

# CRDT | Simplify Opportunistic Income ETF Toolkit

## Why CRDT?



### Complementary to Core Fixed Income Portfolios

The Fund complements core bond exposures by offering access to multiple fixed income sectors and asset classes. The Fund aims to optimize portfolio convexity by managing risk through different market environments and seeks to maximize total return.



### Hedge Fund-Style Strategy in ETF

This vehicle brings the benefits of a hedge fund strategy in an ETF format, dramatically reducing fee structure, while offering more transparency as well as daily liquidity. The Fund has no lockups, schedule K-1, or incentive fees that might be found across comparable strategies.



### Portfolio Diversifier

While correlations may vary through market cycles, the Fund's sources of risk and return are often minimally correlated to broader benchmarks across both equity and fixed income.

## Extracting Value From Diverse Sources

As markets shift, the management team continuously evaluates opportunities across markets and capital structures through the portfolio evaluation investment process.

### Sector Allocation Within Fixed Income Portfolios

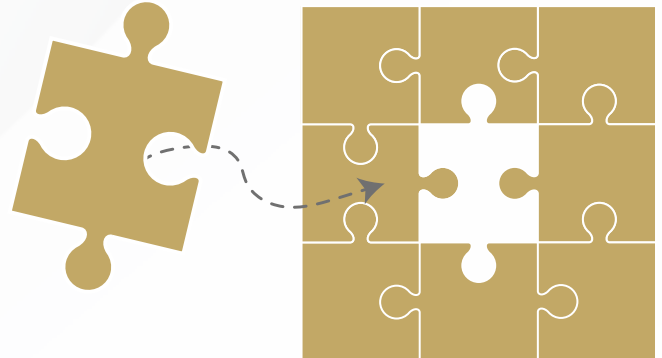
#### Primary Sectors

- US Corporate Credit
- High Yield Corporates
- Emerging Markets
- Preferred Stock
- Term Loans

#### Complementary Sectors

- Securitized products
- Treasuries
- Derivatives
- Mortgages

A diverse and distinct set of exposures work to harmonize the broader portfolio.



## Ongoing Portfolio Evaluation Process

MACRO RESEARCH	IDEA GENERATION	QUANTITATIVE RESEARCH	FUNDAMENTAL RESEARCH	UNDERWRITING
Analyze real world events and policy developments to form a consensus view of future global markets on a long-term basis.	Event-driven catalysts lead to the exploration of opportunities in dislocation.	A proprietary and differentiated approach to quantitative modeling as it relates to scenario analysis and expected value.	A bottoms-up approach to analyze company and industry-specific trends and events through fundamental analysis.	Once a trade passes all criteria, it is weighted based on conviction, time horizon, liquidity, and other factors.

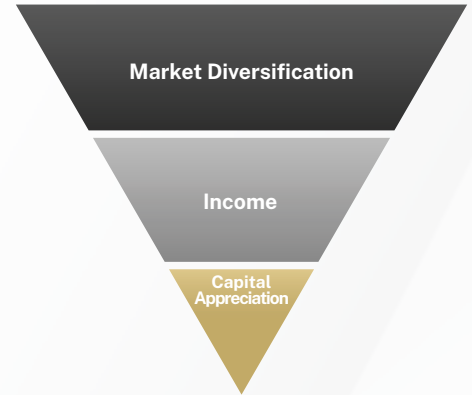
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## What Role Can CRDT Play In Your Portfolio?

Traditional passive bond funds can be a staple within a core fixed income model given their low fee structure and minimal tracking error. However, passive fixed income strategies on their own can suffer from a variety of issues. These may include suboptimal or constrained risk/return profiles, low or even negative portfolio convexity, and market-cap weighting rules that lead to a higher concentration in heavily indebted issuers.

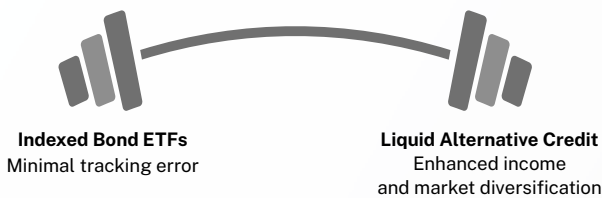
CRDT seeks to act as a robust and versatile enhancement for fixed income portfolios, potentially offering:

- Broader portfolio diversification
- Enhanced income generation
- Minimized volatility
- Greater capacity for capital appreciation
- Hedged outcomes



## The Barbell Approach: How To Think About Your Bond Portfolio

Balance your portfolio with cost-effective, index-based bond ETFs weighted against your fee allocation to alternative strategies such as CRDT.



CRDT vs Passive High Yield Index			
	CRDT	U.S. Aggregate Index	U.S. Universal Index
Duration (Yrs)	1.74	6.08	5.88
Portfolio Yield to Worst	11.15%	4.91%	5.13%
Annualized Volatility	5.69%	6.08%	5.61%
30-Day SEC Yield	7.75%	N/A	N/A

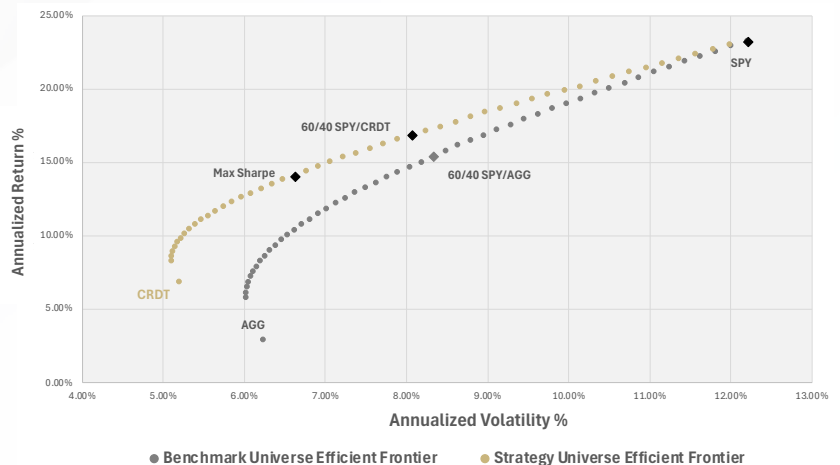
Data Source: Data from Bloomberg 6/27/23-12/31/24

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 and 30-day SEC yield current to the most recent month-end please call (855) 772-8488 or go to [simplify.us/etfs](https://simplify.us/etfs). Click [here](#) for the fund's prospectus, 30-day SEC yield, and standardized performance.

## Risk vs. Return of 60/40 Portfolios With CRDT Allocation

Our analysis shows that adding CRDT to the fixed income allocation of a generic sample 60/40 equity/bond portfolio of SPY (S&P 500 ETF) and AGG (iShares Core U.S. Aggregate Bond ETF) has both reduced portfolio volatility and enhanced total return for the time period from CRDT's inception to December 31, 2024.

Data Source: Data from Bloomberg 6/27/23-12/31/24



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## 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](https://SimplifyETFs.com). Please read the prospectus carefully before you invest. Click [here](#) for the fund's prospectus and standardized performance.

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.

Emerging Markets Risk. Investing in emerging markets involves not only the risks described with respect to investing in foreign securities, but also other risks, including exposure to economic structures that are generally less diverse and mature, limited availability and reliability of information material to an investment decision, and exposure to political systems that can be expected to have less stability than those of developed countries. Futures Risk. The Fund's use of futures involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

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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