

FIAX

Nicholas Fixed Income Alternative ETF

Fund Description

FIAX is an actively managed fund that seeks to provide income by holding a short-term portfolio of US Treasury securities and using a vertical option spread strategy across multiple asset classes.

FactSet Analyst Report

FIAX invests in short-term US Treasuries while utilizing a defined risk option premium strategy. The fund uses vertical option spreads on ETFs and indexes across multiple asset classes. In each transaction, which can either be a credit spread or debit spread, the fund simultaneously buys and writes FLEX call and put options expiring weekly, monthly, or quarterly. In a debit spread, the fund buys an option closer to the money and sells another option further out-of-the money, while in a credit spread, it does the opposite. The options premiums represent a combination of dividends and growth of the underlying assets. The selection of options positions is based on the views of the sub-advisers on economic and market conditions, probability of success, and risk. Up to 10 credit spreads are used by the fund at any given time, with up to 20% exposure to a single ETF or index. The fund generally holds between 1% to 10% of its assets in the options portfolio and invests the rest in T-bills, cash, and cash equivalents. The fund intends to limit its use of leverage.

