

SPYH

NEOS S&P 500 Hedged Equity Income ETF

Fund Description

SPYH aims for tax-efficient, high monthly income with some downside protection by actively investing in stocks and options on the S&P 500 Index. The fund employs a put spread collar that uses S&P 500 index options contracts.

FactSet Analyst Report

SPYH holds S&P 500 stocks while utilizing a put spread options collar on the reference index. The collar strategy involves writing call options and buying put options on the S&P 500, with the objective of generating a net credit. The fund seeks high current income on a monthly basis from any dividends received from the underlying stock and the option premiums retained. This strategy hedges downside risk by reducing volatility, although it caps upside gains. SPYH aims to take advantage of index option futures contracts that have lower 60/40 tax rates than listed options. Any futures contracts held at year-end are treated as if sold at fair market value on the last business day of the tax year. Hence, 60% of capital gains or losses are taxed at the lower long-term capital gains rate and 40% at the ordinary tax rate. Although SPYH typically uses a replication strategy, the fund is actively managed. The adviser uses a proprietary, rules-based model to manage options positions.