

# HIGH | Simplify Enhanced Income ETF

## Overview

The Simplify Enhanced Income ETF (HIGH) seeks to provide monthly income by selling short-dated put and/or call spreads on a variety of equity and fixed income instruments, which may include indices, ETFs or individual securities.

The fund is intended to be an alternative yield solution as it seeks to provide significant supplemental income to T-bills with low correlation to traditional credit and duration exposure.

A sophisticated option-writing algorithm seeks to sell spreads that generate attractive risk-adjusted returns, while an additional layer of risk management helps manage tail risk associated with selling options.

## Key Points

- Designed as an attractive yield solution with potential for significant income and low correlation to credit and duration risks
- Fund writes short-dated option spreads
- Sophisticated algorithms seek to generate attractive risk-adjusted returns while limiting tail risks

## Strategy Details

- The fund sells short-dated put or call spreads on a variety of equity and fixed income indices, ETFs and/or individual securities
- A sophisticated option-writing algorithm dynamically selects option type, underlier, and strikes to generate attractive risk-adjusted returns
- Automated risk management techniques are also deployed to help mitigate tail risks associated with option selling
- Excess cash is invested in short-dated treasuries

## Portfolio Applications

- **Attractive Alternative Income:** Selling spreads can be a source of high income with minimal duration risk and low beta to traditional credit, hence this fund can be used as a diversifying alternative to traditional high yield.

## Exposures

As of 12/31/23

Asset Class Exposure		Options Breakout	
Asset Class	Allocation	Underlying Asset Class	Allocation
Treasury Bill	97.65%	Indices	-0.05%
Cash	2.47%	ETFs	-0.08%
Option	-0.12%	Equities	0.00%

Details | Ticker: HIGH | Inception Date: 10/27/2022

As of 12/31/23

SEC 30-Day Yield	SEC 30-Day Yield Unsubsidized	Effective Duration	Gross Expense Ratio	Exchange	CUSIP	Net Assets
4.74%	4.74%	0.25	0.51%	NYSE	82889N632	\$272,620,399

## Top 10 Holdings as of 12/31/23\*

Position	Allocation
B 04/16/24 Govt	53.38%
B 03/28/24 Govt	44.27%
SPXW US 01/12/24 P4600 Index	-0.05%
TLT US 01/12/24 P96 Equity	-0.05%
TLT US 01/12/24 C104 Equity	-0.03%
SPXW US 01/12/24 P4325 Index	0.02%
SPXW US 01/05/24 P4625 Index	-0.01%
TLT US 01/05/24 P95 Equity	-0.01%
TLT US 01/12/24 C109 Equity	0.01%
TLT US 01/12/24 P91 Equity	0.00%
Cash	2.47%

\*Holdings are sorted by absolute weight and are subject to change without notice.

## Performance as of 12/31/23

	Cumulative Total Return				Annualized Total Return	
	3 Months	6 Months	YTD	Since Inception	1-Year	Since Inception
NAV	1.16%	3.07%	7.51%	8.30%	7.51%	7.00%
Market Price	1.17%	3.05%	7.70%	7.99%	7.70%	6.75%
ICE BofA US 3-Month Treasury Bill Index	1.37%	2.70%	5.02%	5.75%	5.02%	4.88%
Bloomberg US Corporate High Yield Total Return Index	7.16%	7.66%	13.45%	15.28%	13.45%	12.89%

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 Managers:

**Paul Kim**, Chief Executive Officer of the Adviser, **David Berns**, Chief Investment Officer of the Adviser, and **John Downing**, have each served the Fund as a portfolio manager since it commenced operations in October 2022. Mr. Kim, Mr. Berns, and Mr. Downing are jointly and primarily responsible for the management of the Fund.

## DEFINITIONS:

**Beta:** Slope coefficient of a linear regression between the S&P 500 Index and the underlying asset.

**Duration:** A measure of the sensitivity of an asset price to movements in yields.

**Global Market Portfolio:** Represents all assets—stocks, bonds, real estate, commodities, and other investments issued by governments and corporations—weighted in proportion to their relative market values.

**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.

**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.

**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.

**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://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 Fund invests in ETFs (Exchange-Traded Funds) and entails higher expenses than if invested into the underlying ETF directly. The lower the credit quality, the more volatile performance will be. When junk bonds sell off, the lowest-rated bonds are typically hit hardest known as blow up risk. Likewise, the riskiest bonds typically rise fastest in a bull market however these investments that don't have a credit rating are typically the most volatile, hard to price and the least liquid.

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.

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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