

XDIV

US Equity Ex-Dividends Fund-Series 2027

Fund Description

XDIV holds long S&P 500 futures contracts and sells S&P 500 Dividends futures contracts to track the price return of the S&P 500 index. The fund matures in December 2027.

FactSet Analyst Report

XDIV tracks the price return of the S&P 500 index, excluding any dividends paid by the underlying stocks. To accomplish this, the fund holds long positions in S&P 500 futures contracts and shorts S&P 500 Dividend futures contracts. The long contracts are rolled quarterly, generating either negative or positive roll yield and subjecting the fund to the effects of contango and backwardation. The short positions were entered when the fund launched, and are held to expiration. Annual dividends are paid to the clearinghouse. In effect, XDIV's NAV reflects a discount equal to the present value of expected future dividends on the S&P 500. The short positions will decrease in value when dividend expectations increase, and vice versa. XDIV matures in December of 2027, at which point investors will receive cash equal to the NAV. Since XDIV is structured as a commodity pool, investors can expect to receive a K-1 at tax time.