

# Build a Diversified Income Portfolio with Simplify's Equity Income ETFs

By: Jeff Schwarte, CFA, Chief Equity Strategist

## INTRODUCTION

Historically, investors have relied on traditional income sources such as dividend-paying stocks, bonds, real estate, and annuities to generate steady cash flow. However, these options have limited yields and can often fall short for investors in specific environments. That's where derivative income strategies come in, offering a revolutionary approach to income generation using tools like options and futures. In this blog, we review four of Simplify's equity income strategies and show how they can be used together to help investors meet their monthly income goals.

## SIMPLIFY EQUITY INCOME SOLUTIONS

Simplify has developed four innovative ETF strategies tailored to help investors meet their income objectives. Each ETF employs a distinct income strategy—ranging from put spreads and VIX roll yields to barrier options—creating complementary exposures that can perform across varying market environments. These differentiated approaches are designed to perform across varying market conditions, helping investors manage risk while generating consistent monthly cash flow. Whether used individually or in combination, these ETFs provide flexible and complementary solutions to enhance income potential. Figure 1 provides a brief overview of each equity income ETF.

Figure 1: Simplify's Equity Income ETFs

### HIGH | Simplify Enhanced Income ETF

Seeks to generate income by writing options with high probability (90%) of a positive outcome. Downside risk is capped through writing spreads.

### XV | Simplify Target 15 Distribution ETF

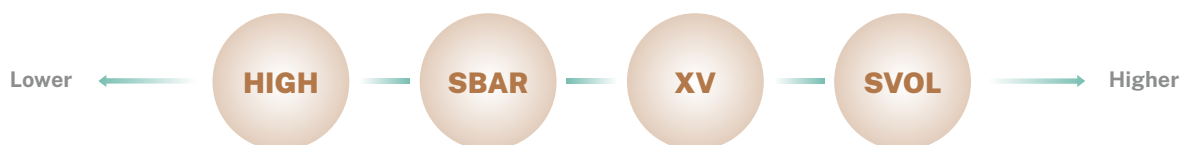
Seeks to generate a higher income than SBAR (with a target of 15%) in exchange for greater downside risk due to having a shallower barrier.

### SBAR | Simplify Barrier Income ETF

Seeks to generate greater income than HIGH by writing barrier options. Options have an increased tail risk should equities decline below the barrier.

### SVOL | Simplify Volatility Premium ETF

Seeks to generate income through selling VIX futures and other volatility selling strategies, as well as through owning Simplify ETFs. Highest volatility of the equity income lineup with unlimited upside potential.

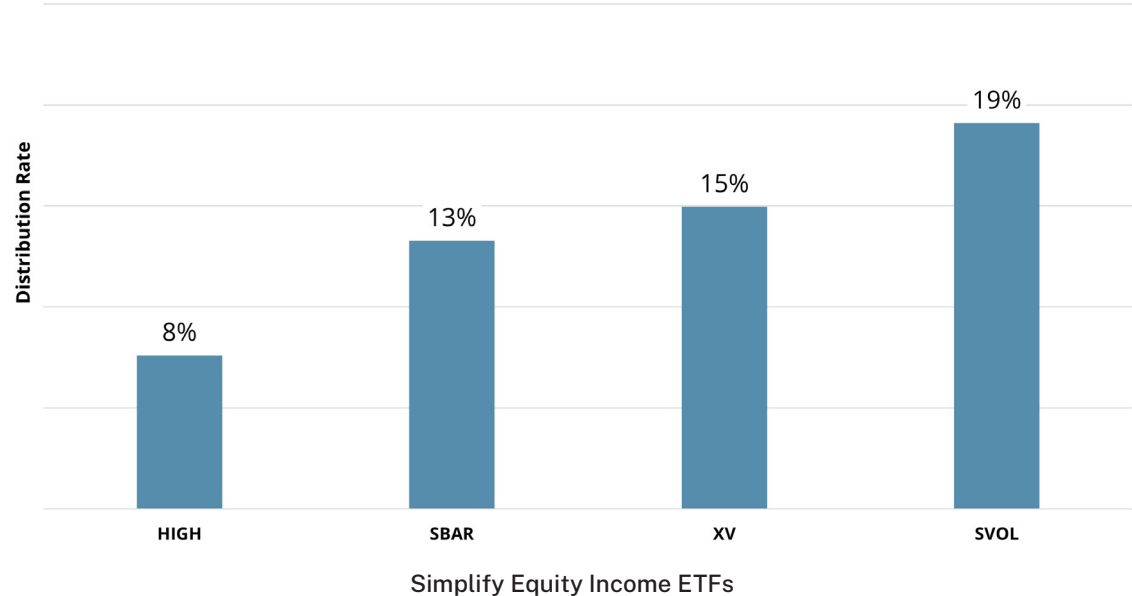


Risk and Return Potential

For illustrative purposes only

Simplify’s equity income ETFs are built to deliver consistent monthly distributions, offering investors reliable cash flow to support a variety of income needs. As shown in Figure 2, the annualized distribution yields as of May 2025 highlight the strength and potential of these strategies. Each ETF taps into a differentiated source of derivative-based income and is intentionally designed to align with a broad spectrum of risk tolerances, from conservative investors seeking stable income to those willing to accept higher risk in pursuit of elevated yields.

Figure 2: Simplify Equity Income ETFs - Distribution Rates  
May 2025



The Distribution Rate is the annual rate an investor would receive if the most recently declared distribution, which includes option income, remained the same going forward. The Distribution Rate is calculated by multiplying an ETF’s Distribution per Share by twelve (12), and dividing the resulting amount by the ETF’s most recent NAV. The Distribution Rate represents a single distribution from the ETF and does not represent its total return. HIGH’s distribution includes an estimated 49% Return of Capital (“ROC”). SBAR’s distribution includes an estimated 0% Return of Capital (“ROC”). XV’s distribution includes an estimated 0% Return of Capital (“ROC”). SVOL’s distribution includes an estimated 81% Return of Capital (“ROC”). The ROC percentage indicates the percentage of the distribution that reflects an investor’s initial investment.

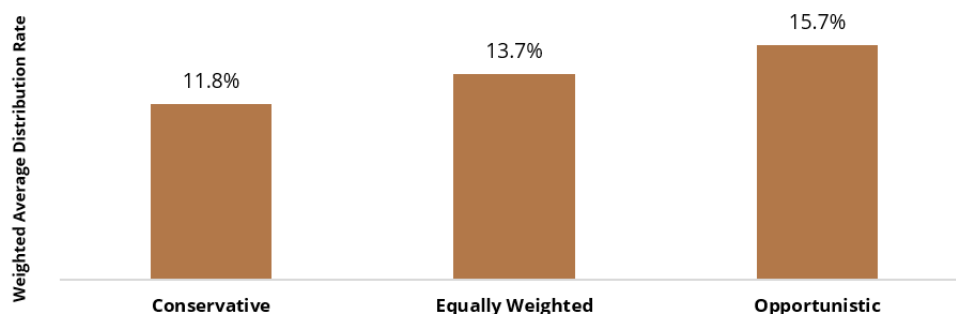
COMBINING EQUITY INCOME ETFS

Diversifying across Simplify’s derivative-based equity income ETFs offers a powerful way to mitigate strategy-specific risks while enhancing the consistency and resilience of income generation. Each ETF employs a distinct income strategy – ranging from put spreads and VIX roll yields to barrier options – creating complementary exposures that can perform across varying market environments. This multi-strategy approach not only smooths income delivery and reduces drawdown potential but also positions investors for stronger long-term, risk-adjusted returns. Figure 3 illustrates a thoughtfully constructed weighting framework and weighted average distribution rates, offering both conservative and opportunistic allocations to help investors tailor exposure based on their individual risk tolerance and income goals.

Figure 3: Weighting Framework and Weighted Average Distribution Rates

Weighting Framework				
Ticker	Distribution Rate	Conservative	Equally Weighted	Opportunistic
HIGH	8%	40%	25%	10%
SBAR	13%	40%	25%	10%
XV	15%	10%	25%	40%
SVOL	19%	10%	25%	40%
		100%	100%	100%

### Weighted Average Distribution Rate - May 2025



*The Distribution Rate is the annual rate an investor would receive if the most recently declared distribution, which includes option income, remained the same going forward. The Distribution Rate is calculated by multiplying an ETF's Distribution per Share by twelve (12), and dividing the resulting amount by the ETF's most recent NAV. The Distribution Rate represents a single distribution from the ETF and does not represent its total return. HIGH's distribution includes an estimated 49% Return of Capital ("ROC"). SBAR's distribution includes an estimated 0% Return of Capital ("ROC"). XV's distribution includes an estimated 0% Return of Capital ("ROC"). SVOL's distribution includes an estimated 81% Return of Capital ("ROC"). The ROC percentage indicates the percentage of the distribution that reflects an investor's initial investment.*

## IN CONCLUSION

For investors seeking dependable cash flow, our four differentiated equity income strategies offer powerful standalone benefits or can be combined into a comprehensive solution tailored to individual income goals. Each ETF taps into a unique source of derivative-driven yield—ranging from volatility harvesting to structured protection overlays—providing diversified income streams and dynamic risk control. These can then be combined to build diversified income solutions at very targeted yield levels.

## GLOSSARY

**Barrier Option:** A type of customized over-the-counter option in which the underlying reference assets, tenor, and barrier level are negotiated with a counterparty. They set a threshold ("barrier") below which the underlying notional value is fully exposed to the downside upon expiration.

**Distribution Yield:** The measurement of cash flow paid by an exchange-traded fund (ETF), real estate investment trust, or another type of income-paying vehicle. Rather than calculating the yield based on an aggregate of distributions, the most recent distribution is annualized and divided by the net asset value (NAV) of the security at the time of the payment.

**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 number of options are sold at a different strike, all at the same expiry.

**Put Spread:** A calculation of the profit or potential profit from an investment that considers the degree of risk that must be accepted to achieve it. The risk is measured in comparison to that of a virtually risk-free investment, usually the U.S. Treasuries.

**Risk-Adjusted Return:** A calculation of the profit or potential profit from an investment that considers the degree of risk that must be accepted to achieve it. The risk is measured in comparison to that of a virtually risk-free investment, usually the U.S. Treasuries.

**Volatility:** A measure of how much and how quickly prices move over a given span of time.

## 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 or Summary 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 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 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 Funds invest in ETFs (Exchange-Traded Funds) and are 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 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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