

XYLG

Global X S&P 500 Covered Call & Growth ETF

Fund Description

XYLG tracks an index of S&P 500 stocks and sells one-month, at-the-money call options on up to 50% of each stock.

FactSet Analyst Report

XYLG attempts to provide the best of two worlds, growth and yield. The fund holds the stocks of the S&P 500 Index and writes one-month, at-the-money Index call options on half of the portfolio value. The call options are held through expiration, either expiring or settling in cash. The fund looks to earn some premium income from half of the portfolio and allowing the other half upside potential. Holding the various positions and writing index call options inside of an ETF wrapper is a more efficient way to access the strategy. The strategy should reduce volatility and help generate some income, compared to the index itself, but it also places a drag on the overall upside potential. As such, the returns will differ greatly from our benchmark.