

MSFY

Kurv Yield Premium Strategy Microsoft (MSFT) ETF

Fund Description

MSFY seeks to provide current income and capped gains on the Microsoft stock (MSFT) through a synthetic covered call strategy, collateralized by cash and short-term fixed-income instruments. The actively managed fund uses both standardized exchange-traded and FLEX options.

FactSet Analyst Report

MSFY aims to generate monthly income while providing exposure to the price returns of Microsoft stock (MSFT), subject to a cap on potential gains. The fund utilizes a synthetic covered call strategy via standardized exchange-traded and FLEX options, which consists of three elements: i) synthetic long exposure, ii) covered call writing, and iii) short-term fixed income instruments. The synthetic long exposure seeks to replicate the price movements of MSFT by purchasing and selling at-the-money calls and puts with one-month to one-year terms. To generate income, the fund writes out-of-the-money call options with similar expirations and a strike price approximately 5%-15% above MSFT's share price. This limits participation in potential gains if MSFT shares increase in value. The short put positions fully expose investors to the downside of the stock. The fund may also invest directly in MSFT shares and the combined direct and synthetic long position will not exceed 100% of net assets.