

OUSM | O'Shares U.S. Small-Cap Quality Dividend ETF

as of September 30, 2020

O U S M

Cboe Listed

O'Shares U.S. 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, high 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 to track the performance (before fees and expenses) of the O'Shares U.S. Small-Cap Quality Dividend Index ("OUSM Target Index").

Why OUSM?

Quality Dividend Stocks: Seeks small-cap companies with strong balance sheets, profitability and dividend quality.

Performance: Aim to provide strong performance with less risk than a market-cap weighted approach.

Reduced Risk of Yield Traps: Emphasis on dividend quality to help avoid dividend cuts and suspensions.

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 9/30/2020)

	QTD	YTD	1Y	3Y	S/I	Volatility ¹
NAV	5.34%	-9.83%	-3.75%	2.43%	3.58%	22.38%
Market Value	5.22%	-9.89%	-3.82%	2.38%	3.56%	22.38%
OUSM Target Index	5.48%	-9.49%	-3.28%	2.95%	4.09%	22.27%
Russell 2000 Value Index	2.56%	-21.55%	-14.91%	-5.13%	-2.82%	26.54%

The OUSM Target Index performance information reflects the blended performance of the FTSE USA Small-Cap Qual/Vol/Yield 3% Capped Factor Index through May 3, 2018, the FTSE USA Small-Cap ex Real Estate 2Qual/Vol/Yield 3% Capped Factor Index from May 4, 2018 through May 31, 2020 and the O'Shares U.S. Small-Cap Quality Dividend Index thereafter.

1. Annualized daily standard deviation from inception date (12/30/2016).
2. 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.

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 values 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.

Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. 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 one year are annualized. For most recent month end performance, please visit oshares.com.

Fund Details

Ticker:	OUSM
CUSIP:	67110P100
Intraday NAV:	OUSM.IV
Expense Ratio:	0.48%
Inception Date:	12/30/2016
Rebalance Reconstitution:	Quarterly Annually
30-Day SEC Yield ² :	1.66%
Number of Stocks:	106
Primary Listing:	Cboe

Top 10 Holdings (as of 9/30/2020)

AOS	A.O. Smith	2.17%
RHI	Robert Half Intl.	2.07%
GGG	Graco	2.07%
FLO	Flowers Foods	2.06%
TTC	Toro Company	2.05%
EHC	Encompass Health	2.04%
HLI	Houlihan Lokey	2.04%
DLB	Dolby Laboratories	2.04%
NHC	National HealthCare	2.03%
NATI	National Instruments	2.02%

Sector Allocations (as of 9/30/2020)

Industrials	20.98%
Financials	19.66%
Information Technology	17.99%
Consumer Discretionary	12.37%
Consumer Staples	9.56%
Health Care	8.93%
Utilities	6.84%
Communication Services	3.57%
Cash	0.09%

O'SHARES
ETF INVESTMENTS

Quality Metrics ³	Profitability	Leverage	Dividend Gr. (5Y)	Volatility
OUSM Target Index	8.1%	1.22	10.3%	37.6%
Russell 2000 Value Index	-0.5%	4.50	6.2%	45.7%

Source: Bloomberg. Data as of 9/30/2020
Past performance does not guarantee future results.

1. Profitability: measured as ROA (Return on Assets): Trailing 12M Net Income / Average Total Assets. Volatility: Annualized standard deviation of relative price changes for prior 260 trading days. Leverage (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). Dividend Gr. (5Y): Growth rate over five years in net dividend per share.
2. Target 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.

OUSM Target Index: O'Shares U.S. Small-Cap Quality Dividend Index.
Russell 2000 Value Index: Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

Index Methodology

O'Shares U.S. Small-Cap Quality Dividend Index (OUSMX) 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 as determined by O'Shares Investment Advisers, LLC. The quality and low volatility requirements are designed to reduce exposure to high dividend equities that have experienced large price declines. For full index methodology and information please visit: snetworkglobalindexes.com.

Index Details (as of 9/30/2020)

Index Ticker:	OUSMX
Index Inception Date:	5/22/2020
Rebalance Reconstitution:	Quarterly Annually
Weighting:	Factor Based
AVG Market Cap:	\$4.3 Billion
Weighted AVG Market Cap:	\$5.4 Billion

Index Description

As of September 30, 2020, the index consisted of 106 equities, with weighted average market cap of approximately \$5.4 billion, Target Index dividend yield⁴ of 2.59%, and diversified across 8 industries with largest allocations to Industrials, Financials and Information Technology.

About O'Shares ETF Investments

O'Shares Investments provides ETFs for long-term wealth management, with an emphasis on quality across our family of ETFs. The O'Shares ETFs are designed for investors with objectives ranging from wealth preservation and income to growth and capital appreciation. Each O'Shares ETF 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. Our measures of quality include profitability, cash earnings, and strong balance sheets, aiming to serve investors by keeping investing simple, straightforward and easy to understand. O'Shares ETFs are all managed according to rules-based indexes.

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 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. 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. 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.

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. 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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