

NASHVILLE AREA ETF 10 BEST

To see a list of the Nashville Area ETF holdings' 10 best performers since inception [click here](#). And check out the NASH industry breakdown below.

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Let's Go Back to Nashville and See If We Want to Buy It



By Eric Balchunas Sep 4, 2014 10:42 AM CT

Sometimes it takes a second trip to see a place in a new light.

The Nashville Area ETF (NASH) was pretty much put into the gimmick category by many analysts and news media when it launched one year ago. Its attempt to turn local pride into profit by holding stocks of companies based in and around Nashville, Tennessee, sounded a bit too cute. The ETF has attracted just \$9 million in assets.

So it was a surprise to see that it ran circles around the broader stock market this summer. It has returned 12 percent since Memorial Day, while the S&P 500 Index has returned 6 percent. One good run doesn't make a gimmicky ETF any less gimmicky. But when you pull the thread to see where the outperformance came from, it reveals that this fund -- the first-ever city ETF -- has some unique things going for it.

Hospital City

NASH, which charges 0.49 percent in annual fees, has the most exposure of any ETF to hospital operators, at about 20 percent. Seven of the top 10 hospital operators in the U.S. are based in the Nashville area and collectively account for about 80 percent of the nation's for-profit hospitals. Hospitals happen to be one of the hottest industries now, thanks to strong earnings and increasing optimism over millions of new potential paying customers via **Obamacare**, according to Jason McGorman of Bloomberg Intelligence.

Hospital exposure wouldn't be such a big deal if the popular health-care ETFs had any significant exposure to this sub-sector. The two biggest health-care ETFs, the Health Care Select Sector SPDR Fund (**XLV**) and the Vanguard Health Care ETF (**VHT**), have less than a 2 percent weighting in hospitals, combined.

That's because many of the stocks fall into the no man's land between large mid-caps and very small large-caps. The largest, HCA Holdings, has a market cap of \$30 billion, which is dwarfed by that of health-care giants such as Johnson & Johnson and Pfizer Inc., with market caps of \$293 billion and \$186 billion, respectively. Thus, hospitals get minuscule weightings in the large-cap health-care ETFs. There are no mid-cap health-care ETFs.

NASH's summer outperformance came from big weightings in for-profit hospital operators such as HCA (**HCA**), Lifepoint Hospitals, Inc. (**LPNT**) and Community Health Systems, Inc. (**CYH**). The stocks had 3-month returns of 30 percent, 23 percent and 29 percent, respectively. With the help of more paying customers from Obamacare, this hospital exposure could act like a piston firing away inside NASH.

Why are all of these hospitals based in Nashville? Not to mention some other big corporations with over \$100 million in market cap, such as Dollar General Corp. (**DG**) and Noranda Aluminum Holding Corp. (**NOR**).

Cost of Doing Business

While Nashville is the 25th-largest U.S. city by population, it is the seventh fastest-growing, according to the Census Bureau. In a recent KPMG study of the most business-friendly cities it ranked second, with strong cost advantages for labor, facility leases, expenses and property taxes. HCA came to Nashville in 2012 thanks to a \$66 million tax incentive deal offered by the metro council. Tennessee is also one of the few states that levy no personal income tax.

Not to say all this drives up a company's stock price, but it may provide a tailwind. Perhaps one day an ETF will track companies with the sweetest tax incentive deals, regardless of what city they are in. Nashville is hardly the only city doling out big incentives, but it is one of the most aggressive.

So, buy NASH? Maybe, maybe not. But a year after its launch, it does warrant a second visit.

Please [click here](#) to view the fund performance and holdings. Please [click here](#) to view current fund's prospectus. Past performance is no guarantee of future returns. Holdings are subject to change.

NASH Facts:

Fund Data as of 9/23/14

Primary Exchange / NYSE ARCA

Ticker / NASH

CUSIP / 53957P106

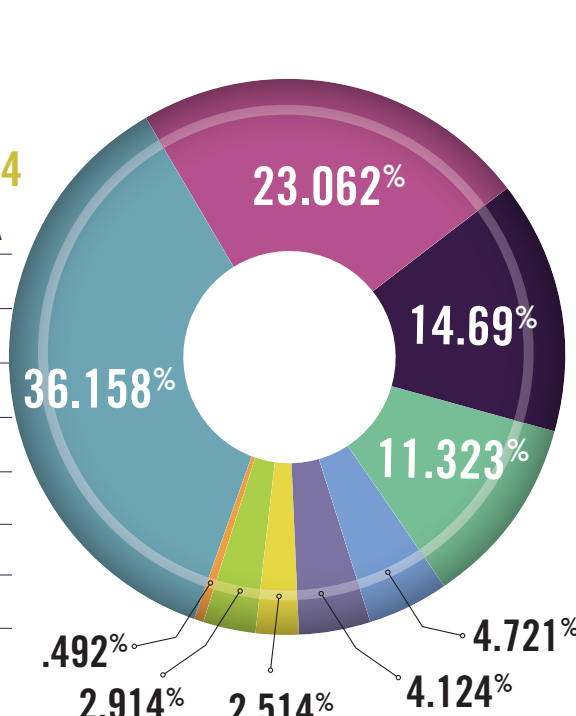
Net Assets / \$8,742,373.70

Shares Outstanding / 300,000

Price Per Share / \$29.14

Closing Price / \$29.11

NAV / \$29.14



Fund Holdings:

Healthcare 36.158% — Acadia Healthcare (3.626%) / Amsurg (6.869%) Brookdale Senior Living (5.079%) / Community Health Systems (5.621%) Cumberland Pharmaceuticals (0.688%) / HCA Holdings (6.438%) Healthways (1.60%) / LifePoint Hospitals (6.237%)

Consumer Discretionary 23.062% — Cracker Barrel Old Country Store (4.768%) / Dollar General (5.874%) / Genesco (4.687%) Kirkland's (4.267%) / Tractor Supply (3.466%)

REIT 14.69% — Corrections Corporation of America (4.780%) Healthcare Realty Trust (2.705%) / National Health Investors (2.459%) Ryman Hospitality Properties (4.746%)

Materials 11.323% — Louisiana-Pacific (5.459%) / Noranda Aluminum Holding (5.864%)

Energy 4.721% — Delek US Holdings (4.721%)

Industrials 4.124% — CLARCOR (4.124%)

Technology 2.514% — HealthStream (2.514%)

Financial 2.914% — Pinnacle Financial Partners (2.914%)

Cash .492%

Holdings are subject to change.

NashvilleAreaETF.com

START INVESTING TODAY.

For more information about the fund visit NashvilleETF.com.

THIS JUST IN:



THE SMALL ETFS THAT HAD A BIG SUMMER

Bloomberg TV, August 29, 2014

NASHVILLE AREA ECONOMY REACHES \$100 BILLION MARK

FEDERAL BUREAU OF ECONOMIC ANALYSIS LISTS NASHVILLE AS 34TH LARGEST ECONOMY IN UNITED STATES

The Tennessean, September 17, 2014

CORRECTIONS CORP. OF AMERICA (NYSE: CCA) LOOKS TO REDUCE COST OF REPEAT OFFENDERS THROUGH EDUCATION

Wall Street Journal, September 12, 2014

NASHVILLE RANKS AS 30TH MOST EDUCATED CITY IN UNITED STATES, STUDY INCLUDED 150 U.S. METRO AREAS.

Nashville Post, September 17, 2014

MILLENNIAL GENERATION FINDS HOME IN NASHVILLE, NOW 30% OF THE LOCAL POPULATION

Job prospects and low unemployment among deciding factors

The Tennessean, September 18, 2014

Nashville Area ETF (NYSE:NASH) allows investment in a basket of publicly traded companies based in middle Tennessee.

These companies benefit from the positive growth trends and characteristics of the Nashville area.

NASH is traded on the New York Stock Exchange and available through most stock brokers. The fund is rebalanced each quarter. Stocks in NASH are weighted according to 7 factors such as earnings, yield, momentum and market cap.

For more information, visit www.nashvilleareaetf.com.

What's an ETF?

Exchange Traded Funds are funds that track a specific index. When you buy shares of an ETF, you are buying shares of a portfolio that tracks the yield and return of its underlying index.



Nashville Area ETF, Invest In What You Know.

All ETF products are subject to risk, which may result in the loss of principal. Investment in smaller companies typically exhibit higher volatility. The Fund will invest substantially all of its assets in the securities of companies that have their headquarters or principal place of business located in the Nashville, Tennessee region. The Fund may be impacted by events or conditions affecting the region to a greater extent than a fund that did not focus its investments in that manner. The fund is expected to invest a relatively large percentage of its assets in the healthcare sector and negative performance of the sector will negatively impact the fund. Diversification may not protect against investment loss.

Carefully consider the Nashville Area ETF's investment objective, risk factors, and charges and expenses before investing. This and other important information can be found in the Nashville Area ETF's Prospectus, which may be obtained by calling 855-480-NASH (6274). Read it carefully before investing.

ETF shares are not redeemable with the issuing fund other than in large Creation Unit aggregations. Instead, investors must buy or sell ETF Shares in the secondary market. The Fund may be impacted by events or conditions affecting the region to a greater extent than a fund that did not focus its investments in that manner. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

An active secondary market for the Fund's shares may not exist. Although the Fund's shares will be listed on an exchange, subject to notice of issuance, it is possible that an active trading market may not develop or be maintained.

SEI Investments Distribution Co. is the distributor for the Nashville Area ETF. SEI Investments Distribution Co., 1 Freedom Valley Drive, Oaks, PA, 19456.

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Current and future holdings are subject to risk. There is no guarantee that distributions will be paid.