

AGGH | Simplify Aggregate Bond PLUS Credit Hedge ETF

Overview

The Simplify Aggregate Bond PLUS Credit Hedge ETF (AGGH) seeks to maximize total return by investing primarily in investment grade (IG) bonds while mitigating credit risk.

IG bonds are valuable diversifying assets in an equity-centric portfolio. But credit spreads can turn swiftly, and even investment grade bonds can experience drawdowns. AGGH is designed to provide core IG bond exposure while simultaneously deploying a host of compelling credit hedge techniques to alleviate the potential credit risk.

Credit hedging can be very expensive, so it is paramount to be flexible in your approach to hedging within the space. AGGH will opportunistically invest, based on cost-to-payout ratios, in CDX calls, Quality-Junk factor-based hedges, and equity puts.

Key Points

- **First ETF providing investment grade bond exposure with a credit hedge overlay**
- **IG bond exposure comes from low-cost¹ index ETFs**
- **Credit hedges come in the form of CDX calls, Quality-Junk factor-based hedges, or equity puts**
- **Monthly Distributions and no Schedule K-1**

¹Normal Brokerage Fees Apply

Strategy Design

Core Bond Exposure

- Index ETF provides low-cost² IG bond exposure
- The fund currently utilizes the iShares Core U.S. Aggregate Bond ETF (AGG)



Credit Hedge Overlay

- Designed to help protect the core bond exposure when credit spreads widen
- The overlay will typically consist of a combination of CDX calls, Quality-Junk factor-based hedges, or equity puts

Portfolio Applications

- **Core Bond Holding:** With investment grade bonds as the core exposure, the fund can be used as a primary bond holding. And with IG typically being anti-correlated to equities during market selloffs, this position can act as a core ballast to equity-centric portfolios.
- **Hedged Bond Exposure:** Corporate bond investing comes with credit risk. The fund's credit overlay is designed to help mitigate drawdowns during both gradual credit widenings and more significant credit shocks.

Details | Ticker: AGGH

Inception Date: 02/14/2022

SEC 30-Day Yield	SEC 30-Day Yield Unsubsidized	Gross Expense Ratio	Net Expense Ratio*	Exchange	CUSIP	Net Assets
1.94%	1.68%	0.55%	0.30%	NYSE	82889N723	\$1,676,149.00

*The Fund's adviser has contractually agreed, until at least October 31, 2023, 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.

Top Ten Holdings**

Position	Allocation	Notional Exposure (Delta=1)
AGG	91.02%	—
MSSQUA1A	14.70%	—
MSSIJNK1A	10.71%	—
PFIX	1.88%	—
MSSIJNK1A 00001	-10.60%	—
MSSQUA1A 00001	-14.83%	—
Cash	7.12%	—

**Holdings are subject to change without notice.

Performance as of 12/31/22

	Cumulative Total Return				Annualized Total Return	
	3 mo	6 mo	YTD	Since Inception	1-Year	Since Inception
NAV	-1.29%	-4.06%	—	-8.76%	—	—
Market Price	-1.17%	-3.91%	—	-8.47%	—	—
Bloomberg US Aggregate Bond Index	1.87%	-2.97%	—	-9.23%	—	—

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:

CDX: A benchmark index that tracks a basket of U.S. and emerging market single-issuer credit default swaps.

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.

Investment Grade: Refers to the quality of a company's credit and must be rated at 'BBB' or higher by Standard and Poor's or Moody's. Credit quality does not refer to the fund itself.

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

DEFINITIONS CONTINUED:

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 security) 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.

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.

Quality-junk: A long/short equity factor created by being long quality equity names while being short junk equity names. Quality equities generally have high margins, profit stability, and strong balance sheets. Junk names are generally those stocks with high sensitivity to an increase in debt refinancing costs.

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.

SEC 30-Day Yield: The yield is calculated with a standardized formula and represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price. The yield includes the effect of any fee waivers and/or reimbursements. Without waivers, yields would be reduced. This is also referred to as the "standardized yield", "30-Day Yield" and "Current Yield". The unsubsidized SEC 30-Day Yield does not reflect the effect of any fee waivers and/or expense reimbursements.

²ETFs are subject to capital gains tax and taxation of dividend income. However, ETFs are structured in such a manner that taxes are generally minimized for the holder of the ETF. An ETF manager accommodates investment inflows and outflows by creating or redeeming "creation units," which are baskets of assets. As a result, the investor usually is not exposed to capital gains on any individual security in the underlying portfolio. However, capital gains tax may be incurred by the investor after the ETF is sold.

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 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.

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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