CYA | Simplify Tail Risk Strategy ETF

As of October 31, 2021

Overview

The Simplify Tail Risk Strategy ETF seeks to provide investors with a standalone solution for hedging diversified portfolios against severe equity market selloffs. By investing a substantial annual budget in highly convex equity-hedging strategies, modest allocations to the fund are intended to be valuable as a total portfolio hedging solution.

The fund deploys advanced option strategies that are designed to handle multiple types of market dislocations and be robust to path dependency. The fund invests in high income strategies to help fund the option purchases.

Key Points

- **Designed as a standalone equity hedge that can help protect significant portions of equity-dominated portfolios with only modest allocations**
- **Advanced option overlay is designed to create a highly convex payoff during severe equity market selloffs**
- **Fund invests in high income strategies to help fund the option purchases**

Strategy Details

- Advanced option strategies are used to create convex payoffs when equity markets decline substantially
- Option strategies are designed to handle various types of market dislocations and be robust to path dependency via systematic laddering, rebalancing, and monetization
- Fund invests in high income strategies to help fund the option purchases
- Substantial annual investment in the hedging strategies is intended to create payoffs sizable enough to be used as a portfolio-wide equity hedging solution during extreme market stress

Portfolio Applications

- **Portfolio Equity Hedge:** The option overlay is explicitly designed and sized to hedge against substantial drawdowns in equity markets, hence can be used to hedge a portfolio against equity risk.

Details | Ticker: CYA

Inception Date: 9/13/2021

Core Exposure	SEC 30-Day Yield	SEC 30-Day Yield Unsubsidized	Gross Expense Ratio	Net Expense Ratio	Exchange	CUSIP	Net Assets
NA	4.49%	4.23%	0.75%	0.50%	NYSE	82889N780	$19,609,999.78

The Fund’s adviser has contractually agreed to reduce its management fees, until at least October 31, 2022, to 0.50% of the Fund’s average daily net assets.

Current Holdings

Position	Allocation	Notional Exposure (Delta=1)
SVOL	87.44%	—
SPY 12/16/22 P225	2.12%	419%
SPY 09/16/22 P210	1.82%	634%
SPY 09/16/22 P185	-0.92%	-479%
SPXW 11/03/21 P4475	0.12%	371%
SPX 12/17/21 P1800	0.02%	711%
SPX 03/18/22 P2000	0.23%	392%
SPX 06/17/22 P2000	0.64%	429%
Cash	8.53%	—

Options Budget Overview

Position	Initial OTMness	Initial Expiry	Annual Budget
Medium-Term SPX Put Option #1 Sleeve	50%	6m	3.0%
Medium-Term SPX Put Option #2 Sleeve	50%	9m	3.0%
Medium-Term SPX Put Option #3 Sleeve	50%	12m	3.0%
Medium-Term SPX Put Option #4 Sleeve	50%	15m	3.0%

Holdings are subject to change without notice.

Performance

		Average annual total returns as of 09/30/2021				
Ticker	MTD 10/31/2021	Q3 2021	1-Year	5-Year	10-Year	Inception
NAV	-0.39%	-1.40%	—	—	—	-1.40%
Market Price	-0.04%	-1.16%	—	—	—	-1.16%

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 performance data current to the most recent month-end please call (855) 772-8488 or go to https://www.simplify.us/etfs.

The Adviser has voluntarily agreed to limit fees. This agreement may change or end at any time. Performance would have been lower without limitations in effect.

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.

DEFINITIONS:

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.

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.

DEFINITIONS CONTINUED:

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.

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.

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.

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.

SEC 30-Day Yield: The SEC yield is calculated with a standardized formula mandated by the SEC. The formula is based on maximum offering price per share and includes the effect of any fee waivers. Without waivers, yields would be reduced. This is also referred to as the "standardized yield", "30-Day Yield" and "Current Yield".

SEC Unsubsidized 30-Day Yield: The un-subsidized SEC yield is calculated with a standardized formula mandated by the SEC. The formula is based on maximum offering price per share and does not reflect waivers in effect. This is also referred to as the "unsubsidized standardized yield", "unsubsidized 30-Day Yield" and "unsubsidized Current Yield".

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. Past performance does not guarantee future results.

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

The fund seeks to provide income and capital appreciation while protecting against significant downside risk. The fund is new and has 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 Fund is subject to the risk that the investment management strategy may not produce the intended results and may negatively impact Fund performance. The adviser's overlay strategy will not fully protect the Fund from declines in the market.

Fund risks include and are not limited to: credit default swaps - involves investment techniques and risks different from those associated with ordinary portfolio security transactions, such as potentially heightened counterparty, concentration and exposure risks, geopolitical risk - the occurrence of global events similar to those in recent years may result in market volatility and may have long term effects on both the U.S. and global financial markets, and real estate risks may change in response to changes in the real estate market such as declines in the value of real estate, lack of available capital or financing opportunities, and increases in property taxes or operating costs.

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.

Futures Contract Risk: Futures contracts involve the following risks (a) the imperfect correlation between the change in market value of the instruments held by the Fund and the price of the forward or futures contract; (b) possible lack of a liquid secondary market; (c) leverage, which means a small percentage of assets in futures can have a disproportionately large impact on the Fund and the Fund can lose more than the principal amount invested; (d) losses are potentially unlimited; (f) the possibility that the counterparty will default in the performance of its obligations.

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