

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

|  |                                   |   |                             |
|--|-----------------------------------|---|-----------------------------|
| <b>1</b> Issuer's name   |                                   | <b>2</b> Issuer's employer identification number (EIN)              |                             |
| ETC TRUST - YIELDSHARES HIGH INCOME ETF  |                                   | 45-5041055  |                             |
| <b>3</b> Name of contact for additional information  | <b>4</b> Telephone No. of contact | <b>5</b> Email address of contact                                   |                             |
| SEI INVESTMENTS DISTRIBUTION CO.   | 1-855-796-3863                    |   |                             |
| <b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact |                                   | <b>7</b> City, town, or post office, state, and Zip code of contact |                             |
| 1 FREEDOM VALLEY DRIVE   |                                   | OAKS, PA 19456  |                             |
| <b>8</b> Date of action  |                                   | <b>9</b> Classification and description                             |                             |
| SEE BELOW  |                                   | NON-TAXABLE RETURN OF CAPITAL DISTRIBUTION                          |                             |
| <b>10</b> CUSIP number   | <b>11</b> Serial number(s)        | <b>12</b> Ticker symbol   | <b>13</b> Account number(s) |
| 301505301  |                                   | YYY   |                             |

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ Yieldshares High Income ETF paid a non-taxable return of capital distribution. The percentage of the non-taxable return of capital distribution paid to shareholders of record is 37.01% for each distribution. Listed below in the respective order are the pay dates for each month receiving return of capital: 1/29/2016, 2/26/2016, 3/28/2016, 4/29/2016, 5/27/2016, 6/24/2016, 7/29/2016, 8/31/2016, 9/30/2016, 10/31/2016, 11/30/2016, and 12/30/2016.

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The total non-taxable return of capital portion of the distribution paid to shareholders of record is \$0.059214 for each distribution. Listed below in the respective order are the Record Dates for each month receiving return of capital: 1/28/2016, 2/25/2016, 3/24/2016, 4/28/2016, 5/26/2016, 6/23/2016, 7/28/2016, 8/29/2016, 9/29/2016, 10/28/2016, 11/29/2016, and 12/29/2016.

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ The basis of shareholders of record on each distribution date listed above is reduced by the per share amount of \$0.059214 as referenced above. The rate was determined in accordance with IRC 301 & 316.

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC 301 & 316

---



---



---



---



---



---



---



---



---



---

18 Can any resulting loss be recognized? ▶ Not applicable to this transaction as no loss may be recognized on a return of capital distribution. The shareholders cost basis should be adjusted to reflect the return of capital distribution which may affect the gain or loss realized by the shareholder upon disposition of his/her shares.

---



---



---



---



---



---



---



---



---



---

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The information provided herein has been provided to each shareholder on their 2016 form 1099 div statement, Box 3 from their respective Broker/Dealer.

---



---



---



---



---



---



---



---



---



---

|                               |   |  |         |  |
|-------------------------------|---|--|---------|--|
| <b>Sign Here</b>              | Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge. |  |         |  |
|                               | Signature ▶   | <u>A signed copy is maintained by the issuer</u> | Date ▶  | <u>3/9/2017</u>                                      |
| <b>Paid Preparer Use Only</b> | Print your name ▶   | <u>ERIC KLEINSCHMIDT</u>                         | Title ▶ | <u>ASSISTANT TREASURER</u>                           |
|                               | Print/Type preparer's name  | Preparer's signature                             | Date    | Check <input type="checkbox"/> if self-employed PTIN |
|                               | Firm's name ▶   | Firm's EIN ▶                                     |         |  |
|                               | Firm's address ▶  | Phone no.  |         |  |

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054