

# How to Invest in Fast Growing Global Internet Giants



Source: Bloomberg. Data as of 5/31/2018. Holdings subject to change. Revenue growth calculated based on average of next 2 fiscal year estimates.

*Investors are not able to invest directly in the indices referenced above. The data shown is estimated for informational purposes only and does not represent the O'Shares Funds. Each of these indexes has its own set of characteristics and risks that may differ from actual investments and investors should consider these risks carefully prior to making any investment decisions. It is impossible to predict future earnings and actual results may vary.*

## Top 10 Holdings

Company Name	Weight	Revenue Growth (Est.)
Alibaba	6.56%	50%
Facebook	6.52%	33%
Amazon	6.51%	28%
Alphabet	6.04%	8%
Tencent Holdings	5.58%	42%
Netflix	3.64%	31%
Microsoft	3.30%	12%
JD.com	2.24%	30%
58.com	2.21%	24%
Shopify	2.17%	44%

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**What is the Fed Model?**

- The model compares the stock market forward earnings yield to the yield on long term government bonds (The U.S. 10 Year Government Bond Yield)
- Stocks and bonds are considered fairly valued when these two yield measures are equal.
- When the earnings yield is higher, stocks are considered attractive relative to bonds. Conversely, when bond yields are higher than earnings yields, bonds are considered more attractive relative to stocks.

**Stocks appear attractive, earnings yield remains higher than bond yields**

**OUSA: O'Shares ETFs approach to U.S. Large Caps, visit oshares.com**

Source: Bloomberg. Data as of 4/30/2018. OUSA Index FTSE US Qual 100 Yield Factor 3% Capped Index.  
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- Quality stocks historically trade at a ~20% premium to the S&P 500
- Quality stocks (using the OUSA Index) now have a P/E with only an ~9% premium, cheaper than the 15 year average relative P/E (vs. the S&P 500) and the cheapest since 2009.

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Source: Bloomberg. Quality stocks and historic price-to-earnings ratio data are represented by the FTSE US Quality 100 Index. Capped Index controls for a 3% cap rate. Annualized total return using the weighted average of each stock's historic price-to-earnings ratio. OUSA Index FTSE US Qual 100 Yield Factor 3% Capped Index.  
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- Are U.S. equities attractively valued? ✓
- Are U.S. equities forecasted to provide attractive earnings growth? ✓
- Have the forecasts for U.S. earnings remained strong? ✓

**U.S. Large Caps: OUSA**      **U.S. Small Caps: OUSM**

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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.

Companies involved with the internet, technology and e-commerce are exposed to risks associated with rapid advances in technology, obsolescence of current products and services, the finite life of patents and the constant threat of global competition and substitutes.

Past performance does not guarantee future results. Shares are bought and sold at market price (not NAV), are not individually redeemable, and owners of the 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.

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