

PLCY

U.S. Policy Alpha ETF

**E▼ENT
SH△RES**

Introduction to Policy Investing

“Clients are looking to be exposed to changing paradigms.”

Ben Phillips, CFA

Chief Investment Officer

EventShares Funds

As of 1/24/2019



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The Opportunity: Simplistic, yet **Untapped**



U.S. Policy Impacts 100% of U.S. Companies

No company is immune to government policy changes

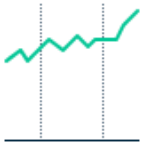


Washington is complex - we aim to connect the dots for you

Our process looks through the noise to identify winners and losers



Opportunities are abundant. On average¹, Congress passes **758 bills** annually, the Supreme Court rules on **130 cases** each term, and federal agencies issue **3,853 rules** each year.



Harvard Research² shows policy investing generated **~11% alpha annually** over a 20-year period

¹ Forbes.com; MIC.com; Civilrights.org

² Cohen, Diether, Malloy. "Legislating Stock Prices." National Bureau of Economic Research. Data represents 10 Congresses (1989-2008).

Investment Strategy: Policy Catalysts



PLCY invests in companies
impacted by **Policy Catalysts**

Investment Philosophy

- Washington creates alpha opportunities
- Policy is a leading indicator
- Policy ≠ Politics

Academically Backed: Harvard Research

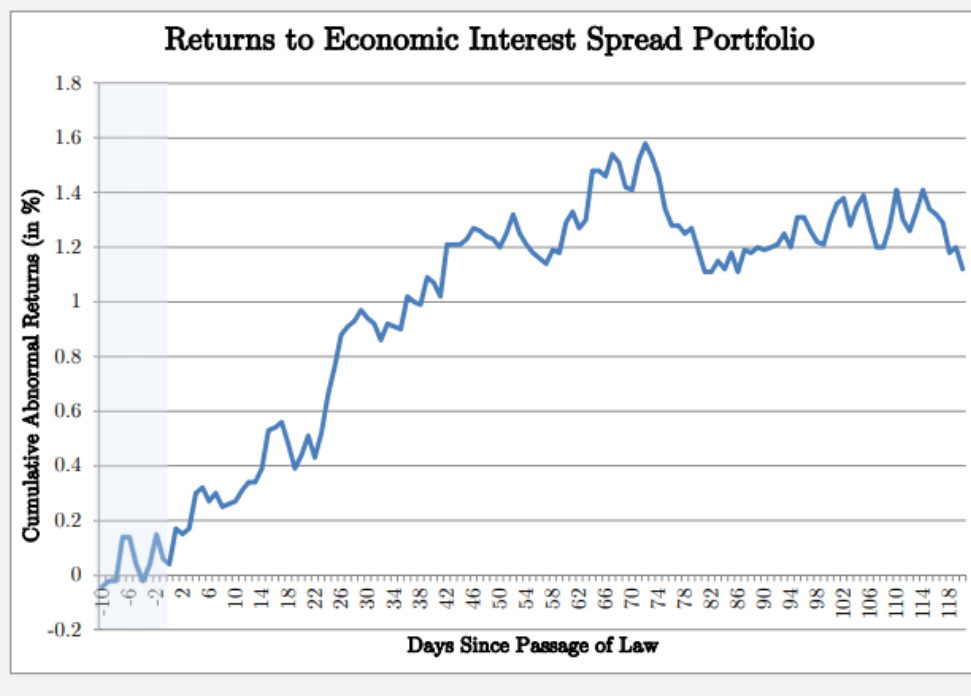


**HARVARD
BUSINESS SCHOOL**

- **Examined legislation's impact** on stocks over 20 years and 10 Congresses (1989-2008)¹
- Interested senators' voting records (i.e. Texas senator voting on oil legislation) **predicted industry returns**
- Listening to these legislators yielded outperformance of 0.90% a month, or **11% alpha per year**

Cumulative Abnormal Returns to Economic Interest Spread Portfolio¹

This figure shows the portfolio returns surrounding legislation passage using the economic interests of senators, specifically the voting of interested senators. This figure presents the returns from 10 days before passage to 6 months following passage of the bill (120 days).



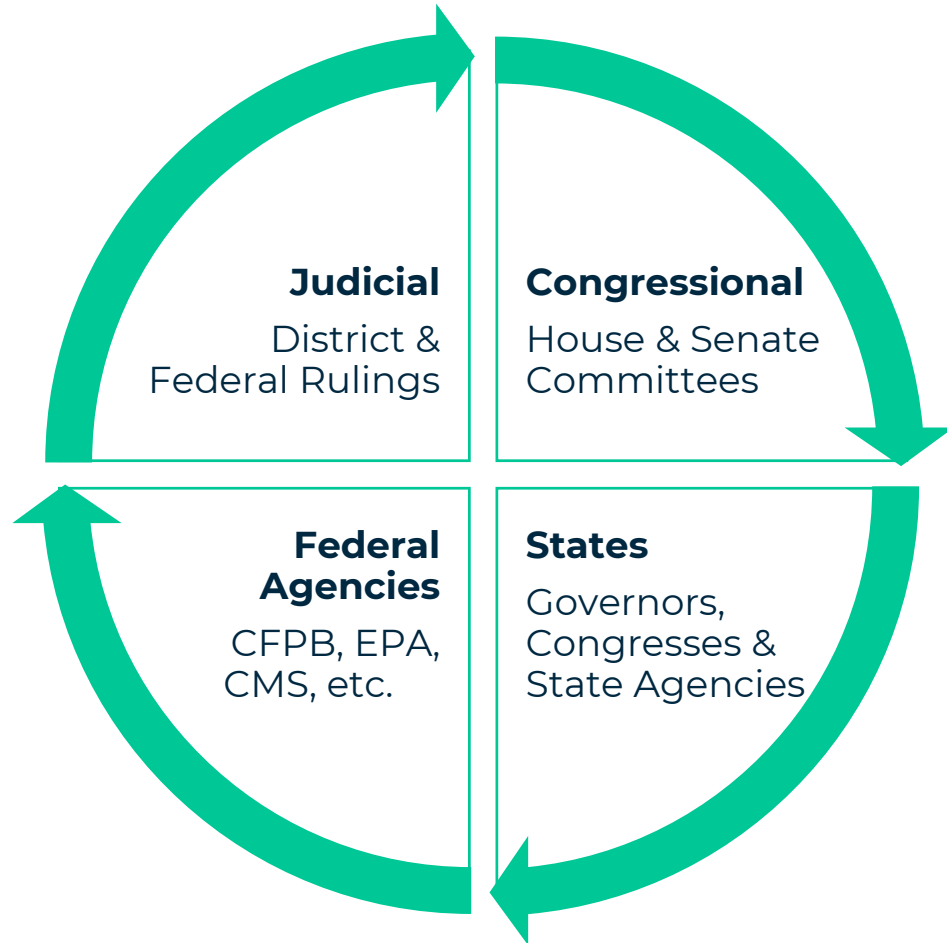
¹ Cohen, Diether, Malloy. "Legislating Stock Prices." National Bureau of Economic Research. Data represents 10 Congresses (1989-2008) and invested in stocks based on sub-industry classification codes tied to congressional committees and key words.

Policy Disruption: Uncorrelated Drivers

Policy Disruption:

Changes in a business model due to government action

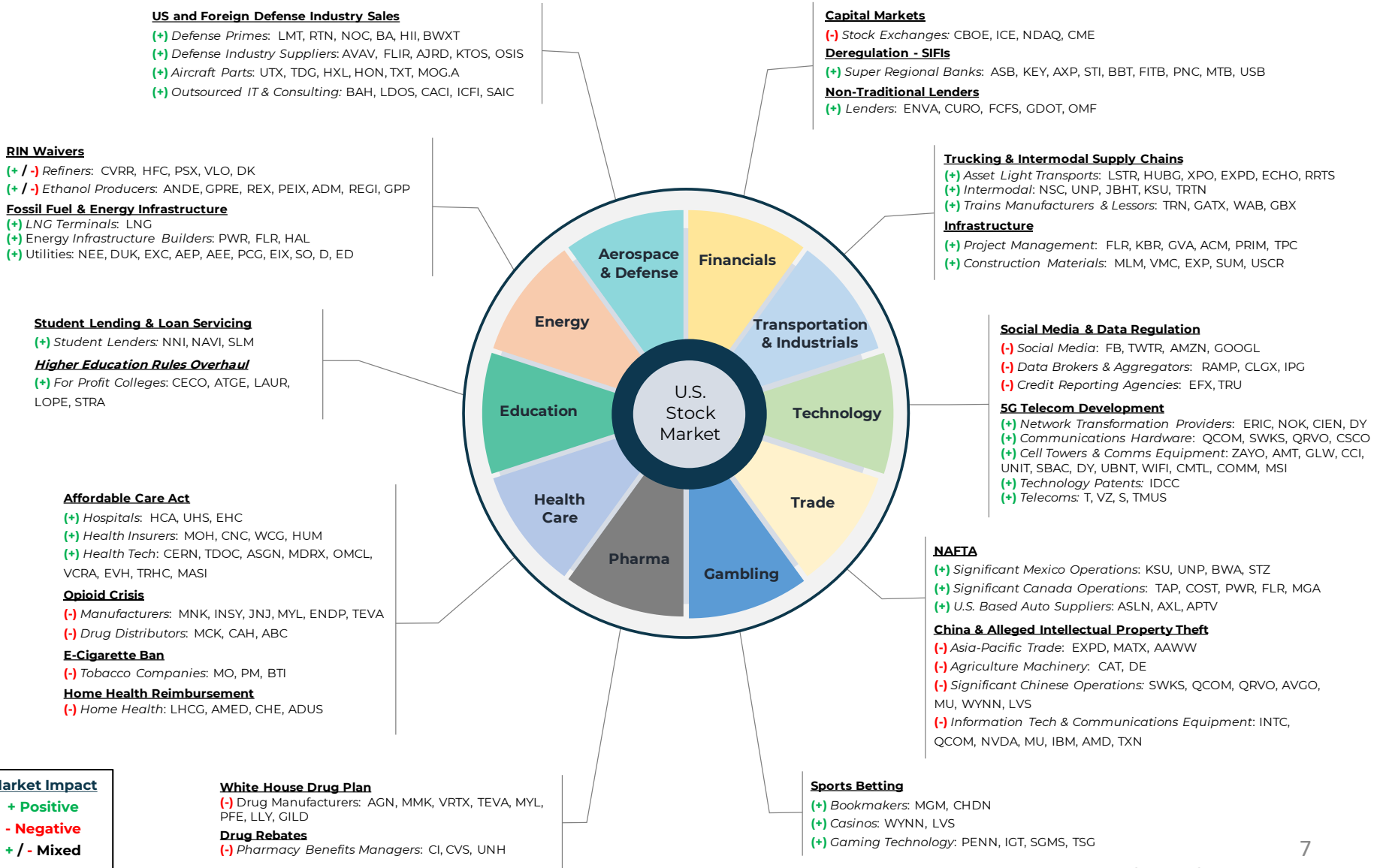
These opportunities are **uncorrelated to the economy** and originate from four main areas >>



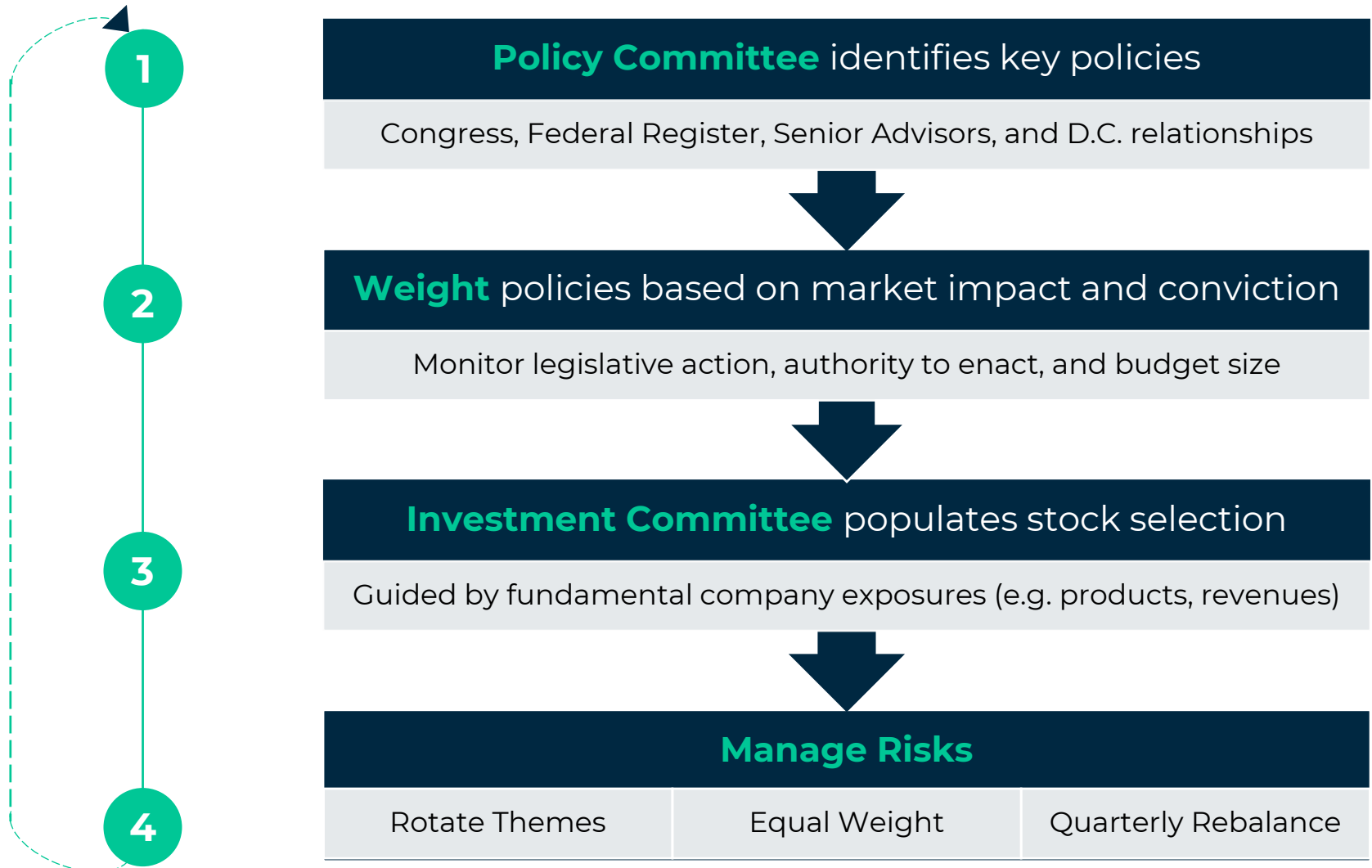
1Q'19 Policy Tracker: Portfolio Roadmap



The **EventShares Policy Tracker** lists current bills and regulations our investment team is monitoring. This report discusses the regulatory and market impact of the policy, spotlights impacted companies, and highlights our take on timing. [Subscribe >>](#)



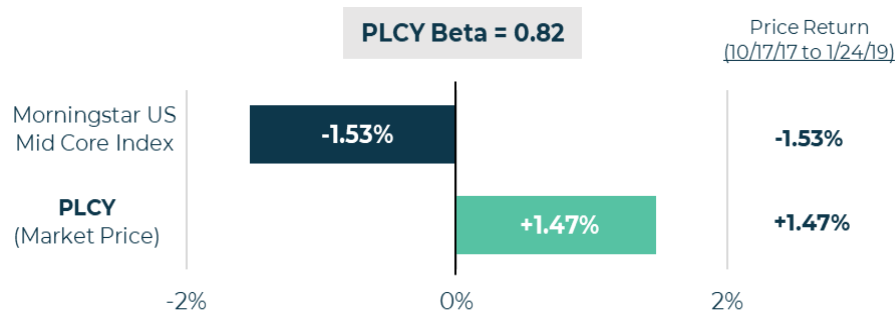
Investment Process: Repeatable



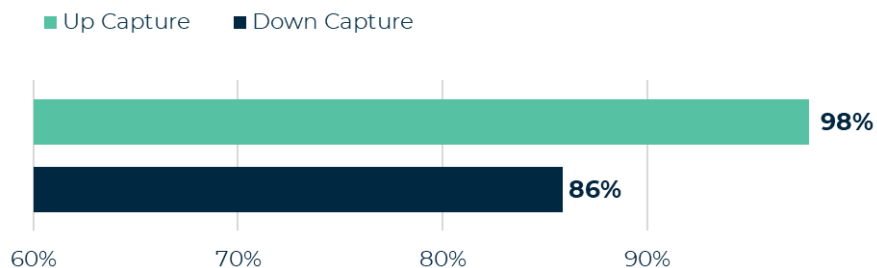
Portfolio Characteristics: Policy Alpha

FUND DETAILS		As of 1/24/2019
Inception Date	10/17/2017	
Management Fee	0.85%	
Total Annual Fund Expense	0.86%	
# of Positions	101	
Weighting Style	Equal-weight	
AUM	\$18.2mm (as of 1/24/2019)	
Benchmark	U.S. Mid Cap Equities	
Transparency	Daily	

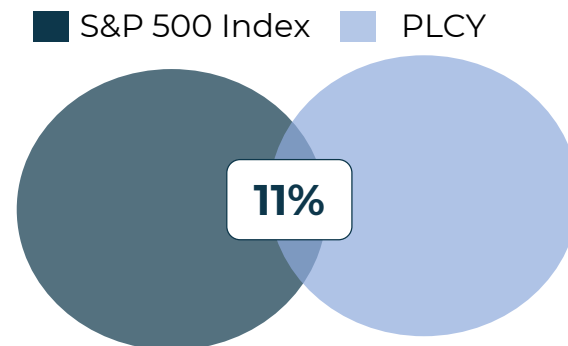
SINCE INCEPTION



UP / DOWN CAPTURE RATIO



PORTFOLIO OVERLAP



Disclosures: Inception Date Oct 17, 2017; PLCY Total Annual Fund Expense: 0.86%; Management Fee 0.85% | The performance data quoted represents past performance and does not guarantee future results. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance quoted. Market price returns are based upon the midpoint of the bid/ask spread at 4:00 Eastern Time and do not represent the returns you would receive if you traded shares at other times. For performance data current to the most recent month end, please call 1-877-539-1510, or visit www.EventSharesFunds.com.

PLCY Portfolio: Current Allocation

ACA Healthcare – Health Tech, ACA Insurers, Outpatient

- Risk of ACA repeal low; Continued push for hospital efficiencies

Financial Deregulation – Lenders, Regional Banks

- Federal Reserve proposed tailoring capital ratio rules; Multi year Consumer Federal Protection Bureau deregulation

Defense Appropriations – Primes & Suppliers, Aircraft Parts

- Increased defense budget boosts sector revenue in our view

Infrastructure – Engineering & Materials

- Rising government spending increases the probability of a bipartisan infrastructure deal in our view

Drug Pricing – Drug Manufacturers

- Pharma lobby combats drug pricing reforms in our view

5G Telecom – Network Providers, Hardware, Cell Towers

- Federal Communications Commission (FCC) pushes telecom infrastructure as China and the US race to build 5G networks

Global Trade – Trucking, Logistics & Supply Chain Mgmt.

- Trucking hours-of-service regulation effectively removes capacity from the trucking industry in our view

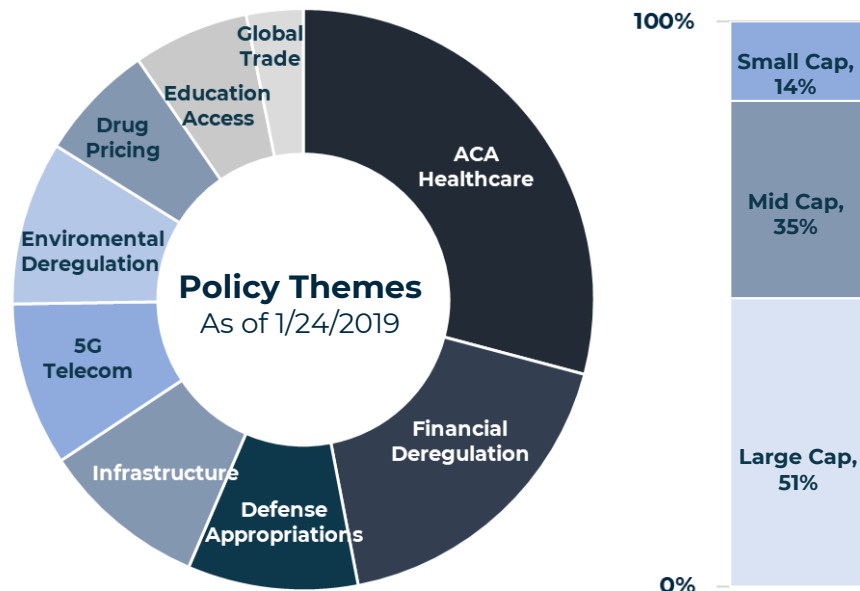
Education Access – Education Finance, For-Profit Schools

- Deregulatory push decreases risk overhang we believe

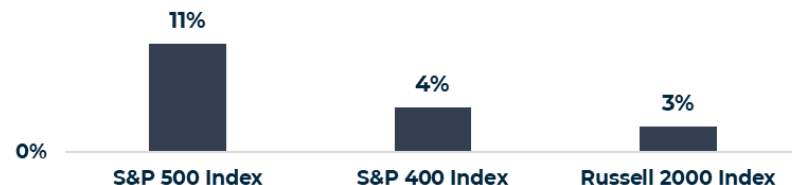
Environmental Deregulation – Utility & Electronic Transmission

- In our view, recent proposals to relax emission limits for new coal power plants and redefine which bodies of water fall under the Clean Water Act ease operating standards for many utilities

Portfolio Allocation



Index Overlap



Risk Management: Quantitative & **Continuous**



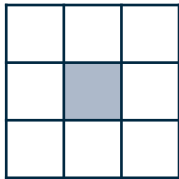
Active Theme Rotation

Rotate policy themes as policy catalysts evolve



Quarterly Rebalance Process

Aim to prevent excess risk by maintaining target asset and policy allocations



Style Balanced

Strive to balance investment styles (e.g. size, momentum, value) to enhance policy catalyst performance and limit factor risk



Beta Management

Quantitatively manage beta via shorts in an effort to avoid large drawdowns

Portfolio Fit: Key **Building Block**

PLCY aims to add value to your portfolio in two ways:

- Active alpha generation
- Low correlation to the overall portfolio

Allocation Style

- **Style:** Blend of growth (policy creates opportunities) and value (fear of policy disruption can decrease valuations)
- **Size:** Smaller large caps, mid caps, and small caps tend to be less diversified and historically more impacted by policy

Value **Blend** Growth

Large Cap			
Mid Cap			
Small Cap			

How to Invest: Platforms & Brokerages

PLCY is currently held at and/or available at the following brokerages:

Online Brokerages

Charles Schwab
E*Trade
Fidelity
Interactive Brokers
OptionsHouse
Robinhood
Scottrade
TD Ameritrade
TD Waterhouse
TradeKing (Ally)
TradeStation
Tradier Brokerage



Visit [PLCY Fund Page](#) to download the prospectus.

Platforms & Financial Advisors

AEIS
Apex Clearing
Bank of Montreal
Bank of New York
BB&T Securities
Brown Brothers Harriman
Cambridge
Cetera Financial
CIBC
Citi Bank
Commonwealth
COR Clearing
Folio Investing
Hilltop Securities
Interactive Brokers
Janney Montgomery Scott
JP Morgan
LPL Financial
Merrill Lynch
Morgan Stanley
Northern Trust
Oppenheimer
Pershing
Phillip Capital
PNC Financial
Raymond James
RBC Wealth
RBC Dominion Securities
Scotiabank
SEI
UBS Financial
US Bancorp
Vanguard
Wells Fargo

PLCY Holdings (as of 12/31/2018)

Defense Appropriations	14.42%	Financial Deregulation:	8.98%	Health Tech	7.62%	Educational Access	5.21%
MOG/A	1.06%	VIRT	1.33%	TRHC	0.92%	LRN	0.85%
TDG	1.04%	FITB	0.78%	VCRA	0.92%	CPT	0.79%
FLIR	1.03%	KEY	0.77%	EVH	0.91%	BFAM	0.74%
MRCY	1.02%	PNC	0.77%	PINC	0.83%	NAVI	0.73%
AVAV	0.98%	STI	0.77%	CERN	0.83%	STRA	0.72%
BAH	0.97%	ASB	0.77%	TDOC	0.82%	ATGE	0.70%
BWXT	0.96%	BAC	0.77%	MDRX	0.82%	CECO	0.68%
GD	0.94%	MTB	0.76%	HQY	0.82%		
HII	0.94%	BBT	0.76%	OMCL	0.74%		
RTN	0.92%	FCFS	0.75%			Infrastructure	7.45%
LMT	0.92%	USB	0.75%			VMC	0.88%
NOC	0.91%			Hospital & Outpatient	7.32%	BMI	0.87%
CACI	0.91%	ACA Insurance	7.67%	USPH	0.97%	MLM	0.84%
LDOS	0.91%	EHTH	1.40%	UHS	0.94%	LNG	0.84%
HRS	0.91%	WCG	1.30%	DGX	0.93%	JEC	0.83%
		HUM	1.27%	HCA	0.93%	X	0.81%
		MOH	1.25%	LH	0.93%	TTEK	0.81%
		UNH	1.23%	DVA	0.91%	ACM	0.80%
		CNC	1.22%	ENSG	0.88%	GVA	0.76%
				EHC	0.83%		
Enviromental Deregulation	7.35%	Drug Pricing (Distributors)	2.84%	Global Trade - US Logistics	2.55%	5G Telecom	7.35%
NEE	0.75%	CAH	0.96%	LSTR	0.52%	ERIC	1.09%
DUK	0.75%	MCK	0.96%	ALSN	0.52%	NOK	1.09%
EXC	0.74%	ABC	0.92%	NSC	0.51%	VZ	1.09%
AEP	0.73%			JBHT	0.51%	CCI	1.06%
AEE	0.73%	Drug Pricing (Pharma)	5.28%	ALK	0.49%	IDCC	1.02%
SO	0.73%	LLY	0.98%			CIEN	1.00%
LNT	0.73%	ZTS	0.89%			AMT	0.99%
D	0.73%	VRTX	0.89%				
PNW	0.73%	BMY	0.89%				
ED	0.72%	AGN	0.82%				
		GILD	0.81%				

Definitions

Beta

Measures the volatility of the Fund price relative to the volatility in the market index. Defined as the percent change in the price of the Fund given a 1% change in the market index. A beta below one suggests that the fund was less volatile than the market benchmark. Beta is calculated using FactSet's Portfolio Analytics Tool.

Alpha

Alpha is a measure of the excess (active) return of an investment relative to the return of a benchmark index. An alpha of 1% means the fund's return was 1% better than the market.

**Up / Down
Capture Ratio**

Upside capture ratios for funds are calculated by taking the fund's monthly return during months when the benchmark (Morningstar US Mid Core Index) had a positive return and dividing it by the benchmark return during that same month. Downside capture ratios are calculated by taking the fund's monthly return during the periods of negative benchmark performance and dividing it by the benchmark return.

**Morningstar US
Mid Core Index
(Benchmark)**

The Morningstar Mid Core Index measures the performance of mid-cap stocks where neither growth nor value characteristics predominate. Based on 10 years of data (as of 10/24/2018), Morningstar found the following correlations to similar mid cap indices: S&P 400 Index (98%), MSCI US Mid Cap 450 (99%) and the Russell Mid Cap (99%). Correlation is a statistic explaining how related two indices are.

S&P 400 Index

The S&P MidCap 400 Index, more commonly known as the S&P 400, is a stock market index from S&P Dow Jones Indices. The index serves as a barometer for the U.S. mid-cap equities sector and is the most widely followed mid-cap index in existence.

**MSCI US Mid
Cap 450**

The MSCI US Mid Cap 450 Index is comprised of the next largest 450 companies in terms of market capitalization of the US equity market.

Russell Mid Cap

The Russell Midcap Index is a market capitalization weighted index comprised of 800 publicly traded U.S. companies with market caps of between \$2 and \$10 billion.

S&P 500 Index

An American stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ.

**Russell 2000
Index**

The Russell 2000 index is an index measuring the performance of approximately 2,000 small-cap companies.

Risks & Disclosures

SEC Standardized Data

As of 12/31/2018	1 Month	3 Month	1 Year	Since Inception
PLCY at Market Price	-11.05	-17.57	-11.13	-5.00
PLCY at NAV	-10.61	-17.25	-10.77	-4.75
Morningstar US Mid Core Index	-10.70	-14.62	-12.83	-8.64

Inception Date Oct 17, 2017; PLCY Total Annual Fund Expense: 0.86%; Management Fee 0.85%. The performance data quoted represents past performance and does not guarantee future results. 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 than their original cost. Current performance may be higher or lower than the performance quoted. Returns for periods greater than one year are annualized. Market price returns are based upon the midpoint of the bid/ask spread at 4:00 Eastern Time and do not represent the returns you would receive if you traded shares at other times. For performance data current to the most recent month end, please call 1-877-539-1510, or visit www.EventSharesFunds.com.

Investors should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. For a prospectus with this and other information about the Fund, please call (877) 539-1510 or visit our website at www.EventSharesFunds.com. Read the prospectus carefully before investing.

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There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risk, including the possible loss of principal amount invested. The prices of equity securities rise and fall daily. These price movements may result from factors affecting individual issuers, industries or the stock market as a whole. Shares of the Fund may trade above or below their net asset value ("NAV"). The trading price of the Fund's shares may deviate significantly from their NAV during periods of market volatility. There can be no assurance that an active trading market for the Fund's shares will develop or be maintained. In addition, equity markets tend to move in cycles which may cause stock prices to fall over short or extended periods of time.

Investors in the Fund should be willing to accept a high degree of volatility in the price of the Fund's shares and the possibility of significant losses. Losing all or a portion of your investment is a risk of investing in the fund. Failure of the government to take positive action on policy and regulation themes, as well as other factors besides government action, may result in losses. Unanticipated political or social developments may result in sudden and significant investment losses. Political and social developments that are anticipated but at odds with a Fund's theme may result in sudden and significant investment losses. Investing in securities of small and medium capitalization companies may involve greater volatility than investing in larger and more established companies because small and medium capitalization companies can be subject to more abrupt or erratic share price changes than larger, more established companies. The use of hedging and derivatives could produce disproportionate gains or losses and may increase costs. Short positions entered into by the Fund may involve higher risks and costs, and potential losses relating to such investments are not typically limited.

Shares are bought and sold at market price (closing price) not net asset value (NAV) and are not individually redeemed from the Fund and owners of shares may acquire or redeem shares in Creation Units only. Market price returns are based on the midpoint of the bid/ask spread at 4:00 pm Eastern Time (when NAV is normally determined) and do not represent the return you would receive if you traded at other times.

Shares of the ETFs may be bought and sold throughout the day on the exchange through any brokerage account. Buying and selling shares of ETFs will result in brokerage commissions. Diversification does not guarantee a profit or protect against loss in market declines. The information herein was obtained from various sources, which we believe to be reliable, but we do not guarantee its accuracy or completeness.

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About EventShares

EventShares is a family of thematic, active ETFs managed by Active Weighting Advisors LLC, an independent asset manager headquartered in Newport Beach. The company's goal is to make investing more approachable and accessible for all investors. The firm seeks to build a disruptive family of actively managed funds offering exposure to geopolitical and policy-driven events, and is the first of its kind. Additional information about EventShares can be found at www.EventShares.com and the firm's Twitter feed can be followed @Event_Shares.