

CPII

Ionic Inflation Protection ETF

Fund Description

CPII is an actively managed fund that invests in inflation swaps, swaptions, and US TIPS that are expected to benefit from inflation, increasing interest rates, and fixed income volatility.

FactSet Analyst Report

CPII seeks to generate positive returns during periods of rising inflationary environments, including increasing long-term interest rates and fixed income volatility. The fund primarily invests up to 30% of its net assets in five-year zero coupon inflation swaps that reference the US Consumer Price Index. The fund also invests in swaptions, which are options tied to the level of US interest rates. To hedge this swaption exposure, the fund enters into interest rate swaps that exchange fixed-rate payments for floating rate payments with interest paid at fixed intervals or only on the expiration date. The fund obtains exposure to inflation swaps indirectly by investing up to 25% of its assets in a wholly-owned Cayman Islands subsidiary. Unlike the fund, the Subsidiary does not seek to qualify as a regulated investment company. Remaining assets will be invested in TIPS of any maturity, either directly or indirectly by holding other ETFs that primarily invest in TIPS.