

IWMW

iShares Russell 2000 BuyWrite ETF

Fund Description

IWMW is a fund-of-funds that employs a covered call strategy on the Russell 2000 index for income, focusing on small-cap US stocks. The fund aims to distribute monthly income from option premiums and dividends.

FactSet Analyst Report

IWMW aims to mirror the performance of an index that combines the iShares Russell 2000 ETF (ticker: IWM) with the sale of one-month call options to generate income. This strategy enables the fund to benefit from market movements of US small-cap stocks. The fund actively manages its options positions by adjusting strike prices to optimize returns. Additionally, the fund utilizes European-style call options and ensures full coverage by writing call options equivalent to the full notional number of shares of IWM, striving to enhance income generation. It selects call options closest to 102% of the Option Index's value one day before the roll date, with adjustments made if premiums dip below certain parameters. Monthly distributions consist of option premiums and dividends capped at 2% of the fund's NAV per month. While the fund strives to maximize income potential, it is important to note that it also completely shares in the downturns experienced by IWM.