

**CLEAR**SHARES

ClearShares  
Ultra-Short Maturity ETF (OPER)

A dynamic splash of water in shades of light blue and white, creating a sense of movement and freshness. The word "OPER" is rendered in large, bold, 3D-style letters. The "O" is white, while the "P", "E", "R", and the second "O" are a vibrant green. The letters are partially submerged in the water splash.

OPER

ClearShares ETF

How are You Managing  
Your Cash?

## INVESTMENT OBJECTIVE

The ClearShares Ultra-Short Maturity ETF (the “Fund”) is an actively managed portfolio seeking current income by investing in “repos” repurchase agreements, collateralized by U.S. Treasuries and U.S. Government backed Securities and other fixed income instruments.

## WHY CLEARSHARES OPER ETF

In an effort to combat significant inflationary pressures, the Fed has begun their journey to a higher interest rate environment with a combined 0.75% move over two FOMC meetings and leaving the markets with strong expectations of at least a few more hikes throughout 2022. Rising rate environments have historically been harmful to fixed income ETFs and that hasn't changed this time around with only 10 out of 503 fixed income ETFs showing a positive return YTD for 2022. ClearShares Ultra-Short Maturity ETF (NYSE Arca: OPER) took the #8 position<sup>1</sup> in this analysis. In this uncertain environment, it's just as important to focus on risk as it is on return. Price volatility is an important indicator of yield curve exposure and liquidity of ETFs. Casualties can still remember significant price volatility in the early days of the pandemic resulting in many fixed income ETFs posting poor performance of between -2.00% and -8.00% during that period. Given the nature of OPER's investment strategy, there has typically been limited price volatility<sup>2</sup> since inception.

As investors navigate uncertain fixed income markets, they may not have to choose between risk and return. OPER seeks to achieve a competitive return while providing a relatively low level of volatility. OPER lends money in the institutional lending markets as opposed to owning securities in order to achieve its investment objectives. These lending transactions (repurchase agreements or “repos”) are collateralized by fixed income securities issued by the US Treasury and government agencies. A third-party custodian holds the collateral on behalf of OPER and ensures the account is collateralized based on the market value of all pledged securities. OPER should continue to be a beneficiary of a rising rate environment, and may be an attractive option for investors seeking current income and portfolio stability in fixed income holdings:

- OPER could replace cash holdings and short-term bond funds in fixed income portfolio holdings.
- While OPER is permitted to hold securities, it typically does not when employing its core investment strategy which may reduce sensitivity to market volatility and yield curve risks
- OPER primarily accepts collateral issued by the US Treasury and government agencies
- OPER receives a minimum of 2% excess collateral pledged against each lending agreement
- OPER has historically paid a monthly distribution based on interest earned from these “repos”
- The Fund is daily priced, daily liquid, and trades on the New York Stock Exchange Arca.

Sources:

1. Bloomberg (as of 5/2022)
2. Bloomberg (as of 5/2022)

## WHAT IS A REPO

Repurchase agreements (“repos”) are short-term funding transactions widely used by banks, securities firms, and hedge funds to finance their securities inventory. They utilize this vehicle for its liquidity and safety. A repo is the sale of a security with a simultaneous commitment by the seller to repurchase the security from the buyer at a future date at a higher, predetermined price. This price differential represents the interest earned on the lending transaction. This transaction allows one party (the seller) to obtain financing from the other party (buyer).

A repo is secured by collateral, protecting the buyer against the potential risk of the seller being unable to repurchase the securities as agreed. The transaction from the lender's perspective is called a reverse repurchase agreement (“reverse repo”) and may also be thought of as a collateralized loan. Repurchase

# REPO

agreements are typically short-term agreements and their maturity period is called the “term” or the tenor.

## WHAT IS A TRI-PARTY REPO

Tri-party repos are the most common type of repo and are popular because of their operational efficiency and safety. In this type of arrangement, the buyer and seller agree to the terms of the transaction and report the details to a third-party custodian (BNY Mellon). BNY Mellon, one of the largest financial institutions in the world, serves as the fiduciary/custodian for participants in the tri-party repo market. Specifically, BNY Mellon handles all settlement and operational issues associated with the tri-party repo transactions, and ensures the buyer’s account has the agreed class of securities and is over-collateralized per the trade terms.

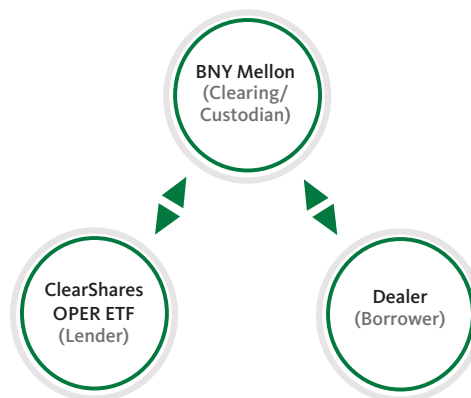
When the buyer (lender of cash) and the counterparty (borrower of cash) execute a transaction, the collateral and cash flow through one custodial bank. OPER ETF utilizes BNY Mellon for its tri-party transactions to provide clearing and trade settlement services, collateral pricing, and to help facilitate collateral substitution.

According to the Federal Reserve Bank of New York, nearly 86% of the \$2.22 trillion tri-party REPO market consists of U.S. Treasury or Agency Debt Collateral.

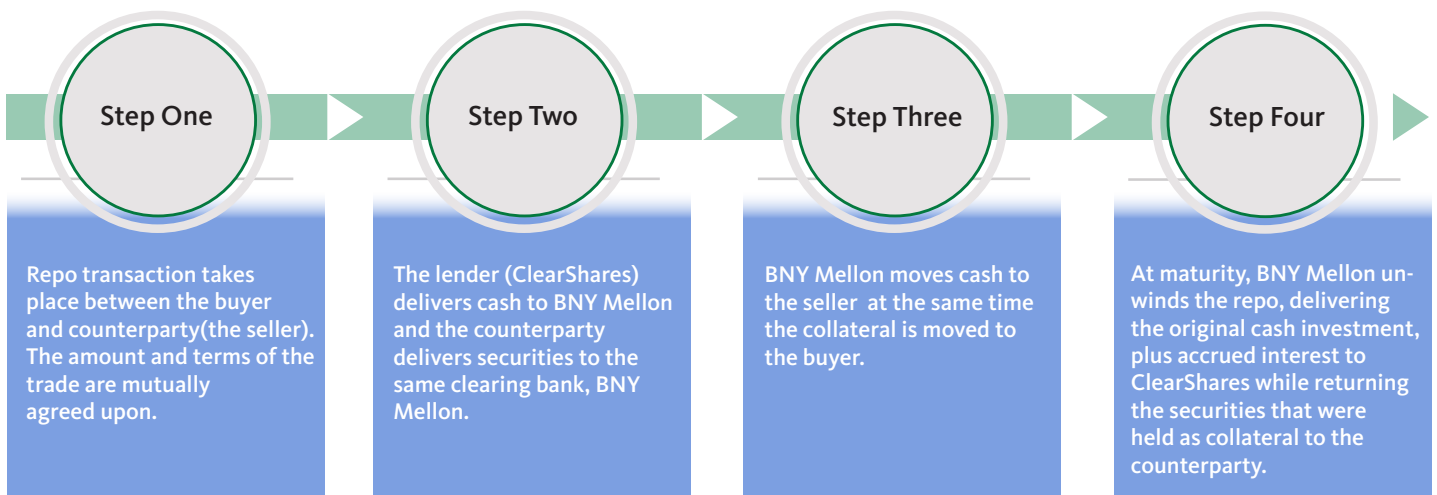
Federal Reserve Bank of New York  
(September 2020)

### Sources:

1. Federal Reserve Bank of New York
2. Federal Reserve Bank of New York
3. Federal Reserve Bank of New York
4. Federal Reserve Bank of New York



## THE TRI-PARTY REPO PROCESS



## FUND DETAILS

**Primary Exchange:** NYSE/Arca

**Investment Objective:** Current Income

**Benchmark:** ICE® BofAML® 3-Month

Treasury Bills Index

**Fees:** Expense ratio: 0.20%

## ABOUT CLEARSHARES

ClearShares LLC is an independently-owned and operated registered investment advisory firm.

## An Experienced Investment Team

The ClearShares' OPER ETF investment team has multi-market cycle, multi-asset class experience, including a track record in alternative investments.



**Frank Codey - Portfolio Manager**

**EXPERIENCE:**

- 30+ years experience in the securities industry
  - President, Equinox Group Distributors
  - Chief Operating Officer, Equinox Fund Management
  - Director of Operations, Funding, & Risk, Braver Stern Securities
  - Executive Director & Product Manager, Fixed Income Securities Prime Brokerage, JP Morgan.
  - Senior Managing Director, Bear Stearns & Co. Fixed Income Prime Brokerage, specializing in mortgage and structured products.
  - The Center for Business Analytics, Villanova University - Advisory Council
  - Accordo Compliance Solutions - Advisory Board
- EDUCATION:**
- Boston University, B.S. in Business, Finance concentration
  - Villanova University, M.S. in Analytics



**James Fortescue - Portfolio Manager**

**EXPERIENCE:**

- Founding Partner, Piton Investment Management
  - Chief Operating Officer, Annaly Capital Management
  - Director, RCAP Securities (FINRA Regulated Broker Dealer)
  - Director, Shannon Funding LLC (Warehouse Lending Company)
  - Federal Reserve Bank of New York - Financial Stability Board Panel
  - US Treasury & Risk Management Association Securities Lending & Borrowing Legal & Regulatory Round Table-Markets Stability Panel
- EDUCATION:**
- Siena College, B.S. in Finance
  - New York Institute of Finance, Mortgage Backed Securities Studies

**Past performance is not indicative of future results. References to efforts to mitigate or “control” risk reflect an effort to address risk, but do not mean that the portfolio risk can be completely controlled. All investment has risk, including the risk of loss of principal. The ICE® BofAML® 3-Month T-Bill Index is an unmanaged index that measures the return of the three-month Treasury Bill issue maturing closest, but prior to, a three-month forward date. It is not possible to invest directly in an index.**

**Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by clicking here (<http://clear-shares.com/prospectus>). Please read the prospectus carefully before you invest.**

Investing involves risk, including the possible loss of principal. Shares of any ETF are bought and sold at market price (not NAV) and may trade at a discount or premium to NAV. Shares are not individually redeemable from the Fund and may be only be acquired or redeemed from the fund in creation units. Brokerage commissions will reduce returns. The Fund invests in fixed income securities, that involves certain risks including call risk, credit risk, event risk, extension risk, interest rate risk & prepayment risk. Repurchase agreements may be construed to be collateralized loans by the Fund, and if so, the underlying securities relating to the repurchase agreement will only constitute collateral for the seller's obligation to pay the repurchase price. If the seller defaults on its obligation under the agreement, the Fund may suffer delays and incur costs or lose money in exercising its rights under the agreement. A seller failing to repurchase the security coupled with a decline in the market value of the security may result in the Fund losing money. The Fund may invest in repurchase agreements that are deemed illiquid due to having a term of more than seven days. Please refer to the prospectus for additional risks of investing in the fund.

**Investment Company Risk.** The risks of investing in investment companies, such as the Underlying Funds, typically reflect the risks of the types of instruments in which the investment companies invest. By investing in another investment company, the Fund becomes a shareholder of that investment company and bears its proportionate share of the fees and expenses of the other investment company. The Fund may be subject to statutory limits with respect to the amount it can invest in other ETFs, which may adversely affect the Fund's ability to achieve its investment objective. Investments in ETFs are also subject to the following risks: (i) the market price of an ETF's shares may trade above or below their net asset value (“NAV”); (ii) an active trading market for an ETF's shares may not develop or be maintained; and (iii) trading of an ETF's shares may be halted for a number of reasons.

**Management Risk.** The Fund is actively-managed and may not meet its investment objective based on the Adviser's success or failure to implement investment strategies for the Fund.

ClearShares LLC is the investment advisor to ClearShares Ultra-Short Maturity ETF [OPER]. The ClearShares ETFs are distributed by Quasar Distributors, LLC.

### For More Information

To learn more about ClearShares Ultra-Short Maturity ETF and its innovative approach to help you manage your cash, contact us at:

212.292.0959 or visit: [www.clear-shares.com](http://www.clear-shares.com)

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