

MLPD

Global X MLP & Energy Infrastructure Covered Call ETF

Fund Description

MLPD tracks an index of long positions in the Global X MLP & Energy Infrastructure ETF (MLPX) and writes one-month, at-the-money call options on up to 100% of the underlying portfolio.

FactSet Analyst Report

MLPD aims to provide growth potential and yield by combining long positions in the Global X MLP & Energy Infrastructure ETF (MLPX) with short-covered call options, in equal notional amounts. MLPX is a vanilla ETF comprised of at least 20 US-listed midstream energy infrastructure MLPs and corporations. The fund maintains a theoretical portfolio of stocks from the reference index, while also writing a succession of one-month, at-the-money FLEX call options on each share. These call options represent 100% of the portfolio value and are held until expiration, either expiring or settling in cash. Additionally, these contracts are collateralized by the equity portfolio. While this strategy potentially generates income through the options premium, it does place a drag on the appreciation potential. The index is rebalanced quarterly in February, May, August, and November.

