

PAYM

TrueShares S&P Autocallable Defensive Income ETF

Fund Description

PAYM is an actively managed ETF that systematically seeks income and some US equity downside protection by synthetically investing in a portfolio of autocallable notes referencing a volatility-managed S&P 500 futures index, using swaps.

FactSet Analyst Report

PAYM aims to provide moderate monthly income with some downside protection, however, investors face loss of principal if the equity index falls sharply. PAYM aims to provide a lower-volatility equity strategy as compared to its sister product, PAYH. The strategy is designed to smooth returns and manage risk in changing market conditions. The ETF is actively managed, aiming to provide exposure to an autocallable index that tracks a portfolio of synthetic autocallable notes linked to a custom volatility index. The fund gains exposure to autocallable notes through total return swaps, rather than by directly holding the autocallables. Swap exposure is rebalanced or rolled weekly. Exposure to S&P 500 futures may be adjusted up to seven times daily, increasing exposure in calm markets and reducing it during volatility to stabilize risk and potentially reduce drawdowns. The fund may invest up to 25% of its assets in a Cayman Islands subsidiary for derivatives exposure.

