

PAPI

Parametric Equity Premium Income ETF

Fund Description

PAPI is actively managed to invest in a broad equity portfolio of US dividend payers, while utilizing a laddered, naked call writing strategy on the S&P 500. The fund seeks to provide monthly income and capital appreciation.

FactSet Analyst Report

PAPI primarily invests in an equity portfolio of durable dividend payers selected from the Russell 3000 Index using a proprietary investment process that considers 12-month yield and risk level. The fund attempts to achieve broad diversification by weighting all sectors equally and then assigning equal weights to the top-ranking stocks within each sector. In an attempt to generate incremental income, PAPI systematically writes short-dated (2-week) out-of-the-money call options in tranches, with expirations staggered every 3 to 4 days. The call options, which may include FLEX options, are written on the underlying ETF (SPY) or the S&P 500 Index. The fund earns some premium from writing calls, but this caps the funds upside potential. PAPI may incorporate tax loss harvesting within the long equity portfolio to maximize realization of losses. Investors should note that naked call writing, or selling call options without owning the underlying asset, is a high-risk options strategy.