

# SMHB

## ETRACS 2xMonthly Pay Leveraged US Small Cap High Dividend ETN Series B

### Fund Description

SMHB tracks twice the monthly returns of a dividends-selected, liquidity-weighted index of US small-cap equities.

### FactSet Analyst Report

SMHB is a leveraged take on dividend-paying US small-caps. The ETNs underlying index selects from the 2000 smallest companies on the list of the 3000 largest US stocks. From this pool, 100 small-caps with the highest estimated 12-month forward dividend yield are selected. Holdings are weighted by 3-month average daily dollar volume, with a single security cap of 5%. SMHB applies a 2x leverage factor to this index, reset monthly. This infrequent reset period makes the note suitable for longer holdings periods than a daily-reset product, though investors will still feel the effects of compounding over time. The note pays a monthly coupon equal to twice the yield of the underlying index. SMHB is a replacement (Series B) for sibling SMHD, which was still trading but closed for creations as of the notes launch. Among several minor differences, SMHB includes a feature where the notes leverage will reset if the underlying index falls by 20% from the previous month, including intraday.