



## **Semi-Annual Report**

**March 31, 2019**

**BlueStar Israel Technology ETF**  
**Ticker: ITEQ**

Beginning on January 1, 2021, as permitted by regulations adopted by the SEC, paper copies of the Fund's shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the Fund's reports from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. Please contact your financial intermediary to elect to receive shareholder reports and other Fund communications electronically.

You may elect to receive all future Fund reports in paper free of charge. Please contact your financial intermediary to inform them that you wish to continue receiving paper copies of Fund shareholder reports and for details about whether your election to receive reports in paper will apply to all funds held with your financial intermediary.



*The fund is a series of ETF Managers Trust.*

BlueStar Israel Technology ETF

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**March 31, 2019 (Unaudited)**

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## BlueStar Israel Technology ETF

Dear Shareholder,

On behalf of the entire team, we want to express our appreciation for the confidence you have placed in the BlueStar Israel Technology Exchange-Traded Fund (“ITEQ” or the “Fund”). The following information pertains to the six-month period from October 1, 2018 to March 31, 2019.

The Fund seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of the BlueStar Israel Global Technology Index™ (the “Index”).

Over the period ending March 31, 2019, the total return for the Fund was 3.54% while the total return for the Index was 3.81%. The difference was primarily attributable to Fund expenses that are not a part of the Index. The best performers in the Fund on the basis of contribution to its return were Mellanox Technologies, CyberArk, and Verint Systems, while the worst performers were Amdocs, Plus500, and Tower Semiconductor.

We believe Israeli companies play an essential role in the global high technology value chain. Most technology users, from online shoppers to Fortune 500 companies, use Israeli technology applications and solutions every day without ever being aware of it. From cybersecurity and defense to clean energy and agriculture, Israeli innovations power some of the biggest names in the tech industry today.

Even in industries where Israeli companies do not have dominant individual market share, the collective footprint of Israeli companies is significant in many key technology subsectors, and Israel-based Research & Development and non-public companies are usually significant contributors to that same sub-industry’s ecosystem.

There is much ahead for Israeli Technology companies and we are thankful you have joined us. You can find further details about ITEQ by visiting [www.iteqetf.com](http://www.iteqetf.com), or by calling 1-844-ETF-MGRS. (1-844-383-6477).

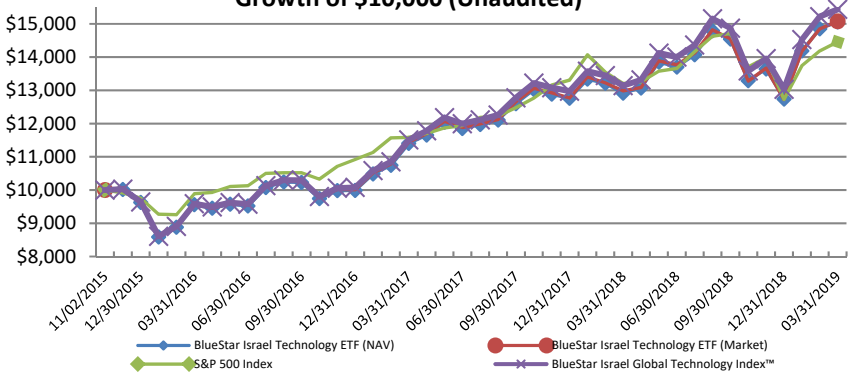
Sincerely,



Samuel Masucci III  
Chairman of the Board

Samuel Masucci III is a registered representative of ETFMG Financial, LLC.

## BlueStar Israel Technology ETF Growth of \$10,000 (Unaudited)



### Average Annual Returns Period Ended March 31, 2019

	1 Year Return	Since Inception (11/2/2015)	Value of \$10,000 (3/31/2019)
BlueStar Israel Technology ETF (NAV)	16.60%	12.75%	\$15,057
BlueStar Israel Technology ETF (Market)	16.13%	12.80%	\$15,080
S&P 500 Index	9.50%	11.42%	\$14,460
BlueStar Israel Global Technology Index™	17.48%	13.58%	\$15,438

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. All performance is historical and includes reinvestment of dividends and capital gains. Performance data current to the most recent month end may be obtained by calling 1-844-ETF-MGRS (1-844-383-6477).

The chart illustrates the performance of a hypothetical \$10,000 investment made on November 2, 2015, and is not intended to imply any future performance. The returns shown do not reflect the deduction of taxes that a shareholder would pay on fund distributions from the sales of Fund shares. The chart assumes reinvestment of capital gains and dividends. The chart assumes reinvestment of capital gains and dividends, if any. The Index Returns do not reflect fees or expenses and are not available for direct investment.

BlueStar Israel Technology ETF

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**Top Ten Holdings\*(Unaudited)**

	<b><u>Security</u></b>	<b><u>% of Total Investments</u></b>
1	Check Point Software Technologies, Ltd.	6.75%
2	Mellanox Technologies, Ltd.	6.39%
3	Nice, Ltd.	6.11%
4	Wix.com, Ltd.	5.81%
5	Amdocs, Ltd.	5.28%
6	CyberArk Software, Ltd.	4.55%
7	Verint Systems, Inc.	4.12%
8	Novocure, Ltd.	3.76%
9	Elbit Systems, Ltd.	3.28%
10	Ormat Technologies	3.06%

**Top Ten Holdings = 49.11% of Total Investments**

\* Current Fund holdings may not be indicative of future Fund holdings.

## BlueStar Israel Technology ETF

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### Important Disclosures and Key Risk Factors

Investing involves risk, including the possible loss of principal. Shares of any ETF are bought and sold at market price (not NAV), may trade at a discount or premium to NAV and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. Narrowly focused investments typically exhibit higher volatility.

The BlueStar Israel Technology ETF (the “Fund”) seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the BlueStar Israel Global Technology Index™ (“BIGITech™” or the “Index”).

Investment in securities of Israeli companies involves risks that may negatively affect the value of your investment in the Fund. Among other things, Israel’s economy depends on imports of certain key items, such as crude oil, coal, grains, raw materials and military equipment. Foreign investing involves special risks such as currency fluctuations and political uncertainty. Funds that invest in smaller companies may experience greater volatility. Funds that emphasize investments in technology generally will experience greater price volatility. The Fund’s return may not match or achieve a high degree of correlation with the return of the BIGITech™ Index. To the extent the Fund utilizes a sampling approach, it may experience tracking error to a greater extent than if the Fund had sought to replicate the Index. Diversification does not guarantee a profit, nor does it protect against a loss in a declining market.

The BlueStar Israel Global Technology Index™ (BIGITech™) is an index of Israeli technology companies listed on global stock exchanges in Tel Aviv, New York, London and elsewhere.

S&P 500: The S&P 500 Index is the Standard & Poor’s composite index of 500 stocks, a widely recognized, unmanaged index of common stock prices.

BlueStar Israel Technology ETF

**PORTFOLIO ALLOCATIONS**

As of March 31, 2019 (Unaudited)

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	<b>BlueStar Israel Technology ETF</b>
As a percent of Net Assets:	
Guernsey	6.6%
Israel	60.6
Jersey	4.8
United Kingdom	3.5
United States	22.0
Short-Term and other Net Assets (Liabilities)	2.5
	<u>100.0%</u>

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BlueStar Israel Technology ETF

**Schedule of Investments**

March 31, 2019 (Unaudited)

	<u>Shares</u>	<u>Value</u>
<b>COMMON STOCKS - 97.5%</b>		
<b>Guernsey - 6.6%</b>		
<b>IT Services - 6.6%</b>		
Amdocs, Ltd.	63,697	\$ 3,446,645
SafeCharge International Group, Ltd.	82,098	320,787
Total IT Services		<u>3,767,432</u>
<b>Israel - 60.6%</b>		
<b>Aerospace &amp; Defense - 4.1%</b>		
Elbit Systems, Ltd.	16,601	2,141,046
RADA Electronic Industries, Ltd. (a)	74,525	219,104
Total Aerospace & Defense		<u>2,360,150</u>
<b>Biotechnology - 2.4%</b>		
BioLine RX, Ltd. - ADR (a)	364,162	156,590
Galmed Pharmaceuticals, Ltd. (a)	33,573	274,291
Intec Pharma, Ltd. (a)	33,469	245,328
Kamada, Ltd. (a)	50,991	292,111
UroGen Pharma, Ltd. (a)	11,710	432,568
Total Biotechnology		<u>1,400,888</u>
<b>Communications Equipment - 4.5%</b>		
AudioCodes, Ltd.	28,427	393,430
Ceragon Networks, Ltd. (a)(b)	78,089	280,340
Ituran Location and Control, Ltd.	15,587	532,296
RADCOM, Ltd. (a)	25,085	186,131
Radware, Ltd. (a)	32,859	858,605
Silicom, Ltd. (a)	8,369	320,114
Total Communications Equipment		<u>2,570,916</u>
<b>Household Durables - 1.1%</b>		
Maytronics, Ltd.	101,215	652,553
<b>Independent Power and Renewable Electricity Producers - 1.2%</b>		
Ennergix-Renewable Energies, Ltd. (a)	203,821	321,111
Enlight Renewable Energy, Ltd. (a)	578,537	356,111
Total Independent Power and Renewable Electricity Producers		<u>677,222</u>
<b>IT Services - 8.4%</b>		
Formula Systems 1985, Ltd.	9,095	422,878
Matrix IT, Ltd.	54,065	679,273
Wix.com, Ltd. (a)	31,373	3,790,799
Total IT Services		<u>4,892,950</u>
<b>Machinery - 1.2%</b>		
Kornit Digital, Ltd. (a)(b)	29,872	710,954
<b>Pharmaceuticals - 1.5%</b>		
Foamix Pharmaceuticals, Ltd. (a)	79,411	297,791
MediWound, Ltd. (a)	46,583	232,915
Redhill Biopharma, Ltd. - ADR (a)	41,802	347,375
Total Pharmaceuticals		<u>878,081</u>

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



BlueStar Israel Technology ETF

**Schedule of Investments**

March 31, 2019 (Unaudited) (Continued)

	<u>Shares</u>	<u>Value</u>
<b>Semiconductors &amp; Semiconductor Equipment - 10.9%</b>		
Camtek, Ltd.	34,038	\$ 303,619
Mellanox Technologies, Ltd. (a)	35,202	4,166,509
Nova Measuring Instruments, Ltd. (a)	22,464	547,593
Tower Semiconductor, Ltd. (a)	74,156	<u>1,214,635</u>
Total Semiconductors & Semiconductor Equipment		<u>6,232,356</u>
<b>Software - 23.5% (d)</b>		
Allot Communications, Ltd. (a)	42,398	336,640
Attunity, Ltd. (a)(b)	19,705	462,082
Check Point Software Technologies, Ltd. (a)	34,827	4,405,266
CyberArk Software, Ltd. (a)	24,939	2,968,988
Hilan, Ltd.	22,539	611,592
Magic Software Enterprises, Ltd.	37,136	316,197
Nice, Ltd. (a)	33,848	<u>3,986,174</u>
Sapiens International Corp NV	30,806	<u>466,932</u>
Total Software		<u>13,553,871</u>
<b>Technology Hardware, Storage &amp; Peripherals - 1.8%</b>		
Stratasys, Ltd. (a)(b)	42,914	<u>1,022,211</u>
Total Israel		<u>34,952,152</u>
<b>Jersey - 4.8%</b>		
<b>Health Care Equipment &amp; Supplies - 4.4%</b>		
Novocure, Ltd. (a)(b)	50,912	<u>2,452,431</u>
<b>Interactive Media &amp; Services - 0.4%</b>		
XLMedia PLC	318,351	<u>252,929</u>
Total Jersey		<u>2,705,360</u>
<b>United Kingdom - 3.5%</b>		
<b>Communications Equipment - 0.6%</b>		
BATM Advanced Communications (a)	519,043	<u>324,495</u>
<b>Diversified Financial Services - 1.2%</b>		
Plus500, Ltd.	73,511	<u>720,001</u>
<b>Hotels, Restaurants &amp; Leisure - 1.2%</b>		
888 Holdings PLC	343,127	<u>697,177</u>
<b>Media - 0.5%</b>		
Taptica international, Ltd.	108,178	<u>292,362</u>
Total United Kingdom		<u>2,034,035</u>
<b>United States - 22.0%</b>		
<b>Aerospace &amp; Defense - 0.4%</b>		
Arotech Corp. (a)	80,287	<u>235,241</u>
<b>Biotechnology - 0.9%</b>		
BrainStorm Cell Therapeutics, Inc. (a)(b)	64,710	280,841
Pluristem Therapeutics, Inc. (a)	243,009	<u>233,135</u>
Total Biotechnology		<u>513,976</u>
<b>Communications Equipment - 0.7%</b>		
Gilat Satellite Networks, Ltd.	51,537	<u>422,782</u>

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

BlueStar Israel Technology ETF

**Schedule of Investments**

March 31, 2019 (Unaudited) (Continued)

	<u>Shares</u>	<u>Value</u>
<b>Electric Utilities - 3.4%</b>		
Ormat Technologies, Inc.	36,232	\$ 1,994,825
<b>Semiconductors &amp; Semiconductor Equipment - 5.5%</b>		
CEVA, Inc. (a)	22,365	602,960
DSP Group, Inc. (a)	29,258	411,660
KLA-Tencor Corp.	8,336	995,432
SolarEdge Technologies, Inc. (a)(b)	31,971	1,204,667
Total Semiconductors & Semiconductor Equipment		<u>3,214,719</u>
<b>Software - 11.1% (d)</b>		
ForeScout Technologies, Inc. (a)	26,186	1,097,455
LivePerson, Inc. (a)	43,800	1,260,007
Varonis Systems, Inc. (a)(b)	21,930	1,307,686
Verint Systems, Inc. (a)(b)	44,903	2,687,894
Total Software		<u>6,353,042</u>
Total United States		<u>12,734,585</u>
TOTAL COMMON STOCKS (Cost \$48,500,572)		<u>56,193,564</u>
<b>SHORT-TERM INVESTMENTS - 0.1%</b>		
<b>Money Market Funds - 0.1%</b>		
Invesco Advisers, Inc. STIT-Treasury Portfolio - Institutional Class, 2.33% (c)	60,136	60,136
TOTAL SHORT-TERM INVESTMENTS (Cost \$60,136)		<u>60,136</u>
<b>INVESTMENTS PURCHASED WITH SECURITIES LENDING COLLATERAL - 15.6%</b>		
Mount Vernon Liquid Assets Portfolio, LLC, 2.61% (c)		<u>8,994,832</u>
TOTAL INVESTMENTS PURCHASED WITH SECURITIES LENDING COLLATERAL (Cost \$8,994,832)		<u>8,994,832</u>
<b>Total Investments (Cost \$57,555,540) - 113.2%</b>		<u>65,248,532</u>
<b>Liabilities in Excess of Other Assets - (13.2)%</b>		<u>(7,611,780)</u>
<b>TOTAL NET ASSETS - 100.0%</b>		<u>\$57,636,752</u>

Percentages are stated as a percent of net assets.

ADR American Depositary Receipt

(a) Non-income producing security.

(b) All or a portion of this security was out on loan as of March 31, 2019.

(c) The rate quoted is the annualized seven-day yield at March 31, 2019.

(d) As of March 31, 2019, the Fund had a significant portion of its assets invested in the Software Industry.

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor's Financial Services LLC ("S&P"). GICS® is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp FundServices, LLC., doing business as U.S. Bank Global Fund Services ("Fund Services").

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

BlueStar Israel Technology ETF

**STATEMENT OF ASSETS AND LIABILITIES**

As of March 31, 2019 (Unaudited)

	<b>BlueStar Israel Technology ETF</b>
<b>ASSETS</b>	
Investments in unaffiliated securities, at value*	\$ 65,248,532
Cash	3,986
Foreign currency	197
Receivables:	
Receivable for investments sold	1,295,787
Dividends and interest receivable	117,101
Securities lending income receivable	2,163
Total Assets	<u>66,667,766</u>
<b>LIABILITIES</b>	
Collateral received for securities loaned (Note 7)	8,994,832
Payables:	
Management fees payable	36,182
Total Liabilities	<u>9,031,014</u>
<b>Net Assets</b>	<u>\$ 57,636,752</u>
<b>NET ASSETS CONSIST OF:</b>	
Paid-in Capital	\$ 50,186,460
Total Distributable Earnings	7,450,292
<b>Net Assets</b>	<u>\$ 57,636,752</u>
<b>*Identified Cost:</b>	
Investments in unaffiliated securities	\$ 57,555,540
Foreign currency	193
Shares Outstanding <sup>^</sup>	1,550,000
Net Asset Value, Offering and Redemption Price per Share	<u>\$ 37.19</u>

<sup>^</sup> No par value, unlimited number of shares authorized

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

BlueStar Israel Technology ETF

**STATEMENT OF OPERATIONS**

Six Months Ended March 31, 2019 (Unaudited)

	<b>BlueStar Israel Technology ETF</b>
<b>INVESTMENT INCOME</b>	
Income:	
Dividends from unaffiliated securities (net of foreign withholdings tax of \$31,981)	\$ 161,789
Interest	1,743
Securities lending income	11,526
Total Investment Income	<u>175,058</u>
Expenses:	
Management fees	202,842
Total Expenses	<u>202,842</u>
<b>Net Investment Loss</b>	<u>(27,784)</u>
<b>REALIZED &amp; UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>	
Net Realized Gain (Loss) on:	
Unaffiliated investments	(1,795,960)
In-Kind redemptions	2,211,336
Foreign currency	(9,300)
Net Realized Gain on Investments and Foreign Currency	<u>406,076</u>
Net Change in Unrealized Appreciation of:	
Unaffiliated investments	1,078,208
Foreign currency and foreign currency translation	58
Net Change in Unrealized Appreciation of Investments and Foreign Currency	<u>1,078,266</u>
Net Realized and Unrealized Gain on Investments	<u>1,484,342</u>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<u>\$ 1,456,558</u>

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

BlueStar Israel Technology ETF

STATEMENTS OF CHANGES IN NET ASSETS

	Period Ended	
	March 31, 2019 (Unaudited)	Year Ended September 30, 2018
<b>OPERATIONS</b>		
Net investment income (loss)	\$ (27,784)	\$ 44,983
Net realized gain on investments	406,076	1,455,273
Net change in unrealized appreciation of investments	1,078,266	3,975,961
<b>Net increase in net assets resulting from operations</b>	<b>1,456,558</b>	<b>5,476,217</b>
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>		
Total distributions from distributable earnings	(146,990)	(163,624)
<b>CAPITAL SHARE TRANSACTIONS</b>		
Net increase (decrease) in net assets derived from net change in outstanding shares (a)	(4,915,905)	32,392,245
<b>Net increase (decrease) in net assets</b>	<b>(3,606,337)</b>	<b>37,704,838</b>
<b>NET ASSETS</b>		
Beginning of Year/Period	61,243,089	23,538,251
End of Year/Period	\$ 57,636,752	\$ 61,243,089

(a) Summary of share transactions is as follows:

	Period Ended		Year Ended	
	March 31, 2019 (Unaudited)		September 30, 2018	
	Shares	Amount	Shares	Amount
Shares Sold	100,000	\$ 3,360,150	1,150,000	\$38,822,145
Shares Redeemed	(250,000)	(8,276,055)	(200,000)	(6,429,900)
Net Transactions in Fund Shares	(150,000)	\$(4,915,905)	950,000	\$32,392,245
<b>Beginning Shares</b>	<b>1,700,000</b>		<b>750,000</b>	
<b>Ending Shares</b>	<b>1,550,000</b>		<b>1,700,000</b>	

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

## BlueStar Israel Technology ETF

### FINANCIAL HIGHLIGHTS

For a capital share outstanding throughout the year/period

	<b>Period Ended March 31, 2019 (Unaudited)</b>	<b>Year Ended September 30, 2018</b>	<b>Year Ended September 30, 2017</b>	<b>Period Ended September 30, 2016<sup>1</sup></b>
<b>Net Asset Value, Beginning of Year/Period</b>	\$ 36.03	\$ 31.38	\$ 25.58	\$ 25.00
<b>Income (Loss) from Investment Operations:</b>				
Net investment income (loss) <sup>2</sup>	(0.02)	0.04	0.02	0.05
Net realized and unrealized gain on investments	1.27	4.78	5.87	0.53
Total from investment operations	1.25	4.82	5.89	0.58
<b>Less Distributions:</b>				
Distributions from net investment income	(0.09)	(0.17)	(0.09)	-
Net asset value, end of year/period	\$ 37.19	\$ 36.03	\$ 31.38	\$ 25.58
Total Return	3.54% <sup>3</sup>	15.41%	23.16%	2.31% <sup>3</sup>
<b>Ratios/Supplemental Data:</b>				
Net assets at end of year/period (000's)	\$ 57,637	\$ 61,243	\$ 23,538	\$ 5,116
Expenses to Average Net Assets	0.75% <sup>4</sup>	0.75%	0.75%	0.75% <sup>4</sup>
Net Investment Income to Average Net Assets	-0.10% <sup>4</sup>	0.12%	0.07%	0.23% <sup>4</sup>
Portfolio Turnover Rate	9% <sup>3</sup>	11%	19%	14% <sup>3</sup>

<sup>1</sup> Commencement of operations on November 2, 2015.

<sup>2</sup> Calculated based on average shares outstanding during the year/period.

<sup>3</sup> Not annualized.

<sup>4</sup> Annualized.

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

## BlueStar Israel Technology ETF

### NOTES TO FINANCIAL STATEMENTS

March 31, 2019 (Unaudited)

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#### NOTE 1 – ORGANIZATION

The BlueStar Israel Technology ETF (the “Fund”) is a series of ETF Managers Trust (the “Trust”), an open-end management investment company consisting of multiple investment series, organized as a Delaware statutory trust on July 1, 2009. The Trust is registered with the SEC under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company and the offering of the Fund’s shares (“Shares”) is registered under the Securities Act of 1933, as amended (the “Securities Act”). The Fund seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the BlueStar Israel Global Technology Index™ (“BIGITech™” or the “Index”). The Fund commenced operations on November 2, 2015.

The Fund currently offers one class of shares, which has no front end sales load, no deferred sales charges, and no redemption fees. The Fund may issue an unlimited number of shares of beneficial interest, with no par value. All shares of the Fund have equal rights and privileges.

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 issues and redeems Shares on a continuous basis at NAV only in blocks of 50,000 shares, called “Creation Units.” Creation Units are issued and redeemed principally in-kind for securities included in the Index. Once created, Shares generally trade in the secondary market at market prices that change throughout the day in quantities less than a Creation Unit. 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 DTC participant and, in each case, must have executed a Participant Agreement with the Distributor. Most retail investors do not qualify as Authorized Participants nor have the resources to buy and sell whole Creation Units. Therefore, they are unable to purchase or redeem the Shares directly from the Fund. Rather, most retail investors may purchase Shares in the secondary market with the assistance of a broker and may be subject to customary brokerage commissions or fees.

Authorized Participants transacting in Creation Units for cash may pay an additional variable charge to compensate the relevant Fund for certain transaction costs (i.e., brokerage costs) and market impact expenses relating to investing in portfolio securities. Such variable charges, if any, are included in “Transaction Fees” in the Statements of Changes in Net Assets.

#### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund. These policies are in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The Fund follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board Accounting Standard Codification Topic 946 Financial Services – Investment Companies.

The Fund may invest in certain other investment companies (underlying funds). For specific investments in underlying funds, please refer to the complete schedule of portfolio holdings on Form N-CSR(S) for this reporting period, which is filed with the U.S. Securities and Exchange Commission (SEC). For more information about the underlying Fund’s operations and policies, please refer to those Funds’ semiannual and annual reports, which are filed with the SEC.

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2019 (Unaudited) (Continued)

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A. *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 on the valuation date (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 on the valuation date, at the most recent quoted bid price. For securities traded on NASDAQ, the NASDAQ Official Closing Price will be used.

Securities for which quotations are not readily available are valued at their respective fair values as determined in good faith by the Board of Trustees (the "Board"). When a security is "fair valued," consideration is given to the facts and circumstances relevant to the particular situation, including a review of various factors set forth in the pricing procedures adopted by the Fund's Board. The use of fair value pricing by the Fund may cause the net asset value of its shares to differ significantly from the net asset value that would be calculated without regard to such considerations. As of March 31, 2019, the Fund did not hold any fair valued securities.

As described above, the Fund utilizes various methods to measure the fair value of its investments on a recurring basis. U.S. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.
- Level 2 Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available; representing the Fund's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a summary of the inputs used to value the Funds' net assets as of March 31, 2019:



## BlueStar Israel Technology ETF

### NOTES TO FINANCIAL STATEMENTS

March 31, 2019 (Unaudited) (Continued)

#### BlueStar Israel Technology ETF

<u>Assets<sup>^</sup></u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$56,193,564	\$ —	\$ —	\$56,193,564
Short-Term Investments	60,136	—	—	60,136
Investments Purchased with Securities Lending Collateral*	—	—	—	8,994,832
Total Investments in Securities	<u>\$56,253,700</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$65,248,532</u>

<sup>^</sup> For further information regarding security characteristics, see the Schedule of Investments

\* Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Schedule of Investments.

B. *Federal Income Taxes.* The Fund has elected to be taxed as a “regulated investment company” and intends to distribute substantially all taxable income to its shareholders and otherwise comply with the provisions of the Internal Revenue Code applicable to regulated investment companies. Therefore, no provisions for federal income taxes or excise taxes have been made.

To avoid imposition of the excise tax applicable to regulated investment companies, the Fund intends to declare each year as dividends, in each calendar year, at least 98.0% of its net investment income (earned during the calendar year) and 98.2% of its net realized capital gains (earned during the twelve months ended October 31) plus undistributed amounts, if any, from prior years.

Net capital losses incurred after October 31, within the taxable year are deemed to arise on the first business day of the Fund’s next taxable year.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. The Fund has analyzed its tax position and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions expected to be taken in the Fund’s 2018 tax returns. The Fund identifies its major tax jurisdictions as U.S. Federal, the State of New Jersey, and the State of Delaware; however the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

As of March 31, 2019, management has reviewed the tax positions for open periods (for federal purposes, three years from the date of filing and for state purposes, four years from the date of filing) as applicable to the Fund, and has determined that no provision for income tax is required in the Fund’s financial statements.

C. *Security Transactions and Investment Income.* Investment securities transactions are accounted for on the trade date. Gains and losses realized on sales of securities are determined on a specific identification basis. Discounts/premiums on debt securities purchased are accreted/amortized over the life of the respective securities using the effective interest method. Dividend income is recorded on the ex-dividend date. Interest income is recorded on an accrual basis. Income, including gains, from investments in foreign securities received by the Fund may be subject to income, withholding or other taxes imposed by foreign countries.

## NOTES TO FINANCIAL STATEMENTS

March 31, 2019 (Unaudited) (Continued)

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- D. *Foreign Currency Translations and Transactions.* The Fund may engage in foreign currency transactions. Foreign currency transactions are translated into U.S. dollars on the following basis: (i) market value of investment securities, assets and liabilities at the daily rates of exchange, and (ii) purchases and sales of investment securities, dividend and interest income and certain expenses at the rates of exchange prevailing on the respective dates of such transactions. For financial reporting purposes, the Fund does not isolate changes in the exchange rate of investment securities from the fluctuations arising from changes in the market prices of securities for unrealized gains and losses. However, for federal income tax purposes, the Fund does isolate and treat as ordinary income the effect of changes in foreign exchange rates on realized gains or losses from the sale of investment securities and payables and receivables arising from trade-date and settlement-date differences.
- E. *Distributions to Shareholders.* Distributions to shareholders from net investment income, if any are generally declared and paid by the Fund on a quarterly basis. Net realized gains on securities of the Fund normally are declared and paid on an annual basis. Distributions are recorded on the ex-dividend date.
- F. *Use of Estimates.* 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 at the date of the financial statements, as well as the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.
- G. *Share Valuation.* The net asset value (“NAV”) per share of the Fund is calculated by dividing the sum of the value of the securities held by the Fund, plus cash and other assets, minus all liabilities (including estimated accrued expenses) by the total number of shares outstanding of the Fund, rounded to the nearest cent. The Fund’s shares will not be priced on the days on which the NYSE is closed for trading. The offering and redemption price per share for the Fund is equal to the Fund’s net asset value per share.
- H. *Guarantees and Indemnifications.* In the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund’s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

### NOTE 3 – RISK FACTORS

Investing in the BlueStar Israel Technology ETF may involve certain risks, as discussed in the Fund’s prospectus, including, but not limited to, those described below. Any of these risks could cause an investor to lose money.

**Market Risk.** Financial markets rise and fall in response to a variety of factors, sometimes rapidly and unpredictably. As with any investment whose performance is tied to these markets, the value of an investment in a fund will fluctuate, which means that an investor could lose money over short or long periods.

**Investment Style Risk.** The Fund is not actively managed. Therefore, the Fund follows the securities included in its respective index during upturns as well as downturns. Because of its indexing strategy, the Fund does not take steps to reduce market exposure or to lessen the effects of a declining market. In addition, because of the Fund’s expenses, the Fund’s performance may be below that of its index.

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2019 (Unaudited) (Continued)

**Equity Risk.** The prices of equity securities rise and fall daily. These price movements may result from factors affecting individual companies, industries or the securities market as a whole. In addition, equity markets tend to move in cycles which may cause stock prices to fall over short or extended periods of time.

**Securities Lending Risk.** Securities lending involves the risk of loss of rights in, or delay in recovery of, the loaned securities if the borrower fails to return the security loaned or becomes insolvent.

**Concentration Risk.** To the extent that the Fund's or its underlying index's portfolio is concentrated in the securities of issuers in a particular market, industry, group of industries, sector or asset class, the Fund may be adversely affected by the performance of those securities, may be subject to increased price volatility and may be more vulnerable to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector or asset class.

**NOTE 4 – COMMITMENTS AND OTHER RELATED PARTY TRANSACTIONS.**

ETF Managers Group, LLC (the “Advisor”), serves as the investment advisor to the Fund. Pursuant to an Investment Advisory Agreement (“Advisory Agreement”) between the Trust, on behalf of the Fund, and the Advisor, the Advisor provides investment advice to the Fund and oversees the day-to-day operations of the Fund, subject to the direction and control of the Board and the officers of the Trust.

Under the Investment Advisory Agreement with the Fund, the Advisor has overall responsibility for the general management and administration of the Fund and arranges for sub-advisory, transfer agency, custody, fund administration and accounting, securities lending, and all other non-distribution related services necessary for the Fund to operate. The Advisor bears the costs of all advisory and non-advisory services required to operate the Fund, in exchange for a single unitary management fee. For services provided the Fund pays the Advisor at an annual rate of 0.75% of the Fund's average daily net assets. The Advisor has an agreement with, and is dependent on, a third party to pay the Fund's expenses in excess of 0.75% of the Fund's average daily net assets. Additionally, under the Investment Advisory Agreement, the Advisor has agreed to pay all expenses of the Fund, except for: the fee paid to the Advisor pursuant to the Investment Advisory Agreement, interest charges on any borrowings, 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, accrued deferred tax liability, extraordinary expenses, and distribution (12b-1) fees and expenses (collectively, “Excluded Expenses”). The Advisor has entered into an Agreement with ITEQ ETF Partners, LLC (the “Sponsor”), under which the Sponsor agrees to sublicense the use of the Underlying Index to the Advisor. The Sponsor also provides marketing support for the Fund, including distributing marketing materials related to the Fund. ITEQ ETF Partners, LLC is a privately held business focused on bringing exchange-traded investment products to investors in the U.S. The Sponsor does not make investment decisions, provide investment advice, or otherwise act in the capacity of an investment adviser to the Fund. Additionally, the Sponsor is not involved in the maintenance of the Underlying Index and does not otherwise act in the capacity of an index provider.

U.S. Bancorp Fund Services, LLC, doing business as U.S. Bank Global Fund Services (the “Administrator”), provides fund accounting, fund administration, and transfer agency services to the Fund. The Advisor compensates the Administrator for these services under an administration agreement between the two parties.

The Advisor pays each independent Trustee a quarterly fee for service to the Fund. Each Trustee is also reimbursed by the Advisor for all reasonable out-of-pocket expenses incurred in connection with his duties as Trustee, including travel and related expenses incurred in attending Board meetings.

## BlueStar Israel Technology ETF

### NOTES TO FINANCIAL STATEMENTS

March 31, 2019 (Unaudited) (Continued)

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#### NOTE 5 – DISTRIBUTION PLAN

The Fund has adopted a Plan of Distribution pursuant to Rule 12b-1 under the 1940 Act. Under the Plan, the Fund may pay compensation to the Distributor or any other distributor or financial institution with which the Trust has an agreement with respect to the Fund, with the amount of such compensation not to exceed an annual rate of 0.25% of each Fund's average daily net assets. For the period ended March 31, 2019, the Fund did not incur any 12b-1 expenses.

#### NOTE 6 - PURCHASES AND SALES OF SECURITIES

The costs of purchases and sales of securities, excluding short-term securities and in-kind transactions, for the period ended March 31, 2019:

	<u>Purchases</u>	<u>Sales</u>
BlueStar Israel Technology ETF	\$6,113,711	\$5,130,143

The costs of purchases and sales of in-kind transactions associated with creations and redemptions for the period ended March 31, 2019:

	<u>Purchases In-Kind</u>	<u>Sales In-Kind</u>
BlueStar Israel Technology ETF	\$3,343,629	\$8,238,280

Purchases in-kind are the aggregate of all in-kind purchases and sales in-kind are the aggregate of all proceeds from in-kind sales. Net capital gains or losses resulting from in-kind redemptions are excluded from the determination of the Fund's taxable gains and are not distributed to shareholders.

There were no purchases or sales of U.S. Government obligations for the period ended March 31, 2019.

#### NOTE 7 — SECURITIES LENDING

The Fund may lend up to 33 1/3% of the value of the securities in its portfolio to brokers, dealers and financial institutions (but not individuals) under terms of participation in a securities lending program administered by U.S. Bank N.A. ("the Custodian"). The securities lending agreement requires that loans are collateralized at all times in an amount equal to at least 102% of the value of any loaned securities at the time of the loan, plus accrued interest. The Fund receives compensation in the form of fees and earns interest on the cash collateral. The amount of fees depends on a number of factors including the type earns of security and length of the loan. The Fund continues to receive interest payments or dividends on the securities loaned during the borrowing period. Gain or loss in the fair value of securities loaned that may occur during the term of the loan will be for the account of the Fund. The Fund has the right under the terms of the securities lending agreement to recall the securities from the borrower on demand. As of March 31, 2019, the Fund had loaned securities and received cash collateral for the loans. The cash collateral is invested by the Custodian in accordance with approved investment guidelines. Those guidelines require the cash collateral to be invested in readily marketable, high quality, short-term obligations; however, such investments are subject to risk of payment delays or default on the part of the issuer or counterparty or otherwise may not generate sufficient interest to support the costs associated with securities lending. The Fund could also experience delays in recovering its securities and possible loss of income or value if the borrower fails to return the borrowed securities, although the Fund is indemnified from this risk by contract with the securities lending agent.

BlueStar Israel Technology ETF

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2019 (Unaudited) (Continued)

As of March 31, 2019, the value of the securities on loan and payable for collateral due to broker were as follows:

**Value of Securities on Loan and Collateral Received**

<b>Fund</b>	<b>Values of Securities on Loan</b>	<b>Fund Collateral Received*</b>
BlueStar Israel Technology ETF	\$8,871,150	\$8,994,832

\* The cash collateral received was invested in the Mount Vernon Liquid Assets Portfolio, an investment with an overnight and continuous maturity, as shown on the Schedule of Investments.

**NOTE 8 – FEDERAL INCOME TAXES**

The components of distributable earnings (losses) and cost basis of investments for federal income tax purposes at September 30, 2018 were as follows:

	<b>Cost</b>	<b>Gross Unrealized Appreciation</b>	<b>Gross Unrealized Depreciation</b>	<b>Net Unrealized Appreciation</b>	
BlueStar Israel Technology ETF	\$ 60,394,917	\$ 10,606,885	\$ (3,933,149)	\$ 6,073,736	
	<b>Undistributed Ordinary Income</b>	<b>Undistributed Long-term Gain</b>	<b>Total Distributable Earnings</b>	<b>Other Accumulated (Loss)</b>	<b>Total Accumulated Gain</b>
BlueStar Israel Technology ETF	\$ 146,990	\$ —	\$ 146,990	\$ (80,002)	\$ 6,140,724

As of September 30, 2018, the Fund had accumulated capital loss carryovers of:

	<b>Capital Loss Carryover LT</b>	<b>Expires</b>
BlueStar Israel Technology ETF	\$79,947	Indefinite

Under current tax law, capital and currency losses realized after October 31 of a Fund's fiscal year may be deferred and treated as occurring on the first business day of the following fiscal year for tax purposes. The following Funds had deferred post-October capital and currency losses, which will be treated as arising on the first business day of the year ended September 30, 2018.

	<b>Late Year Ordinary Loss</b>	<b>Post-October Capital Loss</b>
BlueStar Israel Technology ETF	None	None

## BlueStar Israel Technology ETF

### NOTES TO FINANCIAL STATEMENTS

March 31, 2019 (Unaudited) (Continued)

U.S. GAAP requires that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. For the fiscal year ended September 30, 2018, the following table shows the reclassifications made:

	<b>Undistributed Accumulated Net Investment Income</b>	<b>Accumulated Net Realized Loss</b>	<b>Paid-In Capital</b>
BlueStar Israel Technology ETF	\$ 113,579	\$ (1,642,177)	\$ 1,528,598

The tax character of distributions paid by the Fund during the fiscal years ended September 30, 2018 and September 30, 2017 are as follows:

	<b>Year Ended September 30, 2018</b>		<b>Year Ended September 30, 2017</b>	
	<b>From Ordinary Income</b>	<b>From Capital Gains</b>	<b>From Ordinary Income</b>	<b>From Capital Gains</b>
BlueStar Israel Technology ETF	\$ 163,624	\$ —	\$ 18,370	\$ —

#### NOTE 9 – NEW ACCOUNTING PRONOUNCEMENTS

In August 2018, FASB issued Accounting Standards Update (“ASU”) 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement (“ASU 2018-13”). The primary focus of ASU 2018-13 is to improve the effectiveness of the disclosure requirements for fair value measurements. The changes affect all companies that are required to include fair value measurement disclosures. In general, the amendments in ASU 2018-13 are effective for all entities for fiscal years and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt the removed or modified disclosures upon the issuance of ASU 2018-13 and may delay adoption of the additional disclosures, which are required for public companies only, until their effective date. Management has evaluated ASU 2018-13 and has early adopted the relevant provisions of the disclosure framework.

In March 2017, the FASB issued ASU No. 2017-08, Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities (“ASU 2017-08”). The amendments in the ASU 2017-08 shorten the amortization period for certain callable debt securities, held at a premium, to be amortized to the earliest call date. The ASU 2017-08 does not require an accounting change for securities held at a discount; which continues to be amortized to maturity. The ASU 2017-08 is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2018. Management is currently evaluating the impact, if any, of applying this provision.

#### NOTE 10 – LEGAL MATTERS

The Trust, the trustees of the Trust, the Adviser and certain officers of the Adviser are defendants in an action filed May 2, 2017 in the Superior Court of New Jersey captioned PureShares, LLC d/b/a PureFunds et al. v. ETF Managers Group, LLC et al., Docket No. C-63-17. The PureShares action alleges claims based on disputes arising out of contractual relationships with the Adviser. The action seeks damages in unspecified amounts and injunctive relief based on breach of contract, wrongful termination, and several other theories. At the outset of the litigation, and again a few weeks later, plaintiffs sought temporary injunctive relief. Both motions were denied, and the matter is now

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2019 (Unaudited) (Continued)

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proceeding through pretrial discovery. The defendants believe the lawsuit is without merit and intend to vigorously defend themselves against the allegations.

The Adviser and its parent, Exchange Traded Managers Group, LLC are defendants in a case filed on October 26, 2017 in the United States District Court for the Southern District of New York by NASDAQ, Inc. captioned Nasdaq, Inc. v. Exchange Traded Managers Group, LLC et al., Case 1:17-cv-08252. This action arises out of related facts and circumstances in the New Jersey litigation and asserts claims for breach of contract, wrongful termination and certain other theories with respect to the same exchange traded Fund discussed above. The defendants in the Southern District actions believe the lawsuit is without merit and asserted counterclaims against NASDAQ for breaches of its duties under the related index license agreement and various other agreements. A bench trial on this matter began on May 13, 2019 and is ongoing as of the date of the mailing of the Fund's semi-annual reports. Management of the Trust and the Fund, after consultation with legal counsel, believes that the resolution of these matters will not have a material adverse effect on the Fund's financial statements.

**NOTE 11 – SUBSEQUENT EVENTS**

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued. The evaluation did not result in any subsequent events that necessitated disclosures and/or adjustments to the Financial Statements.

**APPROVAL OF ADVISORY AGREEMENT AND BOARD CONSIDERATIONS  
For the Period Ended March 31, 2019 (Unaudited)**

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Pursuant to Section 15(c) of the Investment Company Act of 1940 (the “1940 Act”), at a meeting held on March 22, 2019, the Board of Trustees (the “Board”) of ETF Managers Trust (the “Trust”) considered the renewal of the Investment Advisory Agreement (the “Advisory Agreement”) between ETF Managers Group LLC (the “Adviser”) and the Trust, on behalf of BlueStar Israel Technology ETF (the “Fund”).

Pursuant to Section 15(c) of the 1940 Act, the Board must annually review and approve the Advisory Agreement after its initial two-year term: (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 Advisory Agreement 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. Each year, the Board calls and holds a meeting to decide whether to renew the Advisory Agreement for an additional one-year term. In preparation for such meeting, the Board requests and reviews a wide variety of information from the Adviser.

In reaching its decision, the Board, including the Independent Trustees, considered all factors it believed relevant, including: (i) the nature, extent and quality of the services provided to the Fund’s shareholders by the Adviser; (ii) the investment performance of the Fund; (iii) the Adviser’s costs and profits realized in providing services to the Fund, including any fall-out benefits enjoyed by the Adviser; (iv) comparative fee and expense data for the Fund in relation to other similar investment companies; (v) the extent to which economies of scale would be realized as the Fund grows and whether the advisory fees for the Fund reflects these economies of scale for the benefit of the Fund; and (vi) other financial benefits to the Adviser and its affiliates resulting from services rendered to the Fund. The Board’s review included written and oral information furnished to the Board prior to and at the meeting held on March 28, 2018, and throughout the year. Among other things, the Adviser provided responses to a detailed series of questions, which included information about the Adviser’s operations, service offerings, personnel, compliance program and financial condition. The Board then discussed the written and oral information that it received before the meeting and throughout the year, and the Adviser’s oral presentations and any other information that the Board received at the meeting, and deliberated on the renewal of the Advisory Agreement in light of this information.

The Independent Trustees were assisted throughout the contract review process by independent legal counsel. The Independent Trustees relied upon the advice of such counsel and their own business judgment in determining the material factors to be considered in evaluating the renewal of the Advisory Agreement, and the weight to be given to each such factor. The conclusions reached with respect to the Advisory Agreement were based on a comprehensive evaluation of all the information provided and not any single factor. Moreover, each Trustee may have placed varying emphasis on particular factors in reaching conclusions with respect to the Fund. The matters discussed were also considered separately by the Independent Trustees in executive session with independent legal counsel, at which no representatives of management were present.

***Nature, Extent and Quality of Services Provided by the Adviser***

The Trustees considered the scope of services provided under the Advisory Agreement, noting that the Adviser provides investment management services to the Fund. The Board discussed the responsibilities of the Adviser, including: responsibility for the general management of the day-to-day investment and reinvestment of the assets of the Fund; determining the daily baskets of deposit securities and cash components; executing portfolio security trades for purchases and redemptions of Fund shares conducted on a cash-in-lieu basis; responsibility for daily monitoring of tracking error and quarterly reporting to the Board; and implementation of Board directives as they relate to the Fund. In considering the nature, extent and quality of the services provided by the Adviser, the Board considered the qualifications, experience and responsibilities of the Adviser’s investment personnel and the quality of the Adviser’s compliance infrastructure. The Board also considered the Adviser’s experience managing exchange-traded funds (“ETFs”).



**APPROVAL OF ADVISORY AGREEMENT AND BOARD CONSIDERATIONS  
For the Period Ended March 31, 2019 (Unaudited) (Continued)**

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The Board also considered other services provided to the Fund, such as overseeing the Fund's service providers, monitoring adherence to the Fund's investment restrictions, and monitoring compliance with various policies and procedures and with applicable securities laws.

Based on the factors 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.

***Historical Performance***

The Board then considered the past performance of the Fund. The Board reviewed information regarding the performance history of the Fund over various time periods ending January 31, 2019, including the year-to-date period, the most recent one- and three-year periods and the period since the Fund's inception. The Board noted management's explanation that analysis of investment performance, in absolute terms, is less relevant for the Fund than it is for actively managed funds, given the Fund's index-based investment objectives. The Board also noted management's further explanation that it is more relevant to review the performance of the Fund by focusing on the extent to which the Fund tracked its 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 noted that the Fund had underperformed its underlying index over certain periods, but that such underperformance was largely a result of costs incurred by the Fund not incurred by its underlying index. The Board noted management's representation that the Fund's performance was in an acceptable range relative to its underlying index. The Board concluded that, after taking these factors into account, the Fund satisfactorily tracked its underlying index. The Board further noted that it had received and would continue to receive regular reports regarding the Fund's performance, including with respect to its tracking error, at its quarterly meetings.

***Cost of Services Provided and Economies of Scale***

The Board reviewed the advisory fee for the Fund and compared it to the total operating expenses of comparable ETFs, as determined by an independent third party. Among other information, the Board noted that the advisory fee for the Fund was higher than the average and median expense ratios for its comparable ETFs. The Board took into consideration management's discussion of the fees, including that the Fund has a niche investment strategy and limited comparable ETFs.

The Board also noted the importance of the fact that the advisory fee for the Fund is a "unified fee," meaning that the shareholders of the Fund pay no expenses other than the advisory fee and certain other costs such as interest, brokerage and extraordinary expenses and, to the extent it is implemented, fees pursuant to a Distribution and/or Shareholder Servicing (12b-1) Plan. The Board further noted that the Adviser was responsible for compensating the Trust's other service providers and paying the Fund's other expenses (except as noted above) out of its own fees and resources. The Board also evaluated the compensation and benefits received by the Adviser from its relationship with the Fund, taking into account profitability analysis provided by the Adviser. The Board concluded that the advisory fee for the Fund was reasonable in light of the factors considered.

In addition, the Board considered whether economies of scale may be realized for the Fund. The Board noted that the Adviser regularly considers whether fee reductions are appropriate as the Fund grows in size. The Board noted that a unitary fee provides a level of certainty in expenses for the Fund. The Trustees concluded that the flat advisory fee was reasonable.

In its deliberations, the Board did not identify any single piece of information discussed above that was all-important, controlling or determinative of its decision.

BlueStar Israel Technology ETF

**APPROVAL OF ADVISORY AGREEMENT AND BOARD CONSIDERATIONS  
For the Period Ended March 31, 2019 (Unaudited) (Continued)**

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Based on the Board's deliberations and its evaluation of the information described above, the Board, including the Independent Trustees, unanimously: (a) concluded that the terms of the Advisory Agreement are fair and reasonable; (b) concluded that the Adviser's fees are reasonable in light of the services that the Adviser provides to the Fund; and (c) approved the renewal of the Advisory Agreement for another year.

## BlueStar Israel Technology ETF

### Expense Example

Six Months Ended March 31, 2019 (Unaudited)

As a shareholder of BlueStar Israel Technology ETF (the "Fund") you incur two types of costs: (1) transaction costs, including brokerage commissions on purchases and sales of Fund shares, and (2) ongoing costs, including management fees and other Fund expenses. These examples are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (October 1, 2018 to March 31, 2019).

#### Actual Expenses

The first line of the table provides information about actual account values based on actual returns and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then, multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

#### Hypothetical Example for Comparison Purposes

The second line of the table provides information about hypothetical account values based on a hypothetical return and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as brokerage commissions paid on purchases and sales of Fund shares. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. If these transactional costs were included, your costs would have been higher.

#### BlueStar Israel Technology ETF

	Beginning Account Value October 1, 2018	Ending Account Value March 31, 2019	Expenses Paid During The Period <sup>^</sup>	Annualized Expense Ratio During Period October 1, 2018 to March 31, 2019
Actual	\$1,000.00	\$1,035.40	\$3.81	0.75%
Hypothetical (5% annual)	\$1,000.00	\$1,021.19	\$3.78	0.75%

<sup>^</sup> The dollar amounts shown as expenses paid during the period are equal to the annualized six-month expense ratio multiplied by the average account value during the period, multiplied by 182/365 (to reflect the period from October 1, 2018 to March 31, 2019).

**SUPPLEMENTARY INFORMATION**

March 31, 2019 (Unaudited)

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**INFORMATION ABOUT PORTFOLIO HOLDINGS**

The Fund files a Form N-Q with the Securities and Exchange Commission (the “SEC”) no more than sixty days after the Fund’s first and third fiscal quarters. For the Fund, this would be for the fiscal quarters ending June 30 and December 31. Form N-Q includes a complete schedule of the Funds’ portfolio holdings as of the end of those fiscal quarters. The Fund’s N-Q filings can be found free of charge on the SEC’s website at <http://www.sec.gov>. The Fund’s portfolio holdings are posted on the Fund’s website at [www.iteqetf.com](http://www.iteqetf.com) daily.

**INFORMATION ABOUT PROXY VOTING**

A description of the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities is provided in the Statement of Additional Information (“SAI”). The SAI is available without charge upon request by calling toll-free at 1-844-ETF-MGRS (1-844-383-6477), by accessing the SEC’s website at [www.sec.gov](http://www.sec.gov), or by accessing the Fund’s website at [www.iteqetf.com](http://www.iteqetf.com).

Information regarding how the Fund voted proxies relating to portfolio securities during the period ending June 30 is available by calling toll-free at 1-844-ETF-MGRS (1-844-383-6477) or by accessing the SEC’s website at [www.sec.gov](http://www.sec.gov).

**Carefully consider the Fund’s investment objectives, risk factors, charges, and expenses before investing. This and additional information can be found in the Fund’s prospectus, which may be obtained by calling 1-844-ETF-MGRS (1-844-383-6477) or by visiting [www.iteqetf.com](http://www.iteqetf.com). Read the prospectus carefully before investing.**

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