

PFIX

Simplify Interest Rate Hedge ETF

Fund Description

PFIX is actively managed to provide a hedge against a sharp increase in long-term interest rates. The fund holds OTC interest rate options, US Treasuries, and US Treasury Inflation-Protected Securities (TIPS).

FactSet Analyst Report

PFIX provides a tactical tool for investors that provides similar exposure to that of owning a long-dated put position on 20-year US Treasury bonds. A large portion of the portfolio is expected to be held in a swaption contract based on OTC interest rate contracts. A swaption allows more flexibility in managing option terms. The option term and rate maturity are chosen to maximize convexity and minimize cost of ownership. The fund manager will be reset the option terms after extended periods of time or extreme rate moves. The fund also invests in US Treasuries, US Treasury TIPS or exchange-traded funds providing similar exposure, to provide some potential income.