

TrimTabs Free Cash Flow Investment Research

The Power of Free Cash Flow

Why should you consider Free Cash Flow Investing? | July 2021

Free Cash Flow Investing



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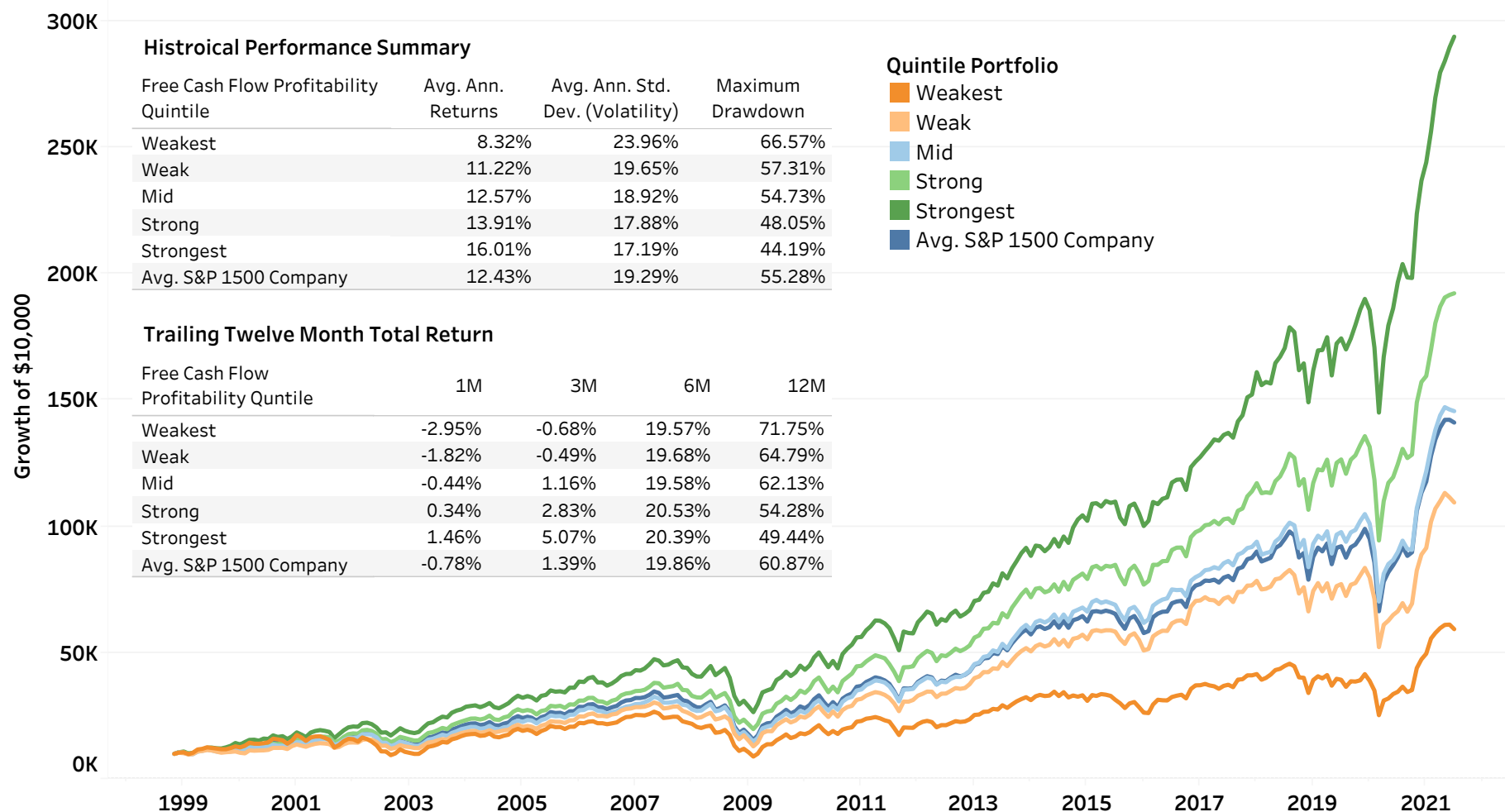


The Power of Free Cash Flow: Why should you consider Free Cash Flow Investing?

Free cash flow generating companies has historically produced superior investment returns

Cumulative Growth of \$10K based on relative Free Cash Flow Profitability Quintiles

S&P 1500 Universe, 11/30/1998 to 07/31/2021



Source: TrimTabs Asset Management, FactSet, S&P Global

Free Cash Flow Profitability is a composite profitability indicator developed by TrimTabs Asset Management. For financial institutions and real estate, net income and funds from operations are used instead of free cash flow. The hypothetical portfolios are constructed in an equally weighted, monthly rebalanced approach. They do not represent actual fund or portfolio performance. **Past performance does not guarantee future returns.**

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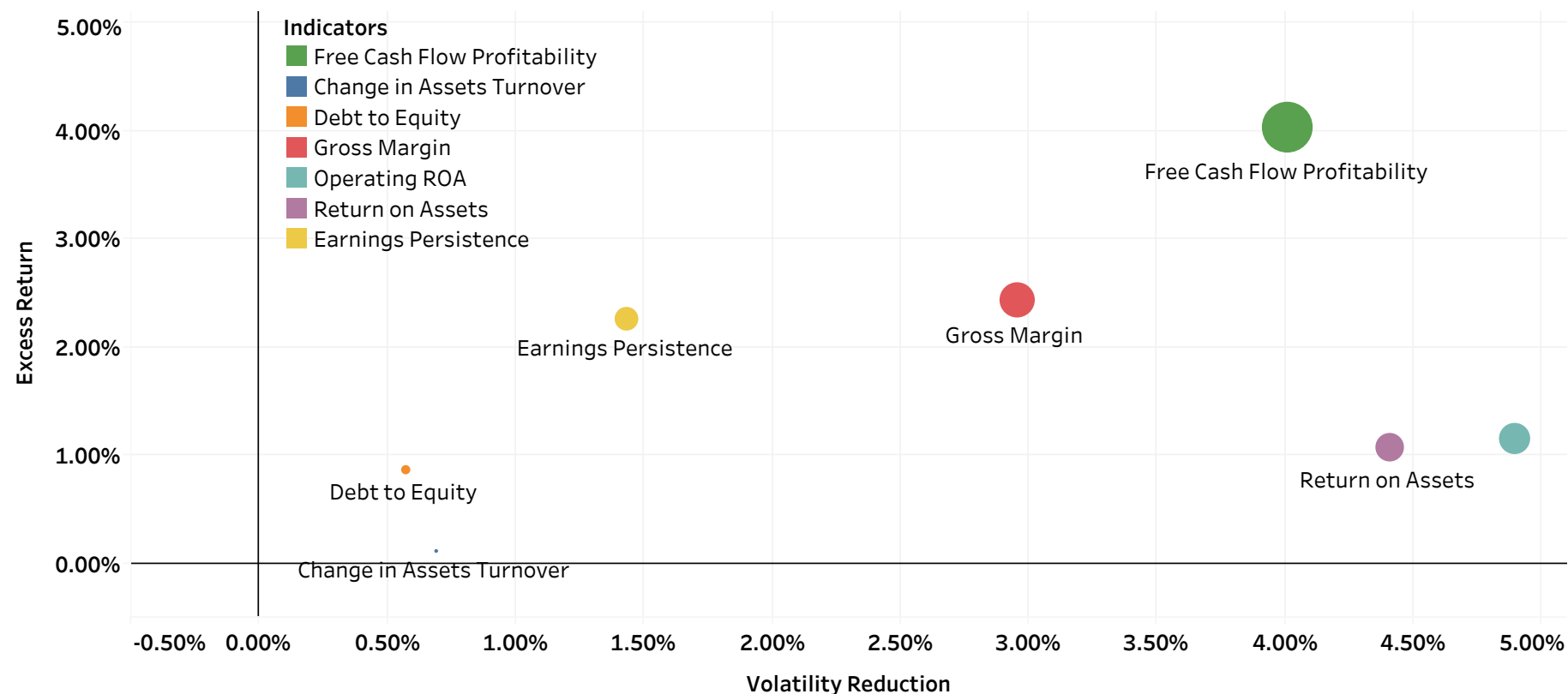
The Power of Free Cash Flow: Why should you consider Free Cash Flow Investing?

There are many definitions for quality investing, but we believe Free Cash Flow is the key

Quality Indicators Performance Spread

S&P 1500 Universe, 11/30/1998 to 07/31/2021

Top minus Bottom Portfolio Excess Return and Volatility Reduction, Equally Weighted



Source: TrimTabs Asset Management, FactSet, S&P Global

Free Cash Flow Profitability is a composite profitability indicator developed by TrimTabs Asset Management. For financial institutions and real estate, net income and funds from operations are used instead of free cash flow. The size of the bubble represents Sharpe ratio spread, (the bigger the larger). Volatility Reduction is the difference between the top/bottom portfolio annualized standard deviation of returns. The start date reflects when reporting of quarterly free cash flow became standard for most U.S. companies. All indicators are calculated with trailing twelve-month data. Earnings persistence is the trailing three-year earning volatility. Asset Turnover is the year over year growth in asset turnover. Debt to Equity is ranked from low to high and all other indicators from high to low. The top/Bottom portfolios are constructed by equally weighted top/bottom 50% stocks ranked by factor exposure on a monthly rebalance approach. They do not represent actual fund or portfolio performance. **Past performance does not guarantee future returns.**

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The Power of Free Cash Flow: Why should you consider Free Cash Flow Investing?

Cash-based indicators outperform other fundamental indicators in different quality indicator groups

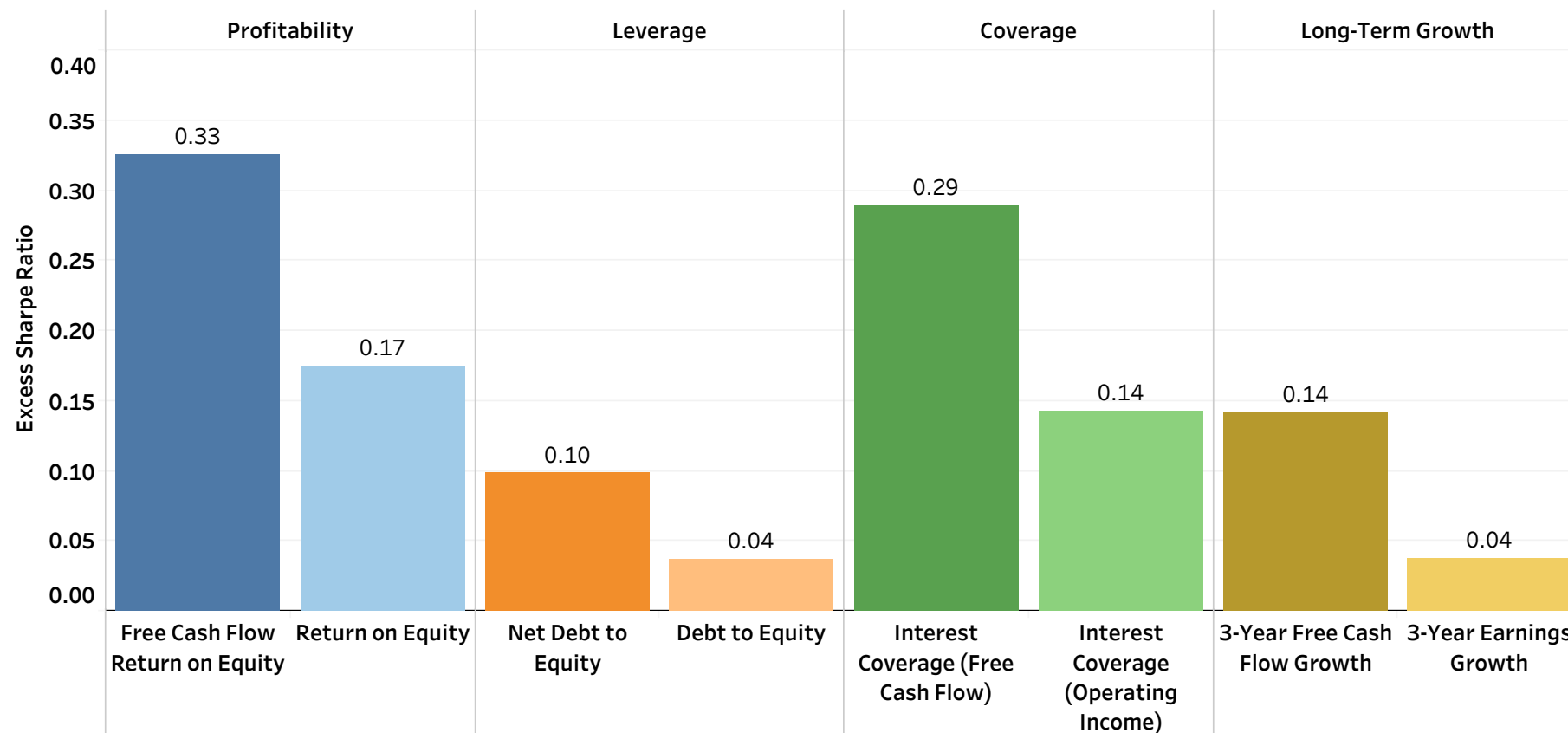


Compare Performance of Cash-based Indicators

with Other Fundamental Indicators by Quality Indicators Group - US Universe

S&P 1500 Universe Ex Financials, 11/30/1998 to 07/31/2021

Top minus Bottom Portfolio Sharpe Ratio Spread, Equally Weighted



Source: TrimTabs Asset Management, FactSet, S&P Global

All indicators are calculated using trailing twelve month reported numbers. Leverage indicators are ranked from low to high and all other indicators ranked from high to low. The top/Bottom portfolios are constructed by equally weighted top/bottom 50% stocks ranked by factor exposure on a monthly rebalance approach. The start date selected was based on when reporting of quarterly free cash flow became standard for most U.S. companies. Financials firms are excluded because their cash flow calculations and implications are different from non-financials firm. They do not represent actual fund or portfolio performance. **Past performance does not guarantee future returns.**

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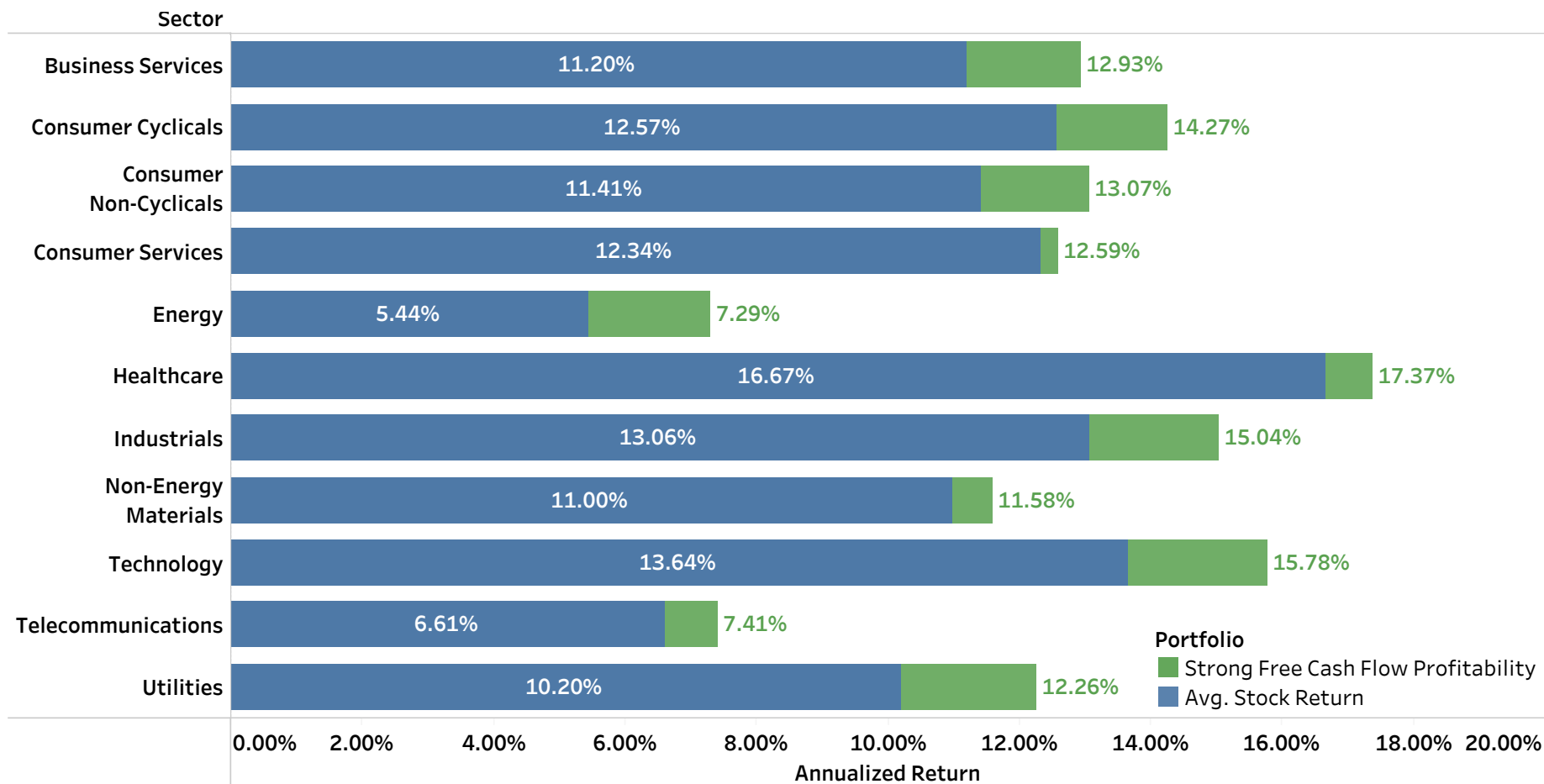
The Power of Free Cash Flow: Why should you consider Free Cash Flow Investing?

The outperformance of Free Cash Flow is widely spread across different sectors



Annualized Return of Stocks with Strong Free Cash Flow by Sector

S&P 1500 Universe, 11/30/1998 to 07/31/2021



Source: TrimTabs Asset Management, FactSet

Free Cash Flow Profitability is a composite profitability indicator developed by TrimTabs Asset Management. For financial institutions and real estate, net income and funds from operations are used instead of free cash flow. High Free Cash Flow Strength is the portfolio with the top 50% stocks in each sector. Benchmark is the equally weighted portfolio for each sector. For sector classification please refer to FactSet RBICS sector classification system. The hypothetical portfolios are constructed in a monthly rebalanced approach. They do not represent actual fund or portfolio performance. **Past performance does not guarantee future returns.**

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The Power of Free Cash Flow: Why should you consider Free Cash Flow Investing?

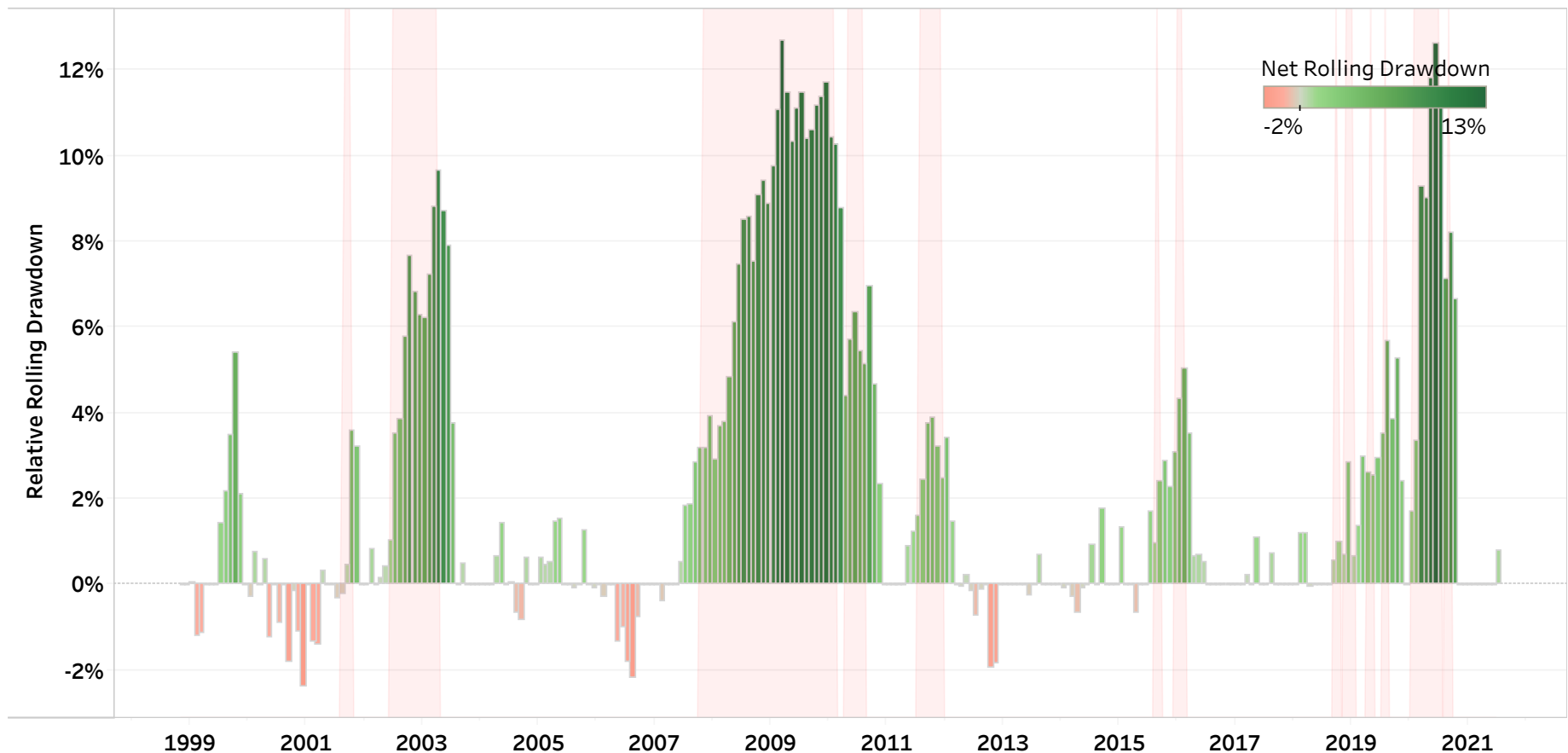
A Focus on Free Cash Flow may provide a downside cushion during stressful market conditions



Rolling Drawdown of Strongest Free Cash Flow Profitability Quintile Relative to Average S&P 1500 Company

S&P 1500 Universe, 11/30/1998 to 07/31/2021

For Average S&P 1500 Company, >10% Rolling Drawdown Periods are Shaded



Source: TrimTabs Asset Management, FactSet, S&P Global

Free Cash Flow Profitability is a composite profitability indicator developed by TrimTabs Asset Management. For financial institutions and real estate, net income and funds from operations are used instead of free cash flow. A rolling drawdown is the maximum observed loss from a peak to a trough of a portfolio before a new peak is attained on an accumulated basis. Net rolling drawdown reflects the difference in rolling drawdown between a portfolio and the benchmark. The hypothetical portfolios are constructed in an equally weighted, monthly rebalanced approach. They do not represent actual fund or portfolio performance. **Past performance does not guarantee future returns.**

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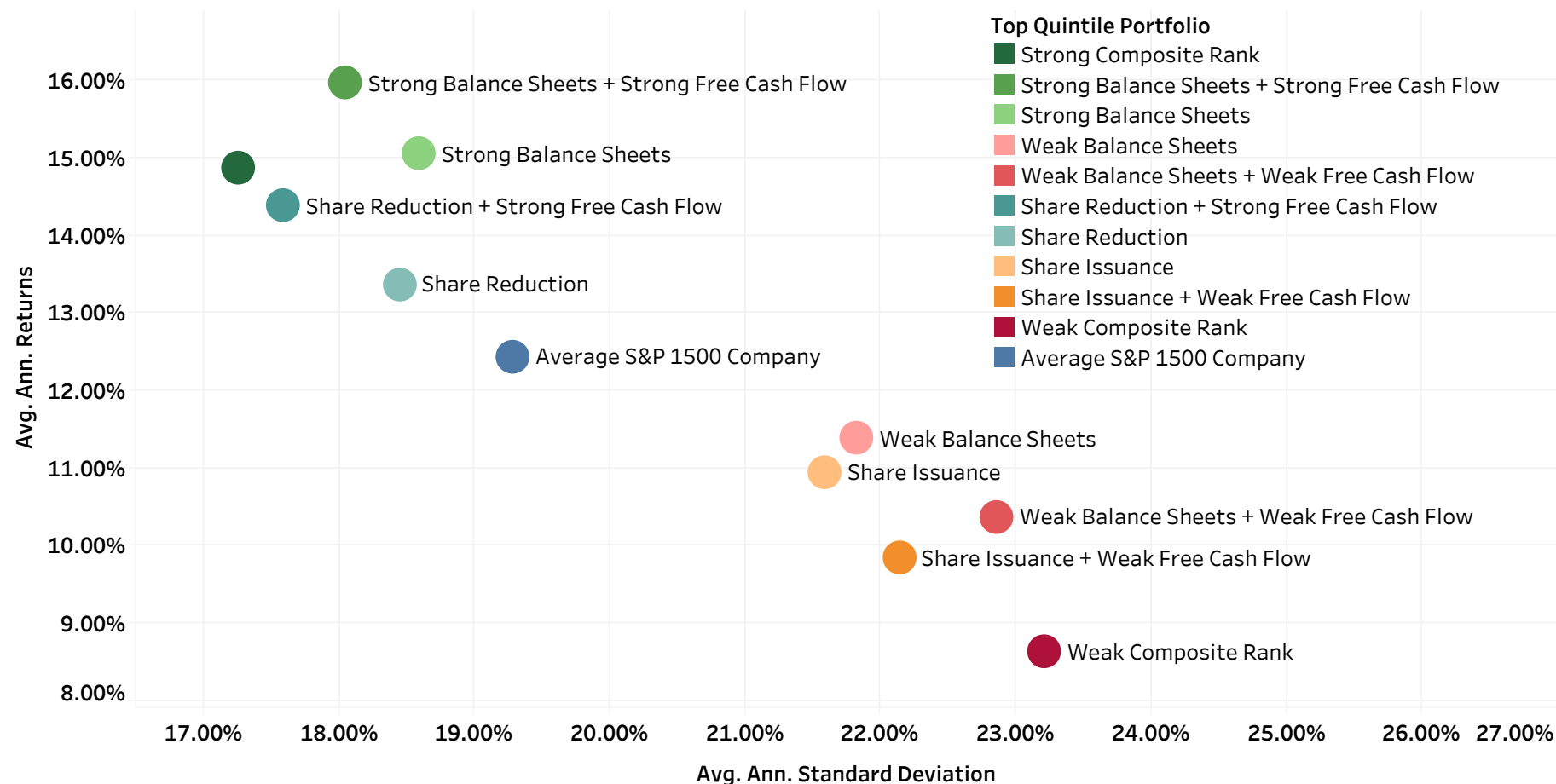


The Power of Free Cash Flow: Why should you consider Free Cash Flow Investing?

We developed our multifactor approach combining Free Cash Flow with share count reductions and strong balance sheets

Multifactor Quintile Portfolio Return & Risk Metrics

S&P 1500 Universe, 11/30/1998 to 07/31/2021



Source: TrimTabs Asset Management, FactSet, S&P Global

Free Cash Flow Profitability is a composite profitability indicator developed by TrimTabs Asset Management. For financial institutions and real estate, net income and funds from operations are used instead of free cash flow. Balance Sheets Strength is a proprietary indicator developed by TrimTabs Asset Management to measure a company's leverage dynamics. Share Reduction is an indicator that measures the historical reduction of the company's common shares outstanding. The hypothetical portfolios are constructed in an equally weighted, monthly rebalanced approach. They do not represent actual fund or portfolio performance. **Past performance does not guarantee future returns.**

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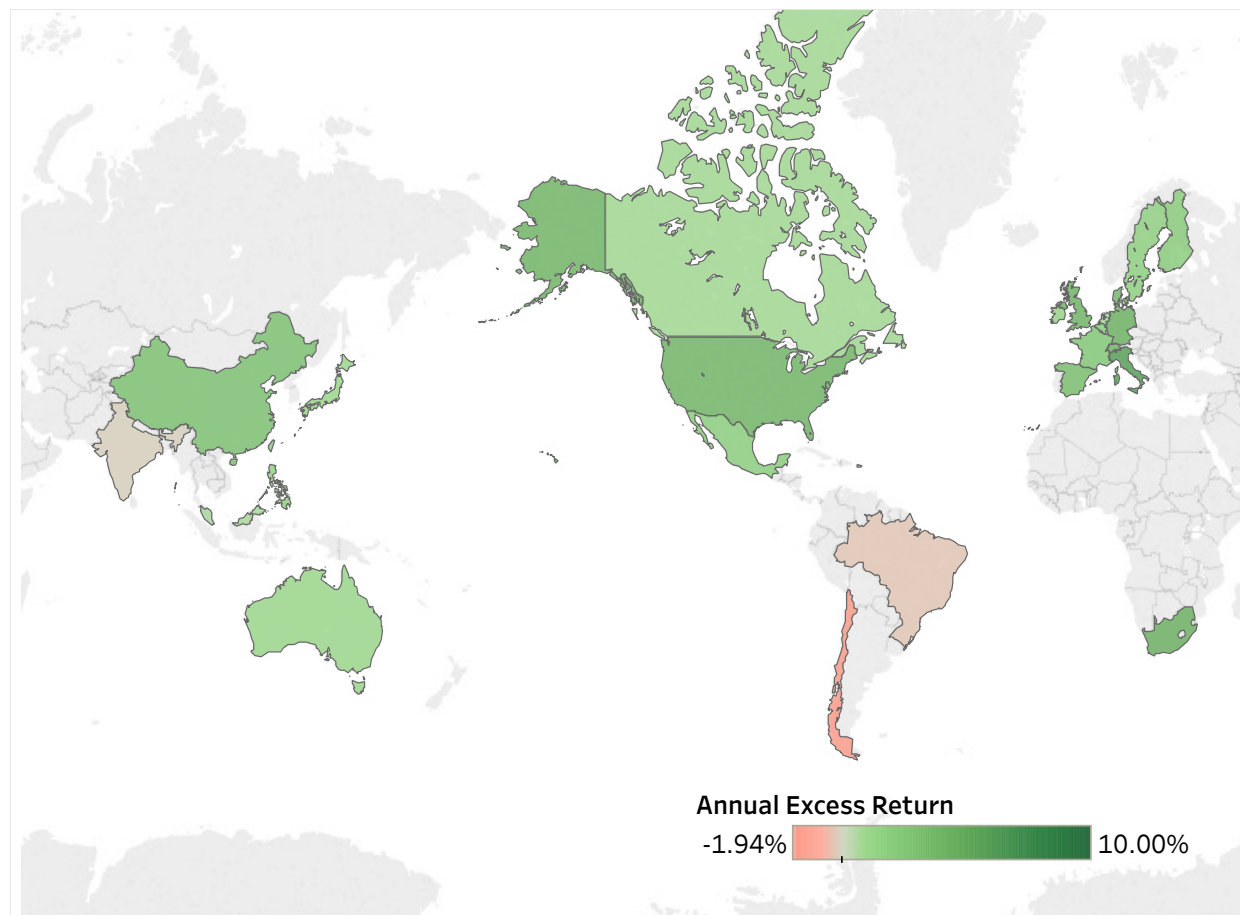
The Power of Free Cash Flow: Why should you consider Free Cash Flow Investing?

Free Cash Flow alpha may exist around the global equity market



Annualized Return of Market Portfolios with High Free Cash Flow Profitability Exposure

Global Equity Market, 11/30/1998 to 07/31/2021



Market	Strong Free Cash Flow	Avg. Stock Return	Excess Return
United Stat..	14.94%	11.10%	3.84%
Japan	8.71%	7.80%	0.92%
China	12.99%	10.07%	2.92%
United Kin..	13.48%	9.61%	3.86%
Canada	11.37%	10.55%	0.82%
Hong Kong	14.41%	10.20%	4.21%
Taiwan	9.01%	7.43%	1.58%
Australia	12.15%	11.16%	1.00%
France	11.53%	9.14%	2.39%
Germany	14.22%	10.04%	4.17%
Brazil	11.64%	12.01%	-0.37%
India	16.60%	16.76%	-0.16%
Switzerland	15.65%	11.96%	3.69%
Italy	11.90%	6.12%	5.78%
Sweden	16.40%	14.75%	1.65%
South Africa	15.04%	10.74%	4.30%
Netherlands	9.72%	8.91%	0.81%
Singapore	11.29%	10.19%	1.10%
Spain	9.01%	5.88%	3.13%
Malaysia	12.94%	12.30%	0.65%
Mexico	12.42%	10.58%	1.84%
Ireland	15.63%	14.43%	1.20%
Finland	14.95%	12.87%	2.08%
Belgium	7.97%	6.11%	1.86%
Denmark	18.71%	15.27%	3.44%
Chile	5.52%	7.46%	-1.94%
Philippines	9.07%	7.62%	1.45%

Source: TrimTabs Asset Management, FactSet

Free Cash Flow Profitability is a composite profitability indicator developed by TrimTabs Asset Management. For financial institutions and real estate, net income and funds from operations are used instead of free cash flow. Stocks with high free cash flow exposure are defined as stocks in the top 50% based on the free cash flow factor ranking in each country/region. The excess return is calculated by subtracting the average annual return of all stocks by the average annual return of stocks high free cash flow factor exposure. **Past performance does not guarantee future returns.**

Definitions, Risks and Disclosures

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by calling 18006170004. Read it carefully before investing.

Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

[Click here for fund top holdings](#)

Investing involves risk. Principal loss is possible. 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 midcap securities, which involve limited liquidity and greater volatility than largecap securities. Past performance does not guarantee future results. To obtain fund performance call 212-217-2514 or visit www.trimtabsfunds.com.

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

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

Alpha is a measure of performance on a risk-adjusted basis.

Standard deviation is a measure that is used to quantify the amount of variation or dispersion of a set of data values.

Downside deviation is a measure of downside risk that focuses on returns that fall below a minimum threshold or minimum acceptable return (MAR).

Sharpe ratio is a way to examine the performance of an investment by adjusting for its risk.

The information ratio (IR) is a measurement of portfolio returns beyond the returns of a benchmark, usually an index, compared to the volatility of those returns.

Max drawdown is an indicator of the risk of a portfolio chosen based on a certain strategy.

The S&P Composite 1500 combines three leading indices, the S&P 500, the S&P MidCap 400, and the S&P SmallCap 600 to cover approximately 90% of the U.S. market capitalization.

Index performance is not indicative of fund performance. Past performance does not guarantee future returns

Global Equity Market - An equity market is a market in which shares are issued and traded, either through exchanges or over-the-counter markets.

The Standard & Poor's 500, often abbreviated as the S&P 500, or just the S&P, is an American stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ.

Earnings persistence is defined as the continuity and durability of the current earnings.

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