

TAIL

Cambria Tail Risk ETF

Fund Description

TAIL is an actively managed fund that holds mostly cash and treasuries while using the strategy of buying put options on the S&P 500 with the purpose of portfolio downside protection.

FactSet Analyst Report

TAIL holds a portfolio of primarily cash and US government bonds, but the primary strategy of the fund involves investing one percent of its holdings every month in out-of-the-money put options on the S&P 500 Index. The strategy involves buying more puts when volatility is low and fewer puts when volatility is high. The main purpose behind holding these options is hedging a portfolio against significant negative movement in the value of US equities, commonly referred to as tail risk. Cambria intends to target options that are 0 to 30% out of the money. Buying puts further out of the money reduces the price tag of this hedge, but also lessens the amount of downside protection provided.