

RTYD | Simplify US Small Cap PLUS Downside Convexity ETF

FUND OVERVIEW

The Simplify US Small Cap PLUS Downside Convexity ETF (RTYD) seeks to provide capital appreciation by tracking the small cap US equity market while boosting performance during extreme market moves down via a systematic options overlay.

The fund's core holding provides investors with cost-effective small cap index exposure. A modest option overlay budget is then deployed into a series of options positions that help create downside convexity in the fund.

PERFORMANCE REVIEW

RTYD had an overwhelmingly disappointing quarter, which after a thoughtful review of the challenges we witnessed with our current system, has led to some key strategy refinements (see second paragraph). The challenging quarter began when RTYD gave back about 5% of option premium accumulated during the 3Q drawdown that ended on 9/30. These positions were very close to hitting our monetization triggers, but unfortunately just missed it, and the gained premium was lost by the rally that kicked off the quarter. We then aggressively positioned the fund for a continued drawdown, prioritizing a response function with sufficient hedging, at the expense of spending excess budget, which ultimately cost the fund.

To better control for the above challenges, we have decided to increase the probability of hitting strikes and monetizing by bringing strikes and expiries in, and we have also decided to formally drop a target response function and instead prioritize budget/tracking error.

Performance as of 12/31/22 | Inception Date: 01/10/22

	CUMULATIVE TOTAL RETURN				ANNUALIZED TOTAL RETURN	
	3 Mo	6 Mo	YTD	Since Inception	1 Year	Since Inception
NAV	-3.18%	-6.28%	—	-23.58%	—	—
Market Price	-3.47%	-5.95%	—	-24.06%	—	—
Russell 2000 Index	6.20%	3.89%	—	-18.61%	—	—

The performance data quoted represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. In addition, investment returns and the principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. For performance data current to the most recent month-end, please call (855) 772-8488 or go to <https://www.simplify.us/etfs>.

FUND DETAILS as of 12/31/22

CURRENT HOLDINGS*

POSITION	ALLOCATION
ISHARES S&P SMALL CAP 600 INDEX FUND	99.80%
SPXW US 01/20/23 P3620	0.12%
Cash	0.08%

*Holdings are subject to change without notice.

Gross Expense Ratio	0.56%
Net Expense Ratio**	0.31%
SEC 30-Day Yield	1.18%
SEC 30-Day Yield Unsubsidized	0.91%

**The Fund's adviser has contractually agreed to reduce its management fees, until at least October 30, 2023, to 0.25% of the Fund's average daily net assets.

DEFINITIONS

Convexity: An investment strategy is convex if its payoff relative to its benchmark is curved upward. Convex investment strategies are expected to be highly correlated with the benchmark in typical market environments but diverge to the positive in extreme markets. There are no free lunches though, and convex strategies are expected to lag during quiet markets.

Expiry: The time until an option expires. In the context here expiry is used to describe the length of time from when an option position is initiated to when it will expire.

Market Price: The current price at which shares are bought and sold. Market returns are based upon the last trade price.

Moneyness: Represents how far the option strike is from current market price. In-the-money and out-of-the-money describe options whose market price is beyond the strike and not beyond the strike, respectively.

NAV: The dollar value of a single share, based on the value of the underlying assets of the fund minus its liabilities, divided by the number of shares outstanding. Calculated at the end of each business day.

Notional Exposure: The full market exposure a derivatives contract provides after accounting for the leverage embedded in the derivative, expressed as a percentage of the fund's total assets. We assume each option's delta (sensitivity to changes in underlying) is 1 in this calculation, implying that we are measuring the exposure afforded by the options in the instance where extreme markets are being realized. This metric provides a measure of the protection afforded to the underlying security by a given option position.

Option: An option is a contract that gives the buyer the right to either buy (in the case of a call option) or sell (in the case of a put option) an underlying asset at a pre-determined price ("strike") by a specific date ("expiry"). An "outright" is another name for a single option leg. A "spread" is when options are bought at one strike and an equal amount of options are sold at a different strike, all at the same expiry.

SEC 30-Day Yield: The yield is calculated with a standardized formula and represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price. The yield includes the effect of any fee waivers and/or reimbursements. Without waivers, yields would be reduced. This is also referred to as the "standardized yield", "30-Day Yield" and "Current Yield". The unsubsidized SEC 30-Day Yield does not reflect the effect of any fee waivers and/or expense reimbursements.

IMPORTANT INFORMATION:

Investors should carefully consider the investment objectives, risks, charges, and expenses of Exchange Traded Funds (ETFs) before investing. To obtain an ETF's prospectus containing this and other important information, please call (855) 772-8488, or visit SimplifyETFs.com. Please read the prospectus carefully before you invest.

An investment in the fund involves risk, including possible loss of principal.

The fund is actively-managed is subject to the risk that the strategy may not produce the intended results. The fund is new and has a limited operating history to evaluate.

The use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. These risks include (i) the risk that the counterparty to a derivative transaction may not fulfill its contractual obligations; (ii) risk of mispricing or improper valuation; and (iii) the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate, or index. Derivative prices are highly volatile and may fluctuate substantially during a short period of time. The use of leverage by the Fund, such as borrowing money to purchase securities or the use of options, will cause the Fund to incur additional expenses and magnify the Fund's gains or losses.

The Fund invests in ETFs (Exchange-Traded Funds) and is therefore subject to the same risks as the underlying securities in which the ETF invests as well as entails higher expenses than if invested into the underlying ETF directly. The fund invests primarily in ETFs that invest in small-capitalization companies which may be more volatile than larger companies. Smaller-sized companies normally have a lower trading volume than larger companies, which may tend to make their market price fall more disproportionately than larger companies in response to selling pressures and may have limited markets, product lines, or financial resources and lack management experience.

While the option overlay is intended to improve the Fund's performance, there is no guarantee that it will do so. Utilizing an option overlay strategy involves the risk that as the buyer of a put or call option, the Fund risks losing the entire premium invested in the option if the Fund does not exercise the option. Also, securities and options traded in over-the-counter markets may trade less frequently and in limited volumes and thus exhibit more volatility and liquidity risk.

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