

FTKI

First Trust Small Cap BuyWrite Income ETF

Fund Description

FTKI seeks to provide current income and capital appreciation by holding a portfolio of US-listed small cap equities, while utilizing a naked call writing strategy on the Russell 2000 Index or on small-cap ETF.

FactSet Analyst Report

FTKI is an actively managed portfolio of US-listed small-cap stocks overlaid by a naked call-writing strategy. The fund manager selects equity constituents based on several factors, including trading liquidity, market cap, price level, sector classification, and contribution to risk and return. To generate additional cash flow, the fund writes calls on the Russell 2000 or related small-cap ETFs, seeking a notional value of 50-100% of the fund's assets. The fund appears to be primarily model-driven in its portfolio selection. Still, the active management wrapper allows the fund manager to take advantage of market anomalies during periods of high volatility.

