

CTA

Simplify Managed Futures Strategy ETF

Fund Description

CTA seeks absolute returns that have low correlation to the equities market. The actively managed fund uses futures in commodity, currency, and fixed income.

FactSet Analyst Report

CTA aims for long-term capital appreciation by using long and short positions, as determined by price trends, in the commodity, currency, and fixed income futures. This strategy is based on a comparison of the recent returns of each futures contract and the advisers models, which include price trend, mean reversion, carry, and risk-off. These models are designed to generate absolute returns, low correlation to equities, and help manage downside risk during risk-off events. Additionally, the fund may invest up to 100% in short-term US Treasurys or other high credit quality, short-term fixed-income securities for direct investment or as collateral for the futures. The fund uses repurchase agreements as an indirect means of borrowing. For tax purposes, CTA does not hold the commodity futures contracts but gets its exposure through a wholly-owned Cayman Islands subsidiary, an approach that is common when using futures.