

REML

Credit Suisse X-Links Monthly Pay 2xLeveraged Mortgage REIT ETN

Fund Description

REML provides 2x leveraged exposure to a market-cap-weighted index of residential and commercial mortgage REITs. Leverage is reset monthly.

FactSet Analyst Report

REML provides 2x leveraged exposure to a portfolio of residential and commercial mortgage REITs. Unlike most leveraged products which reset their exposure daily, REML resets monthly. The underlying portfolio is concentrated into just a handful of mortgage REITs, but that's representative of this highly focused niche. The portfolio has historically yielded significant distributions, and REML pays a monthly coupon equal to twice this amount. But take note: those high yields have often come with lukewarm total returns and high volatility, which REML's leverage will magnify. Note too that the underlying mortgage REITs often use leverage, before the additional 2x multiple is applied. As a levered product, REML is not a buy-and-hold investment, and should not be expected to provide index leverage returns greater than a one day period. Unleveraged exposure can be had with iShares REM.