

SOFL

2x Daily Software Platform ETF

Fund Description

SOFL aims for 2x the daily performance of a software-focused index. The fund utilizes derivatives to provide leveraged exposure to software platform companies.

FactSet Analyst Report

SOFL seeks to deliver 2 the daily return of a software platform stock index by entering into total return swaps on the full index and, when necessary, using listed options or software-focused ETFs to maintain its target leverage. It resets exposure at the end of each trading day, which can lead to returns over time that differ from twice the index due to compounding, volatility, and costs. Collateral for its derivatives typically consists of Treasuries, cash, short-term bonds, or money market instruments. The index itself comprises US and global firms where software platforms are central to their business, chosen from companies earning at least 20% of revenue from software-driven activities, ranked by a composite of quality and market presence, and weighted by float-adjusted market cap with caps and buffers to control turnover. SOFLs daily rebalancing, use of derivatives, and synthetic structure make it a complex, short-term tactical tool rather than a long-term holding.