

# CRDT | Simplify Opportunistic Income ETF

## FUND OVERVIEW

The **Simplify Opportunistic Income ETF (CRDT)** seeks to provide current income, with long-term capital appreciation as a secondary objective. CRDT is an actively managed opportunistic credit strategy focused on security selection within high-yield, investment grade, and distressed debt. By deploying a multi-step investment process that combines macroeconomic, quantitative, and fundamental research, the fund seeks to generate alpha that diversifies the traditional investment portfolio.

The strategy is sub-advised by Asterozoa Capital, an alternatives manager focused on opportunistic investing across the capital structure while minimizing risks/correlations through portfolio construction and hedging.

## PERFORMANCE REVIEW

CRDT notched a small gain of 0.12% during the quarter, slightly lagging its benchmark and the broader High Yield Index but ending above Investment Grade corporates. Securitized bonds, mortgage-related and asset-backed securities (ABS); foreign positions including sovereign credit default swaps (CDS) buy protection; and futures and total return swaps (TRS) overlays (e.g., long Quality vs. Junk equities) added to performance while corporate holdings detracted in roughly equal measure. The fund continues to focus on undervalued sectors like ABS and corporates where management is addressing credit fundamentals and will continue to accentuate cheap high yield and distressed credits versus index underweights, where our view is that the overall spread is too tight.

**Performance as of 06/30/24** | Inception Date: 06/26/23

	CUMULATIVE TOTAL RETURN				ANNUALIZED TOTAL RETURN	
	3 Mo	6 Mo	YTD	Since Inception	1 Year	Since Inception
<b>NAV</b>	0.12%	-0.14%	-0.14%	5.10%	5.05%	5.04%
<b>Market Price</b>	0.16%	-0.12%	-0.12%	5.03%	5.12%	4.99%
<b>Bloomberg U.S. Universal Total Return Index</b>	0.19%	-0.28%	-0.28%	3.11%	3.47%	3.08%

The performance data quoted represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. In addition, 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 <https://www.simplify.us/etfs>.

## FUND DETAILS as of 06/30/24

### TOP TEN HOLDINGS\*

POSITION	ALLOCATION
MORGAN STANLEY CUSTOM QUALITY INDEX	9.95%
T Bills	7.35%
MORGAN STANLEY CUSTOM JUNK INDEX	-7.05%
FNCL	4.04%
T Bills	20.09%
OCTL	2.67%
MBONO	2.41%
NLY	2.38%
AGNC	2.30%
05Y5BRAB2	-2.09%
Cash	-12.84%

\*Holdings are subject to change without notice.

### 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.

**Asset-Backed Securities (ABS):** Securities created from the pooling of non-mortgage assets. These securities are usually backed by credit card receivables, home equity loans, student loans, and auto loans.

**CDS (Credit Default Swap):** A financial derivative that allows an investor to swap or offset their credit risk with that of another investor.

**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.

**Investment Grade:** Refers to the quality of a company's credit and must be rated at 'BBB' or higher by Standard and Poor's or Moody's. Credit quality does not refer to the fund itself.

<b>Gross Expense Ratio</b>	0.95%
<b>Net Expense Ratio**</b>	0.50%
<b>SEC 30-Day Yield</b>	7.94%
<b>SEC 30-Day Yield Unsubsidized</b>	7.48%

\*\*The adviser has contractually agreed to waive its fee payable under the management agreement by 0.45% through at least October 31, 2024.

**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.

**Options:** 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.

**TRS (Total Return Swaps):** A total return swap is a swap agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains.

**Quality Minus Junk:** The return of a basket of 100 stocks whose bond rating is investment grade minus the return of 100 stocks whose bond rating is below investment grade (junk).

**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.

## **IMPORTANT INFORMATION:**

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**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.

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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