

## Manager Review

As of 2/28/2019

### Fund Information

Inception Date	September 27, 2016
Ticker	TTAC
CUSIP	89628W302
Exchange	Cboe BZX Exchange, Inc.
IOPV Symbol	TTAC.IV
NAV Symbol	TTAC.NV
AUM	119,157,448
Expense Ratio	0.59%

*IOPV, or Indicative Optimized Portfolio Value, is a calculation disseminated by the stock exchange that approximates the Fund's NAV every fifteen seconds throughout the trading day.*

### Quarter End Performance (%) as of 12/31/18

	1 Year	2 Year	Annualized Since Inception 9/27/16
TTAC NAV	-5.99	8.66	11.33
TTAC Market Price	-6.26	8.30	11.23
Russell 3000 TR	-5.24	7.14	8.45

***The performance data quoted represents past performance. Past performance does not guarantee future results. The 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 and current performance may be lower or higher than the performance quoted. Performance current to the most recent month-end can be obtained by calling (toll free 800-617-0004).***



*A monthly commentary to familiarize you with our approach to investing.*

Janet Flanders Johnston, CFA  
 Portfolio Manager  
 TrimTabs Asset Management

In December 2018, the US stock market came within a whisper of bear market territory, defined as down 20% from the previous market high. However, the market hit a low in late December and began one of the strongest reversals in the history of the US stock market.

On the heels of strong January performance, the US stock market continued its rally in February. While the market isn't back to its old highs, it is back to levels last seen early October. For the month of February, the TrimTabs All Cap US Free-Cash-Flow ETF (TTAC) was up 4.52% (NAV) versus our benchmark the Russell 3000 Total Return Index gain of 3.52%. Year-to-date, TTAC has gained 12.22% while our benchmark was up 12.40%. Since its inception in September 2016, TTAC has achieved an annualized gain of 15.93% (NAV), vs. 13.20% for the Russell 3000 Index.

The price action last December was more indicative of a panic than a recession. There was a rapid convergence of opinion that the US economy was headed toward a recession. These opinions turned out to be unwarranted, and ultimately not confirmed by the data. Our friend Ed Yardini, a top Wall Street economist, has named this unusual phenomenon "the flash recession".

A recession is defined as two consecutive quarters of negative GDP growth. GDP for the 4<sup>th</sup> quarter of 2018 came in better than expected at 2.6% driven by a strong consumer. Clearly, the US was not in a recession. Our best guess is that the economy is back to the post financial crisis growth rates, where the "old normal" is again the "new normal", with GDP growth around 2%.

In February, volatility declined and correlations were lowered. In this environment, the market tends to focus on individual corporate fundamentals instead of macro issues. Low volatility provides an excellent environment for stock pickers. As I look at how our individual names performed in February, there is no common theme or sector driving returns.

S&P 500 Earnings for the fourth quarter were up 18.5% year-over-year with solid top line growth. While earnings weren't as strong as the 3<sup>rd</sup> quarter, this is still a robust number. For 2018, S&P 500 operating earnings were up 25%. While a significant percentage was due to the corporate tax cuts, 12.5% of the earnings were due to organic growth. Free cash flow growth was strong in the fourth quarter as well.

While we believe the economy is slowly chugging along around a 2% GDP level, there are risks. We have seen some estimates that are significantly lower, mainly GDPNow, which is the Atlanta Federal Reserve's model. Most S&P 500 earnings numbers were solid in the fourth quarter, but some companies aggressively guided forward numbers down. While the economy has been slowing, we suspect that some CEOs were spooked by the "flash recession" along with unpredictable trade policy.

## Top Holdings

	Portfolio Weighting %
VeriSign Inc	1.46
Illumina Inc	1.44
Match Group Inc	1.34
Merck & Co Inc	1.33
Abbott Laboratories	1.31
Deckers Outdoor Corp	1.28
Zoetis Inc Class A	1.27
Clorox Co	1.26
ConocoPhillips	1.24
Fortinet Inc	1.24

The TrimTabs All Cap US Free-Cash-Flow ETF is distributed by Quasar Distributors, LLC.

*For further information please contact Alan Rubinfeld, Director of Sales at TrimTabs Asset Management at 212-217-2514 or via email at [alan.rubinfeld@trimtabsfunds.com](mailto:alan.rubinfeld@trimtabsfunds.com). [www.trimtabsfunds.com](http://www.trimtabsfunds.com)*

Free Cash Flow (FCF) represents the cash that a company is able to generate after accounting for capital expenditures.

The Standard & Poor's 500 Index (S&P 500) is an index of 505 stocks issued by 500 large companies with market capitalizations of at least \$6.1 billion.

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

Earnings growth is not a measure of the Fund's future performance.

Forward price to earnings (forward P/E) is a quantification of the ratio of price-to-earnings (P/E) using forecasted earnings for the P/E calculation.

The Trump administration and China have been moving towards a trade deal which has been a positive development for the markets. Any moves away from a resolution with China or new trade issues with allies are a potential negative for stock markets. Some corporations have reported margin pressure due to the tariffs.

We continue to see extreme levels of bearishness among investors. This type of market sentiment is usually a bullish indicator. When we look at our data and the fundamentals of our individual holdings, we remain optimistic about the US stock market over the intermediate and long-term.

We like our strategy of owning quality companies with strong free cash flow growth and balance sheets to help mitigate any unforeseen economic or corporate events.

Our best performing stock was The Boston Beer Company (SAM) which is the largest craft brewer in the country. Sam Adams Boston Lager is the flagship product. Its earnings received a boost from some hot new products such as Gose Beer, as well as low-calorie and low-sugar hard teas and alcoholic kombucha.

Our worst stock was Stamps.com (STMP). While STMP had a strong quarter, the shipping industry is rapidly changing, with Amazon aggressively entering and potentially disrupting the market. STMP ended their exclusive relationship with the US Postal Service, as they are not evolving as fast as the industry.

**We thank our shareholders for the opportunity to serve them.**

Opinions expressed are subject to change any time, are not guaranteed and should not be considered investment advice.

*The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contains this and other important information about the investment company, and it may be obtained by calling 1-800-617-0004. Read it carefully before investing.*

***There is no guarantee that TTAC will achieve its investment objective. Investing involves risk, including the possible loss of principal. Because the Fund is an ETF (rather than a mutual fund), shares are bought and sold at market price (not NAV), may trade at a discount or premium to NAV, and are not individually redeemable. Owners of the shares may acquire those shares from the Fund and tender those shares for redemption to the Fund in Creation Unit aggregations only, consisting of 25,000 shares. Brokerage commissions will reduce returns. Investments in the Fund include risks associated with small-and mid-cap securities, which involve limited liquidity and greater volatility than large-cap securities.***

The Russell 3000® Index measures the performance of the 3,000 largest publicly traded U.S. companies, based on market capitalization. The Index measures the performance of approximately 98% of the total market capitalization of the publicly traded U.S. equity market. It is not possible to invest directly in an index.



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