

IDIV

U.S. Equity Cumulative Dividends Fund Series 2027

Fund Description

IDIV tracks an index that replicates solely the cash dividends of the S&P 500 index. The fund holds annual S&P 500 dividend futures contracts and US Treasury securities.

FactSet Analyst Report

IDIV unbundles the total return performance of the S&P 500 by focusing solely on providing the monthly dividend stream of the S&P 500 index over a ten-year period. The fund holds annual S&P 500 dividend futures contracts, paired with equivalent Treasury securities, with expirations going out to December 2027. The fund does not hold any equities directly. Each year 1/10 of the portfolio will expire and, after making its final distribution in 2027, IDIVs NAV will go to zero and the fund will terminate. The objective is provide monthly dividend income based on the actual dividends paid by the stocks of the S&P 500, without the additional equity exposure. Still, IDIVs value is tied to expectations if expected dividends decrease, so will IDIVs NAV. The fund is structured as a commodity pool, so shareholders receive a K-1 at tax time. Note that long-term holders will pay a blended tax rate on capital gains, even if they didnt sell shares.

