the volatility of big-tech firms that is reflected in the option premiums, while limiting some of the potential stock gains. It also provides a small buffer against declines in stock prices. Note that the buffer is limited to the options premiums and may not fully offset underlying security losses. The benchmark is an equal-weighted index comprised of 15 US technology companies, eight of which are core holdings: Apple, Alphabet, Amazon, Meta, Microsoft, Netflix, Nvidia, and Tesla. The remaining seven are selected based on quarterly trading volumes from various Factset technology-related industries.