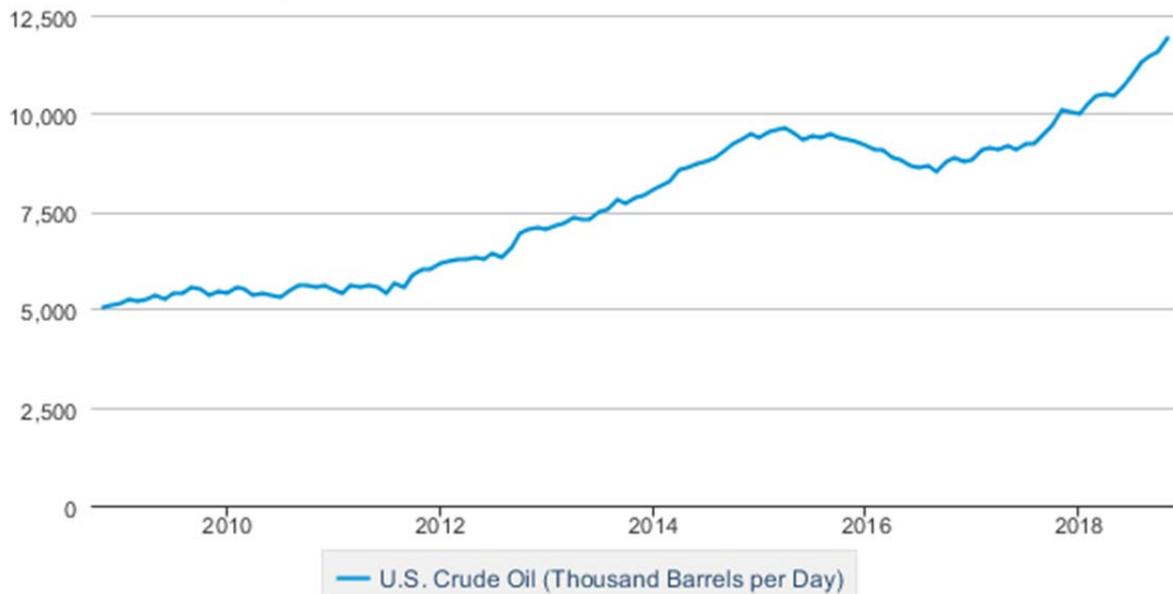


Oil Rides the Rails

New discoveries, as well as improved methods to extract crude oil from existing fields, have increased the production of crude oil in the United States, as the chart below highlights. However, crude oil is not typically consumed in the same place that it is produced. Therefore, it must be transported to the refining companies.

U.S. crude oil production

thousand barrels per day



Source: U.S. Energy Information Administration

Midstream energy companies have historically filled the role of transporter of crude oil from the production site to the refiner. Pipelines have served a primary role in the transportation of crude oil and refined products. However, at times, the supply of crude oil has exceeded the capacity of pipelines to transport it. At such times, pipelines have sometimes been augmented by the use of train as a mode of transportation.

A recent article in the Wall Street Journal (WSJ) highlighted indications that we are currently in such a period.¹ We believe that this is good for both midstream and transportation companies. Railroads could benefit from the extra revenue generated by the transportation of crude oil. Midstream companies could benefit from continued strong demand for access to the pipelines as well as opportunities to grow the pipeline network.

More Oil Moving By Rail

¹ Elliot, Rebecca & Ziobro, Paul, Oil Trains Make Comeback as Pipeline Bottlenecks Worsen, The Wall Street Journal, 1/31/19

Citing the U.S. Energy Information Administration (EIA), the WSJ article noted that an average of 718,000 barrels per day of crude oil was transported by U.S. railroads in October 2018, an increase of 88% over the previous year.

Total Crude Oil by Rail, Monthly



 Source: U.S. Energy Information Administration

Increased Supply

Part of the equation creating the need for more crude oil to be transported by rail is increased crude oil production. The WSJ article noted that record shipments from Canada are fueling the demand for rail transportation of crude oil. Production from U.S. facilities in the Bakken region of North Dakota and the Permian Basin in West Texas and New Mexico are also competing for access to transportation.

Pipeline Delays

The WSJ article noted that several pipeline expansion projects, such as Keystone XL and Trans Mountain, have stalled amidst environmental opposition and legal delay, limiting the ability of pipelines to transport the additional supply. Local activism makes it difficult to complete projects. As a result, pipeline companies have not been able to lay new pipe as drillers have been able to get oil out of the ground.

Creates Demand for Rail Shipments

To pick up the void left by the pipeline companies' inability to meet the need for increased transportation of crude oil, some energy companies are inking deals with railroad companies. The WSJ cited examples of recent agreements signed by Houston-based ConocoPhillips and Canada-based Cenovus with railroad companies to ship crude oil to the U.S. Gulf Coast.

Preference for Pipelines

Currently, it is more expensive to ship crude oil by rail than by pipeline. The WSJ article noted that it costs about \$20 per barrel to send crude oil by rail from Canada to the U.S. Gulf Coast versus about \$12.50 by pipeline. Additionally, there are safety concerns regarding transporting crude oil by rail, particularly after several high-profile crude oil car derailments.

While railroads may be beneficiaries of the shortage of pipeline capacity, they are not making long-range expansion plans based on the increase that they are experiencing. They recognize that it may be temporary and that shipment of crude may shift back to pipelines once capacity is increased.

Midstream and Transportation Companies

We believe that increased production and transportation needs could be beneficial for both midstream energy and transportation companies. Transportation companies, particularly railroad companies, may benefit as drillers transport crude oil by rail to fill the void left by a lack of sufficient pipeline capacity. Railroads also provide energy companies with flexibility in their shipping options.

Midstream companies may also benefit from strong demand resulting from increased crude oil production. Demand that exceeds supply could result in firmer prices for the pipeline companies and help to ensure that they operate at full capacity. Additionally, continued growth in crude oil production may provide pipeline companies with the opportunity for growth in the form of an expansion in pipeline capacity.

How may investors gain access to potential beneficiaries of increased crude oil production?

The Cushing® Sector Plus ETFs

The Cushing® Sector Plus suite of ETFs aims to provide investors with exposure to the entire energy supply chain and various components by seeking to replicate, before fees and expenses, various Cushing Asset Management sector indices.

The Cushing® Energy & MLP ETF (XLEY) seeks to replicate the performance of the Cushing® Energy Index.

The Cushing® Energy Supply Chain & MLP ETF (XLSY) seeks to replicate the performance of the Cushing® Energy Supply Chain Index.

The Cushing® Transportation & MLP ETF (XLTY) seeks to replicate the performance of the Cushing® Transportation Index.

The Cushing® Utility & MLP ETF (XLUY) seeks to replicate the performance of the Cushing® Utility Index.

All four of the ETFs include midstream companies which are constituents of the Cushing® 30 MLP Index (many midstream companies are organized as master limited partnerships or MLPs).

Additionally, XLTY seeks to provide direct exposure to transportation stocks as the Cushing Transportation® Index holds companies that are constituents of the Dow Jones Transportation Average.

Holding the Cushing Sector Plus ETFs may provide investors with exposure to companies which may benefit from the tight supply of crude oil pipelines.

<u>Top 10 Holdings as of 3/31/2019</u>	<u>XLKY</u>
WILLIAMS COS INC DEL	5.41%
ONEOK INC NEW	5.38%
HELMERICH & PAYNE INC	5.14%
OCCIDENTAL PETE CORP	4.79%
KINDER MORGAN INC DEL	4.50%
EXXON MOBIL CORP	4.47%
SCHLUMBERGER LTD	4.44%
VALERO ENERGY CORP NEW	4.40%
CHEVRON CORP NEW	4.25%
PHILLIPS 66	3.35%

<u>Top 10 Holdings as of 3/31/2019</u>	<u>XLKY</u>
WESTROCK CO	3.47%
LYONDELLBASELL INDUSTRIES	3.37%
INTL PAPER CO	3.18%
WILLIAMS COS INC DEL	2.99%
ONEOK INC NEW	2.99%
HELMERICH & PAYNE INC	2.85%
OCCIDENTAL PETE CORP	2.65%
PACKAGING CORP AMER	2.51%
KINDER MORGAN INC DEL	2.50%
EXXON MOBIL CORP	2.48%

<u>Top 10 Holdings as of 3/31/2019</u>	<u>XLTY</u>
NORFOLK SOUTHERN CORP	6.11%
UNITED PARCEL SERVICE INC	6.06%
DELTA AIR LINES INC DEL	6.05%
UNION PACIFIC CORP	5.93%
RYDER SYS INC	5.93%
C H ROBINSON WORLDWIDE INC	5.75%
MATSON INC	5.74%
ALASKA AIR GROUP INC	5.39%
FEDEX CORP	4.55%
KANSAS CITY SOUTHERN	4.30%

<u>Top 10 Holdings as of 3/31/2019</u>	<u>XLUY</u>
PPL CORP	4.31%
DOMINION ENERGY INC	4.09%
SOUTHERN CO	4.08%
DUKE ENERGY CORP NEW	3.40%
ENTERGY CORP NEW	3.35%
EDISON INTL	3.23%
FIRSTENERGY CORP	3.16%
CONSOLIDATED EDISON INC	3.13%
CENTERPOINT ENERGY INC	2.92%
PUBLIC SVC ENTERPRISE GRP INC	2.78%

Disclosure

Fund holdings and sector allocations are subject to change and are not a recommendation to buy or sell any security

An investor should consider the investment objective, risks, charges and expenses of a Fund carefully before investing. To obtain a prospectus and summary prospectus, which contain this and other information, call (800) 617-0004 or visit cushinggetfs.com. Please read the prospectus and summary prospectus carefully before investing.

Investing involves risk. Principal loss is possible. Fund shares are bought and sold at market price (not NAV) and are not individually redeemable and will be issued and redeemed at their NAV only through certain authorized broker-dealers in large, specified blocks of shares called creation units and otherwise can be bought and sold only through exchange trading. Creation units are issued and redeemed principally in kind. Shares may trade at a premium or discount to their NAV in the secondary market. Brokerage commissions will reduce returns. The Funds are non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Funds are more exposed to individual stock volatility than a diversified fund. As with all index funds, the performance of each Fund and its Index may differ from each other for a variety of reasons. For example, each Fund incurs operating expenses and portfolio transaction costs not incurred by the

Index. In addition, each Fund may not be fully invested in the securities of the Index at all times or may hold securities not included in the Index.

Each Fund's assets will be concentrated in the energy sector, so it will be more effected by the energy sector's performance. Master Limited Partnerships (MLPs) concentrate investments in the natural resource sector and are subject to the risks of energy prices and demand and the volatility of commodity investments. MLPs are subject certain risks inherent in the structure of MLPs, including complex tax structure risks, the limited ability for election or removal of management, limited voting rights, potential dependence on parent companies or sponsors for revenues to satisfy obligations, and potential conflicts of interest between partners, members and affiliates. The potential tax benefits from investing in MLPs depend on them being treated as partnerships for federal income tax purposes. If the MLP is deemed to be a corporation then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the Fund which could result in a reduction of the Fund's value.

Any tax or legal information provided is merely a summary of our understanding and interpretation of some of the current income tax regulations and is not exhaustive. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. Neither the Funds nor any of their representatives may give legal or tax advice.

Cushing[®] Energy Index (CENI) tracks the performance of large cap energy companies selected from the S&P 500 Energy Index and master limited partnerships (MLPs) selected from the Cushing[®] 30 MLP Index.

Cushing[®] Energy Supply Chain Index (CSCI) selects its constituents from the S&P 500 Energy Index, the S&P 500 Materials Index, and MLPs in the Cushing 30 MLP Index.

The Cushing[®] Utility Index (CUTI) selects its constituents from companies within the S&P 500 Utility Index and MLPs within the Cushing 30 MLP Index.

Cushing[®] Transportation Index (CTRI) selects its constituents from companies within the Dow Jones Transportation Average and MLPs within the Cushing 30 MLP Index.

The S&P 500 Index is an index of 500 stocks used industry wide as a macro level indicator of the overall U.S. equity market. The S&P 500 Energy Index (SPN) comprises those companies included in the S&P 500 that are classified as members of the GICS energy sector. The S&P 500 Materials Index (S5MATR) comprises those companies included in the S&P 500 that are classified as members of the GICS materials sector. The S&P 500 Utilities Index (S5UTIL) comprises those companies included in the S&P 500 that are classified as members of the GICS utility sector. The Dow Jones Transportation

Average (TRAN) represents the stock performance of large, well-known U.S. companies within the transportation industry. Cushing 30 MLP Index (MLPX) tracks the performance of midstream energy companies who typically are involved in the transportation and storage of natural gas, crude oil, and refined products.

It is not possible to invest directly in an index.

The Cushing Sector Plus ETFs are distributed by Quasar Distributors, LLC.

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