

FSEP

FT Vest U.S. Equity Buffer ETF - September

Fund Description

FSEP aims for specific buffered losses and capped gains on the SPDR S&P 500 ETF Trust over a specific holdings period. The actively managed fund holds options and collateral.

FactSet Analyst Report

FSEP uses options in an effort to moderate losses on shares of SPDR S&P 500 ETF Trust (ticker: SPY) over a one-year period, starting in September. In exchange for preventing realization of the first 10% of losses, the fund foregoes some upside return as well as the dividend component of SPY because the options are written on the price (not total) return version of the shares. Should shares of SPY decline greater than 10%, investors participate in the downside performance on a \$1 for \$1 basis. Shares must be held over a specific period to achieve the intended results. At the end of the target outcome period, the fund will reset for a new outcome period tied to the same index and buffer, but the cap may change based on market rates. The issuer publishes effective interim levels daily on its website. The targeted cap and buffer do not include the fund's expense ratio. The fund is actively managed and uses FLEX options on SPY shares exclusively.