



TRIMTABS
Asset Management

The Digital Economy

August 2020 Webinar

Q2 Recap

- Q2 GDP down 32.9%
- Record unemployment
- Rolling virus outbreaks
- Fed willing to do whatever it takes
- Fiscal stimulus
- Bifurcated economy: tech, staples, healthcare benefitting while airlines, restaurants, entertainment, hotels, banks, energy companies struggled.
- A record 85% of S&P 500 companies beat expectations.
- In aggregate, sales came in 1.5% higher than expected (S&P 500).
- Avg earnings surprise over 23% (S&P 500).
- Many companies observing significant week over week improvements since bottom in April/May.

The Digital Economy

Acceleration of digital consumption has strongly disrupted traditional industries:

- On-line shopping
- On-line payments
- Work-from-home
- Streaming content
- At-home workouts
- Video gaming
- Videoconferencing

Many of these behaviors appear to be sticky and longer lasting.

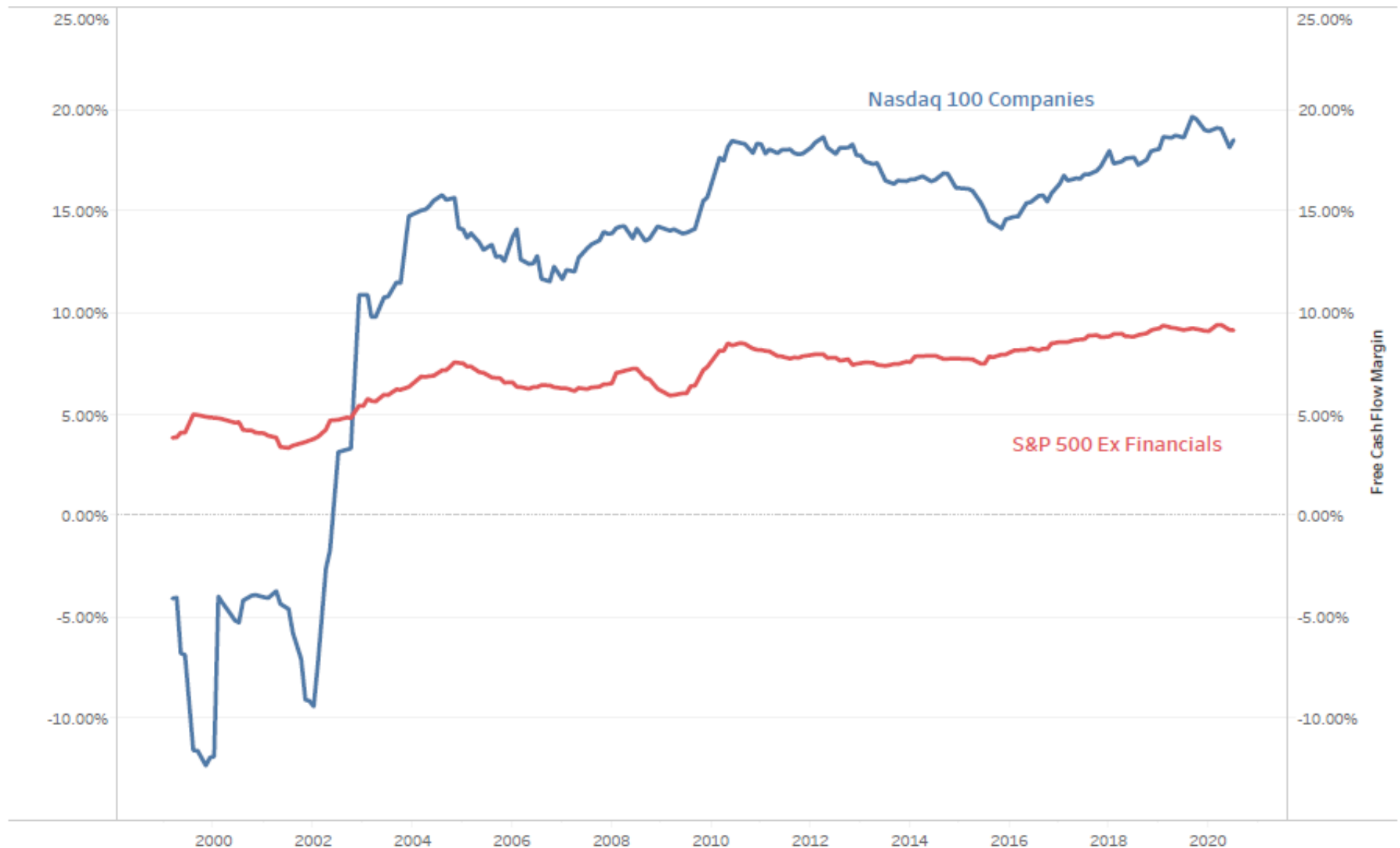
Today vs. 2000

Many investors are drawing parallels between today's market and 2000, citing:



Profitability of Nasdaq 100 Companies and S&P 500 Ex-Financials

Trimmed Average Free Cash Flow Margin TTM
03/31/1999 to 07/31/2020



Source: TrimTabs Asset Management, FactSet

Trimmed Average Free Cash Flow Margin TTM is measured by the average trailing-twelve-month Free Cash Flow margin, calculated as Free Cash Flow divided by revenue, for Nasdaq 100 companies, trimming distribution from both tails with a 5% proportion to cut.

Financial institutions such as banks do not have standardized free cash flow reporting

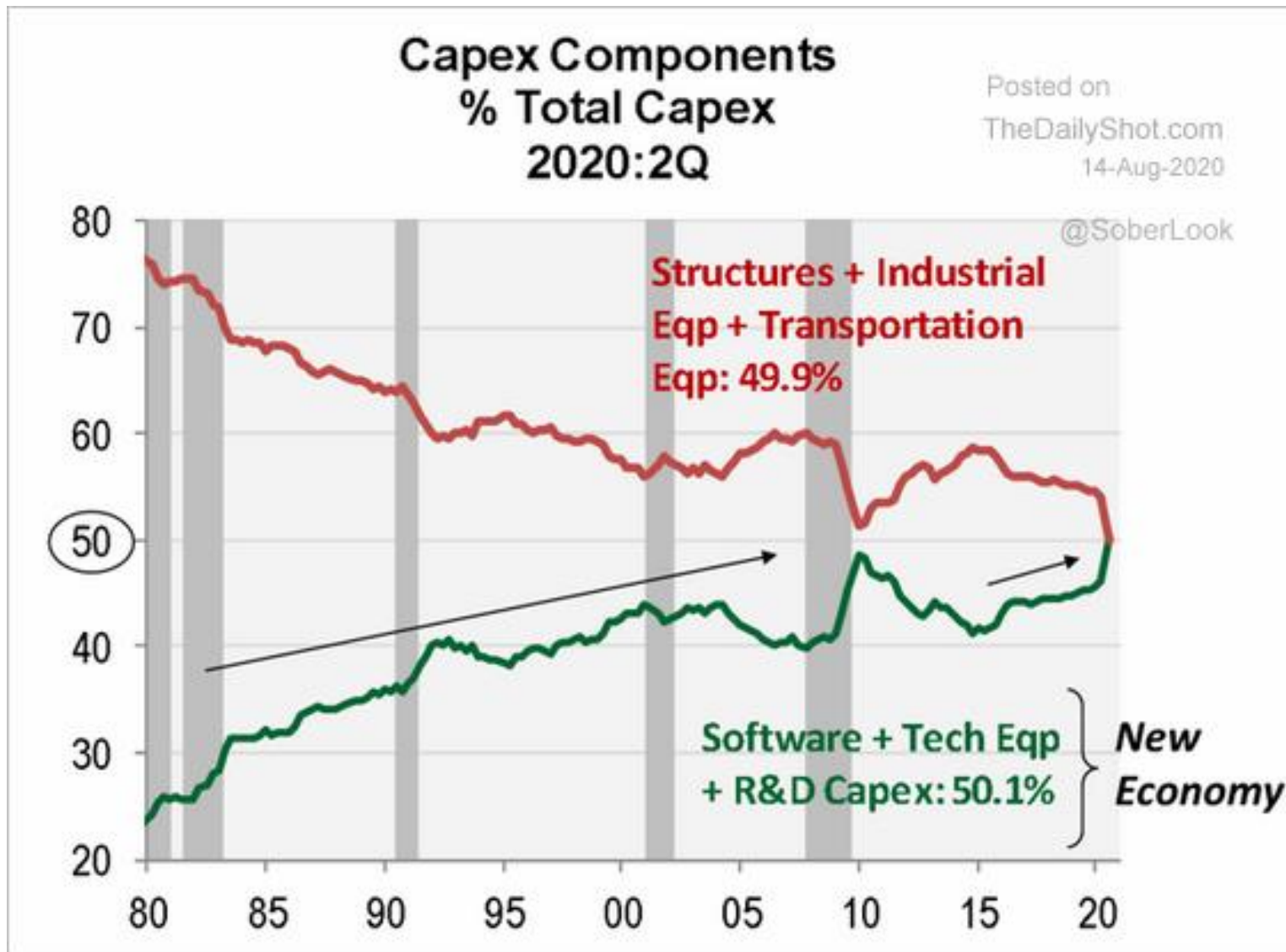
Nasdaq 100 Companies Profitability from a Free Cash Flow Perspective

Number of Companies with Positive Free Cash Flow Generation

03/31/1999 to 07/31/2020

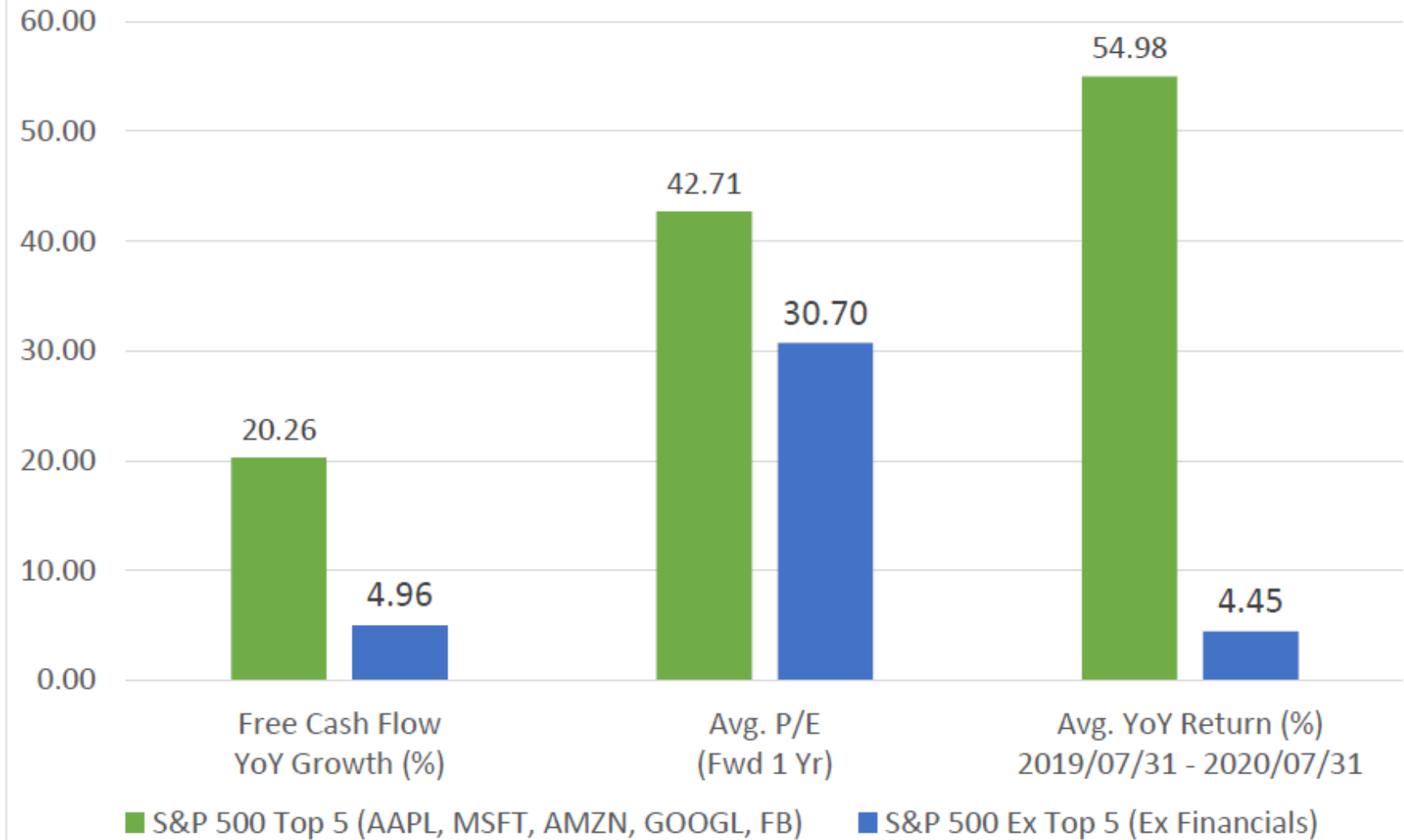


“New economy capex (software, tech eqp, r&d) is now more than half of all capex. Tech will power the new expansion, creating jobs, raising productivity, and dampening inflation.” – Nancy Lazar @NancyRLazar1



Free Cash Flow Growth Year-over-year

S&P 500 Top 5 (AAPL, MSFT, AMZN, GOOGL, FB)
vs. S&P Ex-Top 5 Ex-Financials*



Source: TrimTabs Asset Management, FactSet

* Financials institutions such as banks do not have standardized free cash flow reporting

More than just FAAMG

Besides the big 5 leaders, there are many companies benefitting in this new digital economy.

On-line shopping and recreation:
BABA, ETSY, ATVI

Streaming on-line workouts:
PTON, LULU

Accelerated use of cloud infrastructure & security software:
ZM, NOW, FTNT, QLYS, NICE

Work-from-home trends spurred migration from high cost cities to more spacious suburbs:
Z & CSGP providing digital real estate tour capabilities.

Traditional brick-and-mortar companies that have developed a massive online presence:
HD & WMT

TTAC Exposure to Technology & The Digital Economy

As of 08/19/2020

| Ticker | Company | % Net Assets | Ticker | Company | % Net Assets |
|--------|-------------------------|--------------|--------|----------------------------|--------------|
| AMZN | AMAZON COM INC | 2.75% | ROK | ROCKWELL AUTOMATION | 1.09% |
| MSFT | MICROSOFT CORP | 2.56% | TXN | TEXAS INSTRS INC | 1.08% |
| AAPL | APPLE INC | 2.06% | ABT | ABBOTT LABS | 1.05% |
| FB | FACEBOOK INC | 1.98% | CDNS | CADENCE DESIGN SYSTEM | 1.04% |
| GOOGL | ALPHABET INC | 1.93% | INTC | INTEL CORP | 1.04% |
| NVDA | NVIDIA CORPORATION | 1.68% | MXIM | MAXIM INTEGRATED PRODS INC | 1.02% |
| NICE | NICE LTD | 1.67% | LULU | LULULEMON ATHLETICA INC | 1.01% |
| YUMC | YUM! CHINA HOLDINGS | 1.66% | VRSN | VERISIGN INC | 1.01% |
| HD | HOME DEPOT INC | 1.33% | EL | ESTEE LAUDER CO | 1.00% |
| MKTX | MARKETAXESS HLDGS INC | 1.31% | QLYS | QUALYS INC | 0.98% |
| ANSS | ANSYS INC | 1.30% | HPQ | HP INC | 0.97% |
| ACN | ACCENTURE | 1.28% | V | VISA INC | 0.97% |
| BABA | ALIBABA GROUP HLDG LTD | 1.28% | FTNT | FORTINET INC | 0.95% |
| CSGP | COSTAR GROUP INC | 1.27% | KEYS | KEYSIGHT TECHNOLOGIES INC | 0.92% |
| ETSY | ETSY INC | 1.27% | ZM | ZOOM VIDEO COMMUNICATIONS | 0.92% |
| PRLB | PROTO LABS INC | 1.27% | PTON | PELTON INTERACTIVE INC | 0.88% |
| COST | COSTCO WHOLESALE CORP | 1.25% | FLIR | FLIR SYS INC | 0.87% |
| WMT | WALMART INC | 1.22% | LDOS | LEIDOS HOLDINGS INC | 0.87% |
| DIS | DISNEY WALT CO | 1.17% | TER | TERADYNE INC | 0.80% |
| Z | ZILLOW GROUP INC | 1.16% | ATVI | ACTIVISION BLIZZARD INC | 0.65% |
| ISRG | INTUITIVE SURGICAL INC | 1.13% | MORN | MORNINGSTAR INC | 0.65% |
| JKHY | JACK HENRY & ASSOCIATES | 1.10% | NOW | SERVICENOW INC | 0.65% |
| MA | MASTERCARD INC | 1.10% | IRBT | IROBOT CORP | 0.59% |
| TT | TRANE TECHNOLOGIES PLC | 1.10% | MDT | MEDTRONIC PLC | 0.59% |

TTAI Exposure to Technology & The Digital Economy

As of 08/19/2020

| Ticker | Company | % Net Assets |
|---------|-------------------------|--------------|
| LULU | LULULEMON ATHLETICA INC | 2.62% |
| NICE | NICE LTD | 2.60% |
| 6645 JP | OMRON CORP | 2.06% |
| LOGN SW | LOGITECH INTL | 1.87% |
| SIE GR | SIEMENS AG | 1.86% |
| ASML NA | ASML HOLDING NV | 1.83% |
| SMSN LI | SAMSUNG ELECTRONIC | 1.83% |
| 9697 JP | CAPCOM CO LTD | 1.69% |
| DSY FP | DASSAULT SYSTEMES | 1.53% |
| 4307 JP | NOMURA RESEARCH | 1.53% |
| 700 HK | TENCENT HLDGS LTD | 1.48% |
| TEAM | ATLASSIAN CORP PLC | 1.48% |
| BABA | ALIBABA GROUP HLDG LTD | 1.42% |
| RMV LN | RIGHTMOVE | 1.35% |
| 8035 JP | TOKYO ELECTRON | 1.30% |
| 7974 JP | NINTENDO CO LTD | 1.23% |
| 6098 JP | RECRUIT HOLDINGS | 1.16% |
| 2371 JP | KAKAKU.COM. INC | 1.10% |
| 9719 JP | SCSK CORP | 1.02% |
| 6506 JP | YASKAWA ELEC CORP | 0.93% |
| 6954 JP | FANUC CORP | 0.93% |

Outlook & Risk

While we are optimistic about the long-term trends in the digital economy, there are potential short-term risks.

The U.S. stock market is at all time highs.

After this type of rally, it's possible to have a correction at any point.

We believe the best way to deliver alpha is to buy high quality companies that can be held over the long-term.

Investment Team

The TrimTabs investment team has broad investment management experience and proven expertise.

Bob Shea

Chief Executive Officer and Chief Investment Officer

Janet Flanders Johnston, CFA

Co-CIO and Portfolio Manager

Vince (Qijun) Chen

Senior Quantitative Analyst

Allie Shell

Equity Analyst

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Disclosures

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contains this and other important information about the investment company, and it may be obtained by calling 1-800-617-0004. Read it carefully before investing.

There is no guarantee that TTAI and TTAC will achieve their investment objectives. Investing involves risk, including the possible loss of principal. Because the Fund is an ETF (rather than a mutual fund), shares are bought and sold at market price (not NAV), may trade at a discount or premium to NAV, and are not individually redeemable. Owners of the shares may acquire those shares from the Fund and tender those shares for redemption to the Fund in Creation Unit aggregations only, consisting of 25,000 shares. Brokerage commissions will reduce returns. Investments in the Fund include risks associated with small-and mid-cap securities, which involve limited liquidity and greater volatility than large-cap securities. Returns on investments in foreign securities could be more volatile than investments in domestic securities.

Fund holdings and sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

Free Cash Flow (FCF) represents the cash that a company is able to generate after accounting for capital expenditures.

The Standard & Poor's 500, often abbreviated as the S&P 500, or just the S&P, is an American stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ.

Standard Deviation is a measure that is used to quantify the amount of variation or dispersion of a set of data values.

Alpha is a measure of performance on a risk-adjusted basis.

Beta is a measure of the volatility, or systematic risk, of a security or portfolio, in comparison to the market as a whole.

Disclosures

TTAC and TTAI are distributed by Quasar Distributors, LLC.

The Russell 3000® Index measures the performance of the 3,000 largest publicly traded U.S. companies, based on market capitalization. The Index measures the performance of approximately 98% of the total market capitalization of the publicly traded U.S. equity market. It is not possible to invest directly in an index.

The S&P Developed Ex-U.S. BMI Index is a market capitalization weighted index that defines and measures the investable universe of publicly traded companies domiciled in developed countries outside the U.S. The Developed Index is float adjusted, meaning that only those shares publicly available to investors are included in the Developed Index calculation.

It is not possible to invest directly in an index.

The cash ratio or cash coverage ratio is a liquidity ratio that measures a firm's ability to pay off its current liabilities with only cash and cash equivalents.

EPS - Earnings per share is the monetary value of earnings per outstanding share of common stock for a company.

Created by the Chicago Board Options Exchange (**CBOE**), the **Volatility Index**, or **VIX**, is a real-time market **index** that represents the market's expectation of 30-day forward-looking **volatility**.

The **S&P 1500**, or **S&P Composite 1500** Index includes all stocks in the **S&P 500**, **S&P 400**, and **S&P 600**. This index covers approximately 90% of the market capitalization of U.S. stocks.

The NASDAQ-100 is a stock market index made up of 103 equity securities issued by 100 of the largest non-financial companies listed on the Nasdaq stock market.

Capital expenditure (capex) or capital expense is the money an organization or corporate entity spends to buy, maintain, or improve its fixed assets, such as buildings, vehicles, equipment, or land.

The price-earnings ratio, also known as P/E ratio, P/E, or PER, is the ratio of a company's share price to the company's earnings per share.

Disclosures

To present this **volatility** in **annualized** terms, we simply need to multiply our daily standard deviation by the square root of 252.

Sharpe ratio measures the performance of an investment compared to a risk-free asset, after adjusting for its risk.

The information ratio, also known as appraisal ratio, measures and compares the active return of an investment compared to a benchmark index relative to the volatility of the active return.