



DISTILLATE CAPITAL



Distillate Capital Continues to Build Its Innovative Value-Focused Lineup With the Launch of DSMC: The Distillate Small/Mid Cash Flow ETF

We believe traditional accounting-based measures of valuation are no longer effective, so Distillate has built a proprietary approach to capturing value and quality, focused on free cash flow, offering investors effective, modern ways to add true value exposure.

Chicago, (October 6, 2022) – Distillate Capital, a fundamentals-driven equity manager focused on delivering highly differentiated risk-managed value investing strategies, today announced the launch of the Distillate Small/Mid Cash Flow ETF (NYSE Arca: DSMC), the newest addition to the firm’s fast-growing ETF lineup built around the firm’s proprietary measures of quality, risk and value as seen through the lens of free cash flow.

DSMC (“the Fund”) is designed to offer investors exposure to an attractively valued portfolio of approximately 150 U.S. small- and mid-cap stocks that meet specific parameters involving current and future free cash flow, valuations, and quality. The Fund follows a systemized approach, which investors can read more about here (<https://distillatefunds.com/>).

“We have been thrilled with the investor response to our first two ETFs, DSTL and DSTX, and believe now is an opportune time to expand our product lineup into the small- and mid- cap areas of the U.S. equity market, which we believe to be rife with opportunity,” said Thomas Cole, CEO of Distillate Capital. “To this point, small- and mid-cap offerings have not taken a discerning eye to this universe of stocks, ignoring the significant dispersion to be found across valuations, high levels of leverage on the books of many names, and the fact that almost 20% of companies making up the largest small-cap index are not expected to generate positive free cash flow in the next twelve months.”

“Across market caps and exposures, we believe in selectivity and this category in particular requires a systematic methodology when looking at the true fundamental value factors and risks of each stock,” added Cole. “We’re excited to be bringing DSMC to the marketplace and to continue talking with advisors and investors about modern ways to approach value investing through the lens of free cash flow.”

Distillate Capital was founded with the mission to improve value investing outcomes by employing a proprietary systematic cash flow-based valuation methodology that looks at differentiated metrics of value and quality and where they overlap to assess both valuation and risk.

The firm has often noted that due to a shift in the global economy evolution over the last 30 years, corporations and the economy overall have shifted away from the bulk of their value being derived from physical plants and tangible products (i.e. manufacturing facilities and mass production goods) to intangible assets. As that has happened, company spending has shifted from physical expenditures (which are capitalized as assets on a balance sheet) to research and development spending (which is not).

“The impact this trend has had on traditional measures of value cannot be understated,” added Jay Beidler, Co-Founder of Distillate. “And it has led to a belief in many corners that value investing strategies no longer work. In fact, nothing could be further from the truth; value isn’t dead, it’s just not being measured properly.”

Distillate launched its first ETF, the [Distillate U.S. Fundamental Stability & Value ETF \(DSTL\)](#) in late 2018. That fund has delivered strong relative performance since its launch and has so far gathered close to \$800 million in assets as of 8/31/22, a highly successful launch for an independent ETF provider. DSTL was joined in late 2020 by the [Distillate International Fundamental Stability & Value ETF \(DSTX\)](#), which takes a similar approach in identifying opportunities among global ex-U.S. large- and mid-cap equities.

DSMC has an expense ratio of 0.55%, and you can find more about the Distillate Fund family at <https://distillatefunds.com/>

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

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Disclosures

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus or summary prospectus with this and other information about the Fund, please call 1-800-617-0004 or visit our website at www.distillatefunds.com. Read the prospectus or summary prospectus carefully before investing.

Investing involves risk, including the possible loss of principal. Shares of any ETF are bought and sold at market price (not NAV) and may trade at a discount or premium to NAV. **Equity Market Risk.** The equity securities held in the Fund's portfolio may experience sudden, unpredictable drops in value or long periods of decline in value. This may occur because of factors that affect securities markets generally or factors affecting specific issuers, industries, or sectors in which the Fund invests. **Market Capitalization Risk.** The securities of small- and mid-capitalization companies may be more vulnerable to adverse issuer, market, political, or economic developments than securities of large-capitalization companies. The securities of small-capitalization companies generally trade in lower volumes and are subject to greater and more unpredictable price changes than larger capitalization stocks or the stock market as a whole. **New Fund Risk.** The Fund is a recently organized investment company with a limited operating history. As a result, prospective investors have a limited track record or history on which to base their investment decision. **Management Risk.** The Fund is actively managed and may not meet its investment objective based on the Adviser's success or failure to implement investment strategies for the Fund.

Free Cash Flow refers to the cash generated by a business after accounting for capital investments required to maintain or grow the business.

The fund Distillate Small/Mid Cash Flow ETF(DSMC) is distributed by Quasar Distributors, LLC.