

# CTA | Simplify Managed Futures ETF

## Why CTA?



### Capital efficient, portfolio diversifier

Seeks to maximize the diversification benefit to traditional stocks and bonds, providing an uncorrelated source of risk and return



### Institutional-caliber strategy in daily liquid vehicle

Provides the benefits of a hedge fund strategy in an ETF vehicle while offering transparency and daily liquidity



### Systematic, daily rebalance evolves with changing markets

The models driving fund positioning are evaluated daily, allowing for real-time changes in positioning to capture opportunities

## Key portfolio benefits

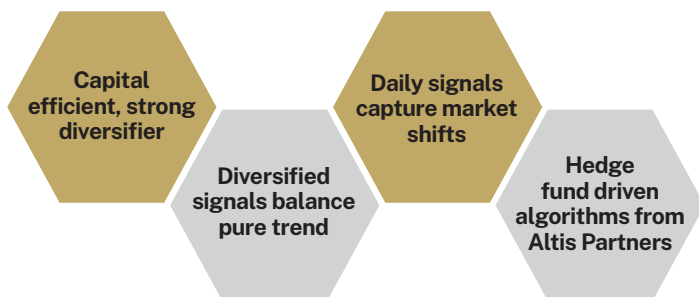
- Absolute returns
- Low correlation to equities
- Positive convexity in risk-off environments

CTA seeks to deliver these benefits by dynamically adjusting between long and short positions across commodity and interest-rate futures daily. Institutional-grade algorithms provide a complementary set of signals which the strategy uses to position accordingly.

## How a differentiated process can drive better outcomes

In addition to the core, trend following model, additional signals are incorporated to enhance diversification, increase strategy nimbleness, optimize position sizing, in addition to enhancing both return and reducing drawdown risk.

CTA's differentiated investment process and institutional algorithms have delivered attractive absolute and risk-adjusted returns to investors since inception.



*For illustrative purposes only. Subject to change.*

Uncorrelated source of absolute return

Provides "crisis alpha" or mitigation in risk-off events

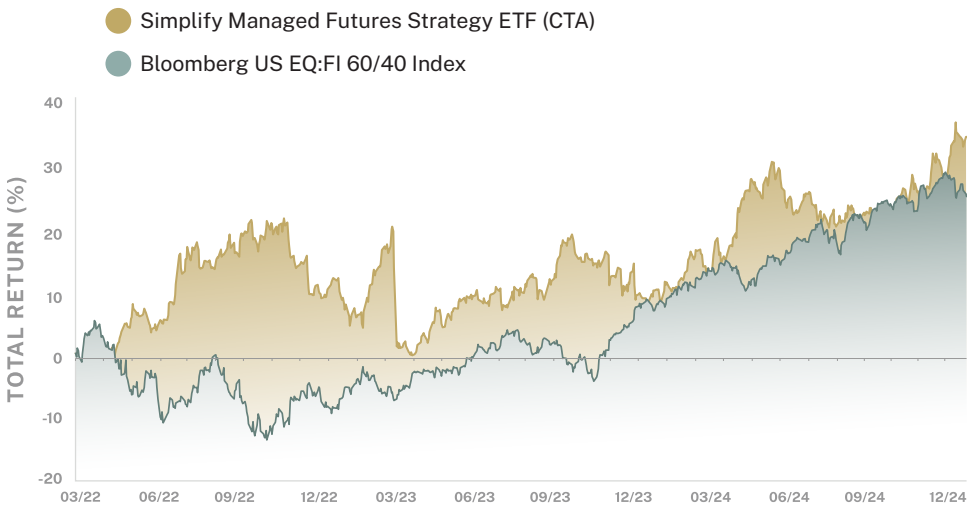
34+ tradeable markets

## Futures markets traded in CTA

Commodity	Interest-Rate
✓ Industrial Metals (e.g., Copper)	✓ US Treasury (e.g., 2Y or 10Y)
✓ Precious Metals (e.g., Gold)	✓ Canadian Bond (e.g., 2Y or 10Y)
✓ Soft Commodities (e.g., Cocoa)	✓ SOFR
✓ Livestock (e.g., Cattle)	
✓ Energy (e.g., WTI Crude)	

*Disclosure for Altis Partners relationship to Simplify.*

## The role of CTA within a portfolio



Since inception, CTA has delivered on a key objective to diversify from stocks and bonds in a multi-asset portfolio as evidenced by the chart on the left.

Additionally, CTA has delivered attractive absolute returns since its inception, in part to the underperformance of bonds over this period.

*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 the 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 [simplify.us/etfs](https://simplify.us/etfs). For standardized performance, go to [simplify.us/etfs/cta-simplify-managed-futures-strategy-etf](https://simplify.us/etfs/cta-simplify-managed-futures-strategy-etf).*

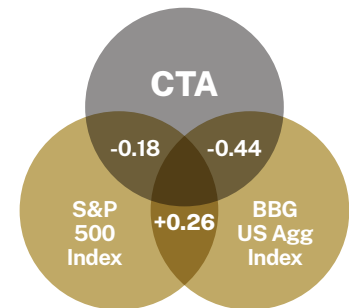
## Constructing portfolios with strong outcomes

Whether the concern is a risk-off event or wanting to participate in further upside, a prudent allocation of 10% to CTA, sourced from core bonds in a 60/40 can be beneficial to portfolios as evidenced by the greater return and reduced volatility in the table below. The correlation of stocks and bonds has recently become positive, further supporting the power of CTA as a diversifier.

03/08/22 – 12/31/24	Portfolio (60% US Equity; 30% US Bonds; 10% CTA)	Benchmark (60% US Equity; 40% US Bonds)
Cumulative return	29.83%	24.63%
Annualized return	9.63%	8.04%
Annualized volatility	10.73%	11.38%
Maximum drawdown	14.21%	17.29%
Sharpe Ratio	0.50	0.34

Data reflects period since CTA inception (03/08/2022) through 12/31/2024. The gross expense ratio of CTA is 0.76%.

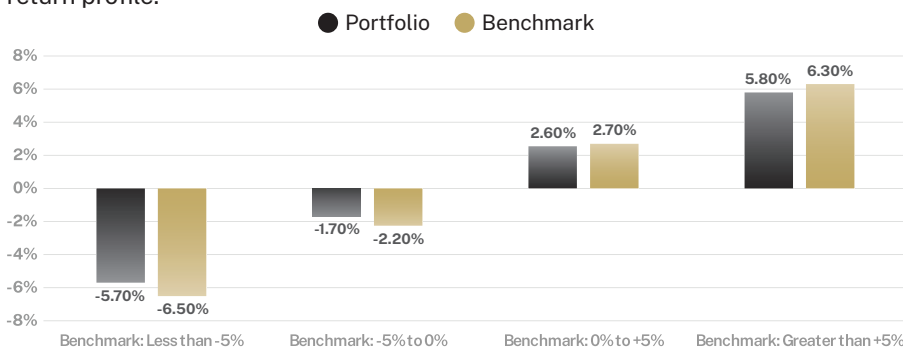
## Since Inception Correlation



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## Average return by benchmark regime (monthly)

Delivering on a key objective to protect in risk-off environments, CTA has shown to weather downside better than the benchmark 60/40 portfolio with its asymmetric return profile.



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**An investment in the fund involves risk, including possible loss of principal.**

The fund is actively-managed and subject to the risk that the strategy may not produce the intended results. The fund will also rely on the Futures Adviser's judgments about the value and potential appreciation of particular securities which if assessed incorrectly could negatively affect the Fund.

The Fund's use of futures may involve different or greater risks than investing directly in securities and the contract may not correlate perfectly with the underlying asset. These risks include leverage risk which means a small percentage of assets invested in futures can have a disproportionately large impact on the Fund. This risk could cause the Fund to lose more than the principal amount invested. Futures contracts may become mispriced or improperly valued when compared to the adviser's expectation and may not produce the desired investment results. The Fund's exposure to futures contracts is subject to risks related to rolling. Extended periods of contango or backwardation can cause significant losses for the Fund. Any short sales of the futures contracts by the fund theoretically involves unlimited loss potential since the market price of securities sold short may continuously increase.

Investments linked to commodity or currency futures contracts including exposure to non-U.S. currencies can be highly volatile affected by market movements, changes in interest rates or factors affecting a particular industry or commodity. Changes in currency exchange rates can be unpredictable or change quickly which will affect the value of the Fund.

Diversification does not assure a profit.

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## Definitions

**Alpha:** An investment strategy's ability to beat the market, or its "edge." Alpha is thus also often referred to as "excess return" or the "abnormal rate of return" in relation to a benchmark, when adjusted for risk.

**Annualized Volatility:** Measures how much a stock price varies over one year.

**Beta:** Measure of the volatility, or systematic risk, of a security or portfolio compared to the market as a whole (usually the S&P 500).

**Bloomberg US Aggregate Bond Index:** A broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

**Convexity:** A measure of how the duration of a bond changes as interest rates change. The greater the convexity of a bond, the greater that change will be for a specific interest rate shift.

**Foreign Exchange Market (FX):** The global marketplace for the trading of one nation's currency for another.

**Futures:** Derivative financial contracts that obligate parties to buy or sell an asset at a predetermined future date and price. The buyer must purchase or the seller must sell the underlying asset at the set price, regardless of the current market price at the expiration date.

**Futures Contract:** A legal agreement to buy or sell a particular commodity asset, or security at a predetermined price at a specified time in the future. Futures contracts are standardized for quality and quantity to facilitate trading on a futures exchange.

**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 U.S. Treasuries.

**Secured Overnight Financing Rate (SOFR):** A broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.

**Sharpe Ratio:** The ratio compares the return of an investment with its risk. It's a mathematical expression of the insight that excess returns over a period of time may signify more volatility and risk, rather than investing skill.



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