

# SBAR | Simplify Barrier Income ETF

## Why SBAR?

Distinct source of monthly income with quantifiable risk parameters



### Monthly income through selling barrier options

Higher levels of income than can be found in traditional fixed income investments



### Defined downside barrier

Allows investors to make a quantifiable (rather than theoretical) risk assessment

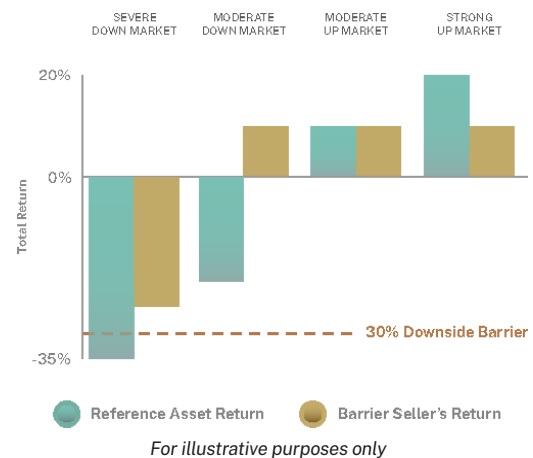


### Operationally efficient

Options are automatically and continuously rolled, allowing investors to buy and hold with no action required

## How barrier options work

- ✔ Barrier put options are sold with a pre-determined downside barrier (e.g. 30%)
- ✔ If the reference asset return is below the barrier at expiration, the seller fully participates in the asset's downside return (less premiums received)
- ✔ If the reference asset return is above the barrier at expiration, seller experiences no loss and premiums received are their profit



## SBAR portfolio construction

### Barrier Options

- » Laddered portfolio of one year to expiration barrier options
- » Barrier is set at -30%, based on the worst performing of three reference assets: U.S. large cap stocks, U.S. small cap stocks, and U.S. growth stocks\*
- » Options may be called on a monthly schedule

\*Although a barrier option will incur no loss if the reference asset is above the barrier at expiration, in the interim period the fund's value will fluctuate as the options are continually marked to current market prices.

The fund does not provide a barrier against losses that serves to provide for a maximum amount of potential losses; hence, investors may lose his or her entire investment.

### Operational Efficiency

- » Options are continually rolled at expiration or when called
- » Investors can buy and hold with no action required
- » Daily liquidity with lower cost than traditional barrier structured products
- » Registered investment company, so not subject to bank credit risk
- » No K-1 tax form

## SBAR use case

- ✔ Higher level of monthly income than fixed income investments with a defined barrier level that makes risk assessment more transparent
- ✔ Differentiated source of returns diversifies an equity or fixed income portfolio

## Glossary

**Barrier Option:** A type of customized over-the-counter option in which the underlying reference assets, tenor and barrier level are negotiated with a counterparty. They set a threshold (“barrier”) below which the underlying notional value is fully exposed to the downside upon expiration.

**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.

**Schedule K-1:** A federal tax document used to report the income, losses, and dividends of a business’ or financial entity’s partners or an S corporation’s shareholders.

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

The fund is actively-managed and 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 Fund invests in ETFs (Exchange-Traded Funds) and entails higher expenses than if invested into the underlying ETF directly. The lower the credit quality, the more volatile performance will be.

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 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’s investment in fixed income securities is subject to credit risk (the debtor may default) and prepayment risk (an obligation paid early) which could cause its share price and total return to be reduced. Typically, as interest rates rise the value of bond prices will decline and the fund could lose value.

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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