

What to Expect from Washington in 2020

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Goals for Today's Presentation:

- Policy Investing
 - How PLCY outperforms
 - Policy vs. politics – An important difference
- Policy Related Opportunities in 2020
 - Uranium
 - National Sports Betting
 - Shipping
 - 5G
 - Defense Spending
 - Government Technology Upgrades

A Reflection on PLCY's Outperformance

Legislative Opportunities = Unstructured Data

- Policy data is not structured, which prevents investors from automating policy investing
- In our view, less investor attention means more abundant and attractive investment opportunities
- Traditional investment approaches (i.e. value investing) rely on an informational advantage that can be automated away with technology
- An inability to automate policy investing decreases the risk of returns being competed away in our view
- Our long-term conviction in the strategy continues to grow

Policy Leads to Uncorrelated Catalysts

- Policy catalysts are generally not tied to the stage of the economic cycle
- Companies must follow new laws and regulations regardless of interest rate and unemployment levels
- In our view, policy catalysts lower market correlation and provide diversification

Thoughts on 2020 Election Cycle

- The majority of PLCY's policy themes are driven by regulatory agencies and states and are not dependent on the outcome of the 2020 elections
 - For example, U.S. sports betting, IMO 2020, 5G telecom, and sales tax compliance themes do not depend on the executive branch
 - Additionally, while renewable energy historically is a Democratic priority, the current renewable trend is being pushed by state legislation
- PLCY is politically agnostic; The fund does not have a party bias when selecting policy investments and will invest "across the aisle"

2020 PLCY Outlook

- Regulatory agencies and states will most likely drive the policy making process in 2020 as Congress deals with impeachment and the 2020 elections
- We see abundant opportunities in 2020 despite election distractions: (1) sport betting market growth; (2) state infrastructure spending increases; (3) IMO 2020; (4) state low carbon fuel standards incentivizing renewable energy; (5) 5G network buildout; (6) push to incorporate technology into the health care system to lower costs and improve care quality

EventShares U.S. Legislative Opportunities ETF (Ticker: PLCY)

Investing in Legislation & Regulation — Simple, Yet Untapped



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

No company is immune to government policy changes.



Abundant Opportunities

On average each year¹, Congress passes **758 bills**, the Supreme Court rules on **130 cases**, and agencies issue **3,853 rules**. PLCY's investment process looks through the noise to identify winners and losers.



Policy Catalysts are Uncorrelated to Broader Market

PLCY looks to capture opportunities driven by government policymaking not correlated to traditional factors.



Academically Supported

Harvard Research found that policy investing generated **~11% alpha annually** over a 20-year period.²

¹Forbes.com; MIC.com; Civilrights.org

²"Legislating Stock Prices." National Bureau of Economic Research. Data represents 1989-2008.

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Investment Process

Aims to construct a differentiated portfolio designed to maximize returns while limiting downside risk

Thematic Idea Generation

Strives to identify changes in government rules and regulations, which are often overlooked by market participants. Sources include: company SEC filings; Federal Register; Congress.gov; Politico.

Systematic Process

The investment process is based on identifying companies and industries most levered economically and financially to policy changes.

Risk Management

Risk management is incorporated into all stages of our investment process, evaluating volatility and factor exposures. Rebalancing and active position management are used to maintain the fund's targeted exposure.

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Policy Themes in the Portfolio

Uranium — Miners

- **U.S. regulatory uncertainty is preventing the uranium market from functioning efficiently**
 - Uranium is a key input for nuclear energy production and maintaining defense capabilities. Uranium buyers typically enter long-term contracts to purchase uranium but have pulled back from the long-term contract market due to concerns over potential U.S. quotas or tariffs.
- **Exiting Cyclical Lows**
 - Uranium mine and mill overcapacity created a supply-demand imbalance in the uranium markets after the 2011 Fukushima accident.
- **Inflection Point**
 - A Section 232/U.S. Nuclear Fuel Working Group resolution could restore market functionality if utilities begin to lock in long-term contracts.
 - We focus on companies with scale advantages, high quality mining assets, and those that didn't dilute equity owners during the uranium market lows.

Sports Betting — Regional Casinos, Sports Betting Software, Sports Betting Media Properties

- **Sports betting brings a new customer segment into the legal U.S. gambling market**
 - Driven by new gambling opportunities, younger customers will move from the illegal offshore gambling market to the legal gambling market.
 - New sports betting offerings will require technology to calculate odds and enable mobile sports betting.
 - Partnerships between casinos/sportsbooks and media companies provide additional growth opportunities to capture increased advertising spend.
- **Increased Foot Traffic**
 - Customer growth means extra opportunities to capture more dollars from traditional casino games and cross-sell dining and lodging packages.
- **Multi-Year Impact**
 - Supreme Court legalized sports betting in May 2018
 - 13 states have legal, regulated sports betting industries and an additional 8 states are close to having legal sports betting industries.
 - Growth opportunities expected to last past 2025 as more states consider sports betting legalization and the U.S. market develops.

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International Maritime Organization (IMO) 2020 — Refined Product Tankers, U.S. Refiners, Outsourced Fuel Logistics

- **Regulatory requirement for lower-sulfur marine shipping fuels will change oil shipping routes and increase fuel logistics complexity**
 - A new shipping rule lowers the sulphur cap for marine fuels to 0.50% from 3.5%.
 - Driven by an inequality in refining ability among countries, (1) oil will need to be moved to different geographic refineries and (2) refined products will need to be transported from regions with excess compliant fuel to regions with a shortage of compliant fuel.
- **Exiting cyclical lows / Increasing Time Charter Equivalent (TCE) rates**
 - Ship overcapacity, above-average oil inventories, and lack of arbitrage opportunities limited pricing power from 2016-2018.
 - We believe refined product tanker companies with young shipping fleets, strong balance sheets, and leverage to the spot market will earn strong free cash flow. This will allow them to de-lever their balance sheets and return capital to shareholders.
- **Multi-Year Impact**
 - Effective date January 1, 2020; Significant disruption in the marine fuel and oil shipping market could potentially last through 2022.

Government Technology — Sales Tax & Payroll Compliance Software, Government Property REIT, Law Enforcement Body Cameras

- **Sales tax collection requirements and complex employment laws push companies to automate business functions**
 - Supreme Court ruling (June 2018) requires online sellers to collect and remit sales tax if they meet sales thresholds in certain states; Small businesses are opting to automate the sales tax collection process with software
 - Increasingly complex employment laws (i.e. new Federal overtime law, California's 'gig economy' law) are causing small business to outsource their HR and payroll functions
- **Selling software and services, leasing office space, and contracting with the U.S. government to provide specialized services**
 - Increased government spending at both the federal and state/local levels provides steady demand for companies that sell products and services to the government; Examples: Leasing property to federal agencies, Selling software (e.g. court management, municipal tax billings/collections, property records) to state and local governments
 - Automating law enforcement via use of software and body cameras; Increased regulatory focus on discouraging use of lethal force by law enforcement promotes equipment such as Tasers

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Healthcare Innovation — Health Technology, Insurers, Contract Research Organization to Biotech/Pharma Industries, Opioid Free Alternatives

- More states are expanding their Medicaid programs after voter approval, which is decreasing the uninsured population.
- Value-based reimbursement policies incentivize health care providers to increase technology use to improve quality of care
- Drug pricing pressures are causing biotech/pharma companies to outsource drug R&D to lower development costs

Defense Appropriations — Prime Contractors, National Security IT, Aircraft Parts, Shipbuilders, Unmanned Aerial Vehicles

- Increased defense budgets and elevated geopolitical tensions likely lead to increased government contract opportunities

Infrastructure — Construction Aggregates, Engineering Contractors, Equipment, Water Infrastructure

- State legislators are increasing state gas taxes and increasing electric/hybrid vehicle fees to pay for local infrastructure spending
- Increased regulation of water systems provides more revenue opportunities for water equipment and pipeline maintenance companies

5G Telecom — Network Equipment Providers, Hardware, Cell Towers

- Federal Communications Commission (FCC) continues to provide deregulatory tailwinds as the U.S. races to build 5G networks ahead of China

Media Deregulation — Local TV Station Owners

- FCC review of local market ownership rules may lead to industry consolidation, which would mean increased pricing power during retrans negotiations
- Political ad spending throughout the 2020 elections will lead to increased local advertising spending on local TV networks

Tobacco — Tobacco Companies

- Proposed FDA regulations (purchase location and age requirements) caused investors to sell tobacco stocks, creating attractive valuations in our view
- Significant regulatory action is unlikely due to regulator fear of creating a vaping black market

Trade Negotiations — CA Warehouse REIT, U.S.-Mexico Railroad, U.S. Beverage Distributor with EU Sales

- Negotiations covering NAFTA, China, and the EU have created global trade uncertainty, changing investor expectations of future trade flows

Renewable Fuels — Renewable Energy Utilities, Renewable Project Financing, Ethanol Producers, Renewable Power Plant Construction/Engineering

- State low carbon fuel standards promote low carbon energy production, benefitting renewable energy infrastructure assets

EventShares U.S. Legislative Opportunities ETF (Ticker: PLCY)

	Healthcare Innovation	14.56%	IMO 2020	12.02%	Infrastructure	11.06%	Defense	11.01%
Health Tech	Pacira Biosciences (PCRX)	1.05%	Scorpio Tankers (STNG)	2.10%	Granite Construction (GVA)	1.50%	Mercury Systems (MRCY)	1.16%
	Teladoc Health (TDOC)	1.03%	World Fuel Services (INT)	1.67%	Evoqua Water (AQUA)	1.20%	OSI Systems (OSIS)	0.95%
	Omniceil (OMCL)	0.99%	Valero Energyvation (VLO)	1.41%	Sterling Construction (STRL)	0.94%	Huntington Ingalls (HII)	0.95%
	HMS (HMSY)	0.97%	PBF Energy (PBF)	1.28%	Select Energy Services (WTRR)	0.83%	L3Harris (LHX)	0.91%
	Tabula Rasa (TRHC)	0.93%	HollyFrontier (HFC)	1.21%	NVS Global (NVEE)	0.83%	Booz Allen Hamilton (BAH)	0.80%
	Humana (HUM)	0.92%	Star Bulk Carriers (SBLK)	1.16%	Great Lakes Dredge (GLDD)	0.82%	Kratos Defense & Security (KTOS)	0.79%
	Medpace (MEDP)	0.85%	Scorpio Bulkers (SALT)	1.14%	Astec Industries (ASTE)	0.81%	ManTech International (MANT)	0.77%
	Vocera (VCRA)	0.79%	Diamond S Shipping (DSSI)	1.08%	Vulcan Materials (VMC)	0.74%	CACI Intl. (CACI)	0.76%
	PRA Health Sciences (PRAH)	0.79%	Clean Harbors (CLH)	0.49%	Construction Partners (ROAD)	0.71%	BWX Tech. (BWXT)	0.75%
	Iqvia (IQV)	0.74%	Ardmore Shipping (ASC)	0.48%	Tetra Tech (TTEK)	0.54%	Northrop Grumman (NOC)	0.69%
Health Insurers	Nuance Comm. (NUAN)	0.39%			Martin Marietta (MLM)	0.53%	Raytheon (RTN)	0.66%
	eHealth (EHTH)	0.85%	Sports Betting	7.10%	Summit Materials (SUM)	0.36%	Aerojet Rocketdyne (AJRD)	0.58%
	WellCare Health (WCG)	0.82%	Stars Group (TSG)	1.21%	Tutor Perini (TPC)	0.36%	Science Applications (SAIC)	0.50%
	Centene (CNC)	0.78%	Boyd Gaming (BYD)	0.89%	Aecom (ACM)	0.31%	AeroVironment (AVAV)	0.41%
	UnitedHealth Group (UNH)	0.77%	Penn National Gaming (PENN)	0.80%	Aegion (AEGN)	0.30%	Perspecta (PRSP)	0.34%
	Anthem (ANTM)	0.76%	Twin River Worldwide (TRWH)	0.78%	Insteel Industries (IIN)	0.28%		
	Molina Health (MOH)	0.60%	Eldorado Resorts (ERI)	0.76%			Media Deregulation	3.50%
	Cigna (CI)	0.52%	Churchill Downs (CHDN)	0.70%	Government Technology	11.72%	Nexstar Media (NXST)	0.99%
			Sinclair Broadcast (SBGI)	0.67%	Avalara (AVLR)	2.42%	TEGNA (TGNA)	0.94%
			William Hill (WIMHY)	0.52%	Tyler Technologies (TYL)	2.18%	Gray Television (GTN)	0.90%
	5G Telecom	11.09%	Fox Corp (FOXA)	0.49%	Axon Enterprise (AAXN)	2.01%	E. W. Scripps (SSP)	0.67%
	Ericsson (ERIC)	1.12%	Scientific Games (SGMS)	0.28%	Paychex (PAYX)	1.96%		
	American Tower (AMT)	1.06%			Easterly Gov't Properties (DEA)	1.69%	Global Trade	3.72%
	Nokia Oyj (NOK)	1.05%	Renewable Fuels	7.99%	Leidos (LDOS)	1.45%	Rexford Industrial (REXR)	1.41%
	SBA Communications (SBAC)	1.05%	Brookfield Renewable (BEP)	1.34%			Kansas City Southern (KSU)	1.19%
	Crown Castle (CCI)	0.98%	TerraForm Power (TERP)	1.34%	Tobacco	3.56%	Brown-Forman (BF.B)	1.12%
	Ciena (CIEN)	0.88%	Hannon Armstrong (HASI)	1.33%	British American Tobacco (BTI)	0.81%		
	Viavi Solutions (VIAV)	0.83%	Covanta (CVA)	1.13%	Philip Morris (PM)	0.72%	Uranium	2.49%
	Infinera (INFN)	0.83%	Argan (AGX)	0.94%	Turning Point Brands (TPB)	0.70%	Cameco (CCJ)	2.49%
	Uniti Group (UNIT)	0.80%	Renewable Energy (REGI)	0.93%	Altria Group (MO)	0.69%		
	Dycom Industries (DY)	0.59%	REX American (REX)	0.80%	Universal (UWV)	0.63%		
	Boingo Wireless (WIFI)	0.58%	Green Plains (GPPE)	0.20%				
	Commscope (COMM)	0.51%						
	Teradyne (TER)	0.49%						
	CEVA (CEVA)	0.33%						

As of 1/2/2020. Holdings and allocations subject to change.

EventShares U.S. Legislative Opportunities ETF (Ticker: PLCY)

Portfolio Statistics

Fund Details (as of 2 January 2020)

Type	Active U.S. Equity ETF
Inception Date	10/17/2017
Gross Expense Ratio	0.85%
Net Expense Ratio ⁽¹⁾	0.75%
Assets Under Management	\$20,105,250
Transparency	Fully Transparent (daily)
Index Overlap ⁽²⁾	4.95%

Fund Construction

Number of Holdings	70-120 names across 10-15 themes
Holding Period	Generally 6 months to 2 years
Policy Theme Concentration	Top themes: 10% to 20% each
Geography	U.S. companies
Market Capitalization	Small & Mid Cap tilt

Top 5 Holdings

	Theme	% of net assets
Cameco (CCJ)	Uranium	2.49
Avalara (AVLR)	Government Technology	2.42
Tyler Technologies (TYL)	Government Technology	2.18
Scorpio Tankers (STNG)	IMO 2020	2.10
Axon Enterprise (AAXN)	Government Technology	2.01

Policy Theme Weights (% of net assets)

Healthcare Innovation	15%
Defense	12%
IMO 2020	12%
5G Telecom	11%
Infrastructure	11%
Government Technology	10%
Renewable Fuels	8%
Sports Betting	7%
Media Deregulation	4%
Trade	4%
Tobacco	4%
Uranium	2%
Total Themes	100%



Illustrative purposes only.

Policy and regulation themes include, but are not limited to budgets, legislative bills, executive actions or government agency regulations. Source: EventShares. Holdings and allocations subject to change. (1) The advisor has contractually agreed, through at least December 31, 2020, to waive or reduce its fees and to assume other expenses of the Fund, as necessary, in an amount that limits the total annual fund operating expenses to not more than 0.75% of the average daily net assets of the fund. The fund may terminate the Expense Limitation Agreement at any time. (2) Average index overlap of S&P 500, S&P 400, Russell 2000 Index.

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Performance (Total Return)

Investment Results (%)

Month End – As of 31 December 2019	Annualized Total Returns						
	1 Month	3 Month	YTD	1Yr	3Yr	5Yr	Inception ⁽¹⁾
PLCY NAV	3.64	13.46	28.27	28.27	-	-	9.74
PLCY Market Price	3.26	12.98	28.26	28.26	-	-	9.60
Morningstar US Mid Core Index	2.81	7.06	26.20	26.20	-	-	7.64

Quarter End – As of 31 December 2019	1 Month	3 Month	YTD	1Yr	3Yr	5Yr	Inception
	1 Month	3 Month	YTD	1Yr	3Yr	5Yr	Inception
PLCY NAV	3.64	13.46	28.27	28.27	-	-	9.74
PLCY Market Price	3.26	12.98	28.26	28.26	-	-	9.60
Morningstar US Mid Core Index	2.81	7.06	26.20	26.20	-	-	7.64

Net Expense (2) 0.75%, Gross Expense 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 EventSharesFunds.com.

Source: EventShares/Morningstar. Returns for periods less than one year are not annualized. (1) Fund inception of 10/17/2017. (2) The advisor has contractually agreed, through at least December 31, 2020, to waive or reduce its fees and to assume other expenses of the Fund, as necessary, in an amount that limits the total annual fund operating expenses to not more than 0.75% of the average daily net assets of the fund. The fund may terminate the Expense Limitation Agreement at any time.

Get In Touch

We welcome conversations with investors, advisors and strategists.

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Fund Documents

 [Fact Sheet](#)

 [Prospectus](#)

Company Overview

Founded	2017
Mission	Offering differentiated risk/return investment solutions
PLCY	The only investment fund focused on legislative and regulatory catalysts
Team	Previously held positions at Goldman Sachs Asset Management, Lord Abbett, Ernst & Young, & Providence Equity Partners
ETF.com Awards ¹	PLCY named "2018 Thematic ETF of the Year"

¹ Methodology: ETF.com Award winners are selected in a three-part process designed to leverage the insights and opinions of leaders throughout the ETF industry. Step 1: Open nominations, which started Dec. 3, 2018, and closed Jan. 3, 2019. Step 2: ETF.com Awards Nominating Committee—made up of senior leaders at ETF.com, Inside ETFs and FactSet—voted to select up to five finalists in each category. Step 3: Winners from these finalists were selected by a majority vote of the ETF.com Awards Selection Committee, a group of independent ETF experts.

EventShares U.S. Legislative Opportunities ETF (Ticker: PLCY)

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.
Alpha	Excess return of an investment relative to 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 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.
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.
Russell 2000 Index	The Russell 2000 index is an index measuring the performance of approximately the 2,000 smallest-cap American companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks.
Russell Microcap Index	The Russell Microcap Index measures the performance of the microcap segment of the U.S. equity market.
Correlation	Correlation is a statistical technique that can show whether and how strongly pairs of variables are related.
Standard Deviation	Standard deviation is one of the key fundamental risk metrics that measures the dispersion of a dataset relative to its mean and is calculated as the square root of the variance. A large dispersion shows how much the return on the fund is deviating from the expected normal returns.

Investors Can not invest directly in an unmanaged index.

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Risks & Disclosures

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.

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.