

ETHO™

2018 Q3 COMMENTARY



MARKET COMMENTARY

Etho Climate Leadership U.S. ETF wrapped up another strong quarter and continued to beat U.S. benchmarks, with total returns at the end of Q3 2018 up 54.11% since the fund's launch in 2015, well-ahead of S&P 500 during the same period. Despite continued U.S. federal inaction on climate change, the end of Q3 saw a flurry of climate investing commitments from many of the world's largest investors. Etho Capital team members were invited to present at the high-level Global Climate Action Summit in San Francisco, followed by Climate Week events in coordination with the United Nations General Assembly in New York.

These events included over \$32 trillion of institutional capital signing onto The Investor Agenda for climate action, as well as an announcement from Divest-Invest that the fossil fuel divestment movement has grown to over 1,000 organizations, 59,000 individuals, and \$6.3 trillion in assets committed to shifting out of climate pollution and into cleaner solutions. Unfortunately, the most recent report from UN IPCC shows that investors have no time to lose, with life-threatening climate disruptions arriving much sooner than previously expected, including record setting wildfires and hurricanes this year. As one of the top-performing climate and overall ESG/SRI funds globally, ETHO is continuing to show investors of all sizes that investing in broadly diversified sustainability, innovation, and climate leadership can already yield impressive returns, empowering the case for full portfolio decarbonization.

FUND PERFORMANCE

The ETHO ETF returned +6.42% for the quarter ended September 30, 2018, delivering on its ESG objectives while remaining largely in line with U.S. large- and mid-cap equity benchmarks. Best performing sectors include Information Technology (+10.0%), Health Care (+12.5%), and Industrials (+8.7%). Sectors that detracted from performance were Communications Services (-1.6%) and Financials (+0.8%). At the security level, ETHO was led by Advanced Micro Devices (AMD, +106%), Dexcom (DXCM, +51%), and Integrated Devices (IDTI, +47%). Companies in the fund that detracted from performance included Tesla Inc. (TSLA, -22.8%), Top Build Group (BLD, -27.5%), and IPG Photonics (IPGP, -22.2%).

Top 10 Postive Contributors	Average Weight (%)	Total Return (%)	Contribution to Return (%)
ADV MICRO DEVICE	0.71	106.07	0.52
DEXCOM	0.53	50.60	0.22
INTEGRAT DEVICE	0.40	47.46	0.16
LULULEMON ATH	0.49	30.15	0.14
ILLUMINA INC	0.44	31.43	0.12
BIO-TECHNE CORP	0.37	38.20	0.12
UNIVERSAL DISPLA	0.35	37.16	0.11
ACUITY BRANDS	0.33	35.80	0.10
QUALCOMM INC	0.38	29.49	0.10
O'REILLY AUTOMOT	0.41	26.96	0.10

Bottom 10 Negative Contributors	Average Weight (%)	Total Return (%)	Contribution to Return (%)
TESLA INC	0.38	-22.80	-0.10
TOPBUILD COR	0.30	-27.47	-0.09
IPG PHOTONICS	0.26	-29.26	-0.09
ZILLOW GRO-C	0.31	-25.08	-0.09
MARTIN MAR MTLs	0.32	-18.33	-0.06
HANESBRANDS INC	0.34	-15.61	-0.06
L BRANDS INC	0.26	-16.10	-0.05
VULCAN MATERIALS	0.33	-13.62	-0.05
E*TRADE FINANCIA	0.34	-14.34	-0.05
ON SEMICONDUCTOR	0.28	-17.11	-0.05

Sector Contributors	Active Exp	Total Rtn	Sector Cont
Information Technology	21.38	10.07	2.10
Industrials	19.53	8.66	1.66
Health Care	12.34	12.52	1.50
Consumer Discretionary	12.61	5.42	0.69
Materials	5.59	3.00	0.17
Utilities	3.83	4.30	0.17
Financials	14.16	0.78	0.13
Consumer Staples	3.35	2.37	0.08
Real Estate	3.00	2.28	0.07
Not Classified	0.39	0.49	0.00
Energy	0.00	0.62	0.00
Communication Services	3.84	-1.57	-0.06

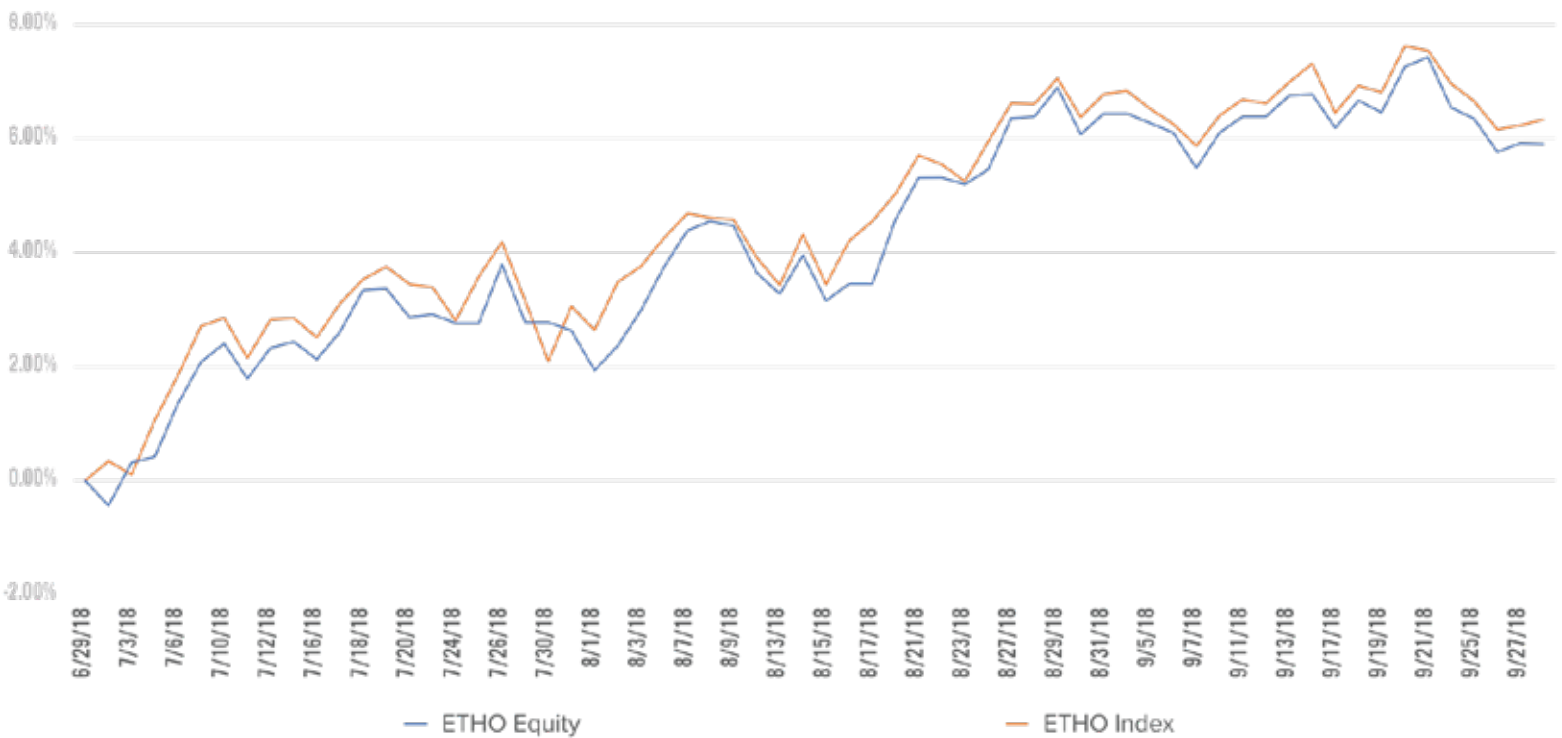
Looking at fundamental factor performance, factors contributing positively were exposure to the U.S. Market, Electronics Equipment, and Medical Equipment. Exposure to Value helped performance as well. While style factors had limited impact in the Q3, Value had the most significant positive effect on performance, while Size was the main detractor.

Top 6 Factor Contributors	Active Exp	Factor Rtn	Factor Cont
NorthAm:US Market	0.99	5.48	5.44
Industry:US ElectrEq	0.1	4.14	0.41
Industry:US MedicEq	0.05	7.91	0.4
Industry:US Software	0.06	5.43	0.34
Style:US Value	-0.2	-1.56	0.33
Industry:US MangdCar	0.02	9.11	0.21



Style Return	Contribution
Earnings Variable	0.00
Momentum	0.02
Size	-0.37
Leverage	0.01
Dividend Yield	-0.12
Trade Activity	0.02
Profitability	-0.02
Growth	0.04
Liquidity	0.00
Volatility	-0.02
Value	0.33

Q3 2018 TOTAL RETURN



PERFORMANCE

	CUMULATIVE				ANNUALIZED				
	1 month	3 months	YTD	Since Incep.	1 year	3 years	5 years	10 years	Since Incep.
MARKET PRICE	-0.32%	6.11%	11.05%	54.11%	18.22%				16.27%
NAV	-0.36%	6.42%	11.40%	53.92%	18.16%				16.22%

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Funds may be lower or higher than the performance quoted. All performance is historical and includes reinvestment of dividends and capital gains. Performance data current to the most recent month end may be obtained by calling 1-844-ETF-MGRS (1-844-383-6477). Market returns are based on the midpoint of the bid/ask spread at 4 p.m. ET and do not represent the returns an investor would receive if shares were traded at other times. Performance is annualized for periods greater than 1 year.

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 calling 1-844-ETF-MGRS (1-844-383-6477), or by visiting www.ethoetf.com. Read the prospectus carefully before investing.

Investing involves risk, including the possible loss of principal. Shares of any ETF are bought and sold at market price (not NAV), may trade at a discount or premium to NAV and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. Narrowly focused investments typically exhibit higher volatility. The Fund's return may not match or achieve a high degree of correlation with the return of the Etho Climate Leadership Index - US. To the extent the Fund utilizes a sampling approach, it may experience tracking error to a greater extent than if the Fund had sought to replicate the Index. ETF shares are not individually redeemable and owners of the shares may acquire those shares from the Fund and tender those shares for redemption to the Fund in Creation Units only, typically consisting of aggregations of 50,000 shares.

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