OUSMX Index Overview Q4 2022

For Institutional Use Only

OUSMX Index Summary

Starting Universe:
2500 Small/Mid-Cap U.S. stocks
(by mkt cap)

Scoring:
Quality, Volatility and Yield
Selection & Weighting:
Select ~100 by score
adjusted mkt cap

OUSMX Index
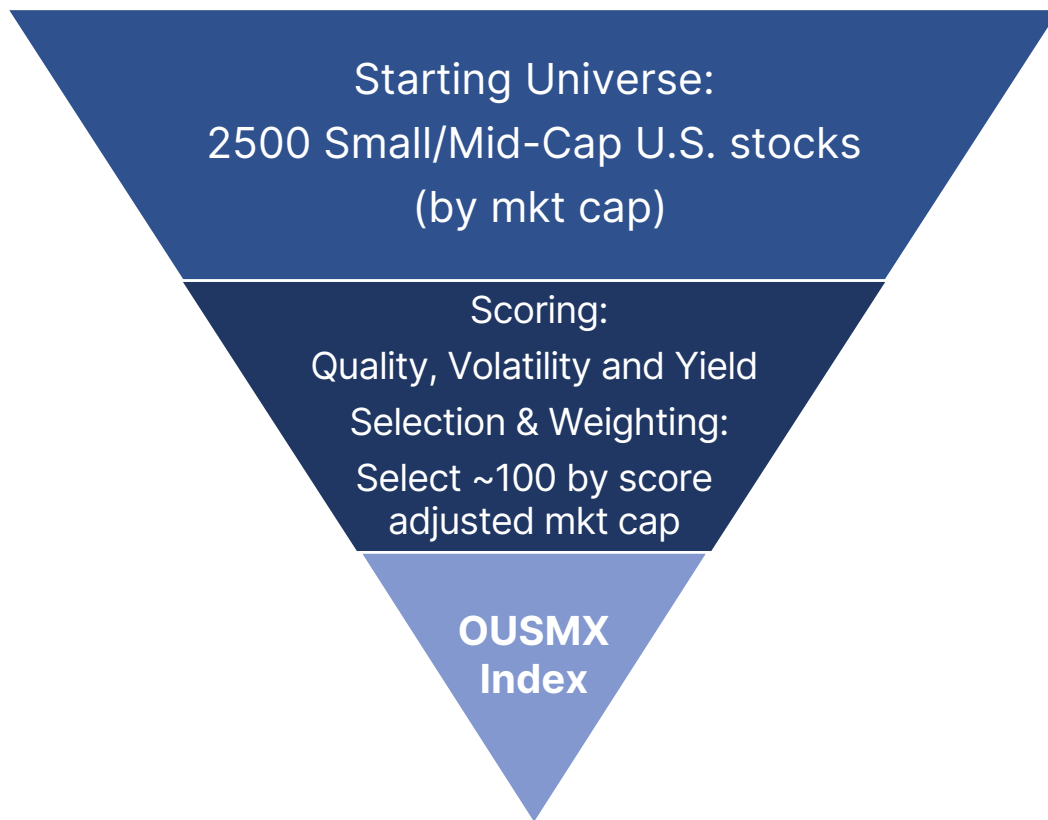
~100 Quality Small/Mid-Cap Dividend Companies

Quality
- Profitability (ROA)
- Leverage (Net-Debt-to-EBITDA)
- Dividend Quality
    • Dividend Growth (5-year)
    • Dividend Coverage

Volatility
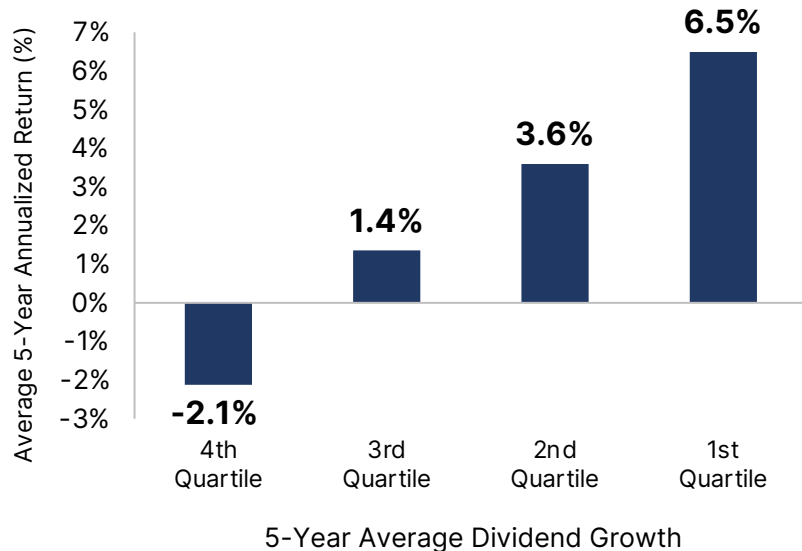- 5-year weekly standard deviation
Yield
- TTM regular cash dividends

Risk controls:
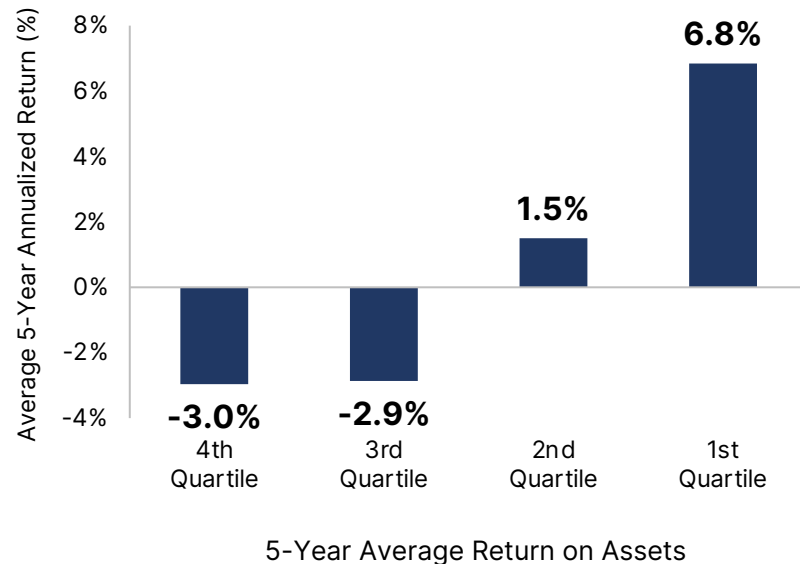- 3% single stock cap
- Sector weighting and count limits

Source: O'Shares.

Dividend Quality & Profitability: Potential Key to Finding Winners

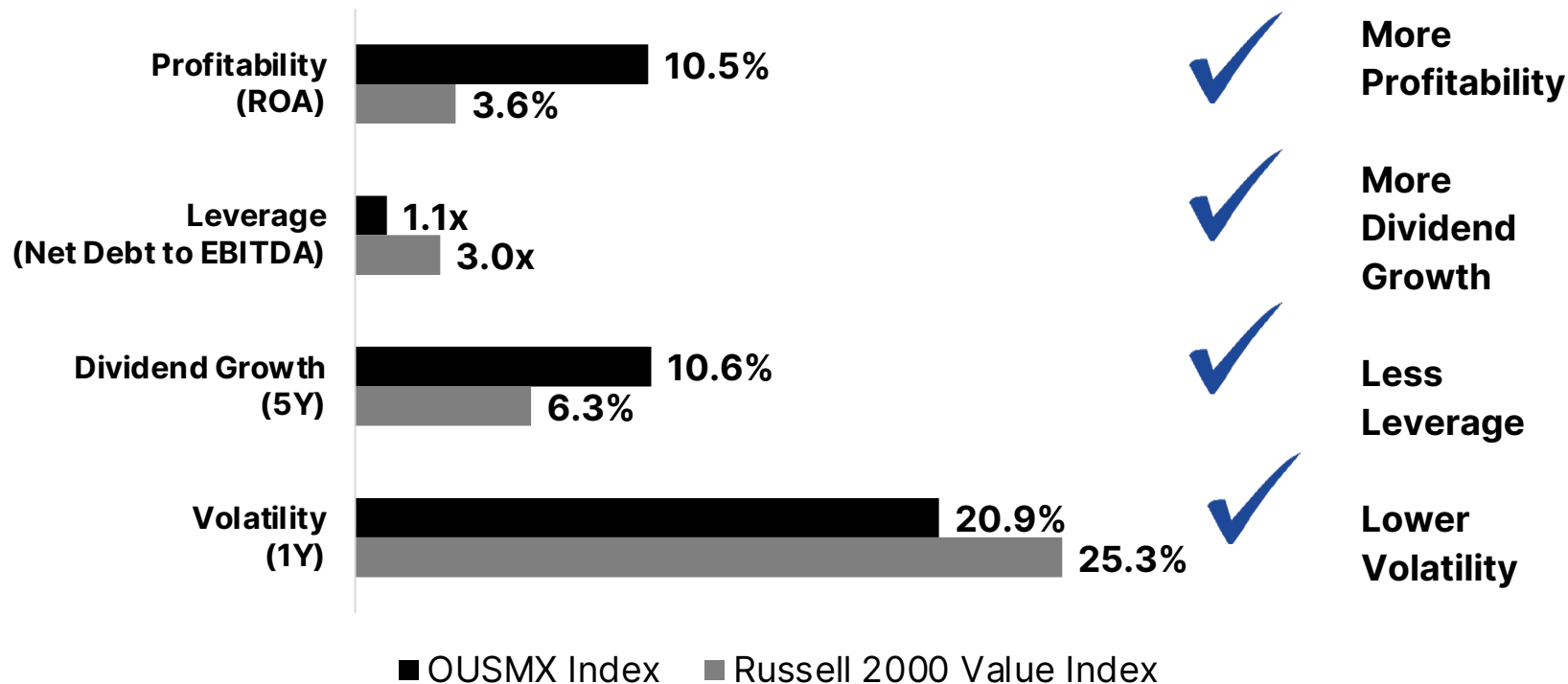## Companies With Higher Dividend Growth Outperform Over The Past 5 Years

Average 5-Year Annualized Return (%)

5-Year Average Dividend Growth	Value
4th Quartile	-2.1%
3rd Quartile	1.4%
2nd Quartile	3.6%
1st Quartile	6.5%

Companies With Higher ROA Outperform Over The Past 5 Years

Average 5-Year Annualized Return (%)

5-Year Average Return on Assets	Value
4th Quartile	-3.0%
3rd Quartile	-2.9%
2nd Quartile	1.5%
1st Quartile	6.8%

Index Portfolio Metrics

Profitability (ROA)
- OUSMX Index: 10.5%
- Russell 2000 Value Index: 3.6%

Leverage (Net Debt to EBITDA)
- OUSMX Index: 1.1x
- Russell 2000 Value Index: 3.0x

Dividend Growth (5Y)
- OUSMX Index: 10.6%
- Russell 2000 Value Index: 6.3%

Volatility (1Y)
- OUSMX Index: 20.9%
- Russell 2000 Value Index: 25.3%

✔ More Profitability

✔ More Dividend Growth

✔ Less Leverage

✔ Lower Volatility

■ OUSMX Index   ■ Russell 2000 Value Index

Index Performance and Risk Metrics

Performance: 10-Years

Risk vs. Return: 10-Years
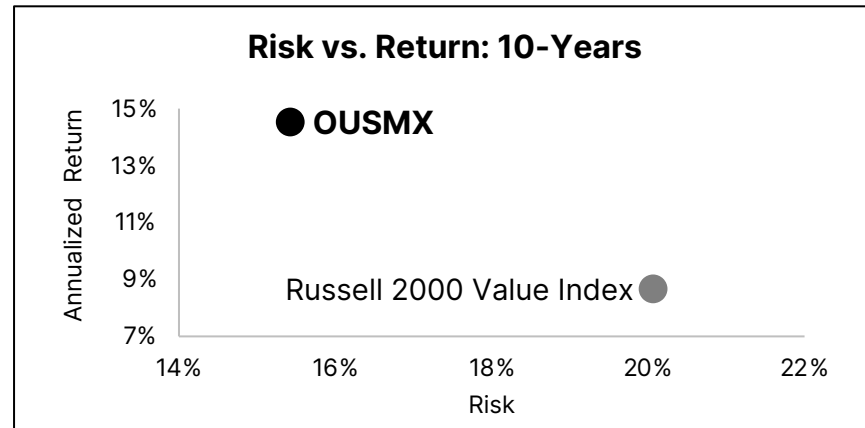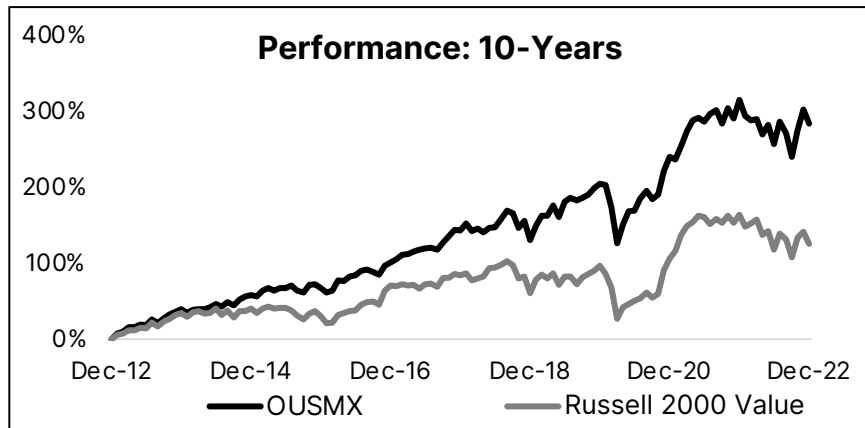
	Performance Summary					Risk Metrics (10Y)	
	1	3	5	10	S/I	Volatility	Return/Risk
OUSMX Index	**-7.3%**	**8.0%**	**9.6%**	**14.5%**	**11.3%**	**15.4%**	**0.9**
Russell 2000 Value Index	-14.5%	4.8%	4.1%	8.7%	6.5%	20.1%	0.4

Source: Bloomberg Finance L.P. Data from 12/31/2011 - 12/31/2022. OUSMX Index: O'Shares U.S. Small-Cap Quality Dividend Total Return Index.
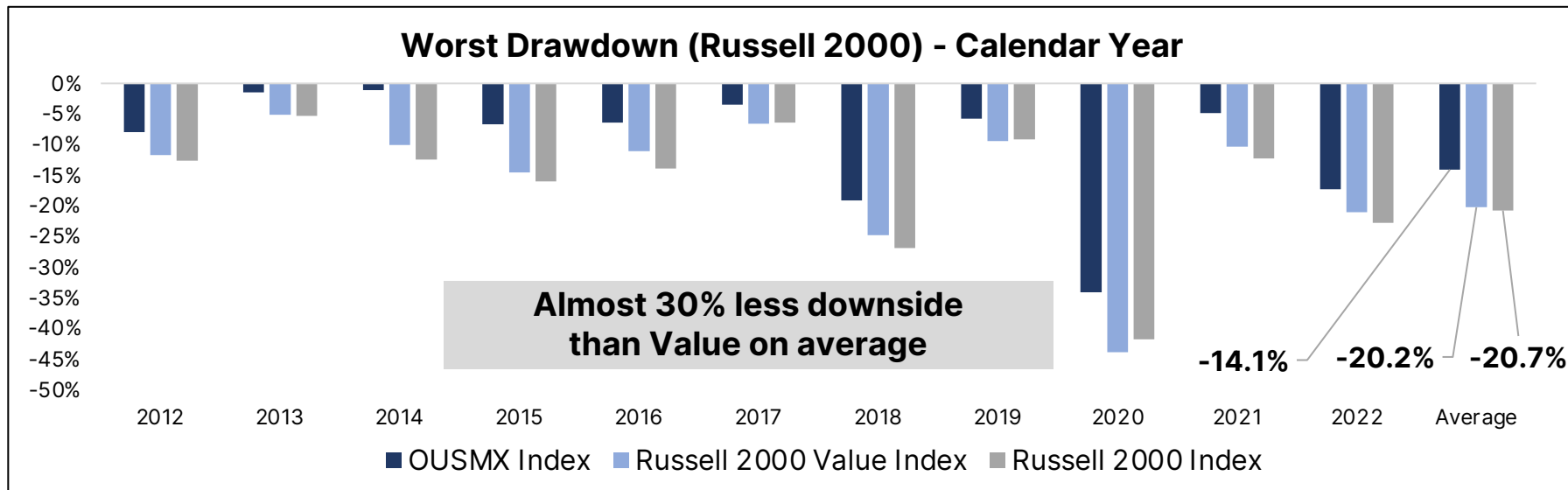
The performance data presented with respect to the O'Shares U.S. Small-Cap Quality Dividend Total Return Index (the "Index") prior to 05/22/2020 represents pre-inception index performance data ("PIP data") to illustrate how the Index may have performed had it been in existence prior to 05/22/2020. PIP data is based on a criteria applied retroactively with the benefit of hindsight and knowledge of factors that may have positively affected its performance and cannot account for all financial risk that may affect the actual performance. While an investor cannot invest directly in the Index, for purposes of showing the PIP data herein, all PIP information represents the Index information. Past performance does not guarantee future results.

Calendar Year Stress Events: OUSMX Index vs. Russell 2000 Value and Russell 2000

Worst Drawdown (Russell 2000) - Calendar Year

Almost 30% less downside than Value on average

-14.1%   **-20.2%**   **-20.7%**

■ OUSMX Index   ■ Russell 2000 Value Index   ■ Russell 2000 Index
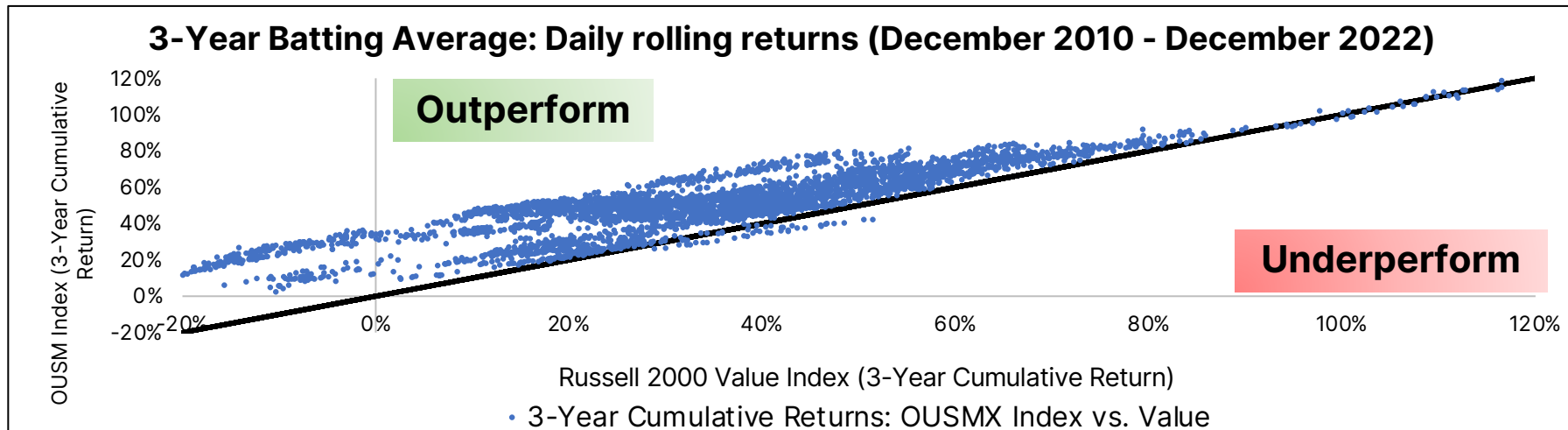
Source: Bloomberg Finance L.P. Data from 12/31/2011 - 12/31/2022. OUSMX Index: O'Shares U.S. Small-Cap Quality Dividend Total Return Index.

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3-Year Batting Average: OUSMX Index vs. Value

## Any 3-year holding period: OUSMX Index outperformed Russell 2000 Value 98% of the time

3-Year Batting Average: Daily rolling returns (December 2010 - December 2022)

Outperform

Underperform

OUSM Index (3-Year Cumulative Return)

Russell 2000 Value Index (3-Year Cumulative Return)

• 3-Year Cumulative Returns: OUSMX Index vs. Value

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Index Calendar Year Returns

Index Calendar Year Returns: OUSMX Index vs. Russell 2000 Value
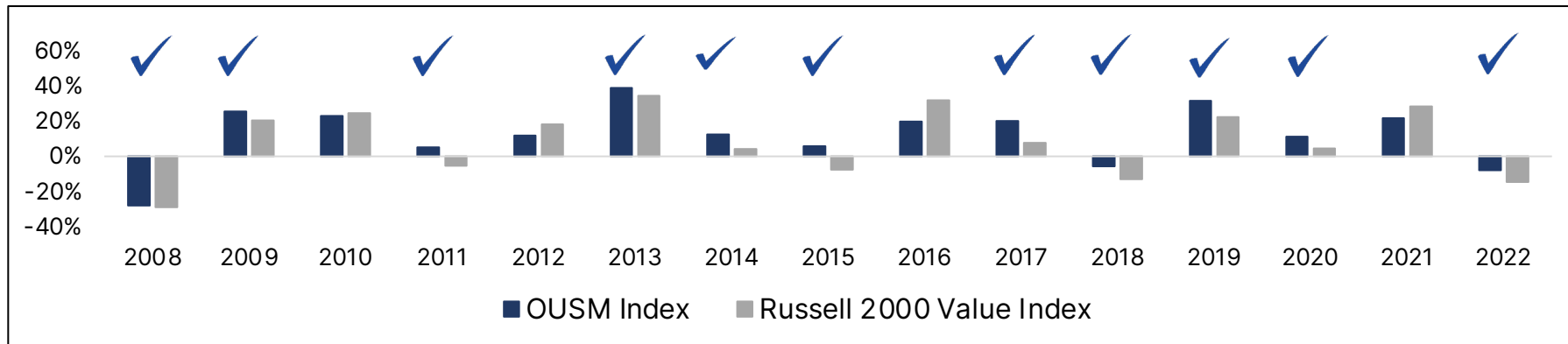
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
OUSM Index	**-27.4%**	**26.1%**	**23.4%**	**5.8%**	**12.4%**	**39.3%**	**13.0%**	**6.2%**	**20.2%**	**20.6%**	**-5.1%**	**32.1%**	**11.6%**	**22.1%**	**-7.5%**
Russell 2000 Value Index	-29.0%	20.5%	24.5%	-5.5%	18.1%	34.5%	4.2%	-7.5%	31.7%	7.8%	-12.9%	22.4%	4.6%	28.2%	-14.5%

Source: Bloomberg Finance L.P. Data from 12/31/2007 - 12/31/2022. OUSMX Index: O'Shares U.S. Small-Cap Quality Dividend Total Return Index.

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Sector Allocation

Sector	OUSMX	Russell 2000 Value	+/-
Industrials	22.5%	13.3%	9.2%
Financials	21.0%	28.4%	-7.4%
Information Technology	20.1%	5.6%	14.5%
Consumer Discretionary	13.2%	10.3%	3.0%
Health Care	8.6%	10.4%	-1.8%
Consumer Staples	5.7%	2.7%	3.0%
Communication Services	4.4%	2.9%	1.5%
Utilities	4.4%	5.3%	-0.9%
Real Estate	0.0%	10.6%	-10.6%
Energy	0.0%	5.9%	-5.9%
Materials	0.0%	4.2%	-4.2%
Total	**100%**	**100%**	**0%**

Source: Bloomberg Finance L.P. Data as of 01/06/2023.

Index and Financial Terms

1st Quartile: Contains the top 25% of companies in the Russell 2000 based on average 5-year dividend growth / ROA
2nd Quartile: Contains the top 25%-50% of companies in the Russell 2000 based on average 5-year dividend growth / ROA
3rd Quartile: Contains the top 50%-75% of companies in the Russell 2000 based on average 5-year dividend growth / ROA
4th Quartile: Contains the bottom 25% of companies in the Russell 2000 based on average 5-year dividend growth /ROA

Dividend Growth 5Y: Growth rate over five years in net dividend per share.

Leverage: An investment strategy of using borrowed money —specifically, the use of various financial instruments or borrowed capital— to increase the potential return of an investment.

Net Debt to EBITDA: Measure computes the company's ability to pay off its debt by utilizing the earnings before interest, taxes, depreciation and amortization (EBITDA).

Profitability (ROA): Indicator of how profitable a company is relative to its Total assets, in percentage. Calculated as (Trailing 12M Net Income/ Average Total Assets). Past performance is not indicative of future results.

Russell 2000 Value Index. Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000: Represented by Russell 2000 Index. The Russell 2000 is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization.

Upside/Downside Capture Ratio: Measure to demonstrate relative performance against a broad benchmark during periods of market strength or weakness. Reference benchmark: Russell 2000. Performance is measured as mean return.

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