

SLVO

Credit Suisse X-Links Silver Shares Covered Call ETN

Fund Description

SLVO offers the returns of a covered-call strategy comprising long shares of a physical silver ETF (SLV) and short 1-month call options with a strike price of 106% of SLV.

FactSet Analyst Report

SLVO is neither the choice for those looking for exposure to physical silver nor does it provide pure exposure to silver futures. SLVO is structured as an ETN so it promises to track silver (and options on silver), not to hold it. Furthermore, its index has a notional short call position against the notional long position in the physically backed silver ETF, SLV. The calls are set to about 106% of the SLV's price level. The covered call strategy gives investors indirect exposure to silver, but with limited upside as the nominal long position will get called away in periods of sharply rising prices or in volatile market environments. The tradeoff is yield as premiums from writing calls on an otherwise yield-less asset. SLVO aims to distribute the yield monthly typical for an ETN.