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## Levered ETFs

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# JMDinvestments

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## Levered ETFs

Levered ETFs are designed to track a particular benchmark, but in an exaggerated fashion. For example, the Pro Shares Ultra S&P500 (SSO) is a 2X fund, meaning its performance should be twice the level of the index. However, this performance only matches short term. In particular, since volatility reduces compounded returns, levered funds "lose" performance through time. In fact, some funds may actually produce a negative buy-and-hold return during even if the underlying benchmark was positive. Unfortunately, many retail investors are flocking to these funds without understanding their risks. ([See article here, Reuters.](#))

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