

RYLD

Global X Russell 2000 Covered Call ETF

Fund Description

RYLD tracks a market-cap selected and weighted index along with call options for the underlying index.

FactSet Analyst Report

RYLD tracks the Russell 2000 index while holding a succession of one-month at-the-money option of the index. The fund follows a buy-write (or covered call) strategy on the underlying index, where it buys the constituent securities of the index, or purchases other investments with substantially identical economic characteristics. At the same time, the fund writes (or sells) call options that correspond to the index. This strategy has a few effects. One, the obligation of the sold calls limits the upside of the overall fund, and two, the premium income from the written calls protects the fund against stagnant prices or small losses.