

QQD | Simplify Nasdaq 100 PLUS Downside Convexity ETF

Overview

The Simplify Nasdaq 100 PLUS Downside Convexity ETF seeks to provide capital appreciation by tracking a commonly held basket of large cap US growth stocks while aiming to boost 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-cost¹ Nasdaq 100 exposure is the core holding**
- **Modest and transparent option budget adds convexity to the core passive exposure**
- **Advanced options strategy is designed to be robust across a variety of extreme market conditions**

¹Normal Brokerage Fees Apply

Strategy Design

Passive US Equity Exposure

- Nasdaq 100 Index ETF
- Potential quarterly dividend



Advanced Options Overlay

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

Payoff Profile

For illustrative purposes only. Does not represent or predict fund performance.



Downside Convexity attempts to increasingly boost performance as market declines deepen.

Portfolio Applications for Equity + Downside Convexity

- **Fixed Income Alternative:** Muted return forecasts and challenged downside risk mitigation for bonds.
- **Defensive Equity Positioning:** Alternative for low volatility, quality, and other "defensive" equity factor exposures.
- **Black Swan Hedge:** Extreme market moves are becoming more frequent.
- **Alternative to Alternatives:** Potential for non-correlated returns during severe market sell offs.

Details | Ticker: QQD

Inception Date: 12/10/2020

Core Exposure	Gross Expense Ratio	Net Expense Ratio	Exchange	CUSIP	Net Assets
Nasdaq 100 Index	0.70%	0.45%	Nasdaq	82889N509	\$17,629,862.17

The Fund's adviser has contractually agreed, until at least October 31, 2022, to waive its management fees and/or pay or absorb the Fund's expenses to 0.25% of the Fund's average daily net assets.

Current Holdings

Position	Allocation	Notional Exposure (Delta=1)
QQQ	99.00%	
QQQ 12/16/22 P170	0.27%	90%
QQQ 06/17/22 P100	0.02%	274%
QQQ 12/16/22 P130	-0.11%	-89%
QQQ 01/20/23 P200	0.43%	65%
NDX 09/16/22 P7000	0.11%	71%
NDX 05/20/22 P11000	0.14%	87%
QQQ 04/14/22 P300	-0.04%	-83%
QQQ 04/14/22 P320	0.10%	83%
QQQ 05/20/22 P245	0.04%	49%
QQQ 04/08/22 P331	-0.09%	-109%
QQQ 04/08/22 P334	0.11%	109%
Cash	0.02%	

Holdings are subject to change without notice.

Core Options Ladder Budget

Position	Initial OTMness	Expiry Position in Ladder	Annual Budget
Medium-Term NDX Put Option #1 Sleeve	50%	6m	0.5%
Medium-Term NDX Put Option #2 Sleeve	50%	9m	0.5%
Medium-Term Put Option #3 Sleeve	50%	12m	0.5%
Medium-Term Put Option #4 Sleeve	50%	15m	0.5%

Performance as of 03/31/22

Cumulative Total Returns				Total Returns as of 03/31/22	
QQD	MTD	3 Months	Since Inception	1-Year	Since Inception
NAV	2.78%	-9.89%	14.23%	10.01%	10.74%
Market Price	2.35%	-10.48%	13.74%	9.25%	10.40%
Nasdaq 100 Index	4.28%	-8.91%	20.74%	14.14%	15.54%

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>.

Portfolio Uses

Core Strategic Holding

- 98% allocation to Nasdaq 100 Index provides traditional equity exposure, including dividends and tax efficiency
- Modest option budge aims to minimize long-term drag of overlay while providing outsized convexity benefits

A Tactical Tool

- Easily swap with any large cap US growth equity holding for instant tactical expression
- Convex option design allows for outsized exposure to your view without significantly changing your equity exposure

Asset Class Flexibility

- Downside convexity looks to hedge against market moves without diversifying into asset classes like bonds

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.

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.

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.

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.

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.

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

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.

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.

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 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 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.

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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