



DISTILLATE CAPITAL

Form ADV Part 2A Brochure

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This Brochure provides information about the qualifications and business practices of Distillate Capital Partners LLC (Distillate or the “Firm”). If you have any additional questions about the contents of this Brochure, please contact us at (312) 933-4293 or info@distillatecapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. The Firm is a registered investment advisor. Registration as an investment advisor does not imply a certain level of skill or training.

Additional information about Distillate is available on the SEC’s website at www.adviserinfo.sec.gov. Also, free and simple tools are available to you to review Distillate and its financial professionals at Investor.gov/CRS, which also provides free educational materials about broker-dealers, investment advisers, and investing.

Item 2. Material Changes

The Firm has made the following material changes since our last annual updating amendment dated March 17, 2022.

- In October 2022, Distillate Capital launched the Distillate Small/Mid Cash Flow ETF with \$9.9 million of assets under management as of October 31, 2022.
- Distillate Capital is now offering its investment strategies as a Model-Only service offered through a Turnkey Asset Management Program (“TAMP”). No assets have been attributed to this service at the time of this filing.

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Item 4. Advisory Business

Distillate Capital Partners LLC (Distillate or the “Firm”) is an Illinois limited liability company formed in 2017 with its principal place of business in Chicago and is an investment adviser registered with the Securities and Exchange Commission. Distillate is owned and controlled by its co-founders Thomas Cole, CFA; Jay Beidler, CFA; and Matt Swanson, CFA.

Distillate offers investment advisory services to individuals, institutions and investment companies registered under the Investment Company Act of 1940, as amended (each a “Client” and, together, “Clients”). Our investment company clients include the Distillate U.S. Fundamental Stability & Value ETF, the Distillate International Fundamental Stability & Value ETF and the Distillate Small/Mid Cash Flow ETF (the Funds”), a series of ETF Series Solutions (the “Trust”). The Trust is an open-end management investment company registered under the Investment Company Act and the shares of the Trust are registered under the Securities Act of 1933, as amended. Shares of the Funds are listed on a national securities exchange (NYSE Arca: DSTL, DSTX and DSMC respectively) and trade at prevailing market prices. The Funds are subject to the general supervision of the Board of Trustees of the Trust.

Distillate seeks to provide long-term investors with superior after-fee returns by exploiting behavioral biases and accounting distortions while mitigating risk. We do this using a quantitative approach to equity investing to distill the starting universe down to only the stocks where quality and value overlap.

Separately Managed Accounts (SMAs)

Distillate offers separately managed accounts to institutions and high net worth individuals seeking to employ our methodology to a targeted investment universe. Individual portfolios are developed in consultation with the Client, developing an appropriate starting universe to which Distillate’s quantitative approach is applied. Clients may impose restrictions on investing in certain securities or types of securities. Distillate then continually monitors the client’s portfolio to ensure that the starting universe remains appropriate and the portfolio remains consistent with the stated objectives. Separate accounts are managed subject to an investment management agreement and Distillate typically maintains full discretion over investment selection and trading of separately managed accounts. SMA strategies may be similar to or different from Funds advised by Distillate, however we do not invest SMA assets in affiliated funds.

Registered Investment Company – Exchange Traded Funds (ETFs)

Distillate serves as the primary adviser and index provider to the Distillate U.S. Fundamental Stability & Value ETF, the Distillate International Fundamental Stability & Value ETF and the Distillate Small/Mid Cash Flow ETF. Distillate has designed these funds with the goal of distilling the available equity universes down to only those stocks where Distillate’s measures of quality and value overlap.

Distillate has engaged Vident Investment Advisory LLC (“Vident”) as the sub-adviser to the ETFs. Vident is responsible for the day to-day management of the Funds. Vident is a registered investment adviser, a wholly owned subsidiary of Vident Financial, LLC, with its principal offices located in Georgia. Vident is responsible for trading portfolio securities for the Funds, including selecting broker-dealers to execute purchase and sale transactions or in connection with any rebalancing or reconstitution of the index, subject to the supervision of Distillate and the Trustees. For its services, Vident is paid a fee by Distillate. The Funds investment objectives and guidelines are set forth in investment advisory agreements and governing fund documents, including the prospectus and statement of additional information.

Model-Only Delivery

Distillate offers its investment strategies as a Model-Only service offered through a Turnkey Asset Management Program (“TAMPs”), where the firm is responsible only for supplying lists of recommended securities holdings and weightings that may correspond to strategies offered in other vehicles such as ETFs. Distillate does not have discretion over any client assets that have been engaged in such an arrangement, and clients are not required to follow Distillate’s recommendations. Distillate is generally compensated by entities sponsoring Model-Only client accounts with a fee based on the assets under advisement of such strategies. These fees, as

a percentage of account values, may be lower than those fees for accounts for which Distillate exercises discretion.

As of October 31, 2022, Distillate managed approximately \$837,034,345 in assets on a discretionary basis. Distillate does not manage assets on a non-discretionary basis.

Item 5. Fees and Compensation

Distillate receives a management fee calculated as a percentage of assets under management as compensation for investment advisory services. SMA fees are based on the starting investment universe, domestic or international, and follow a tiered fee schedule as provided below. The details regarding management fees for each Client relationship are described fully in the respective investment management agreement and, for the Fund, also described as part of Fund expenses in the Fund's prospectus and other documents.

U.S. Large Cap Strategy

From	To	
\$0	\$5,000,000	0.39%
\$5,000,000	\$25,000,000	0.36%
\$25,000,000	\$50,000,000	0.33%
\$50,000,000	and up	0.30%
minimum account size: \$5,000,000		

International Strategies

From	To	
\$0	\$5,000,000	0.55%
\$5,000,000	\$50,000,000	0.45%
\$50,000,000	and up	0.40%
minimum account size: \$5,000,000		

U.S. Small Cap Strategy

From	To	
\$0	\$5,000,000	0.55%
\$5,000,000	\$50,000,000	0.45%
\$50,000,000	and up	0.40%
minimum account size: \$5,000,000		

Tiered Fee Example: A \$10,000,000 account invested in a U.S. strategy would be billed at a rate of 0.375% (0.39% on the first \$5,000,000 and 0.36% on the next \$5,000,000).

Fees are generally deducted from client accounts subject to terms and conditions that are detailed in each Client's investment management agreement. Fee rates and certain terms, including the frequency of payments and methods of calculation, may be subject to negotiation at the Firm's discretion. Fees may be reduced or waived for certain persons affiliated with the Firm. Distillate's fees do not include other expenses incurred by

clients in connection with our investment advisory services such as brokerage and other transaction costs, custodial fees, or any transfer or other service charges.

Investment management agreements between the Firm and its clients are typically terminable at any time, subject to any required notice depending upon the specific circumstances and needs of clients. In the event of termination, advisory fees will be prorated over the period during which investment advisory services were provided.

Asset-based fees subject Distillate to a potential conflict of interest in that the more assets there are in your advisory account, the more you will pay in fees, and thus the firm has an incentive to encourage you to increase the assets in the account.

With respect to the Funds, Distillate receives an advisory fee subject to the approval of the Trust's Board of Trustees. A portion of the Firm's fee is used to compensate the sub-adviser for management services provided to the Funds, which is based upon a percentage of each Fund's daily net assets, subject to a minimum fee. The level of the sub-advisory fee paid with respect to a Funds is negotiated between the Firm and the sub-adviser and will vary depending on, among other things, the types of assets in which the Fund invests. Sub-adviser fees are generally accrued daily and are billed and paid quarterly in arrears.

Distillate is generally compensated by entities sponsoring Model-Only client accounts with a fee based on assets under advisement of such strategies. Fees paid by the end user of these model services consist of fees associated with managing the model only service, trading frequency of the strategy, and the costs associated with implementing the strategy. A fee schedule is set by the Turnkey Asset Management Program ("TAMP") and/or source advisor accessing the platform. Distillate has no input on these fee schedules other than determining a management fee associated with the model only service. Typically, any fee negotiation for advisor clients would be at or through the source advisor or TAMP.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs reduce the amount of money you can make on your investments over time.

Item 6. Performance-Based Fees and Side-By-Side Management

Neither Distillate nor any of its supervised persons accepts performance-based fees – i.e. fees based on a share of capital gains on, or capital appreciation of, the assets of a client. Neither the Firm nor any of its supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee.

Differences in fee rates or terms generally introduces an incentive to favor higher-paying accounts in the allocation of investment opportunities. Although typically dealing in highly liquid markets, Distillate has adopted policies and procedures in an effort to detect inappropriate trading or allocations.

Item 7. Types of Clients

Distillate offers investment advisory services to pooled investment vehicles, including registered investment companies, as well as high net worth individuals and institutional investors through separately managed accounts. For separately managed accounts, the Firm typically requires a minimum initial investment of \$5,000,000. The minimum initial investment amount may be waived in consideration of an overall relationship size, future contributions, or other factors, at the Firm's sole discretion.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Method of Analysis, Investment Strategies

Distillate seeks to exploit behavioral biases and accounting distortions in equity markets to earn superior returns while mitigating risk relative to the starting universe over the long term. We do this using a systematic approach to distill the starting universe down to only the stocks where quality and value overlap.

This process begins with addressing risk by eliminating stocks that are expensive, have volatile fundamentals, or are significantly indebted. What remains is a well-diversified set of stocks that we believe offer favorably skewed risk/reward profiles. The firm's methods are informed by decades of experience as fundamental investors, and have been designed for today's asset-light (intangible assets vs. physical ones) economy where many traditional metrics have lost meaning. Currently, Distillate employs its approach to the universe of U.S. large-capitalization stocks and international mid- and large-capitalization stocks, although our approach may be applied to other starting universes, such as non-U.S. or small- or mid-cap stocks, to address client needs.

Distillate also identifies and evaluates sub-advisers for implementation of specific investment strategies, particularly for mutual fund or ETF vehicles.

Risk of Loss

For detailed information on the risks associated with the investment strategies, methods of analysis and types of securities invested in or recommended, please refer to the specific fund offering documents. Distillate manages investment portfolios to maximize returns for a given level of risk based on experience, research and risk management methods. The value of investment portfolios depends on the performance of underlying securities in which they are invested. There can be no assurance that investment portfolios will meet their investment objectives or that clients will not lose money. Investing in securities involves risks of loss that clients should be prepared to bear.

Principal risks of investing may include following:

Capital Controls and Sanctions Risk. Economic conditions, such as volatile currency exchange rates and interest rates, political events, military action and other conditions may, without prior warning, lead to foreign government intervention (including intervention by the U.S. government with respect to foreign governments, economic sectors, foreign companies and related securities and interests) and the imposition of capital controls and/or sanctions, which may also include retaliatory actions of one government against another government, such as seizure of assets. Capital controls and/or sanctions include the prohibition of, or restrictions on, the ability to transfer currency, securities or other assets. Capital controls and/or sanctions may also impact the ability of a Fund to buy, sell or otherwise transfer securities or currency, negatively impact the value and/or liquidity of such instruments, adversely affect the trading market and price for Shares, and cause the Fund to decline in value.

Currency Exchange Risk. A Fund may invest in investments denominated in non-U.S. currencies or in securities that provide exposure to such currencies. Changes in currency exchange rates and the relative value of non-U.S. currencies will affect the value of the Fund's investment and the value of your Shares. Currency exchange rates can be very volatile and can change quickly and unpredictably. As a result, the value of an investment in the Fund may change quickly and without warning and you may lose money.

Depository Receipt Risk. Depository Receipts involve risks similar to those associated with investments in foreign securities, such as changes in political or economic conditions of other countries and changes in the exchange rates of foreign currencies. Depository Receipts listed on U.S. exchanges are issued by banks or trust companies and entitle the holder to all dividends and capital gains that are paid out on the underlying

foreign shares (“Underlying Shares”). When a Fund invests in Depositary Receipts as a substitute for an investment directly in the Underlying Shares, the Fund is exposed to the risk that the Depositary Receipts may not provide a return that corresponds precisely with that of the Underlying Shares.

Emerging Market Risk. A Fund may invest in companies organized in emerging market nations. Investments in securities and instruments traded in developing or emerging markets, or that provide exposure to such securities or markets, can involve additional risks relating to political, economic, or regulatory conditions not associated with investments in U.S. securities and instruments or investments in more developed international markets. Such conditions may impact the ability of a Fund to buy, sell or otherwise transfer securities, adversely affect the trading market and price for Shares and cause the Fund to decline in value.

Equity Investing Risk: The equity securities held may experience sudden, unpredictable drops in value or long periods of decline in value. This may occur because of factors that affect securities markets generally or factors affecting specific issuers, industries, or sectors in which a Fund invests. Common stocks are generally exposed to greater risk than other types of securities, such as preferred stock and debt obligations, because common stockholders generally have inferior rights to receive payment from issuers. In addition, local, regional or global events such as war, acts of terrorism, spread of infectious diseases or other public health issues, recessions, or other events could have a significant negative impact on a Fund and its investments. For example, the global pandemic caused by COVID-19, a novel coronavirus, and the aggressive responses taken by many governments, including closing borders, restricting international and domestic travel, and the imposition of prolonged quarantines or similar restrictions, has had negative impacts, and in many cases severe impacts, on markets worldwide. The COVID-19 pandemic has caused prolonged disruptions to the normal business operations of companies around the world and the impact of such disruptions is hard to predict. Such events may affect certain geographic regions, countries, sectors and industries more significantly than others. Such events could adversely affect the prices and liquidity of a Fund’s portfolio securities or other instruments and could result in disruptions in the trading markets.

ETF Risks. The following risks may apply to the Funds offered by Distillate Capital:

- *Authorized Participants, Market Makers, and Liquidity Providers Concentration Risk.* The Fund(s) may have a limited number of financial institutions that may act as Authorized Participants (“APs”). In addition, there may be a limited number of market makers and/or liquidity providers in the marketplace. To the extent either of the following events occur, Shares may trade at a material discount to NAV and possibly face delisting: (i) APs exit the business or otherwise become unable to process creation and/or redemption orders and no other APs step forward to perform these services, or (ii) market makers and/or liquidity providers exit the business or significantly reduce their business activities and no other entities step forward to perform their functions.
- *Costs of Buying or Selling Shares.* Due to the costs of buying or selling Shares, including brokerage commissions imposed by brokers and bid-ask spreads, frequent trading of Shares may significantly reduce investment results and an investment in Shares may not be advisable for investors who anticipate regularly making small investments.
- *Shares May Trade at Prices Other Than NAV.* As with all ETFs, Shares may be bought and sold in the secondary market at market prices. Although it is expected that the market price of Shares will approximate a Fund’s NAV, there may be times when the market price of Shares is more than the NAV intra-day (premium) or less than the NAV intra-day (discount) due to supply and demand of Shares or during periods of market volatility. This risk is heightened in times of market volatility, periods of steep market declines, and periods when there is limited trading activity for Shares in the secondary market, in which case such premiums or discounts may be significant.
- *Trading.* Although Shares are listed for trading on NYSE Arca, Inc. (the “Exchange”) and may be traded on U.S. exchanges other than the Exchange, there can be no assurance that Shares will trade with any volume, or at all, on any stock exchange. In stressed market conditions, the liquidity of Shares may begin to mirror the liquidity of the Fund’s underlying portfolio holdings, which can be

significantly less liquid than Shares, and this could lead to differences between the market price of the Shares and the underlying value of those Shares.

Foreign Securities Risk. Investments in non-U.S. securities involve certain risks that may not be present with investments in U.S. securities. For example, investments in non-U.S. securities may be subject to risk of loss due to foreign currency fluctuations or to political or economic instability. Investments in non-U.S. securities also may be subject to withholding or other taxes and may be subject to additional trading, settlement, custodial, and operational risks. These and other factors can make investments in a Fund more volatile and potentially less liquid than other types of investments. Companies in many foreign markets are not subject to the same degree of regulatory requirements, accounting standards or auditor oversight as companies in the U.S., and as a result, information about the securities in which a Fund invests may be less reliable or complete. Foreign markets often have less reliable securities valuations and greater risk associated with the custody of securities than the U.S. There may be significant obstacles to obtaining information necessary for investigations into or litigation against companies and shareholders may have limited legal remedies.

Geographic Investment Risk. To the extent a Fund invests a significant portion of its assets in the securities of companies of a single country or region, it is more likely to be impacted by events or conditions affecting that country or region.

- *Risks of Investing in China and Hong Kong:* Investments in the securities of Chinese issuers that trade on an exchange in Hong Kong subject the Fund to risks specific to China and Hong Kong. China and Hong Kong may be subject to considerable degrees of economic, political and social instability. China and Hong Kong are developing markets and demonstrate significantly higher volatility from time to time in comparison to developed markets. Over the past 25 years, the Chinese government has undertaken reform of economic and market practices and is expanding the sphere of private ownership of property in China. However, Chinese markets generally continue to experience inefficiency, volatility and pricing anomalies resulting from governmental influence, a lack of publicly available information and/or political and social instability. Internal social unrest or confrontations with other neighboring countries, including military conflicts in response to such events, may also disrupt economic development in China and result in a greater risk of currency fluctuations, currency convertibility, interest rate fluctuations and higher rates of inflation. Export growth continues to be a major driver of China's rapid economic growth. Reduction in spending on Chinese products and services, institution of 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 Chinese economy. Further, any attempt by China to tighten its control over Hong Kong's political, economic, legal or social policies may result in an adverse effect on Hong Kong's markets.
- *Risks Related to Investing in Europe.* The economies and markets of European countries are often closely connected and interdependent, and events in one country in Europe can have an adverse impact on other European countries. The Fund makes investments in securities of issuers that are domiciled in, or have significant operations in, member countries of the European Union ("EU") that are subject to economic and monetary controls that can adversely affect the Fund's investments. The European financial markets have experienced volatility and adverse trends in recent years and these events have adversely affected the exchange rate of the euro and may continue to significantly affect other European countries. Decreasing imports or exports, changes in governmental or EU regulations on trade, changes in the exchange rate of the euro, the default or threat of default by an EU member country on its sovereign debt, and/or an economic recession in an EU member country may have a significant adverse effect on the economies of EU member countries and their trading partners, including some or all of the European countries in which the Fund invests.

The UK formally exited from the EU on January 31, 2020 (known as "Brexit"), and effective December 31, 2020, the UK ended a transition period during which it continued to abide by the EU's rules and the UK's trade relationships with the EU were generally unchanged. Following this transition period, the impact on the UK and European economies and the broader global economy could be significant,

resulting in negative impacts, such as increased volatility and illiquidity, and potentially lower economic growth of markets in the UK, Europe and globally, which may adversely affect the value of the Fund's investments.

- *Risks Related to Investing in Japan.* The Japanese economy may be subject to considerable degrees of economic, political and social instability, which could have a negative impact on Japanese securities. Since the year 2000, Japan's economic growth rate has remained relatively low and it may remain low in the future. In addition, Japan is subject to the risk of natural disasters, such as earthquakes, volcanoes, typhoons and tsunamis. Additionally, decreasing U.S. imports, new trade regulations, changes in the U.S. dollar exchange rates, a recession in the United States or continued increases in foreclosure rates may have an adverse impact on the economy of Japan. Japan also has few natural resources, and any fluctuation or shortage in the commodity markets could have a negative impact on Japanese securities.

High Portfolio Turnover Risk. A Fund may frequently buy and sell portfolio securities and other assets to rebalance the Fund's exposure to specific securities. Higher portfolio turnover may result in the Fund paying higher levels of transaction costs and generating greater tax liabilities for shareholders. Portfolio turnover risk may cause the Fund's performance to be less than you expect.

Index Provider Risk. There is no assurance that the Index Provider, or any agents that act on its behalf, will compile the Index accurately, or that the Index will be determined, maintained, constructed, reconstituted, rebalanced, composed, calculated or disseminated accurately. The Index Provider relies on an independent calculation agent to calculate and disseminate the Index accurately. Any losses or costs associated with errors made by the Index Provider or its agents generally will be borne by the Fund and its shareholders.

Leverage and Financing Risk: The Firm may borrow funds through entry into repurchase agreements and may leverage investment returns with such instruments as forwards, futures, options and other derivative contracts, as well as entering securities lending relationships. Leverage will magnify the volatility of the strategy and involves substantial risks. The use of leverage will increase investment returns if the leveraged portfolio investment earns a greater return than that paid for the use of borrowed funds. The use of leverage will also amplify any losses experienced if the cost of investments, including the cost of the leverage, ultimately exceeds the realizable value of the investments. The extent to which leverage is used may have important consequences to investors, including, but not limited to greater fluctuations in net assets, and in certain circumstances, investments may have to be sold prematurely or in negative market conditions to service debt obligations. The exposure to losses may be increased due to the illiquidity of investments generally.

Limited Operating History. A Fund that is a recently organized investment company with a limited operating history. As a result, prospective investors have a limited track record or history on which to base their investment decision.

Liquidity Risk: Certain securities and investments do not have readily available markets or third-party pricing. This may have an adverse impact on market price or the Firm's ability to sell certain securities when necessary to meet liquidity needs or to respond to certain economic events, such as creditworthiness deterioration of an issuer. Reduced liquidity in the secondary market for certain securities may make it difficult to obtain market quotations based on actual trades for purposes of valuing portfolios.

Management Risk. A Fund that is actively managed and may not meet its investment objective based on the Adviser's success or failure to implement investment strategies for the Fund. The Adviser relies on quantitative data that may prove to be incorrect or incomplete.

Market and Economic Conditions Risk: The success of the Firm's investment activities may be affected by general market and economic conditions, such as interest rates, inflation rates, commodity prices, employment rates, credit availability, market liquidity and volatility, war and acts of terrorism, epidemics or pandemics, and regulatory and political changes. Such factors may impact the level and volatility of security prices and liquidity. Turbulence in the financial markets and reduced liquidity in the equity markets may negatively affect issuers, which could have adverse effects. In addition, there is a risk that policy changes by the U.S. Government and/or Federal Reserve, such as increasing interest rates, could cause increased volatility in financial markets.

Market Capitalization Risk. The securities of small- and mid-capitalization companies may be more vulnerable to adverse issuer, market, political, or economic developments than securities of large-capitalization companies. The securities of small-capitalization companies generally trade in lower volumes and are subject to greater and more unpredictable price changes than larger capitalization stocks or the stock market as a whole.

Non-Diversification Risk. A Fund is considered to be non-diversified, which means that it may invest more of its assets in the securities of a single issuer or a smaller number of issuers than if it were a diversified fund. As a result, a Fund may be more exposed to the risks associated with and developments affecting an individual issuer or a smaller number of issuers than a fund that invests more widely. This may increase the Fund's volatility and cause the performance of a relatively smaller number of issuers to have a greater impact on the Fund's performance. However, the Fund intends to satisfy the diversification requirements for qualifying as a regulated investment company (a "RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code").

Passive Investment Risk. The Fund(s) are not actively managed, and its sub-adviser would not sell shares of an equity security due to current or projected underperformance of a security, industry, or sector, unless that security is removed from the Index or the selling of shares of that security is otherwise required upon a reconstitution or rebalancing of the Index in accordance with the Index methodology.

Sector Risks: To the extent Distillate invests more heavily in particular sectors of the economy, its performance will be especially sensitive to developments that affect those sectors. Distillate may invest a significant portion of its assets in the following sectors and, therefore, portfolio performance could be negatively impacted by events affecting each of these sectors.

- Health Care Sector Risk. Companies in the health care sector are subject to extensive government regulation and their profitability can be significantly affected by restrictions on government reimbursement for medical expenses, rising costs of medical products and services, pricing pressure (including price discounting), limited product lines, an increased emphasis on the delivery of healthcare through outpatient services, loss or impairment of intellectual property rights and litigation regarding product or service liability.
- Industrial Sector Risk. The industrial sector can be significantly affected by, among other things, worldwide economic growth, supply and demand for specific products and services, rapid technological developments, international political and economic developments, environmental issues, tariffs and trade barriers, and tax and governmental regulatory policies. As the demand for, or prices of, industrials increase, the value of the sector's securities generally would be expected to also increase. Conversely, declines in the demand for, or prices of, industrials generally would be expected to contribute to declines in the value of such securities. Such declines may occur quickly and without warning and may negatively impact the value of the portfolio.
- Information Technology Sector Risk. Market or economic factors impacting information technology companies and companies that rely heavily on technological advances could have a significant

effect on the value of portfolio investments. The value of stocks of information technology companies and companies that rely heavily on technology is particularly vulnerable to rapid changes in technology product cycles, rapid product obsolescence, government regulation and competition, both domestically and internationally, including competition from foreign competitors with lower production costs. Stocks of information technology companies and companies that rely heavily on technology, especially those of smaller, less-seasoned companies, tend to be more volatile than the overall market. Information technology companies are heavily dependent on patent and intellectual property rights, the loss or impairment of which may adversely affect profitability.

Tracking Error Risk: Tracking error is the divergence of portfolio performance from that of the underlying index or benchmark. Performance may diverge from that of the benchmark for numerous reasons, including security selection, transaction costs, the holding of cash, differences in accrual of dividends, changes to the underlying index, rebalancing, or the need to meet new or existing regulatory requirements.

Valuation Risk: The sale price the Firm could receive for a security may differ from the Firm's valuation of the security and may differ from the value used by an underlying index in which the Firm tracks for certain clients, particularly for securities that trade in low volume or volatile markets or that are valued using a fair value methodology. Pricing and valuation information may not be accurate due to errors by any third-party pricing sources, technological issues, or otherwise.

Cybersecurity Risk: Information and technology systems used may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors, power outages and catastrophic events such as fires and flood, and other natural disasters and related business disruptions.

Dependence on Key Personnel Risk: The Firm's investment activities depend upon the experience and expertise of its principal portfolio managers as described in the relevant fund governing documents and the Firm's regulatory filings. Loss of services of any of these principals may have a material adverse effect on investment activities.

Natural Disasters, Epidemics, Pandemics and Terrorist Attacks: Areas in which Distillate has offices or where it otherwise does business are susceptible to natural disasters (e.g., fire, flood, earthquake, storm and hurricane) and epidemics, pandemics or other outbreaks of serious contagious diseases (e.g., MERS, COVID19, etc.). The occurrence of a natural disaster, epidemic or pandemic could adversely affect and severely disrupt the business operations, economies and financial markets of many countries (even beyond the site of the natural disaster or epidemic) and could adversely affect Distillate's investment program and its ability to do business. In addition, terrorist attacks, or the fear of or the precautions taken in anticipation of such attacks, could, directly or indirectly, materially and adversely affect certain industries in which Distillate invests or could affect the areas in which Distillate has offices or where its otherwise does business. Other acts of war (e.g., war, invasion, insurrection or other hostile acts, regardless of whether war is declared) could also have a material adverse impact on the financial condition of industries or countries in which Distillate invests.

Systems and Operational Risk: The Firm relies on certain financial, accounting, data processing and other operational systems and services of third-party service providers, including third party administrators, counterparties, and brokers. These systems may be subject to certain defects, failures or interruptions. Errors may be made in the confirmation or settlement of transactions. Such errors or disruptions may lead to financial losses and disruption of client trading activities.

Item 9. Disciplinary Information

Distillate has no disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Neither Distillate nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer. Similarly, neither Distillate nor any of its management persons are registered or have an application pending to register as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of these entities.

Affiliated Investment Company

Distillate serves as investment adviser to the Distillate U.S. Fundamental Stability & Value ETF, the Distillate International Fundamental Stability & Value ETF, and the Distillate Small/Mid Cash Flow ETF, which are series of ETF Series Solutions, an open-end management investment company registered under the Investment Company Act. Shares of the Funds are registered under the Securities Act of 1933, as amended, are listed on NYSE Arca under the tickers DSTL, DSTX and DSMC, and trade at prevailing market prices.

Client strategies may be similar to or different from the Funds. Distillate has engaged Vident Investment Advisory (“Vident”) as the sub-adviser to the Funds and Vident is responsible for their day-to-day management. SMA Client accounts may be managed directly by Distillate and Distillate may conduct transactions on behalf of SMAs without knowledge of Vident’s activities on behalf of the Fund.

Other Business Activities

The principals of Distillate operate a separate entity that invests its own capital for purposes of developing future marketed strategies. This entity does not provide financial services to any third party, including Distillate. It does not invest in strategies that Distillate currently manages for client accounts. Any strategy that is deemed fully developed and suitable for recommendation is offered through Distillate and discontinued from further research through implementation. Nevertheless, the nature of such strategies may cause an overlap in holdings between such development projects and Client portfolios, and therefore strategies in development are monitored by compliance alongside Client portfolios.

Distillate is not affiliated with investment advisers it recommends to clients and received no compensation, directly or indirectly, from Vident or any other adviser.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Distillate has adopted a Code of Ethics pursuant to Advisers Act Rule 204A-1 and Investment Company Rule 17j-1. The Code of Ethics describes the Firm’s standard of business conduct and fiduciary duty to its Clients. The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees will not interfere with making decisions in the best interest of Clients and implementing such decisions while allowing employees to invest for their own accounts. All employees must acknowledge the terms of the Code of Ethics annually and as amended. The Code of Ethics covers many areas, including the Firm’s expectations regarding appropriate business conduct, confidentiality of client information, prohibition on insider trading, procedures to follow regarding gifts and business entertainment, personal securities trading procedures, and procedures for charitable and political contributions. A copy of the Code of Ethics is available to clients and prospective clients upon request by contacting us by phone at (312) 933-4293 or by email at info@distillatecapital.com.

Participation or Interest in Client Transactions

Distillate has restrictions on employee personal trading. Personal securities transactions can result in potential conflicts of interest with clients. The Firm's Code of Ethics is designed to mitigate conflicts of interest and the potential appearance of impropriety in an employee's personal actions. Firm employees are required submit duplicate copies of all statements generated by any broker-dealer for that employee's account. The Firm restricts the purchase and sale of certain securities, described below, by employees for their own accounts.

Personal Trading

Employee trading is monitored under the Code of Ethics to reasonably prevent conflicts of interest between client portfolios and employees. The Firm's Chief Compliance Officer may restrict trading in appropriate circumstances. To avert potential conflicts of interest, supervised persons are prohibited from purchasing restricted securities, i.e. certain securities held in client accounts, restricted categories of securities and all securities in restricted industries. Employees are required to pre-clear certain personal trades and must disclose their holdings in all brokerage accounts quarterly.

Item 12. Brokerage Practices

Where it has the authority to determine the broker-dealers to be used to effect securities transactions, it is Distillate's policy to ensure that Clients receive best execution of trades and to avoid potential conflicts of interest, and that any use of an affiliated broker is properly authorized. Any sub-adviser appointed by the Firm executes trades on behalf of fund Clients with their broker of record for the account. Separately managed account clients select the custodian and broker-dealer for the account. The Firm does not exercise discretion over the selection of a client's custodian or broker and does not recommend custodians or broker-dealers to Clients. Distillate may employ a third party to execute trades on behalf of separately managed accounts and such third-parties, where engaged, may impose certain limitations on custody and/or brokerage selection in pursuit of operational efficiency. In such cases, Distillate will monitor such third parties to ensure best execution. Separately managed account client commission dollars are not negotiated by the Firm and are determined by the Client and their broker of record, or by the third-party provider. However, the Firm will notify clients in the event that execution quality appeared less than satisfactory.

Vident is responsible for overseeing best execution for the Fund and the Firm periodically requests confirmation from Vident to verify the Fund is receiving "best execution".

Distillate or any sub-adviser or other third party appointed by the Firm typically aggregates client trades where multiple Client accounts are held in custody at the same broker-dealer and Clients are trading in the same security. Aggregation of trades describes a procedure whereby the orders of two or more Clients are combined into a single order in an effort to seek better prices and/or lower execution costs. Aggregation opportunities generally arise when more than one client can purchase or sell a security based on investment objectives, available cash and other factors. Client orders may be aggregated when doing so is expected to result in a better overall price for Client trades. Aggregate orders for the same security will typically occur unless aggregation is not consistent with the duty to seek best execution and the terms of the investment guidelines and restrictions of each Client for which trades are being aggregated. Each Client that participates in an aggregated order will participate at the average price for all transactions in that security on a given business day, with transaction costs shared pro rata based on each Client's participation in the transaction. Brokerage commission rates are not reduced by such aggregation.

Distillate does not enter into soft dollar arrangements with brokers to obtain research or other products/services for itself. The Firm executes securities transactions on behalf of clients with broker-dealers that may provide it with access to proprietary research reports such as standard investment research and credit reports. These services are generally made available to all institutional investors doing business with

such broker-dealers. Bundled services are made available to the Firm on an unsolicited basis and without regard to the rates of commissions charged or paid by Clients or the volume of business that the Firm directs to such broker-dealers.

Distillate does not direct brokerage in consideration of client referrals.

Item 13. Review of Accounts

Distillate conducts in-depth reviews of Clients' separately managed accounts at the time the client first seeks investment advisory services and on a quarterly basis thereafter for as long as a client has an account managed by the Firm. Informal update discussions may take place on a quarterly or semi-annual basis. Clients may request interim reviews at any time to discuss their investment account. The Firm provides separately managed account clients with unaudited reports through access to the client's online customer accounts. Custodians of such accounts also send account statements to clients no less frequently than quarterly.

Vident conducts reviews of Fund accounts daily to monitor adherence to the underlying indexes or targeted portfolio holdings and reconcile trading.

The TAMP's are responsible for handling cash deposits/withdrawals and ensuring that each account is invested according to the model only service.

Item 14. Client Referrals and Other Compensation

Distillate does not receive any economic benefit, directly or indirectly, from any third party for advice rendered to clients. The Firm may recommend third-party investment advisors to implement specific Client investment objectives. The Firm will remain responsible for managing and monitoring clients' accounts assigned to such independent managers.

Where permitted, Distillate may compensate pre-approved, qualified persons for the referral of advisory clients to the Firm. Such arrangements can only be made in compliance with applicable Federal and State requirements. Among other requirements, such compensation arrangements can be made only subject to a written solicitor's agreement and conditioned upon specific disclosures. These disclosures required include Distillate's disclosure documents (including this Brochure) and a separate solicitor disclosure document that identifies the parties involved and a description of their relationship as well as notification of the compensation and the terms under which the solicitor is paid.

Item 15. Custody

Subject to the terms of the investment management agreement, Distillate typically exercises limited custody of Client assets for the sole purpose of deducting advisory fees directly from Client accounts. Beyond this, Client accounts are maintained by a Qualified Custodian and the Firm does not have custody of any client account, funds or securities. The custodian sends account statements at least quarterly to each client and the Firm urges each client to carefully review those statements. Distillate's reports may vary from custodial statements based on accounting procedures or reporting dates.

Item 16. Investment Discretion

In most instances, Distillate manages accounts on a discretionary basis. Discretionary management means that the Firm is authorized to determine whether and in what amount securities are to be purchased for and sold from the Client account without prior instruction or authorization from the Client. On a case by case basis, separately managed account Clients may negotiate certain risk and/or operating guidelines to which the Firm will adhere when exercising our discretionary authority. Such risk and/or operating guidelines are described in each such Client's investment management agreement.

Item 17. Voting Client Securities

Unless otherwise directed by the Client in the investment management agreement, Distillate will be responsible to vote all proxies on behalf of Clients. The Firm has adopted proxy voting principles and guidelines recommended by a leading proxy advisory service as generally serving our Client's best interests. These guidelines speak to general business matters, corporate actions, director independence, board operating procedures, and shareholder rights. Distillate's Proxy Committee maintains independence and will, at times, vote in manner different from these recommendations when it deems that vote to be in the best interest of clients.

To ensure that a vote is not a product of a conflict of interest, Distillate requires that persons involved in the decision-making process disclose potential conflicts of interest, and any contact with any interested party regarding a proxy vote. In some instances, the Firm may be asked to cast a proxy vote that presents a conflict between the interests of one or more clients and those of Distillate. In such cases, the Proxy Committee may engage an independent third party to make a voting decision.

Information regarding Distillate's proxy voting policies and procedures is available upon request. Also, Clients can obtain information from us about how we have voted their securities by contacting us by phone at (312) 933-4293 or via email at info@distillatecapital.com.

Item 18. Financial Information

Distillate does not require or solicit prepayment of fees six months or more in advance and thus is not required to provide a balance sheet in this Brochure.

Distillate does not have any financial commitments that impair its ability to meet contractual commitments to clients and has not been the subject of a bankruptcy proceeding.