Why Ecological Investing Matters

Ecological Investing has historically been a winning investment strategy that we believe will continue to outperform as a result of important global megatrends.

One of the most relevant ecologically-oriented indices, the MSCI Global Green Building Index, has significantly outperformed both the group of companies that are considered the most ecologically unfriendly and the broad market index (Figures 1A & 1B). Furthermore, when looking at an individual company level, the "greenest" companies have also significantly outperformed. Given the strong track record of ecological investing along with several global megatrends acting as a tailwind (i.e., institutional asset flow and important changes in investor demographics and concerns), we believe that investors can benefit by allocating a portion of their equity portfolios to ecologically-oriented investment strategies.

¹"Greenest" companies refers to those companies ranked in the top 100 of the 2016 Newsweek Green Rankings.

5 Year Performance Comparison: Ecologically-Focused vs. Ecologically Unfriendly, Broad Market

MSCI Global Green Building Index
MSCI ACWI Commodity Producers Index
MSCI ACWI Index

**FIGURE 1A - Growth of $10,000, 9/2012 – 9/2017**

- **MSCI Global Green Building Index**
  - Companies that derive 50% or more of their revenues from products/services in Alt. Energy, Sustainable Water, Green Building, Pollution Prevention or Clean Technology.
  - 5yr Annualized Return: +14.97% 5yr Volatility: 13.44%

- **MSCI ACWI Index**
  - Provides a broad measure of equity-market performance across 23 developed & 23 emerging markets countries.
  - 5yr Annualized Return: +10.79% 5yr Volatility: 9.95%

- **MSCI ACWI Commodity Producers Index**
  - Captures the global opportunity set of commodity producers in energy, metal and agricultural sectors from across 23 developed & 23 emerging markets countries.
  - 5yr Annualized Return: -1.33% 5yr Volatility: 16.74%

**FIGURE 1B - Historical Returns, 9/2012 – 9/2017**

- **MSCI Global Green Building Index**
  - 3-year Annualized Return: 14.05% 5-year Annualized Return: 14.97%

- **MSCI ACWI Commodity Producers Index**
  - 3-year Annualized Return: -3.34% 5-year Annualized Return: 10.79%

- **MSCI ACWI Index**
  - 3-year Annualized Return: -1.33% 5-year Annualized Return: 14.97%

Historically, ecological investment strategies have outperformed most ecologically unfriendly companies and the broad market index.

Past performance is not indicative of future results. One cannot invest directly in an index.
Companies ranked highest in the 2016 *Newsweek Green Rankings* report have outperformed both their relative sector and the broader index over 10 years.

Since 2009, the Newsweek Green Rankings has been widely considered one of the world’s foremost corporate environmental rankings. Created in partnership with Corporate Knights and HIP Investor, the report assesses the overall environmental performance of the 500 largest publicly traded companies in the United States and the 500 largest publicly traded companies in the world.

### Comparing Performance of Top ‘Newsweek US Green Rankings 2016’ Companies vs. S&P 500

**TOP 5 Companies vs. S&P 500 TR Index, Top Ranked Companies by Sector vs. S&P 500 Sector**

**FIGURE 2A** - TOP 5 Ranked US Companies vs. S&P 500 TR Index, 10 Year Annualized Return (9/2007 – 9/2017)


<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall 2016 Newsweek Green Ranking</td>
<td>5</td>
<td>1</td>
<td>4</td>
<td>6</td>
<td>7</td>
<td>2</td>
<td>95</td>
<td>15</td>
<td>75</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: 2016 Newsweek Green Rankings 2016 - In partnership with Corporate Knights, HIP (Human Impact + Profit) Investor Inc., and leading sustainability minds from nongovernmental organizations and the academic and accounting communities.
With this in mind, StrategyShares has created the EcoLogical Strategy ETF (“HECO”). HECO seeks capital appreciation through an actively managed portfolio of ecologically-focused companies that we believe have positioned their business to respond to increased environmental legislation, cultural shifts towards environmentally conscious consumption, and capital investments in environmentally oriented projects.

### Why Ecological Investing Matters

There are risks involved with investing, including possible loss of principal. The ETF may trade securities actively, which could increase its transaction costs (thereby lowering its performance) and could increase the amount of taxes you owe by generating short-term gains, which may be taxed at a higher rate. The ETF’s ecological investment criteria limit the types of investments the ETF may make. This could cause the ETF to under-perform other funds that do not have an ecological focus. In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principals or from social, economic or political instability in other nations. If the ETF invests more than 25% of its net assets in a particular asset class, or securities of issuers within a particular business sector, it is subject to increased risk.

### Reasons to Invest in HECO

There are risks involved with investing, including possible loss of principal. The ETF may trade securities actively, which could increase its transaction costs (thereby lowering its performance) and could increase the amount of taxes you owe by generating short-term gains, which may be taxed at a higher rate. The ETF’s ecological investment criteria limit the types of investments the ETF may make. This could cause the ETF to under-perform other funds that do not have an ecological focus. In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principals or from social, economic or political instability in other nations. If the ETF invests more than 25% of its net assets in a particular asset class, or securities of issuers within a particular business sector, it is subject to increased risk.

You should consider the fund’s investment objectives, risks, charges, and expenses carefully before you invest. Information about these and other important subjects is in the fund’s prospectus or summary prospectus, which can be obtained at strategysharesetfs.com. Please read carefully before investing. Distributor: Foreside Fund Services, LLC.

To learn more about environment investing, please visit Strategy Shares at: [www.StrategySharesETFs.com](http://www.StrategySharesETFs.com)