

XLII

Industrial Select Sector SPDR Premium Income Fund

Fund Description

XLII is an actively managed fund-of-funds offering exposure to the US industrials sector through holding of the Industrials Select Sector SPDR Fund (XLI). The fund aims for additional income by writing short-term listed call options on its equity options.

FactSet Analyst Report

XLII seeks to generate current income while allowing for long-term capital growth through a mix of equity investments and an options-based overlay. The fund primarily invests in shares of the Industrial Select Sector SPDR Fund (XLI), an ETF that tracks a market cap weighted index of S&P500 industrial companies as defined by GICS, covering areas such as aerospace and defense, machinery, transportation, electrical equipment, and related services. Additional income is created by selling listed and FLEX call options with maturities typically under one year. Strike prices are chosen using option delta, which reflects how an options value responds to changes in price, time, and volatility, allowing the fund to seek a balance between premium income and potential equity appreciation. Short option positions are actively managed and generally rolled before expiration based on market and liquidity conditions, and the fund may hold different strike prices at the same time.