

RFIX

Simplify Bond Bull ETF

Fund Description

RFIX is actively managed, seeking interest rate protection against the decrease in long-term interest rates and income generation in volatile market conditions. Investments include OTC interest-rate derivatives, US Treasurys, TIPS, and investment-grade bonds of any maturities.

FactSet Analyst Report

RFIX is a tactical tool designed to provide exposure akin to holding a long-dated call position on US Treasury bonds. The objective is to offset the impact of falling long-term interest rates while capitalizing on periods of market stress or heightened volatility. The fund allocates 5% to 30% of its portfolio to derivatives, including swaptions, interest rate options, and Treasury futures based on OTC interest rate contracts. Derivative selection focuses on maximizing convexity and minimizing the cost of ownership. The fund manager will reset the derivative exposure after extended periods or extreme rate moves. To secure these positions, it holds US Treasury securities, money market funds, fixed-income ETFs, and investment-grade corporate debt as collateral. The fund limits OTC counterparty exposure to 25%. Lastly, investments also include US Treasurys, TIPS, and ETFs with similar exposure to provide some potential income.