

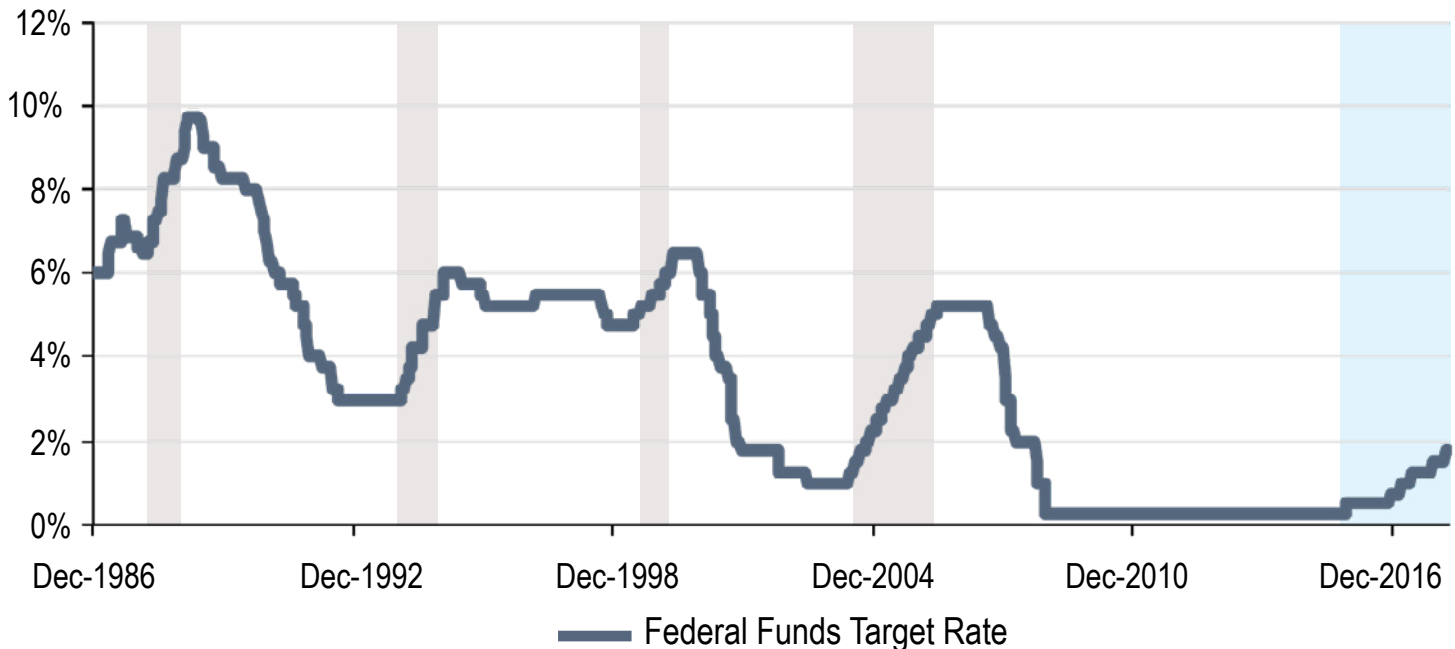
The Case for Small Caps in a Rising Rate Environment

- Small cap stocks have outperformed large cap stocks in 3 of the 4 past Fed tightening events and are outperforming in the current cycle.
- Foreign sales by small cap companies tend to make up a smaller percentage of total revenue compared to large cap companies, thus they are less exposed to increases in the U.S. dollar, which may strengthen as rates rise.
- Rising rates tend to coincide with economic expansion which would also benefit smaller companies.

Average Total Return, Fed Rate Hike Cycles

Index	Hike 1 2-29-88 to 5-31-89	Hike 2 1-31-94 to 2-28-95	Hike 3 6-30-99 to 5-31-00	Hike 4 6-30-04 to 6-30-06	Current 12-15-15 to 4-30-2018	Average
Russell 2000 Index	25.8%	-3.6%	5.2%	25.3%	40.8%	18.7%
S&P 500 Index	25.3%	4.4%	4.7%	15.5%	36.0%	17.2%

Periods of Fed Tightening



[OUSHM: O'Shares ETFs approach to U. S. Small Caps, visit oshares.com](https://oshares.com)

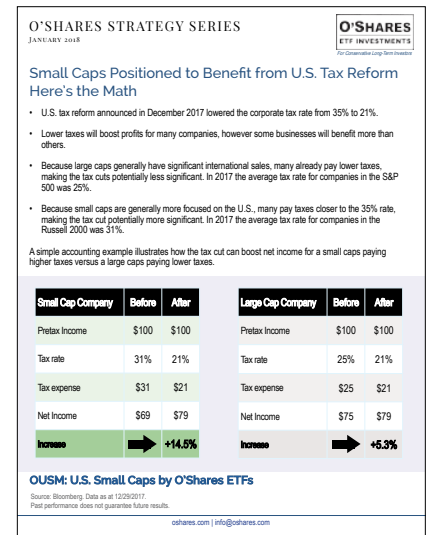
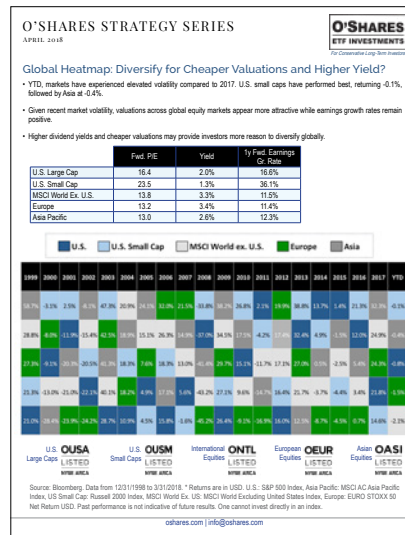
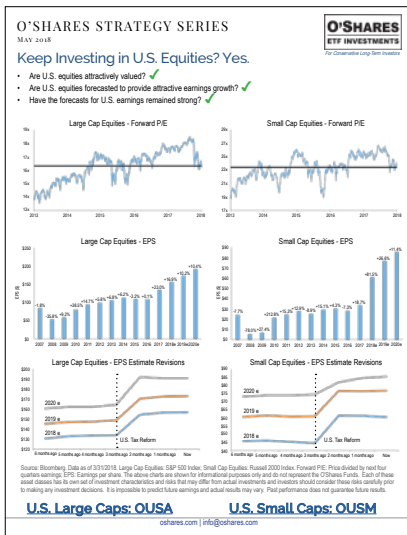
Source: Bloomberg. Data as at 4/30/2018. The referenced indices are shown for illustrative purposes only and are not meant to represent the O'Shares Funds. Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. Past performance does not guarantee future results.

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