

# VPOP | Simplify Volt Pop Culture Disruption ETF

## Overview

The Simplify Volt Pop Culture Disruption (VPOP) seeks to provide capital appreciation. The fund is not just another thematic investment product. VPOP is designed to concentrate in the handful of disruptive companies poised to dominate the new era of media and then enhance the concentrated exposures with options.

With our partner Volt Equity our investment process begins with a first principles approach to identify those few companies poised to lead the disruption. We then deploy a sophisticated option overlay to create convexity in the portfolio that we believe could enhance the upside potential while improving drawdowns.

## Key Points

- We believe companies like Spotify is poised to empower content creators and disrupt legacy media through Augmented Reality technology
- SPOT is one the top holdings with a 6% target allocation split between a 5% equity position and a 1% call option position
- SOND is another holding with a 17% target allocation split between a 12% equity position and a 5% call option position

## Strategy Design

### Concentrate in Disruptors

- In our view, there are often just a few winners that end up dominating a new industry
- Our first principles approach seeks to identify those companies poised to be the theme's leaders



### Enhance the Upside

- An advanced call option overlay seeks to enhance the upside potential from our identified leaders
- The overlay is designed for various types of S-curve dislocations



### Protect the Downside

- An intelligent put option overlay is deployed to potentially hedge portfolios from a broad tech selloff
- Idiosyncratic risk in anchor names is also capped via concentration limits

Details | Ticker: VPOP

Inception Date: 12/28/2020

| Gross Expense Ratio | Exchange | CUSIP     | Net Assets   |
|---------------------|----------|-----------|--------------|
| 0.95%               | NYSE     | 82889N806 | \$789,436.72 |

## Top 10 Holdings

| Position            | Allocation |
|---------------------|------------|
| SOND                | 11.35%     |
| GOOG                | 9.55%      |
| FB                  | 7.72%      |
| TSLA                | 6.69%      |
| SNAP                | 5.02%      |
| AAPL                | 4.87%      |
| SPOT                | 4.42%      |
| MSFT                | 4.41%      |
| NFLX                | 4.41%      |
| DIS                 | 4.40%      |
| Call Option Overlay | 0.21%      |
| Put Options Overlay | 1.56%      |
| Cash                | 14.48%     |

## Options Holdings Details

| Position                   | Allocation | Notional Exposure (Delta=1) |
|----------------------------|------------|-----------------------------|
| <b>Call Option Overlay</b> |            |                             |
| SOND 09/16/22 C10          | 4.57%      | 58%                         |
| SPOT 01/20/23 C500         | 0.03%      | 4%                          |
| <b>Put Option Overlay</b>  |            |                             |
| QQQ 12/16/22 P170          | 0.39%      | 129%                        |
| QQQ 06/17/22 P100          | 0.06%      | 909%                        |
| QQQ 01/20/23 P200          | 0.54%      | 83%                         |
| NDX 09/16/22 P7000         | 0.29%      | 188%                        |
| QQQ 04/14/22 P300          | -0.05%     | -96%                        |
| QQQ 04/14/22 P320          | 0.12%      | 96%                         |
| QQQ 05/20/22 P245          | 0.05%      | 55%                         |
| QQQ 05/20/22 P275          | 0.14%      | 69%                         |
| QQQ 04/08/22 P331          | -0.09%     | -106%                       |
| QQQ 04/08/22 P334          | 0.11%      | 106%                        |

Holdings are subject to change without notice.

## Performance as of 03/31/22

| Cumulative Total Returns |        |          |                 | Total Returns as of 03/31/22 |                 |
|--------------------------|--------|----------|-----------------|------------------------------|-----------------|
| Ticker                   | MTD    | 3 Months | Since Inception | 1 Year                       | Since Inception |
| NAV                      | -8.53% | -30.29%  | -37.04%         | -29.38%                      | -9.61%          |
| Market Price             | -9.21% | -30.12%  | -35.80%         | -29.30%                      | -8.09%          |
| S&P 500 Index            | 3.07%  | -5.17%   | 23.69%          | 15.44%                       | 18.46%          |

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>.

### 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.

## DEFINITIONS CONTINUED:

**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.

**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.

**S-Curve:** A graphical representation of new product adoption, whereby product adoption is slow to begin, then ramps very rapidly, and then slows again after market saturation, creating an "S" shape. The valuation of a company best positioned to profit from the rapid adoption of a new product or theme often mirrors this shape.

## 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](http://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 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 is non-diversified meaning it may focus more of its assets in a limited number of investments especially in the pop culture sector and may be more likely to be adversely affected by any negative events affecting a particular security or sector than a more diversified fund.

Companies that are developing pop culture and social media technologies that seek to disrupt or displace established technology institutions generally face fierce competition. Pop culture disruptive companies may not be able to currently derive any revenue or capitalize on their disruptive technologies if they face political and/or legal attacks from competitors, industry groups or governments. Laws generally vary by country, creating challenges to achieving scale. Additionally, internet of things, social media and streaming media companies may be adversely impacted by potential rapid product obsolescence, cybersecurity attacks, increased regulatory oversight and disruptions in the technology they depend on.

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 addition, they may have limited markets, product lines or financial resources and lack management experience. The Fund's investments in foreign securities can be volatile or less liquid and may lose value due to currency fluctuation, political, economic and geographic events affecting a foreign issuer or market.

Options are a derivative instrument which involves risks different from or possibly greater than investing directly in other 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. 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. While the option overlay is intended to improve the Fund's performance, there is no guarantee that it will do so.

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**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.

**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.