

GAMR™

2018 Q3 COMMENTARY



MARKET COMMENTARY

The video game technology industry made significant advances during the third quarter of 2018. Setting the baseline is the continued penetration of games into the global entertainment market. People who grew up with powerful PCs, consoles, and phones often embrace games as a primary form of entertainment into adulthood, which presents a potential growth trend based on generational advancement and widening demographics. Augmenting this trend, consumers increasingly embrace multiple game tech platforms with new forays into virtual reality. Leading industry participants are also experimenting with cloud gaming, a technology that could significantly expand the player base in the next three to five years.



FUND PERFORMANCE

ETFMG Video Game Tech ETF (GAMR) returned -3.21% for the quarter ended September 30, 2018. Top contributing sectors included (not surprisingly) Information Technology (8.84%) and Health Care (+23.38%). Unfortunately, the largest sector in the portfolio, Communication Services, was the main detractor, returning -7.28% in Q3.

Sector Contributors	Active Exp	Total Rtn	Sector Cont
Communication Services	69.63	-7.28	-5.23
Not Classified	0.20	0.38	0.00
Consumer Discretionary	7.99	1.53	0.12
Health Care	1.34	23.38	0.25
Information Technology	20.84	8.84	1.73

At the security level, GAMR was led by Advanced Micro Devices (AMD, +106%), NC Soft (AMD, +49.15%), and Paradox Interactive (PDX SS, +39.08%). Worst-performing companies in the fund included Starbreeze (STARTRB SS, -40.23%), and Gumi Inc (3903 JP, -34.76%).

Top 10 Positive Contributors	Average Weight (%)	Total Return (%)	Contribution to Return (%)
ADV MICRO DEVICE	2.17	106.07	1.53
NCSOFT CORP	2.51	19.86	0.48
GLU MOBILE INC	2.77	16.22	0.45
TAKE-TWO INTERAC	2.60	16.58	0.40
APPLE INC	1.62	22.38	0.32
QUALCOMM INC	1.24	29.49	0.31
SONY CORP-ADR	1.64	18.32	0.28
CARL ZEISS ME-BR	1.34	23.38	0.25
NINTENDO CO LTD	2.21	11.65	0.25
NVIDIA CORP	1.47	18.69	0.25

Bottom 10 Negative Contributors	Average Weight (%)	Total Return (%)	Contribution to Return (%)
WEMADE ENTERTAIN	1.57	-34.41	-0.69
G5 ENTERTAINMENT	1.51	-31.25	-0.57
NETMARBLE CORP	2.03	-24.22	-0.55
KONAMI HOLDINGS	2.15	-22.00	-0.54
SOHU.COM LTD-ADR	0.75	-44.00	-0.45
CHANGYOU.COM-ADR	1.93	-20.82	-0.44
KINGSOFT CORP	0.74	-37.15	-0.38
SQUARE ENIX HD	2.23	-15.59	-0.38
WEBZEN INC	1.85	-17.36	-0.35
ELECTRONIC ARTS	2.16	-14.56	-0.33

Looking at fundamental factor performance, factors contributing positively were overweights to the global software industry, as well as to the U.S. market, while an underweight to Size and an overweight to Earnings Variability were the main detractors.

Top 6 Factor Contributors	Active Exp	Factor Rtn	Factor Cont
NorthAm:US Market	0.28	5.48	1.47
Industry:AS Software	0.22	4.61	1.00
Industry:JP InfoCom	0.15	5.22	0.76
Industry:US Software	0.14	5.43	0.74
AsiaPac-Dev:JP Mar	0.22	3.67	0.72
WestmEurp:EU Swede	0.08	5.71	0.45

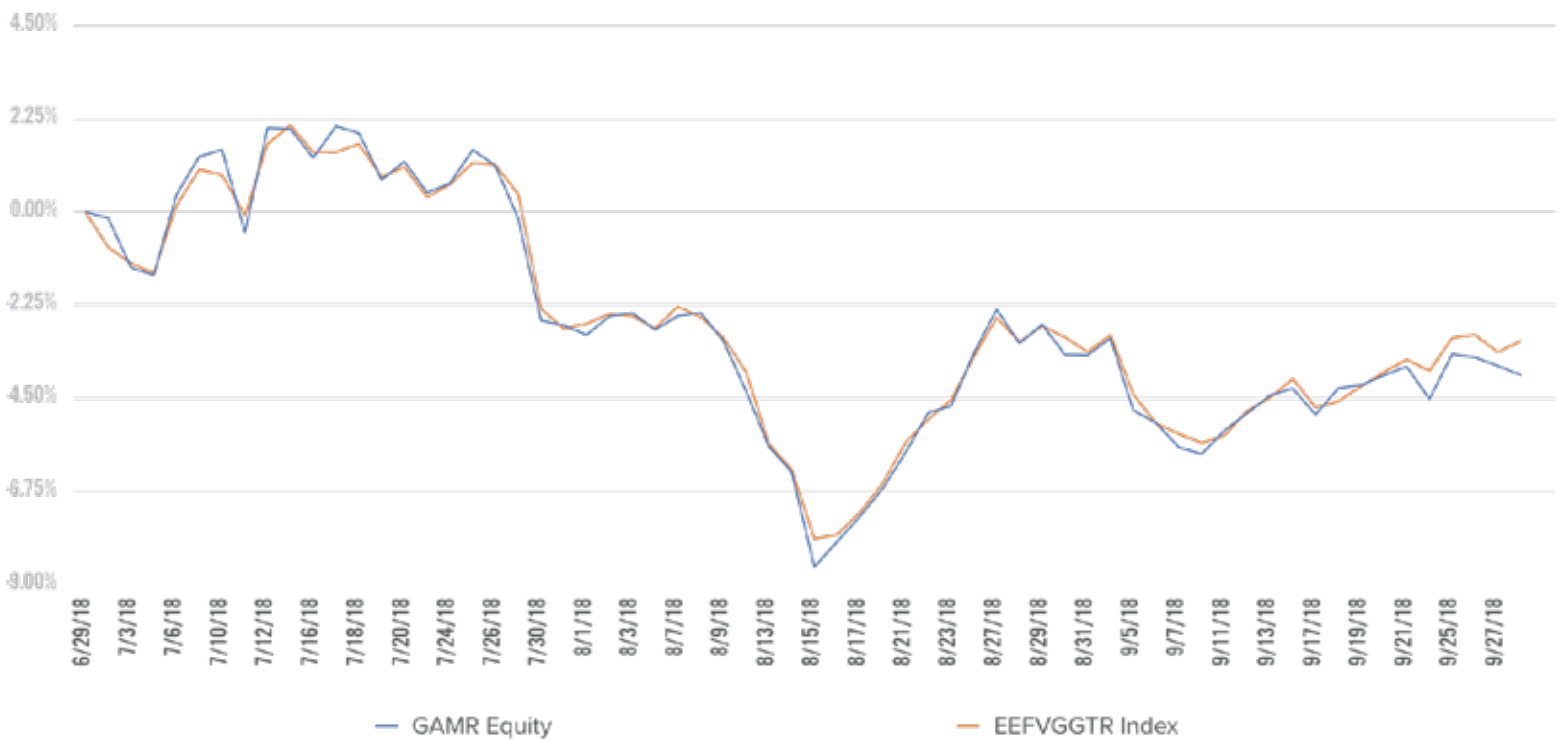
Bottom 6 Factor Contributors	Active Exp	Factor Rtn	Factor Cont
Style:AS Size	-0.58	1.27	-0.70
Style:AS EarnVariab	0.45	-1.38	-0.61
Style:AS TradeAct	0.45	-1.34	-0.59
Currency:JPY	0.22	-2.79	-0.59
Industry:US Semi	0.06	-4.49	-0.32
Style:AS Growth	0.34	-0.92	-0.31

A closer look at the style factors reveal that style was largely negative, with the factors Earnings Variability (overweight), Size (underweight), and Dividend Yield (underweight).

Style Return	Contribution
Earnings Variable	-1.13
Momentum	0.13
Size	-0.95
Leverage	0.05
Dividend Yield	-0.54
Trade Activity	-0.60
Profitability	-0.04
Growth	-0.30
Liquidity	0.05
Volatility	0.04
Value	0.18



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	-0.27%	-3.72%	-0.32%	95.61%	7.83%				29.91%
NAV	0.19%	-3.21%	0.39%	96.39%	8.38%				30.11%

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.etfmg.com. Read the prospectus carefully before investing.

Investing involves risk, including the possible loss of principal. The Fund is new with limited operating history. 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. Video Game Tech Companies face intense competition, both domestically and internationally, may have limited product lines, markets, financial resources or personnel, may have products that face rapid obsolescence, and are heavily dependent on the protection of patent and intellectual property rights. Video Game Tech Companies are also subject to increasing regulatory constraints, particularly with respect to cybersecurity and privacy. Such factors may adversely affect the profitability and value of such companies. Investments in foreign securities involve political, economic and currency risks, greater volatility and differences in accounting methods. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Investments in smaller companies tend to have limited liquidity and greater price volatility than large-capitalization companies.

The Fund's return may not match or achieve a high degree of correlation with the return of the EEFund Video Game Tech Index. 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. Diversification does not guarantee a profit, nor does it protect against a loss in a declining market. 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.

The EEFund Video Game Tech™ Index provides a benchmark for investors interested in tracking companies actively involved in the electronic gaming industry including the entertainment, education and simulation segments. The Index uses a market capitalization weighted allocation across the pure play and non-pure play sectors and a set weight for the conglomerate sector as well as an equal weighted allocation methodology for all components within each sector allocation. The index was created and is maintained by EEFund Management. You cannot invest directly in an index.

ETF Managers Group LLC is the investment adviser to the Fund.

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