

KHPI

Kensington Hedged Premium Income ETF

Fund Description

KHPI actively manages multiple derivative strategies seeking to generate high monthly income, some upside participation potential in the S&P 500, with a downside hedge. The objective is to offer a more balanced income strategy than other covered option writing strategies.

FactSet Analyst Report

KHPI's core strategy involves purchasing other S&P 500 ETFs and implementing a monthly call option strategy for income and a quarterly put option strategy for downside protection. Using ETFs allows for dividends, while the use of index options provides preferred tax treatment. The fund is flexible in choosing S&P 500 ETFs and options, actively managing risk-to-reward ratios. Variations in market conditions, interest rates, and volatility will influence option costs and strategies. KHPI aims to balance premium income, downside protection, and upside potential for current income and capital appreciation. Expected performance includes outperformance when the S&P 500 is flat or declines due to monthly premiums, and underperformance when the S&P 500 rises due to the sacrifice of upside potential for reduced volatility and additional income.