Manager Review

TTAC All Cap US Free-Cash-Flow ETF

TRIMTABS ASSET MANAGEMENT

Manager Review

As of 6/30/2019

Fund Information

Inception Date	September 27, 2016
Ticker	TTAC
CUSIP	89628W302
Exchange	Cboe BZX Exchange, Inc.
IOPV Svmbol	TTAC.IV
NAV Symbol	TTAC.NV
AUM	122,030,534.00
Expense Ratio	0.59%

IOPV, or Indicative Optimized Portfolio Value, is a calculation disseminated by the stock exchange that approximates the Fund's NAV every fifteen seconds throughout the trading day.

Quarter End Performance (%) as of 6/30/2019

	1 Year	2 Year	Annualized Since Inception 9/27/16
TTAC NAV	5.20	12.94	16.09
TTAC Market Price	4.87	12.54	16.03
Russell 3000 TR	8.98	11.84	13.74

The performance data quoted represents past performance. Past performance does not guarantee future results. The 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 and current performance may be lower or higher than the performance quoted. Performance current to the most recent month-end can be obtained by calling (toll free 800-617-0004).

Source: Morningstar Direct

A monthly commentary to familiarize you with our approach to investing.

Janet Flanders Johnston, CFA
Portfolio Manager
TrimTabs Asset Management

The TrimTabs All Cap US Free-Cash-Flow ETF (TTAC) was up 4.84% (NAV) for the quarter, and 18.35% (NAV) year-to-date. This compares to our benchmark, the Russell 3000 Total Return Index, which gained 4.10% for the quarter, and 18.71% year-to-date. This possibly maturing bull market continues to be defensive in nature, as large capitalization companies continue to outperform both small and mid-cap stocks during 2019. The "snap back rally" from the Q4 2018 19% decline has produced the strongest first half US stock rally in 20 years.

As summer is in full swing and Americans are headed to the beach and firing up their barbeque grills, some investors will be celebrating both the longest bull market in the history of the United States and our extended economic recovery. However, others will be struggling with anxiety and whiplash from the endless "headline risk" due to the trade war with China and increasing geopolitical risk, along with fears of a slowing economy, and FOMO (fear of missing out).

In April, the 10-year US treasury bonds started rallying in price and yields began to decline. The 10-year bond is heavily followed by investors for clues about the direction of the US economy and is considered a "safe haven" trade when markets are concerned about macroeconomic or geopolitical risk. By late May, yields had plummeted from an April high of 2.59% to 2.12%. Yields continued to drop in June to around 2.0%. Historically, this type of sharp sell-off would suggest a recession is on the horizon or a major geopolitical event (for example war) is about to occur.

However, this price action is at odds with the performance we have observed in the US Stock market. While the domestic economy has slowed, there are no signs of either an economic or earnings recession. Inflation continues to be subdued. One of the reasons besides fear for the price action in the US bond market may be competition from much lower (and in some markets negative) European and Japanese bond yields.

The services component of the economy has been much stronger than the manufacturing sector in 2019. Many companies built up inventories in the fourth quarter of 2018 in anticipation of tariffs. While companies are working off their inventories, production may be lower than the actual growth rates of the manufacturing sector. While the manufacturing PMIs (Purchasing Manager's Index) have declined, the services PMIs remains strong. We believe this potentially reflects the continued shift by consumers toward more services, software, experiences, subscriptions, and the shared economy.

With strong balance sheets, record low employment, improving wages, and high levels of consumer confidence, the consumer has provided a tailwind for the US stock market. Unemployment continues to be low and a positive catalyst in other developed countries as well.

The Chinese consumer has had a strong appetite for US consumer products. Many well positioned consumer companies have achieved double digit sales growth in China. While we are anxiously waiting for companies to report Q2 earnings, Nike (NKE) recently reported its fiscal fourth quarter. Nike's sales growth in China was 22%, compared to the previous quarter's 19%. On the NKE call last quarter management said, "China earned its 19th consecutive quarter of high-quality, double digit growth, as the Chinese consumer increasingly makes sports a part of their daily lives." Some of our other names with strong growth in China are Lululemon (LULU), Estee Lauder (EL), Starbucks (SBUX), and Yum China (YUMC).

Information Technology was the strongest performer in Q2. Our top stock in the sector was Leidos Holdings (LDOS), a software company with innovative expertise in defense, intelligence, civil and health markets. Our second-best tech stock was Broadridge Financial (BR) another IT services company. BR provides advanced communications, technology, data and analytics solutions for the financial services industry and businesses.

Top Holdings

	Portfolio Weighting %
Illumina Inc	1.50
Deckers Outdoor Corp	1.50
Zoetis Inc Class A	1.43
MSCI Inc	1.39
Visa Inc Class A	1.33
Broadridge Financial Solutions Inc	1.32
Ulta Beauty Inc	1.32
VeriSign Inc	1.31
Microsoft Corp	1.31
Aspen Technology Inc	1.30

The TrimTabs All Cap US Free-Cash-Flow ETF is distributed by Quasar Distributors, LLC.

For further information please contact Alan Rubenfeld, Director of Sales at TrimTabs Asset Management at 212-217-2514 or via email at alan.rubenfeld@trimtabsfunds.com. www.trimtabsfunds.com

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

Fund holdings and allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security.

Earnings growth is not a measure of the Fund's future performance.

The Russell 3000® Index measures the performance of the 3,000 largest publicly traded U.S. companies, based on market capitalization. The Index measures the performance of approximately 98% of the total market capitalization of the publicly traded U.S. equity market. It is not possible to invest directly in an index.

Our worst performers were Nvidia (NVDA) and Fortinet (FTNT). However, we continue to like both companies, based on their rankings and their strong positioning relative to their competitors.

The second-best sector was Financial Services. Our best performing stock in our portfolio and in the entire sector was MarketAxess Holdings (MKTX), which operates an electronic, multi-dealer to client platform for bond trading between financial institutions and broker-dealers. This company has benefitted from the banks' retrenchment from this area of business. MSCI Inc (MSCI), a provider of indices and investment decision support tools, was another strong performer. Our underperformers in the sector were Evercore Inc (EVR) and Assured Guaranty (AGO).

We will continue to look for high quality companies with multiple layers of cushions, or potential "moats." Our process starts by looking first at Free Cash Flow, then balance sheets, and actual share reduction. In this challenging environment, I am also looking at a company's actual "cash moat" or ability to pay off liabilities with cash in hand. Additionally, I want to know if a company has a competitive advantage or leadership position/brand in their industry, and if they have innovative or disruptive technology.

We thank our investors for the opportunity to serve you.

Opinions expressed are subject to change any time, are not guaranteed and should not be considered investment advice.

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contains this and other important information about the investment company, and it may be obtained by calling 1-800-617-0004 . Read it carefully before investing.

There is no guarantee that TTAC will achieve its investment objective. Investing involves risk, including the possible loss of principal. Because the Fund is an ETF (rather than a mutual fund), shares are bought and sold at market price (not NAV), may trade at a discount or premium to NAV, and are not individually redeemable. Owners of the shares may acquire those shares from the Fund and tender those shares for redemption to the Fund in Creation Unit aggregations only, consisting of 25,000 shares. 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.

Source: Morningstar Direct