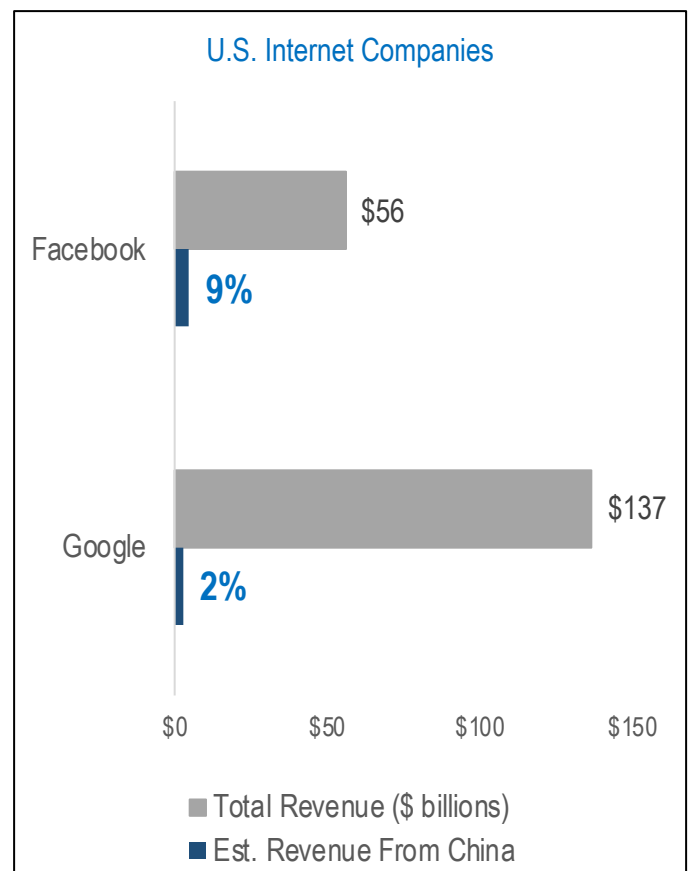
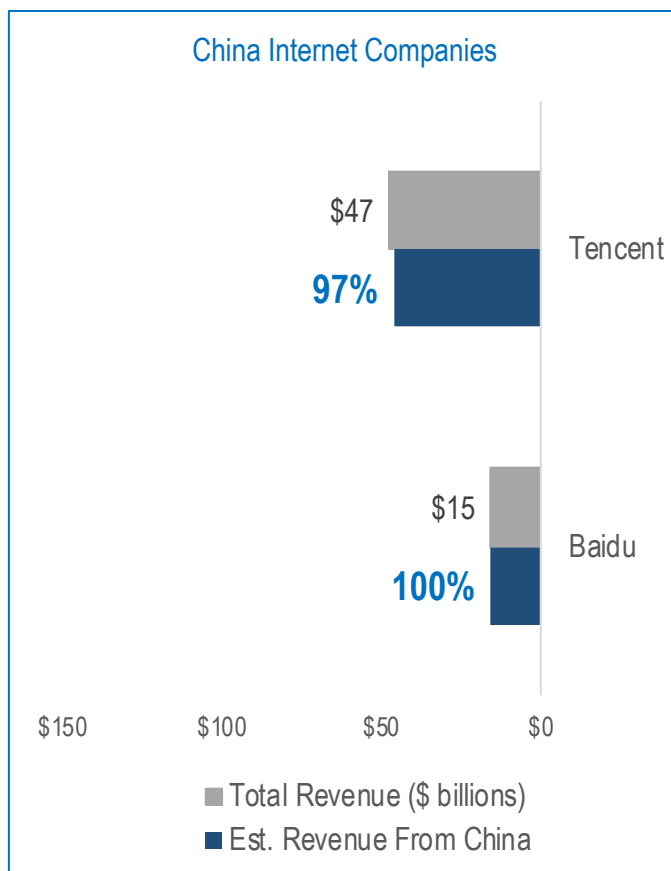


Trade Wars: How Exposed are Internet Giants?

- Tech and Chinese stocks have underperformed during recent trade war escalation. Nasdaq 100 and MSCI China Index underperformed the S&P 500 by nearly 2% and over 5%, respectively in May.
- U.S. Internet companies, Facebook and Google only derive an estimated 6% of their revenue from China on average.
- Chinese Internet companies, Tencent and Baidu derive nearly all of their revenue from China on average.
- This group of U.S and China Internet stocks may not be as exposed to "Trade Wars" as investors think.



Source: Bloomberg, revenue data as of last fiscal year reported, data as of 5/31/2019. Estimated revenue from China: Facebook, [New York Times](#). Google, [Seeking Alpha](#). For informational purposes only. Not meant to represent the Fund. Investors cannot directly invest in an index. Past performance does not guarantee future results.

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Mobile Apps: Worldwide Consumer Spending

- **Mobile App Spending Over \$100 Billion:** Worldwide consumer spending on mobile apps was over \$100 billion in 2018 and is forecasted to reach nearly \$160 billion by 2022.
- **Asia-Pacific Accounts for Over 60%:** Asia-Pacific leads the way with over \$70 billion in 2018. The Americas come in second at over \$20 billion, followed by Europe, the Middle East and Africa at nearly \$15 billion.
- **Top 10 Companies by Consumer Spend:** 5 of the top 10 companies are from the U.S. while the other 5 are in Asia.

Worldwide Consumer Spending on Mobile Apps
Asia-Pacific Accounts for Over 60%

Top Companies of 2018
Combined iOS and Google Play Apps Consumer Spend

Company	Country
Tencent	China
InterAdaptCap (IAC)	United States
Netflix	United States
Google	United States
Baidu	China
LINE	Japan
Facebook	United States
Alibaba	China
Tencent	China
Microsoft	United States

Source: Statista, Worldwide Consumer Spending on Mobile Apps by Region: Worldwide consumer spending on mobile apps in 2017, 2018 and 2022, by region in billion U.S. dollars. Retrieved from Statista.
Top Companies of 2018 from Report: The State of Mobile 2019. Retrieved from: oshares.com.
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The 'Big 5' in Cloud Infrastructure

- **Growth in Cloud Infrastructure Services:** The worldwide cloud infrastructure market grew from ~\$55 billion in 2017 to over \$80 billion in 2018, representing a growth rate of ~46%.
- **'Big 5' in Cloud:** The 'Big 5', Amazon, Microsoft, Google, Alibaba and IBM, had combined revenue of ~\$52 billion in 2018, up ~40% from 2017.
- **Increasing Market Share:** 4 out of the 'Big 5', Amazon, Microsoft, Google and Alibaba, increased their market share from ~44% in 2017 to over 60% in 2018. IBM's market share decreased to under 4% from almost 5%.

Worldwide Cloud Infrastructure Spending
Amazon, Microsoft, Google and Alibaba Increase Market Share

Company	2017 (\$ Billion)	2018 (\$ Billion)	Share
Amazon (AWS)	\$17.3	\$24.4	46.5%
Microsoft (Azure)	\$7.4	\$13.5	26.4%
Google	\$3.5	\$6.8	13.2%
Alibaba	\$1.7	\$3.2	6.2%
IBM	\$2.8	\$1.1	1.9%
Others	\$22.4	\$28.3	26.3%
Total	\$54.9	\$88.3	46.3%

Source: Statista, data as of 9/30/2018. For informational purposes only and does not represent the O'Shares ETFs.

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[The "Big 5" in Cloud Infrastructure](#)

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E-commerce Adoption: U.S. vs. China

- **E-commerce Adoption:** E-commerce sales in the U.S. represented nearly 9% of total retail sales in 2018 vs. China at over 23%.
- **Growth Trend:** E-commerce as a percent of total retail sales in the U.S. has grown ~44% since 2014 vs. China at over 120%.

U.S. - Total Retail Sales

China - Total Retail Sales

Source: Bloomberg, data as of 3/31/2019. For informational purposes only. Not meant to represent the Fund. Past performance does not guarantee future results.

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[E-commerce Adoption: U.S. vs. China](#)

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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.

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 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. Brokerage commissions will reduce returns. 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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