

MTBA

Simplify MBS ETF

Fund Description

MTBA seeks total return from an actively managed portfolio consisting of investment-grade mortgage-backed securities (MBS). The fund primarily includes residential or commercial MBS issued by government-sponsored entities, as well as non-agency MBS.

FactSet Analyst Report

MTBA targets the highest-yielding mortgage-backed securities (MBS) while managing interest rate sensitivity through various strategies and derivatives. It primarily includes residential or commercial MBS issued by major US agencies like GNMA, FNMA, and FHLMC. The fund maintains an effective duration ranging from 3 to 10 years. The fund considers factors such as price, coupon, prepayment rate, and maturity to calculate the expected yield. As part of its strategy, the fund uses derivatives, such as MBS-linked swaps and interest rate-linked swaps, to manage its duration exposure and hedge interest rate risk, respectively. A dollar roll strategy is utilized to potentially enhance returns. The adviser evaluates price differentials between delivery months and assesses interest income on short-term investments to predict profitability, effectively creating investment leverage. Cash, cash equivalents, and short-term fixed-income securities are held as collateral for swaps.