

SPYI

NEOS S&P 500 High Income ETF

Fund Description

SPYI aims for tax-efficient and high monthly income by actively investing in stocks and options on the S&P 500 Index. The fund employs a call spread approach that uses SPX index option futures contracts.

FactSet Analyst Report

SPYI holds the individual stocks of the S&P 500 Index (SPX) combined with a call spread strategy. The fund seeks to generate high monthly income through dividends from stocks and premiums from SPX call options. Using a call spread approach, the fund expects to generate a net credit through the sale of call options costing more than long out-of-the-money call options. The fund 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. 60% of capital gains or losses are taxed at the lower long-term capital gains rate and 40% at the ordinary tax rate. Although the fund typically uses a replication strategy, the fund is actively managed. As such, the fund adviser may actively trade call options prior to expiration to manage tax loss harvesting opportunities.