

SNTH

MRP SynthEquity ETF

Fund Description

STNH is actively managed, seeking long-term capital appreciation through SPX options (S&P 500 index) and US Treasuries. The fund is designed to provide a floor against market losses, approximately 15% of every one-year rolling period.

FactSet Analyst Report

STNH combines synthetic equity exposure and principal protection through a strategy that uses S&P 500 index (SPX) options and US Treasuries. The objective is to capture growth in rising markets while limiting losses in declining ones, targeting a maximum loss of 15% over a one-year rolling period. Typically, the fund allocates 10-15% of its assets in out-of-the-money SPX call options expiring in one year. This allows the fund to capture equity market gains without directly owning the underlying stocks, capping losses at the initial premiums paid. In rising markets, these options are sold and reinvested in Treasuries or new options. The treasury strategy utilizes a quarterly ladder, aiming to provide a floor by maintaining a portion of the portfolio in short-duration US Treasuries. The fund may lag the broader market due to its limited equity exposure, heavy treasury allocation, and certain market conditions (range-bound markets or strong bull markets).