



**Annual Report**  
**February 29, 2020**

**NETLease Corporate Real Estate ETF**  
**Ticker: NETL**

Beginning on January 1, 2021, as permitted by regulations adopted by the U.S. Securities and Exchange Commission, paper copies of the Fund's shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the Fund's reports from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. Please contact your financial intermediary to elect to receive shareholder reports and other Fund communications electronically.

You may elect to receive all future reports in paper free of charge. Please contact your financial intermediary to inform them that you wish to continue receiving paper copies of shareholder reports and for details about whether your election to receive reports in paper will apply to all funds held with your financial intermediary.

# NETLease Corporate Real Estate ETF

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## NETLease Corporate Real Estate ETF

Dear Shareholders,

On behalf of the entire team, we want to express our appreciation for the confidence you have placed in the NETLease Corporate Real Estate ETF (“NETL” or the “Fund”). The following information pertains to the fiscal period of March 21, 2019 (the Fund’s inception date) through February 29, 2020 (the “current fiscal period”). The Fund seeks to track the performance, before fees and expenses, of the Fundamental Income Net Lease Real Estate Index (the “Index”). The Index seeks to enhance investors’ exposure to the net lease real estate sector of the U.S. equity market.

The Fund had positive performance during the current fiscal period ending on February 29, 2020. The market price for NETL increased 8.15% and the NAV increased 7.96%, while the S&P 500® Index, a broad market index, gained 5.41% over the same period. The Fund’s Index returned positive 8.63%.

For the current fiscal period, the largest positive contributor to return was Safehold, Inc. (SAFE), adding 2.11% to the return of the Fund, gaining 176.73% with an average weighting of 1.89%. The second largest contributor to return was Spirit Realty Capital, Inc. (SRC), adding 1.04% to the return of the Fund, gaining 27.41% with an average weighting of 4.06%. The third largest contributor to return was Essential Properties Realty Trust, Inc. (EPRT), adding 1.00% to the return of the Fund, gaining 25.67% with an average weighting of 4.08%.

For the current fiscal period, the largest negative contributor to return was EPR Properties (EPR), detracting 0.68% from the return of the Fund, declining 17.16% with an average weighting of 3.86%. The security contributing second-most negatively was One Liberty Properties, Inc (OLP), detracting 0.28% from the return of the Fund, and declining 13.35% with an average weighting of 2.30%. The third largest negative contributor to return was Getty Realty Corporation. (GTY) detracting 0.27% from the return of the Fund, and declining 7.23% with an average weight of 3.84%.

The Fund began trading on March 21, 2019, with outstanding shares of 1,675,000 as of February 29, 2020. Upon its launch, NETL was the first and only pure Net Lease REIT ETF on the market.

We appreciate your investment in NETL.

Sincerely,

J. Garrett Stevens,  
Chief Executive Officer  
Exchange Traded Concepts, Advisor to the Fund

# NETLease Corporate Real Estate ETF

Must be preceded or accompanied by a prospectus.

Investments involve risk. Principal loss is possible. The Fund may trade at a premium or discount to NAV. Shares of any ETF are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. The Index, and consequently the Fund, is expected to concentrate its investments in net lease real estate companies. As a result, the value of the Fund's shares may rise and fall more than the value of shares of a fund that invests in securities of companies in a broader range of industries. Investments in real estate companies and REITs involve unique risks, including limited financial resources, they may trade less frequently and in limited volume, and they may be more volatile than other securities. In addition, securities in the real estate sector are subject to certain risks associated with direct ownership of real estate and the risk that the value of their underlying real estate may go down. Companies in the Net Lease Real Estate sector may be affected by unique factors related to leasing properties to single tenants including dependence on the financial performance of its' tenants and lease terms related to rent escalations based on economic measurements. The Fund may invest in foreign securities which involves political, economic and currency risks, differences in accounting methods and greater volatility. Investments in small and mid-sized companies have historically been subject to greater investment risk than large company stocks.

Fundamental Income Net Lease Real Estate Index is a rules-based index that tracks the performance of the U.S. listed net lease real estate sector. The Index identifies real estate companies, including real estate investment trusts (REITs), screens each real estate company for property type and tenant, and assigns only those companies identified as net lease to the index. It is not possible to invest directly in an index.

The S&P 500® Index tracks the stocks of 500 U.S. Companies.

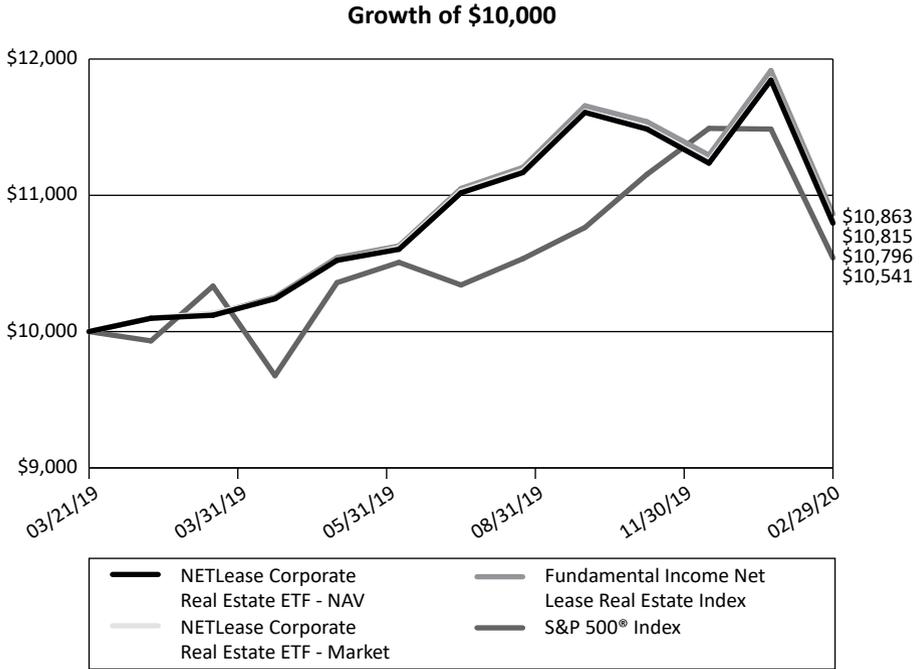
Fund holdings and sector allocations are subject to change at any time and should not be considered recommendations to buy or sell any security.

Distributor: Quasar Distributors, LLC.

# NETLease Corporate Real Estate ETF

## PERFORMANCE SUMMARY

(Unaudited)



### Total Returns For Current Fiscal Period

Since Inception  
(3/21/2019)

NETLease Corporate Real Estate ETF - NAV	7.96%
NETLease Corporate Real Estate ETF - Market	8.15%
Fundamental Income Net Lease Real Estate Index	8.63%
S&P 500® Index	5.41%

*This chart illustrates the performance of a hypothetical \$10,000 investment made on March 21, 2019, and is not intended to imply any future performance. The returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The chart assumes reinvestment of capital gains and dividends.*

# NETLease Corporate Real Estate ETF

## PORTFOLIO ALLOCATION

As of February 29, 2020 (Unaudited)

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Sector	Percentage of Net Assets
Real Estate and Rental and Leasing ♦ .....	96.0%
Finance and Insurance .....	3.7
Short-Term Investments .....	0.3
Other Assets in Excess of Liabilities + .....	<u>0.0</u>
Total .....	<u><u>100.0%</u></u>

♦ The Index, and consequently the Fund, is expected to concentrate its investments in net lease real estate companies. The value of the Fund's shares may rise and fall more than the value of shares of a fund that invests in securities of companies in a broader range of industries. See Note 7 in Notes to Financial Statements.

+ Represents less than 0.05% of net assets.

# NETLease Corporate Real Estate ETF

## SCHEDULE OF INVESTMENTS

February 29, 2020

Shares	Security Description	Value
	<b>COMMON STOCKS — 99.7%</b>	
	<b>Finance and Insurance — 3.7%</b>	
36,083	Spirit Realty Capital, Inc. ....	\$ 1,641,777
	<b>Real Estate and Rental and Leasing — 96.0% ♦</b>	
25,284	Agree Realty Corporation .....	1,815,897
26,654	EPR Properties .....	1,578,983
72,475	Essential Properties Realty Trust, Inc. ....	1,660,402
25,148	Four Corners Property Trust, Inc. ....	721,496
39,209	Gaming and Leisure Properties, Inc. ....	1,751,466
56,350	Getty Realty Corporation .....	1,596,959
63,695	Gladstone Commercial Corporation .....	1,201,925
92,744	Global Net Lease, Inc. ....	1,711,127
87,386	Industrial Logistics Properties Trust .....	1,805,395
22,352	Innovative Industrial Properties, Inc. ....	2,055,043
170,673	Lexington Realty Trust .....	1,769,879
41,526	MGM Growth Properties LLC - Class A .....	1,191,796
39,177	Monmouth Real Estate Investment Corporation .....	556,313
67,846	National Retail Properties, Inc. ....	3,449,969
37,094	One Liberty Properties, Inc. ....	893,965
49,349	Realty Income Corporation .....	3,572,374
30,387	Safehold, Inc. ....	1,659,738
61,014	STAG Industrial, Inc. ....	1,707,172
92,899	STORE Capital Corporation .....	3,052,661
387,512	VEREIT, Inc. ....	3,355,854
66,904	VICI Properties, Inc. ....	1,676,614
45,332	W.P. Carey, Inc. ....	3,509,150
		<u>42,294,178</u>
	<b>TOTAL COMMON STOCKS (Cost \$44,866,884) .....</b>	<u><b>43,935,955</b></u>

The accompanying notes are an integral part of these financial statements.

# NETLease Corporate Real Estate ETF

## SCHEDULE OF INVESTMENTS

February 29, 2020 (Continued)

Shares	Security Description	Value
	<b>SHORT-TERM INVESTMENTS — 0.3%</b>	
118,749	First American Government Obligations Fund - Class X, 1.49% * ...	\$ 118,749
	TOTAL SHORT-TERM INVESTMENTS (Cost \$118,749) .....	<u>118,749</u>
	TOTAL INVESTMENTS — 100.0% (Cost \$44,985,633) .....	44,054,704
	Other Assets in Excess of Liabilities — 0.0% + .....	<u>12,714</u>
	NET ASSETS — 100.0% .....	<u>\$ 44,067,418</u>

Percentages are stated as a percent of net assets.

◆ The Index, and consequently the Fund, is expected to concentrate its investments in net lease real estate companies. The value of the Fund's shares may rise and fall more than the value of shares of a fund that invests in securities of companies in a broader range of industries. See Note 7 in Notes to Financial Statements.

\* Rate shown is annualized seven day yield of February 29, 2020.

+ Represents less than 0.05% of net assets.

The accompanying notes are an integral part of these financial statements.

# NETLease Corporate Real Estate ETF

## STATEMENT OF ASSETS AND LIABILITIES

February 29, 2020

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### ASSETS

Investments in securities, at value (Cost \$44,985,633) .....	\$ 44,054,704
Dividends and interest receivable .....	<u>35,530</u>
Total assets .....	<u>44,090,234</u>

### LIABILITIES

Management fees payable .....	<u>22,816</u>
Total liabilities .....	<u>22,816</u>

**NET ASSETS** ..... \$ 44,067,418

### Net Assets Consist of:

Paid-in capital .....	\$ 45,095,344
Total distributable earnings (accumulated deficit) .....	<u>(1,027,926)</u>
Net assets .....	<u>\$ 44,067,418</u>

### Net Asset Value:

Net assets .....	\$ 44,067,418
Shares outstanding ^ .....	1,675,000
Net asset value, offering and redemption price per share .....	\$ 26.31

^ No par value, unlimited number of shares authorized.

The accompanying notes are an integral part of these financial statements.

# NETLease Corporate Real Estate ETF

## STATEMENT OF OPERATIONS

For the Period Ended February 29, 2020\*

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### INCOME

Dividends .....	\$ 779,145
Interest .....	<u>889</u>
Total investment income .....	<u>780,034</u>

### EXPENSES

Management fees .....	<u>139,628</u>
Total expenses .....	<u>139,628</u>
<b>Net investment income (loss) .....</b>	<u><b>640,406</b></u>

### REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

Net realized gain (loss) on investments .....	317,775
Change in unrealized appreciation (depreciation) on investments .....	<u>(930,929)</u>
<b>Net realized and unrealized gain (loss) on investments .....</b>	<u><b>(613,154)</b></u>
<b>Net increase (decrease) in net assets resulting from operations .....</b>	<u><b>\$ 27,252</b></u>

\* The Fund commenced operations on March 21, 2019. The information presented is for the period from March 21, 2019 to February 29, 2020.

The accompanying notes are an integral part of these financial statements.

# NETLease Corporate Real Estate ETF

## STATEMENT OF CHANGES IN NET ASSETS

	<u>Period Ended February 29, 2020*</u>
<b>OPERATIONS</b>	
Net investment income (loss) .....	\$ 640,406
Net realized gain (loss) on investments .....	317,775
Change in unrealized appreciation (depreciation) on investments .....	<u>(930,929)</u>
<b>Net increase (decrease) in net assets resulting from operations</b> .....	<u>27,252</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>	
Net distributions to shareholders .....	<u>(718,846)</u>
<b>Total distribution to shareholders</b> .....	<u>(718,846)</u>
<b>CAPITAL SHARE TRANSACTIONS</b>	
Proceeds from shares sold .....	47,475,533
Transaction Fees (Note 6) .....	304
Payments for shares redeemed .....	<u>(2,716,825)</u>
<b>Net increase (decrease) in net assets derived from capital share transactions</b> <sup>(a)</sup> .....	<u>44,759,012</u>
<b>Net increase (decrease) in net assets</b> .....	<u>\$ 44,067,418</u>
<b>NET ASSETS</b>	
Beginning of period .....	\$ —
End of period .....	<u>\$ 44,067,418</u>

(a) A summary of capital share transactions is as follows:

	<u>Shares</u>
Subscriptions .....	1,775,000
Redemptions .....	<u>(100,000)</u>
<b>Net increase (decrease)</b> .....	<u>1,675,000</u>

\* The Fund commenced operations on March 21, 2019. The information presented is for the period from March 21, 2019 to February 29, 2020.

The accompanying notes are an integral part of these financial statements.

# NETLease Corporate Real Estate ETF

## FINANCIAL HIGHLIGHTS

For a capital share outstanding throughout the period

	Period Ended February 29, 2020 <sup>(1)</sup>
Net asset value, beginning of period .....	\$ 25.00
<b>INCOME (LOSS) FROM INVESTMENT OPERATIONS:</b>	
Net investment income (loss) <sup>(2)</sup> .....	0.71
Net realized and unrealized gain (loss) on investments .....	1.29 <sup>(3)</sup>
Total from investment operations .....	<u>2.00</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>	
From net investment income .....	(0.63)
From net realized gains .....	<u>(0.06)</u>
Total distributions .....	<u>(0.69)</u>
<b>CAPITAL SHARE TRANSACTIONS</b>	
Transaction fees (Note 6).....	(0.00) <sup>(4)</sup>
Net asset value, end of period .....	\$ <u>26.31</u>
Total return .....	7.96% <sup>(5)</sup>
<b>SUPPLEMENTAL DATA:</b>	
Net assets at end of period (000's) .....	\$ 44,067
<b>RATIOS TO AVERAGE NET ASSETS:</b>	
Expenses to average net assets .....	0.60% <sup>(6)</sup>
Net investment income (loss) to average net assets .....	2.75% <sup>(6)</sup>
Portfolio turnover rate <sup>(7)</sup> .....	11% <sup>(5)</sup>

<sup>(1)</sup> Commencement of operations on March 21, 2019.

<sup>(2)</sup> Calculated based on average shares outstanding during the period.

<sup>(3)</sup> Realized and unrealized gains (losses) per share are balancing amounts necessary to reconcile the change in net asset value per share for the period and may not reconcile with the aggregate gains and losses in the Statement of Operations due to share transactions for the period.

<sup>(4)</sup> Represents less than \$0.005 per share.

<sup>(5)</sup> Not annualized.

<sup>(6)</sup> Annualized.

<sup>(7)</sup> Excludes the impact of in-kind transactions.

The accompanying notes are an integral part of these financial statements.

# NETLease Corporate Real Estate ETF

## NOTES TO FINANCIAL STATEMENTS

February 29, 2020

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### NOTE 1 – ORGANIZATION

NETLease Corporate Real Estate ETF (the “Fund”) is a non-diversified series of ETF Series Solutions (“ESS” or the “Trust”), an open-end management investment company consisting of multiple investment series, organized as a Delaware statutory trust on February 9, 2012. The Trust is registered with the Securities and Exchange Commission (“SEC”) under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company and the offering of the Fund’s shares is registered under the Securities Act of 1933, as amended (the “Securities Act”). The investment objective of the Fund is to track the performance, before fees and expenses, of the Fundamental Income Net Lease Real Estate Index (the “Index”). The Fund commenced operations on March 21, 2019.

The end of the reporting period for the Fund is February 29, 2020, and the period covered by these Notes to Financial Statements is the period from March 21, 2019 to February 29, 2020 (the “current fiscal period”).

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946 Financial Services – Investment Companies.

The following is a summary of significant accounting policies consistently followed by the Fund. These policies are in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

- A. *Security Valuation.* All equity securities, including domestic and foreign common stocks, preferred stocks, and exchange traded funds that are traded on a national securities exchange, except those listed on the Nasdaq Global Market®, Nasdaq Global Select Market®, and the Nasdaq Capital Market® exchanges (collectively, “Nasdaq”) are valued at the last reported sale price on the exchange on which the security is principally traded. Securities traded on Nasdaq will be valued at the Nasdaq Official Closing Price (“NOCP”). If, on a particular day, an exchange-traded or Nasdaq security does not trade, then the mean between the most recent quoted bid and asked prices will be used. All equity securities that are not traded on a listed exchange are valued at the last sale price in the over-the counter market. If a non-exchange traded security does not trade on a particular day, then the mean between the last quoted closing bid and asked price will be used. Prices denominated in foreign currencies are converted to U.S. dollar equivalents at the current exchange rate, which approximates fair value.

# NETLease Corporate Real Estate ETF

## NOTES TO FINANCIAL STATEMENTS

February 29, 2020 (Continued)

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Investments in mutual funds, including money market funds, are valued at their net asset value (“NAV”) per share.

Securities for which quotations are not readily available are valued at their respective fair values in accordance with pricing procedures adopted by the Fund’s Board of Trustees (the “Board”). When a security is “fair valued,” consideration is given to the facts and circumstances relevant to the particular situation, including a review of various factors set forth in the pricing procedures adopted by the Board. The use of fair value pricing by the Fund may cause the NAV of its shares to differ significantly from the NAV that would be calculated without regard to such considerations.

As described above, the Fund utilizes various methods to measure the fair value of its investments on a recurring basis. U.S. GAAP establishes a hierarchy that prioritizes inputs to valuations methods. The three levels of inputs are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available; representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

# NETLease Corporate Real Estate ETF

## NOTES TO FINANCIAL STATEMENTS

February 29, 2020 (Continued)

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a summary of the inputs used to value the Fund's investments as of the end of the current fiscal period:

<u>Assets<sup>^</sup></u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$ 43,935,955	\$ —	\$ —	\$ 43,935,955
Short-Term Investments	118,749	—	—	118,749
Total Investments in Securities	<u>\$ 44,054,704</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 44,054,704</u>

<sup>^</sup> See Schedule of Investments for breakout of investments by sector classification.

During the current fiscal period, the Fund did not recognize any transfers to or from Level 3.

- B. *Federal Income Taxes.* The Fund's policy is to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all net investment income and net capital gains to shareholders. Therefore, no federal income tax provision is required. The Fund plans to file U.S. Federal and applicable state and local tax returns.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained. Management has analyzed the Fund's uncertain tax positions and concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions. Management is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months. Income and capital gain distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits on uncertain tax positions as income tax expense in the Statement of Operations. During the current fiscal period, the Fund did not incur any interest or penalties.

- C. *Security Transactions and Investment Income.* Investment securities transactions are accounted for on the trade date. Gains and losses realized on sales of securities are determined on a specific identification basis. Dividend

## NOTES TO FINANCIAL STATEMENTS

February 29, 2020 (Continued)

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income is recorded on the ex-dividend date. Interest income is recorded on an accrual basis. Withholding taxes on foreign dividends, if any, have been provided for in accordance with the Fund's understanding of the applicable tax rules and regulations.

Distributions received from the Fund's investments in real estate investment trusts ("REITs") may be characterized as ordinary income, net capital gain, or a return of capital. The proper characterization of REIT distributions is generally not known until after the end of each calendar year. As such, the Fund must use estimates in reporting the character of its income and distributions received during the current calendar year for financial statement purposes. The actual character of distributions to the Fund's shareholders will be reflected on the Form 1099 received by shareholders after the end of the calendar year. Due to the nature of REIT investments, a portion of the distributions received by a Fund's shareholders may represent a return of capital.

- D. *Distributions to Shareholders.* Distributions to shareholders from net investment income are declared and paid by the Fund on a quarterly basis and distributions from net realized gains on securities are declared and paid by the Fund at least annually. Distributions are recorded on the ex-dividend date.
- E. *Use of Estimates.* The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the current fiscal period. Actual results could differ from those estimates.
- F. *Share Valuation.* The NAV per share of the Fund is calculated by dividing the sum of the value of the securities held by the Fund, plus cash and other assets, minus all liabilities (including estimated accrued expenses) by the total number of shares outstanding of the Fund, rounded to the nearest cent. The Fund's shares will not be priced on the days on which the New York Stock Exchange ("NYSE") is closed for trading. The offering and redemption price per share of the Fund is equal to the Fund's NAV per share.
- G. *Guarantees and Indemnifications.* In the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

# NETLease Corporate Real Estate ETF

## NOTES TO FINANCIAL STATEMENTS

February 29, 2020 (Continued)

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- H. *Reclassification of Capital Accounts.* U.S. GAAP requires that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or NAV per share and primarily relate to redemptions in-kind. For the period ended February 29, 2020, the following table shows the reclassifications made:

<b>Distributable Earnings (Accumulated Deficit)</b>	<b>Paid-In Capital</b>
\$(336,332)	\$336,332

During the current fiscal period, the Fund realized \$336,332 in net capital gains resulting from in-kind redemptions in which shareholders exchanged Fund shares for securities held by the Fund rather than for cash. Because such gains are not taxable to the Fund, and are not distributed to shareholders, they have been reclassified from distributable earnings (accumulated deficit) to paid-in capital.

- I. *Subsequent Events.* In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued. Effective March 31, 2020, Foreside Financial Group, LLC (“Foreside”) acquired Quasar Distributors, LLC (“Quasar”), the Fund’s distributor, from U.S. Bancorp. As a result of the acquisition, Quasar became a wholly-owned broker-dealer subsidiary of Foreside and is no longer affiliated with U.S. Bancorp. The Board has approved a new Distribution Agreement to enable Quasar to continue serving as the Fund’s distributor. Additionally, the recent global outbreak of COVID-19 has disrupted economic markets and the prolonged economic impact is uncertain. The operational and financial performance of the issuers of securities in which the Fund invests depends on future developments, including the duration and spread of the outbreak, and such uncertainty may in turn impact the value of the Fund’s investments. There were no other events or transactions that occurred during the period subsequent to the end of the current fiscal period, that materially impacted the amounts or disclosures in the Fund’s financial statements.
- J. *New Accounting Pronouncements.* In August 2018, FASB issued Accounting Standards Update 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement (“ASU 2018-13”). The primary focus of ASU 2018-13 is to

# NETLease Corporate Real Estate ETF

## NOTES TO FINANCIAL STATEMENTS

February 29, 2020 (Continued)

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improve the effectiveness of the disclosure requirements for fair value measurements. The changes affect all companies that are required to include fair value measurement disclosures. In general, the amendments in ASU 2018-13 are effective for all entities for fiscal years and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt the removed or modified disclosures upon the issuance of ASU 2018-13 and may delay adoption of the additional disclosures, which are required for public companies only, until their effective date. Management has evaluated ASU 2018-13 and has adopted the disclosure framework.

### NOTE 3 – COMMITMENTS AND OTHER RELATED PARTY TRANSACTIONS

Exchange Traded Concepts, LLC (“the Adviser”), serves as the investment adviser to the Fund. Pursuant to an Investment Advisory Agreement (“Advisory Agreement”) between the Trust, on behalf of the Fund, and the Adviser, the Adviser provides investment advice to the Fund and oversees the day-to-day operations of the Fund, subject to the direction and control of the Board and the officers of the Trust. Under the Advisory Agreement, the Adviser also arranges for the transfer agency, custody, fund administrations and accounting, and all other related services necessary for the Fund to operate. Under the Advisory Agreement, the Adviser has agreed to pay all expenses of the Fund, except for: the fee paid to the Adviser pursuant to the Advisory Agreement, interest charges on any borrowings, taxes, brokerage commissions and other expenses incurred in placing orders for the purchase and sale of securities and other investment instruments, acquired fund fees and expenses, accrued deferred tax liability, extraordinary expenses, and distribution (12b-1) fees and expenses. For services provided to the Fund, the Fund pays the Adviser 0.60% at an annual rate based on the Fund’s average daily net assets.

U.S. Bancorp Fund Services, LLC, doing business as U.S. Bank Global Fund Services (“Fund Services” or “Administrator”), acts as the Fund’s Administrator and, in that capacity, performs various administrative and accounting services for the Fund. The Administrator prepares various federal and state regulatory filings, reports and returns for the Fund, including regulatory compliance monitoring and financial reporting; prepares reports and materials to be supplied to the Board and monitors the activities of the Fund’s Custodian, transfer agent and fund accountant. Fund Services also serves as the transfer agent and fund accountant to the Fund. U.S. Bank N.A. (the “Custodian”), an affiliate of Fund Services, serves as the Fund’s Custodian.

Quasar Distributors, LLC, (the “Distributor”) acts as the Fund’s principal underwriter in a continuous public offering of the Fund’s shares. Until March 31, 2020, the Distributor was an affiliate of the Administrator.

# NETLease Corporate Real Estate ETF

## NOTES TO FINANCIAL STATEMENTS

February 29, 2020 (Continued)

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A Trustee and all officers of the Trust are affiliated with the Administrator, Distributor (until March 31, 2020), and Custodian.

### NOTE 4 – PURCHASES AND SALES OF SECURITIES

During the current fiscal period, purchases and sales of securities by the Fund, excluding short-term securities and in-kind transactions, were \$3,232,402 and \$2,695,832, respectively.

During the current fiscal period, there were no purchases or sales of U.S. Government securities.

During the current fiscal period, in-kind transactions associated with creations and redemptions were \$46,603,711 and \$2,245,241, respectively.

### NOTE 5 – INCOME TAX INFORMATION

The components of distributable earnings (accumulated deficit) and cost basis of investments for federal income tax purposes at February 29, 2020 were as follows:

Tax cost of investments	<u>\$ 45,084,321</u>
Gross tax unrealized appreciation	\$ 1,795,091
Gross tax unrealized depreciation	<u>(2,824,708)</u>
Net tax unrealized appreciation (depreciation)	<u>(1,029,617)</u>
Undistributed ordinary income	1,691
Undistributed long-term capital gain	<u>—</u>
Accumulated gain (loss)	<u>(1,027,926)</u>
Other accumulated gain (loss)	<u>—</u>
Distributable earnings (accumulated deficit)	<u>\$ (1,027,926)</u>

The difference between the cost basis for financial statements and federal income tax purposes is primarily due to timing differences in recognizing losses on wash sales.

A regulated investment company may elect for any taxable year to treat any portion of any qualified late year loss as arising on the first day of the next taxable year. Qualified late year losses are certain capital and ordinary losses which occur during the portion of the Fund's taxable year subsequent to October 31 and December 31, respectively. At February 29, 2020, the Fund did not elect to defer any post-October capital losses or late-year ordinary losses.

At February 29, 2020, the Fund did not have any capital loss carry forwards.

# NETLease Corporate Real Estate ETF

## NOTES TO FINANCIAL STATEMENTS

February 29, 2020 (Continued)

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The tax character of distributions paid by the Fund during the period ended February 29, 2020, was:

Ordinary Income	\$677,909
Long Term Capital Gain	40,937

### NOTE 6 – SHARE TRANSACTIONS

Shares of the Fund are listed and traded on the New York Stock Exchange Arca, Inc. (“NYSE Arca”). Market prices for the shares may be different from their NAV. The Fund issues and redeems shares on a continuous basis at NAV generally in blocks of 25,000 shares, called “Creation Units.” Creation Units are issued and redeemed principally in-kind for securities included in a specified universe. Once created, shares generally trade in the secondary market at market prices that change throughout the day. Except when aggregated in Creation Units, shares are not redeemable securities of the Fund. Creation Units may only be purchased or redeemed by certain financial institutions (“Authorized Participants”). An Authorized Participant is either (i) a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation or (ii) a Depository Trust Company participant and, in each case, must have executed a Participant Agreement with the Distributor. Most retail investors do not qualify as Authorized Participants nor have the resources to buy and sell whole Creation Units. Therefore, they are unable to purchase or redeem the shares directly from the Fund. Rather, most retail investors may purchase shares in the secondary market with the assistance of a broker and are subject to customary brokerage commissions or fees.

The Fund currently offers one class of shares, which has no front end sales load, no deferred sales charge, and no redemption fee. A fixed transaction fee is imposed for the transfer and other transaction costs associated with the purchase or sale of Creation Units. The standard fixed transaction fee for the Fund is \$250, payable to the Custodian. The fixed transaction fee may be waived on certain orders if the Fund’s Custodian has determined to waive some or all of the costs associated with the order or another party, such as the Adviser, has agreed to pay such fee. In addition, a variable fee may be charged on all cash transactions or substitutes for Creation Units of up to a maximum of 2% as a percentage of the value of the Creation Units subject to the transaction. Variable fees received by the Fund, if any, are displayed in the Capital Shares Transactions section of the Statement of Changes in Net Assets. All shares of the Fund have equal rights and privileges.

## NOTES TO FINANCIAL STATEMENTS

February 29, 2020 (Continued)

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### NOTE 7 – PRINCIPAL RISK

*Concentration Risk.* The Index, and consequently the Fund, is expected to concentrate its investments in real estate companies. As a result, the value of the Fund's shares, may rise and fall more than the value of shares of a fund that invests in securities of companies in a broader range of industries.

*Non-Diversification Risk.* Although the Fund intends to invest in a variety of securities and instruments, the Fund will be considered to be non-diversified, which means that it may invest more of its assets in the securities of a single issuer or a smaller number of issuers than if it were a diversified fund. As a result, the Fund may be more exposed to the risks associated with and developments affecting an individual issuer or a smaller number of issuers than a fund that invests more widely. This may increase the Fund's volatility and cause the performance of a relatively smaller number of issuers to have a greater impact on the Fund's performance.

*REIT Investment Risk.* Investments in REITs involve unique risks. REITs may have limited financial resources, may trade less frequently and in limited volume, and may be more volatile than other securities. In addition, to the extent the Fund holds interests in REITs, it is expected that investors in the Fund will bear two layers of asset-based management fees and expenses (directly at the Fund level and indirectly at the REIT level). The risks of investing in REITs include certain risks associated with the direct ownership of real estate and the real estate industry in general. These include risks related to general, regional and local economic conditions; fluctuations in interest rates and property tax rates; shifts in zoning laws, environmental regulations and other governmental action such as the exercise of eminent domain; cash flow dependency; increased operating expenses; lack of availability of mortgage funds; losses due to natural disasters; overbuilding; losses due to casualty or condemnation; changes in property values and rental rates; and other factors.

In addition to these risks, REITs are dependent upon management skills and generally may not be diversified. REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. In addition, REITs could possibly fail to qualify for the beneficial tax treatment available to REITs under the Internal Revenue Code of 1986, or to maintain their exemptions from registration under the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund expects that dividends received from a REIT and distributed to Fund shareholders generally will be taxable to the shareholder as ordinary income, but may be taxable as return of capital. In the event of a default by a borrower or lessee, the REIT may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting investments.

# NETLease Corporate Real Estate ETF

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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To the Shareholders of NETLease Corporate Real Estate ETF and  
Board of Trustees of ETF Series Solutions

### Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of NETLease Corporate Real Estate ETF (the “Fund”), a series of ETF Series Solutions, as of February 29, 2020, and the related statements of operations and changes in net assets and the financial highlights for the period March 21, 2019 (commencement of operations) to February 29, 2020, including the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of February 29, 2020, the results of its operations, the changes in its net assets, and the financial highlights for the period indicated above, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of February 29, 2020, by correspondence with the custodian. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

**NETLease Corporate Real Estate ETF**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**  
**(Continued)**

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We have served as the auditor of one or more of Exchange Traded Concepts, LLC's investment companies since 2012.

*Cohen & Company, Ltd.*

COHEN & COMPANY, LTD.  
Milwaukee, Wisconsin  
April 28, 2020

# NETLease Corporate Real Estate ETF

## TRUSTEES AND OFFICERS

(Unaudited)

Additional information about each Trustee of the Trust is set forth below. The address of each Trustee of the Trust is c/o U.S. Bank Global Fund Services, 615 E. Michigan Street, Milwaukee, WI 53202.

Name and Year of Birth	Position Held with the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During Past 5 Years
<b>Independent Trustees</b>					
Leonard M. Rush, CPA Born: 1946	Lead Independent Trustee and Audit Committee Chairman	Indefinite term; since 2012	Retired; formerly Chief Financial Officer, Robert W. Baird & Co. Incorporated (wealth management firm) (2000–2011).	49	Independent Trustee, Managed Portfolio Series (39 portfolios) (since 2011).
David A. Massart Born: 1967	Trustee	Indefinite term; since 2012	Co-Founder, President, and Chief Investment Strategist, Next Generation Wealth Management, Inc. (since 2005).	49	Independent Trustee, Managed Portfolio Series (39 portfolios) (since 2011).
Janet D. Olsen Born: 1956	Trustee	Indefinite term; since 2018	Retired; formerly Managing Director and General Counsel, Artisan Partners Limited Partnership (investment adviser) (2000–2013); Executive Vice President and General Counsel, Artisan Partners Asset Management Inc. (2012–2013); Vice President and General Counsel, Artisan Funds, Inc. (investment company) (2001–2012).	49	Independent Trustee, PPM Funds (9 portfolios) (since 2018).
<b>Interested Trustee</b>					
Michael A. Castino Born: 1967	Trustee and Chairman	Indefinite term; Trustee since 2014; Chairman since 2013	Senior Vice President, U.S. Bancorp Fund Services, LLC (since 2013); Managing Director of Index Services, Zacks Investment Management (2011–2013).	49	None

# NETLease Corporate Real Estate ETF

## TRUSTEES AND OFFICERS

(Unaudited) (Continued)

The officers of the Trust conduct and supervise its daily business. The address of each officer of the Trust is c/o U.S. Bank Global Fund Services, 615 E. Michigan Street, Milwaukee, WI 53202. Additional information about the Trust's officers is as follows:

Name and Year of Birth	Position(s) Held with the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years
<b>Principal Officers of the Trust</b>			
Kristina R. Nelson Born: 1982	President	Indefinite term; since 2019	Senior Vice President, U.S. Bancorp Fund Services, LLC (since 2020); Vice President, U.S. Bancorp Fund Services, LLC (2014–2020); Assistant Vice President, U.S. Bancorp Fund Services, LLC (2013–2014).
Michael D. Barolsky Born: 1981	Vice President and Secretary	Indefinite term; since 2014 (other roles since 2013)	Senior Vice President, U.S. Bancorp Fund Services, LLC (since 2019); Vice President, U.S. Bancorp Fund Services, LLC (2012–2019); Associate, Thompson Hine LLP (law firm) (2008–2012).
James R. Butz Born: 1982	Chief Compliance Officer	Indefinite term; since 2015	Senior Vice President, U.S. Bancorp Fund Services, LLC (since 2015); Vice President, U.S. Bancorp Fund Services, LLC (2014–2015); Assistant Vice President, U.S. Bancorp Fund Services, LLC (2011–2014).
Kristen M. Weitzel, CPA Born: 1977	Treasurer	Indefinite term; since 2014 (other roles since 2013)	Vice President, U.S. Bancorp Fund Services, LLC (since 2015); Assistant Vice President, U.S. Bancorp Fund Services, LLC (2011–2015); Manager, PricewaterhouseCoopers LLP (accounting firm) (2005–2011).
Brett M. Wickmann Born: 1982	Assistant Treasurer	Indefinite term; since 2017	Vice President, U.S. Bancorp Fund Services, LLC (since 2017); Assistant Vice President, U.S. Bancorp Fund Services, LLC (2012–2017).
Elizabeth A. Winske Born: 1983	Assistant Treasurer	Indefinite term; since 2017	Assistant Vice President, U.S. Bancorp Fund Services, LLC (since 2016); Officer, U.S. Bancorp Fund Services, LLC (2012–2016).
Jason E. Shlensky Born: 1987	Assistant Treasurer	Indefinite term; since 2019	Assistant Vice President, U.S. Bancorp Fund Services, LLC (since 2019); Officer, U.S. Bancorp Fund Services, LLC (2014–2019).
Isabella K. Gentile Born: 1994	Assistant Secretary	Indefinite term; since 2020	Regulatory Administration Attorney since 2019, Regulatory Administration Intern (2018–2019) and Law Student (2016–2019).

## NETLease Corporate Real Estate ETF

### TRUSTEES AND OFFICERS

(Unaudited) (Continued)

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The Statement of Additional Information (“SAI”) includes additional information about the Trustees and is available without charge, upon request, by calling toll free (800) 617-0004, by accessing the SEC’s website at [www.sec.gov](http://www.sec.gov), or by accessing the Fund’s website at [www.netleaseetf.com](http://www.netleaseetf.com).

# NETLease Corporate Real Estate ETF

## EXPENSE EXAMPLE

For the Six-Months Ended February 29, 2020 (Unaudited)

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As a shareholder of the Fund you incur two types of costs: (1) transaction costs, including brokerage commissions on purchases and sales of Fund shares, and (2) ongoing costs, including management fees and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period as indicated below in the Expense Example table.

### Actual Expenses

The first line of the table provides information about actual account values based on actual returns and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then, multiply the result by the number in the first line under the heading entitled “Expenses Paid During the Period” to estimate the expenses you paid on your account during this period.

### Hypothetical Example for Comparison Purposes

The second line of the table provides information about hypothetical account values based on a hypothetical return and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as brokerage commissions paid on purchases and sales of Fund shares. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. If these transactional costs were included, your costs would have been higher.

	Beginning Account Value September 1, 2019	Ending Account Value February 29, 2020	Expenses Paid During the Period <sup>(1)</sup>
Actual	\$ 1,000.00	\$ 979.80	\$2.95
Hypothetical (5% annual return before expenses)	\$ 1,000.00	\$ 1,021.88	\$3.02

<sup>(1)</sup> The dollar amount shown as expenses paid during the period is equal to the annualized period expense ratio, 0.60%, multiplied by the average value during the period, multiplied by 182/366. To reflect the one-half year period.

## NETLease Corporate Real Estate ETF

### FEDERAL TAX INFORMATION

(Unaudited)

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For the fiscal year ended February 29, 2020, certain dividends paid by the Fund may be subject to the maximum tax rate of 23.8%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003.

The percentage of dividends declared from ordinary income designated as qualified dividend income was 29.90%.

For corporate shareholders, the percentage of ordinary income distributions qualifying for the corporate dividends received deduction for the fiscal year ended February 29, 2020 was 28.50%.

The percentage of taxable ordinary income distributions that are designated as short-term capital gain distributions under Internal Revenue Section 871(k)(2)(C) for the Fund was 5.78%.

### INFORMATION ABOUT PORTFOLIO HOLDINGS

(Unaudited)

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The Fund files its complete schedules of portfolio holdings for its first and third fiscal quarters with the SEC on Form N-Q or Part F of Form N-PORT (beginning with filings after March 31, 2020). The Fund's Form N-Q or Part F of Form N-PORT is available without charge, upon request, by calling toll-free at (800) 617-0004. Furthermore, you may obtain the Form N-Q or Part F of Form N-PORT on the SEC's website at [www.sec.gov](http://www.sec.gov). The Fund's portfolio holdings are posted on its website at [www.netleaseetf.com](http://www.netleaseetf.com) daily.

### INFORMATION ABOUT PROXY VOTING

(Unaudited)

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A description of the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities is provided in the SAI. The SAI is available without charge, upon request, by calling toll-free at (800) 617-0004, by accessing the SEC's website at [www.sec.gov](http://www.sec.gov), or by accessing the Fund's website at [www.netleaseetf.com](http://www.netleaseetf.com).

When available, information regarding how the Fund voted proxies relating to portfolio securities during the twelve-months ending June 30 is available by calling toll-free at (800) 617-0004 or by accessing the SEC's website at [www.sec.gov](http://www.sec.gov).

## NETLease Corporate Real Estate ETF

### FREQUENCY DISTRIBUTION OF PREMIUMS AND DISCOUNTS (Unaudited)

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Information regarding how often shares of the Fund trade on an exchange at a price above (i.e., at a premium) or below (i.e., at a discount) the NAV of the Fund is available, without charge, on the Fund's website at [www.netleaseetf.com](http://www.netleaseetf.com).

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***Adviser***

Exchange Traded Concepts, LLC  
10900 Hefner Pointe Drive, Suite 207  
Oklahoma City, Oklahoma 73120

***Index Provider***

Fundamental Income Strategies, LLC  
5134 North Central Avenue, Suite 104  
Phoenix, Arizona 85012

***Distributor***

Quasar Distributors, LLC  
111 East Kilbourn Avenue, Suite 1250  
Milwaukee, Wisconsin 53202

***Custodian***

U.S. Bank National Association  
1555 North Rivercenter Drive, Suite 302  
Milwaukee, Wisconsin 53212

***Transfer Agent***

U.S. Bancorp Fund Services, LLC  
615 East Michigan Street  
Milwaukee, Wisconsin 53202

***Independent Registered Public Accounting Firm***

Cohen & Company Ltd.  
342 North Water Street, Suite 830  
Milwaukee, Wisconsin 53202

***Legal Counsel***

Morgan, Lewis, & Bockius, LLP  
1111 Pennsylvania Avenue, NW  
Washington, DC 20004

**NETLease Corporate Real Estate ETF**

Symbol – NETL  
CUSIP – 26922A248