

The Top Oil Producing Country in the World Is Closer Than You Think



Most people would be right in assuming that a vast amount of crude oil is drilled and produced in the Middle East. But they would be wrong in assuming that the top crude oil producing country in the world is one of the countries in the Middle East.

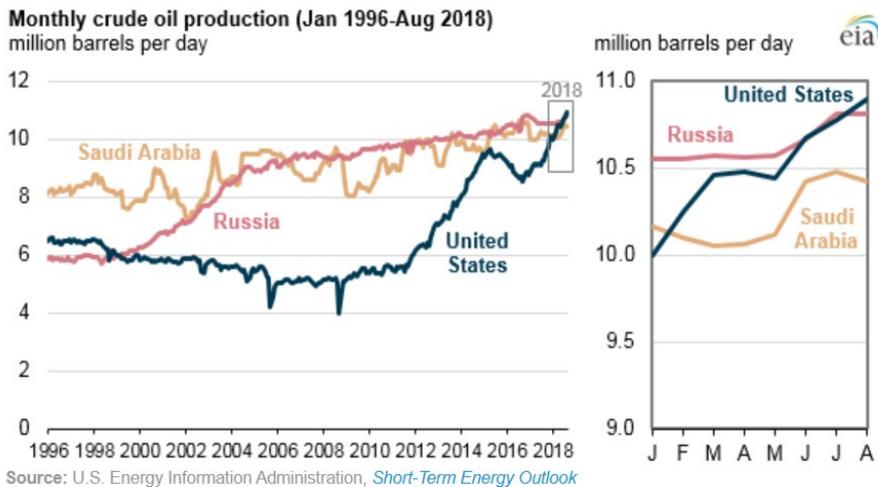
The reality is that the top crude oil producing country in the world is the United States.

What is driving this increase? And how may investors be able to access exposure to this growth?

Right in Your Backyard

In September 2018, the United States Energy Information Administration (EIA) reported that the United States had surpassed Russia and Saudi Arabia to become the largest crude oil producer in the world.¹ According to the EIA, this was the first time in two decades that the U.S. surpassed Saudi Arabia and the first time since 1999 that the U.S. surpassed Russia in crude oil production.

¹ The United States is now the largest global crude oil producer, United States Energy Information Administration, 9/12/18



Further, the EIA report included a prediction that the U.S. would maintain its lead through the remainder of 2018 and through 2019.

A Shale Game

In its report, the EIA noted that much of the recent production growth came from areas such as the Permian region in western Texas and eastern New Mexico, the Gulf of Mexico, and the Bakken region in North Dakota and Montana.

While energy companies have long known about the reserves beneath these areas, it was often too difficult to economically extract the oil trapped in layers of shale rock that typify these regions. Recent technological advances such as hydraulic fracturing and horizontal drilling have made extraction in these areas possible.

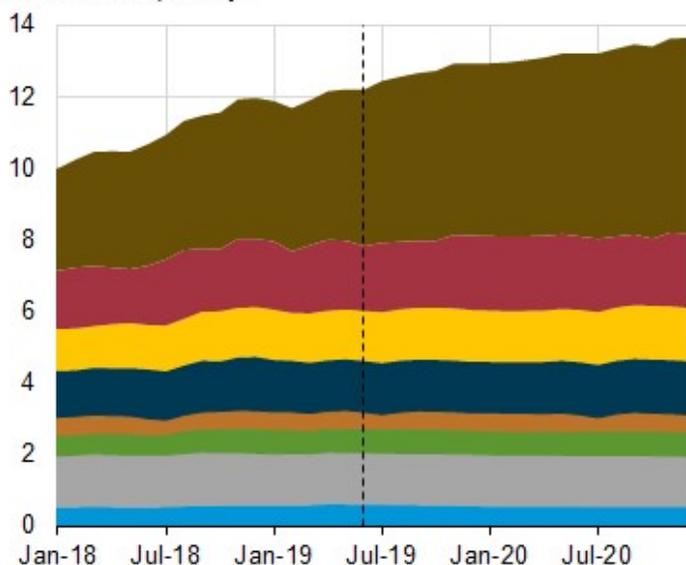
And Shale Shall Lead the Growth

In a recent report, the EIA projected that shale production will lead increases going forward, particularly from the Permian Basin. In fact, they estimate that Permian production will account for the largest share of the increase in crude oil production during 2019.²

² This Week in Petroleum, "U.S. crude oil production continues to set monthly record highs", United States Energy Information Administration, July 31, 2019

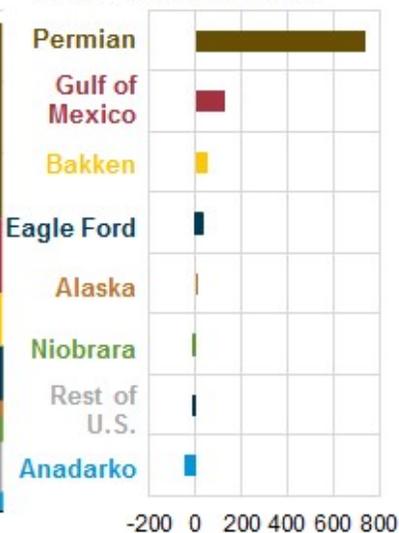
Figure 1. Monthly U.S. crude oil production
January 2018–December 2020

million barrels per day



Projected change
2019 vs 2020

thousand barrels per day



Source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, July 2019



How May Investors Gain Exposure to the Growth in U.S. Crude Production?

The Cushing Sector Plus ETFs

Cushing® ETFs aim to provide investors with sector exposure by seeking to replicate the performance of corresponding Cushing® Indices. The energy, utility, transportation, and energy supply chain indices are sector oriented with a custom yield weighing methodology and include master limited partnerships (MLPs), which is designed to add an income focus and diversification while maintaining the overall sector attributes.

The Cushing Energy & MLP ETF (XLEY) and the Cushing Energy Supply Chain & MLP (XLSY) hold stocks with direct exposure to U.S. oil production, including many of the major drillers in the Permian Basin. The ETFs also holds the companies which provides the machinery and services that drive oil production.

Additionally, all four ETFs which also include the Cushing Transportation & MLP ETF (XLTY) and the Cushing Utility & MLP ETF (XLUY) hold MLPs which provide for the transportation and storage of crude oil and natural gas. MLPs may be beneficiaries of the higher volume of oil and natural gas produced.

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 cushingetfs.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.

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