



AMERICAN ENERGY INDEPENDENCE

TM

Annual Report November 30, 2018

American Energy Independence ETF Ticker: USAI

Beginning on January 1, 2021, as permitted by regulations adopted by the U.S. Securities and Exchange Commission, 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 reports in paper free of charge. Please contact your financial intermediary to inform them that you wish to continue receiving paper copies of shareholder reports and for details about whether your election to receive reports in paper will apply to all funds held with your financial intermediary.

American Energy Independence ETF

TABLE OF CONTENTS

	Page
Letter to Shareholders	1
Performance Summary	3
Portfolio Allocation	5
Schedule of Investments	6
Statement of Assets and Liabilities	8
Statement of Operations	9
Statement of Changes in Net Assets	10
Financial Highlights	11
Notes to Financial Statements	12
Report of Independent Registered Public Accounting Firm	21
Trustees and Officers	22
Expense Example	24
Federal Tax Information	25
Information About Portfolio Holdings	25
Information About Proxy Voting	25
Frequency Distribution of Premiums and Discounts	25

American Energy Independence ETF

LETTER TO SHAREHOLDERS

(Unaudited)

Investment Objective

The American Energy Independence ETF (the “Fund”) seeks to track the performance, before fees and expenses, of the American Energy Independence Index (the “Index”). The Index is comprised of U.S. and Canadian energy infrastructure companies, Master Limited Partnerships (MLPs) and General Partners (GPs) of MLPs. Growing production of crude oil, natural gas and natural gas liquids is increasing the need for new infrastructure to move, process and store this output. This in turn reduces the need for the U.S. to rely on imports to meet its energy needs. It is therefore anticipated that as the U.S. becomes ever more energy independent, this will benefit North American infrastructure businesses, MLPs and GPs.

Performance Overview

The NAV of the Fund returned -4.06% for the period from inception, December 12, 2017, to November 30, 2018 (the “Period”). The Fund’s market price returned -3.99%. This compares with the return on the Fund’s Index of -3.05%. The difference is due to fees and expenses.

During the Period, the Fund paid four distributions:

- \$0.0196 on January 2, 2018
- \$0.1504 on March 22, 2018
- \$0.3233 on June 21, 2018
- \$0.3319 on September 20, 2018

The sector performed well during the first half of the year, and then declined along with the rest of the energy sector as crude oil weakened. Operating performance for midstream infrastructure companies was generally good. Growing U.S. production of oil, gas and natural gas liquids supported demand for pipeline capacity and related support. Capital investment into growth projects has risen in recent years in response to the Shale Revolution with its consequent increase in hydrocarbon output. Financing this growth has pressured payouts to investors as well as company balance sheets. However, much of the needed investment is behind us and many observers expect declining growth capital following 2019.

Cheniere Energy (LNG) contributed significantly to performance at +2.9%. U.S. exports of liquefied natural gas are ramping up, driven by strong Asian demand as China shifts electricity generation away from coal. Other notable contributors include: Plains All American (PAGP), which added 0.6% to performance due to growing crude oil output; Energy Transfer (ET), which also added 0.6% as three major projects reached completion and they simplified their structure by combining their MLP with their General Partner.

American Energy Independence ETF

Subtracting from performance were: Altagas (ALA.TO), which reduced by -1.4% and Enbridge (ENB), which reduced by -0.6%. As Canadian companies, both were hurt by poor sentiment related to trade tensions between Canada and the U.S. Additionally, AltaGas made a substantial acquisition of a utilities business which weighed on the stock. Williams Companies (WMB), reduced performance by -0.8% as companies with northeast natural gas gathering and processing assets relatively underperformed despite strong financial performance from the company

The U.S. is expected to continue increasing its domestic oil and gas production for many years, which should provide continued support for midstream infrastructure.

Must be preceded or accompanied by a prospectus.

The American Energy Independence ETF is distributed by Quasar Distributors, LLC

Investing involves risk, including the possible loss of principal. Shares of an ETF are bought and sold at market price (not NAV) and may trade at a discount or premium to NAV. Shares are not individually redeemable from the Fund and may only be acquired or redeemed from the Fund in creation units. Brokerage commissions will reduce returns. The Fund is non-diversified and may invest more assets in a single or smaller number of stocks than a diversified fund and be more exposed to individual stock volatility than a diversified fund. The concentration of the Fund may make it susceptible to an increased risk of loss more than the market as a whole. If the Fund were to fail to qualify as a RIC (Regulated Investment Company), the Fund would be subject to tax on its taxable income at corporate rates, and distributions from earnings and profits would generally be taxable to Fund shareholders as ordinary income. Changes in tax law could adversely affect the Fund or the securities in which it invests. The Fund invests primarily in energy infrastructure companies that are subject to risks including but not limited to changes in energy prices, differences in exchange rates, production and exploration, regulation, environmental and severe weather conditions. Investments in MLPs are subject to the risks of energy prices, demand and volatility of commodity investments. MLPs may be negatively influenced by rising interest rates and may fail to qualify for favorable tax treatment. If the Fund invests in MLPs which are classified as corporations rather than partnerships for federal income tax purposes, this could reduce the Fund's return and negatively affect its NAV. Investments in foreign securities involve political, economic and currency risks, greater volatility and differences in accounting methods. Investments in smaller companies involve additional risks such as limited liquidity and greater volatility than larger companies. 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. There is no assurance that the ETF will achieve its investment objective. You cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

An investment cannot be made directly in an index.

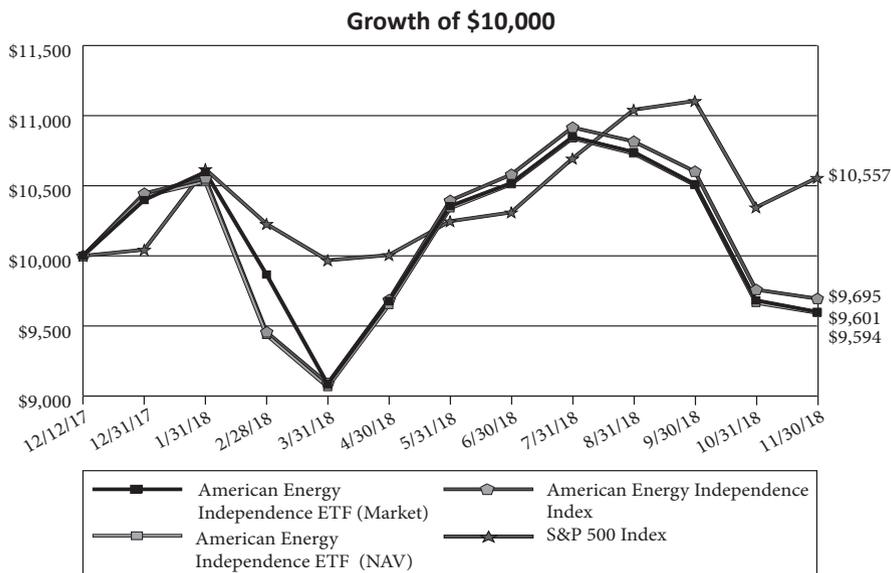
Opinions expressed are subject to change, are not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security. Please see the Schedule of Investments for a complete list of the Fund's holdings.

American Energy Independence ETF

PERFORMANCE SUMMARY

(Unaudited)



This chart illustrates the performance of a hypothetical \$10,000 investment made on December 12, 2017, 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 reinvestment of capital gains and dividends. It is not possible to invest directly in an index.

Cumulative Returns (For the Period Ended November 30, 2018)

	Since Inception ⁽¹⁾
American Energy Independence ETF - NAV	-4.06%
American Energy Independence ETF - Market	-3.99%
American Energy Independence Index ⁽²⁾⁽³⁾	-3.05%
S&P 500 Index ⁽²⁾⁽⁴⁾	5.57%

The Performance data quoted is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or on the redemptions of Fund shares. The total operating expenses as stated in the fee table to the Fund's prospectus dated December 8, 2017, as supplemented September 21, 2018, is 0.75%. For performance information current to the most recent month-end, please call 1-800-617-0004.

⁽¹⁾ Inception date is December 12, 2017.

⁽²⁾ Indexes are unmanaged statistical composites and their returns do not include fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index.

⁽³⁾ The American Energy Independence Index uses a proprietary, rules based methodology to measure the performance of a portfolio of U.S. and Canadian exchange-listed equity securities of companies that generate a majority of their cash flow from certain qualifying "midstream" energy infrastructure activities. Midstream energy infrastructure refers to the processing, storage, transportation, and distribution of crude oil, natural gas, refined products, and their related products as well as the transmission or storage of renewable energy. The following activity segments are considered qualifying midstream energy infrastructure activities: gathering & processing, compression, fractionation, logistics, midstream services,

American Energy Independence ETF

PERFORMANCE SUMMARY

(Unaudited) (Continued)

pipeline transportation, storage and terminaling of oil, gas, natural gas liquids, and refined products, as well as liquid natural gas facilities, renewable energy transmission and storage infrastructure. The following activity segments are not qualifying activities: refining, shipping,,exploration, production, retail, distribution, coal related activities, power generation or oil services. The Index may include small-, mid-, and large-capitalization companies.

⁽⁴⁾ *The S&P 500 Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general.*

American Energy Independence ETF

PORTFOLIO ALLOCATION

As of November 30, 2018 (Unaudited)

Industry (a)	Percentage of Net Assets
Natural Gas Pipeline - Corp.	30.9%
Crude Oil Pipeline - Canadian	19.0
Natural Gas Pipeline - Canadian Corp.	13.2
Natural Gas Pipeline - MLP	10.7
Gathering & Processing - Corp.	9.5
Refined Product Pipeline - MLP	7.1
Crude Oil Pipeline - Corp.	4.6
Refined Product Pipeline - Corp.	2.7
Crude Oil Pipeline - MLP	1.4
Gathering & Processing - MLP	0.4
Short-Term Investments	0.4
Other Assets in Excess of Liabilities	<u>0.1</u>
Total	<u>100.0%</u>

(a) The Fund's security classifications are defined by Fund management.

American Energy Independence ETF

SCHEDULE OF INVESTMENTS

November 30, 2018

Shares	Security Description	Value
COMMON STOCKS — 79.9% (a)		
Mining, Quarrying, and Oil and Gas Extraction — 39.2%		
18,832	AltaGas Ltd.	\$ 204,811
18,704	Archrock, Inc.	190,781
21,816	Enbridge, Inc.	716,883
12,376	EnLink Midstream LLC	141,458
15,896	Gibson Energy, Inc.	255,432
21,608	Inter Pipeline Ltd.	347,380
12,840	Keyera Corp.	281,221
13,136	Pembina Pipeline Corp.	442,925
9,912	SemGroup Corp. - Class A	160,872
22,152	Tellurian, Inc. (b)	160,159
18,024	TransCanada Corp.	738,649
		<u>3,640,571</u>
Professional, Scientific, and Technical Services — 2.8%		
6,096	Macquarie Infrastructure Corp.	254,203
Transportation and Warehousing — 16.7%		
12,056	Plains GP Holdings LP - Class A	266,799
11,952	Tallgrass Energy GP LP	255,295
7,968	Targa Resources Corp.	355,612
26,584	The Williams Cos, Inc.	673,107
		<u>1,550,813</u>
Utilities — 21.2%		
12,784	Antero Midstream GP LP	189,331
6,480	Cheniere Energy, Inc. (b)	396,058
41,680	Kinder Morgan, Inc.	711,478
10,952	ONEOK, Inc.	672,781
		<u>1,969,648</u>
	TOTAL COMMON STOCKS (Cost \$8,040,060)	<u>7,415,235</u>
MASTER LIMITED PARTNERSHIPS AND RELATED COMPANIES — 19.6%		
Finance and Insurance — 0.2%		
968	EQGP Holdings LP	19,379

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

American Energy Independence ETF

SCHEDULE OF INVESTMENTS

November 30, 2018 (Continued)

Shares	Security Description	Value
MASTER LIMITED PARTNERSHIPS AND RELATED COMPANIES — 19.6% (Continued)		
Mining, Quarrying, and Oil and Gas Extraction — 8.9%		
1,952	Andeavor Logistics LP	\$ 72,849
1,208	Crestwood Equity Partners LP	35,877
25,888	Enterprise Products Partners LP	679,560
1,240	Western Gas Equity Partners LP	35,935
		<u>824,221</u>
Transportation and Warehousing — 10.5%		
3,176	Buckeye Partners LP	93,882
18,000	Energy Transfer LP	262,260
2,520	Genesis Energy LP	55,566
1,168	Holly Energy Partners LP	32,856
4,656	Magellan Midstream Partners LP	281,595
5,936	MPLX LP	196,660
2,112	NuStar Energy LP	51,047
		<u>973,866</u>
	TOTAL MASTER LIMITED PARTNERSHIPS AND RELATED COMPANIES (Cost \$1,953,615)	<u>1,817,466</u>
SHORT-TERM INVESTMENTS — 0.4%		
Money Market Funds — 0.4%		
40,352	First American Government Obligations Fund, Class X, 2.12% (c)	40,352
	TOTAL SHORT-TERM INVESTMENTS (Cost \$40,352)	<u>40,352</u>
	TOTAL INVESTMENTS — 99.9% (Cost \$10,034,027)	9,273,053
	Other Assets in Excess of Liabilities — 0.1%	10,591
	NET ASSETS — 100.0%	<u>\$ 9,283,644</u>

(a) To the extent that the Fund invests more heavily in particular industry groups of the economy, its performance will be especially sensitive to developments that significantly affect those industry groups or strategies.

(b) Non-income producing security.

(c) Annualized seven-day yield as of November 30, 2018.

For fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or they may be defined by Fund management. This definition does not apply for all purposes of this report, which may combine sub-classifications for reporting use. Categories are shown as a percentage of net assets.

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

American Energy Independence ETF

STATEMENT OF ASSETS AND LIABILITIES

November 30, 2018

ASSETS

Investments in Securities, at Value*	\$ 9,273,053
Dividends and Interest Receivable	<u>16,375</u>
Total Assets	<u>9,289,428</u>

LIABILITIES

Management Fees Payable	5,784
Total Liabilities	<u>5,784</u>

NET ASSETS	\$ <u>9,283,644</u>
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NET ASSETS CONSIST OF:

Paid-in Capital	\$ 10,186,368
Total Distributable Earnings/(Accumulated Deficit)	<u>(902,724)</u>
Net Assets	<u>\$ 9,283,644</u>

Net Asset Value:

Net Assets	\$ 9,283,644
Shares Outstanding (a)	400,000
Net Asset Value, Offering and Redemption Price per Share	\$ 23.21

* Identified Cost:

Investments in Securities	\$ 10,034,027
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(a) No par value, unlimited number of shares authorized.

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

American Energy Independence ETF

STATEMENT OF OPERATIONS

Period Ended November 30, 2018 ^(a)

INVESTMENT INCOME

Dividends*	\$	179,921
Interest		<u>325</u>
Total Investment Income		<u>180,246</u>

EXPENSES

Management Fees		<u>45,124</u>
Total Expenses		<u>45,124</u>
Net Investment Income (Loss)		<u>135,122</u>

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

Net Realized Gain (Loss) on:		
Investments in Securities		(141,075)
Foreign Currency		(1,917)
Net Change in Unrealized Appreciation (Depreciation) of:		
Investments in Securities		<u>(761,014)</u>
Net Realized and Unrealized Gain (Loss) on Investments		<u>(904,006)</u>
NET INCREASE (DECREASE) IN NET ASSETS		
RESULTING FROM OPERATIONS	\$	<u>(768,884)</u>

* Net of foreign withholding tax of	\$	15,477
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(a) Fund inception date of December 12, 2017. The information presented is for the period from December 12, 2017 to November 30, 2018.

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

American Energy Independence ETF

STATEMENT OF CHANGES IN NET ASSETS

	<u>Period Ended November 30, 2018 ^(a)</u>
OPERATIONS	
Net Investment Income (Loss)	\$ 135,122
Net Realized Gain (Loss) on Investments and Foreign Currency	(142,992)
Change in Unrealized Appreciation (Depreciation) of Investments	<u>(761,014)</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(768,884)</u>
DISTRIBUTIONS TO SHAREHOLDERS	
Dividends and Distributions	(133,840)
Return of Capital	<u>(88,652)</u>
Total Distributions	<u>(222,492)</u>
CAPITAL SHARE TRANSACTIONS	
Proceeds from Shares Sold	<u>10,275,020</u>
Net Increase (Decrease) in Net Assets Derived from Capital Share Transactions (b)	<u>10,275,020</u>
Net Increase (Decrease) in Net Assets	<u><u>9,283,644</u></u>
NET ASSETS	
Beginning of Period	\$ —
End of Period	<u><u>\$ 9,283,644</u></u>

(a) Fund inception date of December 12, 2017. The information presented is for the period from December 12, 2017 to November 30, 2018.

(b) Summary of capital share transactions is as follows:

	<u>Shares</u>
Shares Sold	<u>400,000</u>
Net Increase	<u><u>400,000</u></u>

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

American Energy Independence ETF

FINANCIAL HIGHLIGHTS

For a capital share outstanding throughout the period

	Period Ended November 30, 2018 ^(a)
Net Asset Value, Beginning of Period	\$ 25.00
INCOME (LOSS) FROM INVESTMENT OPERATIONS:	
Net Investment Income (Loss) ^(b)	0.55
Net Realized and Unrealized Gain (Loss) on Investments	<u>(1.51)^(f)</u>
Total from Investment Operations	<u>(0.96)</u>
DISTRIBUTIONS TO SHAREHOLDERS:	
Net Investment Income	(0.50)
Return of Capital	<u>(0.33)</u>
Total Distributions	<u>(0.83)</u>
Net Asset Value, End of Period	<u>\$ 23.21</u>
Total Return	(4.06)% ^(c)
SUPPLEMENTAL DATA:	
Net Assets at End of Period (000's)	\$ 9,284
RATIOS TO AVERAGE NET ASSETS:	
Expenses to Average Net Assets	0.75% ^(d)
Net Investment Income (Loss) to Average Net Assets	2.25% ^(d)
Portfolio Turnover Rate ^(e)	61% ^(c)

(a) Inception date of December 12, 2017.

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

(c) Not annualized.

(d) Annualized.

(e) Excludes impact of in-kind transactions.

(f) Net realized and unrealized gain (loss) per share in this caption are balancing amounts necessary to reconcile the change in net asset value per share for the period, and may not reconcile with the aggregate gain (loss) in the Statement of Operations due to share transactions for the period.

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

American Energy Independence ETF

NOTES TO FINANCIAL STATEMENTS

November 30, 2018

NOTE 1 – ORGANIZATION

American Energy Independence ETF (the “Fund”) is a non-diversified series of ETF Series Solutions (“ESS” or 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 Securities and Exchange Commission (“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 track the performance, before fees and expenses, of the American Energy Independence Index (the “Index”). The Fund commenced operations on December 12, 2017.

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 (“ASC”) 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, master limited partnerships (“MLPs”), preferred stocks and exchange traded funds that are traded on a national securities exchange, except those listed on the Nasdaq Global Market®, Nasdaq Global Select Market®, and Nasdaq Capital Market Exchange® (collectively “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.

American Energy Independence ETF

NOTES TO FINANCIAL STATEMENTS

November 30, 2018 (Continued)

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 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.

American Energy Independence ETF

NOTES TO FINANCIAL STATEMENTS

November 30, 2018 (Continued)

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 Fund's investments as of November 30, 2018:

<u>Assets[^]</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$ 7,415,235	\$ —	\$ —	\$ 7,415,235
Master Limited Partnerships and Related Companies	1,817,466	—	—	1,817,466
Short-Term Investments	<u>40,352</u>	<u>—</u>	<u>—</u>	<u>40,352</u>
Total Investments in Securities	<u>\$ 9,273,053</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9,273,053</u>

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

For the period ended November 30, 2018, the Fund did not recognize any transfers to or from Level 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 period ended November 30, 2018, the Fund did not incur any interest or penalties.

American Energy Independence ETF

NOTES TO FINANCIAL STATEMENTS

November 30, 2018 (Continued)

- C. *Security Transactions and Investment Income.* Investment securities transactions are accounted for on the trade date. Gains and losses realized from investment transactions are determined on a specific identification basis. Dividend income is recorded on the ex-dividend date. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable tax rules and regulations. Interest income is recorded on an accrual basis.

Distributions received from MLPs are generally comprised of ordinary income and return of capital from MLPs. For financial statement purposes, the Fund uses return of capital and income estimates to allocate the dividend income. Such estimates are based on historical information available from each MLP and other industry sources. These estimates may subsequently be revised based on information received from MLPs after their tax reporting periods are concluded, as the actual character of these distributions is not known until after the fiscal period end of the Fund.

- D. *Foreign Currency.* Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments and currency gains or losses realized between the trade and settlement dates on securities transactions from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

The Fund reports net realized foreign exchange gains or losses that arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on foreign currency transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

- E. *Distributions to Shareholders.* Distributions to shareholders from net investment income are declared and paid by the Fund on a quarterly basis and distributions from net realized gains on securities are normally declared and paid on an annual basis. Distributions are recorded on the ex-dividend date.

American Energy Independence ETF

NOTES TO FINANCIAL STATEMENTS

November 30, 2018 (Continued)

- 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 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.
- G. *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. 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 of the Fund is equal to the Fund's NAV per share.
- 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. There were no timing differences between book and tax for the period ended November 30, 2018.

During the period ended November 30, 2018, the Fund realized no net capital gains resulting from in-kind redemptions, in which shareholders exchanged Fund shares for securities held by the Fund rather than for cash.

- I. *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.
- J. *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 available to be issued. There were no events or transactions that occurred during the period subsequent to November 30, 2018, that materially impacted the amounts or disclosures in the Fund's financial statements.
- K. *New Accounting Pronouncements.* In August 2018, FASB issued Accounting Standards Update 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

American Energy Independence ETF

NOTES TO FINANCIAL STATEMENTS

November 30, 2018 (Continued)

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 decided to adopt the disclosure framework.

NOTE 3 – COMMITMENTS AND OTHER RELATED PARTY TRANSACTIONS

SL Advisors, LLC (the “Adviser”), serves as the investment adviser and index provider 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 Penserra Capital Management, LLC (the “Sub-Adviser”) transfer agency, custody, fund administration, accounting, distribution and other 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, dividends and other expenses on securities sold short, 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 0.75% at an annual rate based on the Fund’s average daily net assets.

U.S. Bancorp Fund Services, LLC (“Fund Services” or “Administrator”), doing business as U.S. Bank Global Fund Services, 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. Fund Services also serves as the transfer agent and fund accountant to the Fund. U.S. Bank N.A. (the “Custodian”), an affiliate of Fund Services, serves as the Fund’s 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.

American Energy Independence ETF

NOTES TO FINANCIAL STATEMENTS

November 30, 2018 (Continued)

NOTE 4 – PURCHASES AND SALES OF SECURITIES

During the period ended November 30, 2018, purchases and sales of securities by the Fund, excluding short-term securities and in-kind transactions, were \$3,911,072 and \$3,829,240, respectively.

During the period ended November 30, 2018, there were no purchases or sales of U.S. Government securities.

During the period ended November 30, 2018, in-kind transactions associated with creations and redemptions were \$10,196,917 and \$0, respectively.

During the period ended November 30, 2018, the Fund paid \$3,320 in brokerage commissions on trades of securities to Penserra Securities LLC, an affiliate of the Sub-Adviser.

NOTE 5 – INCOME TAX INFORMATION

The components of distributable earnings/(accumulated deficit) and cost basis of investments for federal income tax purposes as of November 30, 2018, were as follows:

Tax cost of investments	\$ <u>10,128,809</u>
Gross tax unrealized appreciation	\$ 182,287
Gross tax unrealized depreciation	<u>(1,038,043)</u>
Net tax unrealized appreciation/(depreciation)	<u>(855,756)</u>
Undistributed ordinary income	—
Undistributed long-term capital gain	<u>—</u>
Accumulated gain/(loss)	<u>—</u>
Other accumulated gain/(loss)	<u>(46,968)</u>
Distributable earnings/(accumulated deficit)	\$ <u>(902,724)</u>

The differences between cost basis for financial statement and federal income tax purposes are primarily due to timing differences in recognizing wash sales and partnership basis adjustments.

Under tax law, certain capital and foreign currency losses realized after October 31 and certain ordinary losses realized after December 31 and within the taxable year are deemed to arise on the first business day of each Fund's next taxable year. At November 30, 2018, the Fund, on a tax basis, did not defer any post-October or late-year ordinary losses.

American Energy Independence ETF

NOTES TO FINANCIAL STATEMENTS

November 30, 2018 (Continued)

At November 30, 2018, the Fund had the following capital loss carryforwards:

<u>Short-Term</u>	<u>Expires</u>
\$(46,928)	Indefinite

The tax character of distributions paid by the Fund during the period ended November 30, 2018, was as follows:

<u>Ordinary Income</u>	<u>Return of Capital</u>
\$133,840	\$88,652

NOTE 6 – SHARE TRANSACTIONS

Shares of the Fund are listed and traded on NYSE Arca, Inc. Market prices for the shares may be different from their NAV. The Fund issues and redeems shares on a continuous basis at NAV generally 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. 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 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 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. The fixed transaction fee may be waived on certain orders if the Fund’s Custodian has determined to waive some or all of the costs associated with the order, or another party, such as the Adviser, has agreed to pay such fee. 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

American Energy Independence ETF

NOTES TO FINANCIAL STATEMENTS

November 30, 2018 (Continued)

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.

NOTE 7 – PRINCIPAL RISKS

Concentration Risk. The Fund may be susceptible to an increased risk of loss, including losses due to adverse occurrences affecting the Fund more than the market as a whole, to the extent that the Fund's investments are concentrated in the securities of a particular issuer or issuers, country, group of countries, region, market, industry, group of industries, sector, or asset class.

Energy Infrastructure Industry Risk. Companies in the energy infrastructure industry are subject to many risks that can negatively impact the revenues and viability of companies in this industry, including, but not limited to risks associated with companies owning and/or operating pipelines, gathering and processing assets, power infrastructure, propane assets, as well as capital markets, terrorism, natural disasters, climate change, operating, regulatory, environmental, supply and demand, and price volatility risks. The volatility of energy commodity prices can significantly affect energy companies due to the impact of prices on the volume of commodities developed, produced, gathered, and processed. Historically, energy commodity prices have been cyclical and exhibited significant volatility, which may adversely impact the value, operations, cash flows, and financial performance of energy companies. The volatility of energy commodity prices can also indirectly affect certain entities that operate in the midstream segment of the energy industry due to the impact of prices on the volume of commodities transported, processed, stored, or distributed.

NOTE 8 – BENEFICIAL OWNERSHIP

The beneficial ownership, either directly or indirectly, of 25% or more of the voting securities of a fund creates a presumption of control of a fund, under section 2(a)(9) of the 1940 Act. At November 30, 2018, employees of the Adviser indirectly owned greater than 25% of the outstanding shares of the Fund in the secondary market.

American Energy Independence ETF

REPORT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of American Energy Independence ETF and
Board of Trustees of ETF Series Solutions

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of American Energy Independence ETF (the “Fund”), a series of ETF Series Solutions, as of November 30, 2018, and the related statements of operations and changes in net assets and the financial highlights for the period December 12, 2017 (commencement of operations) to November 30, 2018, including the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of November 30, 2018, the results of its operations, the changes in its net assets and the financial highlights for the period indicated above, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of November 30, 2018, by correspondence with the custodian. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have served as the Fund’s auditor since 2018.



COHEN & COMPANY, LTD.
Milwaukee, Wisconsin
January 28, 2019

American Energy Independence 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 U.S. Bank Global Fund Services, 615 E. Michigan Street, Milwaukee, WI 53202. The Fund's Statement of Additional Information includes additional information about the Trustees and is available without charge, upon request, by calling toll-free at (800) 617-0004.

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).	45	Independent Trustee, Managed Portfolio Series (38 portfolios).
David A. Massart Born: 1967	Trustee	Indefinite term; since 2012	Co-Founder, President, and Chief Investment Strategist, Next Generation Wealth Management, Inc. (since 2005).	45	Independent Trustee, Managed Portfolio Series (38 portfolios).
Janet D. Olsen Born: 1956	Trustee	Indefinite term; since 2018	Retired; formerly Managing Director and General Counsel, Artisan Partners Limited Partnership (investment adviser) (2000–2013); Executive Vice President and General Counsel, Artisan Partners Asset Management Inc. (2012–2013); Vice President and General Counsel, Artisan Funds, Inc. (investment company) (2001–2012).	45	Independent Trustee, PPM Funds (9 portfolios) (since 2018).
Interested Trustee					
Michael A. Castino Born: 1967	Trustee and Chairman	Indefinite term; Trustee since 2014; Chairman since 2013	Senior Vice President, U.S. Bancorp Fund Services, LLC (since 2013); Managing Director of Index Services, Zacks Investment Management (2011–2013).	45	None

American Energy Independence 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 U.S. Bank Global Fund Services, 615 E. Michigan Street, Milwaukee, WI 53202. Additional information about the Trust's officers is as follows:

Name and Year of Birth	Position(s) Held with the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years
Principal Officers of the Trust			
Kristina R. Nelson Born: 1982	President	Indefinite term; since 2019	Vice President, U.S. Bancorp Fund Services, LLC (since 2014); Assistant Vice President, U.S. Bancorp Fund Services, LLC (2013–2014).
Michael D. Barolsky Born: 1981	Vice President and Secretary	Indefinite term; since 2014 (other roles since 2013)	Vice President, U.S. Bancorp Fund Services, LLC (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, U.S. Bancorp Fund Services, LLC (since 2015); Vice President, U.S. Bancorp Fund Services, LLC (2014–2015); Assistant Vice President, U.S. Bancorp Fund Services, LLC (2011–2014).
Kristen M. Weitzel, CPA Born: 1977	Treasurer	Indefinite term; since 2014 (other roles since 2013)	Vice President, U.S. Bancorp Fund Services, LLC (since 2015); Assistant Vice President, U.S. Bancorp Fund Services, LLC (2011–2015); Manager, PricewaterhouseCoopers LLP (accounting firm) (2005–2011).
Brett M. Wickmann Born: 1982	Assistant Treasurer	Indefinite term; since 2017	Vice President, U.S. Bancorp Fund Services, LLC (since 2017); Assistant Vice President, U.S. Bancorp Fund Services, LLC (2012–2017).
Elizabeth A. Winske Born: 1983	Assistant Treasurer	Indefinite term; since 2017	Assistant Vice President, U.S. Bancorp Fund Services, LLC (since 2016); Officer, U.S. Bancorp Fund Services, LLC (2012–2016).

American Energy Independence ETF

EXPENSE EXAMPLE

For the Six-Months Ended November 30, 2018 (Unaudited)

As a shareholder of 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 as indicated below.

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 the 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 ratios and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual returns. 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.

	Beginning Account Value June 1, 2018	Ending Account Value November 30, 2018	Expenses Paid During the Period ^(a)	Annualized Expense Ratio
Actual	\$ 1,000.00	\$ 927.90	\$3.62	0.75%
Hypothetical (5% annual return before expenses)	\$ 1,000.00	\$ 1,021.31	\$3.80	0.75%

(a) The dollar amounts shown as expenses paid during the period are equal to the annualized expense ratio multiplied by the average account value during the period, multiplied by 183/365 (to reflect the one-half year period).

American Energy Independence ETF

FEDERAL TAX INFORMATION

(Unaudited)

QUALIFIED DIVIDEND INCOME/DIVIDENDS RECEIVED DEDUCTION

For the period ended November 30, 2018, certain dividends paid by the Fund may be subject to a maximum tax rate of 23.8%, 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 100.00%.

For corporate shareholders, the percent of ordinary income distributions qualifying for corporate dividends received deduction for the period ended November 30, 2018 was 68.37%.

The percentage of taxable ordinary income distributions that are designated as short-term capital gain distributions under Internal Revenue Section 871(k)2(c) was 0.00%.

INFORMATION ABOUT PORTFOLIO HOLDINGS

(Unaudited)

The Fund files its complete schedule of portfolio holdings for its first and third fiscal quarters with the 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.usaietf.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.usaietf.com.

When available, information regarding how the Fund voted proxies relating to portfolio securities during the twelve months ending June 30 will be (1) available by calling toll-free at (800) 617-0004 and (2) the SEC's website at www.sec.gov.

FREQUENCY DISTRIBUTION OF PREMIUMS AND DISCOUNTS

(Unaudited)

Information regarding how often shares of the Fund trade on the exchange at a price above (i.e., at a premium) or below (i.e., at a discount) its daily NAV is available, without charge, on the Fund's website at www.usaietf.com.

Adviser

SL Advisors, LLC
210 Elmer Street
Westfield, New Jersey 07090

Sub-Adviser

Penserra Capital Management, LLC
4 Orinda Way, Suite 100-A
Orinda, California 94563

Index Provider

SL Advisors, LLC
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Westfield, New Jersey 07090

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Custodian

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Milwaukee, Wisconsin 53212

Transfer Agent

U.S. Bancorp Fund Services, LLC
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Milwaukee, Wisconsin 53202

Independent Registered Public Accounting Firm

Cohen & Company, Ltd.
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Legal Counsel

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Washington, DC 20004-2541

American Energy Independence ETF

Symbol – USAI
CUSIP – 26922A552