

MST

Defiance Leveraged Long Income MSTR ETF

Fund Description

MST is an actively managed fund that provides 1.5x to 2x leveraged exposure to the daily share price movement of the MicroStrategy Incorporated (NYSE: MSTR), less fees and expenses. The fund uses credit call spreads to generate income. The fund seeks long-term capital appreciation while also aiming for regular cash distributions.

FactSet Analyst Report

MST aims to provide monthly income distributions by combining leveraged exposure to MicroStrategy Inc. (MSTR) exposure with a yield-enhancing options overlay. MSTR was known for its enterprise analytics software. It has then pivoted to acquire and hold Bitcoin (BTC) as another operational business. The fund targets 150% to 200% of MSTR's daily returns through derivatives such as swap agreements and short-dated, in-the-money call options. The leverage range depends on market volatility, liquidity, and cost considerations. Note that the fund has no defensive position. The fund also employs an income generation strategy via writing credit call spreads, selling a call option while purchasing another at a higher strike price to generate premiums and offset the leverage risks. This approach covers about half of the exposure, which can limit upside potential but helps offset potential losses. Holdings include cash-like instruments as collateral. The fund may also hold MSTR-linked ETFs.