

## Overview

The Simplify Nasdaq 100 Equity PLUS Downside Convexity ETF seeks to track a commonly held basket of large cap US growth stocks while boosting performance during extreme market moves down via a systematic options overlay.

The fund's core holding provides investors with Nasdaq 100 Index exposure. A modest option overlay budget is then deployed into a series of options positions that help create downside convexity in the fund.

## Key Points

- **Low-cost<sup>1</sup> Nasdaq 100 exposure is the core holding**
- **Modest and transparent option budget used to add downside convexity to the core passive exposure**
- **Advanced options strategy is designed to be robust across a variety of extreme drawdown conditions**

<sup>1</sup>Normal Brokerage Fees Apply

## Strategy Design

### Passive US Equity Exposure

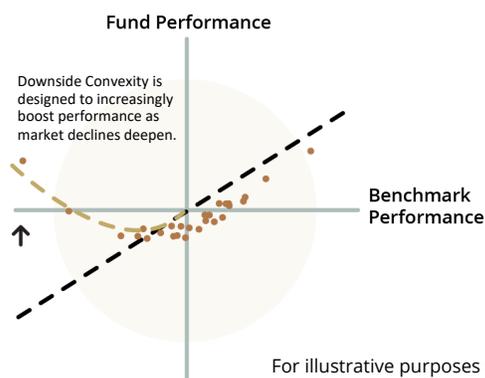
- Nasdaq 100 Index ETF
- Quarterly dividend
- Tax-efficient & Cost Effective



### Advanced Options Overlay

- Boost equity performance during extreme drawdowns
- Modest option budget with no upside caps
- Designed to handle various types of market dislocations

## Payoff Profile



## Details

| Ticker | Inception Date | Core Exposure    | QQY Yield | Gross Expense Ratio | Net Expense Ratio | Exchange | CUSIP     | Net Assets     |
|--------|----------------|------------------|-----------|---------------------|-------------------|----------|-----------|----------------|
| QQD    | 12/10/2020     | Nasdaq 100 Index | 0.52%     | 0.70%               | 0.45%             | Nasdaq   | 82889N509 | \$2,649,339.52 |

The Fund's adviser has contractually agreed to reduce its management fees, until at least August 31, 2021, to 0.40% of the Fund's average daily net assets.

## Current Holdings

| Position                   | Allocation | Notional Exposure (Delta=1) |
|----------------------------|------------|-----------------------------|
| QQQ                        | 98.52%     | -                           |
| NDX December 2021 4000 Put | 0.94%      | 390%                        |
| NDX March 2021 5000 Put    | 0.16%      | 732%                        |
| NDX June 2021 5000 Put     | 0.36%      | 244%                        |
| Cash                       | 0.02%      | -                           |

## Options Budget Overview

| Position                      | Initial OTMness | Initial Expiry | Annual Budget |
|-------------------------------|-----------------|----------------|---------------|
| Short-Term NDX Put Option     | 60%             | 3m             | 0.6%          |
| Medium-Term NDX Put Option #1 | 70%             | 6m             | 0.7%          |
| Medium-Term NDX Put Option #2 | 70%             | 12m            | 0.7%          |

Holdings are subject to change without notice.

## Performance

| Ticker           | YTD | 1-Year | 3-Year | 5-Year | 10-Year | Inception |
|------------------|-----|--------|--------|--------|---------|-----------|
| NAV              | -   |        |        |        |         | 4.14%     |
| Market Price     | -   |        |        |        |         | 1.20%     |
| Nasdaq 100 Index | -   |        |        |        |         | -         |

Total returns are based on the closing market price of the ETF as of the most recent quarter-end, January 31, 2021.

**The performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment returns and 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 most recent data please call (855) 772-8488 or go to <https://www.simplify.us/etfs>.**

## Portfolio Uses

| Core Strategic Holding   | A Tactical Tool   | Asset Class Flexibility   |
|--|---|---|
| <ul style="list-style-type: none"><li>98% allocation to Nasdaq 100 Index provides traditional equity exposure, including dividends and tax efficiency</li><li>Modest option budget minimizes long-term drag of overlay while providing outsized convexity benefits</li></ul> | <ul style="list-style-type: none"><li>Easily swap with any large cap US growth equity holding for instant tactical expression</li><li>Convex option design allows for outsized exposure to your view without significantly changing your equity</li></ul> | <ul style="list-style-type: none"><li>Downside convexity seeks to offer protection without diversifying into asset classes like bonds</li></ul> |

## 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.

**Options:** 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 by a specific date. Options are a powerful tool for creating a wide array of payoff profiles and can be used on a standalone basis or integrated into a broader portfolio strategy.

**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.

**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.

**OTMness:** Stands for out-of-the-moneyness and represents how far the option strike is from current market price. In the context here OTMness is used to describe how far the option strike is from the market price when the option position is initiated.

**Annualized Budget:** The average amount expected to be spent on a specific option position per year. For options rolled more frequently than annually each option position will be initiated at less than the annual budget amount. Options rolled less frequently than annually would be initiated at a size higher than the annual budget.

**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.

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

**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](https://www.simplifyetfs.com). Please read the prospectus carefully before you invest. An investment in the fund involves risk, including possible loss of principal. Past performance does not guarantee future results.**

The fund's investment objective is to seek capital appreciation.  
The funds are new and have a limited operating history.

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 earnings and prospects of small and medium sized companies are more volatile than larger companies and may experience higher failure rates than larger companies. Small and medium 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. The funds are new with a limited operating history.

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 risk that the Model used by the Fund to determine or guide investment decisions may not achieve the objectives of the Fund. Additionally, the portfolio manager of the Fund is able, under certain adverse conditions, to deviate from the Model employed by the Fund. Such deviations may not achieve the objectives of the Fund and may produce lower returns and/or higher volatility compared to what the returns and volatility of the Fund would have been if the portfolio manager had not deviated from the Model.

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