

## FREQUENTLY ASKED QUESTIONS

### **What is the VIX Index?**

The Chicago Board Options Exchange, Incorporated (“CBOE”) Volatility Index (the “VIX index”) attempts to measure the market’s current expectation of 30-day volatility of the U.S. equity market, as reflected by the prices of near-term S&P 500® options. Because S&P 500® options derive value from the possibility that the market may experience movement before the option expires, the prices of near-term S&P 500® options are used in calculating the implied volatility of the S&P 500® Index.

### **What are VIX futures contracts?**

The VIX index itself does not directly reference an asset price, but instead the volatility implied by a series of S&P 500® options. Because of this, the Index is not designed to be directly investable. As a result, market participants seeking exposure to the VIX index may use VIX futures contracts to gain such exposure. The price at which a VIX futures contract trades reflects the market’s view of the implied level of volatility over the 30 days following the expiration of the VIX futures contract.

### **How much short exposure does (VMIN) target?**

VMIN expects the notional value of its exposure to VIX futures contracts to be equal to approximately 100% of its assets at the close of each trading day.

### **What is the investment strategy for the REX VolMAXX™ Short VIX Futures Strategy ETF (VMIN)?**

The VMIN fund expects to take short positions in VIX futures contracts with 2-6 months to expiration, but may take short positions in VIX futures contracts with longer or shorter durations.

### **Why do you target 2-6 month VIX Futures Contracts?**

The shorter the maturity of the futures, generally the more volatile the price movements are given a change in value of the underlying VIX index. Using very short-term contracts could lead to high volatility, high costs from constant rolling of futures contracts, and poor liquidity. Using very long-term contracts could lead to de-sensitivity to VIX index movements. We target 2-6 month contracts as a ‘happy medium’ to provide inverse exposure to the VIX index while considering volatility and operating costs. If only short-term contracts were used, liquidity may not support 100% inverse exposure. If only long-term contracts were used, the performance of the fund may become very decoupled from the underlying index.

### **What is the weighted average of time to expiry of the VIX Futures Contracts in the portfolio?**

The Fund expects to invest primarily in VIX Futures Contracts with 2 to 6 months to expiration. The Fund expects the notional value of its exposure to VIX Futures Contracts to be equal to approximately 100% of Fund assets at all times. The weighted average time to expiry of the Fund’s exposure to VIX Futures is available at [www.volmaxx.com](http://www.volmaxx.com).

### **Will the fund match the performance of the VIX index?**

No. The price of a VIX futures contract will not necessarily correspond to the current level of the VIX index. Because the Fund will primarily seek to gain exposure to VIX futures contracts, it is very likely that the performance of the Fund will differ substantially from the performance of the VIX index.

### **Does the Fund track a benchmark?**



No. The Fund is actively managed to gain exposure to the VIX index and VIX futures contracts. The Fund is not expected to track the performance of the VIX index or any index of VIX futures contracts.

**Will the Fund be affected by contango and backwardation in the VIX futures market?**

Yes. The Fund's investment strategy is subject to the risks related to rolling futures contracts. The price of futures contracts further from expiration may be higher than the current level of the VIX index (a condition known as contango) or lower than the current level of the VIX index (a condition known as backwardation), which can impact the Fund's returns. Because of the frequency with which the Fund expects to roll VIX Futures Contracts, the impact of such contango or backwardation may be greater than for other products that roll VIX Futures Contracts less frequently. Additionally, the amount by which the price of a VIX Futures Contract differs from the current level of the VIX index relative to the amount of time to expiration for such VIX Futures Contract (sometimes referred to as the "steepness of the VIX futures curve") may be greater for VIX Futures Contracts that are near to expiration. As a result, the impact of such contango or backwardation may be greater than for other products that hold VIX Futures Contracts that are further from expiration.

**Does fund reset daily?**

In the course of managing the Fund's investments, the Sub- Adviser will need to periodically adjust the Fund's holdings in order to maintain investment exposure approximately equivalent to the Fund's assets, and may adjust the exposure for each Fund as frequently as daily in order to maintain such investment exposure. For the VMIN Fund, which seeks daily inverse investment results, this process entails obtaining additional inverse exposure as the Fund experiences gains and reducing inverse exposure as the Fund experiences losses. Compounding affects all investments but has a more significant impact on an inverse fund. Particularly during periods of higher volatility of underlying instruments, compounding will cause results for periods longer than a single day to vary from the inverse (-1x) of the return of the underlying instruments. This effect becomes more pronounced as volatility increases. Compounding may also impact each Fund to the extent that the underlying VIX Futures Contracts experience contango or backwardation, and may impact the overall return of the Fund, as discussed above under "Will the Fund be affected by contango and backwardation in the VIX futures market?"

**How does the Fund plan to select the VIX futures contracts that will be used?**

The Fund expects the weighted average of time to expiry of the VIX Futures Contracts to be diversified between the 2<sup>nd</sup> and 6<sup>th</sup> month of expiration. Purchases are subject to a quantitative, rules-based strategy utilized by Vident Investment Advisory, LLC (the "Sub-Adviser") to avoid investing in VIX Futures Contracts at prices that are disadvantageous to the Fund.

**Does the Fund hold investments other than VIX futures contracts?**

Although it is not a focus of the fund, in addition to its investments in VIX futures contracts, the Fund can utilize other investments that provide exposure to the VIX index and VIX futures contracts. Please review the Fund's prospectus for a complete list of the Fund's other potential investments.

**Is this fund appropriate for all investors?**

No. This Fund is not suitable for all investors and is designed to be utilized only by sophisticated investors who understand the risks associated with the use of financial instruments that give rise to leverage, are willing to assume a high degree of risk, and intend to actively monitor and manage their investment in the Fund. Furthermore, the REX VolMAXX™ Short VIX Futures Strategy ETF (VMIN)



should only be utilized by sophisticated investors who understand the consequences of seeking daily inverse investment results and understand the risks associated with short exposure.

**Is this fund a '40 Act Fund?**

Yes, Regulated investment companies are pooled investment vehicles that are not subject to entity-level taxation. The Fund is not structured as a publicly traded partnership and will not distribute K-1s.

**Who is the investment advisor?**

Exchange Traded Concepts is the Adviser. Vident Investment Advisory is the trading sub-adviser.

**What is the expense ratio for VMIN?**

1.45%

**Does this ETF pay a dividend?**

Yes. The fund may make distributions annually based on the performance of the VIX futures contracts.

**What exchange is the Fund listed on?**

BATS Exchange, Inc.

**Who is REX?**

REX Shares believes in empowering investors. We help make the investing world flat by democratizing access to compelling investment strategies. REX overcomes barriers to deliver investment products that seek to level the playing field.

**DISCLOSURE**

**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 summary and full prospectuses, which may be obtained by calling 1-844-REX-1414. Read the prospectus carefully before investing. Investing involves risk, including the possible loss of principal. You could lose all or substantially all of your investment in the fund. You should not invest in a fund unless you have the resources to sustain the loss of your entire investment.**

This ETF is actively managed and there is no guarantee investments selected and strategies employed will achieve the intended results. Active management may also increase transaction costs.

The Fund expects to invest primarily in VIX futures contracts, which are considered commodities.

Shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns.

The use of derivatives, such as futures contracts, swap agreements and options, presents risks different from, and possibly greater than, the risks associated with investing directly in traditional securities. Changes in the value of a derivative may not correlate perfectly with the underlying security, asset, rate or index. Gains or losses in a derivative may be magnified and may be much greater than the derivative's original cost. The derivatives may not always be liquid. This could have a negative effect on the Fund's ability to achieve its investment objective and may result in losses.



The CBOE Volatility Index (the "VIX") is a product of S&P Dow Jones Indices LLC ("SPDJI") and is based on the CBOE VIX methodology, which is the property of Chicago Board Options Exchange ("CBOE"), and has been licensed for use by REX Shares, LLC ("Licensee"), the sponsor of the REX VolMAXX™ Long VIX Weekly Futures Strategy ETF and REX VolMAXX™ Short VIX Weekly Futures Strategy ETF. S&P® is a registered trademark of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); CBOE® and VIX® are registered trademarks of the CBOE. The CBOE VIX methodology and the trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Licensee. The REX VolMAXX™ Long VIX Weekly Futures Strategy ETF and REX VolMAXX™ Short VIX Weekly Futures Strategy ETF are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, or CBOE and none of such parties make any representation regarding the advisability of investing in such products nor do they have any liability for any errors, omissions, or interruptions of the Index.

The return for investors that invest for periods other than a full trading day will differ from the Fund's stated daily short investment objective. During periods of high volatility, the Fund may not perform as expected and the Fund may have losses when an investor may have expected gains if the Fund is held for a period that is different than one trading day.

The Fund will invest in exchange-traded notes and exchange-traded fund, and will be subject to the risks associated with such vehicles.

The Fund's performance will be directly related to the performance of those investments. The Fund is non-diversified.

Exchange Traded Concepts, LLC serves as the investment advisor and Vident Financial serves as sub advisor to the fund. The Fund is distributed by SEI Investments Distribution Co., which is not affiliated with Exchange Traded Concepts, LLC or any of its affiliates.

Short sales are transactions in which the Fund sells a security it does not own. If the security goes down in price between the time the Fund sells the security and buys it back, the Fund will realize a gain on the transaction: if the security goes up in price during the period, the Fund will realize a loss. Because a short position loses value as the security's price increases and the market price of the shorted security could increase without limit, the loss on a short sale is theoretically unlimited. Short sales involve leverage because the Fund borrows securities and then sells them, effectively leveraging its assets.

The VIX Index is not directly investable. The settlement price of a VIX Futures Contract is based on the calculation that determines the level of the VIX Index. As a result, the behavior of a VIX Futures Contract may be different from traditional futures contracts whose settlement price is based on a specific tradable asset. When economic uncertainty increases and there is an increase in expected volatility, the value of VIX Futures Contracts will likely also increase. Similarly, when economic uncertainty recedes and there is an associated decrease in expected volatility, the value of VIX Futures Contracts will likely also decrease. Futures markets are highly volatile and the use of or exposure to futures contracts may increase volatility of the Fund's NAV. Futures contracts are also subject to liquidity risk. Several factors may affect the price and/or liquidity of VIX Futures Contracts, including, but not limited to: prevailing market prices and forward volatility levels of the U.S. stock markets, equity securities included in the S&P 500® and prevailing market prices of options on the S&P 500®, the VIX Index, options on the VIX, VIX Futures, or any other financial instruments related to the S&P 500® and the VIX or VIX Futures; interest rates; economic, financial, political, regulatory, geographical, biological or judicial events that

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affect the current volatility reading of the VIX or the market price or forward volatility of the U.S. stock markets; supply and demand as well as hedging activities in the listed and over-the-counter equity derivatives markets; disruptions in trading of the S&P 500<sup>®</sup>, futures contracts on the S&P 500<sup>®</sup> or options on the S&P 500<sup>®</sup>; and the level of contango or backwardation in the VIX Futures Contracts market.