

MSTB

LHA Market State Tactical Beta ETF

Fund Description

MSTB is an actively managed fund that aims to outperform the large-cap US equity market by holding long exposure to the S&P 500 combined with a dynamic risk overlay. The risk overlay can go long or short equity and volatility through the use of derivatives.

FactSet Analyst Report

MSTB constructs the portfolio using quantitative models and analyses regarding US equity market volatility. Based on the advisors estimates for direction and magnitude of S&P 500 Index volatility, the fund holds long exposure to the S&P 500 typically weighted in a range between 80%-120%. When estimates indicate a calm or rising equity market, the fund seeks to provide index-plus returns by holding a higher equity weighting. As estimates for volatility increase, the fund aims to provide uncorrelated returns using a number of possibilities, such as: reducing equity exposure, selling covered call options, establishing short equity positions, long or short exposure to the VIX Index, long or short exposure to US Treasury securities, or cash. The net portfolio exposure is based on a proprietary process to quantify market risk compared to volatility expectations. The expectations are based on 30-day and 90-day implied volatility indexes, evaluated daily.

