

TETF

The ETF Industry Exposure
& Financial Services ETF

EXCHANGE TRADED CONCEPTS TRUST

ETF Industry Exposure & Financial Services ETF

Semi-Annual Report

May 31, 2018

(Unaudited)



Exchange Traded Concepts

ETF Industry Exposure & Financial Services ETF

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The Fund files its complete schedule of Fund holdings with the Securities and Exchange Commission (the “Commission”) for the first and third quarters of each fiscal year on Form N-Q within sixty days after the end of the period. The Fund’s Forms N-Q will be available on the Commission’s website at <http://www.sec.gov>, and may be reviewed and copied at the Commission’s Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

A description of the policies and procedures that Exchange Traded Concepts, LLC uses to determine how to vote proxies relating to Fund securities, as well as information relating to how the Fund voted proxies relating to Fund securities during the most recent 12-month period ended June 30, is available (i) without charge, upon request, by calling 1-844-380-TETF; and (ii) on the Commission’s website at <http://www.sec.gov>.

ETF Industry Exposure & Financial Services ETF

Schedule of Investments

May 31, 2018 (Unaudited)

Sector Weightings†

	99.5% Financials
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0.5% Information Technology

† Percentages are based on total investments.

Description	Shares	Fair Value
Information Technology — 0.5%		
Envestnet *	800	\$ 42,319
Total Common Stock		
(Cost \$7,440,217)		<u>8,167,497</u>
Total Investments – 99.6%		
(Cost \$7,440,217)		<u>\$ 8,167,497</u>

Percentages are based on Net Assets of \$8,197,041.

* Non-income producing security.

Description	Shares	Fair Value
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COMMON STOCK — 99.6%

Financials — 99.1%

Ameriprise Financial	797	\$ 110,488
Bank of New York Mellon	2,281	124,885
BlackRock, CI A	984	525,682
Cboe Global Markets	2,695	262,924
Charles Schwab	9,925	552,029
Citigroup	723	48,217
CME Group, CI A	727	118,428
Cowen, CI A *	3,612	54,000
Deutsche Boerse	344	45,937
E*TRADE Financial *	868	54,988
FactSet Research Systems	560	112,566
Flow Traders	7,643	324,391
Franklin Resources	1,428	47,938
Goldman Sachs Group	1,216	274,670
Interactive Brokers Group, CI A	688	50,073
Intercontinental Exchange	7,402	524,728
Invesco	14,048	383,791
Investment Technology Group	2,481	54,433
Janus Henderson Group	1,449	44,760
JPMorgan Chase	2,786	298,130
Legg Mason	1,293	48,190
London Stock Exchange Group	1,973	117,538
LPL Financial Holdings	786	54,053
Manulife Financial	2,708	50,992
MarketAxess Holdings	216	46,148
Morgan Stanley	941	47,182
Morningstar	488	58,565
MSCI, CI A	3,392	551,438
Nasdaq	3,698	339,698
Nomura Holdings	19,800	102,804
Northern Trust	1,156	118,513
Principal Financial Group	896	49,997
S&P Global	2,800	553,000
SEI Investments	1,567	99,943
State Street	5,262	505,731
TD Ameritrade Holding	1,992	117,926
Thomson Reuters	1,232	47,826
UBS Group	2,855	43,453
US Bancorp	2,387	119,326
Virtu Financial, CI A	9,336	289,883
Virtus Investment Partners	922	115,757
WisdomTree Investments	57,861	634,157
		<u>8,125,178</u>

CI – Class

MSCI – Morgan Stanley Capital International

S&P – Standard & Poor's

As of May 31, 2018, all of the Fund's investments were considered Level 1 of the fair value hierarchy, in accordance with the authoritative guidance under U.S. GAAP.

For the period ended May 31, 2018, there have been no transfers between Level 1, Level 2 or Level 3 investments. It is the Fund's policy to recognize transfers into and out of Level 1, Level 2 and Level 3 at the end of the reporting period.

The accompanying notes are an integral part of the financial statements.

ETF Industry Exposure & Financial Services ETF
Statement of Assets and Liabilities
May 31, 2018 (Unaudited)

Assets:	
Investments at Fair Value.....	\$ 8,167,497
Cash and Cash Equivalents.....	18,211
Foreign Currency at Value.....	4,327
Receivable for Investment Securities Sold.....	77,427
Dividends Receivable.....	12,400
Reclaims Receivable.....	112
Total Assets	<u>8,279,974</u>
Liabilities:	
Payable for Investment Securities Purchased.....	78,425
Advisory Fees Payable.....	4,505
Unrealized loss on foreign currency spots contracts.....	3
Total Liabilities	<u>82,933</u>
Net Assets	<u>\$ 8,197,041</u>
Net Assets Consist of:	
Paid-in Capital.....	\$ 7,368,980
Accumulated Undistributed Net Investment Income.....	33,792
Accumulated Net Realized Gain on Investments and Foreign Currency Transactions.....	67,049
Net Unrealized Appreciation on Investments.....	727,280
Net Unrealized Depreciation on Foreign Currency Translations.....	(60)
Net Assets	<u>\$ 8,197,041</u>
Investments, at Cost.....	\$ 7,440,217
Foreign Currency, at Cost.....	4,383
Outstanding Shares of Beneficial Interest (unlimited authorization – no par value).....	<u>400,000</u>
Net Asset Value, Offering and Redemption Price Per Share.....	<u>\$ 20.49</u>

The accompanying notes are an integral part of the financial statements.

ETF Industry Exposure & Financial Services ETF
Statement of Operations
For the Period Ended May 31, 2018 (Unaudited)

Investment Income:	
Dividends	\$ 58,844
Less: Foreign Taxes Withheld	(923)
Total Investment Income	57,921
Expenses:	
Advisory Fees	20,571
Total Expenses	20,571
Net Investment Income	37,350
Net Realized Gain (Loss) on:	
Investments ⁽¹⁾	80,252
Foreign Currency Transactions	(635)
Net Change in Unrealized Appreciation (Depreciation) on:	
Investments	324,388
Foreign Currency Translations	(60)
Net Realized and Unrealized Gain on Investments and Foreign Currency Transactions	403,945
Net Increase in Net Assets Resulting from Operations	\$ 441,295

⁽¹⁾ Includes realized gains as a result of in-kind transactions (see Note 4 in Notes to Financial Statements).

The accompanying notes are an integral part of the financial statements.

ETF Industry Exposure & Financial Services ETF

Statements of Changes in Net Assets

	Period Ended May 31, 2018 (Unaudited)	Period Ended November 30, 2017*
Operations:		
Net Investment Income	\$ 37,350	\$ 19,472
Net Realized Gain on Investments and Foreign Currency Transactions ⁽¹⁾	79,617	67,100
Net Change in Unrealized Appreciation on Investments and Foreign Currency Translation	324,328	402,892
Net Increase in Net Assets Resulting from Operations	<u>441,295</u>	<u>489,464</u>
Dividends and Distributions to Shareholders:		
Investment Income	(25,094)	-
Net Realized Gains	(960)	-
Total Dividends and Distributions to Shareholders	<u>(26,054)</u>	<u>-</u>
Capital Share Transactions:		
Issued	4,051,391	4,069,383
Redeemed	-	(828,438)
Increase in Net Assets from Capital Share Transactions	<u>4,051,391</u>	<u>3,240,945</u>
Total Increase in Net Assets	<u>4,466,632</u>	<u>3,730,409</u>
Net Assets:		
Beginning of Period	3,730,409	-
End of Period (Includes Accumulated Undistributed Net Investment Income of \$33,792 and \$21,536, respectively)	<u>\$ 8,197,041</u>	<u>\$ 3,730,409</u>
Share Transactions:		
Issued	200,000	250,000
Redeemed	-	(50,000)
Net Increase in Shares Outstanding from Share Transactions	<u>200,000</u>	<u>200,000</u>

* Commenced operations April 19, 2017.

⁽¹⁾ Includes realized gains as a result of in-kind transactions (see Note 4 in Notes to Financial Statements).

Amounts designated as " - " are \$0.

The accompanying notes are an integral part of the financial statements.

ETF Industry Exposure & Financial Services ETF

Financial Highlights

Selected Per Share Data & Ratios For a Share Outstanding Throughout the Period

	Net Asset Value, Beginning of Period	Net Investment Income*	Net Realized and Unrealized Gain on Investments	Total from Operations	Distributions from Investment Income	Distributions from Net Realized Capital Gains	Total Distributions	Net Asset Value, End of Period	Market Price, End of Period	Total Return ⁽¹⁾	Net Assets End of Period (000)	Ratio of Expenses to Average Net Assets ⁽²⁾	Ratio of Net Investment Income to Average Net Assets ⁽²⁾	Portfolio Turnover ⁽³⁾
ETF Industry Exposure & Financial Services ETF														
2018**	\$ 18.65	\$ 0.12	\$ 1.82	\$ 1.94	\$ (0.10)	\$ - [^]	\$ (0.10)	\$ 20.49	\$ 20.63	10.47%	\$ 8,197	0.64%	1.16%	26%
2017 ⁽⁴⁾	15.00	0.15	3.50	3.65	-	-	-	18.65	18.64	24.33	3,730	0.64	1.40	48

* Per share data calculated using average shares method.

** For the six months ended May 31, 2018 (Unaudited).

[^] The amount is less than 0.005.

(1) Total return is for the period indicated and has not been annualized. The return does not reflect the deduction of taxes the shareholder would pay on fund distributions or redemption of fund shares.

(2) Annualized.

(3) Portfolio turnover rate is for the period indicated and periods of less than one year have not been annualized. Excludes effect of securities received or delivered from processing creations or redemptions.

(4) Commenced operations on April 19, 2017.

The accompanying notes are an integral part of the financial statements.

ETF Industry Exposure & Financial Services ETF

Notes to the Financial Statements

May 31, 2018 (Unaudited)

1. ORGANIZATION

Exchange Traded Concepts Trust (the “Trust”), is a Delaware statutory trust formed on July 17, 2009. The Trust is registered with the Securities and Exchange Commission (the “Commission”) under the Investment Company Act of 1940 (the “1940 Act”), as amended, as an open-end management investment company with multiple investment portfolios. The financial statements herein are those of the ETF Industry Exposure & Financial Services ETF (the “Fund”). The Fund seeks to provide investment results that, before fees and expenses, track the total return performance of the Toroso ETF Industry Index (the “Index”). Exchange Traded Concepts, LLC (the “Adviser”) serves as the investment adviser for the Fund. Penserra Capital Management LLC (the “Sub-Adviser”) serves as the sub-adviser to the Fund. The Fund is classified as a “non-diversified” fund under the 1940 Act.

Shares of the Fund are listed and traded on NYSE Arca, Inc. Market prices for the Shares may be different from their net asset value (“NAV”). The Fund issues and redeems Shares on a continuous basis at NAV only in large blocks of Shares, typically of at least 25,000 Shares, called “Creation Units”. Creation Units are issued and redeemed principally in-kind for securities included in a specified universe. Once created, Shares trade in a secondary market at market prices that change throughout the day in amounts less than a Creation Unit.

2. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies, which are consistently followed in the preparation of the financial statements of the Trust, are in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for investment companies. The accompanying financial statements have been prepared in accordance with U.S. GAAP on the accrual basis of accounting. Management has reviewed Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, Financial Services – Investment Companies ASC (“ASC 946”), and concluded that the Fund meets criteria of an “investment company,” and therefore, the Fund prepares its financial statements in accordance with investment company accounting as outlined in ASC 946.

Use of Estimates and Indemnifications – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

In the normal course of business, the Trust, on behalf of the Fund, enters into contracts that contain a variety of representations which provide general indemnifications. The Fund’s maximum exposure under these arrangements cannot be known; however, the Fund expects any risk of loss to be remote.

Security Valuation – Securities listed on a securities exchange, market or automated quotation system for which quotations are readily available (except for securities traded on NASDAQ), including securities traded over the counter, are valued at the last quoted sale price on the primary exchange or market (foreign or domestic) on which they are traded (or at approximately 4:00 pm Eastern Time if a security’s primary exchange is normally open at that time), or, if there is no such reported sale, at the most recent quoted bid. For securities traded on NASDAQ, the NASDAQ Official Closing Price will be used. If available, debt securities are priced based upon valuations provided by independent, third-party pricing agents. Such values generally reflect the last reported sales price if the security is actively traded. The third-party pricing agents may also value debt securities at an evaluated bid price by employing methodologies that utilize actual market transactions, broker-supplied valuations, or other methodologies designed to identify the fair value for such securities. Debt obligations with remaining maturities of sixty days or less when acquired will be valued at their market value. If a market value is not available from a pricing vendor or from an independent broker, the security shall be fair valued according to the Trust’s Fair Value Procedures.

ETF Industry Exposure & Financial Services ETF

Notes to the Financial Statements

May 31, 2018 (Unaudited) (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Security Valuation (continued) – Prices for most securities held in the Fund are provided daily by recognized independent pricing agents. If a security price cannot be obtained from an independent, third-party pricing agent, the Fund seeks to obtain a bid price from at least one independent broker. Securities for which market prices are not “readily available” are valued in accordance with fair value procedures established by the Board.

The Fund’s fair value procedures are implemented through a fair value committee (the “Committee”) designated by the Board of Trustees (the “Board”). Some of the more common reasons that may necessitate that a security be valued using fair value procedures include: the security’s trading has been halted or suspended; the security has been de-listed from a national exchange; the security’s primary trading market is temporarily closed at a time when under normal conditions it would be open; the security has not been traded for an extended period of time; the security’s primary pricing source is not able or willing to provide a price; or trading of the security is subject to local government-imposed restrictions. In addition, the Fund may fair value its securities if an event that may materially affect the value of the Fund’s securities that traded outside of the United States (a “Significant Event”) has occurred between the time of the security’s last close and the time that the Fund calculates its net asset value. A Significant Event may relate to a single issuer or to an entire market sector. Events that may be Significant Events include: government actions, natural disasters, armed conflict, acts of terrorism and significant market fluctuations. If the Adviser becomes aware of a Significant Event that has occurred with respect to a security or group of securities after the closing of the exchange or market on which the security or securities principally trade, but before the time at which the Fund calculates its net asset value, it may request that a Committee meeting be called. When a security is valued in accordance with the fair value procedures, the Committee will determine the value after taking into consideration relevant information reasonably available to the Committee.

In accordance with the authoritative guidance on fair value measurements and disclosure under GAAP, the Fund discloses fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the Fund has the ability to access at the measurement date;
- Level 2 – Quoted prices which are not active, or inputs that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and
- Level 3 – Prices, inputs or exotic modeling techniques which are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The valuation techniques used by the Fund to measure fair value during the period ended May 31, 2018 maximized the use of observable inputs and minimized the use of unobservable inputs.

For the period ended May 31, 2018, there have been no significant changes to the Fund’s fair valuation methodologies.

Federal Income Taxes – It is the Fund’s intention to qualify as a regulated investment company for Federal income tax purposes by complying with the appropriate provisions of Subchapter M of the Internal Revenue Code of 1986, as amended. Accordingly, no provisions for federal income taxes have been made in the financial statements.

The Fund’s policy is to classify interest and penalties associated with underpayment of federal and state income taxes, if any, as income tax expense on its Statement of Operations. As of May 31, 2018, the Fund did not have any interest or penalties associated with the underpayment of any income taxes. The tax year since inception remains

ETF Industry Exposure & Financial Services ETF

Notes to the Financial Statements

May 31, 2018 (Unaudited) (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

open and subject to examination by tax jurisdictions. The Fund has reviewed all major jurisdictions and concluded that there is no impact on the Fund's net assets and no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on its tax returns.

Security Transactions and Investment Income – Security transactions are accounted for on trade date. Costs used in determining realized gains and losses on the sale of investment securities are based on specific identification. Dividend income is recorded on the ex-dividend date. Interest income is recognized on the accrual basis. Withholding taxes and reclaims on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

Organizational Expenses – All organizational and offering expenses of the Fund were borne by the Adviser and will not be subject to future recoupment. As a result, organizational and offering expenses are not reflected in the Statement of Assets and Liabilities or Statement of Operations.

Dividends and Distributions to Shareholders – The Fund pays out dividends from its net investment income and distributes its net capital gains, if any, to investors at least annually. All distributions are recorded on ex-dividend date.

Cash and Cash Equivalents – Idle cash may be swept into various time deposits and is classified as cash and cash equivalents on the Statement of Assets and Liabilities. The Fund maintains cash in bank deposit accounts which, at times, may exceed United States federally insured limits. Amounts swept overnight are available on the next business day.

Creation Units – The Fund issues and redeems shares ("Shares") on a continuous basis at NAV and only in large blocks of at least 25,000 Shares (each block of Shares for the Fund is called a "Creation Unit" or multiples thereof). Purchasers of Creation Units at NAV must pay a standard creation transaction fee of \$500. An Authorized Participant who holds Creation Units ("Authorized Participants") and wishes to redeem at NAV would also pay a standard redemption transaction fee of \$500 to the Adviser. The Adviser may retain all or portion of the transaction fee to the extent the Adviser bears the expenses that otherwise would be borne by the Trust in connection with the purchase or redemption of a Creation Unit, which the transaction fee is designed to cover. In addition, the Fund may impose a variable fee for cash creations, nonstandard orders, or partial cash purchases for the Fund.

Except when aggregated in Creation Units, Shares are not redeemable securities of the Fund. Shares of the Fund may only be purchased or redeemed by certain financial institutions ("Authorized Participants"). An Authorized Participant is either (i) a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation or (ii) a Depository Trust Company ("DTC") participant and, in each case, must have executed an Authorized Participant Agreement with the Fund's distributor. Most retail investors will not qualify as Authorized Participants or have the resources to buy and sell whole Creation Units. Therefore, they will be unable to purchase or redeem the Shares directly from the Fund. Rather, most retail investors will purchase Shares in the secondary market with the assistance of a broker and will be subject to customary brokerage commissions or fees.

The following table discloses the Creation Unit breakdown based on the NAV as of May 31, 2018:

	Creation Unit Shares	Creation Transaction Fee	Value	Redemption Transaction Fee
ETF Industry Exposure & Financial Services ETF	25,000	\$ 500	\$ 512,250	\$ 500

To the extent the Fund permits the contribution of securities in exchange for the purchase of shares (contribution in-kind), shares may be issued in advance of receipt by the Fund of all or a portion of the applicable deposit

ETF Industry Exposure & Financial Services ETF

Notes to the Financial Statements

May 31, 2018 (Unaudited) (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

securities. In these circumstances, the Fund may require the Authorized Participant to maintain with the Trust an amount of 115% of the daily mark-to-market of the missing deposit securities. Such amounts, if any, are disclosed as Segregated Cash Balance with Authorized Participants for Deposit Securities and Collateral Payable upon Return of Deposit Securities on the Statement of Assets and Liabilities.

3. AGREEMENTS

Investment Advisory Agreement

Exchange Traded Concepts, LLC, or the Adviser, is an Oklahoma limited liability company located at 10900 Hefner Pointe Drive, Suite 207, Oklahoma City, Oklahoma 73120. The Adviser serves as investment adviser to the Trust, including the Fund, pursuant to an investment advisory agreement (“Advisory Agreement”). Under the Advisory Agreement, the Adviser provides investment advice to the Fund primarily in the form of oversight of the Sub-Adviser (as defined below), including daily monitoring of purchases and sales of securities by the Sub-Adviser and regular review of the Sub-Adviser’s performance. The Adviser also arranges for transfer agency, custody, fund administration and accounting, and other non-distribution related services necessary for the Fund to operate. The Adviser administers the Fund’s business affairs, provides office facilities and equipment and certain clerical, bookkeeping and administrative services, and provides its officers and employees to serve as officers or Trustees of the Trust.

For the services it provides to the Fund, the Adviser receives a fee, which is calculated daily and paid monthly, at an annual rate of 0.64% of average daily net assets of the Fund. Under the Advisory Agreement, the Adviser has agreed to pay all expenses of the Fund except for the advisory fee, interest, taxes, brokerage commissions and other expenses incurred in placing orders for the purchase and sale of securities and other investment instruments, acquired fund fees and expenses, extraordinary expenses, and distribution fees and expenses paid by the Trust under any distribution plan adopted pursuant to Rule 12b-1 under the 1940 Act (the “Excluded Expenses”).

Certain officers or interested trustees of the Trust are also officers or employees of the Adviser or its affiliates. They receive no fees for serving as officers of the Trust.

Toroso Investments, LLC (the “Index Provider”) has entered into an agreement with the Adviser to assume the obligations of the Adviser to pay all expenses of the Fund, except Excluded Expenses.

Sub-Advisory Agreement

Penserra Capital Management LLC, or the Sub-Adviser, is a New York limited liability company, located at 4 Orinda Way, Suite 100-A, Orinda, California 94563, and serves as the Fund’s sub-adviser pursuant to a sub-advisory agreement (“Sub-Advisory Agreement”). Under the Sub-Advisory Agreement, the Sub-Adviser is responsible for trading portfolio securities on behalf of the Fund, including selecting broker-dealers to execute purchase and sale transactions as instructed by the Adviser or in connection with any rebalancing or reconstitution of the Index, subject to the supervision of the Adviser and the Board.

Under the Sub-Advisory agreement, the Adviser pays the Sub-Adviser a fee, calculated daily and paid monthly, at an annual rate of 0.05% on the average daily net assets of the Fund, subject to a \$20,000 minimum annual fee.

The Sub-Adviser’s affiliated broker-dealer, Penserra Securities LLC (“Penserra Securities”), also holds a minority interest in the Sub-Adviser. The Fund may execute brokerage or other agency transactions through registered broker dealer affiliates of the Fund, the Adviser, the Sub-Adviser or the Distributor for a commission in conformity with the 1940 Act and rules promulgated by the SEC. For the period ended May 31, 2018, the Fund paid commissions to affiliated brokers in the amount of \$913.

ETF Industry Exposure & Financial Services ETF

Notes to the Financial Statements

May 31, 2018 (Unaudited) (Continued)

3. AGREEMENTS (continued)

Distribution Agreement

SEI Investments Distribution Co. (the "Distributor") serves as the Fund's underwriter and distributor of Shares pursuant to a Distribution Agreement. Under the Distribution Agreement, the Distributor, as agent, receives orders to purchase shares in Creation Units and transmits such orders to the Fund's custodian and transfer agent. The Distributor has no obligation to sell any specific quantity of Fund shares. The Distributor bears the following costs and expenses relating to the distribution of shares: (i) the expenses of maintaining its registration or qualification as a dealer or broker under federal or state laws; (ii) filing fees; and (iii) all other expenses incurred in connection with the distribution services, that are not reimbursed by the Adviser, as contemplated in the Distribution Agreement. The Distributor does not maintain any secondary market in Fund Shares.

The Fund has adopted a Distribution and Service Plan (the "Plan") pursuant to Rule 12b-1 under the 1940 Act. In accordance with the Plan, the Fund is authorized to pay an amount up to 0.25% of its average daily assets each year for certain distribution-related activities. For the period ended May 31, 2018, the Plan was not operational and, thus, the Fund paid no fees under the Plan. The Plan will only be implemented with approval of the Board.

Administrator, Custodian and Transfer Agent

SEI Investments Global Funds Services (the "Administrator") serves as the Fund's Administrator pursuant to an Administration Agreement. Brown Brothers Harriman & Co. (the "Custodian" and "Transfer Agent") serves as the Fund's Custodian and Transfer Agent pursuant to a Custodian Agreement and Transfer Agency Services Agreement. The Adviser of the Fund pays these fees.

Certain officers of the Trust may also be officers of the Administrator or its affiliates. They receive no fees for serving as officers of the Trust.

4. INVESTMENT TRANSACTIONS

For the period ended May 31, 2018, the purchases and sales of investments in securities, excluding in-kind transactions, long-term U.S. Government and short-term securities were:

	<u>Purchases</u>	<u>Sales and Maturities</u>
ETF Industry Exposure & Financial Services ETF	\$ 2,037,466	\$ 1,656,246

For the period ended May 31, 2018, in-kind transactions associated with creations and redemptions were:

	<u>Purchases</u>	<u>Sales</u>	<u>Net Realized Gain/(Loss)</u>
ETF Industry Exposure & Financial Services ETF	\$ 3,675,698	\$ —	\$ —

For the period ended November 30, 2017, in-kind transactions associated with creations and redemptions were:

	<u>Purchases</u>	<u>Sales</u>	<u>Net Realized Gain/(Loss)</u>
ETF Industry Exposure & Financial Services ETF	\$ 3,985,693	\$ 826,224	\$ 76,644

There were no purchases or sales of long-term U.S. Government securities by the Fund.

5. TAX INFORMATION

The amount and character of income and capital gain distributions to be paid, if any, are determined in accordance with Federal income tax regulations, which may differ from U.S. GAAP. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. These book/tax differences may be temporary or permanent.

ETF Industry Exposure & Financial Services ETF

Notes to the Financial Statements

May 31, 2018 (Unaudited) (Continued)

5. TAX INFORMATION (continued)

To the extent these differences are permanent in nature, they are charged or credited to paid-in capital, accumulated undistributed net investment income (loss), or accumulated net realized gain (loss) as appropriate, in the period that the differences arise.

As of November 30, 2017, the components of accumulated gains on a tax basis were as follows:

	ETF Industry Exposure & Financial Services ETF
Undistributed Ordinary Income	\$ 29,600
Unrealized Appreciation (Depreciation)	383,220
Total Accumulated Gains	<u>\$ 412,820</u>

For Federal income tax purposes, the cost of securities owned at November 30, 2017, and the net realized gains or losses on securities sold for the period, were different from amounts reported for financial reporting purposes primarily due to wash sales and Passive Foreign Investment Company gains and losses, which cannot be used for Federal income tax purposes in the current year and have been deferred for use in future years. The Federal tax cost and aggregate gross unrealized appreciation and depreciation on investments and foreign currency transactions held by the Fund at May 31, 2018, were as follows:

	Federal Tax Cost	Aggregated Gross Unrealized Appreciation	Aggregated Gross Unrealized Depreciation	Net Unrealized Appreciation
ETF Industry Exposure & Financial Services ETF	\$ 7,459,889	\$ 915,410	\$ (207,802)	\$ 707,608

6. RISKS OF INVESTING IN THE FUND

As with all exchange traded funds (“ETFs”), a shareholder of the Fund is subject to the risk that his or her investment could lose money. The Fund is subject to the principal risks noted below, any of which may adversely affect the Fund’s NAV, trading price, yield, total return and ability to meet its investment objective. A more complete description of principal risks is included in the prospectus under the heading “Principal Risks”.

Under normal circumstances, the Fund will invest at least 80% of its total assets in securities of the Index, which reflects the performance of an investable universe of publicly-traded companies that directly or indirectly provide services or support to ETFs, including but not limited to the management, servicing, trading or sale of ETFs (“ETF Activities”).

Common Stock Risk: Common stock holds the lowest priority in the capital structure of a company, and therefore takes the largest share of the company’s risk and its accompanying volatility. An adverse event, such as an unfavorable earnings report, may depress the value of a particular common stock. Also, prices of common stocks are sensitive to general market movements.

Concentration and Financial Sector Risk: Because the Fund’s assets will be concentrated to the extent that the Index concentrates in a particular sector, industry or group of industries, the Fund is subject to loss due to adverse occurrences that may affect that sector, industry or group of industries. The Fund’s assets will be concentrated in the financial services sector, which means the Fund will be more affected by the performance of the financial services sector than a fund that is more diversified. Financial services companies are subject to extensive governmental regulation, which may limit both the amounts and types of loans and other financial commitments they can make, the interest rates and fees they can charge, the scope of their activities, the prices they can charge and the amount of capital they must maintain. Profitability is largely dependent on the availability and cost of capital funds and can fluctuate significantly when interest rates change or due to increased competition. In addition, deterioration of the credit markets generally may cause an adverse impact in a broad range of markets, including U.S. and international credit and interbank money markets generally, thereby affecting a wide range of

ETF Industry Exposure & Financial Services ETF

Notes to the Financial Statements

May 31, 2018 (Unaudited) (Concluded)

6. RISKS OF INVESTING IN THE FUND (continued)

financial institutions and markets. Companies engaged in ETF Activities could be adversely affected if the current growth of the ETF market is not sustained.

Non-Diversification Risk: The Fund is non-diversified, meaning that, as compared to a diversified fund, it can invest a greater percentage of its assets in securities issued by or representing a small number of issuers. As a result, the performance of these issuers can have a substantial impact on the Fund's performance.

Market Risk: An investment in the Fund involves risks similar to those of investing in any fund of equity securities, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in securities prices. The values of equity securities could decline generally or could underperform other investments. Different types of equity securities tend to go through cycles of out-performance and under-performance in comparison to the general securities markets. In addition, securities may decline in value due to factors affecting a specific issuer, market or securities markets generally.

7. OTHER

At May 31, 2018, the records of the Trust reflected that 100% of the Fund's total Shares outstanding were held by two Authorized Participants, in the form of Creation Units. However, the individual shares comprising such Creation Units are listed and traded on the NYSE Arca, Inc. and have been purchased and sold by persons other than Authorized Participants.

8. SUBSEQUENT EVENTS

The Fund has evaluated the need for additional disclosures and/or adjustments resulting from subsequent events through the date the financial statements were issued. Based on this evaluation, no disclosure and/or adjustments were required to the financial statements.

ETF Industry Exposure & Financial Services ETF

Disclosure of Fund Expenses

(Unaudited)

All ETFs have operating expenses. As a shareholder of the Fund you incur an Advisory fee. In addition to the Advisory fee, a shareholder may pay brokerage expenses, taxes, interest, litigation expenses and other extraordinary expenses (including acquired fund fees and expenses), if any. It is important for you to understand the impact of these ongoing costs of your investment returns. Shareholders may incur brokerage commissions on their purchases and sales of Fund shares, which are not reflected in these examples.

The following examples use the annualized expense ratio and are intended to help you understand the ongoing costs (in dollars) of investing in each Fund and to compare these costs with those of other funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period (December 1, 2017 to May 31, 2018) (unless otherwise noted below).

The table below illustrates each Fund's cost in two ways:

Actual Fund Return. This section helps you to estimate the actual expenses after fee waivers that your Fund incurred over the period. The "Expenses Paid During Period" column shows the actual dollar expense cost incurred by a \$1,000 investment in the Fund, and the "Ending Account Value" number is derived from deducting that expense cost from the Fund's gross investment return.

You can use this information, together with the actual amount you invested in the Fund, to estimate the expenses you paid over that period. Simply divide your actual account value by \$1,000 to arrive at a ratio (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply that ratio by the number shown for your Fund under "Expenses Paid During Period."

Hypothetical 5% Return. This section helps you compare your Fund's costs with those of other funds. It assumes that the Fund had an annual 5% return before expenses during the year, but that the expense ratio (Column 3) for the period is unchanged. This example is useful in making comparisons because the Commission requires all funds to make this 5% calculation. You can assess your Fund's comparative cost by comparing the hypothetical result for your Fund in the "Expenses Paid During Period" column with those that appear in the same charts in the shareholder reports for other funds.

NOTE: Because the return is set at 5% for comparison purposes – NOT your Fund's actual return – the account values shown may not apply to your specific investment.

	Beginning Account Value 12/01/17	Ending Account Value 5/31/18	Annualized Expense Ratios	Expenses Paid During Period ⁽¹⁾
<i>ETF Industry Exposure & Financial Services ETF</i>				
Actual Fund Return	\$ 1,000.00	\$ 1,104.70	0.64%	\$3.36
Hypothetical 5% Return	\$ 1,000.00	\$ 1,021.74	0.64%	\$3.23

⁽¹⁾ Expenses are equal to the Fund's annualized expense ratio multiplied by the average account value over the period, multiplied 182/365 (to reflect the commencement of operations period shown).

ETF Industry Exposure & Financial Services ETF

Supplemental Information

(Unaudited)

Net asset value, or “NAV”, is the price per share at which the Fund issues and redeems shares. It is calculated in accordance with the standard formula for valuing mutual fund shares. The “Market Price” of the Fund generally is determined using the midpoint between the highest bid and the lowest offer on the stock exchange on which the Shares of the Fund are listed for trading, as of the time that the Fund’s NAV is calculated. The Fund’s Market Price may be at, above or below its NAV. The NAV of the Fund will fluctuate with changes in the market value of the Fund’s holdings. The Market Price of the Fund will fluctuate in accordance with changes in its NAV, as well as market supply and demand.

Premiums or discounts are the differences (expressed as a percentage) between the NAV and Market Price of the Fund on a given day, generally at the time NAV is calculated. A premium is the amount that the Fund is trading above the reported NAV, expressed as a percentage of the NAV. A discount is the amount that the Fund is trading below the reported NAV, expressed as a percentage of the NAV.

Further information regarding premiums and discounts is available on the Fund’s website at www.tetfetf.com.

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Suite 800
Cleveland, OH 44115

This information must be preceded or accompanied by a current prospectus for the Fund.