

CPHY

F/m Compoundr High Yield Bond ETF

Fund Description

CPHY is a passively managed fund-of-funds that seeks to minimize the impact of dividend-related price distortions. The fund equally weights USHY and SPHY ETFs, which hold US high-yield corporate bonds of various maturities.

FactSet Analyst Report

CPHY tracks an index that aims for tax-efficient and simplified bond returns through an ad-hoc reconstitution and rebalancing schedule. The fund holds the iShares Broad USD High Yield Corporate Bond ETF (USHY) and the SPDR Portfolio High Yield Bond ETF (SPHY). Both these funds hold USD-denominated, high-yield corporate bonds of any maturity. The strategy aims to provide price appreciation without the complications of handling dividend distributions. Around each ETFs ex-dividend date, the fund temporarily rotates into a substitute ETF that does not pay dividends, then switches back. The substitute is chosen based on how closely it tracks the core ETFs returns over the previous three months. Up to a third of the assets may be used on reverse repurchase agreements. The fund may lend securities to earn extra income, fully collateralized by cash or US government bonds. All reconstitution and rebalancing events are tied to the ex-dividend schedule of the core ETFs.