

# Reverse Cap Weighted U.S. Large Cap ETF

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## Reverse Cap Weighted U.S. Large Cap ETF (RVRS)



## Fund Information

as of 07/08/2019

Symbol	<b>RVRS</b>
	<b>\$16.97</b>
	<b>\$16.98</b>
s	<b>\$9,335,599.05</b>
s Outstanding	<b>550,000</b>

The Reverse Cap Weighted U.S. Large Cap ETF (Ticker: RVRS) provides exposure to the companies in the S&P 500 index. However, while traditional market cap weighted indexes such as the S&P 500 weight companies inside the index by their relative market capitalization, RVRS does the opposite, weighting companies by the inverse of their relative

market cap. By investing smallest-to-biggest, the fund is tilting investment exposure to the smaller end of the market cap spectrum within the large cap space.

- Reverse cap weighting tilts large cap exposure to the smaller end of the size spectrum. Studies have shown that while more volatile, smaller stocks can have outsized returns.<sup>1</sup>
- Reverse cap weighting provides a less concentrated distribution of stock weightings, increasing overall diversification.
- Reverse cap weighting results in a weighted average market cap that is both significantly lower than market cap weighted large cap funds, and significantly higher than mid cap funds. Portfolios that allocate to market cap weighted versions of large, mid and small cap now have a tool to gain exposure to a sizeable gap in their holdings.

## Minding the Gap of Size Investing

- Portfolios that allocate weightings by market capitalization skew to the largest stocks. This leaves large sections of the market under-represented or not represented at all.
- Reverse Cap weighting attempts to fill this gap by:
  - Lowering your portfolio's weighted average market-cap exposure.
  - Providing more diversification with a less concentrated portfolio.
  - Avoiding the "buying high" bias by rebalancing based on current market capitalization every quarter.
- The RVRs ETF can help bridge the gap between the investment exposure you think you have (large cap) and what you actually have (mega cap).

<sup>1</sup>Fama, Eugene L., and French, Kenneth, "The Cross-Section of Expected Stock Returns", Journal of Finance, pp 427-465.

**Risk Disclosure:** Investments involve risk. Principal loss is possible. As with all index funds, the performance of the Fund and its Index may differ from each other for a variety of reasons. For example, the Fund incurs operating expenses and portfolio transaction costs not incurred by the Index. In addition, the Fund may not be fully invested in the securities of the Index at all times or may hold securities not included in the Index. The Fund has the same risks as the underlying securities traded on the exchange through the day. Redemptions are limited and often commissions are charged on each trade, and ETFs may trade at a premium or discount to their net asset value. To the extent the Fund invests more heavily in particular sectors of the economy, the Fund's performance may be more sensitive to developments that significantly affect those sectors. **Diversification does not assure a profit nor protect against loss in a declining market.**

*An investor should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus or summary prospectus contain this and other important information about the Fund and are available at <http://reverseetf.com> or by calling 1-800-617-0004. Please read the prospectus or summary prospectus carefully before investing.*

*Past performance does not guarantee future results.*

Shares of the Reverse Cap Weighted U.S. Large Cap ETF may be sold throughout the day on the exchange through any brokerage account. However, shares may only be redeemed directly from the Fund by Authorized Participants, in very large creation/redemption units. There can be no assurance that an active trading market for shares of an ETF will develop or be maintained.

The **S&P 500 Index** is a market capitalization-weighted index focused on the large-cap segment of the market. The index is comprised of 500 of the top companies in leading industries in the U.S. economy. It is not possible to invest directly in an index.

Exponential ETFs, a registered investment adviser, serves as investment adviser to the Reverse Cap Weighted U.S. Large Cap ETF, and is paid a fee for its services.

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