

GLDI

Credit Suisse X-Links Gold Shares Covered Call ETN

Fund Description

GLDI offers the returns of a covered call strategy comprised of shares of the ETF GLD, a physical gold ETF, and one-month call options with a strike price of 103% of GLD.

FactSet Analyst Report

GLDI adds a new twist to the gold segment, tracking an index that uses a covered-call strategy to add income to an asset devoid of yield. The note's index mimics a hypothetical GLD position, coupled with a short position in GLD calls expiring the next month with strike prices 3% higher than the price of GLD at the time of sale. The premiums from the short-call position are replicated with coupon payments and are subtracted from the value of the index. This widely used strategy adds yield, but at the cost of upside participation. It's therefore likely to perform very differently from spot gold prices, and not for those looking for pure gold exposure. GLDI aims to distribute yield monthly, typical of an ETN.