

Structural Growth: Never Too Late to Invest

Structural growth is driven by technological advances that bring about permanent shifts in economic activity. The long-term nature of this type of growth makes it more suitable for strategic allocations versus trades.

Key Topics:

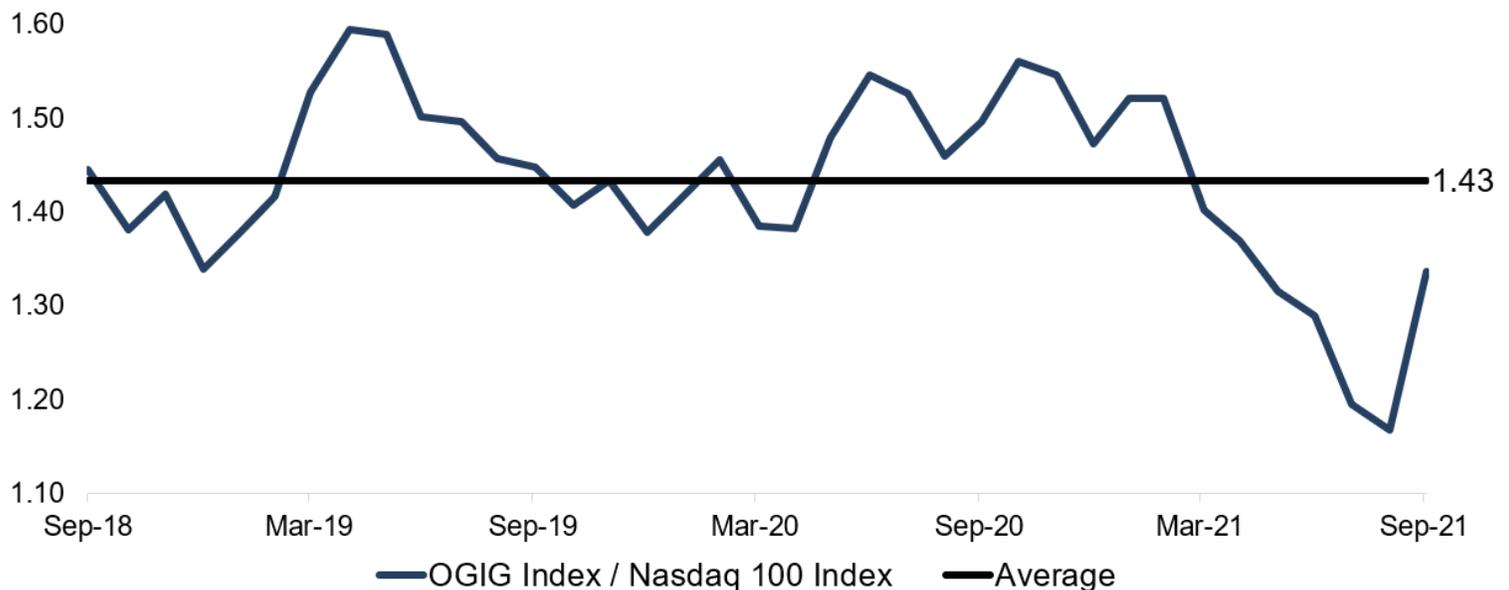
- [Why Investors Are Still Early. Opportunity.](#)
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Why Investors Are Still Early. Opportunity.

Valuations are still attractive as new tech companies may grow into their valuations. Even still, at current valuation levels, the companies in the [O'Shares Global Internet Giants ETF \(OGIG\)](#) appear cheap relative to a more traditional tech index, the Nasdaq 100 based on relative price/sales, as of 9/30/2021.

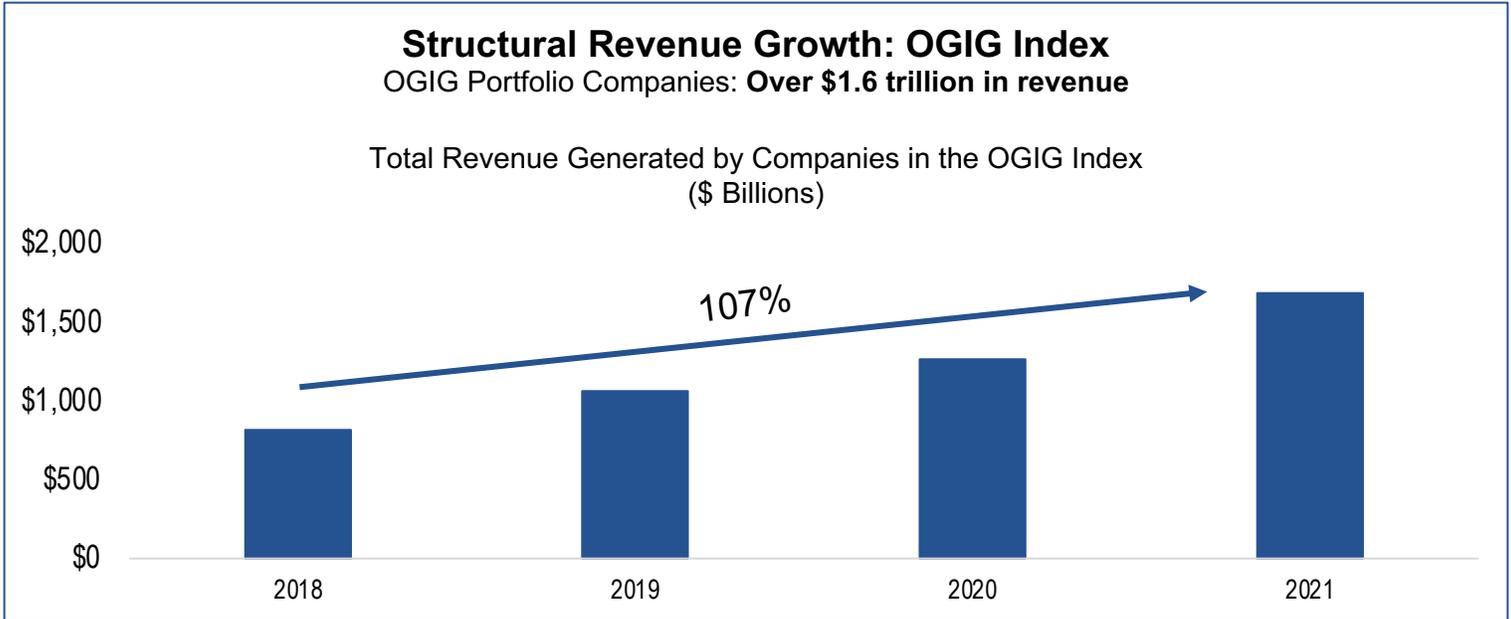
Valuation: Discount, Buying Opportunity?

Monthly Relative Forward Price/Sales: OGIG Index vs. Nasdaq 100 Index



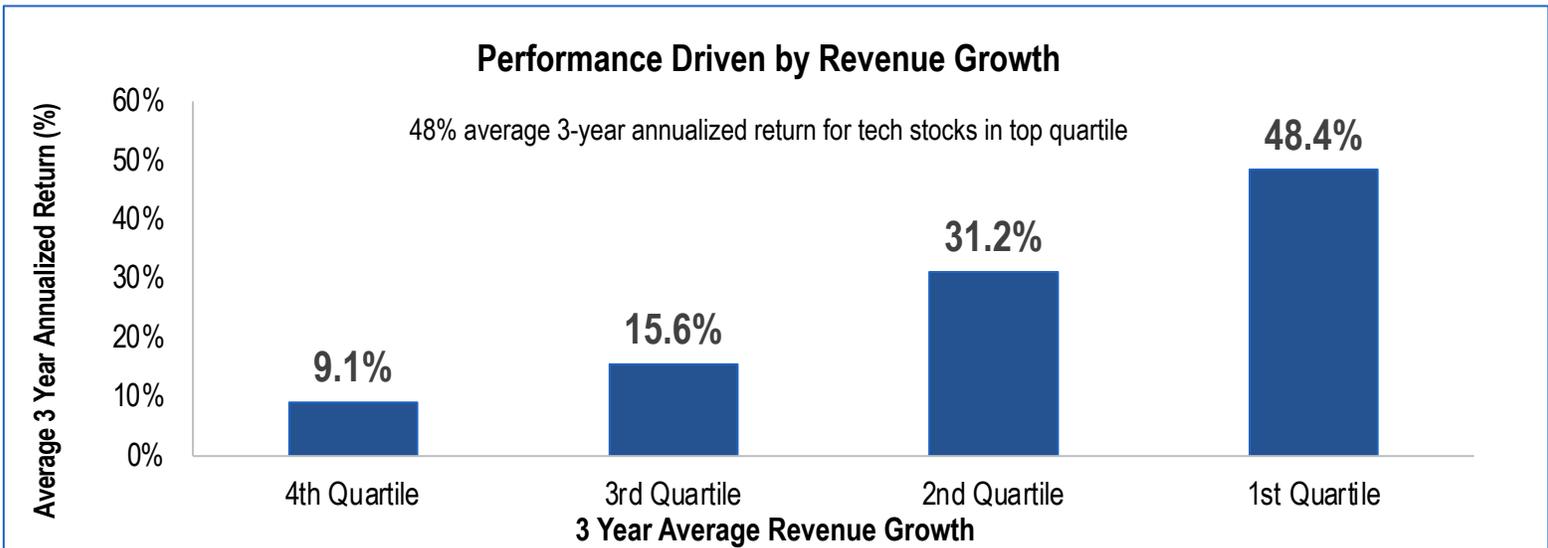
Source: Bloomberg Finance L.P. Monthly data as of 9/30/2021. OGIG represented by the O'Shares Global Internet Giants Index. Past performance does not guarantee future results. The referenced index is shown for general market comparisons and is not meant to represent the O'Shares Funds. Investors cannot directly invest in an index.

Internet technology and e-commerce companies in OGIG are driving innovation and thus helping to accelerate and sustain long-term structural growth. This is illustrated by the tremendous revenue growth generated by the companies in the OGIG portfolio. The total revenue of the companies in the portfolio is over \$1.6 trillion, compared to \$800 billion 3 years ago, a growth rate of over 100%.



OGIG: Performance Driven by Revenue Growth

Revenue growth may be the best indicator of a company’s ability to create value for investors. It should come as no surprise that stock price is inextricably linked to sales growth. Faster growing companies should outperform slower growing companies, all things equal. What may come as a surprise is the degree of outperformance generated by the fastest growing companies.



Source: Bloomberg Finance L.P. data as of 9/30/2021. Global technology stocks represented by S&P Global Information Technology Index. 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.

OGIG Portfolio (New Tech) vs. Old Tech

A portfolio of new tech stocks, driving innovation and structural growth provides a differentiated approach to investing in tech. As companies in internet technology and e-commerce evolve, traditional sector classifications for tech become obsolete. The overlap between OGIG and the Technology Select Sector and Nasdaq 100 index is low, reflected by the high degree of active share. The table below highlights a key difference between new and old tech, revenue growth.

OGIG Portfolio (New Tech) vs. Old Tech

Structural revenue growth. OGIG ~2x revenue growth vs. Old Tech

	OGIG	Technology Select Sector	Nasdaq 100
Active Share vs. OGIG	-	90%	76%
Revenue Growth (TTM)	49%	18%	30%
Forward Revenue Growth	38%	16%	21%

Source: Bloomberg Finance L.P. Data as of 09/30/2021. TTM: Trailing 12-Month. Forward Revenue Growth: Average of the forward 1FY and 2FY est revenue growth. FY: Fiscal Year. Technology Select Sector: **Technology Select Sector Total Return Index**: The Technology Select Sector Index is a modified cap-weighted index. The index is intended to track the movements of companies that are components of the S&P 500 and are involved in the development or production of technology products. The index which serves as a benchmark for The Technology Select Sector SPDR Fund XLK, was established with a value of 250 on June 30, 1998.

Learn more about [OGIG](#). [Click here to access more research on Internet and e-commerce](#). Financial professionals may [contact us](#) for additional portfolio analysis.

Definitions:

Active Share: Measure of the percentage of stock holdings in a manager's portfolio that differs from the benchmark index.

OGIG Index: The O'Shares Global Internet Giants Index (Ticker: OGIGX) is a rules-based index intended to give investors a means of tracking stocks exhibiting quality and growth characteristics in the internet technology and e-commerce business segments and pass screens for gross margin and cash burn sustainability. Companies included in OGIGX derive at least 50% of their revenues from a) internet technology companies whose principal business is to provide the technologies that support internet commerce; and b) internet commerce companies whose principal business is to sell products and services via the internet.

Nasdaq 100 Index: The NASDAQ-100 Index is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international issues listed on the NASDAQ. No security can have more than a 24% weighting. The index was developed with a base value of 125 as of February 1, 1985. Prior to December 21, 1998 the Nasdaq 100 was a cap-weighted index.

Price/Sales Ratio: The price-to-sales ratio is a valuation ratio that compares a company's stock price to its revenues.

S&P Global 1200 Information Technology Index: The S&P Global 1200 Information Technology index consists of all members of the S&P Global 1200 that are classified within the GICS® information technology sector.

Revenue Growth: Trailing 12 months

1st Quartile: Contains the top 25% of companies in the S&P Global 1200 Information Technology Index based on average 3-year revenue growth.

2nd Quartile: Contains the top 25%-50% of companies in the S&P Global 1200 Information Technology Index based on average 3-year revenue growth.

3rd Quartile: Contains the top 50%-75% of companies in the S&P Global 1200 Information Technology Index based on average 3-year revenue growth

4th Quartile: Contains the bottom 25% of companies in the S&P Global 1200 Information Technology Index based on average 3-year revenue growth.

Old Tech: Traditional information technology sector.

New Tech: Internet technology and e-commerce companies including those involved in digital advertising, social media, digital entertainment and "cloud".

Performance data quoted represents past performance; past performance does not guarantee future results. Index performance is not illustrative of fund performance. Please visit www.oshares.com for fund performance. The O'Shares Global Internet Giants ETF (OGIG) seeks to track the performance (before fees and expenses) of the O'Shares Global Internet Giants Index (OGIG Index).

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. 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. A Fund's 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 Fund's 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, a Fund's 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 Fund's 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.

Companies involved with 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.

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