

FYLG

Global X Financials Covered Call & Growth ETF

Fund Description

FYLG tracks an index that holds S&P 500 financial stocks and sells one-month, at-the-money call options on up to 50% of each stock.

FactSet Analyst Report

FYLG provides both the potential for growth and some yield from an index of financial stocks in the S&P 500. The fund utilizes a partial covered call strategy, it holds a theoretical portfolio of stocks of the reference index (or a related ETF) and writes one-month, at-the-money FLEX call options on half of the portfolio value. The call options sold by the fund are European-style, meaning the options can only be exercised at the expiration date each month. The contracts sold will be collateralized by the equity portfolio. The fund looks to earn some premium income from half of the portfolio while allowing the other half upside potential. The funds strategy should reduce volatility and help generate some income, compared to the reference index, but it may also cause a drag on the overall upside potential.