



EXCHANGE TRADED CONCEPTS TRUST

WeatherStorm Forensic Accounting Long-Short ETF

Semi-Annual Report

May 31, 2017

(Unaudited)



Exchange Traded Concepts

WeatherStorm Forensic Accounting Long-Short ETF

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The Fund files its complete schedule of Fund holdings with the Securities and Exchange Commission (the "Commission") for the first and third quarters of each fiscal year on Form N-Q within sixty days after the end of the period. The Fund's Forms N-Q will be available on the Commission's website at <http://www.sec.gov>, and may be reviewed and copied at the Commission's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

A description of the policies and procedures that Exchange Traded Concepts, LLC uses to determine how to vote proxies relating to Fund securities, as well as information relating to how the Fund voted proxies relating to Fund securities during the most recent 12-month year ended June 30, is available (i) without charge, upon request, by calling 1-855-545-FLAG; and (ii) on the Commission's website at <http://www.sec.gov>.

WeatherStorm Forensic Accounting Long-Short ETF

Schedule of Investments

May 31, 2017 (Unaudited)

Sector Weightings[†]:

████████████████████	17.7%	Information Technology
████████████████████	15.7%	Financials
████████████████████	14.8%	Consumer Discretionary
████████████████████	12.8%	Health Care
████████████████████	9.1%	Industrials
████████████████████	8.5%	Consumer Staples
████████████████████	6.7%	Energy
████████████████████	4.6%	Materials
████████████████████	4.0%	Utilities
████████████████████	3.1%	Telecommunication Services
████████████████████	3.0%	Real Estate
	0.0%	Rights

† Percentages are based on total investments.

Description	Shares	Fair Value
Wal-Mart Stores	1,925	\$ 151,305
Whole Foods Market	4,717	165,048
		<u>1,492,225</u>
Energy — 8.8%		
ConocoPhillips (A)	2,972	132,819
Devon Energy (A)	3,405	115,702
Helmerich & Payne	1,678	88,363
Hess (A)	2,084	95,635
Marathon Oil	8,857	115,318
Marathon Petroleum (A)	2,751	143,162
National Oilwell Varco	3,449	112,679
Targa Resources (A)	2,353	108,073
Tesoro	1,652	137,513
Valero Energy (A)	2,035	125,091
		<u>1,174,355</u>
Financials — 20.7%		
Aflac	1,866	140,659
Allstate	1,648	142,288
Ameriprise Financial (A)	1,052	127,071
Annaly Capital Management †	11,928	142,897
Capital One Financial (A)	1,495	114,995
Cincinnati Financial	1,860	130,349
CIT Group	3,060	137,853
Citigroup	2,270	137,426
FNF Group (A)	3,468	147,772
Hartford Financial Services Group	2,828	139,675
Leucadia National	5,168	126,048
Loews	2,901	136,811
MetLife (A)	2,570	130,016
Principal Financial Group (A)	2,142	134,753
Progressive	3,385	143,626
Prudential Financial	1,260	132,111
Regions Financial (A)	9,167	126,871
Reinsurance Group of America, CI A	1,059	131,856
Synchrony Financial (A)	4,008	107,615
TD Ameritrade Holding (A)	3,017	112,715
WR Berkley	1,903	131,288
		<u>2,774,695</u>
Health Care — 16.9%		
Aetna (A)	1,064	154,131
AmerisourceBergen, CI A (A)	1,542	141,509
Amgen	820	127,297
Anthem	820	149,527
Cardinal Health (A)	1,642	121,984
Centene *	1,904	138,288
Cigna	909	146,558
DaVita HealthCare Partners (A) *	1,994	132,122
Express Scripts Holding (A) *	2,080	124,280

Description	Shares	Fair Value
SCHEDULE OF INVESTMENTS		
COMMON STOCK — 131.7%		
Consumer Discretionary — 19.4%		
Best Buy	2,873	\$ 170,628
BorgWarner	3,231	137,350
Carnival PLC	2,277	145,887
Coach	3,298	152,401
Darden Restaurants	1,633	145,223
Ford Motor	11,580	128,769
Gap	5,674	127,665
General Motors (A)	3,777	128,154
Goodyear Tire & Rubber	3,696	119,085
L Brands	2,824	145,718
Las Vegas Sands	2,370	140,138
Lear	961	143,227
Macy's (A)	4,725	111,038
News, CI A (A)	10,507	140,584
Nordstrom	3,095	129,371
Omnicom Group	807	67,562
Target	2,516	138,757
Whirlpool	725	134,516
Yum China Holdings *	5,081	195,161
		<u>2,601,234</u>
Consumer Staples — 11.2%		
Archer-Daniels-Midland	2,940	122,245
Bunge (A)	1,675	133,950
ConAgra Brands	3,367	129,764
CVS Caremark	1,692	129,996
Ingredion	94	10,724
JM Smucker	1,014	129,640
Kroger	4,645	138,328
Spectrum Brands Holdings (A)	962	129,341
Tyson Foods, CI A	2,149	123,224
Walgreens Boots Alliance	1,588	128,660

The accompanying notes are an integral part of the financial statements.

WeatherStorm Forensic Accounting Long-Short ETF

Schedule of Investments

May 31, 2017 (Unaudited) (Continued)

Description	Shares	Fair Value	Description	Shares	Fair Value
Gilead Sciences	2,010	\$ 130,429	Western Digital	1,675	\$ 150,850
HCA Holdings (A) *	1,506	123,357	Western Union	6,695	127,339
Laboratory Corp of America Holdings (A) *	677	94,103	Xerox	18,379	129,939
McKesson (A)	901	146,944			<u>3,111,619</u>
Merck (A)	2,131	138,750	Materials — 6.1%		
Pfizer	3,511	114,634	Eastman Chemical	563	45,102
Quintiles IMS Holdings *	1,714	148,158	Freeport-McMoRan, CI B *	10,732	123,311
Universal Health Services, CI B	1,076	122,298	Mosaic (A)	4,624	104,641
		<u>2,254,369</u>	Newmont Mining	4,117	140,596
Industrials — 12.0%			Nucor	2,172	126,193
American Airlines Group	3,166	153,266	Steel Dynamics	3,890	132,221
Boeing	761	142,786	WestRock (A)	2,569	139,805
Caterpillar	1,451	152,979			<u>811,869</u>
Cummins	890	140,353	Real Estate — 4.0%		
Delta Air Lines	2,899	142,428	HCP ‡ (A)	4,353	136,423
Emerson Electric	2,270	134,202	Host Hotels & Resorts ‡ (A)	7,424	133,558
Fluor	2,598	116,546	SL Green Realty ‡	1,278	129,116
Huntington Ingalls Industries	423	82,828	VEREIT ‡ (A)	15,976	132,122
L3 Technologies	810	136,558			<u>531,219</u>
PACCAR	2,011	126,613	Telecommunication Services — 4.1%		
United Continental Holdings *	1,907	151,931	AT&T (A)	3,246	125,068
United Rentals *	1,095	119,059	CenturyLink	5,990	149,451
		<u>1,599,549</u>	Sprint (A) *	16,195	137,496
Information Technology — 23.3%			T-Mobile US *	2,101	141,649
Akamai Technologies *	2,132	100,524			<u>553,664</u>
Apple	939	143,442	Utilities — 5.2%		
CA (A)	4,237	134,610	Ameren	423	24,005
Cisco Systems (A)	3,966	125,048	American Electric Power	31	2,225
Citrix Systems *	1,606	132,559	CenterPoint Energy (A)	4,873	139,417
Corning	4,897	142,503	Edison International	867	70,721
DXC Technology (A)	503	38,992	Entergy (A)	1,764	139,462
Harris	1,208	135,489	Exelon (A)	3,792	137,688
Hewlett Packard Enterprise (A)	5,862	110,264	FirstEnergy	4,289	125,410
HP (A)	7,817	146,647	UGI	1,250	63,975
Intel	3,789	136,821			<u>702,903</u>
International Business Machines	773	117,983	Total Common Stock		
Juniper Networks (A)	4,854	142,368	(Cost \$16,776,768)		<u>17,607,701</u>
Lam Research	352	54,620	RIGHTS — 0.0%		
Maxim Integrated Products (A)	3,004	143,591	Safeway CVR - Casa Ley (B) (C) *	932	946
Micron Technology *	4,703	144,712	Safeway CVR (B) (C) *	932	45
Microsoft	636	44,418			
NetApp (A)	3,279	132,767	Total Rights		
Qorvo *	1,976	154,029	(Cost \$—)		<u>991</u>
QUALCOMM	1,997	114,368	Total Investments — 131.7%		
Twitter *	9,029	165,411	(Cost \$16,776,768)		<u>\$ 17,608,692</u>
VMware, CI A *	1,465	142,325			

The accompanying notes are an integral part of the financial statements.

WeatherStorm Forensic Accounting Long-Short ETF

Schedule of Investments

May 31, 2017 (Unaudited) (Continued)

Description	Shares	Fair Value
SCHEDULE OF SECURITIES SOLD SHORT		
COMMON STOCK — (32.1)%		
Consumer Discretionary — (6.2)%		
CarMax*	(1,693)	\$ (106,371)
Domino's Pizza	(548)	(116,023)
Liberty Broadband, CI A*	(1,198)	(105,723)
LKQ*	(2,480)	(78,095)
Netflix*	(697)	(113,660)
Priceline Group*	(57)	(106,994)
Ulta Salon Cosmetics & Fragrance*	(358)	(109,133)
Under Armour, CI C*	(5,471)	(97,548)
		<u>(833,547)</u>
Consumer Staples — (3.2)%		
Altria Group	(1,382)	(104,258)
Brown-Forman, CI B	(2,161)	(112,264)
Constellation Brands, CI A	(535)	(97,772)
Monster Beverage*	(2,154)	(108,906)
		<u>(423,200)</u>
Energy — (1.4)%		
Cabot Oil & Gas	(3,396)	(75,357)
Cheniere Energy*	(2,220)	(108,159)
		<u>(183,516)</u>
Financials — (3.8)%		
CBOE Holdings	(1,278)	(110,381)
First Republic Bank	(1,094)	(100,757)
Goldman Sachs Group	(441)	(93,165)
MSCI, CI A	(185)	(18,820)
Raymond James Financial	(1,347)	(97,348)
Wells Fargo	(1,798)	(91,950)
		<u>(512,421)</u>
Health Care — (6.3)%		
Align Technology*	(888)	(128,938)
BioMarin Pharmaceutical*	(1,136)	(99,559)
Edwards Lifesciences*	(1,078)	(124,045)
Illumina*	(94)	(16,672)
Incyte*	(726)	(93,894)
Regeneron Pharmaceuticals*	(260)	(119,356)
Stryker	(463)	(66,190)
TESARO*	(653)	(97,499)
Zoetis, CI A	(1,569)	(97,717)
		<u>(843,870)</u>

Description	Shares	Fair Value
Industrials — (4.4)%		
Acuity Brands	(499)	\$ (81,292)
Cintas	(802)	(100,956)
Equifax	(677)	(92,614)
Roper Technologies	(487)	(110,646)
TransDigm Group	(465)	(124,657)
Verisk Analytics, CI A*	(1,036)	(83,802)
		<u>(593,967)</u>
Information Technology — (3.0)%		
Arista Networks*	(755)	(111,272)
Facebook, CI A*	(687)	(104,053)
Global Payments	(873)	(79,976)
Visa, CI A	(1,136)	(108,181)
		<u>(403,482)</u>
Materials — (1.7)%		
Ball	(2,734)	(111,821)
Vulcan Materials	(882)	(109,941)
		<u>(221,762)</u>
Real Estate — (2.1)%		
American Tower, CI A‡	(723)	(94,850)
Equinix‡	(263)	(115,986)
Vornado Realty Trust‡	(676)	(62,327)
		<u>(273,163)</u>
Total Common Stock		
(Proceeds \$4,061,047)		<u>(4,288,928)</u>
Total Securities Sold Short — (32.1)%		
(Proceeds \$4,061,047)		<u>\$ (4,288,928)</u>

Percentages are based on Net Assets of \$13,371,597.

* Non-income producing security.

‡ Real Estate Investment Trust

(A) Substantially all of the securities, or a portion thereof, have been pledged as collateral for open short positions by the Fund. The aggregate market value of the collateral at May 31, 2017 was \$5,842,504.

(B) Expiration date is unavailable.

(C) Security is considered illiquid and fair valued using methods determined in good faith by the Fair Value Committee of the Fund. The securities were acquired on January 30, 2015 at a cost of \$0. The total value of such securities as of May 31, 2017 was \$991 and represented 0.00% of net assets.

CI — Class

CVR — Contingent Value Right

The accompanying notes are an integral part of the financial statements.

WeatherStorm Forensic Accounting Long-Short ETF

Schedule of Investments

May 31, 2017 (Unaudited) (Concluded)

The following is a list of the inputs used as of May 31, 2017 in valuing the Fund's investments and securities sold short carried at value:

Investments in Securities	Level 1	Level 2	Level 3*	Total
Common Stock	\$ 17,607,701	\$ —	\$ —	\$ 17,607,701
Rights	—	—	991	991
Total Investments in Securities	<u>\$ 17,607,701</u>	<u>\$ —</u>	<u>\$ 991</u>	<u>\$ 17,608,692</u>

Securities Sold Short	Level 1	Level 2	Level 3	Total
Common Stock	\$ (4,288,928)	\$ —	\$ —	\$ (4,288,928)
Total Securities Sold Short	<u>\$ (4,288,928)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (4,288,928)</u>

* A reconciliation of Level 3 investments and disclosures of significant unobservable inputs are presented when the Fund has a significant amount of Level 3 investments at the beginning and/or end of the period in relation to net assets. Management has concluded that Level 3 investments are not material in relation to net assets.

There have been no transfers between Level 1, Level 2 or Level 3 assets and liabilities. It is the Fund's policy to recognize transfers into and out of Level 1, Level 2 and Level 3 at the end of the reporting period.

The accompanying notes are an integral part of the financial statements.

WeatherStorm Forensic Accounting Long-Short ETF

Statement of Assets and Liabilities

May 31, 2017 (Unaudited)

Assets:

Investments, at Fair Value	\$	17,608,692
Cash and Cash Equivalents		18,896
Dividends Receivable		45,567
Reclaims Receivable		181
Total Assets		<u>17,673,336</u>

Liabilities:

Securities Sold Short, at Fair Value		4,288,928
Advisory Fees Payable		9,842
Dividends Payable on Securities Sold Short		2,969
Total Liabilities		<u>4,301,739</u>

Net Assets \$ 13,371,597

Net Assets Consist of:

Paid-in Capital	\$	14,577,685
Accumulated Undistributed Net Investment Income		31,746
Accumulated Net Realized Loss on Investments and Securities Sold Short		(1,841,877)
Net Unrealized Appreciation on Investments and Securities Sold Short		604,043
Net Assets	\$	<u>13,371,597</u>

Investments, at Cost	\$	16,776,768
Securities Sold Short, Proceeds		4,061,047
Outstanding Shares of Beneficial Interest (unlimited authorization — no par value)		<u>350,000</u>
Net Asset Value, Offering and Redemption Price Per Share	\$	<u>38.20</u>

The accompanying notes are an integral part of the financial statements.

WeatherStorm Forensic Accounting Long-Short ETF

Statement of Operations

For the period ended May 31, 2017 (Unaudited)

Investment Income:	
Dividend Income	\$ 188,023
Total Investment Income	<u>188,023</u>
Expenses:	
Advisory Fees	56,122
Stock Loan Fees	33,147
Dividend Expense	<u>16,844</u>
Total Expenses	<u>106,113</u>
Net Investment Income	<u>81,910</u>
Net Realized Gain (Loss) on:	
Investments ⁽¹⁾	329,484
Securities Sold Short	(3,374)
Net Change in Unrealized Appreciation (Depreciation):	
Investments	459,118
Securities Sold Short	<u>(521,750)</u>
Net Realized and Unrealized Gain on Investments and Securities Sold Short	<u>263,478</u>
Net Increase in Net Assets Resulting from Operations	<u>\$ 345,388</u>

⁽¹⁾ Includes realized gains as a result of in-kind transactions (See Note 4).

The accompanying notes are an integral part of the financial statements.

WeatherStorm Forensic Accounting Long-Short ETF

Statements of Changes in Net Assets

	Period Ended May 31, 2017 (Unaudited)	Year Ended November 30, 2016
Operations:		
Net Investment Income	\$ 81,910	\$ 189,983
Net Realized Gain on Investments and Securities Sold Short ⁽¹⁾	326,110	1,037,272
Net Change in Unrealized Appreciation (Depreciation) on Investments and Securities Sold Short	<u>(62,632)</u>	<u>871,778</u>
Net Increase in Net Assets Resulting from Operations	<u>345,388</u>	<u>2,099,033</u>
Dividends and Distributions to Shareholders:		
Investment Income	<u>(88,676)</u>	<u>(199,617)</u>
Total Dividends and Distributions to Shareholders	<u>(88,676)</u>	<u>(199,617)</u>
Capital Share Transactions:		
Issued	3,813,042	13,329,308
Redeemed	<u>(1,886,862)</u>	<u>(15,055,685)</u>
Increase (Decrease) in Net Assets from Capital Share Transactions ...	<u>1,926,180</u>	<u>(1,726,377)</u>
Total Increase in Net Assets	<u>2,182,892</u>	<u>173,039</u>
Net Assets:		
Beginning of Period	<u>11,188,705</u>	<u>11,015,666</u>
End of Period (Includes Accumulated Undistributed Net Investment Income of \$31,746 and \$35,720, respectively)	<u>\$ 13,371,597</u>	<u>\$ 11,188,705</u>
Share Transactions:		
Issued	100,000	400,000
Redeemed	<u>(50,000)</u>	<u>(450,000)</u>
Net Increase (Decrease) in Shares Outstanding from Share Transactions	<u>50,000</u>	<u>(50,000)</u>

⁽¹⁾ Includes realized gains as a result of in-kind transactions (See Note 4).

The accompanying notes are an integral part of the financial statements.

WeatherStorm Forensic Accounting Long-Short ETF

Statement of Cash Flows

For the period ended May 31, 2017 (Unaudited)

Cash Flows from Operating Activities

Net Increase in Net Assets Resulting from Operations	\$	345,388
Adjustments to Reconcile Net Increase in Net Assets Resulting from Operations to Net Cash Used in Operating Activities:		
Purchases of Long-Term Portfolio Investments		(4,941,683)
Proceeds from Sales of Long-Term Portfolio Investments		5,172,438
Payments to Cover Securities Sold Short		(2,229,770)
Proceeds from Securities Sold Short		3,020,896
Cash Paid from In-Kind Purchases.		(4,793,359)
Cash Received from In-Kind Sales		1,856,895
Realized Gain on Investments		(329,484)
Realized Loss on Securities Sold Short		3,374
Change in Unrealized Appreciation from Investments		(459,118)
Change in Unrealized Depreciation from Securities Sold Short.		521,750
Increase in Dividends Receivable.		(6,102)
Decrease in Prepaid Expenses		395
Increase in Advisory Fees Payable		2,364
Increase in Dividends Payable on Securities Sold Short		1,111
Net Cash Used in Operating Activities		<u>(1,834,905)</u>

Cash Flows from Financing Activities

Proceeds from Shares Issued		3,813,042
Dividend Distributions Paid		(88,676)
Payments for Shares Redeemed		(1,888,862)
Decrease in Payable to Broker		<u>(1,790)</u>
Net Cash Provided by Financing Activities		<u>1,835,714</u>

Net Increase in Cash		809
Cash — Beginning of Period		<u>18,087</u>
Cash — End of Period	\$	<u>18,896</u>

Supplemental Disclosure for Non Cash Operating Activities:

Investments Received for In-Kind Creations	\$	<u>4,793,359</u>
Investments Redeemed for In-Kind Redemptions	\$	<u>1,856,895</u>
Cash Paid for Stock Loan Fee	\$	<u>33,147</u>

Supplemental Disclosure for Non Cash Financing Activities:

Capital Shares Issued for In-Kind Creations	\$	<u>3,813,042</u>
Capital Shares Issued for In-Kind Redemptions	\$	<u>1,886,862</u>

The accompanying notes are an integral part of the financial statements.

WeatherStorm Forensic Accounting Long-Short ETF

Financial Highlights

Selected Per Share Data & Ratios
For a Share Outstanding Throughout the Year or Period,

	Net Asset Value, Beginning of Period	Net Investment Income*	Net Unrealized Gain (Loss) on Investments	Total from Operations	Distributions from Investment Income	Distributions from Net Realized Capital Gains	Total Dividends and Distributions	Net Asset Value, End of Period	Market Price, End of Period	Total Return ⁽¹⁾	Net Assets End of Period (000)	Ratio of Expenses to Average Net Assets	Ratio of Net Investment Income to Average Net Assets	Portfolio Turnover ⁽³⁾
2017**	\$ 37.30	\$ 0.24	\$ 0.94	\$ 1.18	\$ (0.28)	\$ —	\$ (0.28)	\$ 38.20	\$ 38.20	3.15% ⁽⁷⁾	\$ 13,372	1.61% ⁽²⁾⁽⁶⁾	1.24% ⁽²⁾	31%
2016	31.47	0.56	5.84	6.40	(0.57)	—	(0.57)	37.30	37.31	20.67	11,189	1.62 ⁽⁵⁾	1.74	79
2015	32.65	0.48	(1.18)	(0.70)	(0.48)	—	(0.48)	31.47	30.73	(2.17)	11,016	0.99 ⁽⁴⁾	1.47	112
2014	31.16	0.39	3.76	4.15	(0.56)	(2.10)	(2.66)	32.65	32.67	14.45	16,327	0.85	1.26	26
2013†	25.00	0.30	5.86	6.16	—	—	—	31.16	31.15	24.64 ⁽⁷⁾	9,347	0.85 ⁽²⁾	1.27 ⁽²⁾	154

† Commenced operations on January 30, 2013.

* Per share data calculated using average shares method.

** For the six month period ended May 31, 2017 (unaudited).

⁽¹⁾ Total return is based on the change in net asset value of a share during the year or period and assumes reinvestment of dividends and distributions at net asset value. The return shown does not reflect the deduction of taxes the shareholder would pay on Fund distributions or redemption of Fund shares.

⁽²⁾ Annualized.

⁽³⁾ Portfolio turnover rate is for the period indicated and periods of less than one year have not been annualized. Excludes effect of securities received or delivered from processing creations or redemptions.

⁽⁴⁾ Dividend expense and excise tax expense totaled 0.13% and 0.01%, respectively, of average net assets for the year ended November 30, 2015. Had these expenses not been included, the ratio of expenses to average net assets would have been 0.85%.

⁽⁵⁾ Dividend expense and stock loan fees totaled 0.21% and 0.56%, respectively, of average net assets for the year ended November 30, 2016. Had these expenses not been included, the ratio of expenses to average net assets would have been 0.85%.

⁽⁶⁾ Dividend expense and stock loan fees totaled 0.26% and 0.50%, respectively, of average net assets for the period ended May 31, 2017. Had these expenses not been included, the ratio of expenses to average net assets would have been 0.85%.

⁽⁷⁾ Total return is for the period indicated and has not been annualized.

Amounts designated as “—” are \$0.

The accompanying notes are an integral part of the financial statements.

WeatherStorm Forensic Accounting Long-Short ETF

Notes to Financial Statements

May 31, 2017 (Unaudited)

1. ORGANIZATION

Exchange Traded Concepts Trust (the "Trust"), is a Delaware statutory trust formed on July 17, 2009 and amended July 20, 2011. The Trust is registered with the Securities and Exchange Commission (the "Commission") under the Investment Company Act of 1940 (the "1940 Act"), as amended, as an open-end management investment company with multiple investment portfolios. The financial statements herein are those of the WeatherStorm Forensic Accounting Long-Short ETF (the "Fund"). The Fund seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of the WeatherStorm Forensic Accounting Long-Short Index (the "Index"). The Fund is classified as a "diversified" fund under the 1940 Act. Exchange Traded Concepts, LLC (the "Adviser"), an Oklahoma limited liability company, serves as the investment adviser for the Fund and is subject to the supervision of the Board of Trustees (the "Board"). Vident Investment Advisory, LLC ("Vident" or the "Sub-Adviser") serves as the Sub-Adviser to the Fund.

Shares of the Fund are listed and traded on the NASDAQ Stock Market LLC. Market prices for the Shares may be different from their net asset value ("NAV"). The Fund will issue and redeem Shares on a continuous basis at NAV only in large blocks of Shares, typically 50,000 Shares, called "Creation Units". Creation Units will be issued and redeemed principally in-kind for securities included in a specified universe. Once created, Shares will trade in a secondary market at market prices that change throughout the day in Share amounts less than a Creation Unit.

2. 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 ("U.S. GAAP") for investment companies. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") on the accrual basis of accounting. Management has reviewed Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946, Financial Services – Investment Companies Accounting Standards Codification ("ASC 946"), and concluded that the Fund meets criteria of an "investment company," and therefore, the Fund prepares its financial statements in accordance with investment company accounting as outlined in ASC 946.

Use of Estimates and Indemnifications — The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

In the normal course of business, the Trust, on behalf of the Fund, enters into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these arrangements cannot be known; however, the Fund expects any risk of loss to be remote.

Security Valuation — Securities listed on a securities exchange, market or automated quotation system for which quotations are readily available (except for securities traded on NASDAQ), including securities traded over the counter, are valued at the last quoted sale price on the primary exchange or market (foreign or domestic) on which they are traded (or at approximately 4:00 pm Eastern Time if a security's primary exchange is normally open at that time), or, if there is no such reported sale, at the most recent quoted bid for long securities and at the most recent quoted ask price for securities sold short. For securities traded on NASDAQ, the NASDAQ Official Closing Price will be used. If available, debt securities are priced based upon valuations provided by independent, third-party pricing agents. Such values generally reflect the last reported sales price if the security is actively traded. The third-party pricing agents may also value debt securities at an evaluated bid price by employing methodologies that utilize actual market transactions, broker-supplied valuations, or other methodologies designed to identify the market value for such securities.

WeatherStorm Forensic Accounting Long-Short ETF

Notes to Financial Statements

May 31, 2017 (Unaudited) (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Security Valuation (continued) — Debt obligations with remaining maturities of sixty days or will be valued at their market value. If a market value is not available from a pricing vendor or from an independent broker, the security shall be fair valued according to the Trust's fair value procedures. Prices for most securities held in the Fund are provided daily by recognized independent pricing agents. If a security price cannot be obtained from an independent, third-party pricing agent, the Fund seeks to obtain a bid price from at least one independent broker. Securities for which market prices are not "readily available" are valued in accordance with fair value procedures established by the Board. The Fund's fair value procedures are implemented through a fair value committee (the "Committee") designated by the Board. Some of the more common reasons that may necessitate that a security be valued using fair value procedures include: the security's trading has been halted or suspended; the security has been de-listed from a national exchange; the security's primary trading market is temporarily closed at a time when under normal conditions it would be open; the security has not been traded for an extended period of time; the security's primary pricing source is not able or willing to provide a price; or trading of the security is subject to local government imposed restrictions. In addition, the Fund may fair value its securities if an event that may materially affect the value of the Fund's securities that traded outside of the United States (a "Significant Event") has occurred between the time of the security's last close and the time that the Fund calculates its net asset value. A Significant Event may relate to a single issuer or to an entire market sector. Events that may be Significant Events include: government actions, natural disasters, armed conflict, acts of terrorism and significant market fluctuations. If the Adviser becomes aware of a Significant Event that has occurred with respect to a security or group of securities after the closing of the exchange or market on which the security or securities principally trade, but before the time at which the Fund calculates its net asset value, it may request that a Committee meeting be called. When a security is valued in accordance with the fair value procedures, the Committee will determine the value after taking into consideration relevant information reasonably available to the Committee.

In accordance with the authoritative guidance on fair value measurements and disclosure under U.S. GAAP, the Fund discloses fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the Fund has the ability to access at the measurement date;
- Level 2 – Quoted prices which are not active, or inputs that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and
- Level 3 – Prices, inputs or exotic modeling techniques which are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The valuation techniques used by the Fund to measure fair value during the period ended May 31, 2017 maximized the use of observable inputs and minimized the use of unobservable inputs.

For the period ended May 31, 2017, there have been no significant changes to the Fund's fair valuation methodologies.

Federal Income Taxes — It is the Fund's intention to continue to qualify as a regulated investment company for Federal income tax purposes by complying with the appropriate provisions of Subchapter M of the Internal Revenue Code of 1986, as amended. Accordingly, no provisions for Federal income taxes have been made in the financial statements.

WeatherStorm Forensic Accounting Long-Short ETF

Notes to Financial Statements

May 31, 2017 (Unaudited) (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Federal Income Taxes (continued) — The Fund's policy is to classify interest and penalties associated with underpayment of federal and state income taxes, if any, as income tax expense on its Statement of Operations. As of May 31, 2017, the Fund did not have any interest or penalties associated with the underpayment of any income taxes. All tax years since inception remain open and subject to examination by tax jurisdictions. The Fund has reviewed all major jurisdictions and concluded that there is no impact on the Fund's net assets and no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on its tax returns.

Securities Sold Short — As consistent with the Fund's investment objectives, the Fund intends to sell securities short. A short sale is the sale by a fund of a security which it does not own in anticipation of purchasing the same security in the future. To complete such a transaction, the Fund must borrow the security to make delivery to the buyer. The Fund is then obligated to replace the security borrowed by purchasing the security at the market price at the time of the replacement. The price at such time may be more or less than the price at which the security was sold by the Fund. Until the security is replaced, the Fund is required to pay the lender amounts equal to any dividends that accrue during the period of the loan. The Fund's securities sold short and payable to broker are held with one major securities broker-dealer. Dividends are shown as an expense for financial reporting purposes. To borrow the security, the Fund also may be required to pay a fee, which is shown as an expense for financial reporting purposes. The proceeds of the short sale may be retained by the broker, to the extent necessary to meet margin requirements, until the short position is closed out. A realized gain, limited to the price at which the Fund sold the security short, or a realized loss, unlimited in size, will be recognized upon the close of a short sale.

Until the Fund closes its short position or replaces the borrowed security, the Fund will maintain a segregated account with its custodian containing marginable securities. The Fund may be required to add to the segregated account as the market price of a shorted security increases. As a result of maintaining and adding to its segregated account, the Fund may maintain higher levels of marginable assets (for example, long equity positions) for collateral needs thus reducing its overall managed assets available for trading purposes.

Security Transactions and Investment Income — Security transactions are accounted for on trade date. Costs used in determining realized gains and losses on the sale of investment securities are based on specific identification. Dividend income is recorded on the ex-dividend date. Interest income is recognized on the accrual basis. Withholding tax on foreign dividends, if any, have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

Dividends and Distributions to Shareholders — The Fund distributes substantially all of its net investment income quarterly. Any net realized capital gains are distributed annually. All distributions are recorded on ex-dividend date.

Creation Units — The Fund issues and redeems shares ("Shares") at NAV and only in large blocks of Shares (each block of Shares for the Fund is called a "Creation Unit" or multiples thereof). Purchasers of Creation Units ("Authorized Participants") at NAV must pay a standard creation transaction fee of \$1,600 per transaction. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. An Authorized Participant who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption transaction fee of \$1,600 per transaction. In addition to the fixed creation or redemption transaction fee, an additional transaction fee of up to five times the fixed creation or redemption transaction fee may apply. The Adviser may retain all or portion of the transaction fee to the extent the Adviser bears the expenses that otherwise would be borne by the Trust in connection with the purchase or redemption of a Creation Unit, which the transaction fee is designed to cover.

Except when aggregated in Creation Units, Shares are not redeemable securities of the Fund. Shares of the 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 Depository Trust Company ("DTC") participant and, in each case, must have executed an Authorized Participant Agreement with the Fund's 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 the Shares directly from the 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 or fees.

WeatherStorm Forensic Accounting Long-Short ETF

Notes to Financial Statements

May 31, 2017 (Unaudited) (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Creation Units (continued) — If a Creation Unit is purchased or redeemed for cash, a higher transaction fee will be charged. The following table discloses Creation Unit breakdown based on the NAV as of May 31, 2017:

	<u>Creation Unit Shares</u>	<u>Creation Transaction Fee</u>	<u>Value</u>	<u>Redemption Transaction Fee</u>
WeatherStorm Forensic Accounting Long-Short ETF	50,000	\$ 1,600	\$ 1,910,000	\$ 1,600

Illiquid Securities — A security may be considered illiquid if it lacks a readily available market. Securities are generally considered liquid if they can be sold or disposed of in the ordinary course of business within seven days at approximately the price at which the security is valued by the Fund. Illiquid securities may be valued under methods approved by the Board of Trustees as reflecting fair value. The Fund will not hold more than 15% of the value of their net assets in illiquid securities. Information concerning illiquid securities as of May 31, 2017 is disclosed within the Schedule of Investments.

3. AGREEMENTS

Investment Advisory Agreement

The Adviser serves as investment adviser to the Trust, including the Fund, pursuant to an investment advisory agreement (“Advisory Agreement”). Under the Advisory Agreement, the Adviser provides investment advice to the Fund primarily in the form of oversight of the Sub-Adviser, including daily monitoring of the purchase and sale of securities by the Sub-Adviser and regular review of the Sub-Adviser’s performance. The Adviser also arranges for transfer agency, custody, fund administration and accounting, and other non-distribution related services necessary for the Fund to operate. The Adviser administers the Fund’s business affairs, provides office facilities and equipment and certain clerical, bookkeeping and administrative services, and provides its officers and employees to serve as officers or Trustees of the Trust.

For the services it provides to the Fund, the Fund pays the Adviser a fee, which is calculated daily and paid monthly, at an annual rate of 0.85% on the average daily net assets of the Fund. Under the Advisory Agreement, the Adviser has agreed to pay all expenses incurred by the Fund except for the advisory fee, interest, taxes, brokerage commissions and other expenses incurred in placing orders for the purchase and sale of securities and other investment instruments, acquired fund fees and expenses, extraordinary expenses, and distribution fees and expenses paid by the Fund under any distribution plan adopted pursuant to Rule 12b-1 under the 1940 Act (the “Excluded Expenses”).

Certain officers or interested trustees of the Trust are also officers or employees of the Adviser or its affiliates. They receive no fees for serving as officers of the Trust.

The Adviser has entered into a license agreement with WeatherStorm Capital, LLC (the “Index Provider”) pursuant to which the Adviser pays a fee to use the Index. The Adviser is sub-licensing rights to the Fund at no charge.

Sub-Advisory Agreement

The Sub-Adviser is responsible for, among other things, trading portfolio securities on behalf of the Fund, including selecting broker-dealers to execute purchase and sale transactions as instructed by the Adviser or in connection with any rebalancing or reconstitution of the Index, subject to the supervision of the Adviser and the Board. Under the sub-advisory agreement, the Adviser pays the Sub-Adviser a fee calculated daily and paid monthly, at an annual rate of 0.05% on the average daily net assets of the Fund, subject to a \$15,000 minimum fee.

The Fund’s Index Provider is affiliated with the Sub-Adviser, but is not affiliated with the Fund or the Adviser. The Index Provider developed the methodology for determining the securities to be included in the Index and is responsible for the ongoing maintenance of the Index. The Index is calculated by Solactive AG (formerly, Structured Solutions AG), which is not affiliated with the Fund, the Advisor, the Sub Adviser, or the Index Provider.

WeatherStorm Forensic Accounting Long-Short ETF

Notes to Financial Statements

May 31, 2017 (Unaudited) (Continued)

3. AGREEMENTS (continued)

Distribution Agreement

SEI Investments Distribution Co. (the "Distributor") serves as the Fund's underwriter and distributor of Shares pursuant to a Distribution Agreement. Under the Distribution Agreement, the Distributor, as agent, receives orders to purchase shares in Creation Units and transmits such orders to the Fund's custodian and transfer agent. The Distributor has no obligation to sell any specific quantity of Fund shares. The Distributor bears the following costs and expenses relating to the distribution of shares: (i) the expenses of maintaining its registration or qualification as a dealer or broker under federal or state laws; (ii) filing fees; and (iii) all other expenses incurred in connection with the distribution services, that are not reimbursed by the Adviser, as contemplated in the Distribution Agreement. The Distributor does not maintain any secondary market in Fund Shares.

The Fund has adopted a Distribution and Service Plan (the "Plan") pursuant to Rule 12b-1 under the 1940 Act. In accordance with the Plan, the Fund is authorized to pay an amount up to 0.25% of its average net assets each year for certain distribution-related activities. For the period ended May 31, 2017, the Plan was not operational and, thus, the Fund paid no fees under the Plan. The Plan and the Plan will only be implemented with approval of the Board.

Administrator, Custodian and Transfer Agent

SEI Investments Global Funds Services (the "Administrator") serves as the Fund's Administrator pursuant to an Administration Agreement. Brown Brothers Harriman & Co. (the "Custodian" and "Transfer Agent") serves as the Fund's custodian and transfer agent pursuant to a Custodian Agreement and Transfer Agency Services Agreement. The Adviser of the Fund pays these fees.

Certain officers of the Trust may also be employees of the Administrator or its affiliates. They receive no fees for serving as officers of the Trust.

4. INVESTMENT TRANSACTIONS

For the period ended May 31, 2017, the purchases and sales of investments in securities, excluding in-kind transactions, securities sold short, long-term U.S. Government and short-term securities were:

	<u>Purchases</u>	<u>Sales and Maturities</u>
WeatherStorm Forensic Accounting Long-Short ETF	\$ 4,941,683	\$ 5,172,438

There were no purchases or sales of long-term U.S. Government securities by the Fund.

For the period ended May 31, 2017, in-kind transactions associated with redemptions were:

	<u>Purchases</u>	<u>Sales and Maturities</u>	<u>Net Realized Gain</u>
WeatherStorm Forensic Accounting Long-Short ETF	\$ 4,793,359	\$ 1,856,895	\$ 185,636

5. TAX INFORMATION

The amount and character of income and capital gain distributions to be paid, if any, are determined in accordance with Federal income tax regulations, which may differ from U.S. GAAP. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. These book/tax differences may be temporary or permanent. To the extent these differences are permanent in nature, they are charged or credited to undistributed net investment income (loss), accumulated net realized gain (loss) or paid-in capital, as appropriate, in the period that the differences arise.

WeatherStorm Forensic Accounting Long-Short ETF

Notes to Financial Statements

May 31, 2017 (Unaudited) (Continued)

5. TAX INFORMATION (continued)

The tax character of dividends and distributions declared during the last two fiscal years were as follows:

	<u>Ordinary Income</u>	<u>Total</u>
WeatherStorm Forensic Accounting Long-Short ETF		
2016	\$ 199,617	\$ 199,617
2015	\$ 206,135	\$ 206,135

As of November 30, 2016, the components of accumulated losses on a tax basis were as follows:

Undistributed Ordinary Income	\$ 35,720
Capital Loss Carryforwards	(347,179)
Net Unrealized Appreciation	390,921
Total Accumulated Gains	<u>\$ 79,462</u>

Under the Regulated Investment Company Modernization Act of 2010, the Fund is permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period. Post-enactment capital losses that are carried forward retain their character as either short-term or long-term capital losses rather than being considered all short-term as under previous law. Losses carried forward under these new provisions are as follows:

	<u>Non-Expiring Short-Term</u>	<u>Non-Expiring Long-Term</u>	<u>Total Capital Loss Carryforwards</u>
WeatherStorm Forensic Accounting Long-Short ETF	\$ 163,331	\$ 183,848	\$ 347,179

The Federal tax cost and aggregate gross unrealized appreciation and depreciation on investments, excluding securities sold short, held by the Fund at May 31, 2017, were as follows:

	<u>Federal Tax Cost</u>	<u>Aggregated Gross Unrealized Appreciation</u>	<u>Aggregated Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
WeatherStorm Forensic Accounting Long-Short ETF	\$ 16,776,768	\$ 1,604,927	\$ (773,003)	\$ 831,924

6. RISKS OF INVESTING IN THE FUND

As with all exchange traded funds ("ETFs"), a shareholder of the Fund is subject to the risk that his or her investment could lose money. The Fund is subject to the principal risks noted below, any of which may adversely affect the 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 "Principal Risks".

Under normal circumstances, the Fund intends to invest at least 80% of its total assets in securities of the Index, seeks to enhance U.S. large cap exposure by offering a long/short portfolio selected from the 500 largest U.S. companies by market capitalization, while providing additional return potential through the careful and systematic selection and shorting of stocks based on forensic accounting analysis. These securities are subject to certain risks, such as large capitalization risk, REIT risk and market risk associated with investing in the securities comprising the Index.

Market Risk

The values of equity securities in the Index could decline generally or could underperform other investments.

WeatherStorm Forensic Accounting Long-Short ETF

Notes to Financial Statements

May 31, 2017 (Unaudited) (Concluded)

6. RISKS OF INVESTING IN THE FUND (continued)

Short Sale Risk

If the Fund sells a security short and subsequently has to buy the security back at a higher price, the Fund will lose money on the transaction. The amount the Fund could lose on a short sale is theoretically unlimited (as compared to a long position, where the maximum loss is the amount invested). The use of short sales, which has the effect of leveraging the Fund, could increase the exposure of the Fund to the market, increase losses, and increase the volatility of returns.

Leverage Risk

The Fund's short sales effectively leverage the Fund's assets. It is possible that the Fund may lose money on both long and short positions at the same time. The Fund's assets that are used as collateral to secure the short sales may decrease in value while the short positions are outstanding, which may force the Fund to use its other assets to increase the collateral. Leverage also creates interest expense that may decrease the Fund's overall returns.

7. OTHER

At May 31, 2017, the records of the Trust reflected that 100% of the Fund's total Shares outstanding were held by two Authorized Participants, in the form of Creation Units. However, the individual shares comprising such Creation Units are listed and traded on the NASDAQ Stock Market LLC and have been purchased and sold by persons other than Authorized Participants.

8. REGULATORY MATTERS

In October 2016, the Securities and Exchange Commission (the "SEC") released its Final Rule on Investment Company Reporting Modernization (the "Rule"). The Rule which introduces two new regulatory reporting forms for investment companies – Form N-PORT and Form N-CEN – also contains amendments to Regulation S-X which impact financial statement presentation, particularly the presentation of derivative investments. Although still evaluating the impact of the Rule, management believes that many of the Regulation S-X amendments are consistent with the Fund's current financial statement presentation and expects that the Fund will be able to comply with the Rule's Regulation S-X amendments by the August 1, 2017 compliance date.

9. SUBSEQUENT EVENTS

The Fund has evaluated the need for additional disclosures and/or adjustments resulting from subsequent events through the date and the financial statement were issued. Based on this evaluation, no adjustments were required to the financial statements.

WeatherStorm Forensic Accounting Long-Short ETF

Board Consideration of Approval of Advisory and Sub-Advisory Agreements

(Unaudited)

At a meeting of the Board of Trustees (the “Board”) of Exchange Traded Concepts Trust (the “Trust”) held on February 28, 2017, the Board considered and approved the continuance of the following agreements (collectively, the “Agreements”) with respect to the WeatherStorm Forensic Accounting Long-Short ETF (the “Fund”):

- the investment advisory agreement between the Trust, on behalf of the Fund, and Exchange Traded Concepts, LLC (the “Adviser”), pursuant to which the Adviser currently provides advisory services to the Fund; and
- the investment sub-advisory agreement between the Adviser and Vident Investment Advisory, LLC (the “Sub-Adviser”), pursuant to which the Sub-Adviser currently provides sub-advisory services to the Fund.

Pursuant to Section 15 of the Investment Company Act of 1940 (the “1940 Act”), the continuance of the Agreements must be approved: (i) by the vote of the Trustees or by a vote of the shareholders of the Fund; and (ii) by the vote of a majority of the Trustees who are not parties to the Agreements or “interested persons” of any party thereto, as defined in the 1940 Act (the “Independent Trustees”), cast in person at a meeting called for the purpose of voting on such approval. In connection with its consideration of such approvals, the Board must request and evaluate, and the Adviser and Sub-Adviser are required to furnish, such information as may be reasonably necessary to evaluate the terms of the Agreements. In addition, rules under the 1940 Act require an investment company to disclose in its shareholder reports the material factors and the conclusions with respect thereto that formed the basis for the board’s approval of an investment advisory agreement.

In considering whether to approve the continuance of the Agreements, the Board took into consideration (i) the nature, extent and quality of the services provided by the Adviser and Sub-Adviser to the Fund; (ii) the Adviser and Sub-Adviser’s cost and profits realized from providing such services, including any fall-out benefits enjoyed by the Adviser and Sub-Adviser or their affiliates; (iii) comparative fee and expense data for the Fund; (iv) the extent to which the advisory fee for the Fund reflects economies of scale shared with Fund shareholders; and (v) other factors the Board deemed to be relevant. In their deliberations, the Board did not identify any single piece of information discussed below that was all-important, controlling or determinative of its decision.

In considering the nature, extent and quality of the services provided to the Fund, the Board considered the Adviser and Sub-Adviser’s specific responsibilities in all aspects of day-to-day management of the Fund. The Board noted that the Adviser’s responsibilities include overseeing the activities of the Sub-Adviser and monitoring compliance with various Fund policies and procedures and applicable securities regulations, while the Sub-Adviser’s responsibilities include trading portfolio securities and other investment instruments on behalf of the Fund and selecting broker-dealers to execute purchase and sale transactions, subject to the supervision of the Adviser and the Board. The Board considered the qualifications, experience and responsibilities of the Adviser and Sub-Adviser’s investment personnel, the quality of the Adviser and Sub-Adviser’s compliance infrastructure, and the determination of the Trust’s Chief Compliance Officer that the Adviser and Sub-Adviser have appropriate compliance policies and procedures in place. The Board noted that it had reviewed the Adviser and Sub-Adviser’s registration forms on Form ADV as well as the Adviser and Sub-Adviser’s responses to a detailed series of questions, which included a description of the Adviser and Sub-Adviser’s operations, service offerings, personnel, compliance program, risk management program, and financial condition. The Board considered the Adviser and Sub-Adviser’s experience working with ETFs, including the Fund, other series of the Trust, and other ETFs managed by the Adviser and Sub-Adviser outside of the Trust. The Board also considered other services provided to the Fund by the Adviser, such as arranging for transfer agency, custody, fund administration and accounting, and other non-distribution related services necessary for the Fund to operate, administering the Fund’s business affairs, providing office facilities and equipment and certain clerical, bookkeeping and administrative services, and providing its officers and employees to serve as officers or Trustees of the Trust.

The Board was provided with reports regarding the past performance of the Fund. The Board noted that the index-based investment objective of the Fund made analysis of investment performance, in absolute terms, less of a priority for the Fund than that which normally attaches to the performance of actively managed funds. Instead, the Board focused on the extent to which the Fund achieved its investment objective as a passively managed fund. In that regard, the Board reviewed information regarding factors impacting the performance of the Fund, including the construction of its underlying index and the addition or deletion of securities from the underlying index. The Board reviewed information regarding the Fund’s index tracking, discussing, as applicable, factors which contributed to the Fund’s tracking error over certain periods of time. The Board considered the Adviser’s oversight of the

WeatherStorm Forensic Accounting Long-Short ETF

Board Consideration of Approval of Advisory and Sub-Advisory Agreements

(Unaudited) (Concluded)

Sub-Adviser, including oversight of whether the Fund was exhibiting significant tracking error, as part of the Board's consideration of the nature, quality, and extent of the Adviser's services, as described above. The Board noted that the Fund had underperformed its underlying index over certain periods, but that such underperformance was to be expected as it generally was the result of costs incurred by the Fund not incurred by its underlying index. The Board also noted that the Fund's performance was nonetheless generally in line with that of its underlying index and determined that the underperformance therefore did not necessitate significant additional review. The Board further noted that it received regular reports from the Adviser and the Sub-Adviser regarding the Fund's performance at its quarterly meetings.

Based on the factors discussed above, as well as those discussed below, the Board concluded that it was satisfied with the nature, extent and quality of the services provided to the Fund by the Adviser and Sub-Adviser.

The Board reviewed the advisory and sub-advisory fees paid to the Adviser and Sub-Adviser for their services to the Fund under the Agreements and compared the fees to those paid by comparable funds. The Board noted that the Fund's advisory fee was within the range of advisory fees paid by other peer funds and that the sub-advisory fee was consistent with the range of fees received by the Sub-Adviser for its service as sub-adviser to other funds. The Board took into consideration that the advisory fee for the Fund is a "unified fee," meaning that the Fund pays no expenses other than certain expenses customarily excluded from unitary fee arrangements, such as brokerage commissions, taxes, and interest. The Board noted that the Adviser is responsible for compensating the Fund's other service providers and paying the Fund's other expenses out of its own fee and resources. The Board further noted that the sub-advisory fee has two components: 1) a basis point fee based on assets under management and 2) a minimum annual fee. The Board considered that the sub-advisory fee is paid by the Adviser, not the Fund, and that the fee reflects an arm's length negotiation between the Adviser and the Sub-Adviser. The Board further determined that the fee reflected an appropriate allocation of the advisory fee paid to the Adviser given the work performed by each firm. The Board considered the costs and expenses incurred by the Adviser and the Sub-Adviser in providing advisory and sub-advisory services, evaluated the compensation and benefits received by the Adviser and the Sub-Adviser from its relationship with the Fund, and reviewed profitability analyses from the Adviser and the Sub-Adviser with respect to the Fund. In light of this information, the Board concluded for the Fund that the advisory and sub-advisory fees appeared reasonable in light of the services rendered. In addition, the Board considered for the Fund whether economies of scale have been realized. The Board concluded that no significant economies of scale have been realized by the Fund and that the Board will have the opportunity to periodically reexamine whether such economies have been achieved.

No single factor was determinative of the Board's decision to approve the continuance of the Agreements on behalf of the Fund; rather, the Board based its determination on the total mix of information available to it. Based on a consideration of all the factors in their totality, the Board, including a majority of the Independent Trustees, determined that the Agreements, including the compensation payable thereunder, were fair and reasonable to the Fund. The Board, including a majority of the Independent Trustees, therefore determined that the approval of the continuance of the Agreements was in the best interests of the Fund and its shareholders.

WeatherStorm Forensic Accounting Long-Short ETF

Disclosure of Fund Expenses

(Unaudited)

All ETFs have operating expenses. As a shareholder of the Fund you incur an advisory fee. In addition to the advisory fee, a shareholder may pay brokerage expenses, taxes, interest, litigation expenses, dividend expense on securities sold short, and other extraordinary expenses (including acquired fund fees and expenses), if any. It is important for you to understand the impact of these ongoing costs on your investment returns. Shareholders may incur brokerage commissions on their purchases and sales of Fund shares, which are not reflected in these examples.

The following examples use the annualized expense ratio and are intended to help you understand the ongoing costs (in dollars) of investing in the Fund and to compare these costs with those of other funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period (December 1, 2016 to May 31, 2017) (unless otherwise noted below).

The table below illustrates your Fund's cost in two ways:

Actual Fund Return. This section helps you to estimate the actual expenses after fee waivers that your Fund incurred over the period. The "Expenses Paid During Period" column shows the actual dollar expense cost incurred by a \$1,000 investment in the Fund, and the "Ending Account Value" number is derived from deducting that expense cost from the Fund's gross investment return.

You can use this information, together with the actual amount you invested in the Fund, to estimate the expenses you paid over that period. Simply divide your actual account value by \$1,000 to arrive at a ratio (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply that ratio by the number shown for your Fund under "Expenses Paid During Period."

Hypothetical 5% Return. This section helps you compare your Fund's costs with those of other funds. It assumes that the Fund had an annual 5% return before expenses during the year, but that the expense ratio (Column 3) for the period is unchanged. This example is useful in making comparisons because the Commission requires all funds to make this 5% calculation. You can assess your Fund's comparative cost by comparing the hypothetical result for your Fund in the "Expenses Paid During Period" column with those that appear in the same charts in the shareholder reports for other funds.

NOTE: Because the return is set at 5% for comparison purposes — NOT your Fund's actual return — the account values shown may not apply to your specific investment.

	Beginning Account Value 12/1/16	Ending Account Value 5/31/17	Annualized Expense Ratios	Expenses Paid During Period⁽¹⁾
WeatherStorm Forensic Accounting Long-Short ETF				
Actual Fund Return	\$ 1,000.00	\$ 1,031.50	1.61%	\$8.15
Hypothetical 5% Return	\$ 1,000.00	\$ 1,016.90	1.61%	\$8.10

⁽¹⁾ Expenses are equal to the Fund's annualized expense ratio (including stock loan fees and dividend expense on securities sold short) multiplied by the average account value for the period, multiplied by 182/365 (to reflect the one-half year period).

WeatherStorm Forensic Accounting Long-Short ETF

Supplemental Information

(Unaudited)

Net asset value, or “NAV”, is the price per share at which the Fund issues and redeems shares. It is calculated in accordance with the standard formula for valuing mutual fund shares. The “Market Price” of the Fund generally is determined using the midpoint between the highest bid and the lowest offer on the stock exchange on which the Shares of the Fund are listed for trading, as of the time that the Fund’s NAV is calculated. The Fund’s Market Price may be at, above or below its NAV. The NAV of the Fund will fluctuate with changes in the market value of the Fund’s holdings. The Market Price of the Fund will fluctuate in accordance with changes in its NAV, as well as market supply and demand.

Premiums or discounts are the differences (expressed as a percentage) between the NAV and Market Price of the Fund on a given day, generally at the time NAV is calculated. A premium is the amount that the Fund is trading above the reported NAV, expressed as a percentage of the NAV. A discount is the amount that the Fund is trading below the reported NAV, expressed as a percentage of the NAV.

Further information regarding premiums and discounts is available on the Fund’s website at www.flagetf.com.



Exchange Traded Concepts

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This information must be preceded or accompanied by a current prospectus for the Fund.