

TTAI

TrimTabs All Cap International
Free Cash Flow ETF

www.trimtabsfunds.com

1 (212) 217 2514

investorrelations@trimtabsfunds.com



INVESTMENT CASE: TrimTabs All Cap International Free Cash Flow ETF

UNDERSTANDING TTAI

The TrimTabs All Cap International Free-Cash-Flow ETF (TTAI) is primarily focused on the potential to generate long-term returns that exceed those of the S&P Developed Ex-U.S. Index. Through quantitative analysis and an active management process, TrimTabs Asset Management focuses on selecting companies in non-U.S. developed markets that are generating free cash flow, reducing their share count and maintaining healthy balance sheets. TTAI identifies approximately 85 companies listed in the S&P Developed Ex-U.S. Index that best fulfill its investment criteria. The methodology behind TTAI has its roots in Informa TrimTabs Investment Research's two decades of experience as an independent institutional research firm, providing valuable insights to leading global institutional investment firms.

WHAT IS FREE CASH FLOW AND WHY DOES IT MATTER?

Under regular accounting principles, managements have enormous discretion in how they report revenues, expenses, earnings, assets, and liabilities. Additionally, income and balance sheet reports have the effect of smoothing out these measures over a time frame that is also discretionary to management.

But to focus on the true corporate changes in real time, free cash flow is a much more power

ful metric. Free cash flow is a measure of the quantity of cash a company generates each reporting period after accounting for future organic growth. This cash is discretionary, available to be spent however a firm chooses; to pursue new opportunities such as developing new products, making acquisitions, or issuing a dividend.

Free cash flow is significantly less likely to be subject to some of the financial gimmickry inherent in much of today's accounting practices. While not perfect, it is a factor that enables closer scrutiny of underlying corporate fundamentals and makes it easier to identify quality companies with growing cash reserves. (For more detail about free cash flow, please see our White Paper, "Free Cash Flow, an Upgrade to Management Reporting").

WHAT ARE SHARE COUNT REDUCTIONS AND WHY DO THEY MATTER?

Share count reductions occur when companies lower the amount of shares outstanding, most commonly through stock buybacks, though this can also be accomplished with other capital changes. These share reductions can prove advantageous for investors holding the stock in question, as they end up holding a "larger piece of the pie."

The story doesn't end there, however. It is possible for a company to finance a stock buyback by selling its assets or borrowing money. While these activities will undoubtedly reduce a company's share count in the short term, they do not necessarily suggest a healthy underlying business. TTAI seeks to invest in companies that are substantially financing their share reductions with free cash flow, as this indicates that their underlying businesses are truly profitable.

DEVELOPED INTERNATIONAL EXPOSURE

TTAI is focused on companies operating in non-U.S. developed international markets—including Europe, Asia, South Asia, and Canada—with strong free cash flow that are executing share count reductions while maintaining healthy balance sheets. When used in conjunction with the TrimTabs Float Shrink ETF (TTAC), which is focused on U.S. companies sharing the same attributes as those included in TTAI, investors can establish truly global exposure to these promising companies. Through a combination of TTAI and TTAC, investors may also fine-tune their free cash flow exposure for a more international or domestic tilt.

ACTIVE MANAGEMENT

As an actively managed ETF, TTAI also offers investors the potential to achieve "alpha," that is, to outperform the market. The vast majority of ETFs are passive, tracking the composition of an index, and can only hope to perform as well as their respective benchmarks (minus fees and expenses). Adhering to its proprietary quantitative methodology, TTAI's objective is to outperform the S&P Developed Ex-U.S. Index. Moreo-

ver, while passive ETFs typically only rebalance quarterly or semiannually, TTAI rebalances its holdings whenever our assessment of individual company fundamental conditions warrant.

EQUAL WEIGHTING

Unlike many traditional ETFs, which utilize market cap weightings, wherein a small number of very large companies often receive very heavy allocations, TTAI is an equally weighted ETF. This equal weight approach avoids many of the drawbacks of a market cap-weighted strategy, which tends to overweight overvalued companies while underweighting undervalued companies. All 85 of TTAI's constituents receive a similar weighting, no matter their market capitalization. This allows TTAI to avoid having a single position significantly impact the portfolio.

COMPETITIVE MANAGEMENT FEE

TTAI adheres to TrimTabs Asset Management's philosophy of competitively pricing its entire suite of actively managed ETFs. TTAI's 59bp management fee is less than the average of other actively managed ETFs, based on the average fee of its peer group.

The expense ratio for the fund is 0.59%. According to ETF.com, as of June 20, 2017, there are 60 actively managed equity ETFs. The range in expense ratio is 39 basis points to 195 basis points. The median expense ratio is 82 basis points; the average expense ratio is 84 basis points. At 59 basis points for TTAI, only 7 of the 60 ETFs have a lower fee. Therefore, the TTAI fee is in the lower 15% of all actively managed equity ETFs. For more information, please visit ETF.com.

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by calling 800-617-0004. Read it carefully before investing.

Investing involves risk, including the possible loss of principal. Shares of any ETF are bought and sold at market price (not NAV), may trade at a discount or premium to NAV and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. Investments in the fund include risks associated with small-and mid-cap securities which involve limited liquidity and greater volatility than large-cap securities. Returns on investments in foreign securities could be more volatile than investments in US Securities.

The Trim Tabs Float Shrink ETF and the TrimTabs All Cap International Free-Cash-Flow ETF is distributed by Quasar Distributors, LLC.

The S&P Developed Ex-U.S. BMI Index is a market capitalization weighted index that defines and measures the investable universe of publicly traded companies domiciled in developed countries outside the U.S. The Developed Index is float adjusted, meaning that only those shares publicly available to investors are included in the Developed Index calculation.

Free Cash Flow (FCF) represents the cash that a company is able to generate after accounting for expenditures.

Alpha is a measure of performance on a risk-adjusted basis.

One basis point is equal to 1/100th of 1%, or 0.01% (0.0001).