



TWM FUNDS

Annual Report
August 31, 2017

Deep Value ETF
Ticker: DVP

Deep Value ETF

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Deep Value ETF

(Unaudited)

Dear DVP Shareholders,

Thank you for your investment in Deep Value ETF (the “Fund” or “DVP”). The information presented in this report relates to the operations of DVP for the fiscal year ended August 31, 2017.

As a reminder, the Fund seeks to provide investment results that, before fees and expenses, correspond to the total return performance of the TWM Deep Value Index (the “Index”). The Index is comprised of 20 undervalued dividend paying stocks within the S&P 500 Index with solid balance sheets, earnings and strong free cash flow. The companies within the Index are weighted based on a rules-based assessment of their valuations so that stocks that are most attractively valued receive a higher weight.

For the 12-month time period from August 31, 2016 through the fiscal year end of August 31, 2017 the Fund was up 17.75% at market and 17.43% at NAV. This compares to the S&P 500 Index, a broad market Index that was up 16.23% during the same time period.

The largest positive contributor to return for the period was Whole Foods Market (WFM), gaining 50.68% and adding 3.75% to the return of the Fund. The second largest contributor was Staples (SPLS), gaining 25.96% and contributing 1.89% to the return of the Fund for the period. The third most positive contributor for the period was Southwest Airlines (LUV), gaining 44.75% and adding 1.87% to the return of the Fund.

The largest negative contributor to return for the period was Pitney Bowes (PBI), down 29.72% and detracting 1.74% from the return of the Fund. The second largest negative contributor was Frontier Communications (FTR), down 31.19% and detracting 1.49% from the return of the Fund. The third largest detractor to return for the period was Kroger (KR), declining 17.48% and reducing the return of the Fund by 0.80%.

As a reminder, the full Index is reconstituted annually in September. The portion of the Index with the ten smallest weighted companies is rebalanced quarterly in December, March, and June.

DVP began distributing income to shareholders on a quarterly basis in December of 2014 and continued its quarterly distributions in March, June, and September of 2017.

We appreciate your investment in Deep Value ETF.

Sincerely,

J. Garrett Stevens

Chief Executive Officer

Exchange Traded Concepts, Adviser to the Fund

Deep Value ETF

(Unaudited)

Must be preceded or accompanied by a prospectus.

Investing involves risk. Principal loss is possible. The Fund has the same risks as the underlying securities traded on the exchange throughout the day. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. As with all index funds, the performance of the Fund and its Index may differ from each other for a variety of reasons. For example, the Fund incurs operating expenses and portfolio transaction costs not incurred by the Index. In addition, the Fund may not be fully invested in the securities of the Index at all times or may hold securities not included in the Index. The Fund is not actively managed and may be affected by a general decline in market segments related to the Index. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. ETFs are bought and sold at market price and not individually redeemed from the Fund. Brokerage commissions will reduce returns.

Free Cash Flow – a measure of performance calculated as operating cash flow minus capital expenditures.

TWM Deep Value Index – The Index is constructed using an objective, rules-based methodology that begins with an initial universe that mirrors the companies listed on the S&P 500® Index. The universe of companies is then narrowed to include only companies that have positive earnings and returns on invested capital, generate free cash flow, and currently pay a dividend. The remaining companies are then evaluated based on valuation metrics. The companies within the Index are weighted based on a rules-based assessment of their valuations relative to each other so that, at the time of each reconstitution, the 5 most undervalued companies are each weighted at 7.5%, the next 5 most undervalued companies are each weighted at 4.5% and the next 10 most undervalued companies are each weighted at 4.0%. From time to time, the Index may include more or less than 20 companies as a result of events such as acquisitions, spin-offs and other corporate actions.

Standard & Poor's 500 (S&P 500 Index) – An index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

You cannot invest directly in an index.

Past performance is not a guarantee of future results.

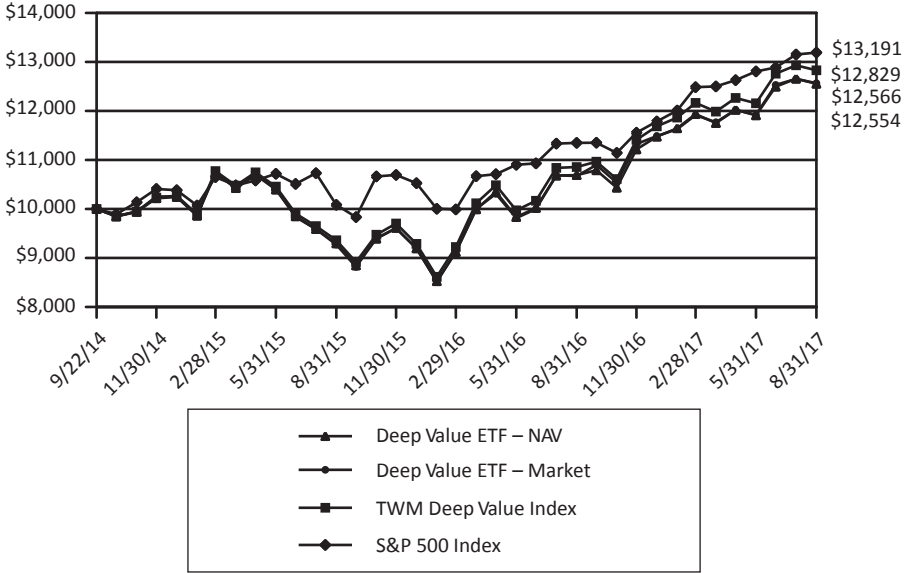
Fund holdings are subject to change and are not a recommendation to buy or sell any security. For a complete listing of the Fund's holdings please view the schedule of investments on page 5.

Deep Value ETF is distributed by Quasar Distributors, LLC.

Deep Value ETF

PERFORMANCE SUMMARY

Growth of \$10,000 (Unaudited)



Average Returns Year Ended August 31, 2017	1 Year	Since Inception (9/22/2014)
Deep Value ETF – NAV	17.43%	8.04%
Deep Value ETF – Market	17.75%	8.08%
TWM Deep Value Index	18.21%	8.84%
S&P 500 Index	16.23%	9.88%

This chart illustrates the performance of the hypothetical \$10,000 investment made on September 22, 2014, 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 or the redemption of Fund shares. The chart assumes reinvestments of capital gains and dividends.

Deep Value ETF

PORTFOLIO ALLOCATION

As of August 31, 2017 (Unaudited)

Sector	Percentage of Net Assets
Consumer Discretionary	35.5%
Information Technology	15.7
Real Estate	13.8
Industrials	11.8
Health Care	10.2
Consumer Staples	4.6
Financials	4.3
Energy	4.0
Short-Term Investments	0.2
Liabilities in Excess of Other Assets	<u>(0.1)</u>
Total	<u><u>100.0%</u></u>

Deep Value ETF

SCHEDULE OF INVESTMENTS

August 31, 2017

Shares	Security Description	Value
COMMON STOCKS – 99.9%		
Consumer Discretionary – 35.5%[♦]		
99,274	BorgWarner, Inc.	\$ 4,607,306
54,975	Garmin, Ltd.	2,831,213
218,720	Goodyear Tire & Rubber Company	6,627,216
176,919	H & R Block, Inc.	4,730,814
117,423	Kohl's Corporation	4,671,087
194,901	Macy's, Inc.	4,048,094
691,537	Staples, Inc.	7,064,050
		<u>34,579,780</u>
Consumer Staples – 4.6%		
70,298	Tyson Foods, Inc.	4,449,863
Energy – 4.0%		
473,097	Transocean, Ltd. (a)	3,860,472
Financials – 4.3%		
127,235	Invesco, Ltd.	4,170,763
Health Care – 10.2%		
22,573	Anthem, Inc.	4,425,211
65,996	Gilead Sciences, Inc.	5,524,525
		<u>9,949,736</u>
Industrials – 11.8%		
46,367	Alaska Air Group, Inc.	3,461,760
52,081	Dover Corporation	4,420,635
36,411	J.B. Hunt Transport Services, Inc.	3,600,684
		<u>11,483,079</u>
Information Technology – 15.7%		
27,430	Apple, Inc.	4,498,520
255,192	HP, Inc.	4,869,064
181,815	Xerox Corporation	5,867,170
		<u>15,234,754</u>
Real Estate – 13.8%		
79,221	Digital Realty Trust, Inc. [#]	9,375,013
135,393	HCP, Inc. [#]	4,036,065
		<u>13,411,078</u>
	TOTAL COMMON STOCKS (Cost \$91,707,113)	<u>97,139,525</u>

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

Deep Value ETF

SCHEDULE OF INVESTMENTS

August 31, 2017 (Continued)

Shares	Security Description	Value
SHORT-TERM INVESTMENTS – 0.2%		
215,889	Invesco Short Term Investments Trust – Government & Agency Portfolio, Institutional Class, 0.93%*	\$ 215,889
	TOTAL SHORT-TERM INVESTMENTS	
	(Cost \$215,889)	<u>215,889</u>
	TOTAL INVESTMENTS – 100.1%	
	(Cost \$91,923,002)	97,355,414
	Liabilities in Excess of Other Assets – (0.1)%	<u>(103,873)</u>
	NET ASSETS – 100.0%	<u><u>\$97,251,541</u></u>

Percentages are stated as a percent of net assets.

◆ To the extent the Fund invests more heavily in particular sectors of the economy, its performance will be especially sensitive to developments that significantly affect those sectors.

(a) Non-income producing security

* Rate shown is the annualized seven-day yield as of August 31, 2017

Real Estate Investment Trust (“REIT”)

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor 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 Fund Services, LLC.

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

Deep Value ETF

STATEMENT OF ASSETS & LIABILITIES

August 31, 2017

ASSETS

Investments in securities, at value (Cost \$ 91,923,002)	\$ 97,355,414
Dividends and interest receivable	135,914
Total assets	<u>97,491,328</u>

LIABILITIES

Payable for investments purchased	198,887
Management fees payable	40,900
Total liabilities	<u>239,787</u>

NET ASSETS	<u><u>\$ 97,251,541</u></u>
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Net assets consist of:

Paid-in capital	\$120,988,538
Undistributed (accumulated) net investment income (loss)	267,386
Accumulated net realized gain (loss) on investments	(29,436,795)
Net unrealized appreciation (depreciation) on investments	5,432,412
Net assets	<u><u>\$ 97,251,541</u></u>

Net Asset Value:

Net assets	\$ 97,251,541
Shares outstanding [^]	3,400,000
Net asset value, offering and redemption price per share	\$ 28.60

[^] No par value, unlimited number of shares authorized.

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

Deep Value ETF

STATEMENT OF OPERATIONS

For the Year Ended August 31, 2017

INVESTMENT INCOME

Dividends	\$ 1,949,127
Interest	699
Total investment income	<u>1,949,826</u>

EXPENSES

Management fees	697,659
Total expenses	697,659
Less: fees waived	<u>(189,841)</u>
Net expenses	<u>507,818</u>
Net investment income (loss)	<u>1,442,008</u>

REALIZED & UNREALIZED GAIN (LOSS) ON INVESTMENTS

Net realized gain (loss) on investments	14,996,732
Change in unrealized appreciation (depreciation) on investments ...	<u>(3,014,627)</u>
Net realized and unrealized gain (loss) on investments	<u>11,982,105</u>
Net increase (decrease) in net assets	
resulting from operations	<u><u>\$13,424,113</u></u>

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

Deep Value ETF

STATEMENTS OF CHANGES IN NET ASSETS

	<u>Year Ended August 31, 2017</u>	<u>Year Ended August 31, 2016</u>
OPERATIONS		
Net investment income (loss)	\$ 1,442,008	\$ 4,048,375
Net realized gain (loss) on investments . . .	14,996,732	(21,143,957)
Change in unrealized appreciation (depreciation) on investments	<u>(3,014,627)</u>	<u>22,292,972</u>
Net increase (decrease) in net assets resulting from operations	<u>13,424,113</u>	<u>5,197,390</u>
DISTRIBUTIONS TO SHAREHOLDERS		
From net investment income	<u>(1,207,117)</u>	<u>(4,305,742)</u>
Total distributions to shareholders	<u>(1,207,117)</u>	<u>(4,305,742)</u>
CAPITAL SHARE TRANSACTIONS		
Proceeds from subscriptions	75,627,445	143,228,415
Payments for shares redeemed	<u>(65,941,655)</u>	<u>(276,900,255)</u>
Net increase (decrease) in net assets derived from capital share transactions (a)	<u>9,685,790</u>	<u>(133,671,840)</u>
Net increase (decrease) in net assets	<u>\$ 21,902,786</u>	<u>\$(132,780,192)</u>
NET ASSETS		
Beginning of year	\$ 75,348,755	\$ 208,128,947
End of year	<u>\$ 97,251,541</u>	<u>\$ 75,348,755</u>
Undistributed (accumulated) net investment income (loss)	<u>\$ 267,386</u>	<u>\$ 32,495</u>

(a) A summary of capital share transactions is as follows:

	<u>Year Ended August 31, 2017</u>	<u>Year Ended August 31, 2016</u>
	<u>Shares</u>	<u>Shares</u>
Subscriptions	2,950,000	6,550,000
Redemptions	<u>(2,600,000)</u>	<u>(12,700,000)</u>
Net increase (decrease)	<u>350,000</u>	<u>(6,150,000)</u>

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

Deep Value ETF

FINANCIAL HIGHLIGHTS

For a capital share outstanding throughout each year/period

	Year Ended August 31, 2017	Year Ended August 31, 2016	Period Ended August 31, 2015 ⁽¹⁾
Net asset value, beginning of year/period	<u>\$24.70</u>	<u>\$22.62</u>	<u>\$24.75</u>
INCOME (LOSS) FROM INVESTMENT OPERATIONS:			
Net investment income (loss) ⁽²⁾	0.44	0.87	0.50
Net realized and unrealized gain (loss) on investments	<u>3.84</u>	<u>2.38</u>	<u>(2.21)</u>
Total from investment operations . . .	<u>4.28</u>	<u>3.25</u>	<u>(1.71)</u>
DISTRIBUTIONS TO SHAREHOLDERS:			
Distributions from:			
Net investment income	<u>(0.38)</u>	<u>(1.17)</u>	<u>(0.42)</u>
Total distributions	<u>(0.38)</u>	<u>(1.17)</u>	<u>(0.42)</u>
Net asset value, end of year/period	<u>\$28.60</u>	<u>\$24.70</u>	<u>\$22.62</u>
Total return	17.43%	14.99%	(7.03)% ⁽³⁾
SUPPLEMENTAL DATA:			
Net assets at end of year/period (000's)	\$97,252	\$75,349	\$208,129
RATIOS TO AVERAGE NET ASSETS:			
Expenses before fees waived	0.80%	0.80%	0.80% ⁽⁴⁾
Expenses after fees waived	0.58% ⁽⁶⁾	0.80%	0.80% ⁽⁴⁾
Net investment income (loss) before fees waived	1.43%	3.83%	2.13% ⁽⁴⁾
Net investment income (loss) after fees waived	1.65% ⁽⁶⁾	3.83%	2.13% ⁽⁴⁾
Portfolio turnover rate ⁽⁵⁾	201%	206%	62% ⁽³⁾

(1) Commencement of operations on September 22, 2014.

(2) Calculated based on average shares outstanding during the period.

(3) Not annualized.

(4) Annualized.

(5) Excludes the impact of in-kind transactions.

(6) Effective January 1, 2017, the Adviser has contractually agreed to waive 21 basis points (0.21%) of its management fees for the Fund until at least December 31, 2017, and has voluntarily agreed to waive an additional 10 basis points (0.10%) of its management fee indefinitely.

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

Deep Value ETF

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

NOTE 1 – ORGANIZATION

Deep Value ETF (the “Fund”) is a non-diversified series of ETF Series Solutions (“ESS”) (the “Trust”), an open-end management investment company consisting of multiple investment series, organized as a Delaware statutory trust on February 9, 2012. 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 is registered under the Securities Act of 1933, as amended (the “Securities Act”). The investment objective of the Fund is to seek investment results that, before expenses and fees, track the TWM Deep Value Index (the “Index”). The Fund commenced operations on September 22, 2014.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946 Financial Services – Investment Companies.

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”).

- A. *Security Valuation.* All equity securities, including domestic and foreign common stocks, preferred stocks and exchange traded funds, that are traded on a national securities exchange, except those listed on the NASDAQ Global Market® (“NASDAQ”) are valued at the last reported sale price on the exchange on which the security is principally traded. Securities traded on NASDAQ will be valued at the NASDAQ Official Closing Price (“NOCP”). If, on a particular day, an exchange-traded or NASDAQ security does not trade, then the mean between the most recent quoted bid and asked prices will be used. All equity securities that are not traded on a listed exchange are valued at the last sale price in the over-the counter market. If a non-exchange traded security does not trade on a particular day, then the mean between the last quoted closing bid and asked price will be used. Prices denominated in foreign currencies are converted to U.S. dollar equivalents at the current exchange rate, which approximates fair value. Investments in mutual funds, including money market funds, are valued at their net asset value (“NAV”) per share. Short-term securities that have maturities of less than 60 days at the time of purchase are valued at amortized cost, which, when combined with accrued interest, approximates fair value.

Securities for which quotations are not readily available are valued at their respective fair values in accordance with pricing procedures adopted by the

Deep Value ETF

NOTES TO FINANCIAL STATEMENTS

August 31, 2017 (Continued)

Fund's 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 Board. The use of fair value pricing by the Fund may cause the NAV of its shares to differ significantly from the NAV that would be calculated without regard to such considerations.

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 valuations 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.

Deep Value ETF

NOTES TO FINANCIAL STATEMENTS

August 31, 2017 (Continued)

The following is a summary of the inputs used to value the Fund's investments as of August 31, 2017:

<u>Assets[^]</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$97,139,525	\$ —	\$ —	\$97,139,525
Short-Term Investments	<u>215,889</u>	<u>—</u>	<u>—</u>	<u>215,889</u>
Total Investments in Securities	<u>\$97,355,414</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$97,355,414</u>

[^] See Schedule of Investments for breakout of investments by sector classification.

Transfers between levels are recognized at the end of the reporting period. During the year ended August 31, 2017, the Fund did not recognize any transfers to or from Levels 1, 2, or 3.

- B. *Federal Income Taxes.* The Fund's policy is to comply with the provisions of Subchapter M of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all of its net investment income and net capital gains to shareholders. Therefore, no federal income tax provision is required. The Fund plans to file U.S. Federal and various state and local tax returns.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained. Management has analyzed the Fund's uncertain tax positions and concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions. Management 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 12 months. Income and capital gain distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits on uncertain tax positions as income tax expense in the Statement of Operations. During the most recently completed fiscal year end, the Fund did not incur any interest or penalties.

- 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. Dividend income is recorded on the ex-dividend date. Interest income is recorded on an accrual basis. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable tax rules and regulations.

Deep Value ETF

NOTES TO FINANCIAL STATEMENTS

August 31, 2017 (Continued)

Distributions received from the Fund's investments in REITs may be characterized as ordinary income, net capital gain, or a return of capital. The proper characterization of REIT distributions is generally not known until after the end of each calendar year. As such, the Fund must use estimates in reporting the character of its income and distributions for financial statement purposes. The actual character of distributions to the Fund's shareholders will be reflected on the Form 1099 received by shareholders after the end of the calendar year. Due to the nature of REIT investments, a portion of the distributions received by the Fund's shareholders may represent a return of capital.

- D. *Distributions to Shareholders.* Distributions to shareholders from net investment income for the Fund are declared and paid on a quarterly basis and distributions from net realized gains on securities are declared and paid on an annual basis. Distributions are recorded on the ex-dividend date.
- E. *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 and disclosure of contingent 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.
- F. *Share Valuation.* The 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 New York Stock Exchange Arca, Inc. ("NYSE Arca") is closed for trading. The offering and redemption price per share of the Fund is equal to the Fund's NAV per share.
- G. *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 against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.
- H. *Reclassification of Capital Accounts.* 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 NAV per share.

The permanent differences primarily relate to net redemptions in-kind. For the year ended August 31, 2017, the following table shows the reclassifications made:

Deep Value ETF

NOTES TO FINANCIAL STATEMENTS

August 31, 2017 (Continued)

<u>Undistributed Net Investment Income/(Loss)</u>	<u>Accumulated Net Realized Gain/(Loss)</u>	<u>Paid-In Capital</u>
\$ —	\$(12,052,925)	\$12,052,925

During the year ended August 31, 2017, the Fund realized \$12,052,925 in net capital gains resulting from in-kind redemptions, in which shareholders exchanged Fund shares for securities held by the Fund rather than for cash. Because such gains are not taxable to the Fund, and are not distributed to shareholders, they have been reclassified from accumulated net realized gains to paid-in capital.

- Subsequent Events.* In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued. There were no events or transactions that occurred during the period subsequent to August 31, 2017, that materially impacted the amounts or disclosures in the Fund's financial statements.

NOTE 3 – COMMITMENTS AND OTHER RELATED PARTY TRANSACTIONS

Exchange Traded Concepts, LLC ("the Adviser"), serves as the investment adviser to the Fund. Pursuant to an Investment Advisory Agreement ("Advisory Agreement") between the Trust, on behalf of the Fund, and the Adviser, the Adviser 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 Advisory Agreement, the Adviser is also responsible for arranging, in consultation with Mellon Capital Management Corporation, (the "Sub-Adviser"), transfer agency, custody, fund administration and accounting, and other non-distribution related services necessary for the Fund to operate. Under the Advisory Agreement, the Adviser has agreed to pay all expenses of the Fund, except for: the fee paid to the Adviser pursuant to the 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. For services provided to the Fund, the Fund pays the Adviser 0.80% at an annual rate based on the Fund's average daily net assets. However, effective January 1, 2017, the Adviser has contractually agreed to waive 21 basis points (0.21%) of its unified management fee for the Fund until at least December 31, 2017, and has voluntarily agreed to waive an additional 10 basis points (0.10%) of its management fee indefinitely. The waiver amounts are not recoupable. The fee contractual waiver agreement may only be terminated by or with the consent of the Fund's Board of Trustees.

Deep Value ETF

NOTES TO FINANCIAL STATEMENTS

August 31, 2017 (Continued)

U.S. Bancorp Fund Services, LLC (“USBFS” or “Administrator”) acts as the Fund’s Administrator and, in that capacity, performs various administrative and accounting services for the Fund. The Administrator prepares various federal and state regulatory filings, reports and returns for the Fund, including regulatory compliance monitoring and financial reporting; prepares reports and materials to be supplied to the Board; monitors the activities of the Fund’s custodian, transfer agent and fund accountant. USBFS also serves as the transfer agent and fund accountant to the Fund. U.S. Bank N.A., an affiliate of USBFS, serves as the Funds’ custodian.

Quasar Distributors, LLC, (the “Distributor”) acts as the Fund’s principal underwriter in a continuous public offering of the Fund’s shares. The Distributor is an affiliate of the Administrator.

A Trustee and all officers of the Trust are affiliated with the Administrator, Distributor, and Custodian.

NOTE 4 – PURCHASES AND SALES OF SECURITIES

During the year ended August 31, 2017, purchases and sales of securities by the Fund, excluding short-term securities and in-kind transactions, were \$174,982,545 and \$174,498,498, respectively.

During the year ended August 31, 2017, there were no purchases or sales of U.S. Government securities.

During the year ended August 31, 2017, in-kind transactions associated with creations and redemptions were \$75,551,229 and \$65,779,138, respectively.

NOTE 5 – INCOME TAX INFORMATION

The components of distributable earnings (losses) and cost basis of investments for federal income tax purposes at August 31, 2017, were as follows:

	<u>Investments</u>
Tax cost of investments	\$ 92,300,024
Gross tax unrealized appreciation	8,386,667
Gross tax unrealized depreciation	(3,331,277)
Net unrealized appreciation/(depreciation)	5,055,390
Undistributed Ordinary Income	267,386
Undistributed long term capital gains	—
Total distributable earnings	267,386
Other accumulated gain/(loss)	(29,059,773)
Total accumulated gain/(loss)	\$(23,736,997)

The difference between the cost basis for financial statement and federal income tax purposes is due primarily to wash sales.

Deep Value ETF

NOTES TO FINANCIAL STATEMENTS

August 31, 2017 (Continued)

As of August 31, 2017, the Fund deferred, on a tax-basis, no post-October capital losses and no late-year ordinary losses.

As of August 31, 2017, the Fund had a short-term capital loss carryforward of \$26,562,784 and long-term capital loss carryforward of \$2,496,989. These amounts do not have an expiration date. During the year ended August 31, 2017, the Fund utilized \$2,681,277 of its capital loss carryforward.

The tax character of distributions paid by the Fund during the years ended August 31, 2017 and August 31, 2016 were as follow:

	<u>Year Ended</u> <u>August 31, 2017</u>	<u>Year Ended</u> <u>August 31, 2016</u>
Ordinary Income	\$1,207,117	\$4,305,742

NOTE 6 – SHARE TRANSACTIONS

Shares of the Fund are listed and traded on the NYSE Arca. Market prices for the shares may be different from their 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 a specified universe. Once created, shares generally trade in the secondary market at market prices that change throughout the day. Except when aggregated in Creation Units, shares are not redeemable securities of the Fund. Creation Units may only be purchased or redeemed by certain financial institutions (“Authorized Participants”). An Authorized Participant is either (i) a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation or (ii) a Depository Trust Company 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 are subject to customary brokerage commissions or fees.

The Fund currently offers one class of shares, which has no front end sales load, no deferred sales charge, and no redemption fee. A fixed transaction fee is imposed for the transfer and other transaction costs associated with the purchase or sale of Creation Units. The standard fixed transaction fee for the Fund is \$250, payable to the custodian. In addition, a variable fee may be charged on all cash transactions or substitutes for Creation Units of up to a maximum of 2% as a percentage of the value of the Creation Units subject to the transaction. There were no variable fees received during the period. 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.

Deep Value ETF

NOTES TO FINANCIAL STATEMENTS

August 31, 2017 (Continued)

NOTE 7 – PRINCIPAL RISKS

Non-Diversification Risk. Because the Fund is “non-diversified,” it may invest a greater percentage of its assets in the securities of a single issuer or a small number of issuers than if it was a diversified fund. As a result, a decline in the value of an investment in a single issuer could cause the Fund’s overall value to decline to a greater degree than if the Fund held a more diversified portfolio. 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.

Sector Risk. To the extent the Fund invests more heavily in particular sectors of the economy, its performance will be especially sensitive to developments that significantly affect those sectors.

Deep Value ETF

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Deep Value ETF and
Board of Trustees of ETF Series Solutions

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Deep Value ETF (the "Fund"), a series of ETF Series Solutions, as of August 31, 2017, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the three periods in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of August 31, 2017, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers or counterparties were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Deep Value ETF, a series of ETF Series Solutions, as of August 31, 2017, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the three periods in the period then ended, in conformity with accounting principles generally accepted in the United States of America.



COHEN & COMPANY, LTD.
Cleveland, Ohio
October 27, 2017

Deep Value ETF

TRUSTEES AND OFFICERS

(Unaudited)

Additional information about each Trustee of the Trust is set forth below. The address of each Trustee of the Trust is c/o USBFS, 615 E. Michigan Street, Milwaukee, WI 53202.

Name and Year of Birth	Position Held with the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During Past 5 Years
Independent Trustees					
Leonard M. Rush, CPA Born: 1946	Lead Independent Trustee and Audit Committee Chairman	Indefinite term; since 2012	Retired; formerly Chief Financial Officer, Robert W. Baird & Co. Incorporated (wealth management firm) (2000–2011).	23	Independent Trustee, Managed Portfolio Series (35 portfolios); Director, Anchor Bancorp Wisconsin, Inc. (2011–2013).
Ronald T. Beckman, CPA ⁽¹⁾ Born: 1947	Trustee and Nominating Committee Chairman	Indefinite term; since 2012	Retired; formerly Audit Partner specializing in investment management, PricewaterhouseCoopers LLP (1972–2004).	23	None
David A. Massart Born: 1967	Trustee	Indefinite term; since 2012	Co-Founder, President, and Chief Investment Strategist, Next Generation Wealth Management, Inc. (since 2005).	23	Independent Trustee, Managed Portfolio Series (35 portfolios).
Interested Trustee					
Michael A. Castino Born: 1967	Trustee and Chairman	Indefinite term; Trustee since 2014; Chairman since 2013	Senior Vice President, USBFS (since 2013); Managing Director of Index Services, Zacks Investment Management (2011–2013).	23	None

⁽¹⁾ Mr. Beckman resigned from the Board as of September 15, 2017.

Deep Value ETF

TRUSTEES AND OFFICERS

(Unaudited) (Continued)

The officers of the Trust conduct and supervise its daily business. The address of each officer of the Trust is c/o USBFS, 615 E. Michigan Street, Milwaukee, WI 53202. Additional information about the Trust's officers is as follows:

<u>Name and Year of Birth</u>	<u>Position(s) Held with the Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>
Principal Officers of the Trust			
Paul R. Fearday, CPA Born: 1979	President and Assistant Treasurer	Indefinite term; President and Assistant Treasurer since 2014 (other roles since 2013)	Senior Vice President, U.S. Bancorp Fund Services, LLC (since 2008); Manager, PricewaterhouseCoopers LLP (accounting firm) (2002–2008).
Michael D. Barolsky, Esq. Born: 1981	Vice President and Secretary	Indefinite term; since 2014 (other roles since 2013)	Vice President, USBFS (since 2012); Associate, Thompson Hine LLP (law firm) (2008–2012).
James R. Butz Born: 1982	Chief Compliance Officer	Indefinite term; since 2015	Senior Vice President, USBFS (since 2015); Vice President, USBFS (2014–2015); Assistant Vice President, USBFS (2011–2014).
Kristen M. Weitzel, CPA Born: 1977	Treasurer	Indefinite term; since 2014 since 2013)	Vice President, USBFS (since 2015); Assistant Vice President, USBFS (2011–2015); Manager, PricewaterhouseCoopers LLP (accounting firm) (2005–2011).
Stacie L. Lamb, Esq. Born: 1982	Assistant Secretary	Indefinite term; since 2015	Assistant Vice President, USBFS (since 2013); Compliance Representative, Quasar Distributors, LLC (2011–2013).

The Statement of Additional Information includes additional information about the Trustees as is available without charge, upon request, by calling toll free at (800) 617-0004, by accessing the SEC's website at www.sec.gov or by accessing the Fund's website at www.twmfunds.com.

Deep Value ETF

EXPENSE EXAMPLE

For the Six-Months Ended August 31, 2017 (Unaudited)

As a shareholder of Deep Value 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. This example is 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 (March 1, 2017 – August 31, 2017).

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.

	<u>Beginning Account Value March 1, 2017</u>	<u>Ending Account Value August 31, 2017</u>	<u>Expenses Paid During the Period⁽¹⁾</u>
Actual	\$1,000.00	\$1,051.80	\$2.53
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,022.74	\$2.50

(1) The dollar amounts shown as expenses paid during the period are equal to the annualized six-month expense ratio, 0.49%, multiplied by the average account value during the period, multiplied by the number of days in the most recent six-month period, 184 days, and divided by the number of days in the most recent twelve-month period, 365 days.

Deep Value ETF

FEDERAL TAX INFORMATION

(Unaudited)

For the fiscal year ended August 31, 2017, certain dividends paid by the Fund may be subject to the maximum rate of 20%, as provided for by the Jobs and Growth Tax relief Reconciliation Act of 2003. The percentage of dividends declared from ordinary income designated as qualified dividend income was 100%.

For corporate shareholders, the percent of ordinary income distributions qualifying for the corporate dividend received deduction for the fiscal year ended August 31, 2017 was 100%.

The percentage of taxable ordinary income distributions that are designated as short-term capital gain distributions under Internal Revenue Section 871(k)(2)(C) for the Fund was 0%.

INFORMATION ABOUT PORTFOLIO HOLDINGS

(Unaudited)

The Fund files its complete schedules of portfolio holdings for its first and third fiscal quarters with the Securities and Exchange Commission (“SEC”) on Form N-Q. The Fund’s Form N-Q is available without charge, upon request, by calling toll-free at (800) 617-0004. Furthermore, you may obtain the Form N-Q on the SEC’s website at www.sec.gov. The Fund’s portfolio holdings are posted on its website at www.twmfunds.com daily.

INFORMATION ABOUT PROXY VOTING

(Unaudited)

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 (800) 617-0004, by accessing the SEC’s website at www.sec.gov, or by accessing the Fund’s website at www.twmfunds.com.

When available, information regarding how the Fund voted proxies relating to portfolio securities during the twelve-months ending June 30 is available by calling toll-free at (800) 617-0004 or by accessing the SEC’s website at www.sec.gov.

FREQUENCY DISTRIBUTION OF PREMIUMS AND DISCOUNTS

(Unaudited)

Information regarding how often shares of the Fund trades on the exchange at a price above (*i.e.*, at premium) or below (*i.e.*, at a discount) the NAV of the Fund is available, without charge, on the Fund’s website at www.twmfunds.com.

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Deep Value ETF

Symbol – DVP
CUSIP – 26922A701