

STATEMENT OF ADDITIONAL INFORMATION

Causeway International Value NextShares
The NASDAQ Stock Market LLC
CIVEC

Causeway Global Value NextShares
The NASDAQ Stock Market LLC
CGVIC

c/o SEI Investments Global Funds Services, One Freedom Valley Drive, Oaks, PA 19456
Phone No. 1-866-947-7000

February 28, 2018, as revised on April 10, 2018

Causeway International Value NextShares (International Value NextShares) and Causeway Global Value NextShares (Global Value NextShares) (each, a Fund and collectively referred to as the Funds) are series of Causeway ETMF Trust (Trust). The Trust is a diversified, open-end, management investment company that is organized as a Delaware statutory trust.

The investment objectives of the Funds are included in the prospectus of the Funds, dated February 28, 2018, as revised on April 10, 2018 (Prospectus). No assurance can be given that the investment objective of any of the Funds will be realized. For more information on the Funds' investment objectives and policies, see Investment Objective and Policies.

The Funds operate as exchange-traded managed funds (ETMFs). As identified and described in more detail within the prospectus and this Statement of Additional Information, NextShares™ comprise a new type of actively managed fund that differs from mutual funds and exchange-traded funds. Individual shares of a NextShares fund may be purchased and sold only on a national securities exchange or an alternative trading system. Trading prices of shares of NextShares funds are directly linked to the fund's next-computed net asset value per share (NAV) and will vary from NAV by a market-determined trading cost (*i.e.*, a premium or discount to NAV), which may be zero. Investing in shares of a NextShares fund involves certain risks as described in this Statement of Additional Information. As new types of funds, NextShares funds have limited operating histories.

This Statement of Additional Information is not a prospectus and should be read in conjunction with the Prospectus. The Prospectus has been filed with the Securities and Exchange Commission (Commission) and can be obtained, without charge, by calling the Funds at 1-866-947-7000 or your financial consultant or other financial intermediary, or by writing to the Funds at c/o SEI Investments Global Funds Services, One Freedom Valley Drive, Oaks, PA 19456. The Prospectus is incorporated by reference into this Statement of Additional Information, and this Statement of Additional Information is incorporated by reference into the Prospectus.

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TRUST HISTORY

The Trust was organized on December 16, 2016 and is a Delaware statutory trust. The Trust currently consists of two series –International Value NextShares and Global Value NextShares – which are classified as diversified. The investment adviser of the Trust is Causeway Capital Management LLC (the “Investment Adviser”). The administrator of the Trust is SEI Investments Global Fund Services (the “Administrator”). The custodian of the Trust is The Bank of New York Mellon (the “Custodian”). The distributor of the Trust is SEI Investments Distribution Co. (the “Distributor”). The transfer agent of the Trust is The Bank of New York Mellon (the “Transfer Agent”).

INVESTMENT OBJECTIVE AND POLICIES

The investment objective of the International Value NextShares is to seek long-term growth of capital and income. The investment objective of the Global Value NextShares is to seek long-term growth of capital and income. Reference is made to the discussions under Fund Summary and Fund Details in the Prospectus for information with respect to each Fund’s investment objective and policies.

The Investment Adviser is responsible for the management of each Fund’s portfolio.

The Funds will offer and issue shares at their NAV in aggregations of a specified number of shares (Creation Units), generally in exchange for a basket of securities together with a deposit of a specified cash payment. Alternatively, the Funds may issue and redeem Creation Units in exchange for a specified all-cash payment. Shares are redeemable by the Funds only in Creation Units, and, generally, in exchange for securities and/or cash. Shares trade in the secondary market and elsewhere at market prices that may be at, above or below NAV. Creation Units typically are a specified number of shares, generally 50,000 and multiples thereof.

The Funds may charge creation/redemption transaction fees for each creation and redemption. In all cases, redemption transaction fees will be limited in accordance with the requirements of the Commission applicable to management investment companies offering redeemable securities (currently, no more than 2% of the value of the shares redeemed). See Buying and Selling Shares – Purchase and Redemption of Creation Units below.

Investment Restrictions

Each Fund has adopted the following restrictions (in addition to its investment objective) as fundamental policies, which may not be changed for a Fund without the favorable vote of the holders of a “majority” of the Fund’s outstanding voting securities, as defined in the Investment Company Act of 1940, as amended (1940 Act). Under the 1940 Act, the vote of the holders of a “majority” of a Fund’s outstanding voting securities means the vote of the holders of the lesser of (1) 67% of the shares of the Fund represented at a meeting at which the holders of more than 50% of its outstanding shares are represented or (2) more than 50% of the outstanding shares. Any restriction on a Fund’s investments is determined when the investment is made, unless otherwise noted.

Neither of the Funds may:

- (1) With respect to 75% of the Fund’s total assets, purchase the securities of any issuer (other than securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities or securities of other investment companies) if, as a result, (a) more than 5% of the Fund’s total assets would be invested in the securities of that issuer, or (b) the Fund would hold more than 10% of the outstanding voting securities of that issuer.
- (2) Issue senior securities, except as permitted under the 1940 Act.
- (3) Borrow money, except that the Fund may borrow money for temporary or emergency purposes (not for leveraging or investment) in an amount not exceeding 33 1/3% of its total assets (including the amount

borrowed) less liabilities (other than borrowings). Any borrowings that come to exceed this amount will be reduced within three days (not including Sundays and holidays) to the extent necessary to comply with the 33 1/3% limitation.

(4) Underwrite securities issued by others except to the extent that the Fund may be considered an underwriter within the meaning of the Securities Act of 1933, as amended (Securities Act), in the disposition of the Fund's portfolio securities.

(5) Purchase the securities of any issuer (other than securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities) if, as a result, more than 25% of the Fund's total assets would be invested in the securities of companies whose principal business activities are in the same industry.

(6) Purchase or sell real estate unless acquired as a result of ownership of securities or other instruments (but this shall not prevent the Fund from investing in securities or other instruments backed by real estate or securities of companies engaged in the real estate business).

(7) Purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments (but this shall not prevent the Fund from purchasing or selling options and futures contracts or from investing in securities or other instruments backed by physical commodities).

(8) Lend any security or make any other loan if, as a result, more than 33 1/3% of its total assets would be lent to other parties, but this limitation does not apply to purchases of debt securities or to repurchase agreements.

In addition, each Fund has the following non-fundamental policies, which may be changed without shareholder approval.

(i) The Fund may borrow money only (a) from a bank or (b) by engaging in reverse repurchase agreements with any party (reverse repurchase agreements are treated as borrowings for purposes of fundamental investment limitation (3)).

(ii) The Fund may not purchase any security if, as a result, more than 15% of its net assets would be invested in securities that are deemed to be illiquid.

(iii) The Fund may not invest all of its assets in the securities of a single open-end management investment company with substantially the same fundamental investment objective, policies, and limitations as the Fund.

(iv) The Fund may not sell securities short, unless it owns or has the right to obtain securities equivalent in kind and amount to the securities sold short, and provided that transactions in futures contracts and options, forward contracts and swap agreements are not deemed to constitute selling securities short.

(v) The Fund may not purchase securities on margin, except that the Fund may obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts, options on futures contracts, forward contracts and swap agreements are not deemed to constitute purchasing securities on margin.

With respect to limit (ii): securities will generally be deemed illiquid by a Fund when they are subject to legal or contractual restrictions on resale or because they cannot be sold or disposed of in the ordinary course of business at approximately the prices at which they are valued, in conformance with relevant Commission rules and guidance (unless deemed liquid pursuant to the Funds' procedures regarding Rule 144A securities and commercial paper). If through a change in values, net assets, market conditions, or other circumstances, more than 15% of a Fund's net assets are invested in illiquid securities, the Investment Adviser will take steps to reduce the Fund's illiquid investments to or below 15% of the Fund's net assets, in conformance with relevant Commission rules and guidance.

General Market Risk and Small Capitalization Issuer Risk

Reduced liquidity in credit and fixed-income markets may adversely affect many issuers worldwide, resulting in less money being available to purchase raw materials, goods and services in certain markets, which may, in turn, lower the prices of these economic staples. It may also cause U.S. and foreign issuers to have more difficulty obtaining financing, which may, in turn, result in a decline in their stock prices. These events and possible market turbulence may have an adverse effect on the Funds.

The Funds may also invest in smaller capitalization companies. The values of securities of smaller, less well-known companies can be more sensitive to, and react differently to, company, political, market, and economic developments than the market as a whole and other types of securities. Smaller companies can have more limited product lines, markets, growth prospects, depth of management, and financial resources, and these companies may have shorter operating histories and less access to financing, creating additional risk. Smaller companies in countries with less-liquid currencies may have additional difficulties in financing and conducting their businesses. Further, smaller companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying any loans that have floating rates. Because of these and other risks, securities of smaller capitalization companies tend to be more volatile and less liquid than securities of medium and larger capitalization companies. During some periods, securities of smaller capitalization companies, as an asset class, have underperformed the securities of larger capitalization companies.

Repurchase Agreements

The Funds may enter into repurchase agreements. A repurchase agreement is an agreement where a Fund purchases a security and the seller agrees to repurchase the security from the Fund at a mutually agreed-upon time and price. The period of maturity is usually quite short, possibly overnight or a few days, although it may extend over a number of months. The resale price is more than the purchase price, reflecting an agreed-upon rate of return effective for the period of time money is invested in the repurchase agreement. Repurchase agreements will at all times be fully collateralized in an amount at least equal to the resale price. The instruments held as collateral are valued daily, and if the value of those instruments declines, additional collateral will be required. In the event of a default, insolvency or bankruptcy by a seller, a Fund will promptly seek to liquidate the collateral. In such circumstances, a Fund could experience a delay or be prevented from disposing of the collateral. To the extent that the proceeds from any sale of such collateral upon a default of the obligation to repurchase are less than the repurchase price, a Fund will suffer a loss. In addition, changes in regulatory requirements concerning margin for certain types of financing transactions, including repurchase agreements, could impact a Fund's ability to use these investment strategies and techniques.

Debt Securities

The Funds may invest in debt securities, including U.S. dollar or foreign currency-denominated corporate debt securities (corporate bonds, debentures, notes and other similar corporate debt instruments) of domestic or foreign issuers. Debt securities, such as bonds, involve credit risk, which is the risk that the borrower will not make timely payments of principal and interest. The degree of credit risk depends on the issuer's financial condition and on the terms of the debt securities. These securities are also subject to interest rate risk, which is the risk that the value of a security may fall when interest rates rise. In general, the market prices of debt securities with longer maturities will go up or down more in response to changes in interest rates than shorter-term securities. The rate of return or return of principal on some debt obligations may be linked or indexed to the level of exchange rates between the U.S. dollar and a foreign currency or currencies.

U.S. Government Securities

U.S. government agencies or instrumentalities which issue or guarantee securities include the Federal National Mortgage Association ("FNMA"), Government National Mortgage Association, Federal Home Loan

Banks, Federal Home Loan Mortgage Corporation (“FHLMC”), Federal Intermediate Credit Banks, Federal Land Banks, Tennessee Valley Authority, Inter-American Development Bank, Asian Development Bank, Student Loan Marketing Association and the International Bank for Reconstruction and Development.

Except for U.S. Treasury securities, obligations of U.S. government agencies and instrumentalities may or may not be supported by the full faith and credit of the U.S. Some are backed by the right of the issuer to borrow from the Treasury; others by discretionary authority of the U.S. government to purchase the agencies’ obligations; while still others, such as the Student Loan Marketing Association, are supported only by the credit of the instrumentality. In the case of securities not backed by the full faith and credit of the U.S., the investor must look principally to the agency or instrumentality issuing or guaranteeing the obligation for ultimate repayment, and may not be able to assert a claim against the U.S. itself in the event the agency or instrumentality does not meet its commitment.

It is possible that the availability and the marketability (that is, liquidity) of the securities discussed in this section could be adversely affected by actions of the U.S. government to tighten the availability of its credit.

Historically, FNMA and FHLMC were agencies sponsored by the U.S. government that were supported only by the credit of the issuing agencies and not backed by the full faith and credit of the United States. In 2008, however, due to the declining value of FNMA and FHLMC securities and concerns that the firms did not have sufficient capital to offset losses resulting from the mortgage crisis, the Federal Housing Finance Agency (“FHFA”) placed FNMA and FHLMC into conservatorship. As the conservator, FHFA succeeded to all rights, titles, powers and privileges of FNMA and FHLMC and of any stockholder, officer or director of FNMA and FHLMC with respect to FNMA and FHLMC and the assets of FNMA and FHLMC.

FNMA and FHLMC are continuing to operate as going concerns while in conservatorship, and each remains liable for all of its obligations, including its guaranty obligations, associated with its mortgage-backed securities. The FHFA has indicated that the conservatorship of each enterprise will end when the director of FHFA determines that FHFA’s plan to restore the enterprise to a safe and solvent condition has been completed. If FHFA, as conservator or receiver, were to transfer any such guaranty obligation to another party, holders of FNMA or FHLMC mortgage-backed securities would have to rely on that party for satisfaction of the guaranty obligation and would be exposed to the credit risk of that party. No assurance can be given that the U.S. government will continue to support FNMA and FHLMC. In addition, the future for FNMA and FHLMC remains uncertain. Congress has recently considered proposals to reduce the U.S. government’s role in the mortgage market of both FNMA and FHLMC, including proposals as to whether FNMA and FHLMC should be nationalized, privatized, restructured or eliminated altogether. Should the federal government adopt any such proposal, the value of a Fund’s investments in securities issued by FNMA and FHLMC would be impacted. FNMA and FHLMC are also the subject of continuing legal actions and investigations, which may have an adverse effect on these entities. FHFA, in its capacity as conservator, has indicated that it has no intention to repudiate the guaranty obligations of FNMA or FHLMC because FHFA views repudiation as incompatible with the goals of the conservatorship. However, in the event that FHFA, as conservator or if it is later appointed as receiver for FNMA or FHLMC, were to repudiate any such guaranty obligation, the conservatorship or receivership estate, as applicable, would be liable for actual direct compensatory damages in accordance with the provisions of the Reform Act. Any such liability could be satisfied only to the extent of FNMA’s or FHLMC’s assets available therefor.

In the event of repudiation, the payments of interest to holders of FNMA or FHLMC mortgage-backed securities would be reduced if payments on the mortgage loans represented in the mortgage loan groups related to such mortgage-backed securities are not made by the borrowers or advanced by the servicer. Any actual direct compensatory damages for repudiating these guaranty obligations may not be sufficient to offset any shortfalls experienced by such mortgage-backed security holders.

Further, in its capacity as conservator or receiver, FHFA has the right to transfer or sell any asset or liability of FNMA or FHLMC without any approval, assignment or consent. Although FHFA has previously stated that it

has no intention to do so, if FHFA, as conservator or receiver, were to transfer any such guaranty obligation to another party, holders of FNMA or FHLMC mortgage-backed securities would have to rely on that party for satisfaction of the guaranty obligation and would be exposed to the credit risk of that party.

The Funds may invest in component parts of U.S. Treasury notes or bonds, namely either the corpus (principal) of such Treasury obligations or one of the interest payments scheduled to be paid on such obligations. These obligations may take the form of (1) Treasury obligations from which the interest coupons have been stripped; (2) the interest coupons that are stripped; (3) book-entries at a Federal Reserve member bank representing ownership of Treasury obligation components; or (4) receipts evidencing the component parts (corpus or coupons) of Treasury obligations that have not actually been stripped. Such receipts evidence ownership of component parts of Treasury obligations (corpus or coupons) purchased by a third party (typically an investment banking firm) and held on behalf of the third party in physical or book-entry form by a major commercial bank or trust company pursuant to a custody agreement with the third party. These custodial receipts are known by various names, including “Treasury Receipts,” “Treasury Investment Growth Receipts” (“TIGRs”) and “Certificates of Accrual on Treasury Securities” (“CATS”), and are not issued by the U.S. Treasury; therefore they are not U.S. government securities, although the underlying bonds represented by these receipts are debt obligations of the U.S. Treasury.

Preferred Stocks; Preference Stocks

The Funds may invest in preferred stocks and preference stocks. Preferred stocks include convertible and non-convertible preferred stocks that are senior to common stock. Preferred stocks are equity securities that are senior to common stock with respect to the right to receive dividends and a fixed share of the proceeds resulting from the issuer’s liquidation. Some preferred stocks also entitle their holders to receive additional liquidation proceeds on the same basis as holders of the issuer’s common stock. Preference stock is a special type of common stock that shares in the earnings of a company, has limited voting rights, may have a dividend preference, and may also have liquidation preference. Preference stocks are more common in emerging markets than in developed markets. Depending on the features of the particular security, holders of preferred and preference stock may bear the risks disclosed in the Prospectus or this Statement of Additional Information regarding common equity or fixed income securities.

Convertible Securities

The Funds may invest in convertible securities of domestic or foreign issuers rated investment grade (any of the four highest grades) by a major rating agency or, if unrated, of comparable quality in the Investment Adviser’s opinion. A convertible security is a fixed-income security (a bond or preferred stock) which may be converted at a stated price within a specified period of time into a certain quantity of common stock or other equity securities of the same or different issuer. Convertible securities rank senior to common stock in a corporation’s capital structure but are usually subordinated to similar non-convertible securities. Convertible securities typically pay current income, as either interest (bond convertibles) or dividends (preferred stock). While providing a fixed-income stream (generally higher in yield than the income derivable from common stock but lower than that afforded by a similar non-convertible security), a convertible security also affords an investor the opportunity, through its conversion feature, to participate in the capital appreciation attendant upon a market price advance in the convertible security’s underlying common stock.

A convertible security’s value usually reflects both the stream of current income payments and the value of the underlying common stock. In general, the market value of a convertible security is at least the higher of its “investment value” (that is, its value as a fixed-income security) or its “conversion value” (that is, its value upon conversion into its underlying stock). As a fixed-income security, a convertible security tends to increase in market value when interest rates decline and tends to decrease in value when interest rates rise. However, since it is convertible into common stock, the price of a convertible security is also influenced by the market value of the security’s underlying common stock. The price of a convertible security tends to increase as the market value of

the underlying stock rises, whereas it tends to decrease as the market value of the underlying stock declines. While no securities investment is without some risk, investments in convertible securities generally entail less risk than investments in the common stock of the same issuer.

Derivative Instruments

To the extent consistent with its investment objective and policies and the investment restrictions listed in this Statement of Additional Information, each Fund may invest in futures contracts, purchase and write call and put options on securities, securities indices and foreign currencies, and enter into forward contracts, swaps, and structured instruments, including, without limitation, participation notes, certificates, share purchase rights, and warrants. The Funds also may enter into swap agreements with respect to foreign currencies, interest rates, securities and securities indices. The Funds may (but are not obligated to) use derivatives to hedge against changes in interest rates, foreign currency exchange rates, or securities prices or as part of their overall investment strategies. The Funds may (but are not obligated to) also purchase and sell options relating to foreign currencies for the purpose of increasing exposure to a foreign currency or to shift exposure to foreign currency fluctuations from one country to another. To the extent required, a Fund will mark as segregated cash, U.S. government securities, equity securities or other liquid, unencumbered assets, marked-to-market daily (or, as permitted by applicable regulation, enter into certain offsetting positions), in an amount sufficient to cover its obligations under forward contracts, swap agreements, structured instruments, futures and options which are not fully hedged or otherwise covered. For each Fund, the purpose of such “covering,” or segregation, is to limit leverage risk.

Changes in regulation relating to a fund’s use of derivatives and related instruments could potentially limit or impact a Fund’s ability to invest in derivatives, limit a Fund’s ability to employ certain strategies that use derivatives and adversely affect the value or performance of derivatives and the Fund. For instance, in December 2015, the Commission proposed new regulations applicable to a fund’s use of derivatives and related instruments. If adopted as proposed, these regulations could significantly limit or impact a Fund’s ability to invest in derivatives and other instruments, limit a Fund’s ability to employ certain strategies that use derivatives and adversely affect a Fund’s performance, efficiency in implementing its strategy, liquidity and ability to pursue its investment objectives.

If a Fund invests in derivatives, the investments may not be effective as a hedge against price movements and can limit potential for growth in the value of an interest in the Fund. Derivatives are volatile and involve significant risks, including, but not limited to:

- *Counterparty Risk* – Counterparty risk is the risk that the counterparty on a derivative transaction will be unable to honor its financial obligation to the Fund.
- *Currency Risk* – Currency risk is the risk that changes in the exchange rate between two currencies will adversely affect the value (in U.S. dollar terms) of an investment.
- *Leverage Risk* – Leverage risk is the risk that relatively small market movements may result in large changes in the value of an investment. Investments that involve leverage can result in losses that greatly exceed the amount originally invested.
- *Liquidity Risk* – Liquidity risk is the risk that certain securities may be difficult or impossible to sell at the time that the seller would like or at the price that the seller believes the security is currently worth.
- *Basis Risk* – Basis risk is the risk that the value of a derivative instrument does not react in parallel with the value of the underlying security.

Futures and Options

Futures. In purchasing a futures contract, the buyer agrees to purchase a specified underlying instrument at a specified future date. In selling a futures contract, the seller agrees to sell a specified underlying instrument at a

specified future date. The price at which the purchase and sale will take place is fixed when the buyer and seller enter into the contract. Futures can be held until their delivery dates, or can be closed out before then if a liquid secondary market is available. Futures may be based on foreign securities or indices.

The value of a futures contract tends to increase and decrease in tandem with the value of its underlying instrument. Therefore, purchasing futures contracts will tend to increase a Fund's exposure to positive and negative price fluctuations in the underlying instrument, much as if it had purchased the underlying instrument directly. When a Fund sells a futures contract, by contrast, the value of its futures position will tend to move in a direction contrary to the market. Selling futures contracts, therefore, will tend to offset both positive and negative market price changes, much as if the underlying instrument had been sold.

The purchaser or seller of a futures contract is not required to deliver or pay for the underlying instrument unless the contract is held until the delivery date. However, both the purchaser and seller are required to deposit (or pledge) "initial margin" with a futures broker, known as a futures commission merchant (FCM), when the contract is entered into. Initial margin deposits are typically equal to a percentage of the contract's value. If the value of either party's position declines, that party will be required to make additional "variation margin" payments to settle the change in value on a daily basis. The party that has a gain may be entitled to receive all or a portion of this amount. Initial and variation margin payments do not constitute purchasing securities on margin for purposes of a Fund's investment limitations. In the event of the bankruptcy of an FCM that holds margin on behalf of a Fund, the Fund may be entitled to return of margin only in proportion to the amount received by the FCM's other customers, potentially resulting in losses to that Fund.

Although futures exchanges generally operate similarly in the U.S. and abroad, foreign futures exchanges may follow trading, settlement and margin procedures that are different from those for U.S. exchanges. Futures contracts traded outside the U.S. may involve greater risk of loss than U.S.-traded contracts, including potentially greater risk of losses due to insolvency of a futures broker, exchange member or other party that may owe initial or variation margin. Because initial and variation margin payments may be measured in foreign currency, a futures contract traded outside the U.S. may also involve the risk of foreign currency fluctuation.

Put and Call Options. By purchasing a put option, the purchaser obtains the right (but not the obligation) to sell the option's underlying instrument at a fixed strike price. In return for this right, the purchaser pays the current market price for the option (known as the option premium). Options have various types of underlying instruments, including specific securities, indices of securities prices, and futures contracts. The purchaser may terminate its position in a put option by allowing it to expire or by exercising the option. If the option is allowed to expire, the purchaser will lose the entire premium. If the option is exercised, the purchaser completes the sale of the underlying instrument at the strike price. A purchaser may also terminate a put option position by closing it out in the secondary market at its current price, if a liquid secondary market exists.

The buyer of a typical put option can expect to realize a gain if security prices fall substantially. However, if the underlying instrument's price does not fall enough to offset the cost of purchasing the option, a put buyer can expect to suffer a loss (limited to the amount of the premium, plus related transaction costs).

The features of call options are essentially the same as those of put options, except that the purchaser of a call option obtains the right to purchase, rather than sell, the underlying instrument at the option's strike price. A call buyer typically attempts to participate in potential price increases of the underlying instrument with risk limited to the cost of the option if security prices fall. At the same time, the buyer can expect to suffer a loss if security prices do not rise sufficiently to offset the cost of the option.

The writer of a put or call option takes the opposite side of the transaction from the option's purchaser. In return for receipt of the premium, the writer assumes the obligation to pay the strike price for the option's underlying instrument if the other party to the option chooses to exercise it. The writer may seek to terminate a position in a put option before exercise by closing out the option in the secondary market at its current price. If

the secondary market is not liquid for a put option, however, the writer must continue to be prepared to pay the strike price while the option is outstanding, regardless of price changes. A Fund may write a put or call option only if the option is “covered” by the Fund holding a position in the underlying securities or by other means which would permit immediate satisfaction of the Fund’s obligation as writer of the option. When writing an option on a futures contract, margin payments will be required to be made to an FCM as described above for futures contracts.

If security prices rise, a put writer would generally expect to profit, although its gain would be limited to the amount of the premium it received. If security prices remain the same over time, it is likely that the writer will also profit, because it should be able to close out the option at a lower price. If security prices fall, the put writer would expect to suffer a loss. This loss should be less than the loss from purchasing the underlying instrument directly, however, because the premium received for writing the option should mitigate the effects of the decline.

Writing a call option obligates the writer to sell or deliver the option’s underlying instrument, in return for the strike price, upon exercise of the option. The characteristics of writing call options are similar to those of writing put options, except that writing calls generally is a profitable strategy if prices remain the same or fall. Through receipt of the option premium, a call writer mitigates the effects of a price decline. At the same time, because a call writer must be prepared to deliver the underlying instrument in return for the strike price, even if its current value is greater, a call writer gives up some ability to participate in security price increases.

Options and Futures Relating to Foreign Currencies. Currency futures contracts are similar to forward foreign currency exchange contracts and currency swaps, as discussed below, except that they are traded on exchanges (and have margin requirements) and are standardized as to contract size and delivery date. Most currency futures contracts call for payment or delivery in U.S. dollars. The underlying instrument of a currency option may be a foreign currency, which generally is purchased or delivered in exchange for U.S. dollars, or may be a futures contract. The purchaser of a currency call obtains the right to purchase the underlying currency, and the purchaser of a currency put obtains the right to sell the underlying currency.

The uses and risks of currency options and futures are similar to those of options and futures relating to securities or indices, as discussed below. A Fund may purchase and sell currency futures and may purchase and write currency options to increase or decrease its exposure to different foreign currencies. Currency options may also be purchased or written in conjunction with each other or with currency futures, forward, or swap contracts. Currency futures and options values can be expected to correlate with exchange rates, but may not reflect other factors that affect the value of a Fund’s investments or exposures. Because the value of a Fund’s foreign-denominated investments changes in response to many factors other than exchange rates, it may not be possible to match the amount of currency options and futures to the value of a Fund’s investments or exposures exactly over time.

Over-the-counter-options. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of over-the-counter (OTC) options (options not traded on exchanges) generally are established through negotiation with the other party to the option contract. While this type of arrangement allows the purchaser or writer greater flexibility to tailor an option to its needs, OTC options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

Risks of Futures and Options. There are several risks associated with transactions in futures and options. Because there are a limited number of types of exchange-traded options and futures contracts, it is likely that the standardized contracts available will not match a Fund’s current or anticipated investments or exposures exactly. Each Fund may invest in options and futures contracts based on securities with different issuers, maturities, or other characteristics from the securities in which the Fund typically invests, which involves a risk that the options or futures position will not track the performance of the Fund’s other investments.

Options and futures prices can also diverge from the prices of their underlying instruments, even if the underlying instruments match the Fund's investments well. Options and futures prices are affected by such factors as current and anticipated short-term interest rates, changes in volatility of the underlying instrument, and the time remaining until expiration of the contract, which may not affect security prices the same way. Imperfect correlation may also result from differing levels of demand in the options and futures markets and the securities markets, from structural differences in how options and futures and securities are traded, or from imposition of daily price fluctuation limits or trading halts. A Fund may purchase or sell options and futures contracts with a greater or lesser value than the securities it wishes to hedge or intends to purchase in order to attempt to compensate for differences in volatility between the contract and the securities, although this may not be successful in all cases. If price changes in a Fund's options or futures positions are poorly correlated with its other investments, the positions may fail to produce anticipated gains or result in losses that are not offset by gains in other investments.

There is no assurance a liquid secondary market will exist for any particular options or futures contract at any particular time. Options may have relatively low trading volume and liquidity if their strike prices are not close to the underlying instrument's current price. In addition, exchanges may establish daily price fluctuation limits for options and futures contracts, and may halt trading if a contract's price moves upward or downward more than the limit in a given day. On volatile trading days when the price fluctuation limit is reached or a trading halt is imposed, it may be impossible to enter into new positions or close out existing positions. If the secondary market for a contract is not liquid because of price fluctuation limits or otherwise, it could prevent prompt liquidation of unfavorable positions, and potentially could require a Fund to continue to hold a position until delivery or expiration regardless of changes in its value. As a result, a Fund's access to other assets held to cover its options or futures positions could also be impaired.

Depository Receipts

The Funds may invest in American Depositary Receipts (ADRs), European Depositary Receipts (EDRs), Global Depositary Receipts (GDRs), Swedish Depositary Receipts (SDRs) or other securities, including other types of depository receipts, representing securities of issuers in foreign countries. These securities may not necessarily be denominated in the same currency as the securities into which they may be converted. ADRs are receipts, usually issued by a U.S. bank or trust company, evidencing ownership of the underlying securities. EDRs, GDRs and SDRs are European, global or Swedish receipts evidencing similar arrangements. Generally, ADRs are issued in registered form, denominated in U.S. dollars, and are designed for use in the U.S. securities markets; EDRs are issued in bearer form, denominated in other currencies, and are designed for use in European securities markets; GDRs are designed for use in multiple global markets; and SDRs are designed for investments in Swedish companies.

Exchange-Traded Funds

The Funds may invest in exchange-traded funds (ETFs). ETFs are traded like individual stocks on an exchange, but they represent baskets of securities that seek to track the performance of certain indices. The indices include not only broad-market indices but more specific indices as well, including those relating to particular sectors, countries and regions. A Fund may invest in ETFs for short-term cash management or as part of its overall investment strategy. If a Fund invests in ETFs, shareholders will bear their proportionate share of the Fund's expenses (including operating expenses and advisory fees), and also similar expenses of the ETFs, and the Fund's returns could therefore be lower than if it had invested directly in the underlying securities.

For purposes of evaluating whether at least 80% of the International Value NextShares' investments are in companies in foreign markets, investments in ETFs based on the MSCI EAFE Index (Gross) (the "EAFE Index") or other foreign markets indices are considered foreign markets investments. For purposes of determining whether more than 10% of total International Value NextShares' assets are invested in companies in emerging markets, investments in ETFs based on the MSCI Emerging Markets Index (Gross) (the "EM Index") or other emerging markets indices are considered emerging markets investments.

Global Value NextShares investments in ETFs based on the EAFE Index or other foreign markets indices are considered foreign markets investments. For purposes of determining whether more than 40% of total Global Value NextShares assets are invested in companies in emerging markets, investments in ETFs based on the EM Index or other emerging markets indices are considered emerging markets investments.

Investments in ETFs involve the risk that the market prices of ETF shares will fluctuate, sometimes rapidly and materially, in response to changes in the ETF's NAV, the value of ETF holdings and supply and demand for ETF shares. Although the creation/redemption feature of ETFs generally makes it more likely that ETF shares will trade close to NAV, market volatility, lack of an active trading market for ETF shares, disruptions at market participants and any disruptions in the ordinary functioning of the creation/redemption process may result in ETF shares trading significantly above (at a "premium" to) or below (at a "discount" to) NAV. Significant losses may result when transacting in ETF shares in these and other circumstances. Neither the Investment Adviser nor a Fund can predict whether ETF shares will trade above, below or at NAV. While an ETF's investment results are based on the ETF's daily NAV, investors transacting in ETF shares in the secondary market, where market prices may differ from NAV, may experience investment results that differ from results based on the ETF's daily NAV.

Forward Foreign Currency Exchange Contracts and Currency Swaps

The Funds may (but are not obligated to) use forward contracts and swaps to protect against uncertainty in the level of future exchange rates. The Funds will not speculate with forward contracts or swaps on foreign currency exchange rates.

The Funds may enter into foreign currency exchange (FX) contracts or swaps with respect to specific transactions. For example, when a Fund purchases or sells a security denominated in a foreign currency, or when a Fund anticipates the receipt in a foreign currency of dividend or interest payments on a security that it holds, the Fund may desire to "lock in" the U.S. dollar price of the security or the U.S. dollar equivalent of the payment by entering into an FX contract or swap for the purchase or sale, for a fixed amount of U.S. dollars or foreign currency, of the amount of foreign currency involved in the underlying transaction. A Fund will thereby be able to protect itself against a possible loss resulting from an adverse change in the relationship between the currency exchange rates during the period between the date on which the security is purchased or sold, or on which the payment is declared, and the date on which such payments are made or received.

A Fund also may use forward contracts or swaps in connection with portfolio positions to lock in the U.S. dollar value of those positions, to increase the Fund's exposure to foreign currencies that the Investment Adviser believes may rise in value relative to the U.S. dollar, or to shift the Fund's exposure to foreign currency fluctuations from one country to another or from or to the Eurozone region, in the case of the Euro. For example, when the Investment Adviser believes that the currency of a particular foreign country or the Eurozone region may suffer a substantial decline relative to the U.S. dollar or another currency, it may enter into a forward contract or swap to sell an amount of such foreign currency approximating the value of some or all of a Fund's portfolio securities denominated in such foreign currency. This investment practice generally is referred to as "cross-hedging" when another foreign currency is used.

The precise matching of the forward contract or swap amounts and the value of the securities involved will not generally be possible because the future value of such securities in foreign currencies will change as a consequence of market movements in the value of those securities between the date the forward contract or swap is entered into and the date it matures. Accordingly, it may be necessary for a Fund to purchase additional foreign currency on the spot (that is, cash) market (and bear the expense of such transaction) if the market value of the security is less than the amount of foreign currency a Fund is obligated to deliver and if a decision is made to sell the security and make delivery of the foreign currency. Conversely, it may be necessary to sell on the spot market some of the foreign currency received upon the sale of the portfolio security if its market value exceeds the amount of foreign currency a Fund is obligated to deliver. The projection of currency market movements is extremely difficult, and the successful execution of a hedging strategy is highly uncertain. Forward contracts and

swaps involve the risk that anticipated currency movements will not be accurately predicted, causing a Fund to sustain losses and transaction costs. Forward contracts and swaps also involve the risk that a currency may be discontinued and/or replaced by other currencies, which may make it difficult or impossible to settle forward contracts or swaps or otherwise adversely affect the market value of forward contracts or swaps.

Pursuant to Section 18 of the 1940 Act and Commission interpretations thereunder, for forwards, swaps, and futures that are not contractually required to “cash-settle,” a Fund must “cover” its open positions by segregating liquid assets equal to the contracts’ full notional value. For forwards, swaps, and futures that are contractually required to cash-settle, however, a Fund is permitted to set aside liquid assets in an amount equal to the Fund’s daily marked-to-market (net) obligation (*i.e.*, the Fund’s daily net liability, if any) rather than the notional value. By setting aside assets only equal to its net obligation under cash-settled forwards, swaps, or futures, a Fund will have the ability to employ leverage to a greater extent.

At or before the maturity date of a forward contract or swap that requires a Fund to sell a currency, the Fund may either sell a portfolio security and use the sale proceeds to make delivery of the currency or retain the security and offset its contractual obligation to deliver the currency by purchasing a second contract pursuant to which the Fund will obtain, on the same maturity date, the same amount of the currency that it is obligated to deliver. Similarly, a Fund may close out a forward contract or swap requiring it to purchase a specified currency by entering into a second contract entitling it to sell the same amount of the same currency on the maturity date of the first contract. A Fund would realize a gain or loss as a result of entering into such an offsetting forward contract or swap under either circumstance to the extent the exchange rate between the currencies involved moved between the execution dates of the first and second contracts.

The cost to a Fund of engaging in forward contracts and swaps varies with factors such as the currencies involved, the length of the contract period and the market conditions then prevailing. Because forward contracts and swaps are usually entered into on a principal basis, no fees or commissions are involved. The use of forward contracts and swaps does not eliminate fluctuations in the price of the underlying securities held by a Fund or that it intends to acquire, but it does fix a rate of exchange in advance. In addition, although forward contracts and swaps limit the risk of loss due to a decline in the value of the hedged currencies, at the same time they limit any potential gain that might result should the value of the currencies increase.

Although the Funds value their assets daily in terms of U.S. dollars, they do not intend to convert holdings of foreign currencies into U.S. dollars on a daily basis. A Fund may convert foreign currency from time to time, and investors should be aware of the costs of currency conversion. Foreign exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer may offer to sell a foreign currency to a Fund at one rate, while offering a lesser rate of exchange should the Fund desire to resell that currency to the dealer.

Pursuant to final interpretations issued by the Commodity Futures Trading Commission (CFTC) and the Commission, certain forward FX contracts that may be used by the Funds are considered to be swaps and are subject to CFTC regulation. The long-term impact of these requirements on a Fund and its counterparties is uncertain. However, they may cause counterparties to increase fees charged to a Fund, require the Fund to post initial margin and variation margin, or make them less willing to enter into these contracts with a Fund in the future. Further, these contracts may need to be centrally-cleared. Forward FX contracts or currency swaps that are centrally-cleared are subject to the creditworthiness of the clearing organizations involved in the transaction. If the forward FX contract or swap is not required to be centrally cleared, the contract exposes a Fund to the risk that a loss may be sustained as a result of the insolvency or bankruptcy of the counterparty or the failure of the counterparty to make required payments or otherwise comply with the terms of the agreement. If a default occurs by the clearing organization, where such contracts are centrally cleared, or a counterparty, where such contracts are not centrally cleared, a Fund may have contractual remedies pursuant to the agreements related to the transaction, but exercising these remedies could involve significant time and expense.

The Dodd-Frank Act Wall Street Reform and Consumer Protections Act (“Dodd-Frank”) and related regulatory developments require the clearing and exchange-trading of certain standardized OTC derivative instruments that the CFTC and the Commission recently defined as “swaps.” The CFTC has implemented mandatory exchange-trading and clearing requirements under Dodd-Frank and the CFTC continues to approve contracts for central clearing. Uncleared swaps are subject to margin requirements that will be implemented on a phased-in basis, which may result in the Fund and its counterparties posting higher margin amounts for uncleared swaps than would otherwise be the case. During the term of the swap agreement, a “variation margin” amount may also be required to be paid by the Fund or may be received by the Fund in accordance with margin controls set for such accounts, depending upon changes in the price of the underlying reference asset subject to the swap agreement. At the conclusion of the term of the swap agreement, if the Fund has a loss equal to or greater than the margin amount, the margin amount is paid to the FCM along with any loss that is greater than such margin amount. If the Fund has a loss of less than the margin amount, the excess margin is returned to the Fund. If the Fund has a gain, the full margin amount and the amount of the gain is paid to the Fund. The Investment Adviser will continue to monitor these developments, particularly to the extent regulatory changes affect a Fund’s ability to enter into swap agreements. The Funds may, from time to time, enter into forward FX contracts or currency swaps. Because these contracts are subject to CFTC regulation, the Investment Adviser with respect to each of these Funds has claimed an exclusion available to advisers of registered investment companies from registration as a “commodity pool operator” under the Commodities Exchange Act (“CEA”) and the regulations thereunder. To maintain the exclusion, the Funds must limit the use of forward FX contracts, currency swaps, and certain other commodity interests, so that (i) the aggregate initial margin and premiums required to establish *bona fide* hedging positions with respect to such contracts do not exceed 5% of the liquidation value of the Fund’s portfolio, or (ii) the aggregate “notional value” of the non-*bona fide* hedging commodity interests does not exceed 100% of the liquidation value of the Fund’s portfolio (taking into account unrealized profits and unrealized losses on any such positions). The Investment Adviser, in managing these Funds, intends to comply with one of the two alternative limits described above to claim the exclusion. If these limits are approached for a Fund, the Fund may not be able to take advantage of investment opportunities due to compliance with the exclusion.

Whether a Fund’s use of swap agreements will be successful in furthering its investment objective will depend on the Investment Adviser’s ability to predict correctly whether certain types of investments are likely to produce greater returns than other investments. Moreover, a Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap counterparty. Certain restrictions imposed on the Funds by the Internal Revenue Code of 1986, as amended (the “Code”) may limit the Funds’ ability to use swap agreements. The swaps market is subject to increasing regulations, in both U.S. and foreign markets. It is possible that developments in the swaps market, including additional government regulation, could adversely affect a Fund’s ability to terminate existing swap agreements or to realize amounts to be received under such agreements.

Swaps are highly specialized instruments that require investment techniques, risk analysis, and tax planning different from those associated with traditional investments. The use of a swap requires an understanding not only of the reference asset, reference rate, or index, but also of the swap itself, without the benefit of observing the performance of the swap under all possible market conditions. Because OTC swap agreements are bilateral contracts that may be subject to contractual restrictions on transferability and termination and because they may have terms of greater than seven days, swap agreements may be considered illiquid and subject to a Fund’s limit on investments in illiquid securities. To the extent that a swap is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price, which may result in losses.

Structured Instruments

The Funds may invest in structured instruments, including, without limitation, participation notes, certificates, share purchase rights, and warrants. Structured instruments may be derived from or based on a single security or securities, an index, a commodity, debt issuance or a foreign currency (a “reference”), and their

interest rate or principal may be determined by an unrelated indicator. Structured securities may be positively or negatively indexed, so that appreciation of the reference may produce an increase or a decrease in the value of the structured security at maturity, or in the interest rate of the structured security. Structured securities may entail a greater degree of risk than other types of securities because a Fund bears the risk of the reference in addition to the risk that the counterparty to the structured security will be unable or unwilling to fulfill its obligations under the structured security to the Fund when due. A Fund bears the risk of loss of the amount expected to be received in connection with a structured security in the event of the default or bankruptcy of the counterparty to the structured security. Structured securities may also be more volatile, less liquid, and more difficult to accurately price than less complex securities or more traditional debt securities.

Foreign Investment Risks

Foreign Market Risk. Foreign security investment involves special risks not present in U.S. investments that can increase the chances that a Fund will lose money. These risks are higher for emerging markets investments, which can be subject to greater social, economic, regulatory and political uncertainties, and may have significantly less liquidity, than developed markets. These risks are also higher for investments in smaller capitalization companies. In particular, the Funds are subject to the risk that because there are generally fewer investors on foreign exchanges and a smaller number of shares traded each day, it may be difficult for a Fund to buy and sell securities on those exchanges. In addition, prices of foreign securities may fluctuate more than prices of securities traded in the U.S.

Foreign Economy Risk. The economies of certain foreign markets often do not compare favorably with that of the U.S. with respect to such issues as growth of gross domestic product, reinvestment of capital, resources, and balance of payments positions. Certain foreign economies may rely heavily on particular industries or foreign capital and are more vulnerable to diplomatic developments, the imposition of economic sanctions against a particular country or countries, changes in international trading patterns, trade barriers, and other protectionist or retaliatory measures. Investments in companies in foreign markets may also be adversely affected by governmental actions such as the imposition of capital controls, nationalization of companies or industries, expropriation of assets, or the imposition of punitive taxes. In addition, the governments of certain countries may prohibit or impose substantial restrictions on foreign investing in their capital markets or in certain industries. Any of these actions could severely affect security prices, impair a Fund's ability to purchase or sell foreign securities, or transfer the Fund's assets back into the U.S., or otherwise adversely affect the Fund's operations. Other foreign market risks include foreign exchange controls, difficulties in pricing securities, defaults on foreign government securities, difficulties in enforcing favorable legal judgments in foreign courts, and political and social instability. Legal remedies available to investors in certain foreign countries may be less extensive than those available to investors in the U.S. or other foreign countries. Foreign corporate governance may not be as robust as in the U.S. As a result, protections for minority investors may not be strong, which could affect security prices.

Currency Risk and Exchange Risk. Securities in which the Funds invest may be denominated or quoted in currencies other than the U.S. dollar. Changes in foreign currency exchange rates will affect the value of these securities. Generally, when the U.S. dollar rises in value against a foreign currency, an investment in a security denominated in that currency loses value because the currency is worth fewer U.S. dollars. Similarly when the U.S. dollar decreases in value against a foreign currency, an investment in a security denominated in that currency gains value because the currency is worth more U.S. dollars. This risk is generally known as "currency risk" which is the possibility that a stronger U.S. dollar will reduce returns for U.S. investors investing overseas. Foreign currencies also involve the risk that they will be devalued or replaced, adversely affecting the Funds' investments. Further, companies in foreign countries may conduct business or issue debt denominated in currencies other than their domestic currencies, creating additional risk if there is any disruption, abrupt change in the currency markets, or illiquidity in the trading of such currencies.

Changes in the United Kingdom Political Environment. Following the results of the June 2016 United Kingdom Referendum to exit the European Union (EU), sometimes referred to as "Brexit," the financial markets,

including currency exchange rates, experienced increased volatility. In addition, the United Kingdom subsequently invoked Article 50 of the Lisbon Treaty, which triggered a two-year period of negotiations on the terms of Brexit. However, the full consequences of Brexit remain unclear, particularly with respect to the outcome of negotiations of a new relationship between the United Kingdom and the EU. Investors should be aware that the result of Brexit and any subsequent negotiations, notifications, withdrawal and changes to legislation may introduce potentially significant new uncertainty, volatility and instability in the financial markets, as well as potentially lower economic growth, in the United Kingdom, Europe and globally. In addition, other member states may contemplate departing the EU, which may cause political and economic instability in the region and cause additional market disruption in global financial markets. Brexit could affect a Fund's ability to enter into certain transactions or value certain investments, and may make it more difficult for a Fund to exit certain investments at an advantageous time or price. The uncertainties and instabilities surrounding Brexit could have an adverse impact on the business, financial condition, results of operations and prospects of the Funds' investments, and could therefore adversely affect investors in the Funds.

EMU. The European Economic and Monetary Union (EMU) among the countries that comprise the EU established a single common European currency (euro) that was introduced on January 1, 1999 and replaced the existing national currencies of all EMU participants. Since that time, securities issued in participating EU countries have been listed, traded, declared dividends and made other payments only in euros. In recent years, many of the EU economies have suffered through a prolonged recession, raising questions about the continued viability of the euro. There is a possibility that the EMU may be unwound. It is also possible that a significant participant could choose to abandon the EMU, which could diminish its credibility and influence. Any of these occurrences could have adverse effects on the markets of both participating and non-participating countries, including sharp appreciation or depreciation of participants' national currencies, a significant increase in exchange rate volatility, a resurgence in economic protectionism, an undermining of confidence in the European markets, an undermining of European economic stability, the slowdown or collapse of European economic unity, and/or reversion of the attempts to lower government debt and inflation rates in the EMU. Also, withdrawal from the EMU at any time by a participant could cause disruption of the financial markets as securities redenominated in euros are transferred back into that country's national currency, particularly if the withdrawing country is a major economic power. Such developments could have adverse impacts on the Funds' investments in Europe generally or in specific countries participating in the EMU.

Governmental Supervision and Regulation/Accounting Standards. Many foreign governments supervise and regulate stock exchanges, brokers and the sale of securities to a lesser extent than the U.S. government. Some countries may not have laws to protect investors the way that the U.S. securities laws do. Accounting standards in other countries are not necessarily the same as in the U.S. If the accounting standards in another country do not require as much disclosure or detail as U.S. accounting standards, it may be harder for a Fund's portfolio managers to completely and accurately determine a company's financial condition or find reliable and current data to process using the Investment Adviser's quantitative techniques.

Certain Risks of Holding Fund Assets Outside the U. S. Foreign securities in which the Funds invest are generally held outside the U.S. in foreign banks and securities depositories. The Funds' custodian is the Funds' "foreign custody manager" as provided in Rule 17f-5 under the 1940 Act. The "foreign custody manager" is responsible for determining that each Fund's directly-held foreign assets will be subject to reasonable care, based on standards applicable to custodians in relevant foreign markets. However, certain foreign banks and securities depositories may be recently organized or new to the foreign custody business. They may also have operations subject to limited or no regulatory oversight. Also, the laws of certain countries may put limits on a Fund's ability to recover its assets if a foreign bank or depository or issuer of a security or an agent of any of the foregoing goes bankrupt. In addition, it likely will be more expensive for a Fund to buy, sell and hold securities in certain foreign markets than it is in the U.S. market due to higher brokerage, transaction, custody and/or other costs. The increased expense of investing in foreign markets reduces the amount a Fund can earn on its investments.

Settlement and clearance procedures in certain foreign markets differ significantly from those in the U.S. Foreign settlement and clearance procedures and trade regulations also may involve certain risks (such as delays in payment for or delivery of securities) not typically involved with the settlement of U.S. investments. Communications between the U.S. and emerging market countries may be unreliable, increasing the risk of delayed settlements or losses of security certificates. Settlements in certain foreign countries at times have not kept pace with the number of securities transactions. The problems may make it difficult for the Funds to carry out transactions. If a Fund cannot settle or is delayed in settling a purchase of securities, the Fund may miss attractive investment opportunities and certain of its assets may be uninvested with no return earned thereon for some period. If a Fund cannot settle or is delayed in settling a sale of securities, it may lose money if the value of the security then declines or, if it has contracted to sell the security to another party, the Fund could be liable to that party for any losses incurred.

Dividends and interest on, and proceeds from the disposition of, foreign securities a Fund holds may be subject to foreign withholding or other taxes, and special federal tax considerations may apply. See Federal Tax Aspects.

Emerging Markets

The International Value NextShares may invest up to 10% of its total assets in companies in emerging (less developed) markets. The Global Value NextShares may invest up to 40% of its total assets in companies in emerging (less developed) markets.

The Investment Adviser determines a company's country by referring to: its stock exchange listing; where it is registered, organized or incorporated; where its headquarters are located; its MSCI country classification; where it derives at least 50% of its revenues or profits from goods produced or sold, investments made, or services performed; or where at least 50% of its assets are located. See Exchange-Traded Funds above for a discussion of how a Fund determines where ETFs are located.

A Fund's investments in emerging markets involve special risks not present in U.S. investments that can increase the chances that the Fund will lose money. For example, the value of the Fund's emerging markets securities may be affected by social, political and economic developments and U.S. and foreign laws relating to foreign investment, and may have significantly less liquidity than developed markets. The extent of economic development, political stability, market depth, infrastructure, capitalization and regulatory oversight in emerging markets can be less than in more developed foreign markets. Further, because a Fund will invest in securities denominated in foreign currencies, those securities may go down in value depending on foreign exchange rates. Other risks include trading, settlement, custodial, and other operational risks; withholding or other taxes; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make emerging markets securities less liquid, more volatile and harder to value than U.S. securities. These risks are also higher for investments in smaller capitalization companies.

The growth of many emerging markets' economies is to a significant degree export driven. Accordingly, emerging countries are often affected by changes in the economies of the U.S. and other main trading partners, by protectionist impulses in those countries and by the development of export sectors in lower-wage economies. In the event that growth in the export sector declines, the burden of future growth will increasingly be placed on domestic demand.

In addition to the risks discussed above, there are special risks associated with a Fund's investments in certain countries and regions, including, but not limited to, the following:

China. Beginning in 1978, the Chinese government initiated a program of economic and market reforms. The Chinese government exercises significant control over China's economy through allocating resources by controlling payment of foreign currency-denominated obligations, setting monetary policy and providing

preferential treatment to particular industries or companies. Government policies have recently contributed to economic growth and prosperity in China, but such policies could be altered or discontinued at any time. Moreover, the Chinese government sometimes takes actions intended to increase or decrease the values of Chinese stocks. China's securities markets have less regulation and are substantially smaller, less liquid and more volatile than the securities markets of more developed countries, and hence are more susceptible to manipulation, insider trading, and other market abuses. Financial information on companies listed on these markets is limited and may be inaccurate. Companies listed on these markets may trade at prices not consistent with traditional valuation measures. Management of these companies could have conflicting financial interests or little experience managing a business. As with all transition countries, China's ability to develop and sustain a credible legal, regulatory, monetary and socioeconomic system could influence the course of outside investment. The Chinese legal system, in particular, is developing and many laws and regulations are relatively new and published court decisions based on these laws are limited and non-binding. Thus, the rights of minority shareholders in Chinese issuers are not as well protected as they are in developed markets. There is also risk involved in currency fluctuations, currency convertibility, interest rate fluctuations and high inflation rates.

The emergence of a domestic consumer class is at an early stage, making China's economic health dependent on exports. China's growing trade surplus with the U.S. has increased the risk of trade disputes and currency revaluation, which could potentially have adverse effects on some export-dependent sectors. In addition, export growth continues to be a major driver of China's rapid economic growth. Reductions in spending on Chinese products and services, tariffs or other trade barriers or a downturn in any of the economies of China's key trading partners may have an adverse impact on the companies in which a Fund invests. Growing income inequality and larger scale environmental degradation is testing social cohesion in China. Social instability could threaten China's political system and economic growth, which could decrease the value of a Fund's investments.

Military conflicts, in response to internal social unrest or conflicts with other countries, could disrupt economic development. China has strained relations with Japan, Taiwan, India, Russia and other neighbors due to territorial disputes, historical animosities and other defense concerns. Development of the Chinese economy is also vulnerable to developments on the Korean peninsula; should political tension increase or military actions be precipitated, it could adversely affect the economy and destabilize the region as a whole. In addition, certain Asian economies have experienced over-extension of credit, currency devaluations and restrictions, high unemployment, high inflation, decreased exports and economic recessions. Economic events in any one country may have a significant economic effect on the entire region and any adverse events in the Asian markets may have a significant adverse effect on Chinese companies.

A Fund may invest in China A-Shares listed and traded on the Shanghai Stock Exchange or Shenzhen Stock Exchange through the Shanghai-Hong Kong or Shenzhen – Hong Kong Stock Connect links (Stock Connect). Trading through Stock Connect is subject to a number of risks and restrictions that may affect a Fund's investments and returns. The risks of investments in A-Shares through Stock Connect include, among others, trading, clearance and settlement risks, currency exchange risks, political and economic instability, inflation, confiscatory taxation, nationalization, expropriation, Chinese securities market volatility, less reliable financial information, differences in accounting, auditing, and financial standards and requirements from those applicable to U.S. issuers, and uncertainty of implementation of existing law in the People's Republic of China (PRC). Due to PRC regulatory requirements, a Fund may be limited in its ability to invest in securities or instruments tied to the PRC and/or may be required to liquidate its holdings, if any, in securities or instruments tied to the PRC. Such liquidations may result in losses for a Fund. Because Stock Connect trades are routed through Hong Kong brokers and the Hong Kong Stock Exchange, Stock Connect is affected by trading holidays in either Shanghai or Hong Kong, and there are trading days in Shanghai when Stock Connect investors will not be able to trade. As a result, prices of Stock Connect securities may fluctuate at times when a Fund is unable to add to or exit its position. Only certain China A-shares are eligible to be accessed through Stock Connect. Such securities may lose their eligibility at any time, in which case they could be sold but could no longer be purchased through Stock Connect.

Fund purchases of A-Shares through Stock Connect involve ownership rights that are less developed than those involved in U.S. securities markets. When a Fund buys listed stock through Stock Connect, the Fund is purchasing a right against the Hong Kong Securities Clearing Company Limited (HKSCC) to obtain the benefits of ownership of the stock and not the stock itself. The buying Fund does not have legal title to the listed stock and PRC law does not formally recognize the buyer's beneficial ownership. While Chinese regulators have made statements that acknowledge that the ultimate investors hold a beneficial interest in Stock Connect securities, the mechanisms that beneficial owners may use to enforce their rights are untested. In addition, courts in China have limited experience in applying the concept of beneficial ownership and PRC law and regulation surrounding beneficial ownership may either continue to evolve or change suddenly. Therefore, the risk of loss is greater due to the indirect nature of the ownership interest in A-Shares when trading through Stock Connect. A Fund may not be able to participate in corporate actions affecting Stock Connect securities due to time constraints or for other operational reasons. Similarly, a Fund will not be able to vote in shareholders' meetings except through HKSCC and will not be able to attend shareholders' meetings. Stock Connect trades are settled in Renminbi (RMB), the Chinese currency, and investors must have timely access to a reliable supply of RMB in Hong Kong, which cannot be guaranteed.

Stock Connect A-shares generally may not be sold, purchased or otherwise transferred other than through Stock Connect in accordance with applicable rules. Stock Connect trades are either subject to certain pre-trade requirements or must be placed in special segregated accounts that allow brokers to comply with these pre-trade requirements by confirming that the selling shareholder has sufficient Stock Connect securities to complete the sale. If a Fund does not use a special segregated account, the Fund will not be able to sell the shares on any trading day when it fails to comply with the pre-trade checks. In addition, these pre-trade requirements may, as a practical matter, limit the number of brokers that a Fund may use to execute trades. While the Fund may use special segregated accounts in lieu of the pre-trade check, many market participants have yet to fully implement information technology systems necessary to complete trades involving securities in such accounts in a timely manner. Market practice with respect to special segregated accounts is continuing to evolve.

Finally, the Stock Connect program is in its early stages. Trading through Stock Connect does not protect investors through Hong Kong's Investor Compensation Fund or the China Securities Investor Protection Fund. The trading, settlement and information technology systems required to operate Stock Connect are relatively new and continuing to evolve. In the event that the relevant systems do not function properly, trading through Stock Connect could be disrupted. Further developments are likely and there can be no assurance as to the program's continued existence or whether future developments regarding the program may restrict or adversely affect a Fund's investments or returns.

India. Foreign investment in the securities of issuers in India is usually restricted or controlled to some degree. "Foreign Institutional Investors" (FIIs) and their sub-funds may predominately invest in exchange-traded securities (and securities to be listed or approved on the over-the-counter exchange of India) subject to the conditions specified in the guidelines for Direct Foreign Investment by FIIs. Although the Investment Adviser is a registered FII, it must still seek renewal of this status every three years, which renewal cannot be guaranteed. FIIs are required to observe certain investment restrictions. In addition, the shareholdings of all registered FIIs, together with the shareholdings of non-resident Indian individuals and foreign corporate bodies substantially owned by non-resident Indians, may not exceed 40% of the issued share capital of most companies. It is possible that this restriction could be raised or potentially lifted for a company, subject to that company's approval. Only registered FIIs and non-Indian mutual funds that comply with certain statutory conditions may make direct portfolio investments in exchange-traded Indian securities. Under normal circumstances, income, gains and initial capital with respect to such investments are freely repatriable, subject to payment of applicable Indian taxes. There can be no assurance that these investment control regimes will not change in a way that makes it more difficult or impossible for a Fund to implement its investment objective or repatriate its income, gains and initial capital from India.

The Indian government exercises significant influence over many aspects of the economy. Government actions, bureaucratic obstacles and inconsistent economic reform could have a significant effect on the economy

and a Fund's investments in India. There can be no assurance that the Indian government in the future, whether for purposes of managing its balance of payments or for other reasons, will not impose restrictions on foreign capital remittances abroad or otherwise modify the exchange control regime applicable to foreign institutional investors in such a way that may adversely affect the ability of a Fund to repatriate its income and capital.

Founders and their families control many Indian companies. Corporate governance standards of family-controlled companies may be weaker and less transparent, which increases the potential for loss and unequal treatment of investors. The securities market in India is substantially smaller, less liquid and significantly more volatile than the securities market in the U.S. Exchanges have also experienced problems such as temporary exchange closures, broker defaults, settlement delays and broker strikes that, if they occur again in the future, could affect the market prices and liquidity of the Indian securities in which a Fund invests. In addition, the governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limits on price movements and margin requirements. The relatively small market capitalizations of, and trading values on, the principal stock exchanges may cause a Fund's investments in securities listed on these exchanges to be comparatively less liquid and subject to greater price volatility than comparable U.S. investments.

Religious, cultural and border disputes persist in India. The Indian government has confronted separatist movements in several Indian states. The longstanding dispute with Pakistan over the bordering Indian state of Jammu and Kashmir remains unresolved. If the Indian government is unable to control the violence and disruption associated with these tensions (including both domestic and external sources of terrorism), the results could destabilize the economy and, consequently, adversely affect a Fund's investments. Both India and Pakistan have tested nuclear weapons, and the threat of deploying such weapons could hinder development of the Indian economy, and escalating tensions could impact the broader region, including China.

Latin America. Latin America, including Brazil and Mexico, has long suffered from political, economic, and social instability. For investors, this has meant additional risk caused by periods of regional conflict, political corruption, totalitarianism, protectionist measures, nationalization, hyperinflation, debt crises, sudden and large currency devaluation, and intervention by the military in civilian and economic spheres. For example, the government of Brazil imposes a tax on foreign investment in Brazilian stocks and bonds, which may affect the value of a Fund's investments in Brazilian issuers. While some Latin American governments have experienced privatization of state-owned companies and relaxation of trade restrictions, future free-market economic reforms are uncertain, and political unrest could result in significant disruption in securities markets in the region. The economies of certain Latin American countries have experienced high interest rates, economic volatility, inflation and high unemployment rates. Adverse economic events in one country may have a significant adverse effect on other Latin American countries.

Commodities (such as oil, gas and minerals) represent a significant percentage of the region's exports and many economies in this region are particularly sensitive to fluctuations in commodity prices. Some markets are in areas that have historically been prone to natural disasters or are economically sensitive to environmental events, and a natural disaster could have a significant adverse impact on the economies in the geographic region.

Many Latin American countries have high levels of debt, which may stifle economic growth, contribute to prolonged periods of recession and adversely impact a Fund's investments. Most countries have been forced to restructure their loans or risk default on their debt obligations. Interest on debt is subject to market conditions and may reach levels that would impair economic activity and create a difficult and costly environment for borrowers. Governments may be forced to reschedule or freeze their debt repayment, which could negatively affect local markets.

Russia. Russia has experienced political and economic turbulence and has endured decades of communist rule under which its citizens were collectivized into state agricultural and industrial enterprises. Since the collapse of the Soviet Union, Russia's government has been faced with the task of stabilizing and modernizing its

economy. Investors in Russia have experienced significant losses due to expropriation, nationalization, confiscation of assets and property or the imposition of restrictions on foreign investments and repatriation of capital invested. There is no assurance that similar losses will not recur. Investments in Russian securities also include risks and special considerations such as: (a) delays in settling portfolio transactions and the risk of loss arising out of Russia's system of share registration and custody; (b) the risk of corruption, insider trading and crime in the Russian economic system; (c) difficulties associated with obtaining accurate market valuations of many Russian securities, based partly on the limited amount of publicly available information; and (d) the risk that the Russian tax system may provide for inconsistent, retroactive and/or exorbitant taxation or unpredictable enforcement. The current government regime has become increasingly authoritarian, especially in its dealings with successful Russian companies. In this environment, there is always a risk that the government will abandon elements of a market economy and replace them with radically different political and economic policies that would be detrimental to the interests of foreign investors.

As a result of events involving Ukraine and the Russian Federation, the United States and the European Union have imposed sanctions on certain Russian individuals and companies. Additional broader sanctions may be imposed in the future. These sanctions, or even the threat of further sanctions, may result in the decline of the value and liquidity of Russian securities, a weakening of the ruble or other adverse consequences to the Russian economy. Sanctions could also result in the immediate freeze of Russian securities, impairing the ability of a Fund to buy, sell, receive or deliver those securities. Sanctions could also result in Russia taking counter measures or retaliatory actions which may further impair the value and liquidity of Russian securities. These events could have a negative effect on the performance of a Fund.

The Russian economy is heavily dependent upon the export of a range of commodities including industrial metals, forestry products, oil, and gas. Accordingly, it is strongly affected by international commodity prices and is particularly vulnerable to any weakening in global demand for these products. The price of oil, in particular, has reflected weakening global demand, which has negatively affected Russia's economy and the value of its currency. Foreign investors also face a high degree of currency risk when investing in Russian securities and a lack of available currency hedging instruments. In addition, Eastern European markets remain relatively underdeveloped and can be particularly sensitive to political and economic developments; adverse events in Eastern European countries may greatly impact the Russian economy.

Because of the relatively recent formation of the Russian securities market as well as the underdeveloped state of the banking and telecommunications systems, settlement, clearing and registration of securities transactions are subject to significant risks. There is no central registration system for shareholders and these services are carried out by the companies themselves or by registrars located throughout Russia, and investors are provided with few legal rights against such registrars. The law and practice relating to registration of shareholdings are not well developed in Russia and registration delays and failures to register shares can occur, which could expose a Fund to potential loss. Russia's Federal Commission for Securities and Capital Markets (the Russian Commission) has defined the responsibilities for registrar activities, including what constitutes evidence of ownership and transfer procedures. However, difficulties in enforcing the Russian Commission's regulations mean that the potential for loss or error still remains and there is no guarantee that the registrars will act according to the applicable laws and regulations. Widely accepted industry practices are still in the process of being established. When registration occurs, the registrar produces an extract of the register of shareholders as at that particular point in time. Ownership of shares may be evidenced by the records of the registrar, but not by the possession of an extract of the register of shareholders. The extract is only evidence that registration has taken place. It is not negotiable and has no intrinsic value. In addition, a registrar will typically not accept an extract as evidence of ownership of shares and is not obligated to notify the Custodian, or its local agents in Russia, if or when it amends the register of shareholders. These registrars are not necessarily subject to effective state supervision nor are they licensed with any governmental entity, and it is possible for a Fund to lose share registration through fraud or negligence. Furthermore, significant delays or problems may occur in registering the transfer of securities, which could cause a Fund to incur losses

due to a counterparty's failure to pay for securities the Fund has delivered or the Fund's inability to complete its contractual obligations because of theft or other reasons.

Poor accounting standards, inept management, pervasive corruption, insider trading and crime, and inadequate regulatory protection all pose significant risks, particularly to foreign investors. In addition, there is a risk that the Russian tax system will not be reformed to prevent inconsistent, retroactive and/or punitive taxation, or, in the alternative, a risk that a reformed tax system may result in inconsistent and unpredictable enforcement of any new or revised tax laws. The Russian securities market is relatively new, and a substantial proportion of securities transactions in Russia are privately negotiated outside the stock exchanges. The inexperience of the Russian securities market and the limited volume of trading in securities in the market may make obtaining accurate prices on portfolio securities from independent sources more difficult than in more developed markets. Additionally, little information is available to investors. As a result, it may be difficult to assess the value of an investment in Russian companies.

South Africa. South Africa's two-tiered economy, with one rivaling developed countries and the other exhibiting many characteristics of developing countries, is characterized by uneven distribution of wealth and income and high rates of unemployment. This may cause civil and social unrest, which could adversely impact the South African economy. Ethnic and civil conflict could result in the abandonment of many of South Africa's free market reforms. Although economic reforms have been enacted to promote growth and foreign investments, there can be no assurance that these programs will achieve the desired results. South Africa's inadequate currency reserves have left its currency vulnerable, at times, to devaluation. South Africa has privatized or has begun the process of privatization of certain entities and industries. In some instances, investors in certain newly privatized entities have suffered losses due to the inability of the newly privatized entities to adjust quickly to a competitive environment or to changing regulatory and legal standards. There is no assurance that such losses will not recur. Despite significant reform and privatization, the South African government continues to control a large share of South African economic activity. Heavy regulation of labor and product markets is pervasive and may stifle South African economic growth or cause prolonged periods of recession. The agriculture and mining sectors of South Africa's economy account for a large portion of its exports, and thus the South African economy is susceptible to fluctuations in these commodity markets. Moreover, the South African economy is heavily dependent upon the economies of Europe, Asia (particularly Japan) and the United States. Reduction in spending by these economies on South African products and services or negative changes in any of these economies may cause an adverse impact on the South African economy. South Africa has historically experienced acts of terrorism and strained international relations related to border disputes, historical animosities, racial tensions and other defense concerns. These situations may cause uncertainty in the South African market and may adversely affect the South African economy.

As a result of these and other risks, a Fund's investments in South Africa may be subject to a greater risk of loss than investments in more developed markets. These investments may be more likely to experience inflation risk and political turmoil, and be subject to more rapid changes in economic conditions, than investments in more developed markets. Investing in South Africa involves risks of less uniformity in accounting and reporting requirements, less reliable securities valuation, and greater risk associated with custody of securities, than investing in developed countries.

South Korea. Investing in South Korean securities has special risks, including political, economic and social instability, and the potential for increasing militarization in North Korea. Military action or the risk of military action by North Korea, which might involve nuclear weapons, could have a materially adverse effect on South Korea and the Funds. The market capitalization and trading volume of issuers in the South Korean securities markets is heavily concentrated in a small number of issuers, which results in potentially fewer investment opportunities for the Funds. Certain Asian economies have experienced over-extension of credit, currency devaluations and restrictions, high unemployment, high inflation, decreased exports and economic recessions. Economic events in any one country may have a significant economic effect on the entire region and any adverse events in the Asian markets may have a significant adverse effect on South Korean companies. Also,

South Korea is dependent on foreign sources for its energy needs. A significant increase in energy prices could have an adverse impact on South Korea's economy.

There are also a number of risks associated with the South Korean government. The South Korean government exercises substantial influence over many aspects of the private sector. The South Korean government from time to time has informally influenced the prices of certain products, encouraged companies to invest or concentrate in particular industries, and induced mergers between companies in industries experiencing excess capacity. The South Korean government has sought to minimize excessive price volatility on the Korean Stock Exchange through various steps, including the imposition of limitations on daily price movements of securities, although there is no assurance that this would prevent the value of a Fund's investments from declining over time.

Taiwan. The political reunification of China and Taiwan, over which China continues to claim sovereignty, remains problematic and is unlikely to be settled in the near future. China has staged frequent military provocations off the coast of Taiwan and made threats of full-scale military action. This continuing hostility between China and Taiwan may have an adverse impact on the values of a Fund's investments in China or Taiwan, or make such investments impracticable or impossible. Any escalation of hostility between China and Taiwan would likely have a significant adverse impact on the value of a Fund's investments in both countries and the region. In addition, certain Asian economies have experienced over-extension of credit, currency devaluations and restrictions, high unemployment, high inflation, decreased exports and economic recessions. Economic events in any one country may have a significant economic effect on the entire Asian region and any adverse events in the Asian markets may have a significant adverse effect on Taiwanese companies.

Taiwan's growth has been export-driven to a significant degree. As a result, Taiwan is affected by changes in the economies of its main trading partners. If growth in the export sector declines, future growth will be increasingly reliant on domestic demand. Taiwan has limited natural resources, resulting in dependence on foreign sources for certain raw materials and vulnerability to global fluctuations of price and supply. This dependence is especially pronounced in the energy sector. Any fluctuations or shortages in the commodity markets could have a negative impact on Taiwan's economy. A significant increase in energy prices could have an adverse impact on Taiwan's economy.

Swap Agreements

A Fund may enter into interest rate, index, currency, currency exchange rate and security swap agreements. Swap agreements are two party contracts entered into primarily by institutional investors for periods ranging from a few days or weeks to more than one year. In a standard swap transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments. The gross returns to be exchanged or "swapped" between the parties are calculated with respect to a stipulated notional amount, *i.e.*, the dollar amount invested at a particular interest rate, in a particular foreign currency or security, or in a "basket" of securities representing a particular index. The notional amount of a swap agreement is only a hypothetical basis on which to calculate the obligations that the parties to the swap agreement have agreed to exchange.

Swap agreements typically calculate and settle the obligations of the parties on a "net basis" with a single payment. Consequently, a Fund's obligations (or rights) under a swap agreement will generally be equal only to the net amount to be paid or received under the agreement based on the relative values of the positions held by each party to the agreement (the "net amount"). A Fund's obligations under a swap agreement will be accrued daily (offset against any amounts owing to the Fund) and any accrued but unpaid net amounts owed to a swap counterparty will be "covered" by marking as segregated unencumbered cash, U.S. government securities, equity securities or other liquid, unencumbered assets, marked-to-market daily, to limit any potential leveraging of a Fund's portfolio. Any obligations "covered" in such a manner will not be construed to be "senior securities" for purposes of a Fund's fundamental investment restriction concerning senior securities, or borrowing for purposes

of a Fund's fundamental investment restriction concerning borrowing. This segregation or "covering" is designed to ensure that a Fund has assets available to satisfy its obligations under a swap agreement, but will not, however, limit a Fund's exposure to loss under a swap agreement. A Fund will not enter into a swap agreement with any single party if the net amount owed or to be received under existing contracts with that party would exceed 5% of the Fund's total assets.

Whether a Fund's use of swap agreements will be successful in furthering its investment objective will depend on the Investment Adviser's ability to correctly predict whether certain types of investments are likely to produce greater returns than other investments. Like most other investments, swap agreements are subject to the risk that the market value of the instrument will change in a way that is detrimental to a Fund's interest. A Fund bears the risk that the Investment Adviser will not accurately forecast future market trends or the values of assets or other economic factors in establishing swap positions for such Fund.

Using any swap agreement will expose a Fund to the risk that the swap agreement will have or will develop imperfect or no correlation with the value of the assets the swap agreement is designed to track, causing losses to such Fund. A number of factors may prevent a Fund from achieving desired correlation. These may include, but are not limited to: (i) the impact of Fund fees, expenses and transaction costs, including financing and brokerage costs/bid-ask spreads, (ii) to the extent the counterparty hedges its obligations to a Fund by entering into short sales (and thereby borrows shares from a beneficial owner), and a beneficial owner of a security sold short recalls the security from the counterparty for voting or other reasons and replacement securities cannot be obtained, such Fund may be forced to settle the exposure at a time which may not be advantageous, (iii) disruptions or illiquidity in the markets for derivative instruments or securities in which a Fund invests or to which it has exposures, (iv) large or unexpected movements of assets into and out of a Fund (due to share purchases or redemptions, for example), (v) the impact of accounting standards or changes thereto, and (vi) a possible need to conform a Fund's portfolio holdings to comply with investment restrictions or policies or regulatory or tax or securities law requirements.

Swap agreements do not involve the delivery of securities or other underlying assets, but are contracts with another party. While many swap agreements will be required to be centrally cleared, a Fund's swap agreements may not be eligible for or subject to central clearing. Accordingly, if a swap agreement is entered into on a net basis and the counterparty defaults or is unwilling to perform its obligations, a Fund risks losing the net amount of payments that such Fund is contractually entitled to receive, if any. If such a default occurs, a Fund will have contractual remedies pursuant to the swap agreements, but such remedies may be subject to bankruptcy and insolvency laws that could affect such Fund's rights as a creditor. Further, the swap counterparty's obligations to a Fund likely will not be collateralized. A Fund will not enter into a swap agreement unless the Investment Adviser believes the counterparty to the transaction is creditworthy.

The counterparty to a swap agreement may be unwilling to continue to enter into swap agreements, or may increase its fees or collateral requirements, which could impair a Fund's ability to achieve its investment objective. The counterparty may have rights to terminate the swap that are beyond the control of a Fund, and could impact such Fund's ability to continue to enter into swap agreements, which could also impair such Fund's ability to achieve its investment objective. In addition, the counterparty to a swap agreement may be subject to restrictions, or may impose restrictions on a Fund, that limit such Fund's ability to obtain exposure to particular equity securities to which it may otherwise desire to obtain exposures. In these cases, if a Fund is not able to invest directly in the security, it would have to forego the investment opportunity.

Because swap agreements are two-party contracts and because they may be subject to contractual restrictions on transferability and termination and have terms of greater than seven days, swap agreements may be considered to be illiquid and subject to a Fund's limitations on investments in illiquid securities. Only the net amount due a Fund under its swap agreements is used to determine if more than 15% of the Fund's net assets are invested in illiquid securities. The Investment Adviser, under the oversight of the Board, is responsible for determining and monitoring the liquidity of a Fund's swap agreements. To the extent a swap agreement is not

liquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price, which may result in losses.

Restrictions imposed by the Code, may limit a Fund's ability to use swap agreements. In addition, the swaps market has been the subject of scrutiny since the 2008-2009 financial downturn. It is possible that developments in the swaps market, including further government regulation or increased margin or collateral requirements dictated by new regulations or the marketplace, may limit or prevent a Fund from using swap agreements as a part of its investment strategy, increase expenses charged to the Fund or adversely affect a Fund's ability to terminate existing swap agreements or to realize amounts to be received under such agreements. Limits or restrictions applicable to the counterparties with which a Fund enters into swap agreements could also impact such Fund's use of swap agreements. Further, the Commission has proposed changes in the rules governing the use of derivatives, including swap agreements and leverage by open-end funds, which if adopted could significantly reduce the amount of leverage that can be used by a Fund.

Swaps are instruments that require investment techniques, risk analyses, and tax planning different from those associated with traditional investments. Swap agreements are subject to risks of mispricing or improper valuation, imperfect correlation between movements in the notional amount and the price of the underlying investments, the inability of counterparties to perform, and the ability of counterparties to terminate swap agreements generally at any time. The use of a swap agreement requires an understanding not only of the underlying securities or positions, but also of the swap itself, without the benefit of observing the performance of the swap under all possible market conditions.

Illiquid Securities

Consistent with relevant Commission rules and guidance, in general, none of the Funds may hold more than 15% of its net assets in illiquid securities. Illiquid securities generally include repurchase agreements which have a maturity of longer than seven days, and securities that are illiquid by virtue of the absence of a readily available market (either within or outside of the U.S.) or because they have legal or contractual restrictions on resale. Historically, illiquid securities have included securities subject to contractual or legal restrictions on resale because they have not been registered under the Securities Act, securities which are otherwise not readily marketable and repurchase agreements that have a maturity of longer than seven days. Securities which have not been registered under the Securities Act are referred to as private placements or restricted securities and are purchased directly from the issuer or in the secondary market. Limitations on resale may have an adverse effect on the marketability of portfolio securities and a Fund might be unable to dispose of restricted or other illiquid securities promptly or at reasonable prices and might thereby experience difficulty satisfying redemption within seven days. The absence of a trading market can make it difficult to ascertain a market value for illiquid investments. Also market quotations for such securities are less readily available. The judgment of the Investment Adviser may at times play a greater role in valuing these securities than in the case of unrestricted securities. A Fund might also have to register such restricted securities in order to dispose of them resulting in additional expense and delay. Adverse market conditions could impede such a public offering of securities.

However, a large institutional market has developed for certain securities that are not registered under the Securities Act including repurchase agreements, commercial paper, foreign securities, municipal securities, convertible securities and corporate bonds and notes. Institutional investors depend on an efficient institutional market in which the unregistered security can be readily resold or on an issuer's ability to honor a demand for repayment. The fact that there are contractual or legal restrictions on resale to the general public or to certain institutions may not be indicative of the liquidity of such investments.

Rule 144A under the Securities Act allows for a broader institutional trading market for securities otherwise subject to restriction on resale to the general public. Rule 144A established a "safe harbor" from the registration requirements of the Securities Act for resales of certain securities to qualified institutional buyers in the U.S.

Restricted securities eligible for resale pursuant to Rule 144A under the Securities Act and commercial paper for which there is a readily available market will be deemed to be liquid. The Investment Adviser will monitor the liquidity of such restricted securities subject to the supervision of the Trustees. In reaching liquidity decisions, the Investment Adviser will consider, among others, the following factors: (1) the frequency of trades and quotes for the security; (2) the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; (3) dealer undertakings to make a market in the security; and (4) the nature of the security and the nature of the marketplace trades (for example, the time needed to dispose of the security, the method of soliciting offers and the mechanics of the transfer). In addition, in order for commercial paper that is issued in reliance on Section 4(2) of the Securities Act to be considered liquid, (1) it must be rated in one of the two highest rating categories by at least two nationally recognized statistical rating organizations (“NRSROs”), or if only one NRSRO rates the securities, by that NRSRO, or, if unrated, be of comparable quality in the view of the Investment Adviser; and (2) it must not be “traded flat” (that is, without accrued interest) or in default as to principal or interest. However, investing in Rule 144A securities could have the effect of increasing the level of a Fund’s illiquidity to the extent that, after purchase, other qualified institutional buyers become, for a time, uninterested in purchasing these securities and as a result there is no longer a readily available market for the securities. In addition, Rule 144A securities are generally deemed liquid if they are tradable in an offshore securities market. Repurchase agreements subject to payment on demand are deemed to have a maturity equal to the notice period.

Borrowing

A Fund may borrow money for temporary or emergency purposes in an amount not exceeding 33 1/3% of the Fund’s total assets. This borrowing may be unsecured. The 1940 Act requires a Fund to maintain continuous asset coverage (that is, total assets including borrowings, less liabilities exclusive of borrowings) of 300% of the amount borrowed. Borrowing subjects a Fund to interest costs which may or may not be recovered by appreciation of the securities purchased. Borrowing can exaggerate the effect on NAV of any increase or decrease in the market value of the Fund’s portfolio. This is the speculative factor known as leverage.

In December 2015, the Commission proposed new regulations applicable to a fund’s use of instruments that involve borrowing, including short sale borrowings, and any firm or standby commitment agreements or similar agreements. If adopted as proposed, these regulations could significantly limit or impact the Funds’ ability to invest in such instruments, limit the Funds’ ability to employ certain strategies that use such instruments and adversely affect the Funds’ performance, efficiency in implementing their strategy, liquidity and ability to pursue their investment objectives. Also, changes in regulatory requirements concerning margin for certain types of financing transactions, such as securities lending and borrowing, could impact a Fund’s ability to use these investment strategies and techniques.

When-Issued and Delayed-Delivery Securities

The Funds may purchase securities on a when-issued or delayed-delivery basis, generally in connection with an underwriting or other offering. When-issued and delayed-delivery transactions occur when securities are bought with payment for and delivery of the securities scheduled to take place at a future time, beyond normal settlement dates. The price that a Fund is obligated to pay, directly or indirectly, on the settlement day may be different from the market value on that date. While securities may be sold prior to the settlement date, a Fund intends to purchase such securities with the purpose of actually acquiring such securities, unless a sale would be desirable for investment reasons. At the time a Fund makes a commitment to purchase a security on a when-issued basis, it will record the transaction and reflect the value of the security each day in determining the Fund’s NAV. The Fund will also mark as segregated with its custodian cash, U.S. government securities, equity securities or other liquid, unencumbered assets, marked-to-market daily, equal in value to its direct obligations for when-issued securities.

When-issued securities and delayed-delivery securities involve the risk that the security a Fund buys on that basis will lose value prior to its delivery to the Fund. There also is the risk that the security will not be issued or

that the other party will not meet its obligation, in which case the Fund may lose the investment opportunity of the assets it has set aside, or other exposures it has foregone, to pay for the security and any gain in the security's price.

Securities Lending

The Funds may lend securities to parties such as broker-dealers or other institutions. Securities lending allows a Fund to retain ownership of the securities loaned and, at the same time, earn additional income. The borrower provides the Fund with collateral in an amount at least equal to the value of the securities loaned. The Fund may not be able to obtain the right to vote or consent on proxy proposals involving securities that are loaned. If the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, the Fund could experience delays and costs in recovering the securities loaned or in gaining access to the collateral. These delays and costs could be greater for foreign securities. If a Fund is not able to recover the securities loaned, the Fund may sell the collateral and purchase a replacement investment in the market. The value of the collateral could decrease below the value of the replacement investment by the time the replacement investment is purchased. Loans will be made only to parties deemed by the Investment Adviser to be in good standing and when, in the Investment Adviser's judgment, the income earned would justify the risks.

Cash received as collateral through loan transactions may be invested in, or exposed to, other eligible securities. This subjects such investment or exposure, as well as the securities loaned, to market appreciation or depreciation.

Real Estate Investment Trusts

The Funds may invest in securities of U.S. real estate investment trusts (REITs) and foreign issuers with structures similar to REITs. Unlike regular corporations, REITs do not have to pay federal income tax if they meet certain requirements of the Code. REITs offer investors greater liquidity and diversification than direct ownership of real estate, as well as greater income potential than an investment in common stocks. Like any investment in real estate, though, a REIT's performance depends on several factors, such as ability to find tenants for its properties, to renew leases and to finance property purchases and renovations.

Income Trusts, Royalty Trusts and Similar Trusts

The Funds may invest in foreign trusts that earn income from underlying assets, such as oil and gas wells, or from performing services. These are sometimes called income trusts or royalty trusts. Securities of these trusts have risks that are similar to equity security risks and additional risks. When a claim is made against a trust that cannot be paid using its assets, trust investors, including an investing Fund, may be held liable for any outstanding trust obligations.

Shares of Other Investment Companies

The Funds can invest in securities of other investment companies except to the extent prohibited by law or a Fund's investment restrictions. A Fund's investments in other investment companies may include ETFs if appropriate investment opportunities arise. ETFs are registered funds that trade on a stock exchange and generally seek to track the performance of a specified securities index. See Exchange-Traded Funds above. Like all equity investments, ETFs may go up or down in value. They also may not perform in correlation with a Fund's principal strategies. A Fund will pay additional fees through its investments in other investment companies.

Limited Partnerships

The Funds can invest in interests in limited partnerships or similar entities (sometimes referred to as "master limited partnerships" or "publicly traded partnerships"). Limited partnership interests may be less liquid than

other forms of equity securities and may not be as widely traded, which may make it difficult for a Fund to sell such interests at the time or price desired.

Corporate Loans

The Funds can invest in corporate loans. Commercial banks and other financial institutions make corporate loans to companies that need capital to grow or restructure. Borrowers generally pay interest on corporate loans at rates that change in response to changes in market interest rates such as the London Interbank Offered Rate (“LIBOR”) or the prime rates of U.S. banks. As a result, the values of corporate loans are generally less responsive than the values of bonds and notes to shifts in market interest rates. Because the trading market for corporate loans is less developed than the secondary market for bonds and notes, a Fund may experience difficulties from time to time in selling corporate loans. Borrowers frequently provide collateral to secure repayment of these obligations. Leading financial institutions often act as agents for broader groups of lenders, generally referred to as “syndicates.” A syndicate’s agent arranges the corporate loans, holds collateral and accepts payments of principal and interest. If an agent develops financial problems, a Fund may not recover its investment, or there might be a delay in a Fund’s recovery. By directly investing in a corporate loan, the Fund becomes a member of the syndicate, although it may not be able to control the syndicate’s actions.

Portfolio Turnover

Because the Funds have not commenced operations as of the date of this Statement of Additional Information, they do not have a portfolio turnover rate to present. Notwithstanding that the Funds intend to redeem a portion of their portfolio securities in kind, as described below, higher portfolio turnover may result in a Fund’s incurring higher transaction costs and realizing net gains that must be distributed to its shareholders, resulting in higher taxes for them as compared to a fund that has lower portfolio turnover and/or redeems its portfolio securities wholly in kind.

Government Intervention in Financial Markets

Instability in the financial markets during and after the 2008-2009 financial downturn has led governments across the world to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that have experienced extreme volatility, and in some cases a lack of liquidity. Federal and local governments, their regulatory agencies, or self-regulatory organizations may take actions that affect the regulation of the instruments in which a Fund invests, or the issuers of such instruments, in ways that are unforeseeable. Legislation or regulation may also change the way in which a Fund itself is regulated. Such legislation or regulation could limit or preclude a Fund’s ability to achieve its investment objective.

Governments or their agencies may also acquire distressed assets from financial institutions and acquire ownership interests in those institutions. The implications of government ownership and disposition of these assets are unclear, and such a program may have positive or negative effects on the liquidity, valuation and performance of a Fund’s investments. Furthermore, volatile financial markets can expose a Fund to greater market and liquidity risk and potential difficulty in valuing portfolio instruments held by the Fund.

The value of a Fund’s holdings is also generally subject to the risk of future local, national, or global economic disturbances based on unknown weaknesses in the markets in which the Fund invests. In the event of such a disturbance, issuers of securities in which a Fund invests may experience significant declines in the value of their assets and even cease operations, or may receive government assistance accompanied by increased restrictions on their business operations or other government intervention. In addition, it is not certain that a government will intervene in response to a future market disturbance and the effect of any such future intervention cannot be predicted. It is difficult for issuers to prepare for the impact of future financial downturns.

Regulatory Risk

Financial entities, such as investment companies and investment advisers, are generally subject to extensive government regulation and intervention. Government regulation and/or intervention may change the way a Fund is regulated, affect the expenses incurred directly by a Fund and the value of its investments, and limit and/or preclude a Fund's ability to achieve its investment objective. Government regulation may change frequently and may have significant adverse consequences. Moreover, government regulation may have unpredictable and unintended effects. Changes to current federal securities laws or the regulations thereunder could materially impact the value of assets a Fund holds, expose a Fund to additional costs, require changes to investment practices, and adversely affect a Fund's ability to pay dividends. While there continues to be uncertainty about the full impact of these and other regulatory changes, the Funds will be subject to a more complex regulatory framework, and may incur additional costs to comply with new requirements as well as to monitor for compliance in the future.

Fund Operational Risk

An investment in a Fund, like any fund, can involve operational risks arising from factors such as processing errors, human errors, inadequate or failed internal or external processes, failures in systems and technology, changes in personnel and errors caused by third-party service providers. The occurrence of any of these failures, errors or breaches could result in a loss of information, regulatory scrutiny, reputational damage or other events, any of which could have a material adverse effect on a Fund. While each Fund seeks to minimize such events through controls and oversight, there may still be failures that could cause losses to a Fund.

Liquidation of Funds

The Board may determine to close and/or liquidate a Fund at any time, which could have adverse tax consequences on taxable shareholders. In the event of the liquidation of a Fund, shareholders would receive a liquidating distribution in cash or in-kind equal to their proportionate interest in the Fund. A liquidating distribution would generally be a taxable event to shareholders, resulting in a gain or loss for tax purposes, depending upon a shareholder's basis in his or her shares of the Fund. A shareholder of a liquidating Fund will not be entitled to any refund or reimbursement of expenses borne, directly or indirectly, by the shareholder (such as Fund operating expenses), and a shareholder could receive an amount in liquidation less than the shareholder's original investment.

Any Fund expecting to close or liquidate will seek to retain its qualification as a regulated investment company under the Code during the liquidation period and, therefore, not to be taxed on any of its net capital gains realized from the sale of its assets or ordinary income earned that it timely distributes to shareholders. In the unlikely event that a Fund should lose its status as a regulated investment company during the liquidation process, the Fund would be subject to taxes which would reduce any or all of the types of liquidating distributions.

Cyber Security Risk

Investment companies, such as the Funds, and their service providers are exposed to operational and information security risks resulting from cyber-attacks, which may result in financial losses to a Fund and its shareholders. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, "ransomware" that renders systems inoperable until ransom is paid, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cyber-attacks affecting the Funds or the Investment Adviser, Custodian, Transfer Agent, Distributor, Administrator, Authorized Participants, intermediaries, trading counterparties, and other third-party service providers may adversely impact the Funds. For instance, cyber-attacks may interfere with the processing of shareholder transactions, impact the Funds' ability to calculate their NAVs, cause the release of confidential

company information, impede trading, subject the Funds to regulatory fines or financial losses, create potential legal liability for the Funds, including if they fail to adhere to state and other applicable laws governing shareholder notification of privacy breaches, and cause reputational damage. The Funds may also incur additional costs for cybersecurity risk management purposes. There can be no assurance that a cyber-attack will be prevented or detected and addressed in a timely manner. Similar types of cybersecurity risks are also present for companies in which the Funds invest, which could result in material adverse consequences for such companies, and may cause the Funds' investments in such companies to lose value or to prevent a redemption or creation from clearing in a timely manner.

Like with operational risk in general, the Trust has established business continuity plans and risk management systems designed to reduce cybersecurity risks. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. There is no guarantee that such efforts will succeed, especially because the Trust does not directly control the cybersecurity systems of companies in which the Funds may invest, trading counterparties or third party service providers to the Funds. There is also a risk that cybersecurity breaches may not be detected. The Funds and their shareholders could be negatively impacted as a result.

Initial Public Offerings

The Funds may purchase securities in initial public offerings. These offerings may produce gains that positively affect Fund performance during any given period, but such securities may not be available during other periods, or, even if they are available, may not be available in sufficient quantity to have a meaningful impact on Fund performance. They may also, of course, produce losses.

Authorized Participant Concentration Risk

Only an authorized participant may engage in creation or redemption transactions directly with the Funds. The Funds have a limited number of intermediaries that act as authorized participants, and none of these authorized participants are or will be obligated to engage in creation or redemption transactions. To the extent that these intermediaries exit the business or are unable to or choose not to proceed with creation and/or redemption orders with respect to the Funds and no other authorized participant is able to step forward to create or redeem, shares may trade at a discount to NAV and possibly face trading halts and/or delisting.

Cash Transactions Risk

In certain instances, a Fund may effect creations and redemptions partly or wholly for cash, rather than in kind. As a result, an investment in a Fund may be less tax-efficient than an investment in an ETF, which generally are able to make in-kind redemptions and avoid being taxed on gain on the distributed portfolio securities at the ETF level. Because a Fund may effect redemptions partly or wholly for cash, rather than in-kind distributions, it may be required to sell portfolio securities in order to obtain the cash needed to distribute redemption proceeds. If a Fund recognizes gain on these sales, this generally will cause the Fund to recognize gain it might not otherwise have recognized, or to recognize such gain sooner than would otherwise be required if it were to distribute portfolio securities in kind. A Fund generally distributes these gains to shareholders to avoid being taxed on this gain at the Fund level and otherwise comply with the special tax rules that apply to it. This strategy may cause shareholders to be subject to tax on gains they would not otherwise be subject to, or at an earlier date than, if they had made an investment in a conventional ETF or a different ETMF. Moreover, cash transactions may have to be carried out over several days if the market for any of the Fund's portfolio holdings is relatively illiquid and may involve considerable brokerage fees and taxes. These brokerage fees and taxes, which will be higher than if a Fund sold and redeemed its shares principally in-kind, may be passed on to purchasers and redeemers of Creation Units in the form of creation and redemption transaction fees. In addition, these factors may result in wider spreads between the bid and the offered prices of the Fund's shares than for conventional ETFs.

Contingent Pricing Risk

Trading prices of Fund shares are directly linked to the Fund's next-computed NAV, which is normally determined as of 4:00 p.m. Eastern Time each Business Day (defined as days on which the New York Stock Exchange (NYSE) is open for business). Buyers and sellers of shares will not know the value of their purchases and sales until the Fund's NAV is determined at 4:00 p.m. Eastern Time. Like mutual funds, the Fund does not offer opportunities to transact intraday at currently determined (as opposed to end-of-day) prices. Trade prices are contingent upon the determination of NAV and may vary significantly from anticipated levels (including estimates based on disseminated intraday indicative values) during periods of market volatility. Although limit orders can be used to restrict differences between trade prices and NAV, they cannot be used to control or limit trade execution prices.

Market Trading Risk

Individual Fund shares may be purchased and sold only on a national securities exchange or alternative trading system through a Broker, and may not be directly purchased or redeemed from the Fund. There can be no guarantee that an active trading market for shares will develop or be maintained, or that their listing will continue unchanged. Buying and selling shares may require you to pay brokerage commissions in addition to the premium/discount to NAV and expose you to other trading costs. Due to brokerage commissions and other transaction costs that may apply, frequent trading may detract from realized investment returns. Trading prices of shares may be above, at or below the Fund's NAV, will fluctuate in relation to NAV based on supply and demand in the market for shares and other factors, and may vary significantly from NAV during periods of market volatility. The return on your investment will be reduced when you sell shares at a discount or buy shares at a premium to NAV.

No Guarantee of Active Trading Market Risk

While shares are listed on the Listing Exchange, there can be no assurance that active trading markets for shares will be maintained by market makers or authorized participants. Decisions by market makers or authorized participants to reduce their role or "step away" from these activities in times of market stress may result in a Fund's shares trading at a discount to its NAV and also in greater than normal intraday bid/ask spreads for the Fund's shares.

Secondary Trading Market Issues

Trading in shares on the Listing Exchange may be halted due to market conditions or for reasons that, in the view of the Listing Exchange, make trading in shares inadvisable. In addition, trading in shares on the Listing Exchange is subject to trading halts caused by extraordinary market volatility pursuant to the Listing Exchange "circuit breaker" rules. If a trading halt or unanticipated early closing of the Listing Exchange occurs, a shareholder may be unable to purchase or sell shares of a Fund. There can be no assurance that the requirements of the Listing Exchange necessary to maintain the listing of a Fund will continue to be met or will remain unchanged.

Market prices are not expected to correlate exactly to a Fund's NAV due to supply and demand imbalances and other factors. In addition, disruptions to creations and redemptions, adverse developments impacting market makers, authorized participants or other market participants, high market volatility or lack of an active trading market for the shares (including through a trading halt) may result in market prices for shares of a Fund that differ from its NAV or the intra-day value of the Fund's holdings. If an investor purchases shares at a time when the market price is at a premium to the NAV of the shares or sells at a time when the market price is at a discount to the NAV of the shares, then the investor may sustain losses.

Given the nature of the relevant markets for certain of the securities for the Funds, shares may trade at a larger premium or discount to NAV than a fund principally holding U.S. securities. In addition, the securities

held by a Fund may be traded in markets that close at a different time than the Listing Exchange. Liquidity in those securities may be reduced after the applicable closing times. Accordingly, during the time when the Listing Exchange is open but after the applicable market closing, fixing or settlement times, bid/ask spreads and the resulting premium or discount to the shares' NAV may widen.

When you buy or sell shares of a Fund through a broker, you will likely incur a brokerage commission or other charges imposed by brokers. In addition, the market price of shares, like the price of any exchange-traded security, includes a "bid-ask spread" or "premium/discount" charged by the market makers or other participants that trade the particular security. The spread of a Fund's shares varies over time based on the Fund's trading volume and market liquidity and may increase if the Fund's trading volume, the spread of the Fund's underlying securities, or market liquidity decrease. In times of severe market disruption, including when trading of a Fund's holdings may be halted, the premium/discount spread may increase significantly. This means that shares may trade at a discount to a Fund's NAV, and the discount is likely to be greatest during significant market volatility.

Temporary Defensive Position

When adverse market or economic conditions indicate to the Investment Adviser that a temporary defensive strategy is appropriate, each Fund may invest up to 100% of its assets in short-term investment grade debt obligations of the U.S. government, its agencies and instrumentalities, money market mutual funds, bank certificates of deposit, bankers' acceptances, high quality commercial paper, demand notes, cash and repurchase agreements. Under such circumstances, a Fund may not achieve its investment objective.

Disclosure of Portfolio Holdings

Pursuant to applicable law, each Fund publicly discloses its complete portfolio holdings quarterly within 60 days of the end of each calendar quarter. Each Fund discloses a complete list of its holdings in its semi-annual and annual reports, which are distributed to shareholders, and in publicly available quarterly holding reports on Forms N-Q and N-CSR, which are filed with the Commission and available, free of charge, on the Commission's EDGAR database at www.sec.gov. Each Fund may also disclose its top ten holdings by weight or by active weight (*i.e.*, relative to a benchmark) as of the end of each calendar quarter on the Funds' website, www.causewayfunds.com, and in sales materials.

As described below, and in accordance with the requirements of the Fund's exemptive relief, each Business Day, each Fund discloses a basket of securities, other instruments and/or cash for which the Fund issues and redeems Creation Units (as defined below). The daily basket used in creations and redemptions of a Fund's shares may not, and is not intended to, be representative of current portfolio holdings and likely will diverge, and may diverge significantly, from a Fund's current holdings.

Occasionally, certain third parties – including a Fund's service providers, independent rating and ranking organizations, intermediaries that distribute a Fund's shares, institutional investors and others – request information about the Fund's portfolio holdings or exposures. The Board has approved a policy and procedures for the protection of nonpublic information, which includes a policy and procedures relating to disclosure of the Funds' portfolio holdings or exposures. The Funds' policy is to disclose portfolio holdings or exposures to third parties only where a Fund believes there is a legitimate business purpose for the information and the recipient will not use the information to engage in excessive short-term trading of Fund shares or otherwise trade on the nonpublic information.

The Funds may provide at any time portfolio holdings or exposure information to their service providers, such as the Administrator, Distributor, Custodian, Investment Adviser, pricing services, independent registered public accountants, financial printers, legal counsel, proxy voting services, and other service providers, as well as to state and federal regulators and government agencies, and as otherwise requested by law or judicial process.

The Funds and the Investment Adviser expect to provide portfolio holdings or exposure information to the following service providers:

Name	Service
The Bank of New York Mellon	Custodian; Transfer Agent
Charles River Systems, Inc.	Trading and compliance system
Omgeo LLC	Automated trade matching service
Misys International Banking Systems, Inc.	Automated foreign exchange trade matching service
Eagle Investment Systems Corp.	Portfolio accounting system
Electra-Reconciliation	Automated reconciliation service
FactSet Research Systems Inc.	Online database system for portfolio analytics
Interactive Data Corporation	Pricing vendor
ISS	Proxy research and recordkeeping service
SEI Investments Global Funds Services	Fund accountant and Administrator
SEI Investments Distribution Co.	Fund Distributor
Various broker-dealers	Purchases and sales of securities
LexisNexis	Global watchlists compliance service
Varden Technologies, Inc.	Client and investor reporting system
Abel Noser Corp.	Trade execution assessment service
FXTransparency	Trade execution assessment service
FX Connect	Trade execution service
IIV Calculation Provider	Intraday Indicative Value calculation service

The Funds, through their Administrator or other market data providers, disclose holdings or exposures and other related portfolio information to independent rating and ranking organizations on or after the 15th Business Day after the end of each quarter. The Funds disclose their quarterly portfolio holdings or exposures to consultants, investment advisory firms, and investors which have requested them on or after the 15th Business Day after quarter-end for due diligence purposes. The Funds disclose their top ten holdings by weight, the five largest performance contributors and detractors, and significant portfolio increases and decreases, to advisers of investors in the Funds, and other investors or prospective investors who request them, typically by the fifth Business Day after month-end. The Funds also send quarterly reports to investors who have requested them, and/or their advisers, containing the Funds' holdings or exposures generally by the third week after quarter-end.

Portfolio managers may also disclose and discuss particular portfolio holdings in interviews with the press and other media outlets, or with representatives of consultants, investment advisory firms or investors, from time to time.

Subject to the policies and procedures approved by the Board, the executive officers of the Trust authorize disclosure of the Funds' portfolio holdings. Neither the Funds nor any service provider to the Funds may receive compensation or other consideration for providing portfolio holdings information.

In addition to the foregoing, the Investment Adviser has policies and procedures designed to safeguard confidential information, including policies and procedures prohibiting the Investment Adviser's employees from communicating to third parties any material nonpublic information relating to the Funds' portfolio holdings. The Investment Adviser's policies and procedures, in addition to the Funds' policies and procedures relating to the disclosure of the Funds' portfolio holdings, are designed to reduce potential conflicts of interest between Fund shareholders and the Investment Adviser.

The Investment Adviser provides investment advice to clients other than the Funds that have investment objectives that may be substantially similar to those of certain Funds. These clients also may have portfolios

consisting of holdings substantially similar to those of certain Funds and generally have access to current portfolio holdings information for their accounts. These clients do not owe the Funds or their investment professionals a duty of confidentiality with respect to disclosure of their portfolio holdings. The Investment Adviser may disclose portfolio holdings of an unnamed “representative account,” which may be substantially similar to a Fund’s holdings, to investment professionals and other third parties for due diligence purposes.

MANAGEMENT OF THE FUND

The Trustees oversee the actions of the Investment Adviser and other service providers and decide upon matters of general policy. The Trustees also review the actions of the Trust’s officers, who conduct and supervise the daily business operations of the Trust.

The Board currently consists of four Trustees. None of the Trustees is an “interested person” (as defined in Section 2(a) (19) of the 1940 Act) of the Trust and therefore each Trustee is considered an “Independent Trustee.”

The Trustees and officers of the Trust are:

Name, Address, Age ¹	Position(s) Held with the Trust	Term of Office and Length of Time Served ²	Principal Occupation(s) During Past 5 Years	Number of Portfolios in the Trust Complex Overseen by Trustee ³	Other Director- ships Held by Trustee ⁴
INDEPENDENT TRUSTEES					
John R. Graham Age: 56	Trustee; Chairman of the Audit Committee	Since 11/17; Audit Chairman since 11/17	Film Composer (since 2005); Senior Vice President, Corporate Financial Development and Communications, The Walt Disney Company (2004- 2005); Senior Vice President, Mergers and Acquisitions, Lehman Brothers Inc. (2000- 2004).	8	None
Lawry J. Meister Age: 55	Trustee	Since 11/17	President, Steaven Jones Development Company, Inc. (real estate firm) (since 1995); President, Creative Office Properties (real estate firm) (since 2012).	8	None
Victoria B. Rogers Age: 56	Trustee	Since 11/17	President, the Rose Hills Foundation (since 1996).	8	Director, TCW Funds, Inc. and TCW Strategic Income Fund, Inc.

Name, Address, Age ¹	Position(s) Held with the Trust	Term of Office and Length of Time Served ²	Principal Occupation(s) During Past 5 Years	Number of Portfolios in the Trust Complex Overseen by Trustee ³	Other Director- ships Held by Trustee ⁴
Eric H. Sussman Age: 51	Trustee; Chairman of the Board	Trustee since 11/17; Board Chairman since 11/17	Adjunct Professor (since July 2017), Senior Lecturer (June 2011-July 2017) and Lecturer (1995-June 2011), Anderson Graduate School of Management, University of California, Los Angeles; President, Amber Capital, Inc. (real estate investment and financial planning firm) (since 1993).	8	None
OFFICERS					
Turner Swan 11111 Santa Monica Blvd., 15 th Floor, Los Angeles, CA 90025 Age: 56	President	Since 12/16	General Counsel, Secretary, and Member of the Investment Adviser or the Investment Adviser's parent (since 2001); Compliance Officer of the Investment Adviser (since 2010).	N/A	N/A
Kurt J. Decko 11111 Santa Monica Blvd., 15 th Floor, Los Angeles, CA 90025 Age: 43	Chief Compliance Officer and Assistant Secretary	Since 12/16	Chief Compliance Officer/ Senior Legal Counsel of the Investment Adviser (since January 2015); Partner, K&L Gates LLP (2010-2014).	N/A	N/A
Eric Kleinschmidt ⁵ One Freedom Valley Drive Oaks, PA 19456 Age: 49	Treasurer	Since 11/17	Director of Fund Accounting of the Administrator (since 2004).	N/A	N/A
Gretchen W. Corbell 11111 Santa Monica Blvd., 15 th Floor, Los Angeles, CA 90025 Age: 46	Secretary	Since 12/16	Attorney of the Investment Adviser (since 2004).	N/A	N/A
Gracie V. Fermelia 11111 Santa Monica Blvd., 15 th Floor, Los Angeles, CA 90025 Age: 56	Vice President and Assistant Secretary	Since 12/16	Chief Operating Officer and Member of the Investment Adviser or the Investment Adviser's parent (since 2001); Chief Compliance Officer of the Investment Adviser and the Trust (2005-2015).	N/A	N/A

Name, Address, Age ¹	Position(s) Held with the Trust	Term of Office and Length of Time Served ²	Principal Occupation(s) During Past 5 Years	Number of Portfolios in the Trust Complex Overseen by Trustee ³	Other Director- ships Held by Trustee ⁴
Lisa Whittaker ⁵ One Freedom Valley Drive Oaks, PA 19456 Age: 39	Vice President and Assistant Secretary	Since 11/17	Corporate Counsel of the Administrator (since 2012); Associate Counsel and Compliance Officer, The Glenmede Trust Company (2011-2012).	N/A	N/A

- ¹ Each Trustee may be contacted by writing to the Trustee c/o Causeway ETMF Trust, One Freedom Valley Drive, Oaks, PA 19456.
- ² Each Trustee holds office during the lifetime of the Trust until his or her sooner resignation, retirement, removal, death or incapacity in accordance with the Trust’s Declaration of Trust. The president, treasurer and secretary each holds office at the pleasure of the Board or until he or she sooner resigns in accordance with the Trust’s Bylaws.
- ³ The “Trust Complex” consists of all registered investment companies for which the Investment Adviser serves as investment adviser. As of the date hereof, the Trust Complex consists of one investment company with six portfolios – Causeway International Value Fund, Causeway Global Value Fund, Causeway Emerging Markets Fund, Causeway International Opportunities Fund, Causeway Global Absolute Return Fund, and Causeway International Small Cap Fund – and one investment company with two portfolios – International Value NextShares and Global Value NextShares.
- ⁴ Directorships of companies required to report to the Commission under the Securities Exchange Act of 1934 (*i.e.*, “public companies”) or other investment companies registered under the 1940 Act.
- ⁵ These officers of the Trust also serve as officers of one or more mutual funds for which SEI Investments Company or an affiliate acts as investment manager, administrator or distributor.

The following provides information in addition to that set forth in the table above regarding relevant qualifications, experience, attributes or skills of each Trustee.

John R. Graham: Mr. Graham joined the Board of the other Trust in the Trust Complex in 2008 and has been Chairman of the Audit Committee of that Trust since 2013. Mr. Graham has over 20 years of experience in the financial services and investment banking industries, including holding a senior position at a large public company and senior positions with investment banking firms. He was previously a financial consultant, where he specialized in valuation, merger advice, value-based management, and other finance-related work. Mr. Graham holds an MBA.

Lawry J. Meister: Ms. Meister joined the Board of the other Trust in the Trust Complex in 2008 and has extensive experience in the investment banking, management consulting, and commercial real estate industries. Since 1995, she has been President of a development company specializing in the management of commercial real estate primarily in Southern California. Other experience includes positions in marketing, as a business analyst and as a financial analyst. Ms. Meister holds an MBA. She serves on the Board of Trustees of Wellesley College and previously served on the Board of Trustees of St. Matthew’s Parish School (Pacific Palisades, CA).

Victoria B. Rogers: Ms. Rogers joined the Board of the other Trust in the Trust Complex in 2013. Ms. Rogers is President of The Rose Hills Foundation, a \$475 million foundation based in Los Angeles, California. She also serves on the Boards of Trustees of Polytechnic School (Pasadena, California) and Stanford University. Ms. Rogers serves on the boards of two other mutual funds. Previously, Ms. Rogers served on the Boards of Trustees of The Chandler School (Pasadena, California), The Hotchkiss School (Lakeville, Connecticut) and the

YMCA of Metropolitan Los Angeles. Ms. Rogers has substantial experience in the area of taxes, accounting, non-profit organizations and foundation management, having been previously employed by Deloitte & Touche LLP, Security Pacific Bank and The Whittier Trust Company.

Eric H. Sussman: Mr. Sussman has been a Trustee since the inception of the other Trust in the Trust Complex in October 2001, and Chairman of the Board of that Trust since 2013. Since 1995, Mr. Sussman has been a Lecturer (Senior Lecturer since 2011) and, since 2017, an Adjunct Professor at the University of California, Los Angeles, Anderson Graduate School of Management, where he has taught accounting, financial reporting, finance, and real estate investment and finance. Since 1993, he has been President or Managing Member of a real estate development and management company. Mr. Sussman holds an MBA, and is a Certified Public Accountant. Mr. Sussman was an independent Trustee and Chairman of the Board of a U.S. value equity mutual fund that closed in 2010.

The Board believes that each Trustee on an individual basis and in combination with the other Trustees is qualified to serve on the Board. Among other things, the Board considered each Trustee's experience, qualifications, attributes and skills, as well as the actual service and commitment of each Trustee during his or her tenure on the Board of the other Trust in the Trust Complex. Notwithstanding the accomplishments noted above, none of the Independent Trustees is considered an "expert" within the meaning of the federal securities laws with respect to information in the Fund's registration statement.

Board Structure

An Independent Trustee serves as Chair of the Board. The Independent Chair's responsibilities include presiding at all meetings of the Board and all meetings of the Independent Trustees, approving Board meeting schedules and agendas, and serving as a liaison among the other Trustees, and with Trust officers and management personnel.

The Board holds four regularly scheduled in-person meetings each year. The Board holds special meetings as needed, including a special meeting to review materials in advance of the Board's consideration of renewal of the Funds' Investment Advisory Agreements, either in person or by telephone, to address matters arising between regular meetings. The Independent Trustees meet separately at meetings of the Board without management present, as needed.

The Board conducts a self-assessment on an annual basis, and considers whether the structure of the Board and its Committees are appropriate under the circumstances. As part of this self-assessment, the Board considers several factors, including the number of funds overseen by the Board.

The Board sets broad policies for the Trust and appoints Trust officers. The Board oversees the performance of the Investment Adviser and the Trust's other service providers. As part of its oversight function, the Board monitors the Investment Adviser's risk management activities, including, as applicable, its management of investment, compliance and operational risks, through the receipt of periodic reports and presentations. The Board relies on Trust officers, advisory personnel and service providers to manage applicable risks and report exceptions to the Board to enable it to exercise its oversight responsibility. To this end, the Board receives reports from such parties at least quarterly, including, but not limited to, reports on risk, investment performance, portfolio composition and characteristics, marketing, brokerage commissions, and valuation. Similarly, the Board receives quarterly reports from the Trust's chief compliance officer ("CCO"), including, but not limited to, reports on various aspects of the Trust's compliance program, and the Independent Trustees have an opportunity to meet separately each quarter with the CCO. The CCO typically provides the Board with updates regarding the Trust's compliance policies and procedures, including any enhancements, and provides a written report discussing the Trust's compliance program at least annually. The Board expects all parties, including, but not limited to, the Investment Adviser, service providers and the CCO, to inform the Board on an intra-quarter basis if a material issue arises that requires the Board's oversight.

The Board generally exercises its oversight as a whole, but has delegated certain oversight functions to an Audit Committee and a Nominating Committee. The functions of these Committees are discussed below.

The Audit Committee and Nominating Committee are both comprised of all of the Trustees of the Trust who are Independent Trustees. The Audit Committee operates under a written charter and its purposes are: (i) to oversee the accounting and financial reporting processes of the Trust and its internal control over financial reporting and, as the Committee deems appropriate, to inquire into the internal control over financial reporting of certain third-party service providers; (ii) to oversee the quality and integrity of the Trust’s financial statements and the independent audit thereof; (iii) to oversee, or, as appropriate, assist Board oversight of, the Trust’s compliance with legal and regulatory requirements that relate to the Trust’s accounting and financial reporting, internal control over financial reporting and independent audits; (iv) to approve the engagement of the Trust’s independent auditors and, in connection therewith, to review and evaluate the qualifications, independence and performance of the Trust’s independent auditors; and (v) to act as liaison between the Trust’s independent auditors and the full Board.

The purpose of the Nominating Committee is to nominate persons to serve as Independent Trustees. Meetings of the Nominating Committee are called on an “as needed” basis, and held as often as deemed appropriate by the Nominating Committee. The Nominating Committee operates under a written charter and it may consider candidates suggested by, among others, members of the Board, if any, who are interested persons of the Trust and the Investment Adviser. Any shareholder of the Trust may submit names of individuals to be considered by the Nominating Committee or the Board, as applicable, provided, however, (i) that such person was a shareholder of record at the time of submission of such names and is entitled to vote at the applicable shareholder meeting, and (ii) that the Nominating Committee or the Board, as applicable, shall make the final determination of persons to be nominated. Once the Trust has completed a fiscal period, the number of Audit Committee and Nominating Committee meetings will be reported.

The Trust does not pay salaries to any of its officers or fees to any of its Trustees, if any, affiliated with the Investment Adviser. Each Independent Trustee receives a quarterly meeting fee of \$2,500. In addition, the Audit Committee Chair receives an annual retainer of \$5,000 and the Chairman receives an annual retainer of \$5,000. These expenses will be allocated on the basis of relative asset size among the Funds. The Independent Trustees separately receive compensation from the other registered investment company overseen by the Trustees. As of the date of this Statement of Additional Information, the Trust had not commenced operations. The following table sets forth information concerning fees paid to, and retirement benefits accrued for, Independent Trustees during the fiscal year ended September 30, 2017 related to services provided to the other registered investment company overseen by the Trustees:

<u>Name of Trustee</u>	<u>Aggregate Compensation from the Funds</u>	<u>Pension or Retirement Benefits Accrued as Part of Fund Expenses</u>	<u>Estimated Annual Benefits Upon Retirement</u>	<u>Total Compensation from Fund Complex* Paid to Trustees</u>
John R. Graham	N/A	N/A	N/A	\$100,000
Lawry J. Meister	N/A	N/A	N/A	\$ 80,000
Victoria B Rogers	N/A	N/A	N/A	\$ 80,000
Eric H. Sussman	N/A	N/A	N/A	\$105,000

* As of the date hereof, the “Fund Complex” consists of one investment company with six portfolios — Causeway International Value Fund, Causeway Global Value Fund, Causeway Emerging Markets Fund, Causeway International Opportunities Fund, Causeway Global Absolute Return Fund and Causeway International Small Cap Fund – and one investment company with two portfolios – International Value NextShares and Global Value NextShares. Total Compensation from the Fund Complex paid to the Trustees is expected to increase in 2018.

The following table discloses the dollar range of equity securities beneficially owned by each Trustee (i) in the Funds and (ii) on an aggregate basis in any registered investment companies overseen by the Trustee within the same family of investment companies as the Trust as of January 1, 2018. As of this date, the Funds had not commenced operations.

<u>Name of Trustee</u>	<u>Dollar Range of Equity Securities in the International Value NextShares</u>	<u>Dollar Range of Equity Securities in the Global Value NextShares</u>	<u>Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Trustee in Family of Investment Companies*</u>
John R. Graham	N/A	N/A	Over \$100,000
Lawry J. Meister	N/A	N/A	Over \$100,000
Victoria B. Rodgers	N/A	N/A	Over \$100,000
Eric H. Sussman	N/A	N/A	Over \$100,000

* As of the date hereof, the Trust's Family of Investment Companies consists of one investment company with six portfolios — Causeway International Value Fund, Causeway Global Value Fund, Causeway Emerging Markets Fund, Causeway International Opportunities Fund, Causeway Global Absolute Return Fund, and Causeway International Small Cap Fund - and one investment company with two portfolios – International Value NextShares and Global Value NextShares.

As of the date of this Statement of Additional Information, none of the Independent Trustees or their immediate family members beneficially owned any securities in any investment adviser or principal underwriter of the Trust, or in any person (other than a registered investment company) directly or indirectly controlling, controlled by, or under common control with an investment adviser or principal underwriter of the Trust.

The Trustees receive fees and are reimbursed for expenses for each meeting of the Board attended. No employee, officer or stockholder of the Administrator and/or the Distributor receives any compensation directly from the Trust for serving as an officer. The Administrator and/or the Distributor receive administration, fund accounting and fund servicing fees from the Funds. See Advisory Arrangements, Administration Arrangements and Distribution Arrangements below.

The following table lists the officers of the Trust who hold positions with affiliated persons or the principal underwriter of the Trust:

<u>Name</u>	<u>Position Held with Affiliated Person or Principal Underwriter</u>
Turner Swan	General Counsel, Compliance Officer, Secretary and Member of the Investment Adviser or its parent
Kurt J. Decko	Chief Compliance Officer/Senior Legal Counsel of the Investment Adviser
Gretchen W. Corbell	Attorney and Assistant Secretary of the Investment Adviser or its parent
Gracie V. Fermelia	Chief Operating Officer and Member of the Investment Adviser or its parent

Advisory Arrangements

Investment Advisory Services and Fee. The Trust, on behalf of each Fund, has entered into an investment advisory agreement (the "Advisory Agreements") with the Investment Adviser. Subject to the oversight of the Trustees, the Investment Adviser is responsible for the actual management of the Funds and continuously reviews the Funds' holdings in light of its own research analysis and that from other relevant sources. The Investment Adviser is responsible for making decisions to buy, sell or hold particular securities. The Investment Adviser provides all office space, facilities, equipment and necessary personnel for management of the Funds.

The Investment Adviser receives for its services to the International Value NextShares a monthly fee at an annual rate of 0.80% of the International Value NextShares' average daily net assets. For purposes of this

calculation, average daily net assets is determined at the end of each month based on the average of the net assets of the International Value NextShares for each day during the month. Pursuant to an expense limit agreement, dated January 8, 2018, the Investment Adviser has agreed to limit the International Value NextShares annual operating expenses (excluding brokerage fees and commissions, interest, taxes, distribution plan expenses, fees and expenses of other funds in which the International Value NextShares invests, and extraordinary expenses) to 1.05% of International Value NextShares' average daily net assets until February 28, 2019. Because International Value NextShares had not commenced operations as of the date of this Statement of Additional Information, the Fund has not paid advisory fees to the Investment Adviser, and the Investment Adviser has not waived any fees. Under the expense limit agreement, the Investment Adviser may not assert any right to reimbursement of any amounts waived or reimbursed.

The Investment Adviser receives for its services to the Global Value NextShares a monthly fee at an annual rate of 0.80% of the Global Value NextShares' average daily net assets. For purposes of this calculation, average daily net assets is determined at the end of each month based on the average of the net assets of the Global Value NextShares for each day during the month. Pursuant to an expense limit agreement, dated January 8, 2018, the Investment Adviser has agreed to limit the Global Value NextShares annual operating expenses (excluding brokerage fees and commissions, interest, taxes, distribution plan expenses, fees and expenses of other funds in which the Global Value NextShares invests, and extraordinary expenses) to 1.05% of Global Value NextShares' average daily net assets until February 28, 2019. Because Global Value NextShares had not commenced operations as of the date of this Statement of Additional Information, the Fund has not paid advisory fees to the Investment Adviser, and the Investment Adviser has not waived any fees. Under the expense limit agreement, the Investment Adviser may not assert any right to reimbursement of any amounts waived or reimbursed.

Payment of Fund Expenses. The Advisory Agreements obligate the Investment Adviser to provide investment advisory services and to pay for maintaining its staff and personnel and to provide office space, facilities and necessary personnel for the Funds. The Investment Adviser is also obligated to pay the fees of all Trust officers and Trustees who are affiliated persons of the Investment Adviser. In addition, the Investment Adviser paid expenses associated with the organization of the Funds. Each Fund pays, or causes to be paid, all other expenses incurred in its operations, including but not be limited to the following (or each Fund's proportionate share of the following): (i) the cost (including brokerage commissions) of securities purchased or sold by the Funds and any losses incurred in connection with purchasing or selling securities; (ii) fees payable to and expenses incurred on behalf of the Funds by the Investment Adviser; (iii) expenses of organizing the Trust and the Funds; (iv) filing fees and expenses relating to the registrations and notification of the Funds' shares and the Trust under federal and/or state securities laws and maintaining such registration and notification; (v) fees and salaries payable to the Trust's Board members and officers who are not interested persons of the Trust or the Investment Adviser; (vi) all expenses incurred in connection with the Board members' services, including travel expenses; (vii) taxes (including any income or franchise taxes) and governmental fees; (viii) costs of any liability, uncollectible items of deposit and other insurance and fidelity bonds; (ix) any costs, expenses or losses arising out of a liability of or claim for damages or other relief asserted against the Trust or a Fund for violation of any law; (x) legal, accounting and auditing expenses, including legal fees of special counsel for the Independent Trustees; (xi) charges of administrators, custodians, transfer agents, indicative intraday value calculation agents and other agents; (xii) costs of preparing share certificates; (xiii) expenses of setting in type and printing prospectuses and supplements, statements of additional information and supplements, reports and proxy materials for existing shareholders; (xiv) costs of mailing prospectuses and supplements, statements of additional information and supplements, reports and proxy materials to existing shareholders; (xv) any extraordinary expenses (including fees and disbursements of counsel, costs of actions, suits or proceedings to which the Trust is a party and the expenses the Trust may incur as a result of its legal obligation to provide indemnification to its officers, Board members, agents and shareholders) incurred by the Trust or a Fund; (xvi) fees, voluntary assessments and other expenses incurred in connection with membership in investment company organizations; (xvii) costs of mailing and tabulating proxies and costs of meetings of shareholders, the Board and any committees thereof; (xviii) the cost of investment company literature and other publications provided by the Trust to its Board members and officers; (xix) costs of mailing, stationery and communications

equipment; (xx) expenses incident to any dividend, withdrawal or redemption options; (xxi) charges and expenses of any outside pricing service used to value portfolio securities; (xxii) interest on borrowings of the Trust; (xxiii) fees or expenses related to license agreements with respect to securities indices; (xxiv) fees or expenses related to license agreements with respect to the structure, operation and trading of exchange traded managed funds; and (xxv) expenses of qualifying and listing the Funds with any securities exchange or other trading system.

NextShares Operations Agreement – The Investment Adviser has entered into an agreement with NextShares Solutions LLC (“NextShares Solutions”) pursuant to which NextShares Solutions will provide each Fund with services required to operate NextShares in accordance with the exemptive orders obtained by an affiliate of NextShares Solutions and the Trust. Pursuant to the agreement, NextShares Solutions will receive a monthly fee at a rate of 0.035% annually of the aggregate average net assets of the NextShares funds sponsored by the Investment Adviser or its affiliates (“Covered Assets”), which will be reduced for Covered Assets in excess of \$10 billion.

Organization of the Investment Adviser. The Investment Adviser is a Delaware limited liability company and a wholly-owned subsidiary of Causeway Capital Holdings LLC. Sarah H. Ketterer and Harry W. Hartford, chief executive officer and president of the Investment Adviser, respectively, each controls Causeway Capital Holdings LLC and, in turn, the Investment Adviser, through his or her executive office and voting control of Causeway Capital Holdings LLC.

Duration and Termination. Unless earlier terminated as described below, the Advisory Agreements for each Fund will remain in effect through September 20, 2019, and from year to year thereafter if approved annually (a) by the Board or by a majority of the outstanding shares of the Fund and (b) by a majority of the Trustees of the Trust who are not parties to the Advisory Agreement or interested persons (as defined in the 1940 Act) of any such party. Each Advisory Agreement is not assignable and will automatically terminate in the event of its assignment. In addition, such contract may be terminated with respect to a Fund by the vote of a majority of the outstanding voting securities of the relevant Fund or by the Investment Adviser without penalty on 60 days’ written notice to the other party.

Limitation of Liability. The Advisory Agreement provides that the Investment Adviser will not be liable for any error of judgment or mistake of law or for any loss suffered by any Fund, the Trust or any of its shareholders, in connection with the matters to which the Advisory Agreement relates, except to the extent that such a loss results from willful misfeasance, bad faith or gross negligence on its part in the performance of its duties or from reckless disregard by it of its obligations and duties under the Advisory Agreement.

Portfolio Managers

Other Accounts Managed

The following table discloses information concerning other accounts managed by portfolio managers, as of September 30, 2017:

Name of Portfolio Manager	Number of Other Accounts Managed and Assets by Account Type			Number of Accounts and Assets for Which Advisory Fee is Performance-Based		
	Registered Investment Companies	Other Pooled Investment Vehicles	Other accounts	Registered Investment Companies	Other Pooled Investment Vehicles	Other accounts
Sarah H. Ketterer	12 (\$8.933 billion)	23 (\$6.361 billion)	155 (\$24.688 billion)	0	0	6 (\$1.448 billion)
Harry W. Hartford	12 (\$8.933 billion)	23 (\$6.361 billion)	130 (\$24.678 billion)	0	0	6 (\$1.448 billion)
James A. Doyle	12 (\$8.933 billion)	23 (\$6.361 billion)	128 (\$24.674 billion)	0	0	6 (\$1.448 billion)
Jonathan P. Eng	12 (\$8.933 billion)	23 (\$6.361 billion)	125 (\$24.678 billion)	0	0	6 (\$1.448 billion)
Conor Muldoon	12 (\$8.933 billion)	23 (\$6.361 billion)	130 (\$24.676 billion)	0	0	6 (\$1.448 billion)
Foster Corwith	12 (\$8.933 billion)	23 (\$6.361 billion)	123 (\$24.673 billion)	0	0	6 (\$1.448 billion)
Alessandro Valentini	12 (\$8.933 billion)	23 (\$6.361 billion)	124 (\$24.671 billion)	0	0	6 (\$1.448 billion)
Ellen Lee	12 (\$8.933 billion)	23 (\$6.361 billion)	124 (\$24.671 billion)	0	0	6 (\$1.448 billion)

These portfolio managers also manage their own personal accounts and other accounts, including accounts for corporations, pension plans, public retirement plans, sovereign wealth funds, superannuation funds, Taft-Hartley pension plans, endowments and foundations, mutual funds and other collective investment vehicles, charities, private trusts, wrap fee programs, and other institutions (collectively, “Other Accounts”). The Other Accounts include the series of Causeway Capital Management Trust, which are part of the Funds’ Fund Complex. In managing certain of the Other Accounts, the portfolio managers employ investment strategies similar to those used in managing the Funds, subject to certain variations in investment restrictions. The portfolio managers purchase and sell securities for the Funds that they also recommend to Other Accounts. The portfolio managers at times give advice or take action with respect to certain accounts that differs from the advice given other accounts with similar investment strategies. Certain of the Other Accounts may pay higher or lower management fee rates than the Funds or pay performance-based fees to the Investment Adviser. Once the Funds are operational, the Investment Adviser or individual portfolio managers will have investments in one or both of the Funds. The portfolio managers have investments in one or more funds in the Fund Complex. Ms. Ketterer and Mr. Hartford each holds (through estate planning vehicles) a controlling voting interest in the Investment Adviser’s parent holding company and Messrs. Doyle, Eng, Muldoon, Corwith and Valentini, and Ms. Lee (directly or through estate planning vehicles) have minority ownership interests in the Investment Adviser’s parent holding company.

Actual or potential conflicts of interest arise from the Funds’ portfolio managers’ management responsibilities with respect to the Other Accounts and their own personal accounts. These responsibilities may cause portfolio managers to devote unequal time and attention across client accounts and the differing fees, incentives and relationships with the various accounts provide incentives to favor certain accounts. The Investment Adviser has written compliance policies and procedures designed to mitigate or manage these conflicts of interest. These include policies and procedures to seek fair and equitable allocation of investment opportunities (including IPOs and new issues) and trade allocations among all client accounts and policies and procedures concerning the disclosure and use of portfolio transaction information. The Investment Adviser has a policy that it will not enter into a short position in a security on behalf of any Fund or other client account if, at the time of entering into the short position, a Fund or any other client account managed by the Investment Adviser holds a long position in a security of the issuer. The Investment Adviser also has a Code of Ethics which, among other things, limits personal trading by portfolio managers and other employees of the Investment Adviser. There is no guarantee that any such policies or procedures will cover every situation in which a conflict of interest arises.

Compensation

Ms. Ketterer and Mr. Hartford, the chief executive officer and president of the Investment Adviser, respectively, receive annual salary and are entitled, as controlling owners of the firm's parent holding company, to distributions of the holding company's profits based on their ownership interests. They do not receive incentive compensation. The other portfolio managers receive salary and may receive incentive compensation (including potential cash, awards of growth units, or awards of equity units). Portfolio managers also receive, directly or through estate planning vehicles, distributions of profits based on their minority ownership interests in the firm's parent holding company. The Investment Adviser's Operating Committee, weighing a variety of objective and subjective factors, determines salary and incentive compensation and, subject to approval of the holding company's Board of Managers, may award equity units. Portfolios are team-managed and salary and incentive compensation are not based on the specific performance of a Fund or any single client account managed by the Investment Adviser but take into account the performance of the individual portfolio manager, the relevant team and the Investment Adviser's performance and financial results. For "fundamental" portfolio managers (*i.e.*, those who are not members of the quantitative research team), the performance of stocks selected for Fund and client portfolios within a particular industry or sector over a multi-year period relative to appropriate benchmarks will be relevant for portfolio managers assigned to that industry or sector. The Investment Adviser takes into account both quantitative and qualitative factors when determining the amount of incentive compensation awarded, including the following factors: individual research contribution, portfolio and team management contribution, group research contribution, and client service and recruiting contribution.

Ownership of Securities

Since the Funds have not commenced operations as of the date of this Statement of Additional Information, the portfolio managers do not beneficially own securities of the Funds at this time.

Administration Arrangements

The Administrator is a Delaware statutory trust and has its principal business offices at One Freedom Valley Drive, Oaks, Pennsylvania 19456. SEI Investments Management Corporation, a wholly-owned subsidiary of SEI Investments Company ("SEI Investments"), is the owner of all beneficial interest in the Administrator. SEI Investments and its subsidiaries and affiliates, including the Administrator, are leading providers of funds evaluation services, trust accounting systems and brokerage and information services to financial institutions, institutional investors and money managers.

The Trust and the Administrator have entered into an administration agreement (the "Administration Agreement"). Under the Administration Agreement, the Administrator provides the Trust with administrative services, including portfolio accounting, regulatory reporting and all necessary office space, equipment, personnel and facilities for such services. For these administrative services, the Trust pays the Administrator tiered asset based fees, calculated based on the aggregate average daily net assets of the Trust, subject to a minimum annual fee. The Administrator's fee is charged to each Fund in proportion to such Fund's net assets. Because the Funds have not commenced operations as of the date of this Statement of Additional Information, no administration fees have been paid to the Administrator.

The Administration Agreement provides that the Administrator will not be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in carrying out its duties under the Administration Agreement, except a loss resulting from gross negligence, bad faith, fraud, willful misconduct or criminal misconduct on the part of the Administrator in the performance of its duties and obligations thereunder. The Administration Agreement remains in effect through January 2021 and, thereafter, for successive periods of one year unless terminated by either party on not less than 90 days' prior written notice to the other party.

Distribution Arrangements

The Distributor, a wholly owned subsidiary of SEI Investments, and the Trust are parties to a distribution agreement (the “Distribution Agreement”). The Distributor distributes Creation Units of the Fund, but does not maintain a secondary market in shares of the Fund. The Distributor does not receive compensation from the Funds for distribution of shares of the Funds. Pursuant to an agreement between the Investment Adviser and the Distributor, the Investment Adviser pays out of its own resources for all distribution services provided to the Funds under the Distribution Agreement.

Unless earlier terminated as described below, the Distribution Agreement for each Fund will remain in effect through December 2019 and from year to year thereafter if approved annually (a) by the Board of the Trust or by a majority of the outstanding shares of the Fund and (b) by a majority of the Trustees of the Trust who are not parties to the Distribution Agreement or interested persons (as defined in the 1940 Act) of any such party. The Distribution Agreement may be terminated with respect to either of the Funds by the Distributor, by a majority vote of the Trustees who are not interested persons and have no financial interest in the Distribution Agreement or by a majority vote of the outstanding securities of the Fund upon not more than 60 days’ written notice by either party, or upon assignment by the Distributor.

The Investment Adviser may make payments out of its own resources to certain brokers and financial intermediaries related to marketing activities and presentations, educational training programs, conferences, the development of technology platforms and reporting systems, or for making shares of a Fund available to their customers. Such payments, which may be significant to the financial intermediary, are not made by the Funds. These payments by the Investment Adviser may include one or more of the following types of payments: one-time account establishment fees, annual per account fees, sales fees, and annual asset-based charges. These payments may create a conflict of interest by influencing the broker or financial intermediary and your salesperson to recommend a Fund over another investment. For more information, please see the Statement of Additional Information or ask your salesperson or visit your financial intermediary’s website.

Distribution Plan

The Board has approved the adoption of a distribution plan (Plan) pursuant to Rule 12b-1 under the 1940 Act. Pursuant to the Plan, each Fund may pay the Distributor a fee of up to 0.25% of the average daily net assets attributable to shares for distribution financing activities and shareholder account servicing activities. The entire amount of the fee may be used for shareholder servicing expenses and/or distribution expenses. However, no 12b-1 Plan fee is currently charged to the Funds, and there are no plans in place to impose a 12b-1 Plan fee.

General

Distribution (12b-1) fees paid to the Distributor, if authorized by the Board in the future, may be spent on any activities or expenses primarily intended to result in the sale of the Funds’ shares include, without limitation: (i) payment of initial and ongoing commissions and other payments to brokers, dealers, financial institutions or others who sell shares of a Fund; (ii) compensation to employees of the Distributor; (iii) marketing and promotional services including advertising; (iv) providing facilities to answer questions from prospective investors about the Funds; (v) receiving and answering correspondence or responding to shareholder inquiries, including requests for prospectuses and statements of additional information; (vi) preparing, printing and delivering prospectuses and shareholder reports to prospective shareholders; (vii) complying with federal and state securities laws pertaining to the sale of shares of a Fund; and (viii) such other services primarily intended to result in the sale of shares of a Fund or investor services or as are set forth in the Distribution and Services Agreement.

The Plan was adopted by a majority vote of the Board, including at least a majority of the Independent Trustees and who do not and did not have any direct or indirect financial interest in the operation of the Plan, cast

in person at a meeting called for the purpose of voting on the Plan. In approving the Plan, the Independent Trustees noted that no fees would be paid under the Plan unless further approved by the Board. Under its terms, the Plan remains in effect from year to year provided such continuance is approved annually by vote of the Independent Trustees of the Trust in the manner described above. The Plan may not be amended to increase materially the amount to be spent for distribution without the approval of the shareholders of the Funds affected by the increase, and material amendments to the Plan must also be approved by the Board in the manner described above. The Plan may be terminated at any time, without payment of any penalty, by vote of the majority of the Independent Trustees of the Trust and who have no direct or indirect financial interest in the operations of the Plan, or by a vote of a “majority of the outstanding voting securities” of the applicable Fund. The Plan will automatically terminate in the event of its assignment.

Code of Ethics

The Board has approved a Code of Ethics under Rule 17j-1 of the 1940 Act that covers the Trust and the Investment Adviser (the “Code of Ethics”). The Code of Ethics significantly restricts the personal investing activities of the officers, Trustees and employees of the Investment Adviser with access to investment information (“access persons”) and, as described below, imposes additional restrictions on the Funds’ investment personnel.

The Code of Ethics requires that access persons who are employees of the Investment Adviser preclear personal securities investments, with limited exceptions, such as mutual funds, high-quality short-term securities, direct obligations of the U.S. government, and municipal securities. The preclearance requirement and associated procedures are designed to identify any substantive prohibition or limitation applicable to the proposed investment. No access person may purchase or sell any security (except certain exempt securities) that at the time is being purchased or sold, or to the knowledge of the access person is being considered for purchase or sale, by a Fund. Further, access persons are restricted from investing in securities which a Fund is trading, and are prohibited from profiting on short-term trading in securities. All employees are prohibited from trading in a security while in possession of material nonpublic information and from engaging in transactions intended to manipulate the market.

The Board has also approved a separate Code of Ethics under Section 406 of the Sarbanes-Oxley Act applicable to the Trust’s president and treasurer. This Code of Ethics addresses conflicts of interest, disclosure and compliance, and reporting and accountability for principal executives and senior financial officers.

Proxy Voting Policies and Procedures

The Investment Adviser votes the proxies of companies owned by the Funds. The Investment Adviser votes proxies solely in what the Investment Adviser believes is the best interests of a Fund and its shareholders in accordance with its Proxy Voting Policies and Procedures. The Investment Adviser votes consistent with the following principles: (i) increasing shareholder value; (ii) maintaining or increasing shareholder influence over the board of directors and management; (iii) establishing and enhancing a strong and independent board of directors; (iv) maintaining or increasing the rights of shareholders; and (v) aligning the interests of management and employees with those of shareholders with a view toward the reasonableness of executive compensation and shareholder dilution. The Investment Adviser recognizes that a company’s management is charged with day-to-day operations and, therefore, generally votes on routine business matters in favor of management’s positions. Under its guidelines, the Investment Adviser generally votes *for* distributions of income, appointment of auditors, director compensation (unless excessive), management’s slate of director nominees (except nominees with poor attendance or who have not acted in the best interests of shareholders), financial results/director and auditor reports, share repurchase plans, and changing corporate names and other similar matters. The Investment Adviser generally votes *with management* on social issues because it believes management is responsible for handling them. The Investment Adviser generally opposes cumulative voting and votes *against* anti-takeover mechanisms and attempts to classify boards of directors. The Investment Adviser votes other matters – including equity-based compensation plans – on a *case-by-case* basis.

The Investment Adviser's interests may conflict with the interests of a Fund on certain proxy votes where the Investment Adviser might have significant business or personal relationships with the company or its officers. The Investment Adviser's chief operating officer in consultation with the general counsel and CCO decides if a vote involves a material conflict of interest. If so, the Investment Adviser will either (i) obtain instructions or consent from the Trustees on voting, (ii) vote in accordance with a "for" or "against" or "with management" guideline if one applies, or (iii) if no such guideline applies, follow the recommendation of a third party proxy voting consultant unaffiliated with the Investment Adviser, such as ISS. To monitor potential conflicts of interest regarding the research and recommendations of independent third parties, such as ISS, proxy voting staff will review the third party's disclosures of significant relationships, and proxy votes involving issuers where a significant relationship has been identified by the proxy research provider will be reviewed by the Investment Adviser's chief operating officer.

Foreign proxies (and particularly those in emerging markets) may involve a number of problems that restrict or prevent the Investment Adviser's ability to vote. For example, the Investment Adviser might refrain from voting if it or its agents are required to appear in person at a shareholder meeting or if the exercise of voting rights would result in the imposition of trading or other ownership restrictions. As a result, a Fund's foreign proxies will be voted on a best efforts basis only and the Investment Adviser may decide not to vote a non-U.S. proxy if the Investment Adviser determines that it would be impractical or disadvantageous to do so. In addition, the Investment Adviser will not vote proxies (U.S. or foreign) if it does not receive adequate information from the Fund's custodian in sufficient time to cast the vote. To assist in voting proxies, the Investment Adviser may use independent research and recordkeeping software provided by third parties. This is only a summary of the Investment Adviser's Proxy Voting Policies and Procedures.

Information regarding how the Funds voted proxies of companies owned by the Funds during the most recent 12-month period ended June 30 will be available (1) without charge, upon request, by calling 1-866-947-7000 and (2) on the Commission's website at <http://www.sec.gov>.

BUYING AND SELLING SHARES

Purchase and Redemption of Creation Units

The Trust issues and redeems Fund shares only in specified large aggregations of shares called Creation Units. A discussion of the purchase and redemption of Creation Units is contained in the Prospectus under Purchases and Sales of Fund Shares and Investing in the Funds – Buying and Selling Shares. The discussion below supplements, and should be read in conjunction with, such sections of the Prospectus.

Authorized Participants. All orders to purchase or redeem Creation Units must be placed with a Fund by or through an Authorized Participant, which is either: (a) a "participating party" (*i.e.*, a broker-dealer or other participant in the Continuous Net Settlement (CNS) System of the National Securities Clearing Corporation (NSCC)) or (b) a participant in the Depository Trust Company (DTC) system (DTC Participant), which in any case has executed an agreement with the Distributor (Participant Agreement). An investor does not have to be an Authorized Participant to transact in Creation Units, but must place an order through and make appropriate arrangements with an Authorized Participant.

Timing. Fund shares are not authorized for sale outside of the United States, its territories and possessions without the prior written consent of the Trust. Creation Units are issued and redeemed each Business Day at the NAV per share next determined after an order in proper form is received by a Fund or its agent. Validly submitted orders to purchase or redeem Creation Units on each Business Day will be accepted until the NYSE market close (Order Cut-Off Time), generally 4:00 p.m. Eastern Time, on the Business Day that the order is placed (Transmittal Date). All orders must be received no later than the Order Cut-Off Time in order to receive the NAV determined on the Transmittal Date. Creation Units may be issued and redeemed through the delivery of cash, securities or other instruments specified by a Fund, or a combination thereof.

A Fund may require that Custom Orders (as defined below) be received no later than one hour prior to the Order Cut-Off Time. When the NASDAQ Stock Market LLC (Listing Exchange) or bond markets close earlier than normal, a Fund may require orders for Creation Units to be placed earlier in the Business Day. Orders to purchase Fund shares invested in fixed-income instruments may not be accepted on any day when the bond markets are closed.

Investors must accumulate enough Fund shares in the secondary market to constitute a Creation Unit in order to have such shares redeemed by a Fund. There can be no assurance that there will be sufficient liquidity in the public trading market at any time to permit assembly of a Creation Unit. Investors should expect to incur brokerage and other costs in connection with assembling a sufficient number of Fund shares to constitute a redeemable Creation Unit. All requests for redemption must be preceded or accompanied by the requisite number of Fund shares, which delivery will generally be made through the DTC Process.

As noted under Federal Tax Aspects below, a Fund has the right to reject an order for Creation Units if the creator (or group of creators) would, upon obtaining the shares so ordered, own 80% or more of the outstanding shares of a Fund and if, pursuant to Section 351 of the Code, the Fund would have a basis in the deposit securities different from the market value of such securities on the date of deposit. A Fund also has the right to require information necessary to determine beneficial share ownership for purposes of the 80% determination.

Payment. To seek to keep trading costs low and to seek to enable the Fund to be as fully invested as possible, each Fund generally expects to issue and redeem Creation Units in kind through the delivery of securities and/or other portfolio instruments, rather than cash, to the extent practicable. Creations and redemptions may be effected partially or entirely in cash when in-kind delivery is not practicable or deemed not in the best interests of shareholders.

Subject to certain exceptions described below, the basket of securities, other instruments and/or cash that a Fund specifies each Business Day and for which it issues and redeems Creation Units (Basket) paid or received by the Fund will be the same for all purchasers and redeemers of Creation Units on a given Business Day. Basket instruments may include cash, securities and/or other transferable investment assets. Each security included in the Basket will be a current holding of the Fund. To the extent there is a difference between the NAV of a Creation Unit and the aggregate market value of the Basket instruments exchanged for the Creation Unit, the party conveying the lower value will pay to the other an amount in cash equal to that difference (Balancing Amount).

To preserve the confidentiality of the Funds' trading activities, the Investment Adviser anticipates that a Basket will normally not be a *pro rata* slice of a Fund's portfolio positions or necessarily include all of a Fund's portfolio positions. All Basket instruments will be either current portfolio positions held by the relevant Fund or cash; however the composition of a Fund's Basket likely will diverge, and may diverge significantly, from the Fund's current portfolio. Baskets generally will exclude instruments being acquired by a Fund until their acquisition is completed, and portfolio positions that are being sold by a Fund may not be removed from the Fund's Basket until the sale is substantially completed. Generally, securities in markets that restrict the in-kind transfer of securities will be excluded from the Basket. In addition, when deemed by the Investment Adviser to be in the best interest of a Fund and its shareholders, other portfolio positions may be excluded from the Basket. Each Fund's Basket will be available on www.nextshares.com each day. Whenever portfolio positions are excluded from the Basket, the Basket may include a larger proportion of cash than the portfolio, with such additional cash substituting for the excluded portfolio positions.

A Fund may permit an Authorized Participant to deposit or receive, as applicable, cash in lieu of some or all of the Basket instruments, solely because: (a) such instruments are, in the case of the purchase of a Creation Unit, not available in sufficient quantity; (b) such instruments are not eligible for trading by the Authorized Participant or the investor on whose behalf the Authorized Participant is acting; or (c) a holder of Fund shares investing in foreign instruments would be subject to unfavorable income tax treatment if the holder received redemption

proceeds in kind. No other Basket substitutions will be permitted. A “Custom Order” is any purchase or redemption of shares made in whole or in part on a cash basis as described in clause (a) or (b) of this paragraph. In addition, a Fund may require purchases and redemptions on a given Business Day to be made entirely on a cash basis. In such an instance, a Fund will announce, before the open of trading on such day, that all purchases, all redemptions or all purchases and redemptions on that day will be made entirely in cash. A Fund may also determine, upon receiving a purchase or redemption order from an Authorized Participant, to require the purchase or redemption, as applicable, to be made entirely in cash.

Each Business Day, before the open of trading on the Listing Exchange, the Investment Adviser will cause the composition of the Basket and the estimated Balancing Amount for that day to be disseminated through the NSCC, a clearing agency registered with the Commission and affiliated with DTC. The Basket will also be posted to www.nextshares.com. The published Basket will apply until a new Basket for that Fund is announced for the following Business Day or if a correction is required. The Investment Adviser will cause information about the previous day’s Balancing Amount to be made available on a daily basis.

Clearance and Settlement. Orders for purchases and redemptions of Creation Units will be processed either through an enhanced clearing process or through a manual clearing process. The NSCC/CNS system for effecting in-kind purchases and redemptions of shares (NSCC Process) simplifies the transfer of a basket of securities between two parties by treating all of the securities that constitute the basket as a single unit.

There are limitations on investors’ ability to use the NSCC Process. First, it is available only to those DTC Participants that also are participants in the CNS System of the NSCC. Other DTC Participants must use a manual clearing process (DTC Process), involving a line-by-line movement of each transferred position, which is available to all DTC Participants. Because the DTC Process involves the movement of individual positions, while the NSCC Process can act on instructions regarding the movement of one unitary basket that automatically processes the movement of multiple securities, DTC may charge a Fund more than NSCC to settle purchases and/or redemptions of Creation Units. Further, the NSCC Process is generally only available for transactions involving domestic equity securities and certain domestic income securities. Thus, it may only be used in connection with in-kind transactions for Fund Creation Units that include only eligible securities in their Basket.

Orders for purchases and redemptions of Creation Units that include foreign instruments in their Basket, which is likely to be the case for the Funds, will not go through either the NSCC Process or the DTC Process. Rather, such transactions will go through a Fund’s custodian and its sub-custodian network. Once such a creation order has been placed with a Fund or its agent, the Distributor will inform the Investment Adviser and the Custodian. The Custodian will then inform the appropriate sub-custodians. In connection with a creation, the Authorized Participant will deliver to the appropriate sub-custodians, on behalf of itself or the beneficial owner on whose behalf it is acting, the Basket instruments as determined according to the procedures described above. The sub-custodians will confirm to the Custodian that the purchase consideration has been delivered, and the Custodian will notify the Investment Adviser and Distributor of the delivery. After shares have been instructed to be delivered, the Distributor will furnish the purchaser with a confirmation and a Prospectus (if necessary). For a redemption, the same process proceeds in reverse.

In-kind transactions in Creation Units involving fixed-income instruments that do not use the DTC Process will generally clear and settle as follows: Basket securities that are U.S. government or U.S. agency securities and any cash will settle via free delivery through the Federal Reserve System; Basket securities that are non-U.S. fixed-income securities will settle in accordance with the normal rules for settlement of such securities in the applicable non-U.S. market. Fund shares will settle through DTC. The Custodian will monitor the movement of the underlying Basket instruments and will instruct the movement of shares only upon validation that such instruments have settled correctly. The settlement of Fund shares will be aligned with the settlement of the underlying Basket and, except as discussed below with respect to Basket instruments traded in foreign markets, will generally occur no later than the second Business Day following the day on which an order is deemed received by the Distributor.

Orders for purchases and redemptions of Creation Units that include foreign instruments in their Basket may be on a basis other than the second Business Day following receipt in good order in order to accommodate local holiday schedules, to account for different treatment among foreign and U.S. markets of dividend record dates and ex-dividend dates or under certain other circumstances. The ability of the Trust to effect in-kind purchases and redemptions within two Business Days of receipt of an order in good form is subject, among other things, to the condition that, within the time period from the date of the order to the date of delivery of the securities, there are no days that are holidays in the applicable foreign market. For every occurrence of one or more intervening holidays in the applicable foreign market that are not holidays observed in the U.S. equity market, the redemption settlement cycle will be extended by the number of such intervening holidays. In addition to holidays, other unforeseeable closings in a foreign market due to emergencies may also prevent the Trust from delivering securities within normal settlement periods. The securities delivery cycles currently practicable for transferring portfolio securities to redeeming shareholders, coupled with foreign market holiday schedules, will require a delivery process longer than seven calendar days for the Funds, in certain circumstances. The holidays applicable to the Funds are listed on Appendix A, as are instances where more than seven days will be needed to deliver redemption proceeds. Although certain holidays may occur on different dates in subsequent years, the number of days required to deliver redemption proceeds in any given year is not expected to exceed the maximum number of days listed on Appendix A. The proclamation of new holidays, the treatment by market participants of certain days as “informal holidays” (e.g., days on which no or limited securities transactions occur, as a result of substantially shortened trading hours), the elimination of existing holidays or changes in local securities delivery practices could affect the information set forth herein at some time in the future. Because the portfolio securities of a Fund may trade on days that a Fund’s Listing Exchange is closed or on days that are not Business Days for the Fund, shareholders may not be able to redeem their shares of the Fund, or to purchase and sell shares of the Fund on the Listing Exchange, on days when the NAV of the Fund could be significantly affected by events in the relevant non-U.S. markets.

Delivery. The Distributor will transmit all purchase orders received from Authorized Participants to the relevant Fund. After a Fund has accepted a purchase order and received delivery of the purchase consideration, NSCC or DTC, as applicable, will instruct the Fund to initiate delivery of the appropriate number of shares to the book-entry account specified by the Authorized Participant. Delivery of Creation Units by a Fund is expected to occur within the normal settlement cycle, currently no later than the second Business Day following the day on which an order is deemed to be received by the Distributor. The Distributor will issue or cause the issuance of confirmations of acceptance. The Distributor will be responsible for delivering a Prospectus to Authorized Participants purchasing Creation Units. The Distributor will maintain records of both the orders placed with it and the confirmations of acceptance furnished by it.

Shares will not normally be issued to a purchasing Authorized Participant until after the transfer to a Fund of good title to the Basket instruments required to be delivered in connection with the purchase. However, shares may be transferred in advance of receipt by a Fund of all or a portion of the applicable Basket instrument(s) as described further below. In these circumstances, the Authorized Participant will be required to transfer the available Basket instruments plus cash in an amount equal to 115% of the market value of any undelivered Basket instrument(s) (Additional Cash Deposit). Each Creation Unit order will be deemed to be received on the Business Day on which the order is placed, provided that the order is placed in proper form prior to the Order Cut-Off Time on such date and cash in the appropriate amount is deposited with the Custodian by the time designated by the Custodian on settlement date. If the order is not placed in proper form by the Order Cut-Off Time or federal funds in the appropriate amount are not received by the time designated by the Custodian on settlement date, then the order may be deemed to be rejected and the Authorized Participant will be liable to the relevant Fund for losses, if any, resulting therefrom.

As noted above, an additional amount of cash will be required to be deposited with the relevant Fund, pending delivery of the missing Basket instrument(s) in an amount equal to at least 115% of the daily marked to market value of the missing Basket instrument(s). In the event that additional cash is not paid, a Fund may use the cash on deposit to purchase the missing Basket instrument(s). The Authorized Participant will be liable to a

Fund for the costs incurred by the Fund in connection with any such purchases and the Authorized Participant will be liable to the Fund for any shortfall between the cost to the Fund of purchasing any missing Basket instrument(s) and the value of the collateral. These costs will be deemed to include the amount by which the actual purchase price of the Basket instrument(s) exceeds the market value of such Basket instruments on the day the Creation Unit order was deemed received by the Distributor plus the brokerage and related transaction costs associated with such purchases. A Fund will return any unused portion of the Additional Cash Deposit once all of the missing Basket instrument(s) have been properly received by the Custodian or purchased by the Fund and deposited into the Fund's account with the Custodian.

In connection with taking delivery of shares upon redemption of Creation Units, a redeeming shareholder or Authorized Participant acting on behalf of such shareholder must maintain appropriate custody arrangements with a qualified broker-dealer, bank or other custody providers in each jurisdiction in which any of the securities are customarily traded, to which account such securities will be delivered. Deliveries of redemption proceeds generally will be made within two Business Days of the trade date.

Redemptions of shares for Fund securities will be subject to compliance with applicable federal and state securities laws and each Fund reserves the right to redeem Creation Units for cash to the extent that the Trust could not lawfully deliver specific Fund securities upon redemptions or could not do so without first registering Fund securities under such laws. A redeeming investor that is subject to a legal restriction with respect to a particular security included in a Fund's Basket instruments may be paid an equivalent amount of cash. The Authorized Participant through which such a redeeming investor transacts may request that the redeeming investor complete an order form or enter into agreements with respect to such matters as compensating cash payment. Further, a redeeming investor that is not a "qualified institutional buyer" (QIB), as such term is defined under Rule 144A under the 1933 Act, will not be able to receive Fund securities that are restricted for resale under Rule 144A. A redeeming investor may be required by the Trust to provide a written confirmation with respect to QIB status in order to receive Fund securities.

The right of redemption may be suspended or the date of payment postponed with respect to a Fund (i) for any period during which the NYSE is closed (other than customary weekend and holiday closings); (ii) for any period during which trading on the NYSE is suspended or restricted; (iii) for any period during which an emergency exists as a result of which disposal of Fund shares or determination of the NAV of the shares is not reasonably practicable; or (iv) in such other circumstance as is permitted by the Commission.

Transaction Fees. Orders for Creation Units are subject to transaction fees. See Investing in the Funds – Buying and Selling Shares in the Prospectus.

Order Rejection. A Fund and/or the Distributor may reject any order that is not in proper form. Further, a Fund may reject a purchase order transmitted to it, for example: (a) the purchaser or group of related purchasers, upon obtaining the Creation Units, would own 80% or more of outstanding Fund shares; (b) the acceptance of the Basket would have certain adverse tax consequences, such as causing a Fund to no longer meet the requirements of a regulated investment company under the Code; (c) the acceptance of the Basket would, in the opinion of the Trust, be unlawful, as in the case of a purchaser who is banned from trading in securities; (d) the acceptance of the Basket would otherwise, in the discretion of the Trust or the Investment Adviser, have an adverse effect on the Fund or its shareholders; or (e) there exist circumstances outside the control of the Fund that make it impossible to process purchases of Creation Units for all practical purposes. Examples of such circumstances include: acts of God or public service or utility problems such as fires, floods, extreme weather conditions and power outages resulting in telephone, telecopy and computer failures; market conditions or activities causing trading halts; systems failures involving computer or other information systems affecting a Fund, the Investment Adviser, the Transfer Agent, the Custodian, the Distributor, DTC, NSCC or any other participant in the purchase process; and similar extraordinary events.

Required Early Acceptance of Orders. Notwithstanding the foregoing, Authorized Participants may be notified that the Order Cut-Off Time may be earlier on a particular Business Day.

Exchange Listing and Trading. A discussion of exchange listing and trading matters associated with an investment in each Fund is contained in the Prospectus under Purchases and Sales of Fund Shares and Investing in the Funds – Buying and Selling Shares. The discussion below supplements, and should be read in conjunction with, such sections of the Prospectus.

Each Fund’s shares are listed for trading on the Listing Exchange, and trade thereon at prices that are directly linked to the Fund’s next end-of-day NAV (NAV-Based Trading). Shares may also be bought and sold on other national securities exchanges and alternative trading systems that have obtained appropriate licenses, adopted applicable rules and developed systems to support trading in Fund shares. In NAV-Based Trading, all trades are executed at the next NAV, plus or minus a trading cost (*i.e.*, a premium or discount to NAV) determined at the time of trade execution. For each trade, the final transaction price is determined once NAV is computed. Buyers will not know the value of their purchases and sales until the end of the trading day.

Although share prices will be quoted throughout the day relative to NAV, there is not a fixed relationship between trading prices and NAV. Instead, the premium or discount to NAV at which Share transactions are executed is determined at the time of trade execution, and will depend on market factors, including the balance of supply and demand for shares among investors, transaction fees and other costs associated with creating and redeeming Creation Units of shares, competition among market makers, the Share inventory positions and inventory strategies of market makers, and the volume of share trading. Reflecting these and other market factors, prices for shares in the secondary market may be above, at or below NAV. The Funds do not offer the opportunity to transact intraday at prices determined at time of trade execution.

There can be no assurance that the requirements of the Listing Exchange necessary to maintain the listing of Fund shares will continue to be met.

The Listing Exchange may, but is not required to, remove a Fund’s shares from listing if: (i) following the initial twelve-month period after commencement of trading of the Fund, there are fewer than 50 beneficial holders of the shares for 30 or more consecutive trading days; (ii) the Fund’s Intraday Indicative Value (IIV) or NAV is no longer calculated or its IIV, NAV or Basket composition is no longer available to all market participants at the same time; (iii) the Fund has failed to submit any filings required by the Commission or if the Listing Exchange is aware that the Fund is not in compliance with the conditions of any exemptive order or no-action relief granted by the Commission with respect to the Fund; or (iv) such other event will occur or condition exists that, in the opinion of the Listing Exchange, makes further dealings on the Listing Exchange inadvisable. In addition, the Listing Exchange will remove a Fund’s shares from listing and trading upon termination of the Trust or the Fund. In the event a Fund ceases to be listed on an exchange, the Fund may cease operating as an “exchange-traded managed fund” and operate as a mutual fund, provided that shareholders are given advance notice.

Book Entry Only System. The following information supplements and should be read in conjunction with Investing in the Funds – Buying and Selling Shares in the Prospectus.

DTC acts as securities depository for each Fund’s shares. Fund shares are represented by securities registered in the name of DTC, its nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC and deposited with, or on behalf of, DTC. Certificates will not be issued for Fund shares.

DTC, a limited-purpose trust company, was created to hold securities of DTC Participants and to facilitate the clearance and settlement of securities transactions among the DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own DTC. More specifically, DTC is owned by a number of DTC Participants and by the NYSE and the

Financial Industry Regulatory Authority. Access to the DTC system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (Indirect Participants). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Commission, and more information about DTC can be found at www.dtcc.com.

Beneficial ownership of shares is limited to DTC Participants, Indirect Participants and persons holding interests through DTC Participants and Indirect Participants. Ownership of beneficial interests in shares (owners of such beneficial interests are referred to as Beneficial Owners) is shown on, and the transfer of ownership is effected only through, records maintained by DTC (with respect to DTC Participants) and on the records of DTC Participants (with respect to Indirect Participants and Beneficial Owners that are not DTC Participants). Beneficial Owners will receive from or through the DTC Participant a written confirmation relating to their purchase of shares.

Conveyance of all notices, statements and other communications to Beneficial Owners is affected as follows. Pursuant to the Depositary Agreement between the Trust and DTC, DTC is required to make available to the Trust upon request and for a fee to be charged to the Trust a listing of each Fund's shares held by each DTC Participant. The Trust will inquire of each such DTC Participant as to the number of Beneficial Owners holding shares, directly or indirectly, through such DTC Participant. The Trust will provide each such DTC Participant with copies of such notice, statement or other communication, in such form, number and at such place as such DTC Participant may reasonably request, in order that such notice, statement or communication may be transmitted by such DTC Participant, directly or indirectly, to such Beneficial Owners. In addition, the Trust will pay to each such DTC Participant a fair and reasonable amount as reimbursement for the expenses attendant to such transmittal, all subject to applicable statutory and regulatory requirements.

Payment of Fund distributions will be made to DTC, its nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC as the registered holder of all shares of each Fund. DTC or its nominee, upon receipt of any such distributions, will credit immediately DTC Participants' accounts with payments in amounts proportionate to their respective beneficial interests in Fund shares as shown on the records of DTC or its nominee. Payments by DTC Participants to Indirect Participants and Beneficial Owners of shares held through such DTC Participants will be governed by standing instructions and customary practices, as is the case for securities held for the accounts of customers in bearer form or registered in a "street name," and will be the responsibility of such DTC Participants.

The Trust has no responsibility or liability for the accuracy or any other aspects of the records relating to or notices to Beneficial Owners, or payments made on account of beneficial ownership interests in such shares, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for any other aspect of the relationship between DTC and the DTC Participants or the relationship between such DTC Participants and the Indirect Participants and Beneficial Owners owning through such DTC Participants. DTC may determine to discontinue providing its service with respect to shares at any time by giving reasonable notice to the Trust and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, the Trust will take action either to find a replacement for DTC to perform its functions at a comparable cost or, if such a replacement is unavailable, to issue and deliver printed certificates representing ownership of shares, unless the Trust makes other arrangements with respect thereto satisfactory to the Listing Exchange.

PRICING OF SHARES

Determination of Net Asset Value

Each Fund's securities are valued by the Funds' Administrator pursuant to valuations provided by independent pricing services (generally, last reported sale prices), unless there is no readily ascertainable market

value for a security or if the Funds' Fair Value Committee thinks a market price is unreliable. Fund securities listed on a securities exchange (except the NASDAQ Stock Market (NASDAQ)) or OTC for which market quotations are available are valued at the last reported sale price ("regular way") as of the close of regular trading on each Business Day (defined as days on which the NYSE is open for business) or, if there is no such reported sale, at the last reported bid price for long positions and at the last available ask price for short positions. For securities traded on NASDAQ, the NASDAQ Official Closing Price will be used. Securities listed on multiple exchanges or OTC markets are valued on the exchange or OTC market considered by the Fund to be the primary market.

When a Fund writes an option, the amount of the premium received is recorded on the books of the Fund as an asset and an equivalent liability. The amount of the liability is subsequently valued to reflect the current market value of the option written, based upon the last sale price in the case of exchange-traded options or, in the case of options traded in the OTC market, the last ask price. Options purchased by a Fund are valued at their last sale price in the case of exchange-traded options or, in the case of options traded in the OTC market, the last bid price. Other investments, including financial futures contracts and related options and forward FX contracts and swaps, are stated at market value. The prices for foreign securities are reported in local currency and converted into U.S. dollars at the currency exchange rate quoted at the close of the NYSE. Unlisted securities for which market quotations are readily available are valued at the most recently quoted sale price. The pricing services rely primarily on prices of actual market transactions and trader quotations. The pricing services may also use matrix systems to determine valuations for fixed income securities. These systems consider such factors as security prices, yields, maturities, call features, ratings and developments relating to specific securities in arriving at valuations. Investments in mutual funds that are not exchange-traded funds are valued daily at the NAV.

If there is no readily ascertainable market value for a security or if a Fund thinks a market price is unreliable, the Funds' Fair Value Committee will make a good faith determination of the "fair value" of the security under policies and procedures adopted by the Board. The Board has approved the use of a third-party fair valuation vendor for equity securities that are traded primarily on foreign exchanges. The vendor provides fair values for such securities based on certain quantitative factors and methods which generally involve tracking valuation correlations between the U.S. market and each foreign security. The Funds will value their foreign securities with fair values provided by the vendor if there is a movement in the U.S. market that exceeds certain thresholds established by the Fair Value Committee. The vendor may not be able to provide fair values for certain securities, including securities of companies in emerging markets.

The Funds will own securities that are listed on foreign exchanges. These securities may trade on weekends or other days when a Fund does not calculate NAV. As a result, the value of these investments may change on days when you cannot purchase or sell Fund shares. It is possible that market timers or "arbitrageurs" may buy or sell Fund shares in short-term trades to seek to profit from predicted price movements in foreign markets not yet reflected in a Fund's NAV. Such trades, if they result in purchases or redemptions of Creation Units, may adversely affect existing shareholders.

Securities with remaining maturities of 60 days or less may be valued by the amortized cost method, if the Fair Value Committee concludes it approximates market value after taking into account factors such as credit, liquidity and interest rate conditions as well as issuer-specific factors. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter (absent unusual circumstances) assuming a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuations in general market rates of interest on the value of the instrument. While this method provides certainty in valuation, it may result in periods during which the value of a security determined by this method is higher or lower than the price a Fund would receive if it sold the security.

The NAV of each Fund is computed by dividing the value of the securities held by the Fund plus any cash or other assets held by the Fund (including interest and dividends accrued but not yet received) minus all liabilities attributable to the Fund (including accrued expenses) by the total number of shares outstanding at such time, rounded to the nearest cent. Expenses are accrued daily.

Generally, trading in foreign securities, as well as U.S. government securities and money market instruments, is substantially completed each day at various times prior to 4:00 p.m. Eastern Time. The values of such securities used in computing the NAV of a Fund's shares are determined as of such time. Occasionally, events affecting the values of such securities and such exchange rates may occur between the times at which they are determined and 4:00 p.m. Eastern Time that may not be reflected in the computation of a Fund's NAV.

Each investor may add to or reduce its investment in a Fund on each day the Fund is open for trading. The value of each investor's interest in the Fund will be determined as of 4:00 p.m. Eastern Time on each Business Day by multiplying the NAV of the Fund by the number of shares held by the investor. Any additions or withdrawals to be effected on that day will then be effected.

Intraday Indicative Values

The Trust will arrange for the continuous calculation by an independent third party and publication throughout the regular trading session of the Listing Exchange (generally 9:30 am to 4:00 pm Eastern Time) each Business Day of the intraday indicative value (IIV) of each Fund's shares. IIVs are calculated based on the current market trading prices of a Fund's underlying holdings (and may not use fair values) and disseminated at periodic intervals of not more than 15 minutes. The purpose of IIVs is to help investors to estimate that day's closing NAV so they can determine the number of shares to buy or sell if they want to trade an approximate dollar amount. Because IIVs will generally differ from the end-of-day NAV of the Fund, they cannot be used to calculate the precise dollar value of a prescribed number of shares to be bought or sold. Investors should understand that Fund transaction prices are based on closing NAVs, and that NAVs may vary significantly from IIVs during periods of market volatility. Neither the Funds, the Trust nor any of their affiliates are involved in, or responsible for, the calculation or dissemination of IIVs, nor do they make any warranty as to their accuracy.

PORTFOLIO TRANSACTIONS AND BROKERAGE

Transactions in Portfolio Securities

Subject to policies established by the Board, the Investment Adviser is responsible for the execution of the Trust's portfolio transactions and the allocation of brokerage. The Trust has no obligation to deal with any broker or group of brokers in the execution of transactions in portfolio securities. In executing transactions with brokers and dealers, the Trust's policy is that the Investment Adviser shall seek to obtain the best available price in the best available market so that the Trust's total costs or proceeds are the most favorable under the circumstances, taking into account all relevant factors. In placing agency brokerage, the Investment Adviser considers the size and nature of an order, the difficulty of execution and the full range and quality of a broker-dealer's services, including among other things:

- Execution capability,
- Brokerage and research services,
- Responsiveness,
- Level of commission rates charged,
- Financial soundness,
- Back office processing capabilities, and
- Participation in client commission recapture or directed brokerage programs.

For foreign exchange and other principal trades, the Investment Adviser considers the bid and/or offer price and also considers the factors described above, excluding brokerage and research services, commission rates, and client commission recapture programs, which factors are not applicable to principal trades.

The Investment Adviser is not required to adhere to any rigid formulas in selecting broker-dealers, but weighs a combination of some or all of the factors noted above. The determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution for a Fund and the Investment Adviser's other clients. The Investment Adviser's traders monitor prices of full service equity trades by comparing completed equity trades to the stock's volume-weighted average price (VWAP) for the trading day. Portfolio managers and research analysts assess brokers based on research services and communicate assessments to the Trading Desk. Portfolio managers and traders receive weekly and annual reports listing brokers and commissions, monitor the amount of commissions allocated among broker-dealers and seek to allocate transactions to broker-dealers who provide superior execution and research services. In addition, the Investment Adviser uses a third party service provider to assist the firm in assessing best execution. These assessments are distributed to relevant portfolio managers, traders, and compliance staff and reviewed semi-annually at meetings of the Investment Adviser's Best Execution Group.

For equity agency trades, the Investment Adviser may consider proprietary or third party brokerage and research services provided by broker-dealers as a factor in their selection. The Investment Adviser may effect securities transactions that cause a Fund to pay an amount of commission in excess of the amount of commission another broker-dealer would have charged; provided, that the Investment Adviser determines in good faith that such amount of commission is reasonable in relation to the value of brokerage and research services provided by the broker-dealer used by the Investment Adviser, viewed in terms of either the specific transaction or the Investment Adviser's overall responsibilities to the accounts, including the Funds, for which it exercises investment discretion.

To the extent research services may be a factor in selecting broker-dealers, such services may be in written form or through direct contact with individuals and may include information about securities, companies, industries, markets, economics, the valuation of investments and portfolio strategy. Research may be in the form of research reports, electronic market data, computer and technical market analyses, and access to research analysts, corporate management personnel and industry experts. Research services furnished by broker-dealers may be used in servicing all the Investment Adviser's accounts and not all such services may be used in connection with a Fund or any other particular account of the Investment Adviser which paid commissions to the broker-dealer providing such services.

Pursuant to Commission interpretative guidance, the Investment Adviser uses commission sharing arrangements (CSAs) with certain brokers. These CSA brokers execute trades and credit soft dollars to pools from which the Investment Adviser directs payments to the CSA brokers, third-party brokers, and independent research providers based on commission targets. The use of CSAs is intended to assist the Investment Adviser in providing credits to brokers who, in its judgment, provide the best access to analysts and management, and to independent research providers, while using reliable execution brokers which the Investment Adviser believes will benefit the Investment Adviser's accounts, including the Funds.

The Funds anticipate that their brokerage transactions involving securities of issuers domiciled in countries other than the U.S. generally will be conducted primarily on the principal stock exchanges of such countries. Brokerage commissions and other transaction costs on foreign stock exchange transactions generally are higher than in the U.S. There generally is less governmental supervision and regulation of foreign stock exchanges and brokers than in the U.S.

Foreign equity securities may also be held by the Funds in the form of ETFs, depositary receipts including ADRs, EDRs, GDRs, and SDRs, or other securities convertible into foreign equity securities. Depositary receipts may be listed on stock exchanges, or traded in over-the-counter markets in the U.S. or Europe or other countries, as the case may be. ADRs and ETFs, like other securities traded in the U.S., will be subject to negotiated commission rates. A Fund's ability and decisions to purchase or sell portfolio securities of foreign issuers may be affected by laws or regulations relating to the convertibility and repatriation of assets. Because the shares of the Funds are redeemable on a daily basis in U.S. dollars, the Funds intend to manage their portfolios so as to give

reasonable assurance that they will be able to obtain U.S. dollars to the extent necessary to meet anticipated redemptions.

Because of different objectives or other factors, a particular security may be bought for one or more clients of the Investment Adviser when one or more clients of the Investment Adviser are selling the same security. Transactions in such securities will be made, insofar as feasible, for the respective Funds and clients in a manner deemed equitable to all. To the extent that transactions on behalf of more than one client of the Investment Adviser during the same period may increase the demand for securities being purchased or the supply of securities being sold, there may be an adverse effect on price.

Because the Funds had not commenced operations as of the date of this Statement of Additional Information, they have not paid any brokerage commissions.

FEDERAL TAX ASPECTS

General

Each Fund is treated as a separate corporation for federal tax purposes and intends to qualify for treatment as a “regulated investment company” (as defined in section 851(a) of the Code) (RIC). (All “section” references in this part of this Statement of Additional Information are to the Code.) By doing so, a Fund (but not its shareholders) will be relieved of federal income tax on the part of its investment company taxable income (consisting generally of net investment income, the excess, if any, of net short-term capital gain over net long-term capital loss (net short-term capital gain), and net gains and losses from certain foreign currency transactions, if any, all determined without regard to any deduction for dividends paid) and net capital gain (*i.e.*, the excess of net long-term capital gain over net short-term capital loss) that it distributes to its shareholders.

To qualify for treatment as a RIC, a Fund must distribute annually to its shareholders an amount at least equal to 90% of its investment company taxable income and net-tax exempt income (the Distribution Requirement) and must meet several additional requirements. With respect to each Fund, these requirements include the following: (1) the Fund must derive at least 90% of its gross income each taxable year from (a) dividends, interest, payments with respect to securities loans, and gains from the sale or other disposition of securities or foreign currencies, or other income (including gains from options, futures or forward contracts) derived with respect to its business of investing in securities or those currencies, and (b) net income from interests in certain publicly traded partnerships that are treated as partnerships for federal tax purposes and derive less than 90% of their gross income from the items described in clause (1)(a) (so-called qualified publicly traded partnerships) (each, a QPTP) (the Income Requirement); and (2) at the close of each quarter of the Fund’s taxable year, (a) at least 50% of the value of its total assets must be represented by cash and cash items, government securities, securities of other RICs, and other securities limited, in respect of any one issuer, to an amount that does not exceed 5% of the value of the Fund’s total assets and that does not represent more than 10% of the issuer’s outstanding voting securities (equity securities of QPTPs being considered voting securities for these purposes), and (b) not more than 25% of the value of its total assets may be invested in (i) the securities (other than government securities or securities of other RICs) of any one issuer, (ii) the securities (other than securities of other RICs) of two or more issuers the Fund controls that are determined to be engaged in the same, similar, or related trades or businesses, or (iii) the securities of one or more QPTPs (the Diversification Requirements).

If a Fund failed to qualify for treatment as a RIC for any taxable year — either (1) by failing to satisfy the Distribution Requirement, even if it satisfied the Income and Diversification Requirements, or (2) by failing to satisfy the Income Requirement and/or either Diversification Requirement and was unable, or determined not to, avail itself of certain cure provisions — then for federal tax purposes it would be taxed as an ordinary corporation on the full amount of its taxable income for that year without being able to deduct the distributions it makes to its shareholders. In addition, for those purposes the shareholders would treat all those distributions,

including distributions of net capital gain, as dividends to the extent of the Fund's earnings and profits, taxable as ordinary income — except that, for individual and certain other non-corporate shareholders (each, a non-corporate shareholder), the part thereof that is qualified dividend income (generally, dividends it receives or stock of most U.S. and certain foreign corporations with respect to which it satisfies certain holding period and other restrictions) (QDI) would be subject to federal income tax at the rate for net capital gain, a maximum of 15% or 20% depending on whether the shareholder's income exceeds certain threshold amounts — and all or part of those dividends would be eligible for the dividends-received deduction available to corporations under certain circumstances. Furthermore, a Fund could be required to recognize unrealized gains, pay substantial taxes and interest, and make substantial distributions before requalifying for RIC treatment.

A Fund will be subject to a nondeductible 4% federal excise tax (Excise Tax) to the extent it fails to distribute by the end of any calendar year substantially all of its ordinary income for that year (taking into account certain deferrals and elections) and capital gain net income for the one-year period ending on October 31 of that year, plus certain other amounts. A Fund will be treated as having distributed any amount on which it is subject to income tax for any taxable year. Each Fund generally intends to meet this distribution requirement to avoid Excise Tax liability.

Special Tax Treatment

Certain of a Fund's investments may be subject to special U.S. federal income tax provisions that may, among other things, (i) disallow, suspend or otherwise limit the allowance of certain losses or deductions, (ii) convert lower-taxed long-term capital gain into higher-taxed short-term capital gain or ordinary income, (iii) convert an ordinary loss or a deduction into a capital loss, the deductibility of which is more limited, (iv) adversely affect when a purchase or sale of stock or securities is deemed to occur, (v) adversely alter the intended characterization of certain complex financial transactions, (vi) cause the Fund to recognize income or gain without a corresponding receipt of cash and (vii) produce income that will not constitute qualifying income for purposes of the Income Requirement. The application of these rules could cause a Fund to be subject to U.S. federal income tax or the Excise Tax and, under certain circumstances, could affect the Fund's status as a RIC. Each Fund will monitor its investments and may make certain tax elections in order to mitigate the effect of these provisions.

Foreign Investments

Dividends and interest a Fund receives, and gains it realizes, on foreign securities may be subject to income, withholding, or other taxes foreign countries and U.S. possessions impose (collectively, foreign taxes) that would reduce the total return on its investments. Tax conventions between certain countries and the United States may reduce or eliminate foreign taxes, however, and many foreign countries do not impose taxes on capital gains on investments by foreign investors.

If more than 50% of the value of a Fund's total assets at the close of any taxable year consists of securities of foreign corporations — which is likely in the case of each Fund — the Fund will be eligible to, and intends to, file an election with the Internal Revenue Service (Service) that would generally enable its shareholders to benefit from any foreign tax credit or deduction available for any foreign taxes the Fund pays. Pursuant to the election, a Fund would treat those taxes as dividends paid to its shareholders and each shareholder (1) would be required to include in gross income, and treat as paid by the shareholder, the shareholder's proportionate share of those taxes, (2) would be required to treat that share of those taxes and of any dividend the Fund paid that represents income from foreign or U.S. possessions sources (foreign-source income) as the shareholder's own income from those sources, and (3) could either use the foregoing information in calculating the foreign tax credit against the shareholder's federal income tax or, alternatively, deduct the foreign taxes deemed paid by the shareholder in computing taxable income. If a Fund makes this election, it will report to its shareholders shortly after each taxable year their respective shares of the foreign taxes it paid and its foreign-source income.

Individuals who have no more than \$300 (\$600 for married persons filing jointly) of creditable foreign taxes included on Forms 1099 and whose foreign source income is all “qualified passive income” may elect each year to be exempt from the extremely complicated foreign tax credit limitation, in which event they would be able to claim a foreign tax credit without having to file the detailed Form 1116 that otherwise is required. A shareholder will not be entitled to credit or deduct its allocable portion of foreign taxes a Fund paid if the shareholder has not held Fund shares for at least 16 days during the 30-day period beginning 15 days before the ex-distribution date for those shares. The minimum holding period will be extended if the shareholder’s risk of loss with respect to those shares is reduced by reason of holding an offsetting position. No deduction for foreign taxes may be claimed by a shareholder who does not itemize deductions. A foreign shareholder may not deduct or claim a credit for foreign taxes in determining its federal income tax liability unless the Fund dividends it receives are effectively connected with the conduct of a U.S. trade or business.

A Fund may invest in the stock of “passive foreign investment companies” (each, a PFIC). A PFIC is any foreign corporation (with certain exceptions) that, in general, meets either of the following tests for a taxable year: (1) at least 75% of its gross income is passive or (2) an average of at least 50% of its assets produce, or are held for the production of, passive income. Under certain circumstances, a Fund will be subject to federal income tax on a portion of any “excess distribution” it receives on that stock or of any gain on its disposition of that stock (collectively, PFIC income), plus interest thereon, even if the Fund distributes the PFIC income as a dividend to its shareholders. The balance of the PFIC income will be included in the Fund’s investment company taxable income and, accordingly, will not be taxable to it to the extent it distributes that income to its shareholders. Fund distributions thereof will not be eligible for the reduced maximum federal income tax rates on individuals’ and certain other non-corporate shareholders’ QDI mentioned above.

If a Fund invests in a PFIC and elects to treat the PFIC as a “qualified electing fund” (QEF), then in lieu of the foregoing tax and interest obligation, the Fund would be required to include in income each taxable year its *pro rata* share of the QEF’s annual ordinary earnings and net capital gain — which the Fund likely would have to distribute to satisfy the Distribution Requirement and avoid imposition of the Excise Tax — even if the Fund did not receive those earnings and gain from the QEF. In most instances it will be very difficult, if not impossible, to make this election because some of the information required to make this election may not be easily obtainable.

Each Fund may elect to “mark to market” any stock in a PFIC it owns at the end of its taxable year. “Marking-to-market,” in this context, means including in gross income each taxable year (and treating as ordinary income) the excess, if any, of the fair market value of the stock over a Fund’s adjusted basis therein (including mark-to-market gain for each prior year for which the election was in effect) as of the end of that year. Pursuant to the election, a Fund also would be allowed to deduct (as an ordinary, not a capital, loss) the excess, if any, of its adjusted basis in PFIC stock over the fair market value thereof as of the taxable year-end, but only to the extent of any net mark-to-market gains with respect to that stock the Fund included in income for prior taxable years under the election. A Fund’s adjusted basis in each PFIC’s stock subject to the election would be adjusted to reflect the amounts of income included and deductions taken thereunder.

Investors should be aware that a Fund may not be able, at the time it acquires a foreign corporation’s shares, to ascertain whether the corporation is a PFIC and that a foreign corporation may become a PFIC after a Fund acquires shares therein. Each Fund reserves the right to make investments in PFICs as a matter of its investment policy.

A Fund may invest in ownership interests in foreign income, royalty, and similar trusts. The tax consequences to a Fund of an investment in such a trust depend on the trust’s classification for federal tax purposes, generally as a corporation or a partnership:

- (1) If such a trust is classified as a corporation, it would be a PFIC (with the income tax consequences to an investing Fund described above) if it primarily held equity or debt securities of an underlying operating entity but would not be a PFIC if it was actively engaged in a business, such as oil and gas

exploration (as a large proportion of income trusts are), and did not hold substantial investment-type assets. In the latter event, distributions from the trust to a Fund that invested therein would be treated as dividends that, under certain circumstances, would be treated as QDI; or

(2) If such a trust is classified for federal tax purposes as a partnership (by making a certain election or otherwise), it likely would be a QPTP, in which event all its net income (regardless of source) would be qualifying income to an investing Fund under the Income Requirement. But if such a trust is not a QPTP, then (a) it would be a publicly traded partnership that likely would be treated for federal tax purposes as a corporation, with the income tax consequences mentioned above, or (b) if not, a Fund that invested therein would treat its share of the trust's income as qualifying income under the Income Requirement only to the extent it would be qualifying income if realized by the Fund in the same manner as realized by the trust, and any non-qualifying income of the trust would pass-through to the Fund.

Derivatives and Foreign Currencies

The use of hedging strategies, such as writing (selling) and purchasing options and futures contracts and entering into forward contracts, and swap agreements involves complex rules that will determine for income tax purposes the amount, character, and timing of recognition of the gains and losses a Fund realizes in connection therewith. Gains from the disposition of foreign currencies (except certain gains that may be excluded by future regulations), and gains from options, futures, and forward contracts a Fund derives from its business of investing in securities or foreign currencies, if any, will be treated as qualifying income under the Income Requirement. Each Fund monitors its transactions, and seeks to make appropriate tax elections and entries in its books and records when it acquires any foreign currency, option, futures contract, forward contract, or hedged investment, or enters into a swap agreement, to mitigate the effect of these rules, prevent its disqualification as a RIC, and minimize the imposition of federal income and Excise Taxes.

A Fund's need to satisfy the Income Requirement and the Diversification Requirements to qualify as a RIC may limit its ability to engage in certain swap agreements and derivatives transactions. Moreover, the rules governing the tax treatment of swap agreements are not entirely clear in certain respects. For example, the tax treatment of a payment made or received under a swap agreement — in particular, whether such a payment is, wholly or partially, ordinary income or capital gain — will vary depending on the terms of the particular agreement. The tax treatment of swap agreements and other derivatives also may be affected by future legislation, regulations, and/or guidance issued by the Service. While each Fund intends to account for swap agreements in a manner it considers to be appropriate under applicable tax rules, the Service might not accept that treatment. If it did not, a Fund's status as a RIC might be affected. The Funds intend to monitor developments in this area.

Some futures contracts, foreign currency contracts, and "nonequity" options (*i.e.*, certain listed options, such as those on a "broad-based" securities index) — but generally excluding any "securities futures contract" that is not a "dealer securities futures contract" (both as defined in the Code) and any interest rate swap, currency swap, basis swap, interest rate cap, interest rate floor, commodity swap, equity swap, equity index swap, credit default swap, or similar agreement — in which a Fund invests may be subject to section 1256 (collectively, section 1256 contracts). Any section 1256 contracts a Fund holds at the end of its taxable year generally must be "marked to market" (that is, treated as having been sold at that time for their fair market value) for federal income tax purposes, with the result that unrealized gains or losses will be treated as though they were realized. Sixty percent of any net gain or loss recognized on these deemed sales, and 60% of any net realized gain or loss from any actual sales of section 1256 contracts, will be treated as long-term capital gain or loss, and the balance will be treated as short-term capital gain or loss. These rules may operate to increase the amount that a Fund must distribute to satisfy the Distribution Requirement (*i.e.*, regarding the portion treated as short-term capital gain), which will be taxable to its shareholders as ordinary income when distributed to them, and to increase the net capital gain a Fund recognizes, without in either case increasing the cash available to it. A Fund may elect not to have the foregoing rules apply to any "mixed straddle" (*i.e.*, a straddle, which the Fund clearly identifies in

accordance with applicable regulations, at least one (but not all) of the positions of which are section 1256 contracts), although doing so may have the effect of increasing the relative proportion of short-term capital gain (distributions of which are taxable to its shareholders as ordinary income) and thus increasing the amount of dividends it must distribute. Section 1256 contracts also are marked-to-market for purposes of the Excise Tax.

Under section 988, any gains or losses (1) from the disposition of foreign currencies, including forward contracts, (2) except in certain circumstances, from options, futures, and forward contracts on foreign currencies (and on financial instruments involving foreign currencies) and from notional principal contracts (*e.g.*, swap agreements) involving payments denominated in foreign currencies, (3) on the disposition of each foreign-currency-denominated debt security that are attributable to fluctuations in the value of the foreign currency between the dates of acquisition and disposition of the security, and (4) that are attributable to exchange rate fluctuations between the time a Fund accrues interest, dividends, or other receivables or expenses or other liabilities denominated in a foreign currency and the time it actually collects the receivables or pays the liabilities generally are treated as ordinary income or loss. These gains or losses will increase or decrease the amount of a Fund's investment company taxable income to be distributed to its shareholders as ordinary income, rather than affecting the amount of its net capital gain. If a Fund's section 988 losses exceed other investment company taxable income for a taxable year, the Fund would not be able to distribute any dividends, and any distributions made during that year before the losses were realized would be recharacterized as a return of capital to its shareholders, rather than as a dividend, thereby reducing each shareholder's basis in his or her Fund shares. Although each Fund values its assets daily in terms of U.S. dollars, it is not likely to physically convert all, or any substantial part, of its holdings of foreign currencies to U.S. dollars on a daily basis. When a Fund does so, it will incur the costs of currency conversion.

Section 1092 (dealing with straddles) also may affect the taxation of certain hedging instruments and swap agreements in which a Fund may invest. That section defines a "straddle" as offsetting positions with respect to actively traded personal property; for these purposes, options, futures, and forward contracts are positions in personal property. Under that section, any loss from the disposition of a position in a straddle generally may be deducted only to the extent the loss exceeds the unrealized gain on the offsetting position(s) of the straddle. In addition, these rules may postpone the recognition of loss that otherwise would be recognized under the mark-to-market rules discussed above. The regulations under section 1092 also provide certain "wash sale" rules, which apply to transactions where a position is sold at a loss and a new offsetting position is acquired within a prescribed period, and "short sale" rules applicable to straddles. If a Fund makes certain elections, the amount, character, and timing of recognition of its gains and losses from the affected straddle positions would be determined under rules that vary according to the elections made. Because only a few of the regulations implementing the straddle rules have been promulgated, the tax consequences to a Fund of straddle transactions are not entirely clear.

If a Fund writes (sells) a covered call option that expires, it will realize a short-term capital gain at the time of the expiration equal to the amount of the premium it received for writing the option. If a Fund terminates its obligations under such an option by entering into a closing transaction, it will realize a short-term capital gain (or loss), depending on whether the cost of the closing transaction is less (or more) than the premium it received when it wrote the option. If such an option is exercised, a Fund will be treated as having sold the underlying security, producing long-term or short-term capital gain or loss, depending on the holding period of the underlying security and whether the sum of the option price it receives on the exercise plus the premium it received when it wrote the option is more or less than the underlying security's basis.

If a Fund has an "appreciated financial position" — generally, any position (including an interest through an option, futures or forward contract, or short sale) with respect to any stock, debt instrument (other than "straight debt"), or partnership interest the fair market value of which exceeds its adjusted basis — and enters into a "constructive sale" of the position, the Fund will be treated as having made an actual sale thereof, with the result that it will recognize gain at that time. A constructive sale generally consists of a short sale, an offsetting notional principal contract, or a futures or forward contract a Fund or a related person enters into with respect to the same

or substantially identical property. In addition, if the appreciated financial position is itself a short sale or such a contract, acquisition of the underlying property or substantially identical property will be deemed a constructive sale. The foregoing will not apply, however, to any transaction of a Fund during any taxable year that otherwise would be treated as a constructive sale if the transaction is closed within 30 days after the end of that year and the Fund holds the appreciated financial position unhedged for 60 days after that closing (*i.e.*, at no time during that 60-day period is the Fund's risk of loss regarding that position reduced by reason of certain specified transactions with respect to substantially identical or related property, such as having an option to sell, being contractually obligated to sell, making a short sale of, or granting an option to buy substantially identical stock or securities).

Capital Loss Carryovers

The capital losses of a Fund, if any, do not flow through to shareholders. Rather, a Fund may use its capital losses, subject to applicable limitations, to offset its capital gains without being required to pay taxes on or distribute to shareholders such gains that are offset by the losses. Under the Regulated Investment Company Modernization Act of 2010, rules similar to those that apply to capital loss carryovers of individuals are applicable to RICs. Thus, if a Fund has a "net capital loss" (that is, capital losses in excess of capital gains), the excess (if any) of the Fund's net short-term capital losses over its net long-term capital gains is treated as a short-term capital loss arising on the first day of the Fund's next taxable year, and the excess (if any) of the Fund's net long-term capital losses over its net short-term capital gains is treated as a long-term capital loss arising on the first day of the Fund's next taxable year. Any such net capital losses of a Fund that are not used to offset capital gains may be carried forward indefinitely to reduce any future capital gains realized by a Fund in succeeding taxable years.

The amount of capital losses that can be carried forward and used in any single year is subject to an annual limitation if there is a more than 50% "change in ownership" of a Fund. An ownership change generally results when shareholders owning 5% or more of a Fund increase their aggregate holdings by more than 50% over a three-year look-back period. An ownership change could result in capital loss carryovers being used at a slower rate, thereby reducing a Fund's ability to offset capital gains with those losses. An increase in the amount of taxable gains distributed to a Fund's shareholders could result from an ownership change. The Funds undertake no obligation to avoid or prevent an ownership change, which can occur in the normal course of shareholder purchases and redemptions or as a result of engaging in a tax-free reorganization with another fund. Moreover, because of circumstances beyond a Fund's control, there can be no assurance that a Fund will not experience an ownership change. Additionally, if a Fund engages in a tax-free reorganization with another fund, the effect of these and other rules not discussed herein may be to disallow or postpone the use by a Fund of its capital loss carryovers (including any current year losses and built-in losses when realized) to offset its own gains or those of the other fund, or vice versa, thereby reducing the tax benefits Fund shareholders would otherwise have enjoyed from use of such capital loss carryovers.

Taxation of the Funds' Shareholders

Each Fund intends to distribute substantially all of its net investment income and net realized capital gains, if any, annually. Any capital loss a shareholder realizes on a redemption of Fund shares held for six months or less must be treated as a long-term (not a short-term) capital loss to the extent of any capital gain distributions received with respect to those shares. In addition, any loss a shareholder realizes on a redemption of Fund shares will be disallowed to the extent the shares are replaced within a 61-day period beginning 30 days before and ending 30 days after the disposition of the shares. In that case, the basis in the acquired shares will be adjusted to reflect the disallowed loss.

If the NAV of a shareholder's Fund shares is reduced, by reason of a distribution of net investment income or realized net capital gains, below the shareholder's cost, the distribution nevertheless will be taxable to the shareholder. A redemption of those shares at that time, however, would result in a capital loss for federal income tax purposes.

Dividends a Fund pays to a nonresident alien individual, foreign corporation or partnership, or foreign trust or estate (each, a foreign shareholder), other than (1) dividends paid to a foreign shareholder whose ownership of shares is effectively connected with a trade or business within the United States the shareholder conducts and (2) capital gain distributions paid to a nonresident alien individual who is physically present in the United States for no more than 182 days during the taxable year, generally will be subject to a federal withholding tax of 30% (or lower treaty rate). Two categories of dividends, however, “short-term capital gain dividends” and “interest-related dividends,” if reported by a Fund in writing to its shareholders, will be exempt from that tax. “Short-term capital gain dividends” are dividends that are attributable to net short-term capital gain, computed with certain adjustments. “Interest-related dividends” are dividends that are attributable to “qualified net interest income” (*i.e.*, “qualified interest income,” which generally consists of certain original issue discount, interest on obligations “in registered form,” and interest on deposits, less allocable deductions) from sources within the United States. Depending on the circumstances, a Fund may designate all, some or none of the Fund’s potentially eligible dividends as eligible for the exemption from withholding tax, and a portion of the Fund’s distributions (e.g., interest and dividends from foreign sources or any foreign currency gains) would be ineligible for such exemption.

Foreign Account Tax Compliance Act (FATCA). Under FATCA, “foreign financial institutions” (FFIs) or “non-financial foreign entities” (NFFEs) that are shareholders in a Fund may be subject to a generally nonrefundable 30% withholding tax on (1) income dividends paid by a Fund and (2) certain capital gain distributions and the proceeds of a redemption of Fund shares paid after December 31, 2018. As discussed more fully below, the FATCA withholding tax generally can be avoided (a) by an FFI, if it reports certain information regarding direct and indirect ownership of financial accounts U.S. persons hold with the FFI and (b) by an NFFE that certifies its status as such and, in certain circumstances, either that (i) it has no substantial U.S. persons as owners or (ii) it does have such owners and reports information relating to them to the withholding agent (which may be the Fund).

The U.S. Treasury has negotiated intergovernmental agreements (IGAs) with certain countries and is in various stages of negotiations with a number of other foreign countries with respect to one or more alternative approaches to implement FATCA. Entities in those countries may be required to comply with the terms of the IGA instead of Treasury regulations.

An FFI can avoid FATCA withholding by becoming a “participating FFI,” which requires the FFI to enter into a tax compliance agreement with the Service under section 1471(b) of the Code. Under such an agreement, a participating FFI agrees to (1) verify and document whether it has U.S. accountholders, (2) report certain information regarding their accounts to the Service, and (3) meet certain other specified requirements.

An FFI resident in a country that has entered into a Model I IGA with the United States must report to the government of that country (pursuant to the terms of the applicable IGA and applicable law), which will, in turn, report to the Service. An FFI resident in a Model II IGA country generally must comply with U.S. regulatory requirements, with certain exceptions, including the treatment of recalcitrant accountholders. An FFI resident in one of those countries that complies with whichever of the foregoing applies will be exempt from FATCA withholding.

An NFFE that is the beneficial owner of a payment from a Fund can avoid FATCA withholding generally by certifying its status as such and, in certain circumstances, either that (1) it does not have any substantial U.S. owners or (2) it does have one or more such owners and reports the name, address, and taxpayer identification number of each such owner. The NFFE will report to the relevant Fund or other applicable withholding agent, which will, in turn, report any required information to the Service.

Those foreign shareholders also may fall into certain exempt, excepted, or deemed compliant categories established by Treasury regulations, IGAs, and other guidance regarding FATCA. An FFI or NFFE that invests in a Fund will need to provide the Fund with documentation properly certifying the entity’s status under FATCA

to avoid FATCA withholding. The requirements imposed by FATCA are different from, and in addition to, the tax certification rules to avoid backup withholding described above. Foreign investors are urged to consult their tax advisers regarding the application of these requirements to their own situation and the impact thereof on their investment in the Fund.

Taxes on Purchases and Redemptions of Creation Units. Purchasers of Creation Units of shares on an in-kind basis will generally recognize a gain or loss on the purchase transaction equal to the difference between the market value of the Creation Units, and the purchaser's aggregate basis in the securities or other instruments exchanged plus (or minus) the cash amount paid (or received). Persons redeeming Creation Units will generally recognize a gain or loss equal to the difference between the redeeming shareholder's basis in the Creation Units redeemed and the aggregate market value of the securities or other instruments received, if any, plus (or minus) the cash amount received (or paid). The Service may assert that a loss realized upon an exchange of securities or other instruments for Creation Units cannot be deducted currently under the rules governing "wash sales," or on the basis that there has been no significant change in economic position. Persons exchanging securities or other instruments should consult their own tax advisors with respect to whether wash sale rules apply and whether a loss is deductible.

Any capital gain or loss realized upon the purchase of Creation Units will generally be treated as long-term capital gain or loss if the securities exchanged for such Creation Units have been held for more than one year. Any capital gain or loss realized upon the redemption of Creation Units will generally be treated as long-term capital gain or loss if the shares comprising the Creation Units have been held for more than one year. Otherwise, such capital gains or losses will be treated as short-term capital gains or losses.

Each Fund has the right to reject an order for Creation Units if the creator (or group of creators) would, upon obtaining the shares so ordered, own 80% or more of the outstanding shares of the Fund and if, pursuant to Section 351 of the Code, the Fund would have a basis in the deposit securities different from the market value of such securities on the date of deposit. A Fund also has the right to require information necessary to determine beneficial Share ownership for purposes of the 80% determination.

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The foregoing is an abbreviated summary of the federal income tax consequences of an investment in a Fund. It is based on the applicable provisions of the Code and Treasury regulations presently in effect and existing judicial decisions and administrative pronouncements, all of which are subject to change (which has occurred frequently in recent years), or differing interpretations, any of which may be prospective or retroactive. Fund distributions also may be subject to state and local taxes. Investors are urged to consult their attorneys or other tax advisers regarding specific questions as to federal, foreign, state, or local taxes.

GENERAL INFORMATION

Description of Shares

The Declaration of Trust permits the Trustees to establish and designate separate portfolios or funds of the Trust holding the assets of the Trust, the beneficial interests in each of which are represented by separate series of shares. The Trustees are permitted to issue an unlimited number of full and fractional shares of beneficial interest and to divide or combine the shares into a greater or lesser number of shares without thereby changing the proportionate beneficial interest in the particular fund. Each share represents an interest in a fund proportionately equal to the interest of each other share. The holders of shares have no preemptive or conversion rights. Shares when issued pursuant to the Prospectus are fully paid and non-assessable. Upon a Fund's liquidation, all shareholders would share *pro rata* in the net assets of the Fund available for distribution to shareholders. If they deem it advisable and in the best interest of shareholders, the Board may create additional classes of shares.

The Trust or any of the Funds may be terminated if approved by the Trustees pursuant to written notice to shareholders or by the approval of the holders of a majority of the Trust's (or the respective Fund's) outstanding shares, as defined in the 1940 Act. Under the 1940 Act, the vote of the holders of a "majority" of a Fund's outstanding voting securities means the vote of the holders of the lesser of (1) 67% of the shares of a Fund represented at a meeting at which the holders of more than 50% of its outstanding shares are represented or (2) more than 50% of the outstanding shares of the Fund. If not so terminated, the Trust and the Funds will continue indefinitely. Although the shares are not automatically redeemable upon the occurrence of any specific event, the Trust's organizational documents provide that the Board will have the unrestricted power to alter the number of shares in a Creation Unit. In the event of a termination of the Trust or a Fund, the Board, in its sole discretion, could determine to permit the shares to be redeemable in aggregations smaller than Creation Units or to be individually redeemable. In such circumstance, the Trust may make redemptions in-kind, for cash or for a combination of cash or securities.

Pursuant to the terms of the Participant Agreement, an Authorized Participant, to the extent that it is a beneficial owner of Fund shares, will irrevocably appoint the Distributor as its attorney and proxy with full authorization and power to vote (or abstain from voting) its beneficially owned Fund shares. The Distributor intends to vote (or abstain from voting) the Authorized Participant's beneficially owned Fund shares in the same proportion as the votes (or abstentions) of all other shareholders of the Fund on any matter submitted to the vote of shareholders of the Fund.

Trustee and Shareholder Liability

The Declaration of Trust provides that the Trustees will not be liable for any act, omission or obligation of the Trust or any Trustee, but nothing in the Declaration of Trust protects a Trustee against any liability to which he or she would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office. The Declaration of Trust also provides that the Trust shall, upon request, assume the defense of any claim made against any shareholder for any act or obligation of the Trust and satisfy any judgment thereon.

Under Delaware law, the shareholders of the Trust enjoy the same limitations extended to shareholders of private for-profit corporations. There is a remote possibility, however, that under certain circumstances shareholders of the Trust may be held liable for the Trust's obligations. The Declaration of Trust contains an express disclaimer of shareholder liability for the Trust's acts or obligations. In addition, the Declaration of Trust provides for indemnification and reimbursement of expenses out of the Trust's property for any shareholder or former shareholder held personally liable solely by reason of his or her being or having been a shareholder of the Trust and not because of his or her acts or omissions or for some other reason. Thus, the risk of a shareholder incurring financial loss on account of such liability is limited to circumstances in which the Trust itself would be unable to meet its obligations and where the other party was held not to be bound by the disclaimer.

Other Information

The Prospectus and this Statement of Additional Information, any contracts filed as exhibits to the Trust's registration statement, related regulatory filings, and any other Fund communications or disclosure documents do not create any contractual obligations between a Fund and shareholders. A Fund may amend any of these documents, enter into or amend other contracts, and interpret its investment objective, policies, restrictions and contractual provisions applicable to it without shareholder approval except where shareholder approval is specifically required by law or the Trust's governing documents or where a shareholder approval requirement is specifically disclosed in the Trust's then-current Prospectus or Statement of Additional Information. Further, shareholders are neither parties nor intended third-party beneficiaries of any contracts entered into by (or on behalf of) a Fund, including contracts with the Investment Adviser or other parties providing services to the Fund.

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP, 601 South Figueroa Street, Los Angeles, CA 90017, has been selected as the independent registered public accounting firm of the Funds. The independent registered public accounting firm is responsible for auditing the annual financial statements of the Funds.

Custodian

The Bank of New York Mellon, 2 Hanson Place, Brooklyn, NY 11217, acts as custodian of each Fund's assets. Under its contract with the Trust, the Custodian is authorized to establish and maintain one or more securities accounts and cash accounts for each Fund and to cause foreign securities owned by the Trust to be held in its offices outside the U.S. and with certain foreign banks and securities depositories. The Custodian is responsible for safeguarding and controlling the Funds' cash and securities, handling the receipt and delivery of securities and collecting interest and dividends on the Funds' investments.

Transfer Agent

The Bank of New York Mellon, 2 Hanson Place, Brooklyn, NY 11217, acts as the transfer agent and dividend disbursing agent for the Trust under a transfer agency and service agreement with the Trust. The Transfer Agent is responsible for, among other matters, processing orders for the purchase and redemptions of Creation Units.

Legal Counsel

Dechert LLP, One Bush Street, Suite 1600, San Francisco, CA 94104, is counsel for the Trust. Certain legal matters in connection with the capital shares offered by the Prospectus have been passed upon for the Funds by Dechert LLP.

Reports to Shareholders

The fiscal year of the Funds ends on September 30 of each year. Each Fund sends to its shareholders at least semi-annually reports showing the Fund's portfolio and other information. An annual report containing financial statements audited by an independent registered public accounting firm will be sent to shareholders each year. After the end of each year, shareholders will receive federal income tax information regarding dividends and capital gain distributions.

Shareholder Inquiries

Shareholder inquiries may be addressed to the Funds at the address or telephone number set forth on the cover page of this Statement of Additional Information.

Additional Information

The Prospectus and this Statement of Additional Information do not contain all the information set forth in the Registration Statement and the exhibits relating thereto, which the Funds have filed with the Commission, under the Securities Act and the 1940 Act, to which reference is hereby made.

Control Persons and Principal Holders of Securities

Since the Funds have not commenced operations as of the date of this Statement of Additional Information, they have not offered their shares to the public. As of this date, the Funds could be deemed to be under the control of the Investment Adviser because it had voting authority with respect to 100% of the value of the outstanding interests in each Fund.

Financial Statements

Set forth below are the financial statements for Causeway International Value NextShares and Causeway Global Value NextShares, dated February 1, 2018, including the Statements of Assets and Liabilities and related notes, and the Report of Independent Registered Public Accounting Firm, dated February 16, 2018. Financial statements will, in the future, be provided in reports to shareholders and will be available upon request without charge by contacting the Fund at the address or telephone number set forth on the cover page of this Statement of Additional Information or at www.causewayfunds.com.

Causeway International Value NextShares

Assets	
Cash	\$ 50,000
Total Assets	<u>50,000</u>
Net Assets, at value	<u>\$ 50,000</u>
Components of Net Assets	
Paid-in Capital	\$ 50,000
Net Assets, at value	<u>\$ 50,000</u>
Shares Issued and Outstanding*	<u>5,000.00</u>
Net Asset Value Per Share	<u>\$ 10.00</u>

* No par value, unlimited number of shares authorized.

See accompanying notes to financial statements.

Causeway Global Value NextShares

Assets	
Cash	\$ 50,000
Total Assets	<u>50,000</u>
Net Assets, at value	<u>\$ 50,000</u>
Components of Net Assets	
Paid-in Capital	\$ 50,000
Net Assets, at value	<u>\$ 50,000</u>
Shares Issued and Outstanding*	<u>5,000.00</u>
Net Asset Value Per Share	<u>\$ 10.00</u>

* No par value, unlimited number of shares authorized.

See accompanying notes to financial statements.

1. Organization

Causeway ETMF Trust (the “Trust”), was formed on December 16, 2016 as an open-end investment company organized as a Delaware statutory trust, and is authorized to have multiple series. The Trust is a diversified management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Trust is an exchange-traded managed fund operating pursuant to an order issued by the Securities and Exchange Commission granting an exemption from certain provisions of the 1940 Act. The Trust is currently offering two portfolios, Causeway International Value NextShares and Causeway Global Value NextShares (each a “Fund”, and collectively the “Funds”). Individual shares of the Funds may be purchased and sold only on a national securities exchange or alternative trading system. Trading prices for the Funds are directly linked to the Funds’ next-computed net asset value per share (“NAV”) and will vary from NAV by a market-determined trading cost, which may be zero. Causeway Capital Management LLC (the “Investment Adviser”) serves as the investment adviser to each of the Funds. The Trust has had no operations to date other than matters relating to its organization and registration.

The investment objective of each Fund is to seek long-term growth of capital and income. The Funds have had no operations to date other than matters relating to their organization and the capital contribution to the Trust resulting in the issuance to the Investment Adviser of 5,000 shares of beneficial interest (“Shares”) in each of the Funds at an aggregate purchase price of \$50,000 each on February 1, 2018. Accordingly, a statement of operations, statement of changes in net assets and financial statement highlights have not been presented. At February 1, 2018, the Investment Adviser owned 100% of the outstanding Shares of each Fund.

Shares of the Funds will be listed and traded on The NASDAQ Stock Market LLC. Market prices for the Shares may be different from their NAVs. The Funds will issue and redeem Shares on a continuous basis at NAV only in large blocks of Shares, typically 25,000 Shares, called “Creation Units.” Creation Units will be issued and redeemed for a basket of securities and cash. Shares generally will trade in the secondary market in amounts less than a Creation Unit at market prices that change throughout the day.

2. Summary of 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 (“GAAP”). The Trust is an investment company that applies the accounting and reporting guidance issued in Topic 946 by the U.S. Financial Accounting Standards Board.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures in these financial statements.

Income Taxes

Each Fund intends to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code, as amended. If so qualified, a Fund will not be subject to U.S. federal income tax to the extent it distributes substantially all of its net investment income and net capital gains to its shareholders. Therefore, no provision for federal income taxes is required.

Organizational Expenses

All organizational expenses of the Trust, except expenses of the Trust’s independent Trustees and counsel to the independent Trustees, will be borne by the Investment Adviser and will not be subject to future recoupment. As a result, organizational expenses are not reflected in the statements of assets and liabilities.

Cash

Cash at February 1, 2018 is on deposit at The Bank of New York Mellon in a non-interest bearing account.

3. Agreements

Investment Advisory Agreement

The Investment Adviser is responsible for overseeing the management and business affairs of each Fund, and has discretion to purchase and sell securities in accordance with a Fund's objectives, policies, and restrictions. The Investment Adviser continuously reviews, supervises, and administers each Fund's investment program. The Trust, on behalf of the Funds, has entered into an Investment Advisory Agreement ("Advisory Agreement") with the Investment Adviser. Pursuant to that Advisory Agreement, each Fund pays the Investment Adviser an annual advisory fee based on its average daily net assets for the services and facilities it provides payable at a rate of 0.80%. Additionally, for each Fund, the Investment Advisor has contractually agreed through February 28, 2019 to waive its fee and, to the extent necessary, reimburse the Fund to keep total annual fund operating expenses (excluding brokerage fees and commissions, interest, taxes, distribution plan expenses, fees and expenses of other funds in which the Fund invests, and extraordinary expenses) from exceeding 1.05% of the Fund's average daily net assets.

Administrator, Custodian and Transfer Agent Agreements

SEI Investments Global Fund Services (the "Administrator") serves as each Fund's Administrator pursuant to an Administration Agreement. The Bank of New York Mellon (the "Custodian" and "Transfer Agent") serves as each Fund's custodian and transfer agent pursuant to a custody agreement and a transfer agency and service agreement.

Distribution Agreement

SEI Investments Distribution Co., a wholly-owned subsidiary of SEI Investments and an affiliate of the Administrator (the "Distributor"), serves as each Fund's distributor of Creation Units pursuant to a distribution agreement. The Distributor does not maintain any secondary market in Fund shares.

4. Creation and Redemption Transactions

Each Fund issues and redeems shares on a continuous basis at NAV in groups of 25,000 shares called Creation Units.

Except when aggregated in Creation Units, Shares are not redeemable securities of the Funds. Shares of a 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 participant in The Depository Trust Company and, in each case, must have executed a participant agreement with the 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 Shares directly with a 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, premiums or discounts from NAV, or fees.

5. Related Parties

Certain officers of the Trust are also employees of the Investment Adviser.

6. Principal Risks

As with all exchange-traded managed funds (“ETMFs”), a shareholder of each Fund is subject to the risk that his or her investment could lose money. Each Fund is subject to the principal risks noted below, any of which may adversely affect a 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 “Investment Risks”. These could result in a Fund’s underperformance compared to other funds with similar investment objectives.

Market Trading Risks

Individual Fund shares may be purchased and sold only on a national securities exchange or an alternative trading system through a broker, and may not be directly purchased or redeemed from a Fund. There can be no guarantee that an active trading market for shares will develop or be maintained, or that the listing of Fund shares will continue unchanged. Buying and selling shares may require you to pay brokerage commissions in addition to the premium/discount to NAV and expose you to other trading costs. Due to brokerage commissions and other transaction costs that may apply, frequent trading may detract from realized investment returns. Trading prices of shares may be above, at or below a Fund’s NAV, will fluctuate in relation to NAV based on supply and demand in the market for shares and other factors, and may vary significantly from NAV during periods of market volatility. The return on your investment will be reduced when you sell shares at a discount or buy shares at a premium to NAV.

Contingent Pricing Risks

Trading prices of Fund shares are directly linked to a Fund’s next-computed NAV, which is normally determined as of 4:00 p.m. Eastern Time each business day. Buyers and sellers of shares will not know the value of their purchases and sales until a Fund’s NAV is determined at the end of the trading day. Like mutual funds, a Fund does not offer opportunities to transact intraday at currently determined (as opposed to end-of-day) prices. Trade prices are contingent upon the determination of NAV and may vary significantly from anticipated levels (including estimates based on intraday indicative values disseminated by a Fund) during periods of market volatility. Although limit orders can be used to restrict differences between trade prices and NAV (i.e., premiums and discounts to NAV), they cannot be used to control or limit absolute trade execution prices.

Cash Transactions Risk

In certain instances, a Fund may effect creations and redemptions partly or wholly for cash, rather than in kind. Because a Fund may effect redemptions for cash, rather than through in-kind distributions, it may be required to sell portfolio securities in order to obtain the cash needed to distribute redemption proceeds, and it may subsequently recognize gains on such sales that the Fund might not have recognized if it had distributed portfolio securities in kind. As a result, an investment in a Fund may be less tax-efficient than if it effected redemptions principally in kind. Moreover, cash transactions may have to be carried out over several days if the market for any of a Fund’s portfolio holdings is relatively illiquid and may involve considerable brokerage fees and taxes. These brokerage fees and taxes, which will be higher than if a Fund sold and redeemed its shares principally in kind, may be passed on to purchasers and redeemers of Creation Units in the form of creation and redemption transaction fees. In addition, these factors may result in wider spreads between the bid and the offered prices of a Fund’s shares.

Authorized Participant Concentration Risk

Only an Authorized Participant may engage in creation or redemption transactions directly with a Fund. A Fund may have relationships with a limited number of institutions that act as Authorized Participants. To the extent these institutions exit the business or are unable or unwilling to proceed with creation and/or redemption orders with respect to a Fund and no other Authorized Participant is able to step forward to create or redeem Creation Units, shares of the Fund may trade at a discount to NAV and possibly face trading halts and/or delisting.

7. Guarantees and Indemnifications

In the normal course of business, the Funds enter into contracts with third-party service providers that contain a variety of representations and warranties and that provide general indemnifications. Additionally, under the Trust's organizational documents, the officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Funds. The Funds' maximum exposure under these arrangements is unknown, as it involves possible future claims that may or may not be made against the Funds that have not yet occurred. The risk of material loss as a result of such indemnification obligations is considered remote.

8. Subsequent Events

The Funds have evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date the financial statements were available to be issued. Based on this evaluation, no adjustments were required to the financial statements.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Causeway ETMF Trust and
Shareholders of Causeway International Value NextShares and Causeway Global Value NextShares

Opinion on the Financial Statements

We have audited the accompanying statements of assets and liabilities of Causeway International Value NextShares and Causeway Global Value NextShares (constituting Causeway ETMF Trust, hereafter collectively referred to as the “Funds”) as of February 1, 2018, including the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Funds as of February 1, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Funds’ management. Our responsibility is to express an opinion on the Funds’ financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Funds in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Los Angeles, California
February 16, 2018

We have served as the auditor of one or more investment companies in Causeway Capital Management investment company group since 2001.

APPENDIX A

Listed below are the dates in calendar years 2018 and 2019 in which the regular holidays in non-U.S. markets may impact a Fund's settlement. This list is based on information available to the Funds. The list may not be accurate or complete and is subject to change.

2018

AUSTRALIA

January 1	April 2	August 6	December 25
January 26	April 25	October 1	December 26
March 30	June 11	November 6	

AUSTRIA

January 1	May 1	August 15	December 8
January 6	May 10	October 26	December 25
March 30	May 21	November 1	December 26
April 2	May 31		

BELGIUM

April 2	May 21	November 1	December 25
May 1	August 15	December 24	December 26
May 10			

BRAZIL

January 1	March 30	May 31	November 2
February 12	April 21	September 7	November 15
February 13	May 1	October 12	December 25

CANADA

January 1	May 21	September 3	December 25
February 19	July 2	October 8	December 26
March 30	August 6	November 12	

CHILE

December 30	May 1	September 18	November 2
January 1	May 21	September 19	December 8
March 30	July 2	October 15	December 25
March 31	July 16	November 1	December 31
April 1	August 15		

COLOMBIA

January 1	May 1	June 17	October 15
January 8	May 10	July 2	November 5
March 19	May 13	July 20	November 12
March 29	May 31	August 7	December 8
March 30	June 11	August 15	December 25

CZECH REPUBLIC

January 1	May 1	July 6	December 25
March 30	May 8	September 28	December 26
April 2	July 5	December 24	

DENMARK

December 31	April 1	May 11	December 25
January 1	April 2	May 21	December 26
March 29	April 27	June 5	December 31
March 30	May 10	December 24	

FINLAND

December 31	March 30	December 6	December 25
January 1	April 2	December 24	December 26
January 6	May 1		

FRANCE

January 1	May 1	May 28	November 1
March 30	May 7	August 15	December 25
April 2	May 8	October 31	December 26

GERMANY

January 1	May 10	October 3	December 25
March 30	May 21	October 31	December 26
April 2	May 31	November 1	December 31
May 1			

GREECE

January 6	April 9	May 28	December 25
February 19	May 1	August 15	December 26
April 6			

HONG KONG

January 1	April 2	June 18	October 1
February 16	April 5	July 2	December 25
February 19	May 1	September 25	December 26
March 30	May 22		

HUNGARY

January 1	March 16	August 20	October 23
March 15			

INDONESIA

January 1	May 1	June 15	September 12
February 16	May 10	June 16	November 21
March 17	May 30	August 17	December 25
March 30	June 1	August 22	December 31
April 14			

IRELAND

January 1	May 7	October 29	December 26
March 30	June 4	December 24	December 31
April 2	August 6	December 25	

ISRAEL*

March 1	May 20	September 11	September 24
April 6	July 22	September 18	October 1
April 19	September 10	September 19	

* The Israeli market is closed every Friday.

ITALY

January 1	April 25	August 15	December 25
March 30	May 1	November 1	December 26
April 2			

JAPAN

January 1	March 21	July 16	November 3
January 2	April 30	August 11	November 23
January 3	May 3	September 17	December 24
January 8	May 4	September 24	December 31
February 12	May 5	October 8	

MALAYSIA

January 1	May 1	September 16	December 25
February 1	August 31	September 17	

MEXICO

January 1	March 30	September 16	December 1
February 5	May 1	November 2	December 12
March 19	May 5	November 19	December 25
March 29			

NETHERLANDS

January 1	April 27	May 13	December 25
March 30	May 1	May 21	December 26
April 2	May 10	October 28	

NEW ZEALAND

January 2	February 6	April 25	December 25
January 22	March 30	June 4	December 26
January 29	April 2	October 22	

NORWAY

March 29	May 1	May 21	December 25
March 30	May 10	December 24	December 31
April 2	May 17		

PERU

January 1	May 1	July 29	November 1
March 29	June 29	August 30	December 8
March 30	July 28	October 8	December 25

PHILIPPINES

January 1	April 9	August 27	December 25
March 29	May 1	November 1	December 30
March 30	June 12	November 30	December 31

POLAND

January 1	May 1	August 15	December 25
March 30	May 3	November 1	December 26
April 2	May 31	December 24	

PORTUGAL

January 1	April 2	December 25	December 26
March 30	May 1		

SINGAPORE

January 1	May 1	August 9	November 6
February 16	May 29	August 22	December 25
March 30	June 15		

SOUTH AFRICA

January 1	April 2	June 16	December 16
March 21	April 27	August 9	December 25
March 30	May 1	September 24	December 26

SOUTH KOREA

January 1	May 1	June 13	September 26
February 15	May 5	August 15	October 3
February 16	May 7	September 23	October 9
February 17	May 22	September 24	December 25
March 1	June 6	September 25	

SPAIN

January 1	April 2	August 15	December 6
March 19	May 1	September 11	December 24
March 29	May 31	October 12	December 25
March 30	July 25	November 1	December 26

SWEDEN

January 1	May 1	June 6	December 25
March 29	May 10	June 22	December 26
March 30	May 18	December 24	December 31
April 2	May 21		

SWITZERLAND

January 1	April 2	May 21	December 25
January 2	May 1	May 31	December 26
March 30	May 10	August 1	

THAILAND

January 1	April 13	May 29	December 5
January 2	April 16	July 26	December 10
March 2	May 1	August 13	December 31
April 6	May 7	October 23	

TURKEY

January 1	May 1	August 30	October 29
April 23	May 19		

UNITED KINGDOM

January 1	April 2	May 28	December 25
March 30	May 7	August 27	December 26

AUSTRALIA

January 1	April 22	August 5	December 26
January 28	April 25	October 7	
April 19	June 10	December 25	

AUSTRIA

January 1	May 30	August 15	December 8
January 6	June 10	October 26	December 25
April 22	June 20	November 1	December 26
May 1			

BELGIUM

January 1	April 21	May 1	December 25
April 19	April 22	July 21	December 26

BRAZIL

January 1	April 19	September 7	November 20
January 25	May 1	October 12	December 24
March 4	June 20	November 2	December 25
March 5	July 9	November 15	December 31

CANADA

January 1	May 20	September 2	December 25
February 18	July 1	October 14	December 26
April 19	August 5	November 11	

CHILE

January 1	May 21	September 19	December 8
April 19	June 29	October 12	December 25
April 20	July 16	October 31	
April 21	August 15	November 1	
May 1	September 18		

COLOMBIA

January 1	May 1	August 7	December 8
January 7	June 3	August 19	December 25
March 25	June 24	October 14	
April 18	July 1	November 4	
April 19	July 20	November 11	

CZECH REPUBLIC

January 1	May 8	October 28	December 26
April 19	July 5	November 17	
April 22	July 6	December 24	
May 1	September 28	December 25	

DENMARK

January 1	May 17	June 10	December 31
April 18	May 30	December 24	
April 19	May 31	December 25	
April 22	June 5	December 26	

FINLAND

January 1	April 22	June 21	December 24
January 6	May 1	June 22	December 25
April 19	May 30	December 6	December 26

FRANCE

January 1	May 1	December 25
March 31	October 27	December 26

GERMANY

January 1	April 19	May 1	December 25
March 31	April 22	October 27	December 26

GREECE

January 1	April 19	May 1	December 24
January 6	April 22	June 17	December 25
March 11	April 26	August 15	December 26
March 25	April 29	October 28	

HONG KONG

January 1	April 5	May 13	October 7
February 4	April 19	June 7	December 24
February 5	April 20	July 1	December 25
February 6	April 22	September 14	December 26
February 7	May 1	October 1	December 31

HUNGARY

January 1	May 1	October 23	December 26
March 15	June 10	November 1	December 27
April 19	August 19	December 24	
April 22	August 20	December 25	

IRELAND

January 1	April 22	October 28
March 17	June 3	December 25
April 19	August 5	December 26

ISRAEL*

March 21	June 9	October 1	October 14
April 26	August 11	October 8	October 21
May 9	September 30	October 9	

* The Israeli market is closed every Friday.

ITALY

January 1	April 22	December 25
April 19	May 1	December 26

JAPAN

January 1	March 21	July 15	November 4
January 2	April 29	August 12	November 23
January 3	May 3	September 16	December 23
January 14	May 4	September 23	December 31
February 11	May 6	October 14	

MALAYSIA

January 1	May 1	June 6	September 16
January 21	May 19	August 11	October 29
February 1	May 22	August 12	November 9
February 5	June 1	August 31	December 25
February 6	June 5	September 1	

MEXICO

January 1	April 18	May 1	November 18
February 4	April 19	September 16	December 12
March 18	April 20	November 2	December 25

NETHERLANDS

January 1	April 22	June 10	December 26
March 31	April 27	October 27	
April 19	May 12	December 25	

NEW ZEALAND

January 1	April 19	June 3	December 26
January 2	April 22	October 28	
February 6	April 25	December 25	

NORWAY

January 1	April 22	May 30	December 25
April 18	May 1	June 10	December 26
April 19	May 17	December 24	December 31

PERU

January 1	May 1	July 29	November 1
April 18	June 29	August 30	December 8
April 19	July 28	October 8	December 25

PHILIPPINES

January 1	May 1	August 21	December 25
April 9	June 5	August 26	December 30
April 18	June 12	November 1	December 31
April 19	August 12	November 30	

POLAND

January 1	May 1	November 1	December 26
January 6	May 3	November 11	
April 19	June 20	December 24	
April 22	August 15	December 25	

PORTUGAL

January 1	April 22	December 25	December 26
April 19	May 1		

SINGAPORE

January 1	April 19	June 5	October 28
February 5	May 1	August 9	December 25
February 6	May 20	August 12	

SOUTH AFRICA

January 1	April 22	June 17	December 16
March 21	April 27	August 9	December 25
April 19	May 1	September 24	December 26

SOUTH KOREA

January 1	May 1	August 15	October 9
February 4	May 5	September 12	December 25
February 5	May 6	September 13	December 31
February 6	May 12	September 14	
March 1	June 6	October 3	

SPAIN

January 1	April 22	December 25
April 19	May 1	December 26

SWEDEN

January 1	May 1	June 21	December 26
April 19	May 30	December 24	December 31
April 22	June 6	December 25	

SWITZERLAND

January 1	April 22	June 10	December 26
January 2	May 1	August 1	
April 19	May 30	December 25	

THAILAND

January 1	April 15	May 20	October 23
February 19	April 16	July 1	December 5
April 8	May 1	July 15	December 10
April 13	May 6	August 12	December 31

TURKEY

January 1	June 4	August 10	August 14
April 23	June 5	August 11	August 30
May 1	June 6	August 12	October 28
May 19	June 7	August 13	October 29

UNITED KINGDOM

January 1	April 22	May 27	December 25
April 19	May 6	August 26	December 26

Listed below are the instances in calendar years 2018 and 2019 where, due to local holidays, more than seven days will be needed to deliver redemption proceeds. The chart also lists the worst-case redemption cycle (longest number of days) for the Funds, which is a function of the longest redemption cycle among the countries listed below. Worst-case redemption cycles are based on information regarding regular holidays, which may be out of date. Based on changes in holidays, longer (worse) redemption cycles are possible.

Settlement Periods Greater than Seven Days for 2018

	<u>Beginning of Settlement Period</u>	<u>End of Settlement Period</u>	<u>Number of Days in Settlement Period</u>
Australia	12/19/2018	12/27/2018	8
	12/20/2018	12/28/2018	8
	12/21/2018	1/2/2019	12
Belgium	12/19/2018	12/27/2018	8
	12/20/2018	12/28/2018	8
	12/21/2018	12/31/2018	10
Czech Republic	12/21/2018	12/31/2018	10
Denmark	3/26/2018	4/3/2018	8
	3/27/2018	4/4/2018	8
	12/19/2018	12/27/2018	8
	12/20/2018	12/28/2018	8
Finland	12/19/2018	12/27/2018	8
	12/20/2018	12/28/2018	8
	12/21/2018	12/31/2018	10
Hong Kong	3/29/2018	4/6/2018	8
Ireland	12/19/2018	12/27/2018	8
	12/20/2018	12/28/2018	8
	12/21/2018	1/2/2019	12
Israel	9/4/2018	9/12/2018	8
	9/5/2018	9/13/2018	8
	9/6/2018	9/17/2018	11
	9/13/2018	9/25/2018	12
Japan	12/26/2018	1/4/2019	9
	12/27/2018	1/7/2019	11
Norway	3/26/2018	4/3/2018	8
	3/27/2018	4/4/2018	8
	3/28/2018	4/5/2018	8
Spain	12/19/2018	12/27/2018	8
	12/20/2018	12/28/2018	8
	12/21/2018	12/31/2018	10
Sweden	3/26/2018	4/3/2018	8
	3/27/2018	4/4/2018	8
	12/19/2018	12/27/2018	8
	12/20/2018	12/28/2018	8
	12/21/2018	1/2/2019	12

Settlement Periods Greater than Seven Days for 2019

Australia	12/19/2019	12/27/2019	8
	12/20/2019	12/30/2019	10
	12/23/2019	1/2/2020	10
Hong Kong	1/31/2019	2/8/2019	8
	2/1/2019	2/11/2019	10
Malaysia	1/30/2019	2/7/2019	8
	1/31/2019	2/8/2019	8
New Zealand	4/18/2019	4/26/2019	8
	12/19/2019	12/27/2019	8
	12/20/2019	12/30/2019	10
	12/21/2019	1/2/2020	10
Norway	4/15/2019	4/23/2019	8
	4/16/2019	4/24/2019	8
	12/19/2019	12/27/2019	8
	12/20/2019	12/30/2019	10
Philippines	12/23/2019	1/2/2020	10
	12/23/2019	1/3/2020	11
South Africa	12/19/2019	12/27/2019	8
	12/20/2019	12/30/2019	10
	12/23/2019	1/2/2020	10