

FSEP

FT Cboe Vest U.S. Equity Buffer ETF - September

Fund Description

FSEP aims for specific buffered losses and capped gains on the SPY 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 an ETF, SPY, over a one-year period starting each September. Using SPY is a slightly different approach than using S&P 500 index flex options, what is gained in favorable tax treatment may be lost in higher expense. The fund foregoes some upside return on SPY, in exchange for preventing realization of the first 10% its losses, investors forego upside participation above a certain threshold, which is reset annually. Investors who buy at any other time than the annual reset day may have a very different protection and buffer zone. The issuer publishes effective interim levels daily on its website. The fund must be held to the end of the period to achieve the intended results. The targeted buffers and caps do not include the funds expense ratio. The fund is actively managed and uses flex options exclusively.

