

PUTW

WisdomTree CBOE S&P 500 PutWrite Strategy Fund

Fund Description

PUTW tracks an index of put options on the S&P 500 index. The index writes at-the-money put options and rolls its exposure monthly.

FactSet Analyst Report

PUTW offers a pure-play take on a well-established option strategy in an ETF. The fund writes at-the-money put options on the S&P 500 index, fully collateralized by cash and cash-like vehicles. The appeal is two fold: the premium earned from selling the options, which enables it to earn a return in a sideways market, and generally lower volatility than the S&P 500. The strategy forgoes big upside if the S&P takes off and has plenty of downside if stocks tank. PUTW launched in February 2015 but tracks an index dating back to 2007. Its at-the-money, index-based exposure differs from active or alternative take on put-writes. Investors can also consider covered call ETFs like PBP. PUTW intends to distribute any gains annually and generally expects them to be taxed at a blended 60% long-term/40% short-term capital gains tax rate. Kudos to issuer WisdomTree for rare clarity on this point.

