

PHEQ

Parametric Hedged Equity ETF

Fund Description

PHEQ invests in individual US large-cap stocks while utilizing a laddered options strategy to mitigate losses. The option strategy caps the potential upside participation.

FactSet Analyst Report

PHEQ invests in an equity portfolio that aims to replicate the key fundamental attributes of a market-cap-weighted index of the 500 largest US companies. It utilizes an option overlay hedging strategy that seeks to mitigate losses while foregoing some upside potential. To pursue this strategy, the fund will purchase and sell put options and sell call options referencing the S&P 500 Index. This strategy aims to mitigate downside risk after the first 10% decline, down to 30%, over one year. PHEQ also holds options for multiple one-year periods staggered three months apart. This results in a total of four separate defined outcome periods per year, each covering approximately 25% of the funds equity exposure. Upon expiry, each option hedge structure will be rolled out to the same month-end in the next calendar year. Dividends received will be distributed every quarter. This fund may also incorporate tax loss harvesting within the long equity portfolio to maximize realization of losses.