

SDVD

FT Vest SMID Rising Dividend Achievers Target Income ETF

Fund Description

SDVD is an actively managed fund that seeks to provide a target level of current income and capital appreciation by holding a portfolio of dividend-paying small- and mid-cap companies. The fund also utilizes a naked call writing option strategy on the Russell 2000 Index (RUT) or related ETFs.

FactSet Analyst Report

SDVD aims for an 8% annual distribution, before fees and expenses, over the annual dividend yield of the Russell 2000 Index. However, the delivery of the target income is not assured. Distributions stem from dividends from small- and mid-cap companies within the Nasdaq US Small-Mid Cap Rising Dividend Achievers Index and premiums from selling naked index call options. These options are European style, written at-the-money, and will have expirations of less than 30 days. Each week, SDVD attempts to bridge the difference between the dividend income of its equity portfolio and its target distribution by selling at-the-money, naked call options on the Russell 2000 Index or related ETFs. The income from stock dividends and option premiums is expected to be distributed monthly. Investors should be aware that selling naked index call options carries a high level of risk.