

DIVIDEND STRATEGY SERIES



THE POWER OF A QUALITY DIVIDEND INVESTMENT STRATEGY
Q1 2020

// THE POWER OF A QUALITY DIVIDEND INVESTMENT STRATEGY

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All investing involves risk. See [page 28](#) to learn more about these risks.



THE POWER OF DIVIDEND INVESTING

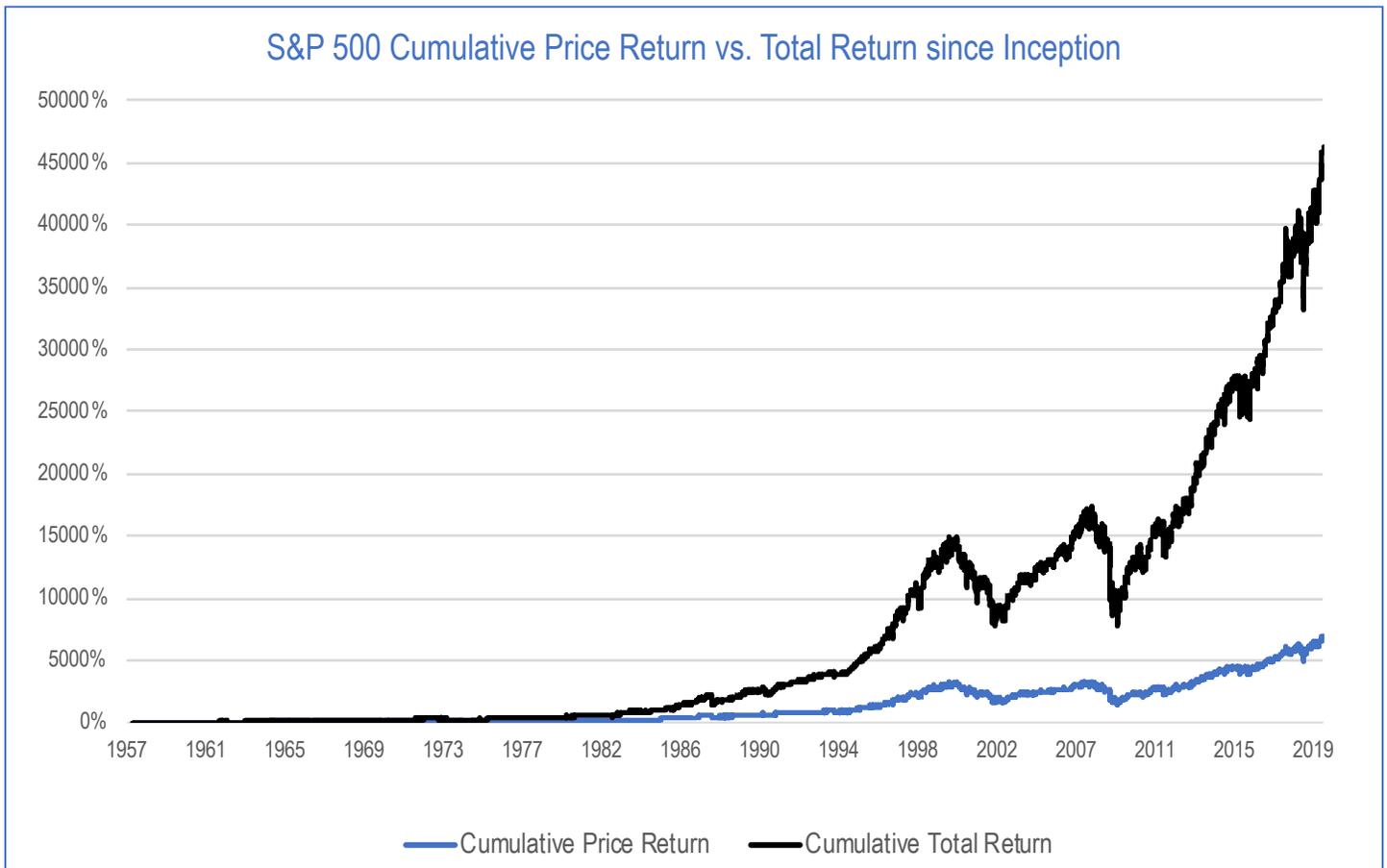
Dividends are payments that companies make to shareholders at regular intervals, usually quarterly. Dividends and compounding may be a strong force in generating investor returns and growing income.

THE MOST POWERFUL FORCE IN THE UNIVERSE?

Albert Einstein once stated, “Compound interest is the most powerful force in the universe.” This theory is highlighted by the contribution from dividends and compounding to the long-term performance of the S&P 500.

The S&P 500 is widely regarded as one of the best gauges for the large-cap U.S. stock market. Dating back to the start of 1957, the price return of the S&P 500 is over 6500%. The total return which includes the impact of dividends and compounding is over 46000%. Approximately 80% of the hypothetical total return that an investor would have earned over this long period is attributable to dividends and compounding.

*“Compound interest is the most powerful force in the universe.” - Albert Einstein
80% of S&P 500 total returns come from dividends and compounded returns.*



Source: Bloomberg Finance L.P., data as of 12/31/2019.

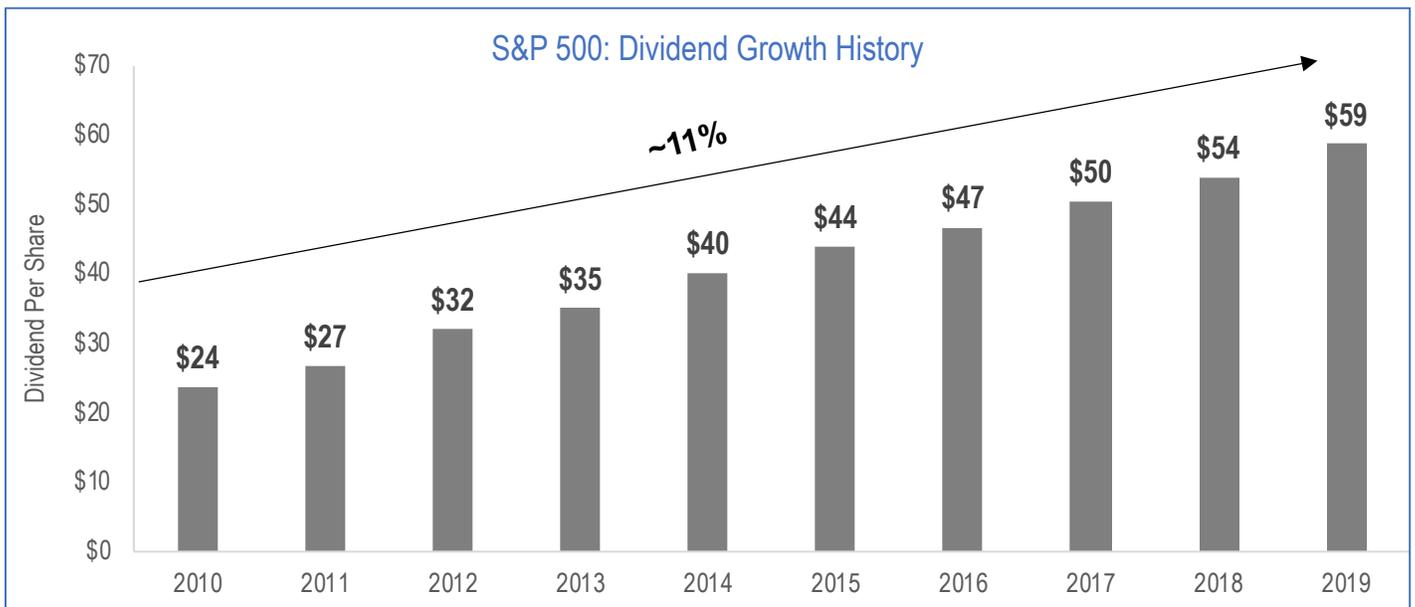
For Indices and Financial Definitions, please see [page 26](#).

Past performance does not guarantee future results. The referenced index is shown for general market comparisons and is not meant to represent the O'Shares Funds. Investors cannot directly invest in an index.



DIVIDEND GROWTH HAS GENERATED INCOME GROWTH

Investors looking to boost the income generated by their portfolio may want to consider high quality dividend paying stocks. Profitable dividend paying companies have the ability to maintain and even grow dividend payments to their investors. This is demonstrated by the growth in dividends per share paid by the companies in the S&P 500. From 2010 through 2019 the dividends per share paid by the companies in the S&P 500 have more than doubled, a growth rate of nearly 11% per year.



Source: Bloomberg Finance L.P., data as of 12/31/2019.

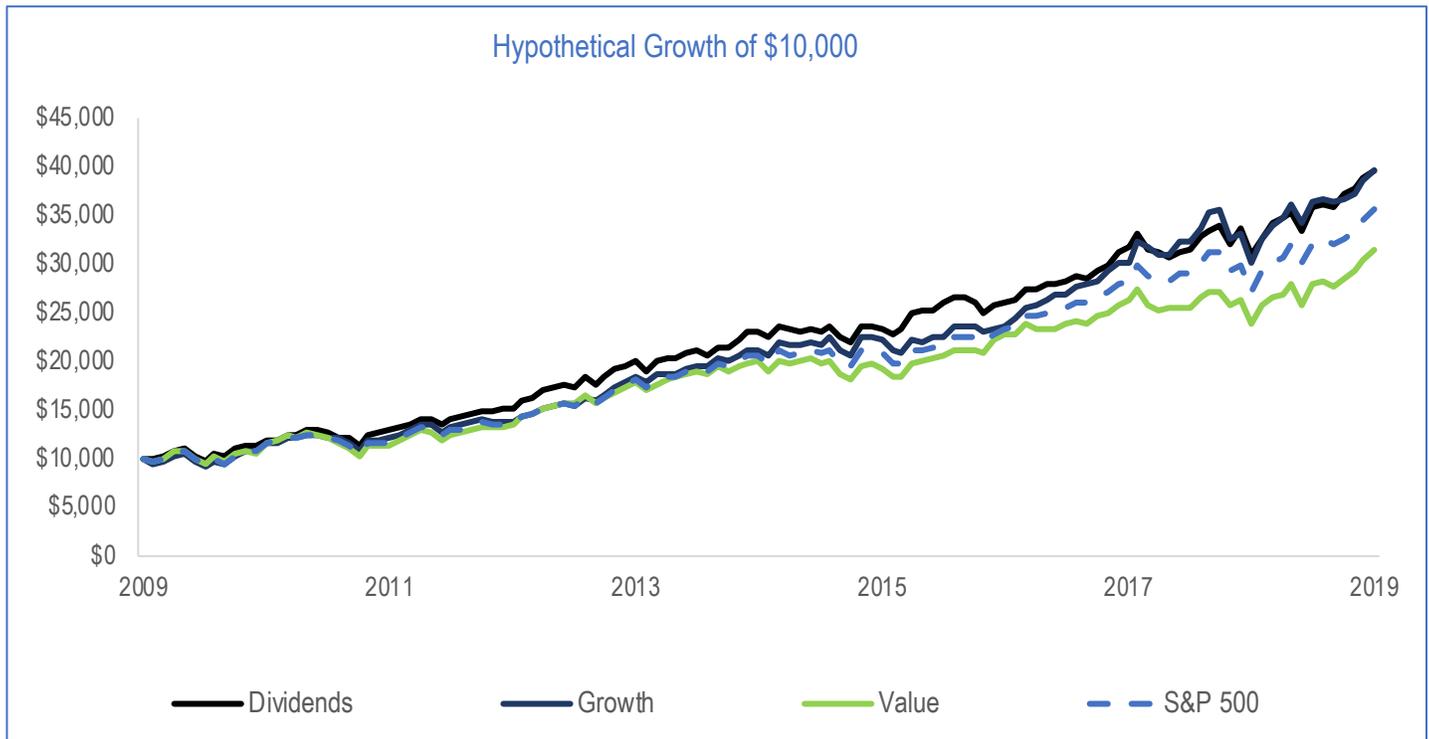
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DIVIDENDS BEAT VALUE OVER 3, 5 AND 10 YEARS

Dividends Beat Value over 10 Years

Investors often oversimplify the categorization of stocks into growth and value. Dividends may deserve a core allocation to an equity portfolio, not only for seeking income and risk reduction but for strong performance. Over the past 10 years, dividend stocks have outperformed value and the S&P 500. Additionally, dividends have outperformed value in the 3 and 5-year periods as well. The hypothetical growth of \$10,000 invested over 10 years in dividends results in nearly \$40,000. The hypothetical growth of \$10,000 invested over 10 years in value or the S&P 500 were approximately \$31,000 and \$36,000, respectively.



Performance Summary

	1Y	3Y	5Y	10Y
Dividends	28.0%	14.8%	11.3%	14.7%
Value	31.9%	11.5%	9.5%	12.1%
Growth	31.1%	18.6%	13.5%	14.8%
S&P 500	31.5%	15.2%	11.7%	13.5%

Source: Bloomberg Finance L.P., data as of 12/31/2019.

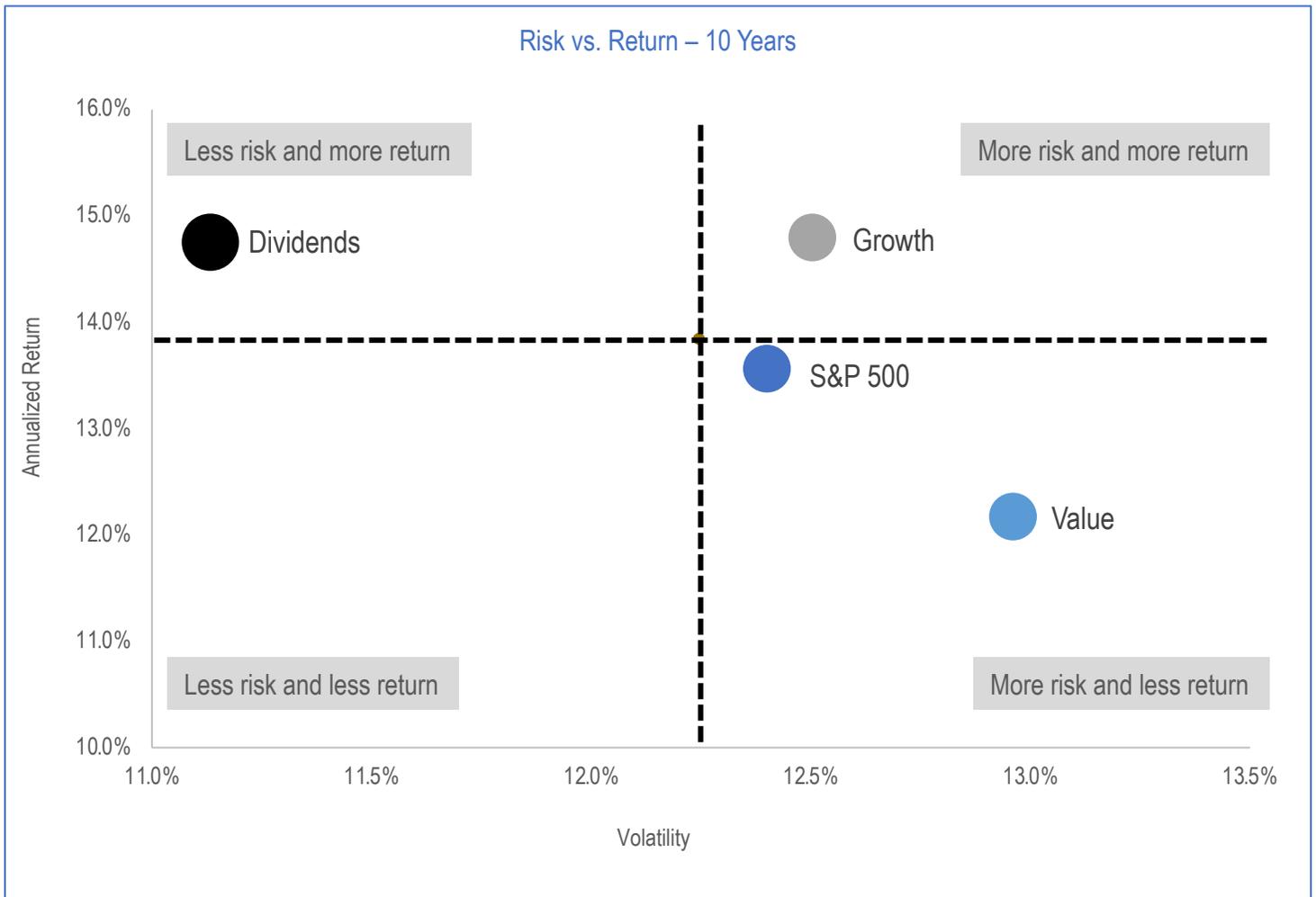
For Indices and Financial Definitions, please see [page 26](#).

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DIVIDENDS INSTEAD OF VALUE?
 BETTER RISK ADJUSTED RETURN POTENTIAL

Dividends in an equity portfolio may provide strong returns and help reduce risk. What may come as a surprise to investors is that over 10 years, dividend strategies have performed about the same as generic growth with much less risk. Going back 10 years, dividends have generated an annualized return of nearly 15% compared to the S&P 500 and Value which were ~13% and ~12%, respectively.

Dividends were less risky and generated stronger performance than Value.



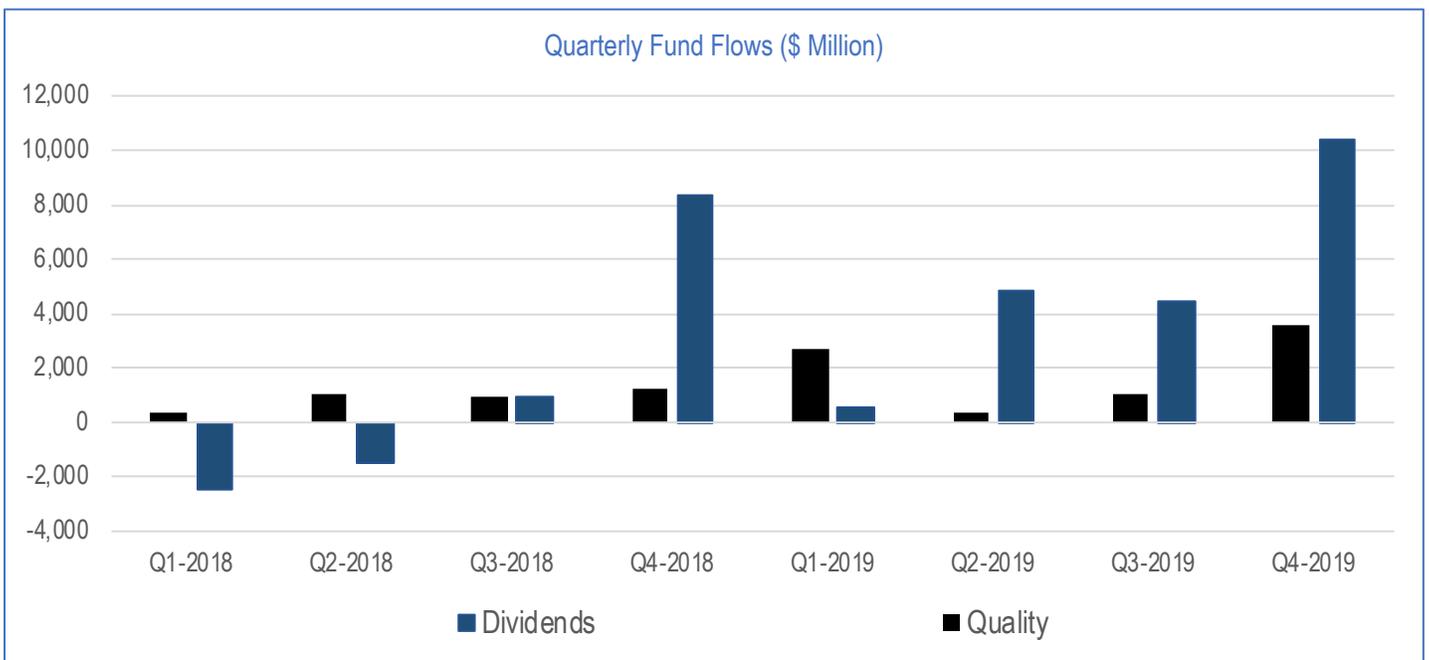
Source: Bloomberg Finance L.P., data as of 12/31/2019. Volatility: Monthly annualized standard deviation. For Indices and Financial Definitions, please see [page 26](#).



ETF STRATEGY FUND FLOWS: QUALITY AND DIVIDENDS

Quality and Dividend ETF strategies have taken in over \$20 billion and \$7 billion, respectively in 2019.

During 2019, yield curve inversion, slowing global growth and trade wars had investors potentially positioning their portfolios for late economic cycle investing by shifting to Quality and Dividend strategies.



Source: Bloomberg Finance L.P., data as of 12/31/2019. Quality: ETFs categorized as Quality focused by Bloomberg. Dividends: ETFs categorized as Dividend/Yield focused by Bloomberg. Bloomberg classifications based on documents and issuer input. For informational purposes only. Not meant to represent any investment.

WHERE CAN INVESTORS TURN FOR INCOME?

Dividend stocks, bonds, real estate investment trusts (REITs) and master limited partnerships (MLPs) are categories investors may use to generate income in their portfolios. Selecting an investment based on yield alone may result in unexpected risks. Each of these categories has unique characteristics that investors may want to consider before investing.

INCOME CATEGORIES: WHY LOOKING AT YIELD MAY NOT BE ENOUGH

Dividends

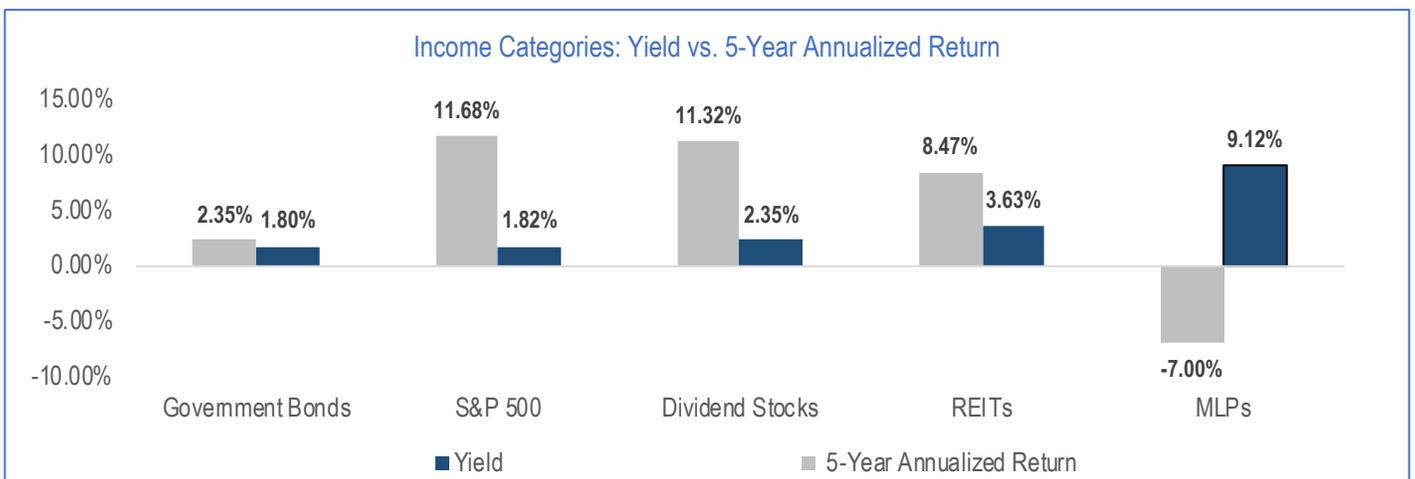
Dividend stocks have outperformed government bonds, REITs and MLPs over the past 5 years. In addition, they have provided investors with more yield than the S&P 500 and government bonds.

REITs and MLPs: The Good, the Bad and the Ugly

REITs offer an attractive yield relative to the S&P 500 and dividend stocks but come with their own set of unique risks. REITs are linked to real estate prices so as the prices of real estate ebb and flow, so do REITs. Additionally, they may perform poorly during periods of rising interest rates. Lastly, REITs have elevated debt levels (leverage) and weaker dividend coverage ratios relative to dividend stocks.

MLPs have performed poorly relative to these other income categories. MLPs are publicly traded partnerships that usually own energy-infrastructure related assets. As such, their performance is generally impacted by oil and commodity prices. Oil prices have been depressed during the last 5 years of the decade relative to the first 5 years. MLPs are also highly leveraged relative to dividend stocks and generally have lower dividend coverage ratios.

Before investors reach for the highest yielding investments, it may be worth a quick look under the hood first.



Name	Yield	Net Debt to EBITDA	Dividend Coverage Ratio
Dividend Stocks	2.35%	2.23	2.1
MLPs	9.12%	4.73	0.9
REITs	3.63%	6.03	1.0

Source: Bloomberg Finance L.P., data as of 12/31/2019. [Seeking Alpha, "When MLPs Lead To Large Losses"](#), [What are Risks of Real Estate Investment Trusts \(REITs\)?](#)

For Indices and Financial Definitions, please see [page 26](#).



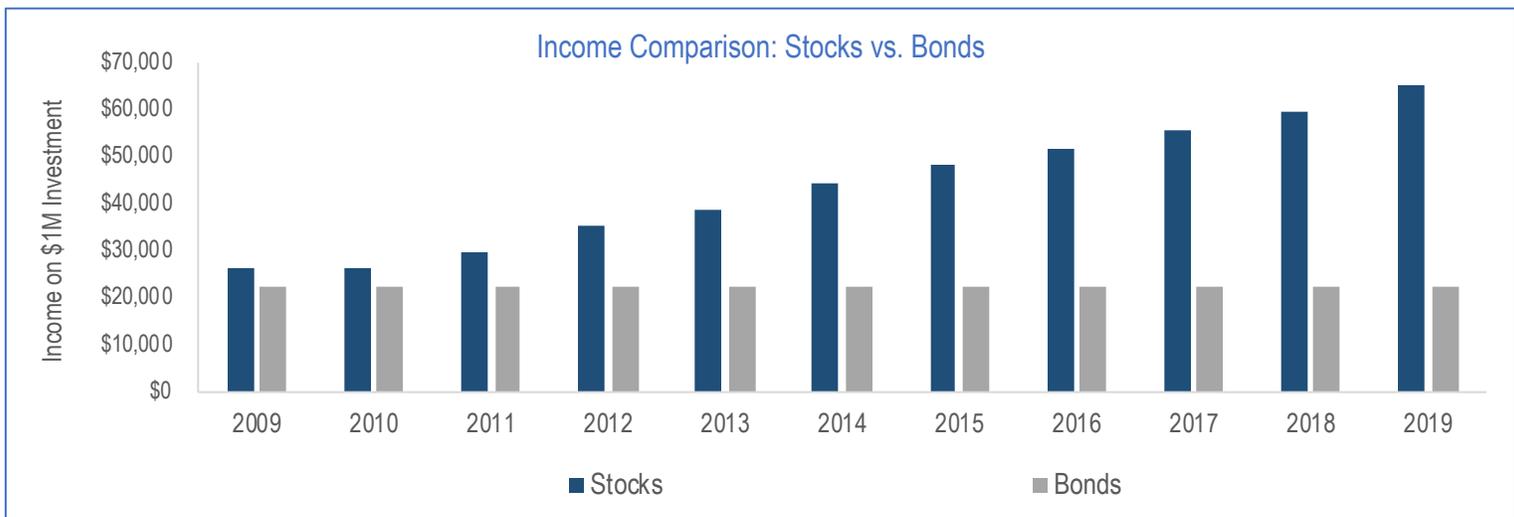
GENERATING INCOME FOR CLIENTS, INVESTING \$1,000,000

Stocks:

S&P 500 dividend per share was \$23.59 in 2009
 \$1M investment would generate over \$26,000 in income
 Dividend per share has been growing each year
Income has more than doubled.

Bonds:

U.S. 10-year yield was 2.21% in 2009
 \$1M investment would generate over \$22,000
 At maturity, investor gets par, and has reinvestment risk
If yields go lower (e.g. per Japan, Europe), less income.



Assumptions:

Investment amount (2008): \$1,000,000.
 Bond Yield: 2.21% based on U.S. 10-Year Treasury Bond.

Source: Bloomberg Finance L.P., data as of 12/31/2019.
 For Indices and Financial Definitions, please see [page 26](#).
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WHY QUALITY MATTERS?

Quality And Dividends

Combining these two strategies could provide strong performance with less risk. Quality may be defined as companies with stronger profitability and balance sheets, those exhibiting higher return on assets and lower leverage. Companies of higher quality, may be better positioned to maintain and grow dividends.

Profitability: Stronger ROA, stronger performance

- ROA by quartile: Most profitable companies have outperformed
- ROA by sector: Sectors With Stronger ROA have outperformed

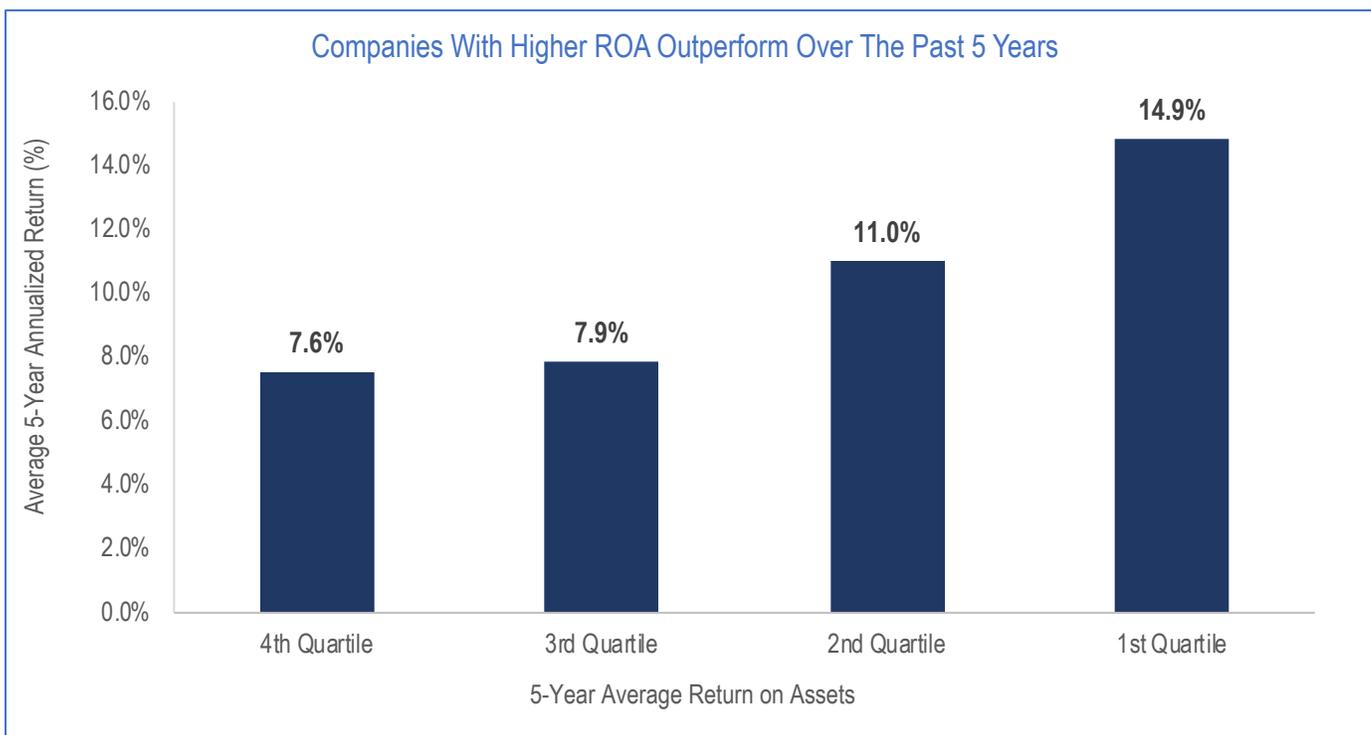
Leverage: Companies with more cash and less debt in each sector have tended to outperform.

Quality Dividend strategies may improve risk-adjusted return.

PROFITABILITY: STRONGER ROA, STRONGER PERFORMANCE

Profitability is the objective of all companies so though it may be intuitive that the most profitable companies in the S&P 500 are also the best performers, the margin by which they outperform may come as a surprise.

Using return on assets (ROA) as a measure of profitability, companies in the top quartile of the S&P 500 have generated an average 5-year annualized return of nearly 15%, more than double that of the companies in the 4th quartile.



Quartile	Average ROA	Average Performance
1st Quartile	15.3%	14.9%
2nd Quartile	7.8%	11.0%
3rd Quartile	4.4%	7.9%
4th Quartile	1.4%	7.6%

Source: Bloomberg Finance L.P., data as of 12/31/2019.

For Indices and Financial Definitions, please see [page 26](#).

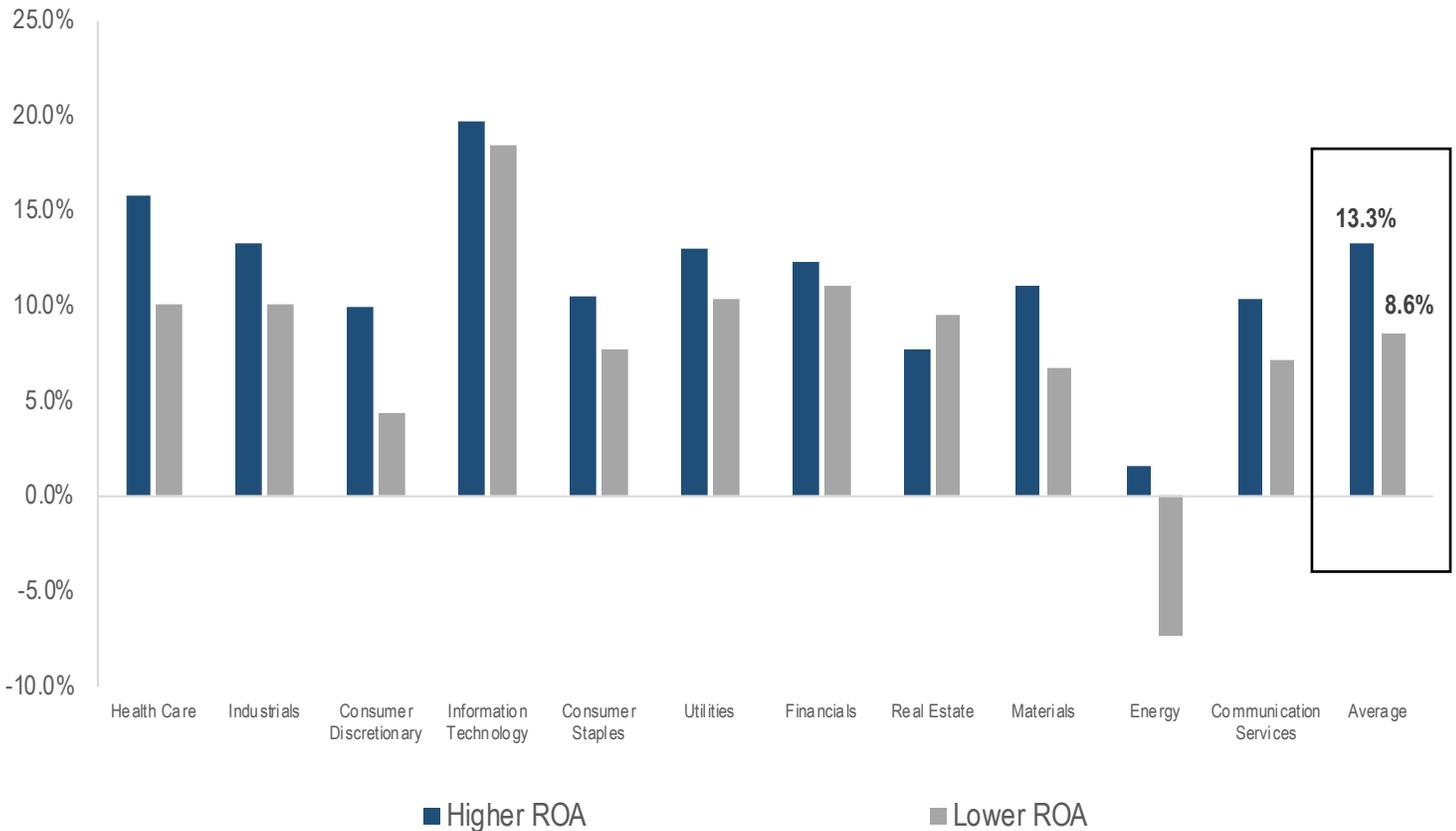
The data presented is for informational purposes only and is not meant to represent the O'Shares ETFs. Past performance does not guarantee future results.

SECTORS WITH STRONGER ROA HAVE OUTPERFORMED

The relationship between stronger ROA and stronger performance tends to persist in most sectors. The most profitable companies in 10 out of 11 S&P 500 sectors generated higher 5-year annualized returns on average than those with lower ROA.

Companies with stronger ROA have tended to outperform by over 400 basis points on average compared to those with lower ROA.

Stronger Profitability - Superior Performance
Average Annualized 5-Year Return by Sector



Source: Bloomberg Finance L.P., data as of 12/31/2019.

For Indices and Financial Definitions, please see [page 26](#).

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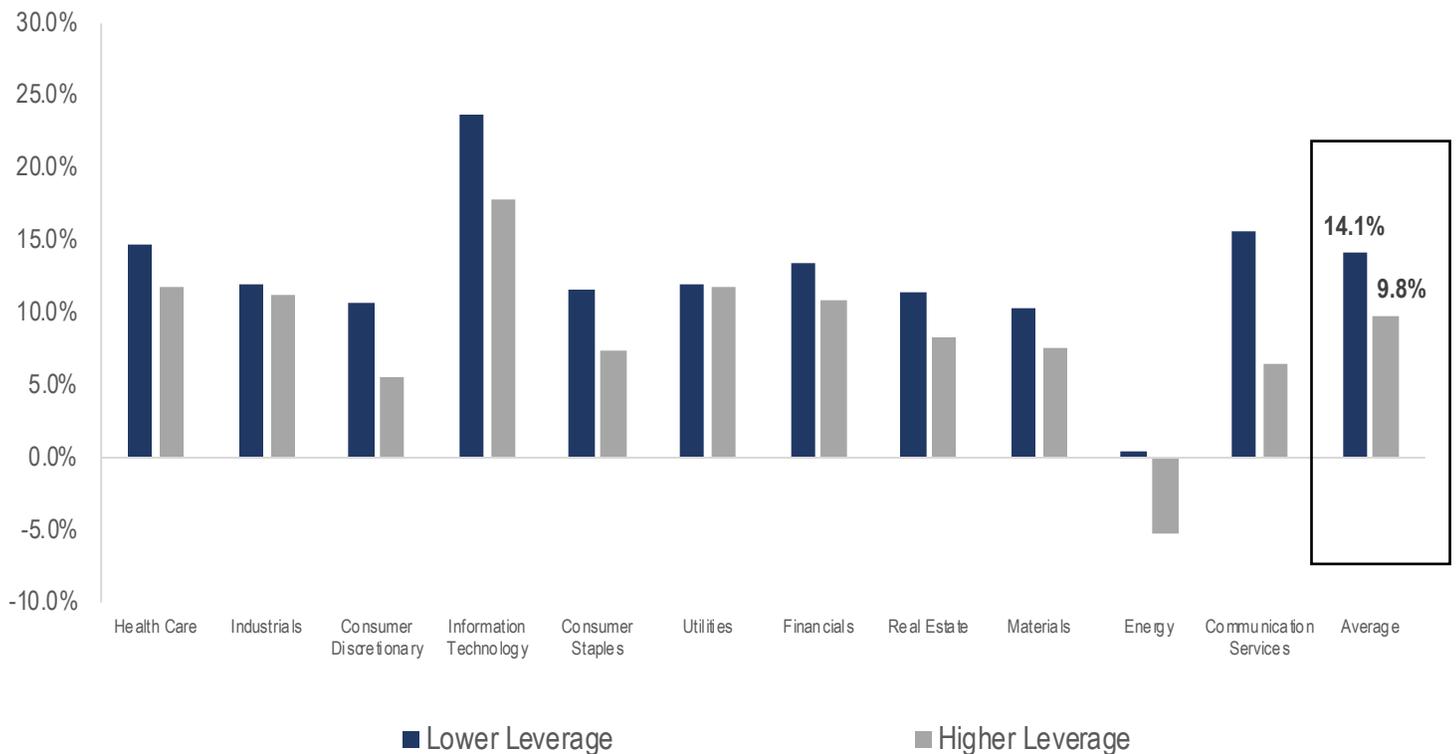
QUALITY: LOWER LEVERAGE, STRONGER RETURNS

Leverage is a measure of how much debt a company employs in their capital structure. Responsible use of debt can help companies grow while a, overly heavy debt burden may lead to deteriorating financial health and performance. Using cash flow from operations to total debt (CFO/Total debt), companies with a higher ratio would have lower leverage, while companies with lower cash flow relative to their total debt would have higher leverage.

The relationship between lower leverage and stronger performance tends to persist in most sectors. The companies with lower leverage in all 11 S&P 500 sectors generated higher 5-year annualized returns on average than those with higher leverage.

Companies with lower leverage have tended to outperform by over 400 basis points on average compared to those with higher leverage.

Lower Leverage - Superior Performance
Average Annualized 5-year Return by Sector



Source: Bloomberg Finance L.P., data as of 12/31/2019.
 For Indices and Financial Definitions, please see [page 26](#).
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OUSA: O'SHARES FTSE U.S. QUALITY DIVIDEND ETF

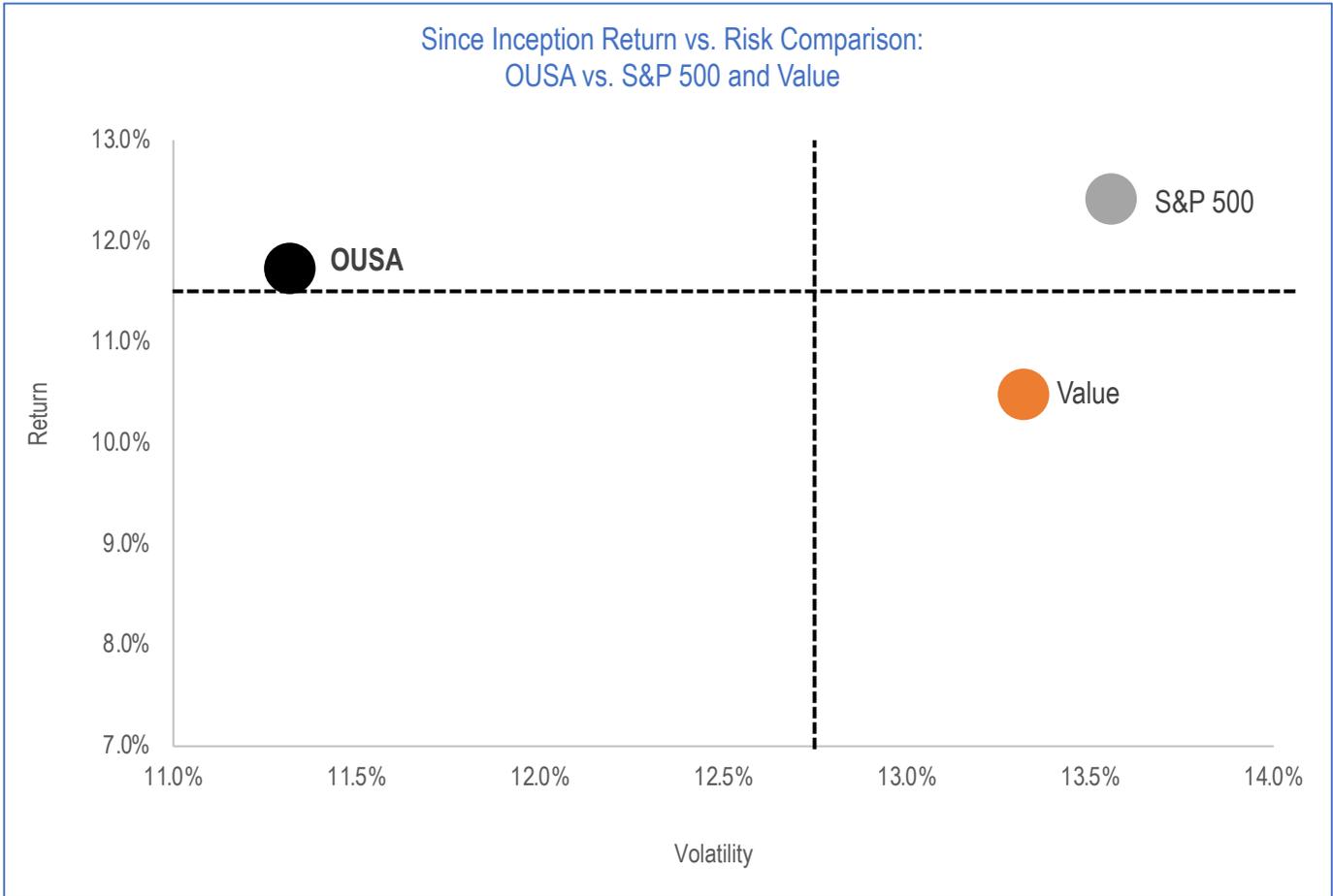
Quality Advantages. Companies with strong profitability and balance sheets may provide strong performance and less downside risk.

Performance. High Quality Dividend paying companies provide a performance alternative to value investing.

Diversified Portfolio. Over 100 major companies selected according to measures of financial quality.

QUALITY BEATS VALUE, STRONGER PERFORMANCE, LESS RISK

- OUSA has outperformed Value with less risk.
- OUSA has provided better downside protection than Value.



	1Y	S/I	Volatility	Upside	Downside	Up/Down Ratio
OUSA	25.2%	11.7%	11.3%	80%	70%	1.15
Value	31.9%	10.5%	13.3%	94%	104%	0.90
S&P 500	31.5%	12.4%	13.6%	100%	100%	1.00

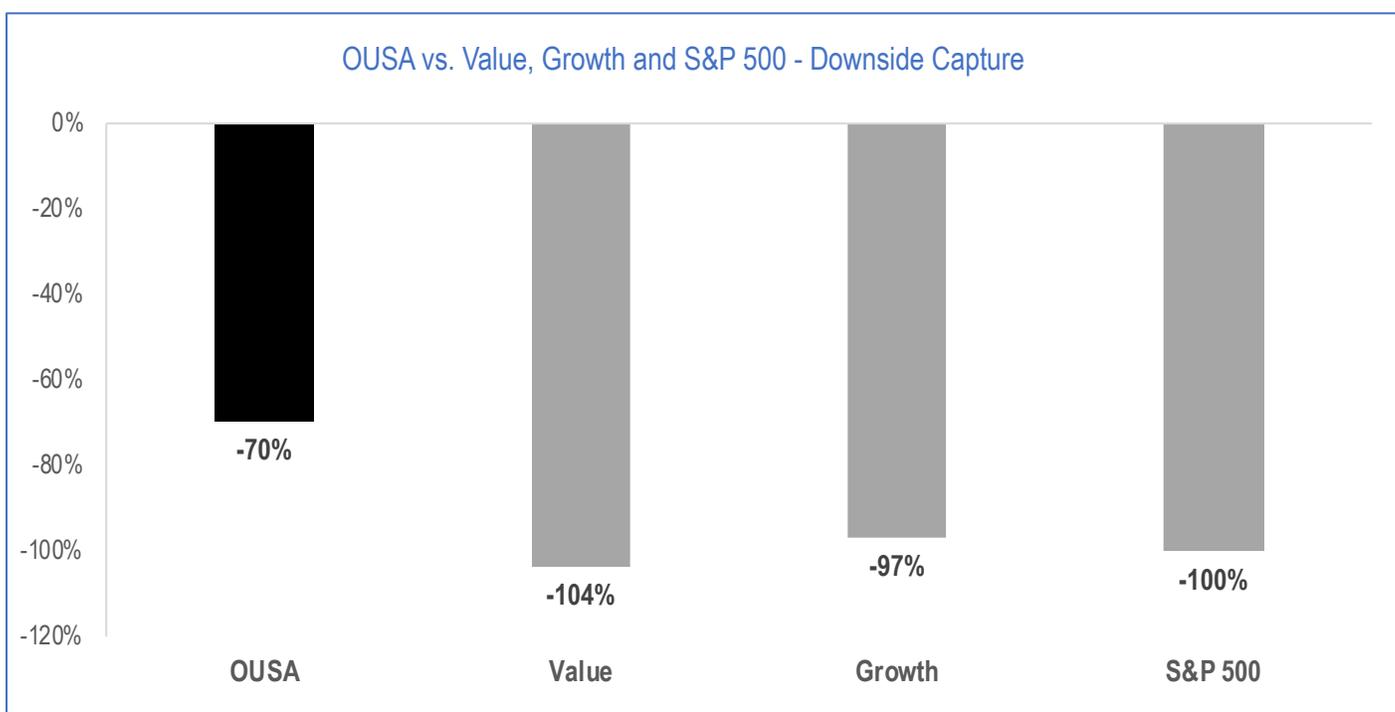
Source: Bloomberg Finance L.P., performance data as of 12/31/2019. Returns for periods longer than 1 year are annualized. Volatility (S/I): Annualized daily standard deviation from inception date (7/14/2015). Performance is measured as mean return. S/I: Inception Date: 7/14/2015. Upside/Downside Capture: Since Inception 07/14/2015. For Indices and Financial Definitions, please see [page 26](#). For standard performance of OUSA, see [page 20](#). Past performance does not guarantee future results. The referenced indices are shown for general market comparisons and are not meant to represent the Fund. Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

QUALITY DIVIDENDS TO REDUCE RISK AND DOWNSIDE CAPTURE?
PERFORMANCE & RISK - SINCE INCEPTION (07/14/2015)

Since Inception:

- OUSA has only captured 70% of the S&P 500 market downside.
- Lower risk: OUSA has been less volatile than Value, Growth and the S&P 500.
- Downside protection when it matters: ~30% less maximum drawdown than the S&P 500.

OUSA vs. Value, Growth and S&P 500 Performance & Risk – Since Inception (07/14/2015)



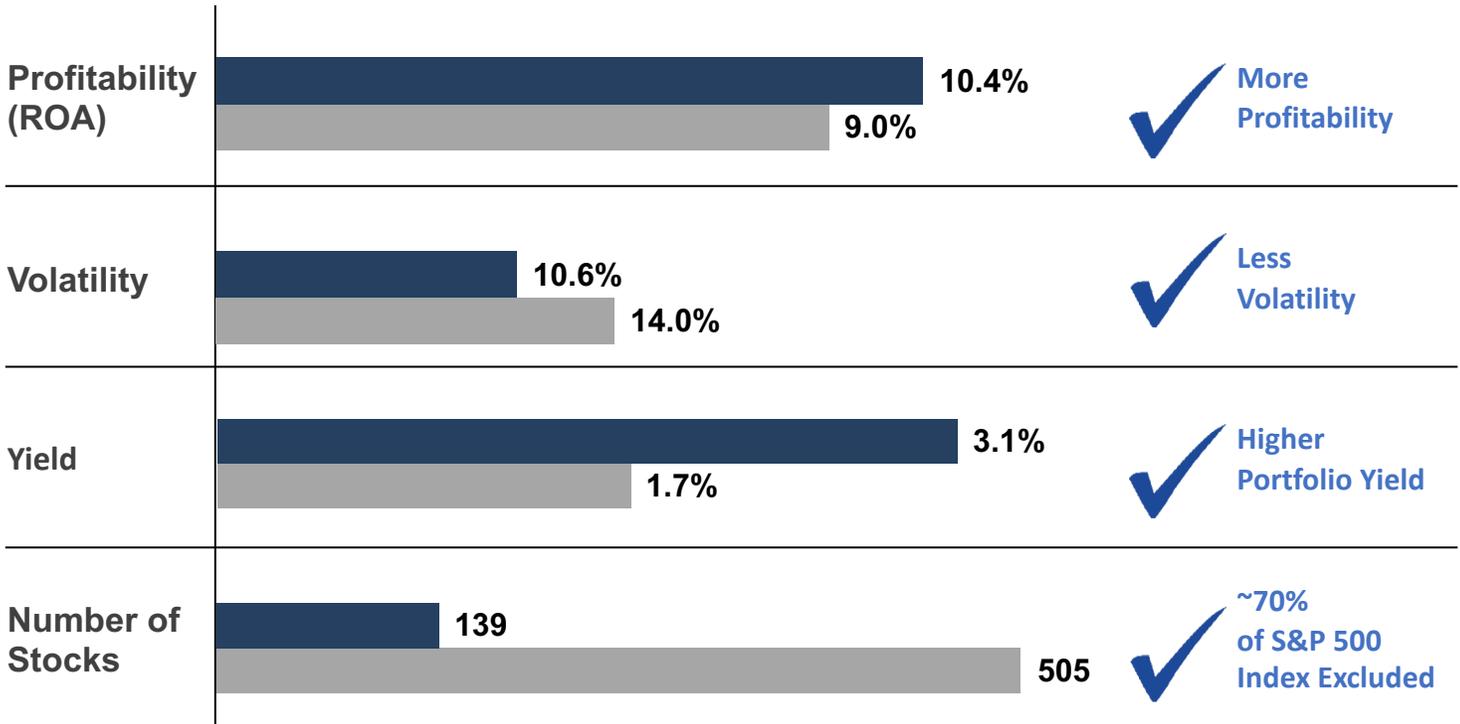
	Performance			Risk (S/I)				
	1Y	3Y	S/I	Volatility	Max DD	Upside Capture	Downside Capture	Up/Down Ratio
OUSA	25.2%	13.0%	11.7%	11.3%	-13.3%	80%	70%	1.15
Value	31.9%	11.5%	10.5%	13.3%	-19.2%	94%	104%	0.90
Growth	31.1%	18.6%	13.9%	14.5%	-20.7%	105%	97%	1.08
S&P 500	31.5%	15.2%	12.4%	13.6%	-19.4%	100%	100%	1.00

Source: Bloomberg. Data as of 12/31/2019. Returns for periods longer than 1 year are annualized. Performance is measured as mean return. S/I: Inception Date: 07/14/2015. Volatility: Annualized daily standard deviation since inception of OUSA (07/14/2015). Upside/Downside Capture: Since Inception 07/14/2015. Max DD: Largest drop from peak to bottom since inception of OUSA (07/14/2015) For current standard performance of the Fund, please see [page 20](#). For Indices and Financial Definitions, please see [page 26](#). Past performance does not guarantee future results. Investors cannot directly invest in an index; unmanaged index returns do not reflect any fees, expenses or sales charges.



OUSA: KEY PORTFOLIO METRICS

OUSA Index
 S&P 500 Index



Source: Bloomberg Finance L.P., data as of 12/31/2019. **OUSA Index:** FTSE USA Qual/Vol/Yield Factor 5% Capped Index.

For Indices and Financial Definitions, please see [page 26](#).

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// O'SHARES FTSE U.S. QUALITY DIVIDEND ETF: OUSA

O'Shares FTSE U.S. Quality Dividend ETF (OUSA) is designed to be a core investment holding, providing cost efficient access to a portfolio of large-cap and mid-cap high quality, low volatility, dividend paying companies in the United

States selected based on fundamental metrics including:

QUALITY LOW VOLATILITY DIVIDEND YIELD

Why OUSA?

- **Quality Advantages.** Seeks companies with strong balance sheets and profitability, for long-term investors.
- **Performance.** High Quality Dividend paying companies provide a performance alternative to value investing.
- **Diversified Portfolio.** Over 100 major companies selected according to measures of financial quality.

QUARTERLY PERFORMANCE (AS OF 12/31/2019)

	1 M	3 M	6 M	1 Y	QTD	YTD	S/I	Volatility
NAV	2.76%	6.24%	8.88%	25.24%	6.24%	25.24%	11.72%	11.33%
Market Value	2.64%	6.19%	8.88%	25.17%	6.19%	25.17%	11.71%	11.33%

Annualized daily standard deviation from inception date (7/14/2015).

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.

Market Price returns are generally based on market values at 4:00PM Eastern time (when NAV is normally determined), and do not represent the returns you would receive if you traded shares at other times. Fund returns assume that dividends and capital gains distributions have been reinvested in the Fund at NAV.

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 return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Returns beyond one year are annualized. For most recent month end performance, please visit oshares.com.

FUND DETAILS

Ticker:	OUSA
CUSIP:	67110P407
Intraday NAV:	OUSA.IV
Expense Ratio:	0.48%
Inception Date:	7/14/2015
Rebalance:	Quarterly / Annually
30-Day SEC Yield:	2.53%
Number of Holdings:	139
Primary Listing:	NYSE

TOP 10 HOLDINGS

AAPL	Apple	5.23%
JNJ	Johnson & Johnson	5.06%
XOM	Exxon Mobil	4.94%
PG	Procter & Gamble	3.75%
CVX	Chevron	3.24%
PFE	Pfizer	3.01%
HD	Home Depot	2.96%
CSCO	Cisco Systems	2.78%
VZ	Verizon	2.78%
MRK	Merck & Co.	2.73%

SECTOR ALLOCATION

Health Care	19.61%
Consumer Goods	15.04%
Technology	14.08%
Industrials	13.74%
Energy	9.34%
Consumer Services	8.27%
Financials	8.06%
Utilities	5.11%
Telecommunications	4.90%
Basic Materials	1.66%
Cash	0.20%

RESOURCES

Website Fund Page	Summary Prospectus
Fact Sheet	SAI
Prospectus	

Data as of 12/31/2019. Holdings subject to change. 30-Day SEC Yield: The 30-day SEC yield is calculated with a standardized formula mandated by the SEC. The formula is based on maximum offering price per share and includes the effect of any fee waivers. Without waivers, yields would be reduced. A fund's actual distribution rate will differ from the SEC yield and any income distributions from the fund may be higher or lower than the SEC yield. The 30-day SEC yield is as of 12/31/2019.

OUSM: O'SHARES FTSE RUSSELL SMALL CAP QUALITY DIVIDEND ETF

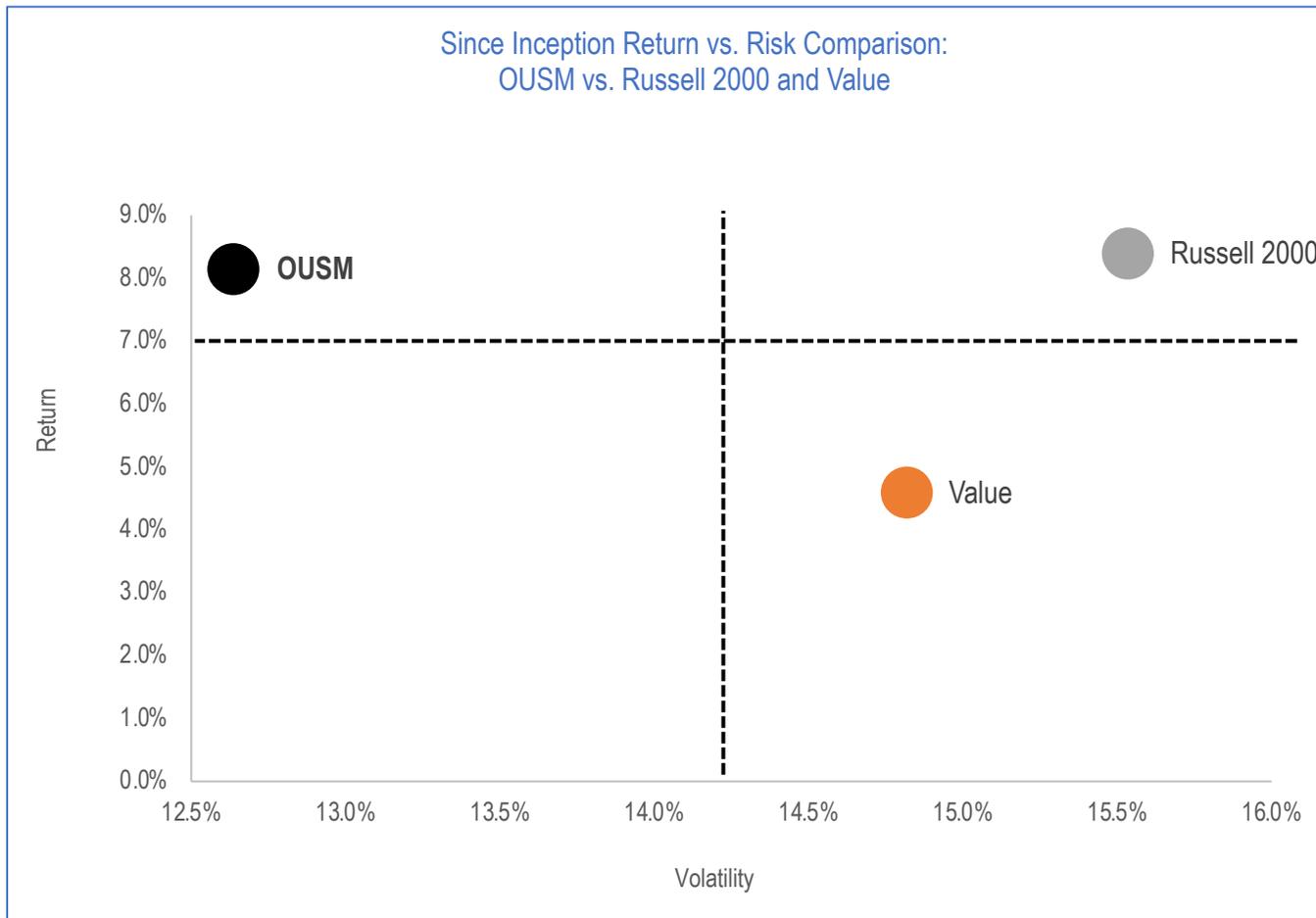
Quality Advantages. Over 200 small cap stocks selected for quality, strong balance sheets and profitability.

Performance. Less volatile approach to invest in small cap companies.

Use as Core Holding. Attractive long-term quality approach for investing in small caps, seeking income and less risk potential.

SMALL-CAP QUALITY BEATS SMALL-CAP VALUE, STRONGER PERFORMANCE, LESS RISK

- OUSM has outperformed Value with less risk.
- OUSM has provided better downside protection than Value.



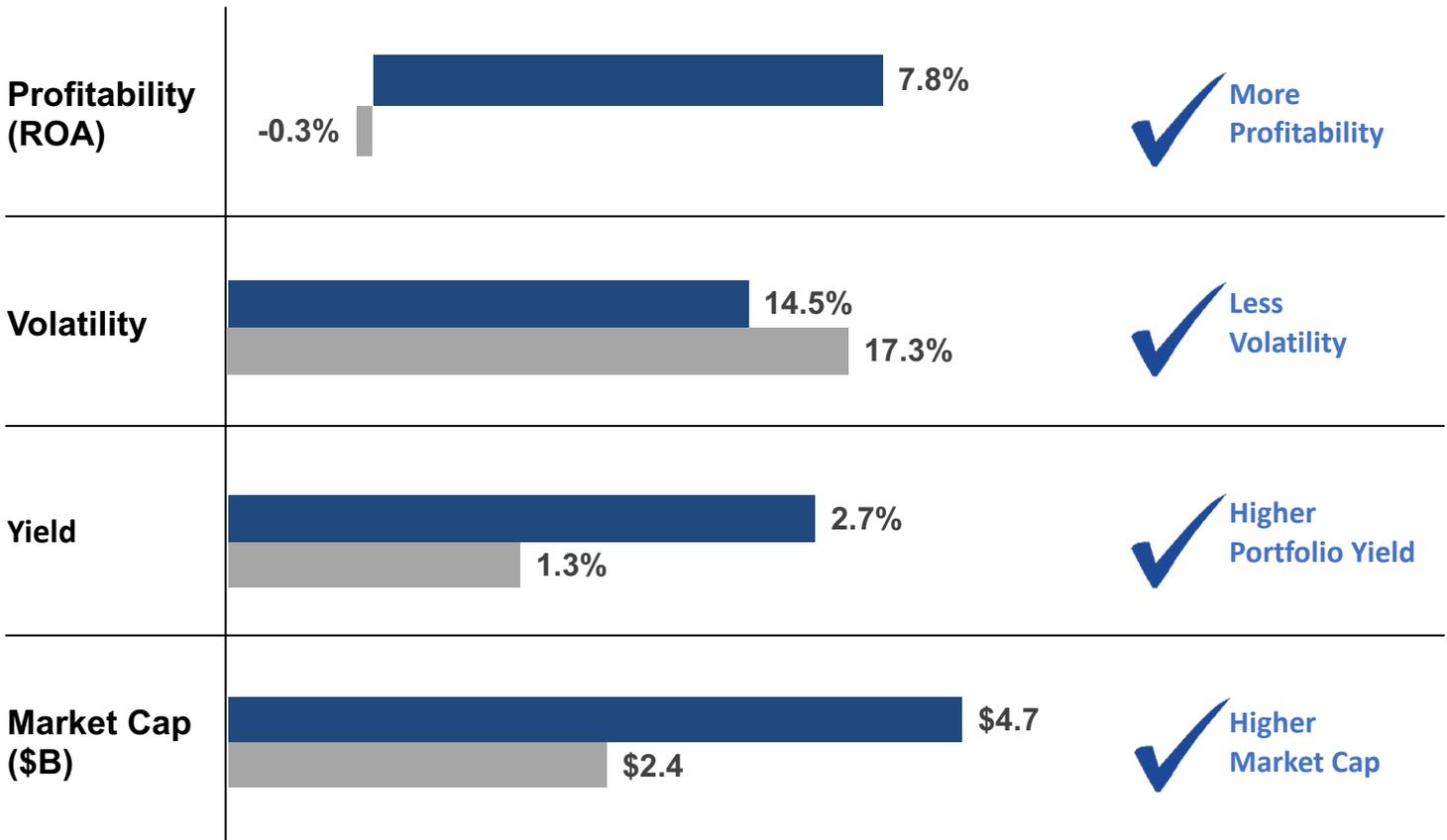
	1Y	S/I	Volatility	Upside	Downside	Up/Down Ratio
OUSM	27.6%	8.2%	12.6%	93%	88%	1.05
Value	22.4%	4.6%	14.8%	91%	108%	0.85
Russell 2000	25.5%	8.4%	15.5%	100%	100%	1.00

Source: Bloomberg Finance L.P., performance data as of 12/31/2019. Returns for periods longer than 1 year are annualized. Volatility (S/I): Annualized daily standard deviation from inception date (12/30/2016). Value: Russell 2000 Value Index. Performance is measured as mean return. S/I: Inception date: 12/30/2016. Upside/Downside Capture: Since Inception 12/30/2016. For Indices and Financial Definitions, please see [page 26](#). Past performance does not guarantee future results. The referenced indices are shown for general market comparisons and are not meant to represent the Fund. Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.



OUSM: KEY PORTFOLIO METRICS

OUSM Index
 Russell 2000 Index



Source: Bloomberg Finance L.P., data as of 12/31/2019. **OUSM Index:** FTSE USA Small Cap ex Real Estate 2Qual/Vol/Yield 3% Capped Factor Index.

For Indices and Financial Definitions, please see [page 26](#).

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// O'SHARES FTSE RUSSELL SMALL CAP QUALITY DIVIDEND ETF: OUSM

O'Shares FTSE Russell Small Cap Quality Dividend ETF (OUSM) is designed to be a core investment holding, providing cost efficient access to a portfolio of small cap, high quality, low volatility, high dividend, paying companies in the United States selected based on fundamental metrics including:

QUALITY LOW VOLATILITY DIVIDEND YIELD

Why OUSM?

- **Quality Advantages.** Over 200 small cap stocks selected for quality, strong balance sheets and profitability.
- **Performance.** Seeks less volatile approach to investing in small cap companies.
- **Use as Core Holding.** Attractive long-term quality approach for investing in small caps, seeking income and less risk potential.

QUARTERLY PERFORMANCE (AS OF 12/31/2019)

	1 M	3 M	6 M	1 Y	QTD	YTD	S/I	Volatility
NAV	2.26%	6.74%	8.86%	27.62%	6.74%	27.62%	8.15%	12.64%
Market Value	2.19%	6.74%	8.86%	27.68%	6.74%	27.68%	8.15%	12.64%

Annualized daily standard deviation from inception date (12/30/2016).

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. Market Price returns are generally based on market values at 4:00PM Eastern time (when NAV is normally determined), and do not represent the returns you would receive if you traded shares at other times. Fund returns assume that dividends and capital gains distributions have been reinvested in the Fund at NAV.

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FUND DETAILS

Ticker:	OUSM
CUSIP:	67110P100
Intraday NAV:	OUSM.IV
Expense Ratio:	0.48%
Inception Date:	12/30/2016
Rebalance:	Quarterly / Annually
30-Day SEC Yield:	2.29%
Number of Holdings:	243
Primary Listing:	NYSE

TOP 10 HOLDINGS

CY	Cypress Semiconductor	2.31%
EHC	Encompass Health	2.24%
MPWR	Monolithic Power Systems	2.12%
WSO	Watsco	1.98%
CCMP	Cabot Microelectronics	1.73%
EV	Eaton Vance	1.71%
LOGM	LogMeln	1.70%
WSM	Williams-Sonoma	1.54%
GGG	Graco	1.49%
MKSI	MKS Instruments	1.42%

SECTOR ALLOCATION

Industrials	23.17%
Information Technology	18.56%
Financials	18.02%
Consumer Discretionary	14.45%
Materials	9.25%
Utilities	6.07%
Consumer Staples	3.76%
Health Care	3.16%
Communication Services	2.06%
Energy	1.40%
Cash	0.09%

RESOURCES

Website Fund Page	Summary Prospectus
Fact Sheet	SAI
Prospectus	

Data as of 12/31/2019. Holdings subject to change. 30-Day SEC Yield: The 30-day SEC yield is calculated with a standardized formula mandated by the SEC. The formula is based on maximum offering price per share and includes the effect of any fee waivers. Without waivers, yields would be reduced. A fund's actual distribution rate will differ from the SEC yield and any income distributions from the fund may be higher or lower than the SEC yield. The 30-day SEC yield is as of 12/31/2019.

// ABOUT O'SHARES ETF

O'Shares Investments provides ETFs for long-term wealth management, with an emphasis on quality across our family of ETFs. The O'Shares ETFs are designed for investors with objectives ranging from wealth preservation and income to growth and capital appreciation. Each O'Shares ETF reflects our rules-based investment philosophy, including quality as an important characteristic.

At O'Shares, we prefer the ETF form of investment fund for cost-effective, tax-efficient, and transparent access to investment portfolios. Our measures of quality include profitability, cash earnings, and strong balance sheets, aiming to serve investors by keeping investing simple, straightforward and easy to understand.

O'Shares ETFs are all managed according to rules-based indexes, and all are listed on the New York Stock Exchange.



// INDICES & FINANCIAL DEFINITIONS

1st Quartile: Contains the top 25% of companies in the S&P 500 based on average 5 year return on assets.

2nd Quartile: Contains the top 25%-50% of companies in the S&P 500 based on average 5 year return on assets.

3rd Quartile: Contains the top 50%-75% of companies in the S&P 500 based on average 5 year return on assets.

4th Quartile: Contains the bottom 25% of companies in the S&P 500 based on average 5 year return on assets.

Basis Point: One basis point is equal to 0.01%, or one one-hundredth of a percent and 100 basis points equals 1%.

CFO to Debt: Trailing 12 Month Cash From Operations / Short & Long Term Borrowings.

Dividend Coverage Ratio: Ratio which shows whether the company generates enough earnings for dividend payout, in actual units. Calculated as: Income Before Extraordinary Items Less Minority and Preferred Dvd / Total Cash Common Dividend.

Dividends: Represented by S&P 500 Dividends Aristocrats Total Return Index. Designed to measure the performance of S&P 500 Index constituents that have followed a policy of consistently increasing dividends every year for at least 25 consecutive years.

DPS (Dividend Per Share): Net amount of all dividends that have gone 'EX' in the last 12 months including special cash dividends. Calculated by summing all members' Dividends Per Share 12 Month (Net) times shares in the index, divided by the index divisor.

EBITDA: Earnings before Interest, Taxes, Depreciation and Amortization.

Government Bonds: Bloomberg Barclays US Treasury Total Return Unhedged USD Index. The Bloomberg Barclays US Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury.

Growth: Represented by S&P 500 Growth Index. The S&P 500 Growth Index is a market capitalization weighted index. All the stocks in the underlying parent index are allocated into value or growth. Stocks that do not have pure value or pure Growth characteristics have their market caps distributed between the value & growth indices.

Higher Leverage: Defined as companies with a CFO to Debt ratio that is below the average for the sector.

Higher ROA: Defined as companies with ROA that is above the average for the sector.

Leverage: An investment strategy of using borrowed money - specifically, the use of various financial instruments or borrowed capital - to increase the potential return of an investment.

Lower Leverage: Defined as companies with a CFO to Debt ratio that is above the average for the sector.

Lower ROA: Defined as companies with ROA that is below the average for the sector.

MLPs: The Alerian MLP Index is the leading gauge of energy infrastructure Master Limited Partnerships (MLPs). The capped, float-adjusted, capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis (AMZX).

Net Debt to EBITDA: Computes the company's ability to pay off its debt by utilizing the earnings before interest, taxes, depreciation and amortization (EBITDA). Calculated as Net Debt/Trailing 12M EBITDA.

Definitions continue on next page.

// INDICES & FINANCIAL DEFINITIONS

Portfolio Yield: Weighted average dividend yield of the underlying constituents. **Dividend Yield:** The most recently announced gross dividend, annualized based on dividend frequency, then divided by the current market price.

REITs: Dow Jones Equity REIT Total Return Index. The Dow Jones Equity All REIT Index is designed to measure all publicly traded real estate investment trusts in the Dow Jones U.S. stock universe classified as equity REITs according to the S&P Dow Jones REIT Industry Classification Hierarchy. These companies are REITs that primarily own and operate income-producing real estate.

ROA (Return on Assets): Indicator of how profitable a company is relative to its total assets, in percentage. Calculated as (Trailing 12M Net Income / Average Total Assets) x 100. **Higher ROA:** Defined as companies with ROA that is above the average for the sector. **Lower ROA:** Defined as companies with ROA that is below the average for the sector.

Russell 2000 Value Index: Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization.

S&P 500: Represented by S&P 500 Index. The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

S&P 500 Dividends: Gross amount of all dividends that have gone EX in the last 12 months, including special cash dividends. Calculated by summing all members Dividends Per Share 12 Month (Gross) times shares in the index, divided by the index divisor.

Upside/Downside Capture Ratio: Measure to demonstrate relative performance against a broad benchmark during periods of market strength or weakness. Reference benchmark: S&P 500 (OUSA) and Russell 2000 (OUSM).

Value: S&P 500 Value Index. The S&P 500 Value Index is a market capitalization weighted index. All the stocks in the underlying parent index are allocated into value or growth. Stocks That do not have pure value or pure growth characteristics have their market caps distributed between the value & growth indices. Prior to 12/19/2005 this index represented the S&P 500/Barra Value Index.

Volatility: A statistical measure of risk. Volatility can either be measured by using the standard deviation or variance between returns from a security or market index. Commonly, the higher the volatility, the riskier the security. The 260-day price volatility equals the annualized standard deviation of the relative price change for the 260 most recent trading days closing price, expressed as a percentage.

Yield: Aggregate 12 Month Dividend Per Share divided by the current security last price. Yield refers to the earnings generated and realized on an investment over a particular period of time, and is expressed in terms of percentage based on the invested amount or on the current market value or on the face value of the security.

// RULES-BASED ETFS
DESIGNED BY CONSERVATIVE LONG-TERM INVESTORS



Before you invest in O'Shares ETF Investments Funds, please refer to the prospectus for important information about the investment objectives, risks, charges and expenses. To obtain a prospectus containing this and other important information, please visit www.oshares.com to view or download a prospectus online. Read the prospectus carefully before you invest. There are risks involved with investing including the possible loss of principal.

Concentration in a particular industry or sector will subject the Funds to loss due to adverse occurrences that may affect that industry or sector. The Funds may use derivatives which may involve risks different from, or greater than, those associated with more traditional investments. The Funds' emphasis on dividend-paying stocks involves the risk that such stocks may fall out of favor with investors and underperform the market. Also, a company may reduce or eliminate its dividend after the Funds' purchase of such a company's securities. Returns on investments in foreign securities could be more volatile than, or trail the returns on, investments in U.S. securities. Exposures to foreign securities entail special risks, including political, diplomatic, economic, foreign market and trading risks. In addition, the Funds' investments in securities denominated in other currencies could decline due to changes in local currency relative to the value of the U.S. dollar, which may affect the Funds' returns. See the prospectus for specific risks regarding the Funds.

The securities of small capitalization companies are often more volatile and less liquid than the stocks of larger companies and may be more affected than other types of securities during market downturns. Compared to larger companies, small capitalization companies may have a shorter history of operations, and may have limited product lines, markets or financial resources.

Past performance does not guarantee future results. Shares are bought and sold at market price (not NAV), are not individually redeemable, and owners of Shares may acquire those Shares from the Funds and tender those shares for redemption to the Funds in Creation Unit aggregations only, consisting of 50,000 Shares. Brokerage commissions will reduce returns. The market price of Shares can be at, below, or above NAV. Market Price returns are based upon the midpoint of the bid/ask spread at 4:00 PM Eastern time (when NAV is normally determined), and do not represent the returns you would receive if you traded Shares at other times.

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