The Hunt for Higher Expected Returns

How evidence-based investing evolved beyond the style box

Our understanding of what drives returns continues to evolve. The way advisors think about investments and portfolio allocations should keep up. Size, value, and profitability each moved investors closer to the goal. The next step is to use everything learned from asset pricing research to directly target higher expected returns.

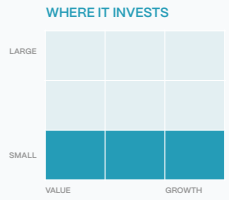
The Evolution

1981

Small Companies Enter the Conversation

Banz, "The Relationship Between Return and Market Value of Common Stocks"

Small stocks broadened portfolios beyond the largest companies. Banz then documented that smaller firms had earned higher risk-adjusted returns on average.

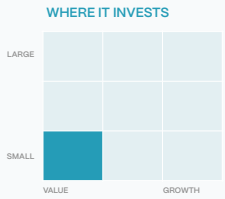


1992

Small Value Becomes the Destination

Fama and French, "The Cross-Section of Expected Stock Returns"

Fama and French showed that size and book-to-market together captured meaningful differences in average returns. The style box turned small value into a familiar portfolio category.

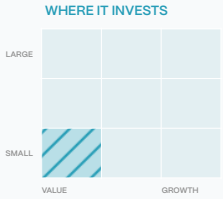


2013

Profitability Reveals the Other Side of Value

Novy-Marx, "The Other Side of Value: The Gross Profitability Premium"

Novy-Marx showed that profitability also predicts returns and improves value strategies. The insight was to stop buying every cheap company and avoid those that were cheap for a reason, including businesses earning little or no profits.

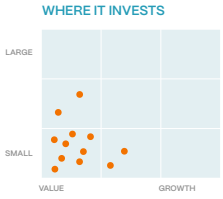


TODAY

HEXX Targets Expected Return Directly

The next evolution in evidence-based investing

Asset pricing research shows that expected returns are driven by the relationship between price (value) and expected profits (profitability). Jointly evaluating the drivers of return, including value, profitability, and size, identifies the stocks with the most attractive expected returns. Many of these stocks fall into the traditional small-cap value category, but not all.



HEXX The Next Evolution

Treating small value as the destination reflects an earlier stage of evidence-based investing.

HEXX offers a modern solution: remove the style-box walls and directly pursue what we believe investors should care about, higher expected returns, wherever they appear. HEXX uses size, value, profitability, investment, and profitability growth to target stocks with the highest expected returns, regardless of style box.

Expected return is an estimate, not a promise. Higher expected returns involve greater risk, and realized returns may differ materially from expectations. You should consider the investment objectives, risks, and charges and expenses carefully before you invest in the Longview ETFs. The prospectuses or summary prospectuses, which can be obtained by visiting www.longviewresearchpartners.com, contains this and other information about the fund, and should be read carefully before investing. Investing involves risk, including possible loss of principal.

Although the ETFs have an effective Registration Statement, they have not yet started trading.

Active Management Risk. The Fund is subject to management risk as an actively-managed investment portfolio. The Adviser's investment approach may fail to produce the intended result.

Derivatives Risk. Derivatives may be more sensitive to changes in market conditions and may amplify risks.

Mid/Small Capitalization: Investments made in small and mid-capitalization companies may be more volatile and less liquid than large company stocks due to limited resources or product lines and greater sensitivity to adverse economic conditions.

New Fund Risk. The Fund is recently organized, which gives prospective investors a limited track record on which to base their investment decision.

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