

XDTE

Roundhill S&P 500 0DTE Covered Call Strategy ETF

Fund Description

XDTE aims to provide a high weekly distribution to shareholders through actively managed synthetic covered call strategy, while also providing limited exposure to the price return of the S&P 500 Index.

FactSet Analyst Report

XDTE sells, each morning, zero-days-to-expiration, out-of-the-money call options against synthetic exposure to the S&P 500 Index. Through a combination of buying and selling call option contracts that reference the index, the portfolio exposure is long the price return of the index up to a daily cap on the upside potential. The underlying option contracts are valued at their notional value, investing at least 80% of its net assets in derivative contracts. Both exchange-listed or FLEX Options that settle either European or American style may be utilized. The strategy aims to take advantage of the potential mispricing inherent to the short-dated options market, where volatility may be overpriced, in order to provide weekly income distributions. For tax consideration, the weekly distributions will be ordinary income. Distributions that exceed the funds income and gains will be treated as a return of capital.