

# OUSM | O'Shares FTSE Russell Small Cap Quality Dividend ETF

as of December 31, 2018

**OUSM**

LISTED

NYSE ARCA

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, dividend, paying companies in the United States selected based on fundamental metrics including:

## QUALITY • LOW VOLATILITY • DIVIDEND YIELD

OUSM is an exchange traded fund (ETF) that seeks investment performance that correlates generally to price and yield before fees and expenses of the FTSE USA Small Cap ex Real Estate 2Qual/Vol/Yield 3% Capped Factor Index ("OUSM Target Index").

### Why OUSM?

OUSM provides investors a simple way to own a portfolio that adheres to core investment principles of:

**INCOME:** investing in companies that generate cashflow and pay dividends;

**DIVERSIFICATION:** investing in 10 sectors in an attempt to protect your investment capital and limit volatility;

**CAPITAL APPRECIATION:** investing in quality companies with strong financial performance that could appreciate in value over time in addition to paying dividends.

### O'Shares Method Box

#### Small Cap Blend



The method box reveals a fund's investment strategy. For the equity holdings in the fund's portfolio, the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend or growth).

### Quarterly Performance (as of 12/31/2018)

	1 M	3 M	6 M	1 Y	QTD	YTD	S/I	Volatility
NAV	-10.57%	-15.91%	-11.59%	-10.28%	-15.91%	-10.28%	-0.43%	11.80%
Market Value	-10.61%	-15.95%	-11.73%	-10.35%	-15.95%	-10.35%	-0.45%	11.80%
OUSM Target Index	-10.55%	-15.83%	-11.38%	-9.85%	-15.83%	-9.85%	0.06%	11.93%
Russell 2000 Index	-11.88%	-20.21%	-17.37%	-11.03%	-20.21%	-11.03%	0.76%	15.28%

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 value 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 1 year are annualized. For most recent month end performance, please visit [oshares.com](http://oshares.com).

### Fund Details

Ticker:	<b>OUSM</b>
CUSIP:	<b>67110P100</b>
Intraday NAV:	<b>OUSM.IV</b>
Expense Ratio:	<b>0.48%</b>
Inception Date:	<b>12/30/2016</b>
Rebalance Frequency:	<b>Quarterly / Annually</b>
30-Day SEC Yield <sup>1</sup> :	<b>2.54%</b>
Number of Holdings:	<b>222</b>
Primary Listing:	<b>NYSE</b>

### Top 10 Holdings (as of 12/31/2018)

LDOS	Leidos Holdings	2.75%
LAZ	Lazard	2.34%
EV	Eaton Vance	2.08%
OGE	OGE Energy	2.03%
TER	Teradyne	1.82%
FII	Federated Investors	1.67%
NATI	National Instruments	1.62%
TTC	Toro	1.55%
CY	Cypress Semiconductor	1.49%
CCMP	Cabot Microelectronics	1.43%

### Sector Allocations (as of 12/31/2018)

Industrials	19.94%
Information Technology	19.34%
Financials	17.77%
Consumer Discretionary	15.76%
Utilities	8.59%
Materials	8.52%
Consumer Staples	3.62%
Health Care	2.36%
Communication Services	2.29%
Energy	1.65%
Other	0.15%

**O'SHARES**  
ETF INVESTMENTS

Quality Metrics <sup>2</sup>	Profitability	Leverage	Volatility	Yield
<b>OUSM Target Index</b>	<b>9.6%</b>	<b>2.6x</b>	<b>14.7%</b>	<b>2.9%</b>
Russell 2000 Index	1.2%	3.5x	18.1%	1.5%

Source: Bloomberg. Data as of 12/31/2018. Past performance does not guarantee future results.

OUSM Target Index: FTSE USA Small Cap ex Real Estate 2Qual/Vol/Yield 3% Capped Factor Index.

Russell 2000 Index: U.S. small-cap stock market index of the bottom 2,000 stocks in the Russell 3000 Index.

Effective May 4, 2018, the OUSM target index was changed to FTSE USA Small Cap ex Real Estate 2Qual/Vol/Yield 3% Capped Factor Index (the "Target Index") from FTSE USA Small Cap Qual/Vol/Yield 3% Capped Factor Index.

### Index Methodology

FTSE USA Small Cap ex Real Estate 2Qual/Vol/Yield 3% Capped Factor Index. (FUSRQVY3) is designed to reflect the performance of publicly-listed small-capitalization dividend paying issuers in the United States exhibiting high quality, low volatility and high dividend yields. Constituents are selected and weighted based on Quality, Volatility and Yield characteristics. For full index methodology and information please visit: [ftserussell.com](http://ftserussell.com).

### Index Details (as of 12/31/2018)

Index Ticker:	<b>FUSRQVY3</b>
Index Inception Date:	<b>4/27/2018</b>
Rebalance Frequency:	<b>Quarterly / Annually</b>
Weighting:	<b>Factor Based</b>
AVG Market Cap:	<b>\$2.9 Billion</b>
Weighted AVG Market Cap:	<b>\$4.0 Billion</b>

### Index Description

As of December 31, 2018, the index consisted of 221 equities, with weighted average market cap of approximately \$4.0 billion, index dividend yield of 2.9%, and diversified across 10 industries with largest allocations to Industrials, Information Technology and Financials.

### About O'Shares Investments

O'Shares Investments provides ETFs for long-term wealth management, with an emphasis on quality across our family of ETFs. O'Shares ETFs are designed for investors with objectives ranging from income and wealth preservation to growth and capital appreciation. Each of the O'Shares ETFs 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. At O'Shares, we aim 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 NYSE.



1. 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.
2. Profitability: measured as ROA (Return on Assets): Trailing 12M Net Income / Average Total Assets. Leverage: Operating cash flow to total debt. Volatility: Annualized standard deviation of relative price changes for prior 260 trading days. Index Dividend 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.

**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](http://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 a Fund's purchase of such company's securities. See the prospectus for specific risks regarding the Fund.

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 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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