Hull TACTICAL

# Hull Tactical US ETF (HTUS) Reports 2017 Results

## Highlights

- Total return net of fees to shareholders was 12.04% in 2017 versus 5.80% in 2016
- All model groups made positive contributions to performance
- Sharpe ratio in 2017 was 2.40 versus 2.77 for the S&P 500
- Sharpe ratio since inception for HTUS was 1.42 versus 0.94 for the S&P 500
- HTUS distributed $0.246 per share on August 2nd and $2.003 per share on December 29th

CHICAGO – Jan. 3, 2018 – Hull Tactical Funds today announced a total return to shareholders of 12.04% net of fund expenses and management fees for the calendar year just ended. “We are pleased that both our longer term fundamental models and short term technical and sentiment models made positive contributions to performance last year,” said Petra Bakosova, Chief Operating Officer of Hull Tactical.

## Breakdown of Fund Performance by Model Group in Percent (1)

| Models | 2015(2) | 2016 | 2017 | From Inception(3) |
|---|---|---|---|---|
| Fundamental – 6-Month Horizon | -0.07 | 3.08 | 4.68 | 7.55 |
| Fundamental – 1-Month Horizon | 0.00 | 1.68 | 3.27 | 4.84 |
| Short Term Technical and Sentiment | 0.43 | 2.72 | 3.70 | 7.34 |
| Totals | 0.36 | 7.69 | 12.04 | 21.08 |

Standard performance of HTUS as of December 31, 2017 is as follows (Fund NAV/Closing Price): 12.04%/12.37% for the one year period and 7.81%/7.84% since inception. **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 that their original cost and current performance may be lower or higher than the performance quoted. Shares are bought and sold at market price and not individually redeemed from the fund. Brokerage commissions will reduce returns.** Expense ratio: 0.91%

(1) Returns based on Net Asset Value (NAV) adjusted for distributions

(2) Data reflects time period from June 24, 2015 to December 31, 2015

(3) Inception date is June 24, 2015

HTUS is an actively managed exchange traded fund (ETF) driven by proprietary, quantitative trading models designed to provide consistent long-term capital appreciation from investments in the U.S. stock market, independent of market fluctuations. The strategy was created with the intention of anticipating market moves and, as a result, providing a superior risk-return profile compared to buy and hold over a market cycle.

**About the Hull Tactical US ETF (HTUS) Investment Strategy**

Hull Tactical uses an ensemble of statistical models that attempt to forecast future stock market returns over investment horizons ranging from one day to six months. Here is a summary of the statistical models:

(1) The *Fundamental model with a six-month horizon* uses inputs like dividend yields, price-earnings ratios and the consumer price index to create daily forecasts of stock market performance in the next six months. The model has been employed since HTUS inception on June 24, 2015.

(2) The *Fundamental model with a one-month horizon* uses inputs like interest rates, housing starts and commodity prices to create daily forecasts of stock market performance in the next month. The model was introduced to the HTUS investment process in July 2016.

(3) Several *Short-term technical and sentiment models* with forecast horizons from one to five days were introduced from November 2015 through June 2016. These models use technical, sentiment and social media data as inputs.

At this time, about 40% of HTUS stock market exposure is determined by the fundamental six-month model, 20% by the fundamental one-month model and 40% by the short-term technical and sentiment models. These allocations could change in the future based on model performance.

Ongoing research means that changes can occur at the individual model level. For example, an explanatory variable could be added to or removed from a model. In addition, the statistical techniques that create the forecasts may be modified. Finally, new models may be introduced to the investment process and existing models could be removed.

Although HTAA, LLC believes that the models will add value over time, there is no assurance that this will be the case. For example, the models in the aggregate could have long exposure during a market down turn or short exposure in a rising market, resulting in adverse performance for the Fund.

Exchange Traded Concepts, LLC severs as the investment adviser. HTAA, the investment sub-adviser, and Vident Investment Advisory LLC, the trading sub-adviser, serve as sub-advisers. The Funds are distributed by SEI Investments Distribution Co. (1 Freedom Valley Drive, Oaks, PA 19456), which is not affiliated with Exchange Traded Concepts, LLC or any of its affiliates.

This report is provided by HTAA, LLC (Hull Tactical), a registered investment adviser. The material included herein is based on the views of Hull Tactical. Statements that are not factual in nature, including opinions, projections and estimates, assume certain economic conditions and industry developments and constitute only current opinions that are subject to change without notice. Nothing herein is intended to be a forecast of future events, or a guarantee of future results. This report should not be relied upon by the reader as research or investment advice (unless Hull Tactical has otherwise separately entered into a written agreement for the provision of investment advice).

**Carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. This and additional information can be found in the Fund's prospectus, which may be obtained by visiting www.hulltacticalfunds.com. Read the prospectus carefully before investing.**

Shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Market price returns are based upon the midpoint of the bid/ask spread at the close of the exchange and does not represent the returns an investor would receive if shares were traded at any other times. Brokerage commissions will reduce returns. NAVs are calculated using prices as of 4:00 PM Eastern Time.

Investing involves risk, including the possible loss of principal. Investments in smaller companies typically exhibit higher volatility. The Fund will invest in (and short) exchange-traded funds (ETFs). The Fund will be subject to the risks associated with such vehicles. The Fund may also invest in leveraged and inverse ETFs. Inverse and leveraged ETFs are designed to achieve their objectives for a single day only. For periods longer than a single day, leveraged or inverse ETFs will lose money when the performance of the underlying index is flat over time, and it is possible that a leveraged or inverse ETF will lose money over time even if the level of the underlying index rises or, in the case of an inverse ETF, falls In addition, shareholders indirectly bear fees and expenses charged by the underlying ETFs, as well as the Fund's direct fees and expenses. The Fund may invest in derivatives, including futures contracts, which are often more volatile than other investments and may magnify the Fund's gains or losses. There is no assurance that the objectives of any strategy will be achieved or will be successful.

The S&P 500 Index is a broad-based, unmanaged measurement of U.S. stock market prices based on a market capitalization weighted average of 500 widely held common stocks. Index returns are for illustrative purposes only and do not represent actual strategy performance. Index performance returns do not reflect any management fees, transaction costs, or expenses, which would reduce returns. Indexes are unmanaged and one cannot invest directly in an index. Sharpe ratio measures the average return minus the risk-free return divided by the standard deviation of return on an investment. Total return is the return on an investment that takes into consideration the change in the price of the investment plus all distributions during the measurement period.