

SMST

Defiance Daily Target 2x Short MSTR ETF

Fund Description

SMST seeks to provide 2x inverse exposure to the daily share price movement of MicroStrategy Incorporated (NYSE: MSTR), less fees and expenses.

FactSet Analyst Report

SMST uses swap agreements to make bearish bets on MicroStrategy Incorporated's (NYSE: MSTR) share price. MSTR was originally known for its enterprise analytics software. It has then pivoted to include acquiring and holding Bitcoin (BTC) as another operational business. The fund maintains a daily leveraged exposure equivalent to -200% of the fund's net assets through daily rebalancing. As a geared product, the fund is intended as a short-term tactical tool, rather than as a long-term investment vehicle. As a result, returns may deviate from the expected -2x if held for longer than a single day due to compounding. This strategy is high-risk and does not include a defensive position as part of its overall process. Additionally, the fund could potentially lose money over time, even if MSTR's performance strengthens. The fund is expected to invest in cash-like instruments as collateral. Following October 29, 2024, the fund adjusted its leverage ratio from 1.5x to 2x.