

INFORMATIONAL PACKET | SEPTEMBER 30, 2018

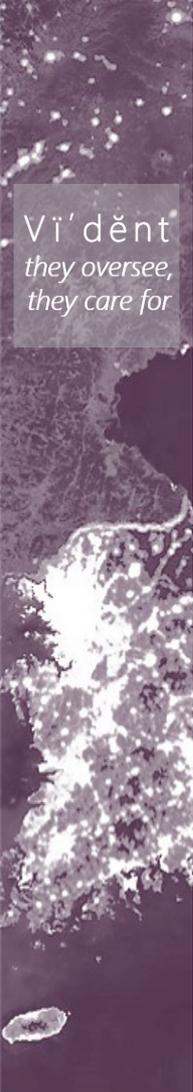


VIDENT

FINANCIAL

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Vident Core U.S. Bond Strategy Fund | VBND



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Apply time-tested principles to investment research

Identify sources of Total Return – Income and Capital appreciation – not just Yield

Allocate based on creditworthiness and valuation and not debt outstanding and prices

Establish rules-based processes—which may help limit “star manager” bias and emotional decision-making.

An investment decision-making framework that combines time-tested principles, rigorous global research, and an in-depth evaluation of risk dynamics.

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Principle of Applied Wisdom *How We Seek to Build a Resilient Investment Strategy*

- The world is uncertain but not chaotic.
- Reasonable decisions can reduce exposure to high-risk environments.
- Applying wisdom principles may not eliminate risk, but it can improve the chance of successful outcomes.

Principle of Human Productivity *How Wealth is Created*

- Productivity is the combination of human creativity and natural resources.
- Wealth is created as a result of human productivity.
- Companies with higher productivity levels (work environments with higher integrity, favorable demographics, etc.) — environments more conducive to human flourishing

Principle of Leadership & Governance *Where Wealth is Created*

- The manner in which leaders govern (governments, corporations, etc.) significantly influences the productivity of the people they lead.
- Environments with greater civil and economic freedom tend to provide more fertile ground for investment due to increased human productivity.

Principle of Inherent Value *How to Find Opportunities*

- Investors and markets are not always rational.
- Eagerness for gain, or fear of loss, can drive investors into bubbles and crashes.
- Opportunities or risks can be identified when a disciplined valuation process is used to determine the inherent value of an investment.

Principle of Uncertainty *Why We Plan, Save and Invest*

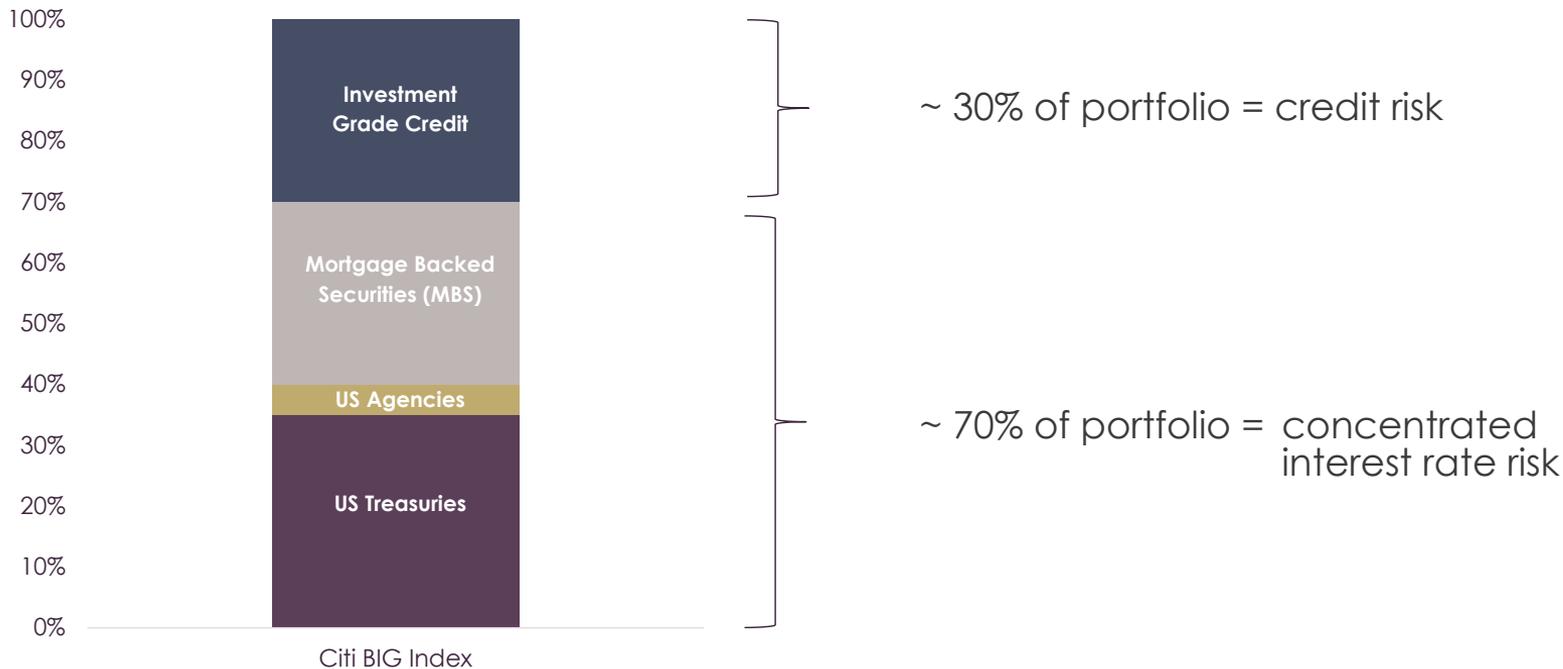
- The future is uncertain.
- Provision against uncertainty is a reason to plan, save and invest.
- Well-diversified solutions for long-term investment planning

Principle of Instability *How to Manage Risk*

- Markets and economies are not stable.
- Due to instability, provisions against uncertainty may fail.
- Risk needs to be managed through diversification and an appropriate allocation of wealth and risk.

RISK PROBLEM: COUNTERINTUITIVE RISK ALLOCATION

Recognizing unintended risks: As much as 70% of most major US bond benchmarks are composed of US Government-backed bonds¹ – leading to a high concentration of interest rate risk



¹The Citi US Broad Investment Grade Bond Index (USBIG) and the Barclays Aggregate Bond Index are the two most prominent fixed income strategies in the market — both of which have a 70% exposure to US Government-backed bonds, as sourced by Bloomberg. The Citi US BIG Index tracks the performance of US Dollar-denominated bonds issued in the US investment-grade bond market. More US BIG details available in index fact sheet.

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Re-allocating Risk Among Fixed Income Sectors

- Correlations among core bond sectors are high
- VUBDX seeks to improve diversification by weighting core sectors according to risk factors and integrating lower-correlated Treasury Inflation Protection Security (TIPS) and High Yield Corporate bonds according to macroeconomic and valuation inputs

Historical correlations from March 1997 to December 2017

	US Treasury	US Agency	MBS Agency	Investment Grade	High Yield	TIPS
US Treasury	1.00					
US Agency	0.96	1.00				
MBS Agency	0.83	0.88	1.0			
Investment Grade	0.62	0.70	0.65	1.00		
High Yield	-0.17	-0.03	0.02	0.51	1.00	
TIPS	0.68	0.70	0.64	0.71	0.25	1.0

Diversification¹ and inflation protection² {

¹Diversification – High Yield and TIPS sectors have correlations less than 1 with other sectors, which provide an opportunity for diversification

²Inflation Protection – TIPS can provide an inflation protection layer to the strategy given the US Treasury adjusts the principle amount for inflation

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Vident Core U.S. Bond Index was designed to address the following unintended and unmanaged risks of typical debt-weighted indices.

DISREGARD FOR PRINCIPLES-BASED RISKS

- Sector and issuer allocations, as well as bond allocations included in passive indices, are not evaluated for principles-based risks.

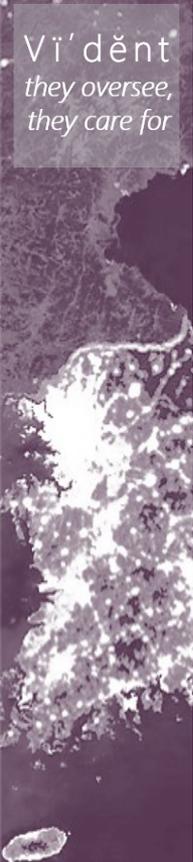
LACK OF VALUATION DISCIPLINE

- Debt-weighted indices emphasize issuers and issues that have most debt outstanding (and appreciated in price).
- Creditworthiness (ability to service debt and credit quality) are not taken into account.

MISSING LEADERSHIP GOVERNANCE & DISTRESS CRITERIA

- Debt-weighted indices can be influenced by weak credits with no consideration for likelihood of default.

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UNCERTAINTY AND INSTABILITY

Well diversified solutions for long-term investment planning



Diversified sector allocation broadens interest rate and credit risks and is systematically adjusted to help protect during flight to quality. Unlike traditional bond funds, issuer are not debt weighted but selected and weighted based on creditworthiness.

HUMAN PRODUCTIVITY

Investment is focused toward environments more conducive to human flourishing



Companies with highest financial distress are removed while companies with higher creditworthiness are selected.

LEADERSHIP AND GOVERNANCE

Capital is directed toward countries and companies with leadership & governance that allows it to be most productive



Companies with better leadership and governance and higher creditworthiness are included while the worst companies are eliminated.

VALUATION

A disciplined valuation methodology in order to avoid "chasing returns"



Sectors with attractive valuations are over weighted. Additionally, issues/companies with attractive valuations are also over weighted.

VBND seeks to track the performance of the Vident Core U.S. Bond Index (VUBDX)[™]. We believe this index applies time-tested investment principles and address the risks and opportunities of investing in all major US fixed income sectors. The index seeks to address deficiencies in the traditional debt-weighted bond indices and systematically allocate capital in credit sectors to capture returns and avoid risk in “fight-to-safety” environments.

STRATEGY OVERVIEW

IMPROVED BASELINE AND RISK CHARACTERISTICS

- Applying principle-based investing results in a portfolio with improved exposure to sectors with better capital appreciation, lower fundamental credit risk, and favored selection and weighting of creditworthy companies relative to a traditional cap-weighted international equity approach.

PRINCIPLES AT A REASONABLE PRICE

- The strategy incorporates relative valuation with regards to assessing and weighting sectors and issuers, tilting capital toward favorable sectors and companies with higher principles adherence.

SYSTEMATIC RISK MANAGEMENT

- Systematic allocations to sectors and companies based on creditworthiness seeks to avoid weaker credit sectors and companies in risk-off environment. Further, VUBDX reduces concentrated allocations of capital to mega-debt issuer companies by allocations driven by creditworthiness.

MAINTAIN RATE RISK

- Seeks to create a portfolio of similar duration with sectors, companies and bonds with higher relative quality, higher yield to worst at more favorable valuations.

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Principles are embedded at the sector-weight level and in corporate bond selection

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FTSE US BIG Index

US Treasury	38.5%
US Agency	1.6%
Supranational	1.6%
US MBS	26.1%
Asset-Backed	0.4%
US Invt Grade	27.4%
Non-US Sovereign	4.3%



VUBDX Universe

US Treasury	36.4%
US Agency	1.5%
US MBS	24.7%
US Invt Grade	25.9%

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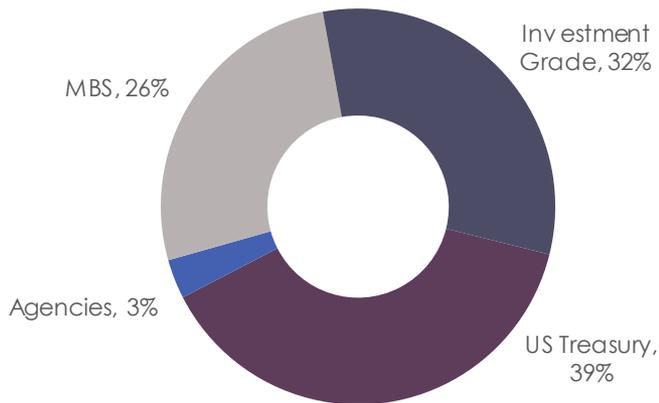
US High Yield	5.3%
US TIPS	6.2%

From the baseline, sector allocations are determined by relative valuations.

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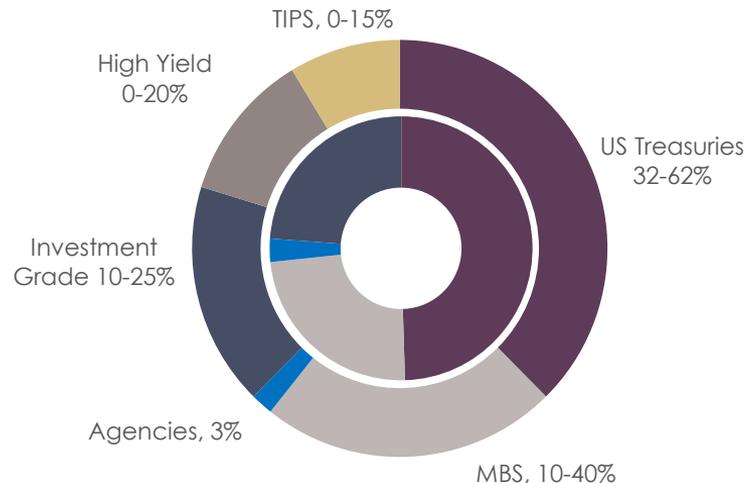
Debt-weighted Index:
Allocations increase/decrease based on debt outstanding

FTSE US BIG INDEX



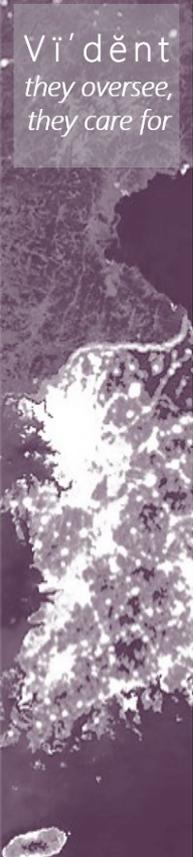
Vident Core US Bond Index:
Allocations increase/decrease based on principles/relative valuation

VUBDX ALLOCATION RANGES

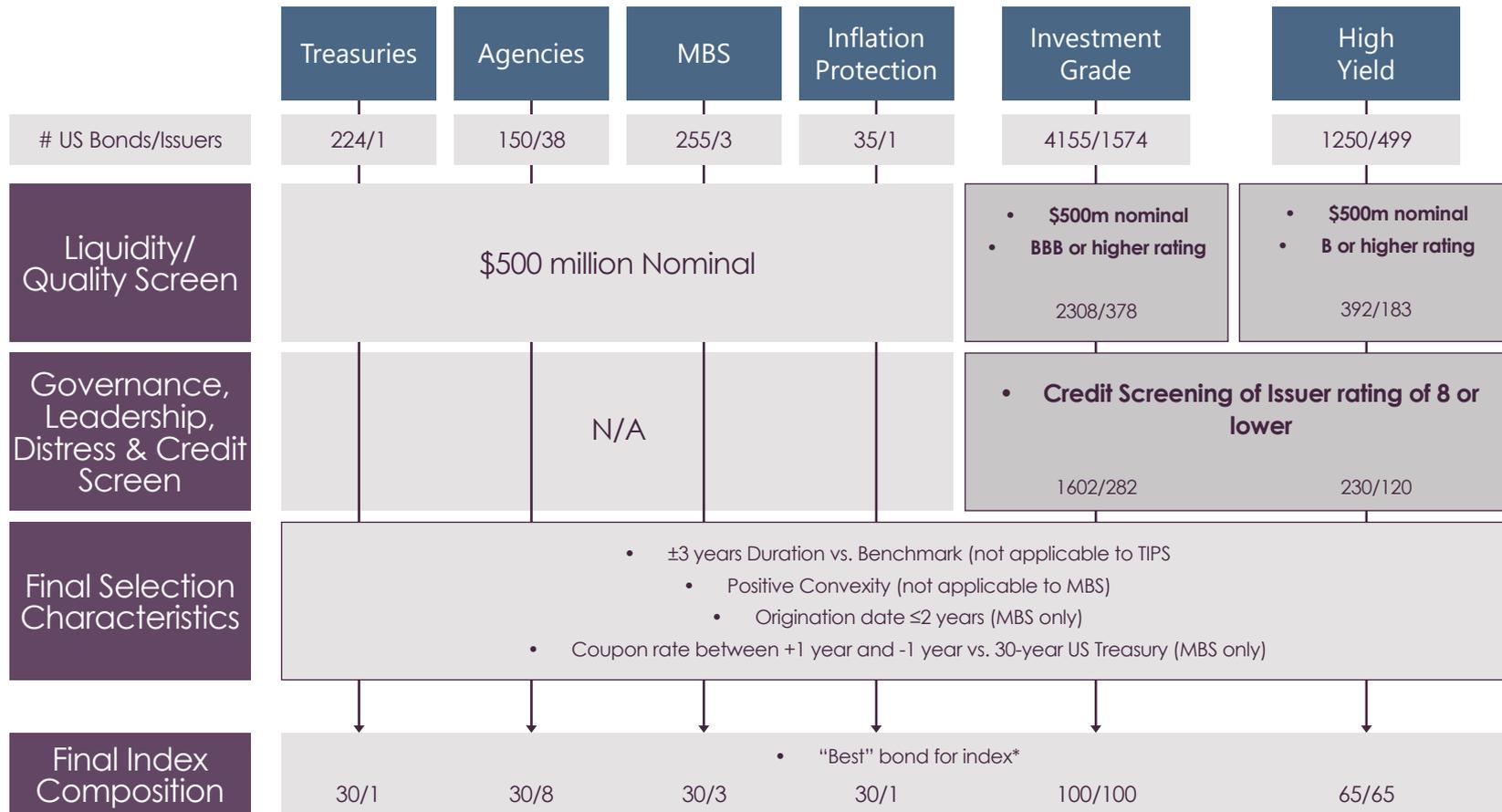


All data presented above as of 12/31/17. Description of right graphic: The inner circle represents the possible minimum allocation to US Treasuries, Investment Grade, and MBS (not represented at 0% are High Yield and TIPS). The outer circle represents the possible maximum allocations with all sectors represented.

VIDENT CORE US BOND INDEX ISSUE SELECTION

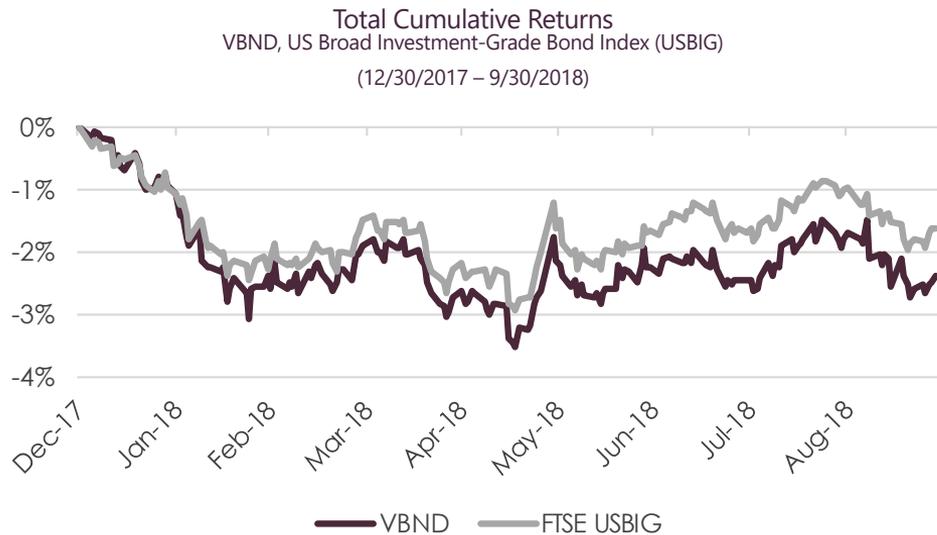


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*The data listed represents the number of US bonds / Issuers

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	QTD	YTD	1 Year	Since Inception 10/15/2014 (Ann.)
VBND Market	-0.14%	-2.38%	-2.61%	0.67%
VBND NAV	-0.10%	-2.13%	-2.44%	0.71%
FTSE US BIG	0.03%	-1.62%	-1.24%	1.27%

Returns as of 9/30/2018

Returns are average annualized total returns, except those for periods of less than one year, which are cumulative. Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. All performance figures are net of management fees. The Gross Expense ratio of VBND is 0.48%. The VBND inception date was 10/16/2014. Please see disclosure for further notes. Source data provided by US Bancorp.. Performance data current to the most recent month end may be obtained by calling 404.267.1501

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus and summary prospectus contains this and other important information about the investment company, and it may be obtained by calling 404.267.1501. Read it carefully before investing

It is not possible to invest directly in an Index. Past performance of an index is not an indication of future results. Prospective application of the index methodology for an index as well as revisions to economic data, where applicable, used to construct an index may not result in performance commensurate with the back-tested returns shown for the index. The back-tested period does not necessarily correspond to the entire available history of the index. As of October 1, 2014, Vident only has three indexes, the **Vident Core International Equity Index® (VIEQX)**, the **Vident Core US Stock Index™ (VCUSX)** and the **Vident Core US Bond Index™ (VUBDX)** (the "Vident Indexes"). All data described is reported using semiannual rebalancing and the assumed re-investment of dividends. Complete index methodology details for the Vident Indexes and other Vident Indices (if any), including the manner in which they are rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations, please visit www.videntfinancial.com.

Investing involves risk. Principal loss is possible. VBND has the same risks as the underlying securities traded on the exchange throughout the day. Redemptions are limited and often commissions are charged on each trade. VBND may invest in illiquid or thinly traded securities which involve additional risks such as limited liquidity and greater volatility. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. VBND may also invest in asset backed and mortgage backed securities which include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. The performance of the fund may diverge from that of the Index. Because the fund employs a representative sampling strategy and may also invest up to 20% of its assets in securities that are not included in the Index, it may experience tracking error to a greater extent than a fund that seeks to replicate an index. The fund is not actively managed and may be affected by a general decline in market segments related to the index. The fund invests in securities included in, or representative of securities included in, the index, regardless of their investment merits. ETFs may trade at a discount or premium to their NAV. Diversification does not assure a profit or protect against a loss in a declining market

Any charts and graphs are provided for illustrative purposes only. Past performance is no guarantee of future results. Charts and graphs reflect hypothetical historical performance. All information presented prior to an index's inception date is back-tested. Back-tested performance is not actual performance; instead, it is hypothetical performance. Back-tested performance calculations (if provided) are based on the same methodology that was in effect when the index was officially launched. Another limitation of back-tested hypothetical information is that generally the back-tested calculation is prepared with the benefit of hindsight. Back-tested data reflect the application of the index methodology and selection of index constituents in hindsight. No hypothetical record can completely account for the impact of financial risk on an actual product. For example, there are numerous factors related to the equities (or fixed income, or commodities) markets in general which cannot be, and have not been, accounted for in the preparation of the index information set forth, all of which can affect actual performance.

Index returns shown do not represent the results of actual trading of investable assets/securities. Vident maintains the Vident Index and other Vident Indices (if any) and calculates (either itself or through an Index Calculation Agent and/or another third party selected by Vident in its sole discretion from time to time) the index levels and performance shown or discussed, but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the index or investment funds that are intended to track the performance of the index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the index performance shown.

With the August 2017 acquisition of Citigroup Index LLC, including its Fixed Income business (now FTSE Fixed Income LLC), by the London Stock Exchange Group, FTSE Russell's existing portfolio of indexes now includes a complementary set of fixed income indexes. FTSE is a registered trademark and service mark of the London Stock Exchange Group. FTSE Fixed Income, LLC is the calculation agent for Vident Financial, LLC ("Vident") with respect to the Vident Core U.S. Bond Index ("Index"), the underlying index for the Vident Core U.S. Bond Strategy ETF ("Fund"). The Fund is not sponsored, endorsed, sold or promoted by Citigroup or any of its affiliates. Citigroup makes no representation or warranty, express or implied, to the owners or prospective owners of shares of the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly, or the ability of the Fund to track the price and yield performance of the Index or the ability of the Index to track general bond market performance. Citigroup has no obligation to take the needs of Vident or the owners or prospective owners of the Fund into consideration in calculating the Index. Citigroup is not responsible for and has not participated in the determination of the prices and amount of the shares to be issued by the Fund or the timing of the issuance or sale of the shares to be issued by the Fund or in the determination or calculation of the equation by which the shares to be issued by the Fund are to be converted into cash. Citigroup has no obligation or liability in connection with the administration, marketing or trading of the Fund.

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Duration is a measure of a bond's price sensitivity to changes in interest rates. Yield to worst is the lowest potential rate of return for a bond. Correlation is the measure of how two securities move in relation to each other. Sharpe ratio is a measure for calculating risk-adjusted return. A coupon rate is the yield paid by a fixed income security. Premium is bond that is trading above its par value, offering a coupon rate that is higher than normal interest rates.

The Barclays Aggregate Bond Index is a market capitalization-weighted index. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds, and a small amount of foreign bonds traded in U.S. Barclays Capital Aggregate Bond Index is a long term index.

The US Broad Investment-Grade Bond Index (USBIG) tracks the performance of US Dollar-denominated bonds issued in the US investment-grade bond market. Introduced in 1985, the index includes US Treasury, government-sponsored, collateralized, and corporate debt and provides a reliable representation of the US investment-grade bond market. All bonds in this index must be investment grade (rated at least BBB- or Baa3), have a maturity of at least one year, and a total value outstanding of at least \$200 million. 2IOPV Ticker is the indicative optimized portfolio value, or the intraday value of the underlying portfolio composition file (PCF) on a per-share basis. It is not possible to invest directly in an index.

The Vident Core U.S. Bond Fund ETF is distributed by Quasar Distributors, LLC. Vident Financial is the index provider of the fund. Exchange Traded Concepts, LLC (ETC) is the investment advisor of the fund and Vident Investment Advisory (VIA) is the sub-advisor of the fund. Quasar is not affiliated with Vident Financial, ETC or VIA.

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