SIMPLIFY ETFs

WUSA | Simplify Wolfe US Equity 150/50 ETF

As of September 23, 2024

Overview

The Simplify Wolfe US Equity 150/50 ETF (WUSA) seeks to provide capital appreciation by taking a long position in about 250 stocks combined with a short position in about 150 stocks.

A machine learning algorithm is used to analyze hundreds of fundamental factors to determine the stocks with the highest and lowest forward expected returns.

The “150/50” in the name refers to the allocation of 150% of the fund’s assets into the long basket and 50% of the fund’s assets into the short basket, resulting in net equity exposure of 100%

Key Points

- Designed as a complement to a long-only equity allocation
- Maintains an ability to harvest returns from rising or falling equity prices
- Utilizes machine learning – a form of artificial intelligence – to select stocks with the highest return potential
- Daily liquidity with no K-1 tax forms

Strategy Details

- WUSA will invest in two baskets of stocks – a long basket of 250 U.S. stocks and a short basket of 150 U.S. stocks – via total return swaps.
- The portfolio’s equity ranking system is driven by a proprietary multi-factor, machine-learning stock selection model developed by Wolfe Research, the fund’s subadvisor and industry-leading quantitative research firm.
- A machine learning algorithm analyzes over 300 factors across thousands of data points to detect patterns that can help forecast securities prices. Unlike a quantitative model designed by humans, a machine learning algorithm “learns” from historical data and develops its own model by identifying statistically significant patterns.
- The advantage of the 150/50 allocation is that it widens the spectrum of returns (positive or negative) that the fund can potentially harvest in the pursuit of capital appreciation.

Portfolio Application

Equity Diversification: Can be used to complement a portfolio’s existing equities. Adding the ability to short equities is a return driver that’s unavailable to long-only equity portfolios. The addition of the machine-learning element adds another type of diversification, as it introduces artificial intelligence into the stock selection process.

Details | **Ticker:** WUSA | **Inception Date:** 09/23/2024 As of 09/30/24

SEC 30-Day Yield	SEC 30-Day Yield Unsubsidized	Gross Expense Ratio	Exchange	CUSIP	Net Assets
—	—	0.75%	NYSE	82889N 434	$2,500,000

Current Holdings as of 09/23/24

Position	Allocation	Notional (Delta=1)
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—

*Holdings are subject to change without notice.

Performance as of 09/23/24

	Cumulative Total Return				Annualized Total Return	
	3 mo	6 mo	YTD	Since Inception	1-Year	Since Inception
NAV	—	—	—	—	—	—
Market Price	—	—	—	—	—	—
ICE BofA U.S. 3-Month Treasury Bill Index	—	—	—	—	—	—

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:

Machine Learning: Machine learning (ML) is a subset of artificial intelligence that allows computers to learn and improve without explicit programming. ML uses algorithms to analyze data, identify patterns, and make predictions. The more data a machine learning system is exposed to, the more accurate its predictions become..

K-1: 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.

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.

Swap: An agreement between two parties to exchange sequences of cash flows for a set period of time. Usually, at the time the contract is initiated, at least one of these series of cash flows is determined by a random or uncertain variable, such as an interest rate, foreign exchange rate, equity price, or commodity price.

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 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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