



EXCHANGE TRADED CONCEPTS TRUST

YieldShares High Income ETF

Annual Report

December 31, 2017



Exchange Traded Concepts

YieldShares

High Income ETF

Table of Contents

Management Discussion of Fund Performance	2
Schedule of Investments	4
Statement of Assets and Liabilities	5
Statement of Operations	6
Statements of Changes in Net Assets	7
Financial Highlights	8
Notes to Financial Statements	9
Report of Independent Registered Public Accounting Firm	18
Trustees and Officers of the Trust	19
Approval of Advisory & Sub-Advisory Agreements	22
Disclosure of Fund Expenses	24
Notice to Shareholders	25
Supplemental Information	26

The Fund files its complete schedule of Fund holdings with the Securities and Exchange Commission (the "Commission") for the first and third quarters of each fiscal year on Form N-Q within sixty days after the end of the period. The Fund's Forms N-Q are available on the Commission's website at <http://www.sec.gov>, and may be reviewed and copied at the Commission's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

A description of the policies and procedures that Exchange Traded Concepts uses to determine how to vote proxies relating to Fund securities, as well as information relating to how the Fund voted proxies relating to Fund securities during the most recent 12-month period ended June 30, is available (i) without charge, upon request, by calling 1-855-796-3863; and (ii) on the Commission's website at <http://www.sec.gov>.

YieldShares High Income ETF

Management Discussion of Fund Performance

December 31, 2017 (Unaudited)

YieldShares High Income Exchange Traded Fund

Dear YYY Shareholders,

Thank you for your investment in the YieldShares High Income ETF (“YYY” or the “Fund”). The information presented in this Report relates to the operations of YYY for the fiscal year ended December 31, 2017.

As a reminder, the Fund seeks to provide investment results that, before fees and expenses, correspond to the price and yield performance of the ISE High Income Index (the “Index”). The Index is comprised of 30 closed-end funds (“CEFs”) ranked highest overall by the ISE in three criteria: fund yield, discount to net asset value and liquidity. The Index reconstitutes once a year.

In 2017 YYY’s share price moved higher, YYY’s shares priced at \$18.55 at the close of December 31, 2016 and increased to \$19.49 at the close of December 31, 2017. This represented total return of 14.03%. YYY’s primary investment objective continues to be high current income.

Total assets in the Fund increased, with the shares outstanding in the Fund growing from 6,350,000 at the beginning of the period to 11,400,000 as of December 31, 2017.

The security providing the greatest positive contribution to return during the period was Alpine Total Dynamic Dividend Fund, contributing 145 bps to the return of the Fund. The second largest positive contributor to return was Liberty All Star Equity Fund, contributing 126 bps, followed by Eaton Vance Tax-Advantaged Global Dividend Income Fund, contributing 121 bps to the return.

The security providing the greatest negative contribution to return during the period was Gamco Global Gold Natural Resources & Income Trust, detracting 4 bps to the return during the period, followed by Aberdeen Asia-Pacific Income Fund, which detracted 3 bps from the return.

YYY began distributing income to shareholders on a monthly basis in late August of 2013. The Fund continued its monthly distributions through the end of the year. The Fund’s 30 Day SEC Yield (see definition below) was 7.52% as of the close of markets on December 31, 2017. For the fiscal year ended December 31, 2017, \$0.39 per share of the Fund’s distributions was return of capital.

We appreciate your investment in the YieldShares High Income ETF.

Sincerely,

J. Garrett Stevens, CEO
Exchange Traded Concepts
Advisor to the Fund

30-Day SEC Yield is a standardized yield calculation developed by the Securities and Exchange Commission that allows for comparisons among funds. It is based on the most recent month end (In this case December 31, 2017). This figure reflects the income earned during the period after deducting the Fund’s expenses for the period, and is expressed as a percentage of the Fund’s [NAV/market price] per share as of the last day of the period.

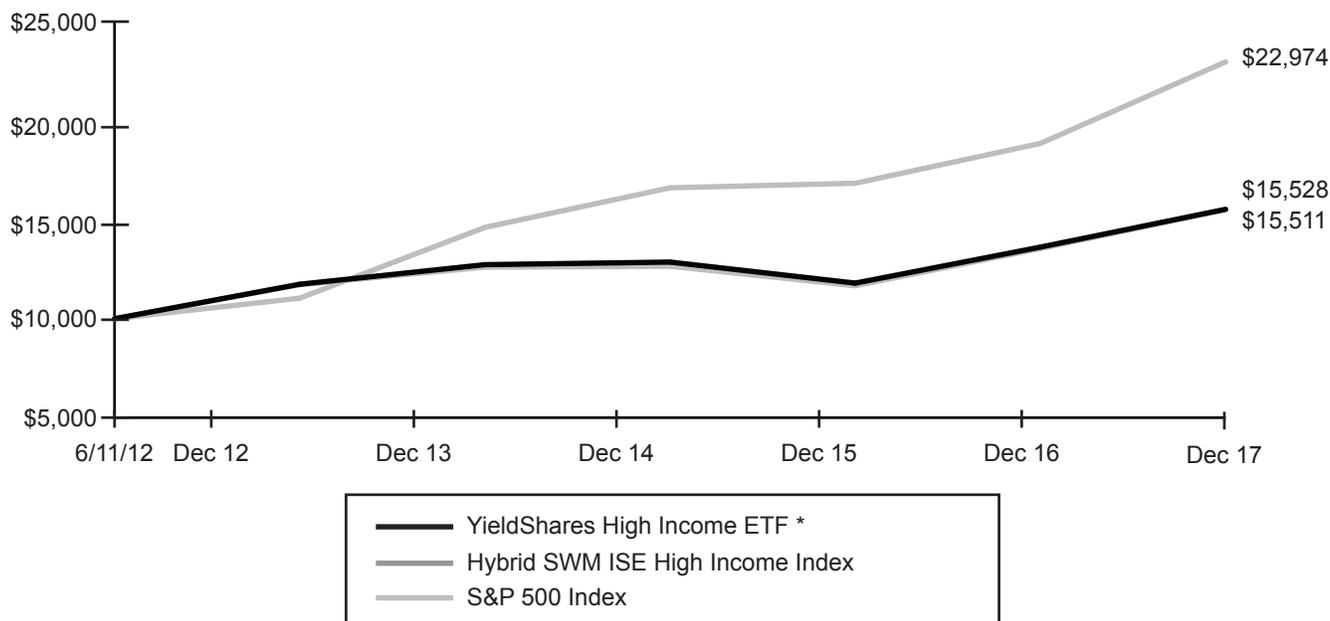
This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice.

YieldShares High Income ETF

Management Discussion of Fund Performance

December 31, 2017 (Unaudited) (Concluded)

Growth of a \$10,000 Investment (at Net Asset Value)



AVERAGE ANNUAL TOTAL RETURN FOR THE YEAR ENDED DECEMBER 31, 2017

	One Year Return		Three Year Return		Five Year Return		Annualized Inception to Date*	
	Net Asset Value	Market Price	Net Asset Value	Market Price	Net Asset Value	Market Price	Net Asset Value	Market Price
YieldShares High Income ETF	14.03%	14.02%‡	6.48%‡	6.28%‡	5.75%‡	5.91%‡	8.25%‡	8.25%‡
Hybrid SWM ISE High Income Index**	14.53%‡	14.53%‡	7.03%‡	7.03%‡	5.76%‡	5.76%‡	8.22%‡	8.22%‡
S&P 500 Index	21.83%‡	21.83%‡	11.41%‡	11.41%‡	15.79%‡	15.79%‡	16.14%‡	16.14%‡

* Fund commenced operations on June 11, 2012.

** Reflects performance of Sustainable North American Oil Sands Index (R) ("SWM Index") Index through June 20, 2013 and Hybrid SWM ISE High Income Index thereafter.

‡ Unaudited

The performance data quoted herein represents past performance and the return and value of an investment in the Fund will fluctuate so that shares, when redeemed or sold in the market, may be worth more or less than their original cost. Prior to June 21, 2013, the Fund sought to provide investment results that, before fees and expenses, corresponded generally to the price and yield performance of the SWM Index. Past performance is no guarantee of future performance and should not be considered as a representation of the future results of the Fund. The Fund's performance assumes the reinvestment of all dividends and all capital gains. Index returns assume reinvestment of dividends and, unlike a Fund's returns, do not reflect any fees or expenses. If such fees and expenses were included in the index returns, the performance would have been lower. Please note that one cannot invest directly in an unmanaged index.

There are no assurances that the Fund will meet its stated objectives.

The Fund's holdings and allocations are subject to change and should not be considered recommendations to buy individual securities.

Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

See definition of comparative index in Management Discussion of Fund Performance.

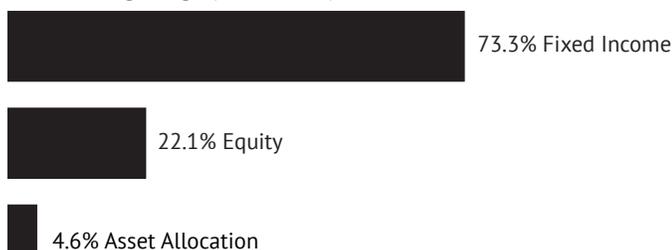
YieldShares

High Income ETF

Schedule of Investments

December 31, 2017

Sector Weightings (Unaudited)[†]



† Percentages based on total investments.

Description	Shares	Fair Value
First Trust Intermediate Duration Preferred & Income Fund	358,164	\$ 8,728,457
Morgan Stanley Emerging Markets Domestic Debt Fund . . .	1,229,649	9,468,297
Nuveen Credit Strategies Income Fund	317,789	2,612,226
Nuveen Preferred Income Opportunities Fund	335,732	3,471,469
Nuveen Preferred Securities Income Fund	447,498	4,564,480
PIMCO Dynamic Credit and Mortgage Income Fund	438,396	9,837,606
Prudential Global Short Duration High Yield Fund	592,074	8,531,786
Prudential Short Duration High Yield Fund	324,155	4,787,769
Templeton Emerging Markets Income Fund	504,774	5,638,326
Wells Fargo Income Opportunities Fund	1,050,080	8,820,672
Wells Fargo Multi-Sector Income Fund	483,823	6,318,728
Western Asset High Income Fund II . .	903,048	6,294,245
Western Asset High Income Opportunity Fund	922,588	4,677,521
		<u>160,846,062</u>
Total Closed-End Funds		
(Cost \$212,828,432)		<u>219,477,227</u>
Total Investments — 98.8%		
(Cost \$212,828,432)		<u>\$219,477,227</u>

Percentages are based on Net Assets of \$222,223,051.

As of December 31, 2017, all of the Fund's investments were considered Level 1, in accordance with authoritative guidance under U.S. GAAP.

For the year ended December 31, 2017, there were no transfers between Level 1, Level 2 or Level 3 investments.

For the year ended December 31, 2017, there were no Level 3 investments.

Description	Shares	Fair Value
CLOSED-END FUNDS — 98.8%		
Asset Allocation — 4.6%		
Calamos Strategic Total Return Fund	841,328	\$ 10,163,242
Equity — 21.8%		
Alpine Total Dynamic Dividend Fund	1,151,481	10,904,525
Cohen & Steers Quality Income Realty Fund	704,628	8,913,544
Eaton Vance Tax-Advantaged Global Dividend Income Fund . . .	617,614	10,703,251
John Hancock Tax-Advantaged Dividend Income Fund	300,345	7,406,508
Liberty All Star Equity Fund	1,673,031	10,540,095
		<u>48,467,923</u>
Fixed Income — 72.4%		
AllianceBernstein Global High Income Fund	477,301	6,090,361
AllianzGI Convertible & Income Fund	357,453	2,512,895
BlackRock Corporate High Yield Fund	814,469	8,910,291
BlackRock Credit Allocation Income Trust	666,095	8,872,385
BlackRock Debt Strategies Fund . . .	167,683	1,961,891
BlackRock Multi-Sector Income Trust	529,998	9,619,464
Blackstone/GSO Strategic Credit Fund	576,990	9,064,513
Calamos Convertible Opportunities and Income Fund . .	849,447	9,505,312
DoubleLine Income Solutions Fund . .	471,434	9,518,252
Eaton Vance Limited Duration Income Fund	531,170	7,250,470
First Trust High Income Long/Short Fund	228,783	3,788,646

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

YieldShares

High Income ETF

Statement of Assets and Liabilities

December 31, 2017

Assets:

Investments at Cost	\$ 212,828,432
Investments at Fair Value	\$ 219,477,227
Cash and Cash Equivalents	180,308
Receivable for Capital Shares Sold	19,493,740
Dividends Receivable	1,208,776
Receivable for Investment Securities Sold	<u>968,165</u>
Total Assets	<u>241,328,216</u>

Liabilities:

Payable for Investment Securities Purchased	18,044,053
Payable for Capital Shares Redeemed	974,687
Advisory Fees Payable	<u>86,425</u>
Total Liabilities	<u>19,105,165</u>

Net Assets	<u>\$ 222,223,051</u>
-------------------------	-----------------------

Net Assets Consist of:

Paid-in Capital	\$ 225,590,098
Accumulated Net Realized Loss on Investments	(10,015,842)
Net Unrealized Appreciation on Investments	<u>6,648,795</u>
Net Assets	<u>\$ 222,223,051</u>

Outstanding Shares of Beneficial Interest (unlimited authorization — no par value)	<u>11,400,000</u>
Net Asset Value, Offering and Redemption Price Per Share	<u>\$ 19.49</u>

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

YieldShares

High Income ETF

Statement of Operations

For the year ended December 31, 2017

Investment Income:	
Dividend Income	\$ 11,792,032
Total Investment Income	<u>11,792,032</u>
 Expenses:	
Advisory Fees	<u>870,997</u>
Total Expenses	<u>870,997</u>
 Net Investment Income	 <u>10,921,035</u>
 Net Realized Gain (Loss) on:	
Investments ⁽¹⁾	(5,108,564)
Capital Gain Distributions from Underlying Closed End Funds	<u>1,088,695</u>
	<u>(4,019,869)</u>
 Net Change in Unrealized Appreciation (Depreciation):	
Investments	<u>13,922,191</u>
Net Realized and Unrealized Gain on Investments	<u>9,902,322</u>
 Net Increase in Net Assets Resulting from Operations	 <u>\$ 20,823,357</u>

⁽¹⁾ Includes any realized gains or losses as a result of in-kind transactions. (See Note 4).

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

YieldShares

High Income ETF

Statements of Changes in Net Assets

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operations:		
Net Investment Income	\$ 10,921,035	\$ 6,262,613
Net Realized Loss on Investments ⁽¹⁾	(5,108,564)	(2,720,862)
Capital Gain Distributions From Underlying Closed End Funds	1,088,695	305,865
Net Change in Unrealized Appreciation on Investments	<u>13,922,191</u>	<u>8,226,042</u>
Net Increase in Net Assets Resulting from Operations	<u>20,823,357</u>	<u>12,073,658</u>
Dividends and Distributions to Shareholders:		
Investment Income	(10,921,035)	(6,268,885)
Return of Capital	<u>(3,501,965)</u>	<u>(3,683,115)</u>
Total Dividends and Distributions to Shareholders	<u>(14,423,000)</u>	<u>(9,952,000)</u>
Capital Share Transactions:		
Issued	103,859,135	41,656,072
Redeemed	<u>(5,853,358)</u>	<u>(3,582,274)</u>
Increase in Net Assets from Capital Share Transactions	<u>98,005,777</u>	<u>38,073,798</u>
Total Increase in Net Assets	<u>104,406,134</u>	<u>40,195,456</u>
Net Assets:		
Beginning of Year	<u>117,816,917</u>	<u>77,621,461</u>
End of Year (Includes Distributions in Excess of Net Investment Income of \$— and \$—, respectively)	<u>\$ 222,223,051</u>	<u>\$ 117,816,917</u>
Share Transactions:		
Issued	5,350,000	2,200,000
Redeemed	<u>(300,000)</u>	<u>(200,000)</u>
Net Increase in Shares Outstanding from Share Transactions	<u>5,050,000</u>	<u>2,000,000</u>

⁽¹⁾ Includes any realized gains or losses as a result of in-kind transactions. (See Note 4)
Amounts designated as “—” are \$0 or have been rounded to \$0.

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

YieldShares High Income ETF Financial Highlights

Selected Per Share Data & Ratios

For the year or periods ended December 31 and the period ended April 30, 2013
For a Share Outstanding Throughout the Period

	Net Asset Value, Beginning of Period	Net Investment Income*	Net Realized and Unrealized Gain (Loss) on Investments		Total from Operations	Distributions from Investment Income	Distributions from Net Capital Gains	Return of Capital	Total Distributions	Net Asset Value, End of Period	Market Price, End of Period	Total Return ⁽¹⁾⁽²⁾	Net Assets End of Period (000)	Ratio of Expenses to Average Net Assets	Ratio of Net Investment Income to Average Net Assets	Portfolio Turnover ⁽³⁾
			Unrealized Gain	(Loss)												
YieldShares High Income ETF†																
2017 ..	\$18.55	\$ 1.22	\$ 1.31	\$ 2.53	\$ (1.20)	\$ —	\$ (0.39)	\$ (1.59)	\$19.49	\$19.50	14.03%	\$222,223	0.50% ⁽⁴⁾	6.27% ⁽⁴⁾	34%	
2016 ...	\$17.84	\$ 1.22	\$ 1.41	\$ 2.63	\$ (1.20)	\$ —	\$ (0.72)	\$ (1.92)	\$18.55	\$18.56	15.42%	\$117,817	0.50% ⁽⁴⁾	6.62% ⁽⁴⁾	17%	
2015 ...	\$21.43	\$ 1.30	\$ (2.97)	\$ (1.67)	\$ (1.30)	\$ —	\$ (0.62)	\$ (1.92)	\$17.84	\$17.84	(8.26)%	\$ 77,621	0.50% ⁽⁴⁾	6.48% ⁽⁴⁾	1%	
2014 ...	\$23.16	\$ 1.18	\$ (0.85) ⁽⁵⁾	\$ 0.33	\$ (1.17)	\$ (0.02)	\$ (0.87)	\$ (2.06)	\$21.43	\$21.56	1.03%	\$ 77,132	0.50% ⁽⁴⁾	5.06% ⁽⁴⁾	111%	
2013‡ ..	\$23.30	\$ 0.89	\$ 0.10	\$ 0.99	\$ (0.85)	\$ (0.07)	\$ (0.21)	\$ (1.13)	\$23.16	\$23.24	4.40%	\$ 20,845	0.50% ⁽⁴⁾⁽⁶⁾	5.80% ⁽⁴⁾⁽⁶⁾	—%	
2013 [^] .	\$20.00	\$ 0.41	\$ 3.95	\$ 4.36	\$ (0.48)	\$ (0.58)	\$ —	\$ (1.06)	\$23.30	\$23.19	21.93%	\$ 1,165	0.50% ⁽⁴⁾⁽⁶⁾	2.07% ⁽⁴⁾⁽⁶⁾	42%	

Amounts designated as “—” are \$0 or have been rounded to \$0.

* Per share data calculated using average shares method.

† Formerly, Sustainable North American Oil Sands ETF.

‡ For the period May 1, 2013 to December 31, 2013. Effective October 15, 2013, the YieldShares High Income ETF changed its fiscal year end to December 31. (See Note 1 in Notes to Financial Statements).

[^] For the period June 11, 2012 (commencement of operations) to April 30, 2013.

⁽¹⁾ Total return is based on the change in net asset value of a share during the year or period and assumes reinvestment of dividends and distributions at net asset value. Total return is for the period indicated and periods of less than one year have not been annualized. The return shown does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

⁽²⁾ Effective June 21, 2013, the Fund changed its name, underlying index and investment objective. The Fund's past performance is not necessarily indicative of how the Fund will perform in the future. (See Note 1 in Notes to Financial Statements).

⁽³⁾ Portfolio turnover rate is for the period indicated and periods of less than one year have not been annualized. Excludes effect of in-kind transfers.

⁽⁴⁾ These ratios exclude the impact of expenses of the underlying security holdings as represented in the Schedule of Investments. Recognition of net investment income by the Fund is affected by the timing of the declaration of dividends by the underlying closed-end investment companies in which the Fund invests.

⁽⁵⁾ Realized and unrealized gains and losses 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 gains and losses in the Statement of Operations due to share transactions for the period.

⁽⁶⁾ Annualized.

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

YieldShares

High Income ETF

Notes to Financial Statements

December 31, 2017

1. ORGANIZATION

Exchange Traded Concepts Trust (the “Trust”), is a Delaware statutory trust formed on July 17, 2009 and amended July 20, 2011. The Trust is registered with the Securities and Exchange Commission (the “Commission”) under the Investment Company Act of 1940 (the “1940 Act”), as amended, as an open-end management investment company consisting of multiple investment portfolios. The financial statements herein are those of the YieldShares High Income ETF (the “Fund”). The Fund seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of the ISE High Income™ Index (the “Index”). Prior to June 21, 2013, the Fund was known as the Sustainable North American Oil Sands ETF and effective June 21, 2013, the Fund changed its name, underlying index and investment objective. Prior to June 21, 2013 the Fund sought to provide investment results that, before fees and expenses, corresponded generally to the prime and yield performance of the Sustainable North American Oil Sands Index®. Effective October 15, 2013, the Fund changed its fiscal year end to December 31. The previous fiscal year end was April 30. The Fund is classified as a “diversified” fund under the 1940 Act. Exchange Traded Concepts, LLC (the “Adviser”) serves as the investment adviser for the Fund. Vident Investment Advisory, LLC (“Vident”) and Amplify Investments LLC (“Amplify”) (the “Sub-Adviser” and collectively the “Sub-Advisers”) serve as sub-advisers to the Fund.

Shares of the Fund are listed and traded on the NYSE Arca, Inc. Market prices for the Shares may be different from their net asset value (“NAV”). The Fund will issue and redeem Shares on a continuous basis at NAV only in large blocks of Shares, typically 50,000 Shares, called “Creation Units”. Creation Units will be issued and redeemed principally in-kind for securities included in a specified universe. Once created, Shares will trade in a secondary market at market prices that change throughout the day in share amounts less than a Creation Unit.

2. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies, which are consistently followed in the preparation of the financial statements of the Trust, are in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for investment companies. The accompanying financial statements have been prepared in accordance with U.S. GAAP on the accrual basis of accounting. Management has reviewed Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, Financial Services – Investment Companies ASC (“ASC 946”), and concluded that the Fund meets criteria of an “investment company,” and therefore, the Fund prepares its financial statements in accordance with investment company accounting as outlined in ASC 946.

Use of Estimates and Indemnifications — 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 and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

In the normal course of business, the Trust, on behalf of the Fund, enters into contracts that contain a variety of representations which provide general indemnifications. The Fund’s maximum exposure under these arrangements cannot be known; however, the Fund expects any risk of loss to be remote.

YieldShares

High Income ETF

Notes to Financial Statements

December 31, 2017 (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Security Valuation — Securities listed on a securities exchange, market or automated quotation system for which quotations are readily available (except for securities traded on NASDAQ), including securities traded over the counter, are valued at the last quoted sale price on the primary exchange or market (foreign or domestic) on which they are traded (or at approximately 4:00 pm Eastern Time if a security's primary exchange is normally open at that time), or, if there is no such reported sale, at the most recent quoted bid for long positions and the most recent ask price for short positions. For securities traded on NASDAQ, the NASDAQ Official Closing Price will be used. Prices for most securities held in the Fund are provided daily by recognized independent pricing agents. If a security price cannot be obtained from an independent, third-party pricing agent, the Fund seeks to obtain a bid price from at least one independent broker. Securities for which market prices are not "readily available" are valued in accordance with Fair Value Procedures established by the Board. The Fund's Fair Value Procedures are implemented through a Fair Value Committee (the "Committee") designated by the Board. Some of the more common reasons that may necessitate that a security be valued using Fair Value Procedures include: the security's trading has been halted or suspended; the security has been de-listed from a national exchange; the security's primary trading market is temporarily closed at a time when under normal conditions it would be open; the security has not been traded for an extended period of time; the security's primary pricing source is not able or willing to provide a price; or trading of the security is subject to local government-imposed restrictions. In addition, the Fund may fair value its securities if an event that may materially affect the value of the Fund's securities that traded outside of the United States (a "Significant Event") has occurred between the time of the security's last close and the time that the Fund calculates its net asset value. A Significant Event may relate to a single issuer or to an entire market sector. Events that may be Significant Events include: government actions, natural disasters, armed conflict, acts of terrorism and significant market fluctuations. If the Adviser becomes aware of a Significant Event that has occurred with respect to a security or group of securities after the closing of the exchange or market on which the security or securities principally trade, but before the time at which the Fund calculates its net asset value, it may request that a Committee meeting be called. When a security is valued in accordance with the Fair Value Procedures, the Committee will determine the value after taking into consideration relevant information reasonably available to the Committee.

In accordance with the authoritative guidance on fair value measurements and disclosure under U.S. GAAP, the Fund discloses fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the Fund has the ability to access at the measurement date;
- Level 2 – Quoted prices which are not active, or inputs that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and
- Level 3 – Prices, inputs or exotic modeling techniques which are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The valuation techniques used by the Fund to measure fair value for the year ended December 31, 2017 maximized the use of observable inputs and minimized the use of unobservable inputs.

YieldShares

High Income ETF

Notes to Financial Statements

December 31, 2017 (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

For the year ended December 31, 2017, there have been no significant changes to the Fund's fair valuation methodologies. It is the Fund's policy to recognize transfers into or out of all levels at the end of the reporting period.

Federal Income Taxes — It is the Fund's intention to qualify as a regulated investment company for Federal income tax purposes by complying with the appropriate provisions of Subchapter M of the Internal Revenue Code of 1986, as amended. Accordingly, no provisions for Federal income taxes have been made in the financial statements. The Fund's policy is to classify interest and penalties associated with underpayment of federal and state income taxes, if any, as income tax expense on its Statement of Operations. As of December 31, 2017, the Fund did not have any interest or penalties associated with the underpayment of any income taxes. All tax years since inception remain open and subject to examination by tax jurisdictions. The Fund has reviewed all major jurisdictions and concluded that there is no impact on the Fund's net assets and no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on its tax returns.

Security Transactions and Investment Income — Security transactions are accounted for on trade date. Costs used in determining realized gains and losses on the sale of investment securities are based on specific identification. Dividend income is recorded on the ex-dividend date. Interest income is recognized on the accrual basis. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

Dividends and Distributions to Shareholders — The Fund distributes substantially all of its net investment income monthly. Any net realized capital gains are distributed at least annually. All distributions are recorded on the ex-dividend date.

Creation Units — The Fund issues and redeems shares ("Shares") at NAV and only in large blocks of Shares (each block of Shares for a Fund is called a "Creation Unit" or multiples thereof). Purchasers of Creation Units ("Authorized Participants") at NAV must pay a standard creation transaction fee of \$500 per transaction. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. An Authorized Participant who holds Creation Units and wishes to redeem at NAV would also pay a standard Redemption Fee of \$500 per transaction to the custodian on the date of such redemption, regardless of the number of Creation Units redeemed that day. In addition to the fixed creation or redemption transaction fee, an additional transaction fee of up to five times the fixed creation or redemption transaction fee may apply. The Adviser may retain all or a portion of the transaction fee to the extent the Adviser bears the expenses that otherwise would be borne by the Trust in connection with the purchase or redemption of a creation unit, which the transaction fee is designed to cover.

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 ("DTC") participant and, in each case, must have executed an Authorized Participant Agreement with the Fund's distributor. Most retail investors will not qualify as Authorized Participants or have the resources to buy and sell whole Creation Units. Therefore, they will be unable to purchase or redeem the Shares directly from the Fund. Rather, most retail investors will purchase Shares in the secondary market with the assistance of a broker and will be subject to customary brokerage commissions or fees.

YieldShares

High Income ETF

Notes to Financial Statements

December 31, 2017 (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (concluded)

If a Creation Unit is purchased or redeemed for cash, a higher Transaction Fee will be charged. The following table discloses Creation Unit breakdown as of December 31, 2017:

	Creation Unit Shares	Transaction Fee	Value	Redemption Fee
YieldShares High Income ETF	50,000	\$ 500	\$ 974,500	\$ 500

To the extent the Fund permits the contribution of securities in exchange for the purchase of shares (“contribution in-kind”), shares may be issued in advance of receipt by the Fund at all or a portion of the applicable deposit securities. In these circumstances, the Fund may require the Authorized Participant to maintain with the Trust an amount of 115% of the daily mark-to-market of the missing deposit securities. Amounts are disclosed as Segregated Cash Balance with Authorized Participants for Deposit Security and Collateral Payable upon Return of Deposit Securities on the Statement of Assets and Liabilities, when applicable.

Other — The Fund holds certain investments which pay dividends to their shareholders based upon available funds from operations. It is possible for these dividends to exceed the underlying investments’ taxable earnings and profits resulting in the excess portion of such dividends being designated as a return of capital. Distributions received from investments in securities that represent a return of capital or capital gains are recorded as a reduction of the cost of investments or as a realized gain, respectively.

3. AGREEMENTS

Investment Advisory Agreement

Exchange Traded Concepts, LLC, or the Adviser, is an Oklahoma limited liability company located at 10900 Hefner Pointe Drive, Suite 207, Oklahoma City, Oklahoma 73120. The Adviser serves as investment adviser to the Trust, including the Fund, pursuant to an investment advisory agreement (“Advisory Agreement”). Under the Advisory Agreement, the Adviser provides investment advice to the Fund primarily in the form of oversight of the Sub-Advisers, including daily monitoring of the purchase and sale of securities by Vident and regular review of the Sub-Advisers’ performance. The Adviser also arranges for transfer agency, custody, fund administration and accounting, and other non-distribution related services necessary for the Fund to operate. The Adviser administers the Fund’s business affairs, provides office facilities and equipment and certain clerical, bookkeeping and administrative services, and provides its officers and employees to serve as officers or Trustees of the Trust.

For the services it provides to the Fund, the Fund pays the Adviser a fee, which is calculated daily and paid monthly, at an annual rate of 0.50% on the average daily net assets of the Fund. Under the Advisory Agreement, the Adviser has agreed to pay all expenses incurred by the Fund except for the advisory fee, interest, 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 fees and expenses paid by the Trust under any distribution plan adopted pursuant to Rule 12b-1 under the 1940 Act (the “Excluded Expenses”).

Certain officers or interested trustees of the Trust are also officers or employees of the Adviser or its affiliates. They receive no fees for serving as officers of the Trust.

The Adviser has entered into a sub-license agreement, marketing support, and expense reimbursement agreement (the “Sub-License Agreement”) with YieldShares LLC (the “Sponsor”). Under the Sub-License Agreement, the Sponsor has agreed to Sub-License the use of the Index to the Adviser.

YieldShares

High Income ETF

Notes to Financial Statements

December 31, 2017 (Continued)

3. AGREEMENTS (concluded)

Sub-Advisory Agreements

Vident Investment Advisory, LLC is a Delaware limited liability company located at 300 Colonial Center Parkway, Suite 330, Roswell, Georgia 30076. Vident is responsible for trading portfolio securities on behalf of the Fund, including selecting broker-dealers to execute purchase and sale transactions as instructed by the Adviser or in connection with any rebalancing or reconstitution of the Index, subject to the supervision of the Adviser and the Board. Under a sub-advisory agreement, the Adviser pays Vident a fee calculated daily and paid monthly, at an annual rate of 0.03% on the average daily net assets of the Fund, subject to a \$20,000 minimum fee.

The Adviser has entered into a sub-advisory agreement with Amplify Investments, LLC. Amplify is a Delaware limited liability company located at 3250 Lacey Road, Suite 130, Downers Grove, Illinois 60515. Pursuant to the terms of a sub-advisory agreement between the Adviser and Amplify, other than certain functions delegated to Vident, Amplify is responsible for the day-to-day management of the Fund, may make investment decisions for the Fund as determined necessary by Amplify, and continuously reviews, supervises and administers the investment program of the Fund, subject to the supervision of the Adviser and the Board. Under the sub-advisory agreement, Amplify has agreed to assume the Adviser's responsibility to pay, or cause to be paid, all expenses of the Fund, except Excluded Expenses. Amplify receives a fee from the Adviser, calculated daily and paid monthly, at the following annual rates expressed as a percentage of the average daily net assets of the Fund: 0.38% on the first \$50 million, 0.39% on the next \$200 million, and 0.41% above \$250 million.

Distribution Agreement

SEI Investments Distribution Co. (the "Distributor") serves as the Fund's underwriter and distributor of Shares pursuant to a Distribution Agreement. Under the Distribution Agreement, the Distributor, as agent, receives orders to purchase shares in Creation Units and transmits such orders to the Trust's custodian and transfer agent.

The Distributor has no obligation to sell any specific quantity of Fund shares. The Distributor bears the following costs and expenses relating to the distribution of shares: (i) the expenses of maintaining its registration or qualification as a dealer or broker under federal or state laws; (ii) filing fees; and (iii) all other expenses incurred in connection with the distribution services, that are not reimbursed by the Adviser, as contemplated in the Distribution Agreement. The Distributor does not maintain any secondary market in Fund Shares.

The Trust has adopted a Distribution and Service Plan (the "Plan") for the Fund pursuant to Rule 12b-1 under the 1940 Act. In accordance with the Plan, the Fund is authorized to pay an amount up to 0.25% of its average net assets each year for certain distribution-related activities. For the year ended December 31, 2017 and the year ended December 31, 2016 no fees were charged by the Distributor under the Plan and the Plan will only be implemented with approval of the Board.

Administrator, Custodian and Transfer Agent

SEI Investments Global Funds Services (the "Administrator") serves as the Fund's Administrator pursuant to an Administration Agreement. Brown Brothers Harriman & Co. (the "Custodian" and "Transfer Agent") serves as the Fund's Custodian and Transfer Agent pursuant to a Custodian Agreement and Transfer Agency Services Agreement. The Adviser of the Fund pays these fees.

Certain officers of the Trust may also be employees of the Administrator or its affiliates. They receive no fees for serving as officers of the Trust.

YieldShares High Income ETF

Notes to Financial Statements

December 31, 2017 (Continued)

4. INVESTMENT TRANSACTIONS

For the year ended December 31, 2017, the purchases and sales of investments in securities, excluding in-kind transactions, long-term U.S. Government and short-term securities were:

	Purchases	Sales and Maturities
YieldShares High Income ETF	\$ 59,717,235	\$ 63,605,755

There were no purchases or sales of long-term U.S. Government securities by the Fund.

For the year ended December 31, 2017, in-kind transactions associated with creations and redemptions were:

	Purchases	Sales	Realized Gain (Loss)
YieldShares High Income ETF	\$ 101,658,232	\$ 5,818,707	\$ 636,323

5. TAX INFORMATION

The amount and character of income and capital gain distributions to be paid, if any, are determined in accordance with Federal income tax regulations, which may differ from U.S. GAAP. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. These book/tax differences may be temporary or permanent. To the extent these differences are permanent in nature, they are charged or credited to undistributed net investment income (loss), accumulated net realized gain (loss) or paid-in capital, as appropriate, in the period that the differences arise.

The following permanent differences relating to reallocation of dividend income from redemption in-kind transactions have been reclassified to/from the following accounts during the year ended December 31, 2017.

Accumulated Net Realized Gain	Paid-in-Capital
\$ (628,243)	\$ 628,243

The reclassifications have no impact on net asset value per share.

The tax character of dividends and distributions declared during the year ended December 31, 2017 and ended December 31, 2016:

YieldShares High Income ETF	Ordinary Income	Return of Capital	Totals
2017	\$ 10,921,035	\$ 3,501,965	\$ 14,423,000
2016	6,268,885	3,683,115	9,952,000

YieldShares
High Income ETF
Notes to Financial Statements
December 31, 2017 (Continued)

5. TAX INFORMATION (concluded)

As of December 31, 2017, the components of Accumulated Losses on a tax basis were as follows:

	YieldShares High Income ETF
Capital Loss Carryforward	\$ (9,591,013)
Unrealized Appreciation	6,223,966
Total Accumulated Losses	\$ (3,367,047)

The Fund is permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital losses that are carried forward retain their character as either short-term or long-term capital losses rather than being considered all short-term as under previous law. Losses carried forward under these provisions are as follows:

	Non-Expiring Short-Term	Non-Expiring Long-Term	Total Non-Expiring Capital Loss Carryforwards
YieldShares High Income ETF	\$ 2,303,338	\$ 7,287,675	\$ 9,591,013

The Federal tax cost and aggregate gross unrealized appreciation and depreciation on investments held by the Fund at December 31, 2017, were as follows:

	Federal Tax Cost	Aggregated Gross Unrealized Appreciation	Aggregated Gross Unrealized Depreciation	Net Unrealized Appreciation
YieldShares High Income ETF	\$213,253,261	\$ 7,540,267	\$ (1,316,301)	\$ 6,223,966

6. RISKS OF INVESTING IN THE FUND

As with all exchange traded funds (“ETFs”), a shareholder of the Fund is subject to the risk that his or her investment could lose money. The Fund is subject to the principal risks noted below, any of which may adversely affect the Fund’s NAV, trading price, yield, total return and ability to meet its investment objective. A more complete description of principal risks is included in the prospectus under the heading “Principal Risks”.

The Fund will normally invest at least 80% of its total assets in securities of the Index. Because the Index is comprised of securities issued by other investment companies (as opposed to operating companies), the Fund operates in a manner that is commonly referred to as a “fund of funds,” meaning that it invests its assets in shares of funds included in the Index. The Index seeks to measure the performance of the top 30 U.S. exchange-listed closed-end funds (the “Underlying Funds”), as selected and ranked according to factors employed by the Index methodology that are designed to result in a portfolio that produces high current income.

YieldShares

High Income ETF

Notes to Financial Statements

December 31, 2017 (Continued)

6. RISKS OF INVESTING IN THE FUND (concluded)

Concentration Risk

Because the Fund's assets will be concentrated in an industry or group of industries to the extent that the Index concentrates in a particular industry or group of industries, the Fund is subject to loss due to adverse occurrences that may affect that industry or group of industries.

Fund of Funds Risk

Because the Fund is a fund of funds, its investment performance largely depends on the investment performance of the Underlying Funds in which it invests. An investment in the Fund is subject to the risks associated with the Underlying Funds that comprise the Index. The Fund will pay indirectly a proportional share of the fees and expenses of the Underlying Funds in which it invests, including their investment advisory and administration fees, in addition to its own fees and expenses. In addition, at times certain segments of the market represented by constituent Underlying Funds may be out of favor and underperform other segments.

Leverage Risk

Leverage may result from ordinary borrowings, or may be inherent in the structure of certain Underlying Fund investments such as derivatives. If the prices of those investments decrease, or if the cost of borrowing exceeds any increase in the prices of those investments, the NAV of the Underlying Fund's shares will decrease faster than if the Underlying Fund had not used leverage. To repay borrowings, an Underlying Fund may have to sell investments at a time and at a price that is unfavorable to the Underlying Fund. Interest on borrowings is an expense the Underlying Fund would not otherwise incur. Leverage magnifies the potential for gain and the risk of loss. If an Underlying Fund uses leverage, there can be no assurance that the Underlying Fund's leverage strategy will be successful.

Risk of Market Price Discount from/Premium to Net Asset Value

The shares of the Underlying Funds may trade at a discount or premium to their NAV. This characteristic is a risk separate and distinct from the risk that an Underlying Fund's NAV could decrease as a result of investment activities. Whether investors, such as the Fund, will realize gains or losses upon the sale of shares will depend not on the Underlying Funds' NAVs, but entirely upon whether the market price of the Underlying Funds' shares at the time of sale is above or below an investor's purchase price for shares.

7. OTHER

At December 31, 2017, the records of the Trust reflected that 100% of the Fund's total Shares outstanding were held by seven Authorized Participants, in the form of Creation Units. However, the individual shares comprising such Creation Units are listed and traded on the NYSE Arca, Inc. and have been purchased and sold by persons other than Authorized Participants.

8. REGULATORY MATTERS

In October 2016, the U.S. Securities and Exchange Commission adopted new rules and amended existing rules (together, final rules) intended to modernize the reporting and disclosure of information by registered investment companies. In part, the final rules amended Regulation S-X and require standardized, enhanced disclosures about derivatives in investment company financial statements, as well as other amendments. As of August 1, 2017, management has implemented the amendments to Regulation S-X, which did not have a material impact on the Fund's financial statements and related disclosures or impact the Fund's net assets or results of operations.

YieldShares
High Income ETF
Notes to Financial Statements
December 31, 2017 (Concluded)

9. SUBSEQUENT EVENTS

The Fund has evaluated the need for additional disclosures and/or adjustments resulting from subsequent events through the date the financial statements were issued. Based on this evaluation, the Fund has determined that no adjustments were required to the financial statements.

YieldShares
High Income ETF
Report of Independent Registered Public Accounting Firm
December 31, 2017

To the Shareholders of YieldShares High Income ETF and
Board of Trustees of Exchange Traded Concepts Trust

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of YieldShares High Income ETF (the "Fund"), a series of Exchange Traded Concepts Trust, as of December 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, including the related notes, and the financial highlights for each of the six periods in the period then ended (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 December 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 six periods in the period then ended, 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 audits. 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 audits 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 audits include 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 include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and confirmation of securities owned as of December 31, 2017, by correspondence with the custodian and brokers, or by other appropriate auditing procedures where replies from brokers were not received. Our audits 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 audits provide a reasonable basis for our opinion.

We have served as the Fund's auditor since 2013.

Cohen + Company

COHEN & COMPANY, LTD.
Cleveland, Ohio
March 1, 2018

YieldShares

High Income ETF

Trustees and Officers of the Trust

December 31, 2017 (Unaudited)

The following chart lists Trustees and Officers as of December 31, 2017.

Set forth below are the names, years of birth, addresses, position with the Fund, term of office and length of time served, the principal occupations during the past five years, number of portfolios in fund complex overseen by the trustees, and other directorships outside the fund complex of each of the persons currently serving as Trustees and Officers of the Fund. The Fund's Statement of Additional Information ("SAI") includes additional information about the Trustees and Officers. The SAI may be obtained without charge by calling 1-855-796-3863.

Name, Address, and Year of Birth	Position(s) Held with the Trust	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen By Trustee	Other Directorships held by Trustee
Interested Trustee					
J. Garrett Stevens c/o Exchange Traded Concepts Trust 10900 Hefner Pointe Drive, Suite 207 Oklahoma City, OK 73120 (1981)	Trustee and President	Trustee (Since 2009); President (Since 2011)	T.S. Phillips Investments, Inc., 2000 to present – Investment Advisor/Vice President; Exchange Traded Concepts Trust 2009 to 2011 – Chief Executive Officer and Secretary; 2011 - present – President; Exchange Traded Concepts, LLC 2009 to Present – Chief Executive Officer; Exchange Listed Funds Trust 2012 to present - President	11	ETF Series Solutions (2012 – 2014) – Trustee
Independent Trustees					
Timothy J. Jacoby c/o Exchange Traded Concepts Trust 10900 Hefner Pointe Drive, Suite 207 Oklahoma City, OK 73120 (1952)	Trustee	Since 2014	Deloitte & Touche LLP 2000-2014 - Partner.	16	Exchange Listed Funds Trust (5) – Trustee ; Source ETF Trust (2014 – 2015) – Trustee Edward Jones Money Market Fund (2017 – Present) – Trustee

YieldShares High Income ETF

Trustees and Officers of the Trust

December 31, 2017 (Unaudited) (Continued)

Name, Address, and Year of Birth	Position(s) Held with the Trust	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen By Trustee	Other Directorships held by Trustee
Independent Trustees (continued)					
David M. Mahle c/o Exchange Traded Concepts Trust 10900 Hefner Pointe Drive, Suite 207 Oklahoma City, OK 73120 (1944)	Trustee	Since 2011	Jones Day 2012 to Present – Consultant; Jones Day 2008 to 2011 – Of Counsel; Jones Day 1988 to 2008 - Partner	16	Exchange Listed Funds Trust (5) – Trustee; Source ETF Trust (2014 – 2015) – Trustee
Kurt Wolfgruber c/o Exchange Traded Concepts Trust 10900 Hefner Pointe Drive, Suite 207 Oklahoma City, OK 73120 (1950)	Trustee	Since 2012	Amherst Asset Management, 2010-present Independent Advisor; Oppenheimer Funds Inc. 2007 to 2009 - President	16	New Mountain Finance Corp. – Director; Exchange Listed Funds Trust (5) – Trustee; Source ETF Trust (2014 – 2015) – Trustee
Mark Zurack c/o Exchange Traded Concepts Trust 10900 Hefner Pointe Drive, Suite 207 Oklahoma City, OK 73120 (1957)	Trustee	Since 2011	Columbia Business School 2002 to Present - Professor	11	AQR Funds (46) – Trustee; Source ETF Trust (2014 – 2015) – Trustee

YieldShares

High Income ETF

Trustees and Officers of the Trust

December 31, 2017 (Unaudited) (Concluded)

Name, Address, and Year of Birth	Position(s) Held with the Trust	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Other Directorships Held
Officers				
J. Garrett Stevens c/o Exchange Traded Concepts Trust 10900 Hefner Pointe Drive, Suite 207 Oklahoma City, OK 73120 (1981)	Trustee and President	Trustee (Since 2009); President (Since 2011)	T.S. Phillips Investments, Inc., 2004-Present; 2000 to 2011 – Investment Advisor/Vice President; Exchange Traded Concepts Trust 2009 to 2011 – Chief Executive Officer and Secretary; 2011 - present – President Exchange Traded Concepts, LLC 2009 to Present – Chief Executive Officer; Exchange Listed Funds Trust II 2012 to present – President	ETF Series Solutions (2012 – 2014) – Trustee
Richard Hogan c/o Exchange Traded Concepts Trust 10900 Hefner Pointe Drive, Suite 207 Oklahoma City, OK 73120 (1963)	Treasurer and Secretary	Since 2011	Exchange Traded Concepts, LLC, 2011 to present – Director; Private Investor – 2003 to present; Exchange Traded Concepts Trust, 2011 to present – Secretary; Yorkville ETF Advisors, 2011 to 2016 – Managing Member	Board Member of Peconic Land Trust of Suffolk County, NY; Exchange Listed Funds Trust (5) - Trustee
James J. Baker Jr. (64 years old) c/o Exchange Traded Concepts Trust 10900 Hefner Pointe Drive, Suite 207 Oklahoma City, OK 73120 (1951)	Treasurer	Since 2015	Exchange Traded Concepts, LLC, 2011 to present – Managing Partner; Yorkville ETF Advisors, 2012 to 2016 – Managing Partner; Goldman Sachs, 2000 to 2011 – Vice President	None
Eric Kleinschmidt c/o SEI Investments Company One Freedom Valley Drive Oaks, PA 19456 (1968)	Assistant Treasurer	Since 2013	Director, Fund Accounting, SEI Investments Global Funds Services, 2004 to present, Manager, Fund Accounting 1999 to 2004.	None
LuAnne Garvey c/o Cipperman Compliance Services LLC 480 Swedesford Road, Suite 300 Wayne, PA 19087 (1959)	Chief Compliance Officer	Since 2015	Cipperman Compliance Services, LLC, 2014 to present – Compliance Director; Foreside Financial Group 2012 to 2013 – compliance Manager; BNY Mellon Distributors, 2010 to April 2012 – Compliance Manager.	None

⁽¹⁾ Each Trustee shall serve during the continued life of the Trust until he or she dies, resigns, is declared bankrupt or incompetent by a court of competent jurisdiction, or is removed.

YieldShares High Income ETF

Approval of Advisory & Sub-Advisory Agreements

December 31, 2017 (Unaudited)

At a meeting of the Board of Trustees (the “Board”) of Exchange Traded Concepts Trust (the “Trust”) held on February 28, 2017, the Board considered and approved the continuance of the following agreements (the “Agreements”) with respect to the YieldShares High Income ETF (the “Fund”):

- the investment advisory agreement between the Trust, on behalf of the Fund, and Exchange Traded Concepts, LLC (the “ETC”), pursuant to which ETC currently provides advisory services to the Fund; and
- the investment sub-advisory agreement between ETC and Vident Investment Advisory, LLC (the “Vident”), pursuant to which Vident currently provides sub-advisory services to the Fund.

Pursuant to Section 15 of the Investment Company Act of 1940 (the “1940 Act”), the continuance of the Agreements must be approved: (i) by the vote of the Trustees or by a vote of the shareholders of the Fund; and (ii) by the vote of a majority of the Trustees who are not parties to the Agreements or “interested persons” of any party thereto, as defined in the 1940 Act (the “Independent Trustees”), cast in person at a meeting called for the purpose of voting on such approval. In connection with its consideration of such approvals, the Board must request and evaluate, and ETC and Vident are required to furnish, such information as may be reasonably necessary to evaluate the terms of the Agreements. In addition, rules under the 1940 Act require an investment company to disclose in its shareholder reports the material factors and the conclusions with respect thereto that formed the basis for the board’s approval of an investment advisory agreement.

In considering whether to approve the continuance of the Agreements, the Board took into consideration (i) the nature, extent and quality of the services provided by ETC and Vident to the Fund; (ii) ETC and Vident’s cost and profits realized from providing such services, including any fall-out benefits enjoyed by ETC and Vident or their affiliates; (iii) comparative fee and expense data for the Fund; (iv) the extent to which the advisory fee for the Fund reflects economies of scale shared with Fund shareholders; and (v) other factors the Board deemed to be relevant. In their deliberations, the Board did not identify any single piece of information discussed below that was all-important, controlling or determinative of its decision.

In considering the nature, extent and quality of the services provided to the Fund, the Board considered ETC and Vident’s specific responsibilities in all aspects of day-to-day management of the Fund. The Board noted that ETC’s responsibilities include overseeing the activities of Vident and Amplify Investments LLC (“Amplify”), and monitoring compliance with various Fund policies and procedures and applicable securities regulations, while Vident’s responsibilities include trading portfolio securities and other investment instruments on behalf of the Fund and selecting broker-dealers to execute purchase and sale transactions, subject to the supervision of ETC and the Board. The Board considered the qualifications, experience and responsibilities of ETC and Vident’s investment personnel, the quality of ETC and Vident’s compliance infrastructure, and the determination of the Trust’s Chief Compliance Officer that ETC and Vident have appropriate compliance policies and procedures in place. The Board noted that it had reviewed ETC and Vident’s registration forms on Form ADV as well as ETC and Vident’s responses to a detailed series of questions, which included a description of ETC and Vident’s operations, service offerings, personnel, compliance program, risk management program, and financial condition. The Board considered ETC and Vident’s experience working with ETFs, including the Fund, other series of the Trust, and other ETFs managed by ETC and Vident outside of the Trust. The Board also considered other services provided to the Fund by ETC, such as arranging for transfer agency, custody, fund administration and accounting, and other non-distribution related services necessary for the Fund to operate, administering the Fund’s business affairs, providing office facilities and equipment and certain clerical, bookkeeping and administrative services, and providing its officers and employees to serve as officers or Trustees of the Trust.

YieldShares

High Income ETF

Approval of Advisory & Sub-Advisory Agreements

December 31, 2017 (Unaudited) (Concluded)

The Board was provided with reports regarding the past performance of the Fund. The Board noted that the index-based investment objective of the Fund made analysis of investment performance, in absolute terms, less of a priority for the Fund than that which normally attaches to the performance of actively managed funds. Instead, the Board focused on the extent to which the Fund achieved its investment objective as a passively managed fund. In that regard, the Board reviewed information regarding factors impacting the performance of the Fund, including the construction of its underlying index and the addition or deletion of securities from the underlying index. The Board reviewed information regarding the Fund's index tracking, discussing, as applicable, factors which contributed to the Fund's tracking error over certain periods of time. The Board considered ETC's oversight of Vident and Amplify and considered ETC's oversight of whether the Fund was exhibiting significant tracking error, as part of the Board's consideration of the nature, quality, and extent of ETC's services, as described above. The Board noted that the Fund had underperformed its underlying index over certain periods, but that such underperformance was to be expected as it generally was the result of costs incurred by the Fund that were not incurred by its underlying index. The Board also noted that the Fund's performance was nonetheless generally in line with that of its underlying index and determined that the underperformance therefore did not necessitate significant additional review. The Board further noted that it received regular reports from ETC and Vident regarding the Fund's performance at its quarterly meetings.

Based on the factors discussed above, as well as those discussed below, the Board concluded that it was satisfied with the nature, extent and quality of the services provided to the Fund by ETC and Vident.

The Board reviewed the advisory and sub-advisory fees paid to ETC and Vident for their services to the Fund under the Agreements and compared the fees to those paid by comparable funds. The Board noted that the Fund's advisory fee was consistent with the range of advisory fees paid by other peer funds and that the sub-advisory fee was consistent with the range of fees received by Vident for its service as Vident to other funds. The Board took into consideration that the advisory fee for the Fund is a "unified fee," meaning that the Fund pays no expenses other than certain expenses customarily excluded from unitary fee arrangements, such as brokerage commissions, taxes, and interest. The Board noted that ETC is responsible for compensating the Fund's other service providers and paying the Fund's other expenses out of its own fee and resources. The Board further noted that the sub-advisory fee has two components: 1) a basis point fee based on assets under management and 2) a minimum annual fee. The Board considered that the sub-advisory fee is paid by ETC, not the Fund, and that the fee reflects an arm's length negotiation between ETC and Vident. The Board further determined that the fee reflected an appropriate allocation of the advisory fee paid to ETC given the work performed by each firm. The Board considered the costs and expenses incurred by ETC and Vident in providing advisory and sub-advisory services, evaluated the compensation and benefits received by ETC and Vident from its relationship with the Fund, and reviewed profitability analyses from ETC and Vident with respect to the Fund. In light of this information, the Board concluded for the Fund that the advisory and sub-advisory fees appeared reasonable in light of the services rendered. In addition, the Board considered for the Fund whether economies of scale have been realized. The Board concluded that no significant economies of scale have been realized by the Fund and that the Board will have the opportunity to periodically reexamine whether such economies have been achieved.

No single factor was determinative of the Board's decision to approve the continuance of the Agreements on behalf of the Fund; rather, the Board based its determination on the total mix of information available to it. Based on a consideration of all the factors in their totality, the Board, including a majority of the Independent Trustees, determined that the Agreements, including the compensation payable thereunder, were fair and reasonable to the Fund. The Board, including a majority of the Independent Trustees, therefore determined that the approval of the continuance of the Agreements was in the best interests of the Fund and its shareholders.

YieldShares

High Income ETF

Disclosure of Fund Expenses

(Unaudited)

All ETFs have operating expenses. As a shareholder of the Fund you incur an advisory fee. In addition to the advisory fee, a shareholder may pay brokerage expenses, taxes, interest, litigation expenses, dividend expense on securities sold short, and other extraordinary expenses (including acquired fund fees and expenses), if any. It is important for you to understand the impact of these ongoing costs on your investment returns. Shareholders may incur brokerage commissions on their purchases and sales of Fund shares, which are not reflected in these examples.

The following examples use the expense ratio and are intended to help you understand the ongoing costs (in dollars) of investing in your Fund and to compare these costs with those of other funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period (July 1, 2017 to December 31, 2017).

The table below illustrates your Fund's costs in two ways:

Actual Fund Return. This section helps you to estimate the actual expenses after fee waivers that your Fund incurred over the period. The "Expenses Paid During Period" column shows the actual dollar expense cost incurred by a \$1,000 investment in the Fund, and the "Ending Account Value" number is derived from deducting that expense cost from the Fund's gross investment return.

You can use this information, together with the actual amount you invested in the Fund, to estimate the expenses you paid over that period. Simply divide your actual account value by \$1,000 to arrive at a ratio (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply that ratio by the number shown for your Fund under "Expenses Paid During Period."

Hypothetical 5% Return. This section helps you compare your Fund's costs with those of other funds. It assumes that the Fund had an annual 5% return before expenses during the year, but that the expense ratio (Column 3) for the period is unchanged. This example is useful in making comparisons because the Commission requires all funds to make this 5% calculation. You can assess your Fund's comparative cost by comparing the hypothetical result for your Fund in the "Expenses Paid During Period" column with those that appear in the same charts in the shareholder reports for other funds.

NOTE: Because the return is set at 5% for comparison purposes — NOT your Fund's actual return — the account values shown may not apply to your specific investment.

	Beginning Account Value 7/1/17	Ending Account Value 12/31/17	Annualized Expense Ratios	Expenses Paid During Period*
YieldShares High Income ETF				
Actual Fund Return	\$ 1,000.00	\$ 1,040.00	0.50%	\$2.57
Hypothetical 5% Return	\$ 1,000.00	\$ 1,022.68	0.50%	\$2.55

* Expenses are equal to the Fund's annualized expense ratio multiplied by the average account value over the period, multiplied 184/365 (to reflect the one-half period shown).

YieldShares

High Income ETF

Notice to Shareholders

(Unaudited)

For shareholders that do not have a December 31, 2017 tax year end, this notice is for informational purposes only. For shareholders with a December 31, 2017 tax year end, please consult your tax advisor as to the pertinence of this notice.

For the fiscal year ended December 31, 2017, the Fund is designating the following items with regard to distributions paid during the year.

	Return of Capital	Long Term Capital Gain Distribution	Ordinary Income Distribution	Total Distributions	Dividends Qualifying For Corporate Dividend Receivable Deduction ⁽¹⁾	Qualifying Dividend Income ⁽²⁾	U.S. Government Interest ⁽³⁾	Qualified Interest Income ⁽⁴⁾	Qualified Short-Term Capital Gain ⁽⁵⁾
YieldShares High Income ETF	24.28%	0.00%	75.72%	100.00%	12.77%	23.64%	0.00%	0.00%	0.00%

- ⁽¹⁾ Qualifying dividends represent dividends which qualify for the corporate dividends received deduction and is reflected as a percentage of ordinary income distributions (the total of short term capital gain and net investment income distributions).
- ⁽²⁾ The percentage in this column represents the amount of "Qualifying Dividend Income" as created by the Jobs and Growth Relief Reconciliation Act of 2003 and is reflected as a percentage of ordinary income distributions (the total of short term capital gain and net investment income distributions). It is the intention of the aforementioned fund to designate the maximum amount permitted by law.
- ⁽³⁾ "U.S. Government Interest" represents the amount of interest that was derived from direct U.S. Government obligations and distributed during the fiscal year. This amount is reflected as a percentage of ordinary income. Generally, interest from direct U.S. Government obligations is exempt from state income tax. However, for shareholders of the ETC Trust-YieldShares High Income ETF who are residents of California, Connecticut and New York, the statutory threshold requirements were not satisfied to permit exemption of these amounts from state income.
- ⁽⁴⁾ The percentage in this column represents the amount of "Qualifying Interest Income" as created by the American Jobs Creation Act of 2004 and is a percentage of net investment income that is exempt from U.S. withholding tax when paid for foreign investors.
- ⁽⁵⁾ The percentage in this column represents the amount of "Qualifying Short-Term Capital Gain" as created by the American Jobs Creation Act of 2004 and is reflected as a percentage of short-term capital gain distributions that is exempt from U.S. withholding tax when paid to foreign investors.

YieldShares

High Income ETF

Supplemental Information

(Unaudited)

Net asset value, or “NAV”, is the price per share at which the Fund issues and redeems shares. It is calculated in accordance with the standard formula for valuing mutual fund shares. The “Market Price” of the Fund generally is determined using the midpoint between the highest bid and the lowest offer on the stock exchange on which the Shares of the Fund are listed for trading, as of the time that the Fund’s NAV is calculated. The Fund’s Market Price may be at, above or below its NAV. The NAV of the Fund will fluctuate with changes in the market value of the Fund’s holdings. The Market Price of the Fund will fluctuate in accordance with changes in its NAV, as well as market supply and demand.

Premiums or discounts are the differences (expressed as a percentage) between the NAV and Market Price of the Fund on a given day, generally at the time NAV is calculated. A premium is the amount that the Fund is trading above the reported NAV, expressed as a percentage of the NAV. A discount is the amount that the Fund is trading below the reported NAV, expressed as a percentage of the NAV.

Further information regarding premiums and discounts is available on the Fund’s website at www.yieldshares.com.

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK



Exchange Traded Concepts

10900 Hefner Pointe Drive, Suite 207
Oklahoma City, OK 73120

Investment Adviser:

Exchange Traded Concepts, LLC
10900 Hefner Pointe Drive, Suite 207
Oklahoma City, OK 73120

Investment Sub-Advisers:

Vident Investment Advisory, LLC
300 Colonial Center Parkway, Suite 330
Roswell, GA 30076

Amplify Investments LLC
3250 Lacey Road, Suite 130
Downers Grove, IL 60515

Distributor:

SEI Investments Distribution Co.
One Freedom Valley Drive
Oaks, PA 19456

Administrator:

SEI Investments Global Funds Services
One Freedom Valley Drive
Oaks, PA 19456

Legal Counsel:

Morgan, Lewis & Bockius LLP
1111 Pennsylvania Avenue, NW
Washington, DC 20004

Independent Registered Public Accounting Firm:

Cohen & Company Ltd.
1350 Euclid Ave.
Suite 800
Cleveland, OH 44115

This information must be preceded or accompanied by a current prospectus for the Fund.