

HELO

JPMorgan Hedged Equity Laddered Overlay ETF

Fund Description

HELO actively manages a large-cap US equity portfolio with a laddered options overlay that seeks to provide downside protection, while foregoing some upside potential. The fund aims for enhanced risk-adjusted return over a full market cycle with lower volatility than traditional equity strategies.

FactSet Analyst Report

HELO seeks capital appreciation by investing in large-cap US stocks while seeking to provide a continuous market hedge using a put spread collar. The fund attempts to mirror the sector weights in the S&P 500, although the adviser has discretion on the selection process and may skew individual weights. HELO provides a laddered options exposure by purchasing put options on S&P 500 ETFs. The positions are laddered over multiple three-month periods staggered a month apart. The positions will expire at various dates such that each period, a portion of the options portfolio resets. The long puts are initiated at a higher strike price and the fund also sells puts at a lower strike price, resulting in a put option spread. The put spreads are partially funded by writing calls, which effectively caps the fund's upside participation. Note that the strategy will not be most profitable in rising markets and may not provide protection when the market is only slightly down.