



Distillate Capital Launches DSTX, International Fundamental Stability & Value ETF

Value manager beating the S&P 500 launches International Fund

Chicago, IL, December 15th, 2020 — Distillate Capital, a fundamentals-driven Chicago-based equity manager, today announced the launch of its second ETF, the Distillate International Fundamental Stability & Value ETF (NYSE:DSTX). This fund seeks to distill a starting universe of around 1,500 non-U.S. large- and mid-cap stocks down to 100 attractively valued stocks that exhibit stable cash flows and healthy balance sheets. Instead of relying on short-term price volatility and outdated valuation metrics that have largely failed investors, Distillate focuses on free cash flow generation as the relevant metric to assess both valuation and risk. Distillate Capital's approach seeks to preserve capital and take advantage of pricing opportunities, returning to the most basic concepts in value-investing, now adjusted for the underlying economy of the 21st century.

Distillate Capital has seen meaningful success with its first U.S.-focused ETF, DSTL, which was launched in October 2018, and has since garnered over \$200 million in AUM. "We have been pleased with DSTL's performance versus both the S&P 500 Index and Russell 1000 Value Index*. With DSTX, we are taking the same approach to international stocks that we use to manage DSTL, where we are building a solid proof statement that value-driven investing, when valuation is measured accurately, is still a very good way to generate better than market returns for clients. We believe just as much potential for outperformance exists internationally," said Tom Cole, Cofounder and CEO.

"Contrary to popular belief, value investing is alive & well," added Cole. "Old metrics like Price-to-Book and Price-to-Earnings have become convoluted by accounting changes and are outdated for today's companies due to a significant shift over recent decades toward an economy driven by intangible assets. Companies that invest heavily in research & development, for example, are difficult to compare to others that depend on physical assets using accounting-based measures."

Both DSTX and DSTL are reflections of Distillate Capital's free cash flow-focused approach. "Any valuable asset, whether it's a factory, a brand, or a piece of code, should produce cash flow now or in the future," said Matt Swanson, Cofounder. "By using a proprietary measure called distilled cash yield, we're able to restore comparability between older, more physical-asset based companies and newer, more research and development-oriented ones." Like with DSTL, DSTX emphasizes long-term fundamental stability rather than short-term stock price volatility measures to assess risk. The risk assessment also incorporates a measure of financial indebtedness that adjusts for off-balance sheet leases or other calls on capital that may not be picked up by traditional measures.

DSTX seeks to track the Distillate International Fundamental Stability & Value Index, and its expense ratio is 0.55%. "We're excited to continue to prove the merits of value investing internationally in addition to domestically," said Jay Beidler, Cofounder.

***Performance of DSTL and benchmarks as of 9/30/2020:**

		<u>YTD</u>	<u>1-Year</u>	<u>Annualized Since Inception (10/23/18-9/30/20)</u>
Distillate U.S. Fundamental Stability & Value ETF (DSTL)	@Market Price	6.29%	18.27%	15.57%
	@Net Asset Value	6.20%	18.20%	15.54%
Distillate U.S. Fundamental Stability & Value Index		6.52%	18.68%	16.01%
S&P 500 Index Total Return		5.57%	15.15%	13.37%
Russell 1000 Value Index Total Return		-11.58%	-5.03%	1.68%

Expense ratio of DSTL: 0.39%

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. Performance current to the most recent month-end can be obtained by calling 1-800-617-0004. Shares of an ETF are bought and sold at market price (not NAV), may trade at a discount or premium to NAV and are not individually redeemed from the Fund.

About Distillate Capital

By drawing on decades of experience as fundamental investors, Chicago-based Distillate Capital has developed customized measures of value and quality that are particularly relevant to today's long-term investors. Distillate Capital utilizes these measures in its investment process to create portfolios designed to exploit behavioral biases while seeking to minimize risk by eliminating stocks that are either expensive, have volatile fundamentals, or are significantly indebted. For more information, please visit www.distillatecapital.com

About Tom Cole

Thomas Cole, CFA is CEO and Cofounder of Distillate Capital. Previously Cole served as Chief Investment Officer at Institutional Capital, LLC (ICAP), a Chicago-based value investment firm. Prior to joining ICAP in 2012, Tom was head of U.S. Equities at UBS Global Asset Management. Tom holds a BBA and an MBA from the University of Wisconsin at Madison, where he was a member of the Applied Security Analysis Program.

About Matt Swanson

Matthew Swanson, CFA is a Cofounder of Distillate Capital. Matt previously worked for 18 years as a portfolio manager of U.S. and international value strategies, and as an equity analyst covering the healthcare industry at Institutional Capital, LLC (ICAP), a Chicago-based value investment firm. Matt has a BA in Economics from Northwestern University and an MBA from The Kellogg School of Management, Northwestern University.

About Jay Beidler

Jay Beidler, CFA is a Cofounder of Distillate Capital. Jay previously worked for ten years at Institutional Capital, LLC (ICAP), a Chicago-based value investment firm where he focused on

quantitative analysis and macroeconomic research and worked as an analyst in the basic resources, energy, and healthcare sectors. Jay has an AB from Brown University, and an MBA from the University of Chicago Booth School of Business.

Media Inquiries info@distillatecapital.com / 312-270-1212

Stoyan Bojinov / Arro Financial Communications / sbojinov@arrocomm.com / 224-622-6637

Disclosures

The Funds' investment objectives, risks, charges, and expenses must be considered carefully before investing. The statutory and summary prospectus contain this and other important information about the investment company and may be obtained by calling 1-800-617-0004 or by visiting www.DistillateFunds.com. Please read it carefully before investing.

Investing involves risk. Principal loss is possible. To the extent the Fund invests more heavily in particular sectors of the economy, its performance will be especially sensitive to developments that significantly affect those sectors. As a passively managed ETF, the Fund does not attempt to outperform its Index or take defensive positions in declining markets. As an ETF, the fund may trade at a premium or discount to NAV. Shares of any ETF are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns.

The Distillate International Fundamental Stability & Value Index seeks to include the most fundamentally stable and most undervalued stocks from a starting universe of around 1500 mid- and large-capitalization non-U.S. companies. The selection criteria for the Index are based on Distillate Capital's proprietary fundamental measures that attempt to correct the shortcomings of traditional metrics for judging the quality and value of stocks. It is not possible to invest directly in an index.

The Distillate U.S. Fundamental Stability & Value Index seeks to include the most fundamentally stable and most undervalued stocks from a starting universe of around 500 of the largest U.S. companies. The selection criteria for the Index are based on Distillate Capital's proprietary fundamental measures that attempt to correct the shortcomings of traditional metrics for judging the quality and value of stocks. It is not possible to invest directly in an index.

The **S&P 500 Index** is an index of roughly the largest 500 U.S. listed stocks maintained by Standard & Poor's. The **Russell 1000 Value Index** is an index of U.S. stocks that exhibit value characteristics as defined by FTSE Russell. It is not possible to invest directly in an index.

Definition of Terms

Free Cash Flow refers to a company's operating cash flow, less its capital expenditures. **Price-to-Book** is a traditional valuation measure that compares a company's market price to its balance sheet book value. For example, this can be calculated by dividing a company's stock price by its book value per share. **Price-to-Earnings** is calculated as a company's stock price divided by its earnings per share. **Distilled Cash Yield** reflects the level of normalized cash flow a company is expected to generate compared to that company's adjusted Enterprise Value.

DSTX and DSTL are distributed by Quasar Distributors, LLC.