

SEVENS REPORT *alpha*

Alpha Webinar #39 – Opportunities in Infrastructure and 5G

With Ben Phillips

Thursday February 20th, 2019

Presenter: Tom Essaye

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Goals for Today's Webinar

- What are the chances of an infrastructure bill becoming law?
- What sectors would stand to benefit the most (i.e. where would the money go).
- 5G – The growth opportunity in infrastructure.

PLCY

U.S. Policy Alpha ETF

**E▼ENT
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Opportunities in Infrastructure & 5G

"Clients are looking to be exposed to changing paradigms."

Ben Phillips, CFA

Chief Investment Officer

EventShares Funds

As of 2/19/2019



About EventShares

EventShares is an investment management firm focused on the opportunities from legislation and regulation coming out of Washington, DC. In a world overloaded with exotic investment vehicles, our common-sense investing approach is often overlooked. Our team believes investments aligned correctly with Washington can outperform the market as the laws and regulations impact companies and industries. Additional information about EventShares can be found at EventShares.com and the firm's Twitter feed can be followed @Event_Shares.

Thought Leaders



Our Clients

Financial Advisors & RIAs should explore EventShares ETFs thematic investment approach.

Family Offices Strategies for single and multi-family offices who are looking for ways to gain exposure to policy catalysts.

Financial Institutions You can find our research on FactSet, Thompson Reuters, and Interactive Brokers.

Websites

Research | www.EventShares.com

Fund Material | www.EventSharesFunds.com

The Opportunity: Simplistic, yet **Untapped**



U.S. Policy Impacts 100% of U.S. Companies

No company is immune to government policy changes



Washington is complex - EventShares aims to connect the dots

Our process looks through the noise to identify winners and losers



Opportunities are abundant. On average¹, Congress passes **758 bills** annually, the Supreme Court rules on **130 cases** each term, and federal agencies issue **3,853 rules** each year.



Harvard Research² shows policy investing generated **~11% alpha annually** over a 20-year period

¹ Forbes.com; MIC.com; Civilrights.org

² Cohen, Diether, Malloy. "Legislating Stock Prices." National Bureau of Economic Research. Data represents 10 Congresses (1989-2008).

Investment Strategy: Policy Catalysts



PLCY invests in companies impacted by
Policy Catalysts

Investment Philosophy

- Washington creates alpha opportunities
- Policy is a leading indicator
- Policy ≠ Politics

EVENT
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U.S. Infrastructure

U.S. Infrastructure: A Complex Bipartisan Catalyst

\$270 billion

average monthly expenditures on construction by state and local governments (2016-2018)

9½ Months

of project backlog as of Q3 2018, the second highest infrastructure backlog in history

↑ 12.5%

increase in nonresidential transportation spending over the past year - seasonally adjusted

POLICY OVERVIEW | What's Happening?

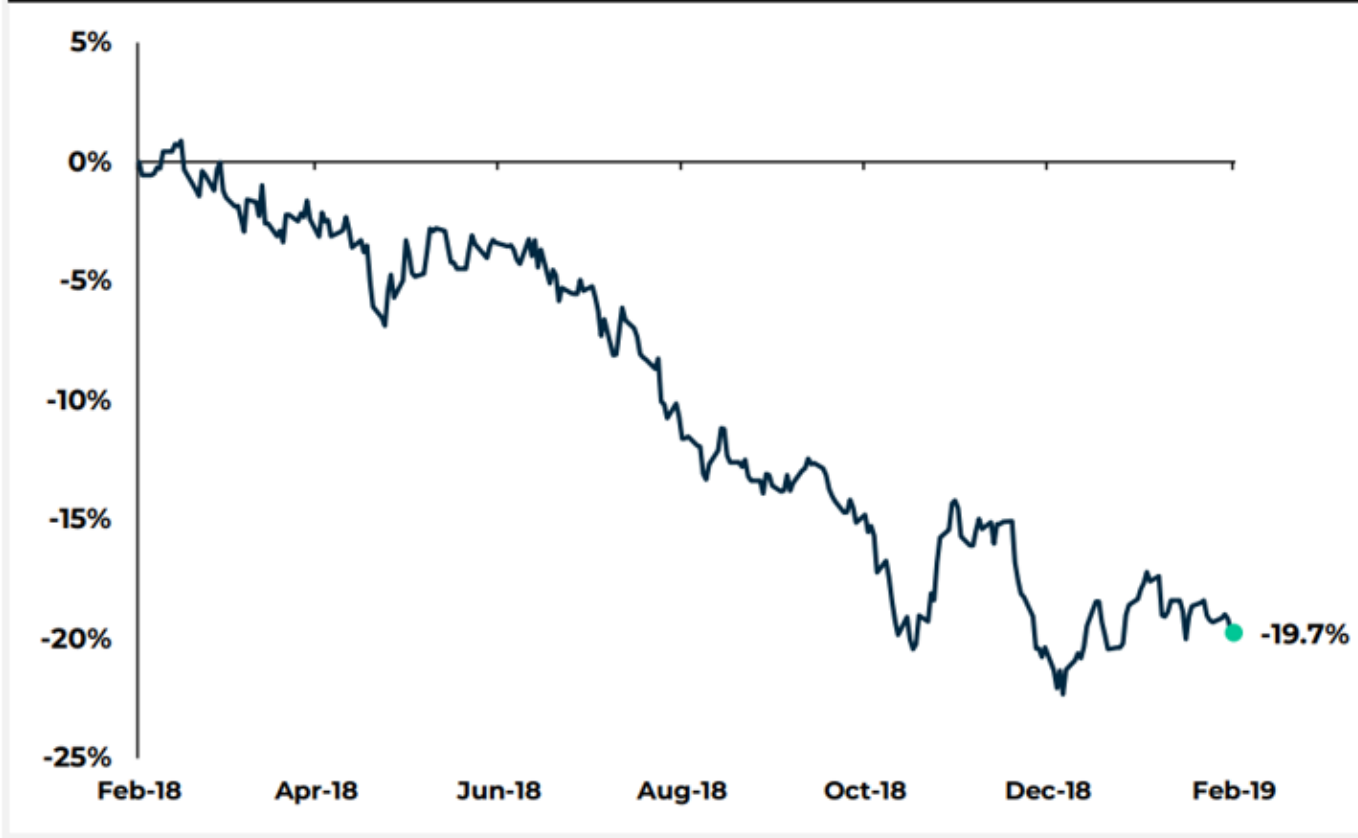
There may be no bigger spending topic in Washington D.C. right now than infrastructure (engineering and construction of roads, bridges, dams, levies, ports, tolls, etc.). Trump campaigned on it, and the White House addressed Congress in February 2018 with a \$1.5 trillion spending proposal. Democrats and Republicans differ on whether certain projects, such as roads vs sidewalks/bike share lanes/landscaping, should be paid for with federal or state dollars.

OUR TAKE | The Market Opportunity & Investment Case

Why invest in infrastructure? The American Society of Civil Engineers, a politically unaffiliated coalition, rated U.S. infrastructure with a D+. It's not difficult to see. The nation's roads and bridges are crumbling, lack of pipeline infrastructure is slowing oil movement and water systems are rusting. Both political parties understand the popularity of empowering communities and promoting economic growth via new infrastructure investments.

U.S. Infrastructure: Relative Performance

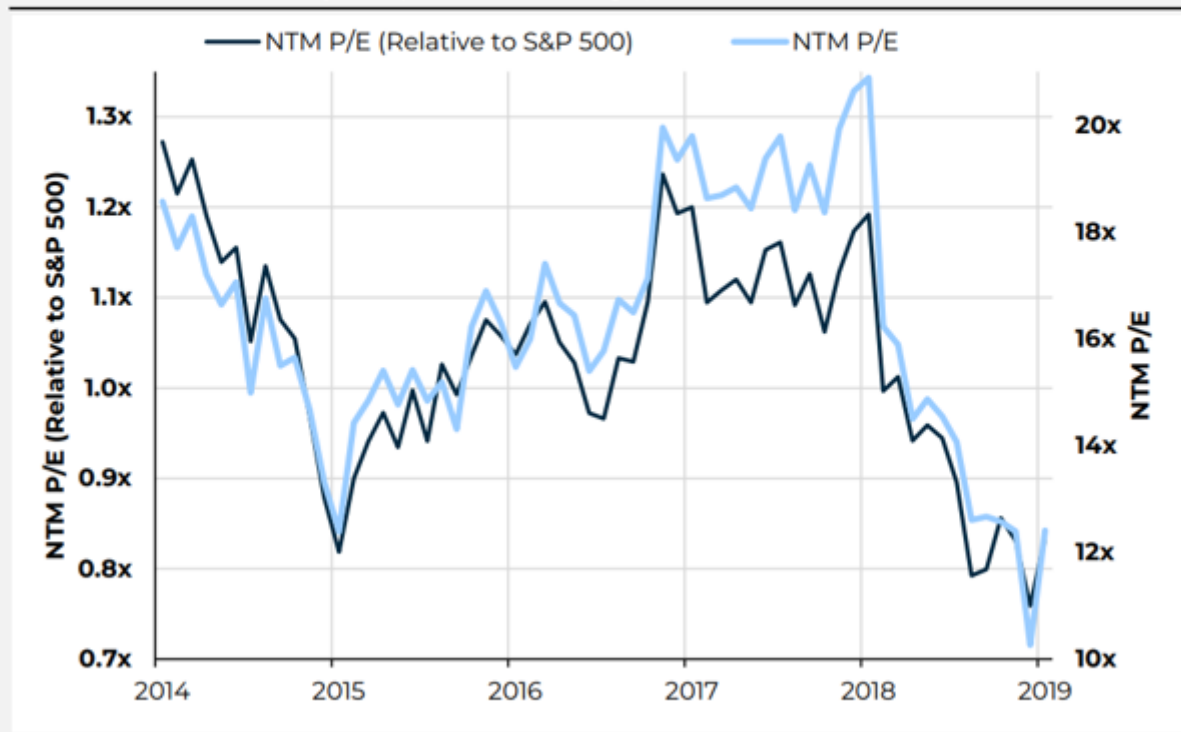
Relative Returns to S&P 500 (Equal Weight Basket)



Source: FactSet (last 12-months; as of 2/8/2019)

U.S. Infrastructure: Valuation

Historical P/E Multiples (Basket Average)



Source: FactSet (as of 2/8/2019)

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FUNDAMENTALS: U.S. Infrastructure Policy Basket

Average Rank		Valuation NTM P/E	Size Market Cap (\$B)	Profitability EBITDA Margin	Cash Flow Yield	Leverage Debt / EBITDA	Liquidity Cash / Sales	Payout Div. Payout Ratio
1	Steel Dynamics	8.4x	\$8.21	17.1%	17.0%	1.4x	8.9%	14.0%
2	Nucor Corp	9.8x	\$18.28	16.4%	8.8%	1.3x	5.6%	20.8%
3	Caterpillar	10.6x	\$75.89	21.4%	4.9%	3.1x	14.4%	32.0%
4	United States Steel	7.7x	\$3.89	10.8%	-1.9%	1.8x	7.1%	3.2%
5	Mueller Water Products	16.0x	\$1.62	18.5%	5.4%	2.0x	21.4%	28.7%
6	United Rentals	6.6x	\$10.05	45.8%	6.7%	2.6x	0.5%	-
7	Jacobs Engineering	12.9x	\$9.17	7.3%	1.4%	2.3x	5.8%	51.2%
8	Tetra Tech	18.5x	\$3.10	8.4%	7.5%	1.0x	2.4%	18.2%
9	EMCOR Group, Inc.	12.6x	\$3.73	6.1%	3.6%	0.6x	4.5%	-
10	AECOM	10.0x	\$4.50	4.0%	9.8%	4.1x	4.1%	-
11	Granite Construction	12.7x	\$1.98	6.9%	0.0%	1.2x	8.3%	-
12	Fluor Corporation	12.7x	\$4.85	3.8%	-2.1%	2.1x	9.9%	-
13	Quanta Services	10.6x	\$5.01	7.0%	2.3%	1.0x	1.1%	-
14	Vulcan Materials	23.2x	\$13.66	25.0%	2.5%	2.4x	1.0%	-
15	Martin Marietta	21.2x	\$11.56	25.1%	2.8%	2.7x	1.3%	-
16	Terex Corporation	9.5x	\$2.27	5.9%	3.7%	2.5x	6.6%	-
17	Tutor Perini	6.8x	\$0.78	4.6%	4.4%	2.6x	3.9%	-
18	Cheniere Energy	34.9x	\$16.85	34.0%	-7.6%	9.7x	40.0%	-
19	Stantec	14.7x	\$2.68	6.6%	1.8%	2.2x	3.2%	-
20	U.S. Concrete	11.3x	\$0.61	10.7%	7.9%	3.4x	1.7%	-
21	Badger Meter	34.6x	\$1.73	-	-	0.2x	3.0%	58.9%
22	MasTec	10.3x	\$3.26	9.1%	-4.8%	2.4x	1.1%	-
23	Summit Materials	19.8x	\$1.75	17.7%	-0.8%	4.1x	6.1%	-
24	Primoris Services	10.6x	\$1.01	7.1%	-6.9%	1.6x	2.3%	-
25	Herc Holdings	15.0x	\$1.08	32.8%	-25.1%	3.3x	0.9%	-

Source: FactSet (as of 2/8/2019)

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5G Telecom

5G Telecom: Policy-Led Secular Tailwinds

36% Annual Growth

Monthly data per smartphone estimated to increase to 49 GB by 2023 (7.2 GB in 2017)

\$130-150B Investment

Deloitte Consulting estimate of required investment in fiber infrastructure over the next 5-7 years

Market Size: \$520B

Bain Consulting estimates the combined IoT markets will grow to \$520 Billion in 2021 (\$235 B in 2017)

POLICY OVERVIEW | What's Happening?

5G deployment is a geopolitical battleground. The US and China are racing to develop their respective 5G networks, and the winner will likely set the technical standards for 5G. Setting standards is important because it means the country's equipment will be used globally in smartphones and Internet of Things (IoT) objects like self-driving cars. The US views the latter as a national security threat and doesn't want to rely on a Chinese 5G network and standards.

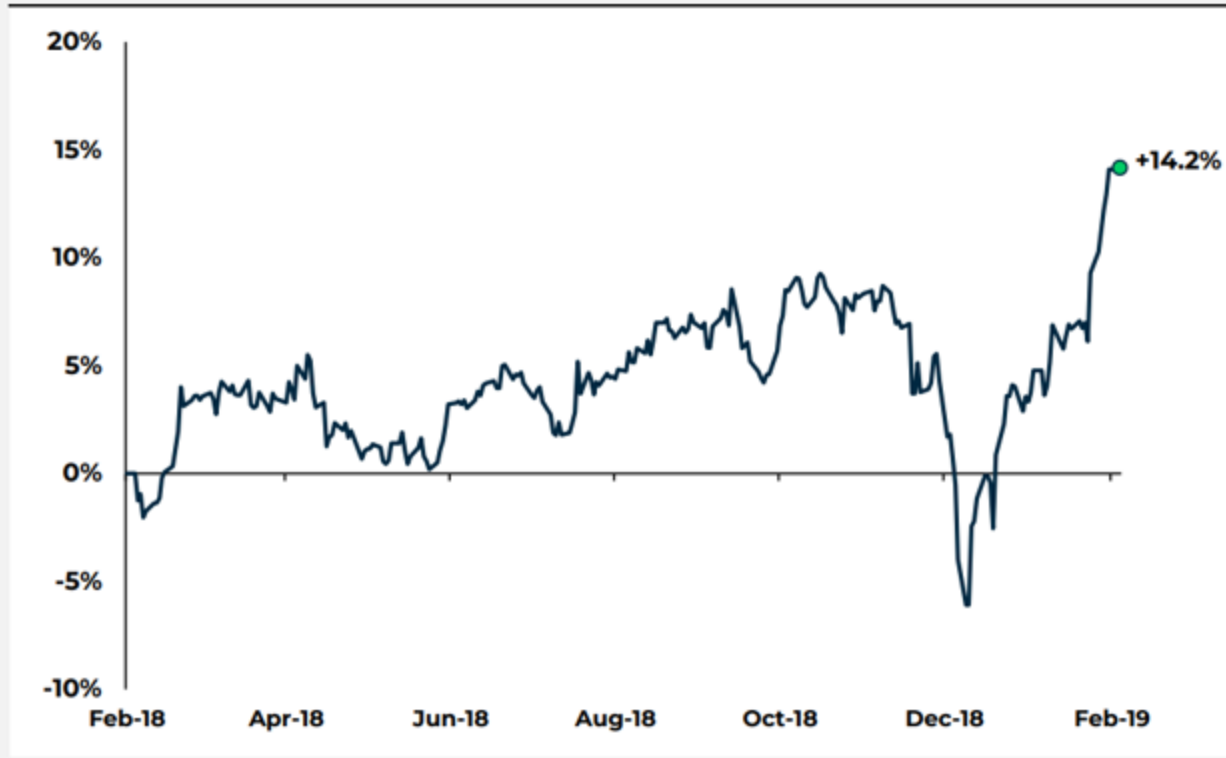
OUR TAKE | The Market Opportunity & Investment Case

The key use case driving 5G development is the improvement of mobile broadband services as capacity demand grows with mobile data traffic and IoT functionalities. 5G technology will allow for easier streaming of high definition media in both densely populated areas and when customers are out of reach of Wi-Fi hotspots.

To facilitate 5G deployment, new millimeter (mm) wave spectrum, which can transmit large amounts of data over short distance, will have to be freed up. Since mm spectrum can't travel far, new communications infrastructure, such as small cells, will need to be deployed and linked to current network infrastructure. Additional fiber will be needed to connect the core networks with the "edges" (e.g. small cells) of the networks.

5G Telecom: Relative Returns

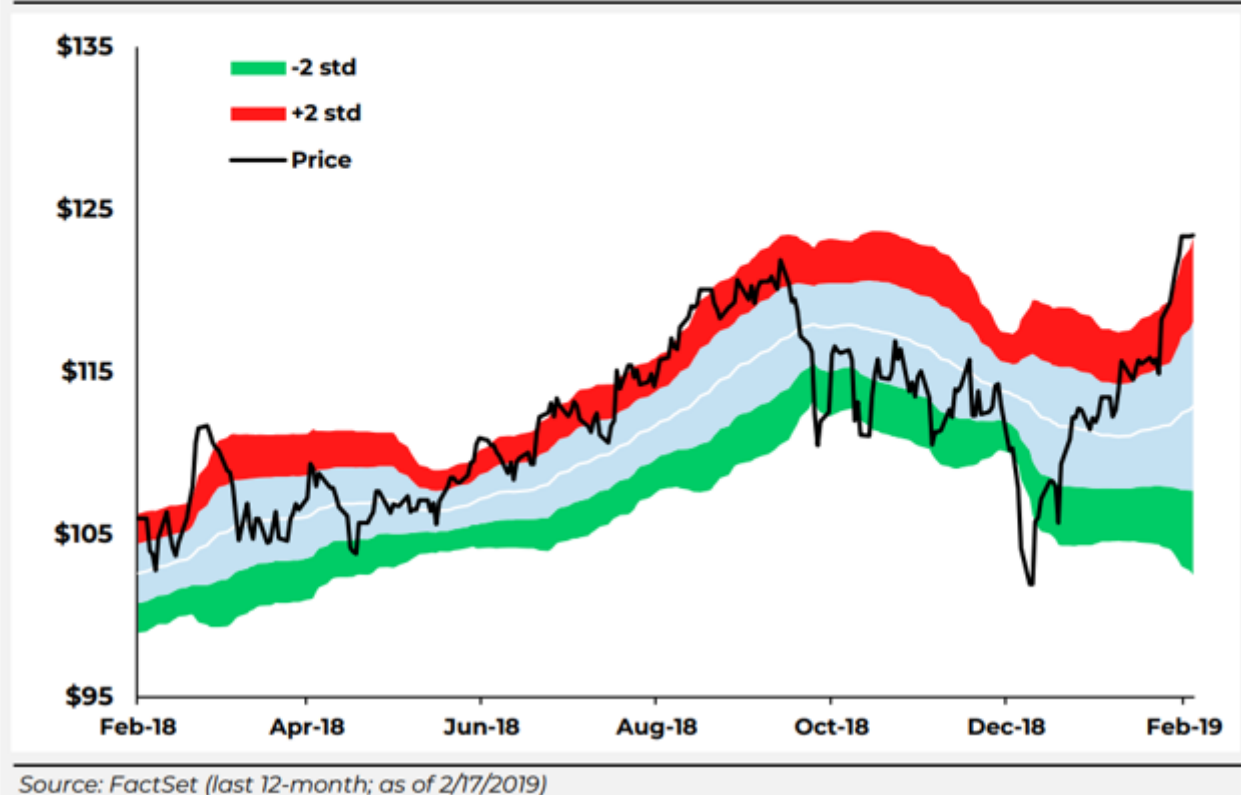
Relative Returns to S&P 500 (Equal Weight Basket)



Source: FactSet (last 12-month; as of 2/17/2019)

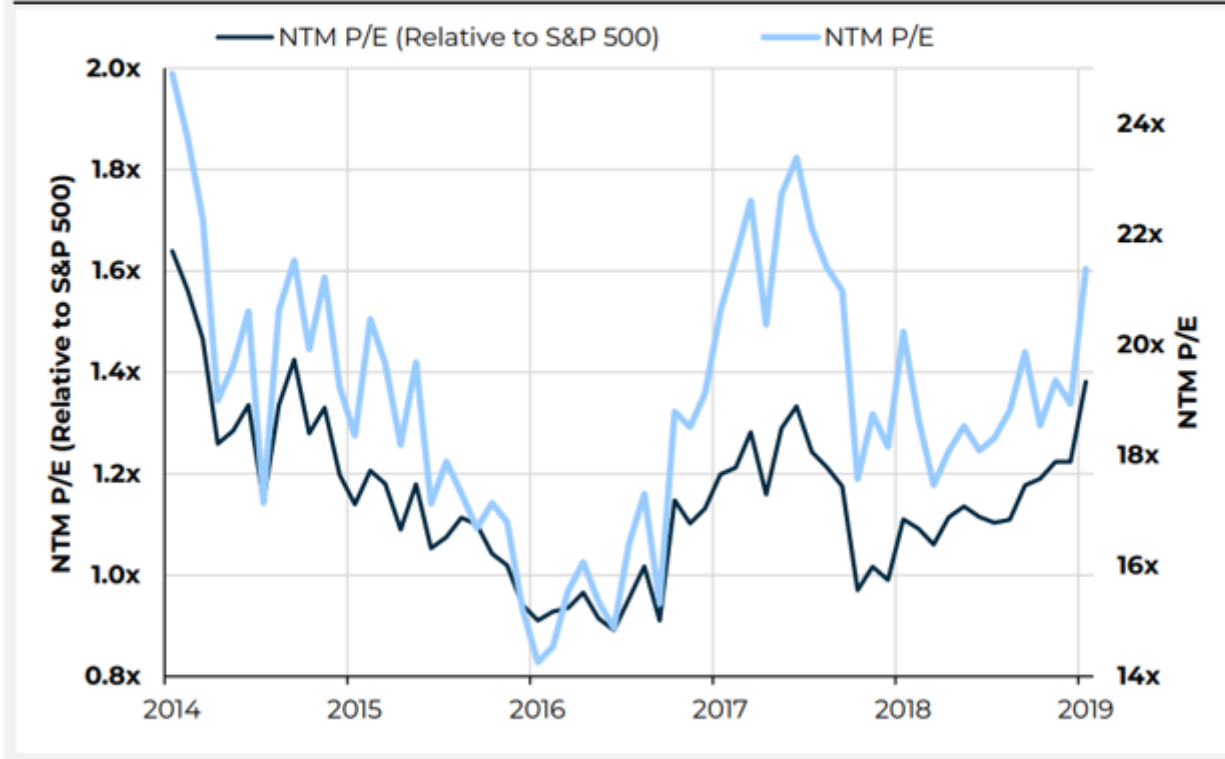
5G Telecom: Trading Range

Trading Range (Equal Weight Basket)



5G Telecom: Valuation

Historical P/E Multiples (Basket Average)



Source: FactSet (as of 2/17/2019)

5G Telecom: Trading Range

FUNDAMENTALS: 5G Buildout Policy Basket

Average Rank		Valuation NTM P/E	Size Market Cap (\$B)	Profitability EBITDA Margin	Cash Flow Yield	Leverage Debt / EBITDA	Liquidity Cash / Sales	Payout Div. Payout Ratio
1	Verizon	11.9x	\$227.92	36.8%	7.6%	2.3x	2.9%	63.4%
2	Ubiquiti Networks	28.1x	\$9.61	35.6%	4.3%	1.2x	35.7%	-
3	Qorvo	12.1x	\$8.00	29.9%	8.6%	0.7x	21.1%	-
4	Motorola	18.1x	\$22.72	24.3%	4.4%	2.3x	17.1%	37.9%
5	American Tower	55.3x	\$78.33	55.5%	3.7%	4.5x	19.4%	-
6	InterDigital	58.1x	\$2.48	60.8%	13.7%	1.9x	245.6%	-
7	QUALCOMM	13.8x	\$62.91	27.3%	2.6%	2.5x	48.0%	-
8	Nokia	19.1x	\$36.88	8.9%	-1.1%	1.3x	30.6%	-
9	Ciena	22.6x	\$6.29	11.8%	3.3%	1.5x	28.9%	-
10	Crown Castle Intl.	71.9x	\$49.85	43.7%	1.7%	5.0x	7.5%	319.0%
11	SBA Communications	123.6x	\$21.02	67.2%	3.8%	7.1x	8.8%	-
12	CommScope	11.0x	\$4.36	19.4%	9.0%	4.6x	7.6%	-
13	Ericsson	23.1x	\$28.70	8.3%	2.1%	1.5x	21.0%	-
14	T-Mobile	18.6x	\$61.26	27.7%	-3.0%	2.3x	2.8%	-
15	Comtech	26.9x	\$0.65	12.8%	3.0%	2.4x	7.0%	32.3%
16	Boingo Wireless	-	\$1.09	31.9%	-0.7%	0.3x	5.5%	-

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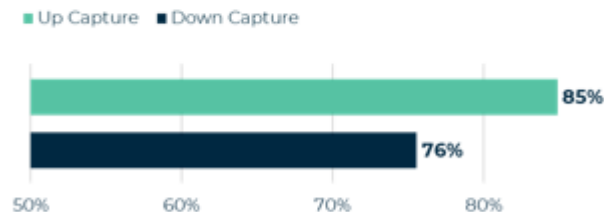
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PLCY

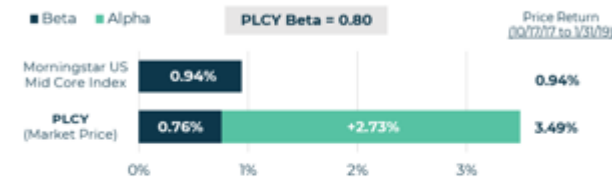
PLCY Portfolio Characteristics

FUND DETAILS		As of 1/31/2019
Inception Date	10/17/2017	
Management Fee	0.85%	
Total Annual Fund Expense	0.86%	
# of Positions	101	
Weighting Style	Equal-weight	
AUM	\$18.6mm	
Benchmark	U.S. Mid Cap Equities	
Transparency	Daily	

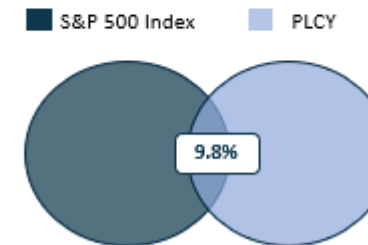
UP / DOWN CAPTURE RATIO



SINCE INCEPTION



PORTFOLIO OVERLAP



Disclosures: Inception Date Oct 17, 2017; PLCY Total Annual Fund Expense: 0.86%; Management Fee 0.85% | The performance data quoted represents past performance and does not guarantee future results. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance quoted. Market price returns are based upon the midpoint of the bid/ask spread at 4:00 Eastern Time and do not represent the returns you would receive if you traded shares at other times. For performance data current to the most recent month end, please call 1-877-539-1510, or visit www.EventSharesFunds.com.

PLCY Portfolio Allocation

ACA Healthcare *(Health Tech, ACA Insurers, Outpatient)*

- Risk of ACA repeal low; Continued push for hospital efficiencies

Financial Deregulation *(Lenders, Regional Banks)*

- Federal Reserve proposed tailoring capital ratio rules; Multi year Consumer Federal Protection Bureau deregulation

Defense Appropriations *(Primes & Suppliers, Aircraft Parts)*

- Increased defense budget boosts sector revenue in our view

Infrastructure *(Engineering & Materials)*

- Rising government spending increases the probability of a bipartisan infrastructure deal in our view

Drug Pricing *(Drug Manufacturers)*

- Pharma lobby combats drug pricing reforms in our view

5G Telecom *(Network Providers, Hardware, Cell Towers)*

- Federal Communications Commission (FCC) pushes telecom infrastructure as China and the US race to build 5G networks

Global Trade *(Trucking, Logistics & Supply Chain Mgmt.)*

- Trucking hours-of-service regulation effectively removes capacity from the trucking industry in our view

Education Access *(Student Finance, For-Profit Schools)*

- Deregulatory push decreases risk overhang we believe

Environmental Deregulation *(Utility & Electronic Transmission)*

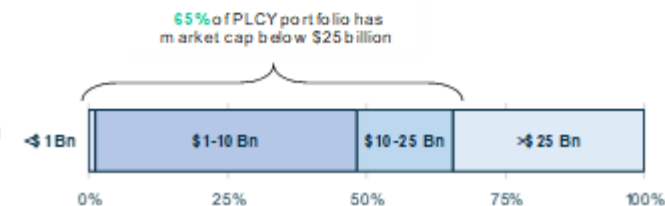
- In our view, recent proposals to relax emission limits for new coal power plants and redefine which bodies of water fall under the Clean Water Act ease operating standards for many utilities

As of 1/31/2019. Allocations subject to change.

Portfolio Allocation



Holdings Market Cap



PLCY Holdings (as of 1/31/2019)

Defense Appropriations 7.55%

AVAV	1.5%
BAH	1.5%
BWXT	1.2%
CACI	1.2%
FLIR	1.2%
GD	1.5%
HBI	1.4%
HRS	1.2%
LDOS	1.4%
LMT	1.5%
MOG/A	1.5%
MRCY	1.2%
NOC	1.6%
RTN	1.2%
TDG	1.2%

Environmental Derogulation 7.05%

AEE	0.72%
AEP	0.72%
D	0.88%
DUK	0.70%
ED	0.87%
EXC	0.73%
LNT	0.71%
NEE	0.71%
PNW	0.89%
SO	0.75%

Drug Pricing (Distributors) 2.95%

ABC	0.95%
CAH	0.99%
MCK	1.02%

Global Trade - US Logistics 2.74%

ALK	0.48%
ALSN	0.53%
JBHT	0.54%
KSU	0.17%
LSTR	0.51%
NSC	0.53%

Financial Derogulation 8.86%

ASB	0.78%
BAC	0.82%
BBT	0.78%
FOFS	0.78%
FTB	0.82%
KEY	0.79%
MTB	0.8%
PNC	0.75%
SB	0.84%
USB	0.77%
VRT	0.92%

ACA Insurance 8.53%

ANTM	0.45%
CNC	1.27%
EMM	1.6%
HUM	1.28%
MOH	1.3%
UNH	1.23%
WCG	1.40%

Hospital & Outpatient 4.54%

DVA	0.9%
EMC	0.83%
ENSG	0.9%
HCA	0.96%
USPH	0.92%

Drug Pricing (Pharma) 4.84%

AGN	0.8%
BMJ	0.78%
GILD	0.83%
LLY	0.82%
VRTX	0.78%
ZTS	0.83%

Tobacco 0.34%

BTI	0.32%
MO	0.1%
PM	0.1%

Health Tech 6.59%

CERN	0.98%
EVH	0.92%
HQY	1.03%
MDRX	0.92%
OMCL	0.94%
TDCC	0.98%
TRHC	0.80%

Educational Access 5.25%

ATGE	0.67%
BFAM	0.71%
CECO	0.70%
CPI	0.80%
LRR	0.99%
NAM	0.73%
STRA	0.84%

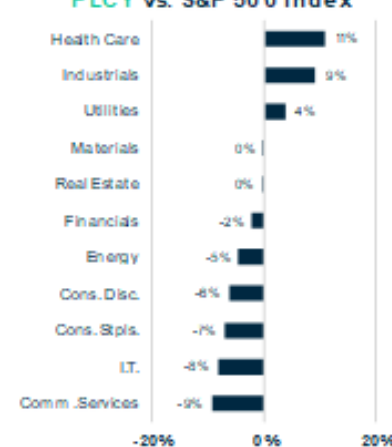
Infrastructure 7.52%

ACM	0.85%
BMI	0.88%
GVA	0.75%
JEC	0.85%
LNG	0.85%
MLM	0.80%
TIEK	0.79%
VMC	0.84%
X	0.93%

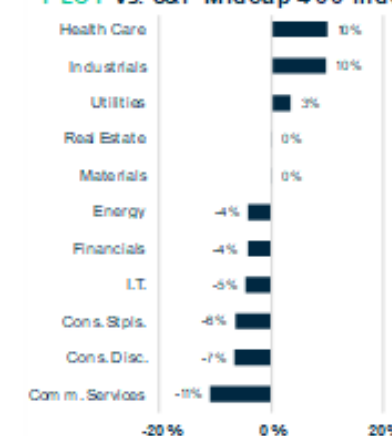
5G Telecom 9.79%

AMT	1.15%
CCI	1.05%
CIEN	1.04%
CMIL	0.35%
ERIC	1.01%
IDCC	1.03%
MSI	0.86%
NOK	1.09%
USNT	0.37%
VORA	1.03%
VZ	0.98%
WIFI	0.37%

PLCY vs. S&P 500 Index



PLCY vs. S&P Midcap 400 Index



Holdings and allocations subject to change.

Definitions

Beta	Measures the volatility of the Fund price relative to the volatility in the market index. Defined as the percent change in the price of the Fund given a 1% change in the market index. A beta below one suggests that the fund was less volatile than the market benchmark. Beta is calculated using FactSet's Portfolio Analytics Tool.
Alpha	Alpha is a measure of the excess (active) return of an investment relative to the return of a benchmark index. An alpha of 1% means the fund's return was 1% better than the market.
Up / Down Capture Ratio	Upside capture ratios for funds are calculated by taking the fund's monthly return during months when the benchmark (Morningstar US Mid Core Index) had a positive return and dividing it by the benchmark return during that same month. Downside capture ratios are calculated by taking the fund's monthly return during the periods of negative benchmark performance and dividing it by the benchmark return.
Morningstar US Mid Core Index (Benchmark)	The Morningstar Mid Core Index measures the performance of mid-cap stocks where neither growth nor value characteristics predominate. Based on 10 years of data (as of 10/24/2018), Morningstar found the following correlations to similar mid cap indices: S&P 400 Index (98%), MSCI US Mid Cap 450 (99%) and the Russell Mid Cap (99%). Correlation is a statistic explaining how related two indices are.
S&P 400 Index	The S&P MidCap 400 Index, more commonly known as the S&P 400, is a stock market index from S&P Dow Jones Indices. The index serves as a barometer for the U.S. mid-cap equities sector and is the most widely followed mid-cap index in existence.
MSCI US Mid Cap 450	The MSCI US Mid Cap 450 Index is comprised of the next largest 450 companies in terms of market capitalization of the US equity market.
Russell Mid Cap	The Russell Midcap Index is a market capitalization weighted index comprised of 800 publicly traded U.S. companies with market caps of between \$2 and \$10 billion.
S&P 500 Index	An American stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ.
Russell 2000 Index	The Russell 2000 index is an index measuring the performance of approximately 2,000 small-cap companies.

Risks & Disclosures

SEC Standardized Data

As of 12/31/2018	1 Month	3 Month	1 Year	Since Inception
PLCY at Market Price	-11.05	-17.57	-11.13	-5.00
PLCY at NAV	-10.61	-17.25	-10.77	-4.75
Morningstar US Mid Core Index	-10.70	-14.62	-12.83	-8.64

Inception Date Oct 17, 2017; PLCY Total Annual Fund Expense: 0.86%; Management Fee 0.85%. The performance data quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance quoted. Returns for periods greater than one year are annualized. Market price returns are based upon the midpoint of the bid/ask spread at 4:00 Eastern Time and do not represent the returns you would receive if you traded shares at other times. For performance data current to the most recent month end, please call 1-877-539-1510, or visit www.EventSharesFunds.com.

Investors should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. For a prospectus with this and other information about the Fund, please call (877) 539-1510 or visit our website at www.EventSharesFunds.com. Read the prospectus carefully before investing.

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There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risk, including the possible loss of principal amount invested. The prices of equity securities rise and fall daily. These price movements may result from factors affecting individual issuers, industries or the stock market as a whole. Shares of the Fund may trade above or below their net asset value ("NAV"). The trading price of the Fund's shares may deviate significantly from their NAV during periods of market volatility. There can be no assurance that an active trading market for the Fund's shares will develop or be maintained. In addition, equity markets tend to move in cycles which may cause stock prices to fall over short or extended periods of time.

Investors in the Fund should be willing to accept a high degree of volatility in the price of the Fund's shares and the possibility of significant losses. Losing all or a portion of your investment is a risk of investing in the fund. Failure of the government to take positive action on policy and regulation themes, as well as other factors besides government action, may result in losses. Unanticipated political or social developments may result in sudden and significant investment losses. Political and social developments that are anticipated but at odds with a Fund's theme may result in sudden and significant investment losses. Investing in securities of small and medium capitalization companies may involve greater volatility than investing in larger and more established companies because small and medium capitalization companies can be subject to more abrupt or erratic share price changes than larger, more established companies. The use of hedging and derivatives could produce disproportionate gains or losses and may increase costs. Short positions entered into by the Fund may involve higher risks and costs, and potential losses relating to such investments are not typically limited.

Shares are bought and sold at market price (closing price) not net asset value (NAV) and are not individually redeemed from the Fund and owners of shares may acquire or redeem shares in Creation Units only. Market price returns are based on the midpoint of the bid/ask spread at 4:00 pm Eastern Time (when NAV is normally determined) and do not represent the return you would receive if you traded at other times.

Shares of the ETFs may be bought and sold throughout the day on the exchange through any brokerage account. Buying and selling shares of ETFs will result in brokerage commissions. Diversification does not guarantee a profit or protect against loss in market declines. The information herein was obtained from various sources, which we believe to be reliable, but we do not guarantee its accuracy or completeness.

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**Investment
Strategies**

**Policy
Research**

About EventShares

EventShares is a family of thematic, active ETFs managed by Active Weighting Advisors LLC, an independent asset manager headquartered in Newport Beach. The company's goal is to make investing more approachable and accessible for all investors. The firm seeks to build a disruptive family of actively managed funds offering exposure to geopolitical and policy-driven events, and is the first of its kind. Additional information about EventShares can be found at www.EventShares.com and the firm's Twitter feed can be followed @Event_Shares.