

XTR

Global X S&P 500 Tail Risk ETF

Fund Description

XTR tracks an index of the S&P 500 stocks and aims to protect the fund from significant negative movements or tail risk by purchasing quarterly Index put options.

FactSet Analyst Report

XTR holds component securities of the S&P 500 Index, while buying 10% out-of-the-money put options on the S&P 500 Index in an amount that corresponds to the value of the portfolio. The long put positions are purchased on a quarterly basis and held to maturity. At expiration, the positions will either expire or settle in cash. Buying puts further out of the money reduces the cost of this hedge, but also lessens the amount of downside protection. Take note though that if value of the S&P 500 does not fall below the strike price of the purchased put options during the time the put options are held, then the funds strategy will incur higher costs because of the purchased put options. Also, investors who buy at any other time than the funds quarterly put options purchase date or those who sell shares other than on the day that the put option expires, may have different returns and protection.