

FTHI

First Trust BuyWrite Income ETF

Fund Description

FTHI is an actively managed portfolio of US-listed stocks, with an overlay of short calls on the S&P 500.

FactSet Analyst Report

FTHI is actively-managed to invest in US-listed stocks, overlaid by an options strategy. The fund manager uses a model that emphasizes stocks with higher dividends from the US-listed equity universe, then writes call options with expirations of less than one year, written at-the-money to slightly out-of-the-money against the S&P 500. The options strategy may comprise 20% of the fund and is designed to maximize income for its investors, though it comes at the cost of capital appreciation in a rising market. Realized premiums from the strategy may be distributed to shareholders monthly. The fund appears to be primarily model-driven in its portfolio selection, but the active management wrapper allows the fund manager to take advantage of market anomalies during periods of high volatility. Sibling fund FTLB, holds the same portfolio but uses options to reduce volatility. Effective Oct. 24, 2016, First Trust Dividend and Income Fund (FAV) a close-end fund merged into FTHI.