

INFORMATIONAL PACKET | SEPTEMBER 30, 2018



VIDENT

FINANCIAL

vī'děnt' - they oversee, they care for...

Vident International Equity Fund | VIDI®

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Apply time-tested principles to investment research

Identify sources of wealth creation

Utilize time-tested principles as a lens for investment research and decision-making

Establish rules-based processes—which may help limit “stockpicker” 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 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 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.

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

- The future is uncertain.
- Provision against uncertainty is a reason to plan, save and invest.

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 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.



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UNCERTAINTY AND INSTABILITY

Well diversified solutions for long-term investment planning



Well diversified across developed and emerging economies, regions, countries, and stocks.

HUMAN PRODUCTIVITY

Investment is focused toward environments more conducive to human flourishing



The strategy favors countries with better demographics and higher productivity.

LEADERSHIP AND GOVERNANCE

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



The index favors countries with lower government debt, lower government spending, higher savings and better current account balances.

VALUATION

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



The index tilts capital toward countries at cheaper valuations and incorporates relative valuation in assessing and weighting companies within countries, seeking to acquire principles at favorable prices.

The Vident International Equity Fund® seeks to track the price and performance of the Vident Core International Equity Index*™ (VIEQX), which seeks to apply time-tested investment principles to address the risks and opportunities of investing in developed and emerging markets outside the United States.

STRATEGY OVERVIEW

IMPROVED GROWTH AND RISK CHARACTERISTICS

- Applying principle-based investing results in a portfolio with improved exposure to countries with faster economic growth potential, lower fundamental risk, and more favorable demographics relative to a traditional cap-weighted international equity approach.

PRINCIPLES AT A REASONABLE PRICE

- The index incorporates relative valuation in its assessment and weighting of companies and countries, tilting capital toward environments favorable to growth and with higher principles adherence.

DIVERSIFIED PORTFOLIO

- Allocations to countries, regions and currencies are more broadly diversified than in traditional capitalization-weighted solutions. Further, where cap-weighted portfolios concentrate capital in the largest mega-cap companies, VIEQX reduces this concentration and allocates capital more broadly.

COMBINED RISK PREMIA FACTORS

- Seek to result in a portfolio of companies with higher relative quality, positive momentum, and favorable valuations.

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The Vident Core International Equity Index seeks to assess and balance the investment opportunities of a country with the investment risks.

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- Are valuations attractive?**
- Company valuations
 - Changes in valuation

- How is the business environment evolving?**
- Taxes on trade
 - Ease of starting a business
 - Hiring regulations



- Is the country fiscally responsible?**
- Debt to gross domestic product (GDP)
 - Deficit to GDP
 - Savings to GDP
 - Investment to GDP
- Is the currency vulnerable?**
- Current account balance to GDP
 - Total reserves
- Is the economy diversified?**
- Sector diversification
 - Company diversification
- How productive are workers?**
- Human development index
 - Per capita GDP
- Are demographics favorable?**
- Age dependency ratio
 - Population growth rate

**50% Country Opportunities Score + 50% Country Resilience Score
= Country Principles Score**

An optimization process seeks to **maximize the Country Principles Scores in the portfolio** and builds a well-diversified portfolio across countries, regions and companies.

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The optimization process seeks to maximize the Country Principles Scores in the portfolio



The image above is illustrative and does not depict actual fund or index holdings. The size of the circles represents relative portfolio concentration of individual countries.

The Vident International Equity Index stock selection process seeks the following objectives:

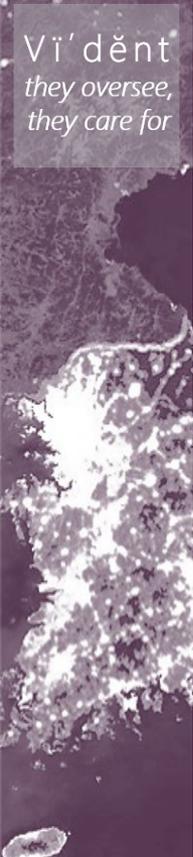
Directly embed principles at the stock selection level

- Inherent Value
- Leadership & Governance
- Uncertainty & Instability

- Allocate capital to **higher quality** companies at **better valuations**
- **Diversify risks** across stocks, sectors, countries and regions

- **Capital is utilized more efficiently** to potentially drive superior portfolio returns

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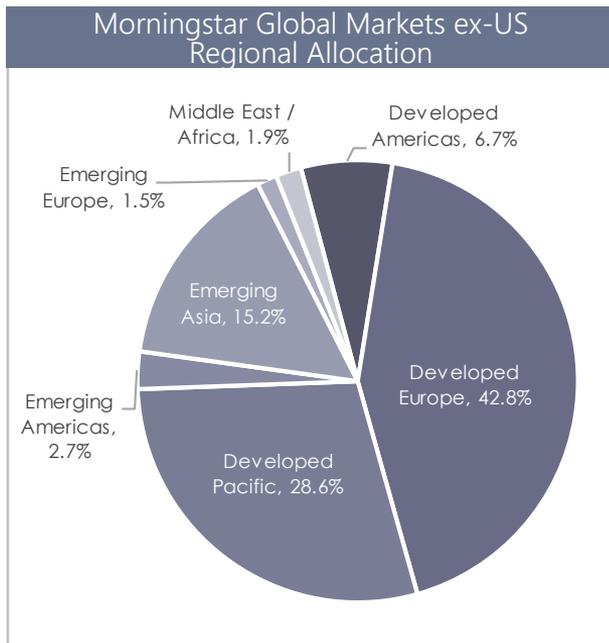
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INHERENT VALUE	LEADERSHIP & GOVERNANCE QUALITY	APPLIED WISDOM INSTABILITY & UNCERTAINTY
<p>How best to identify value in a stock?</p> <p>Measure value a variety of ways and combine:</p> <p>Compare:</p> <ul style="list-style-type: none"> Earnings, cash flows¹, dividends, sales - what shareholders hope to receive <p>...To:</p> <ul style="list-style-type: none"> Stock price, firm enterprise value² - the price investors must pay 	<p>What determines a well managed company worth paying for?</p> <p>Shareholder-centric stewardship of capital</p> <ul style="list-style-type: none"> Capital preserved not diluted <p>Lower Risk</p> <ul style="list-style-type: none"> Lower leverage Less default risk <p>Profitability & Profitability Growth</p> <ul style="list-style-type: none"> Management demonstrates ability to generate profits and grow business 	<p>How can we reduce risk and further improve the chances of success?</p> <p>Diversification</p> <ul style="list-style-type: none"> Max stock allocation = 0.5% <p>Liquidity</p> <ul style="list-style-type: none"> Allocations also constrained as a % of daily trading volume <p>Momentum</p> <ul style="list-style-type: none"> Avoid value traps

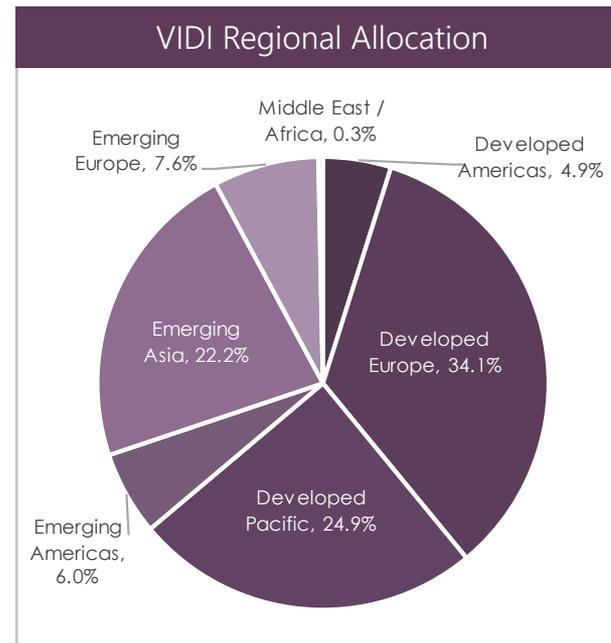
UNCERTAINTY & INSTABILITY

More even distribution of exposures and potential risks across **Developed & Emerging** Economies

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As of 9/30/2018



As of 9/30/2018

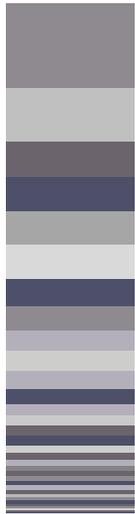
Diversification does not assure a profit or protect against a loss in a declining market. Specific investor objectives and allocations may differ.

UNCERTAINTY & INSTABILITY

Greater diversification across countries reduces concentration risks relative to cap-weighted indices

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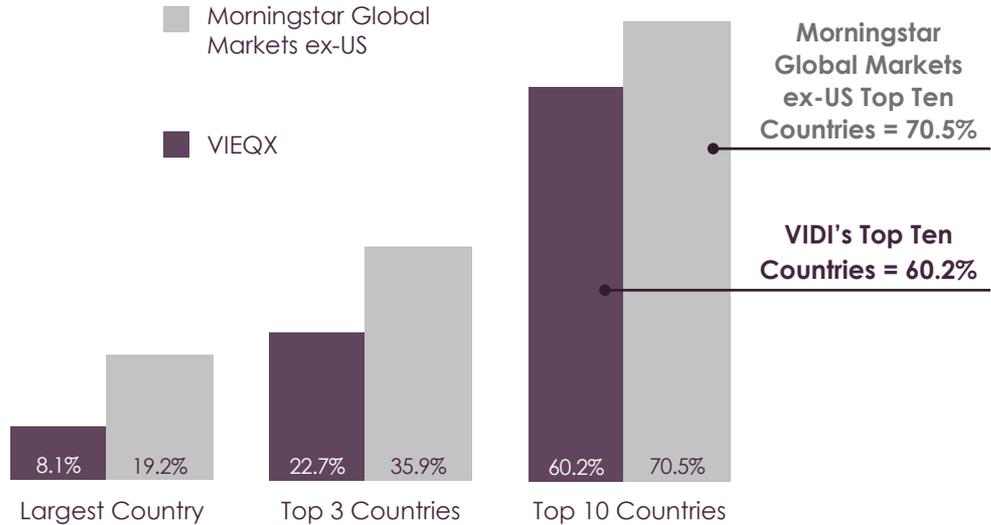
Morningstar
Global Markets
ex-US



VIDI



Country Concentration



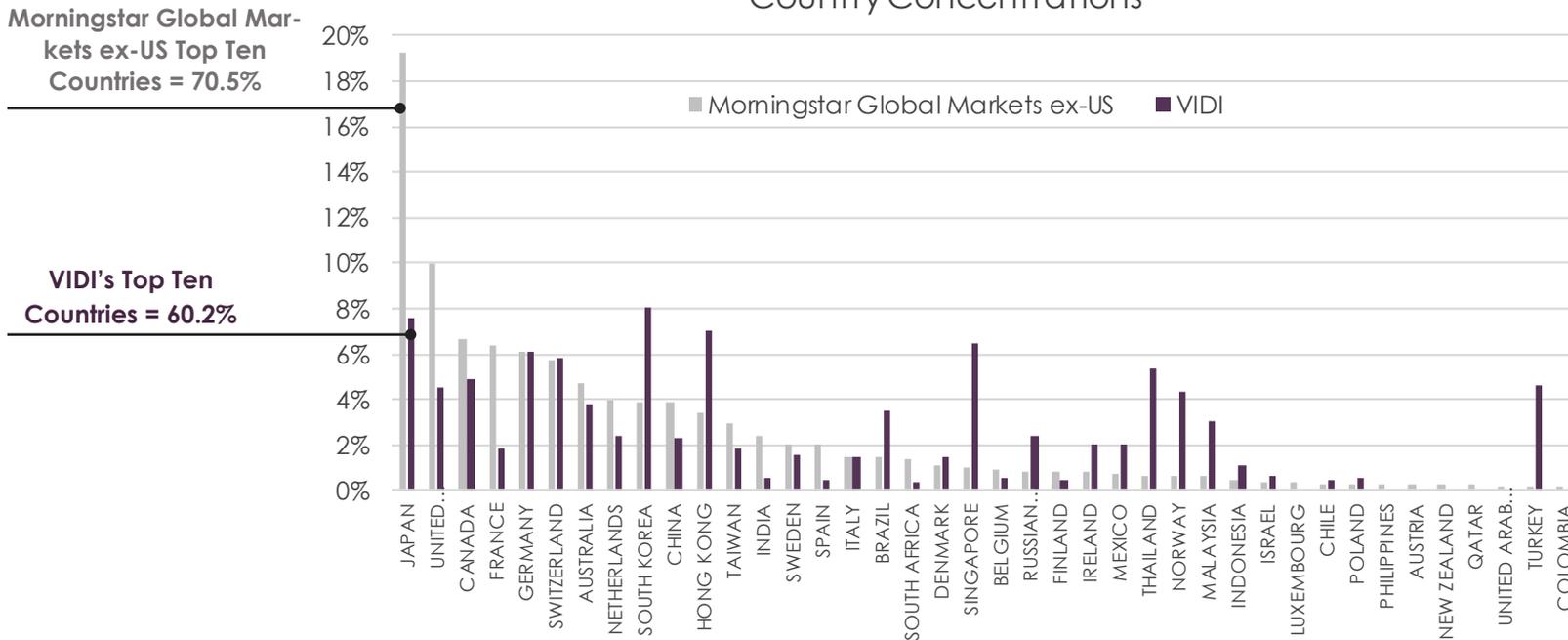
* Source: Morningstar, Bloomberg as of 9/30/2018. This data does not include historical performance from any fund. These are simply some of the characteristics within the composition of the VIDI as of 9/30/2018.

UNCERTAINTY & INSTABILITY

More even distribution of exposures and potential risks across **Developed & Emerging** Economies

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Country Concentrations

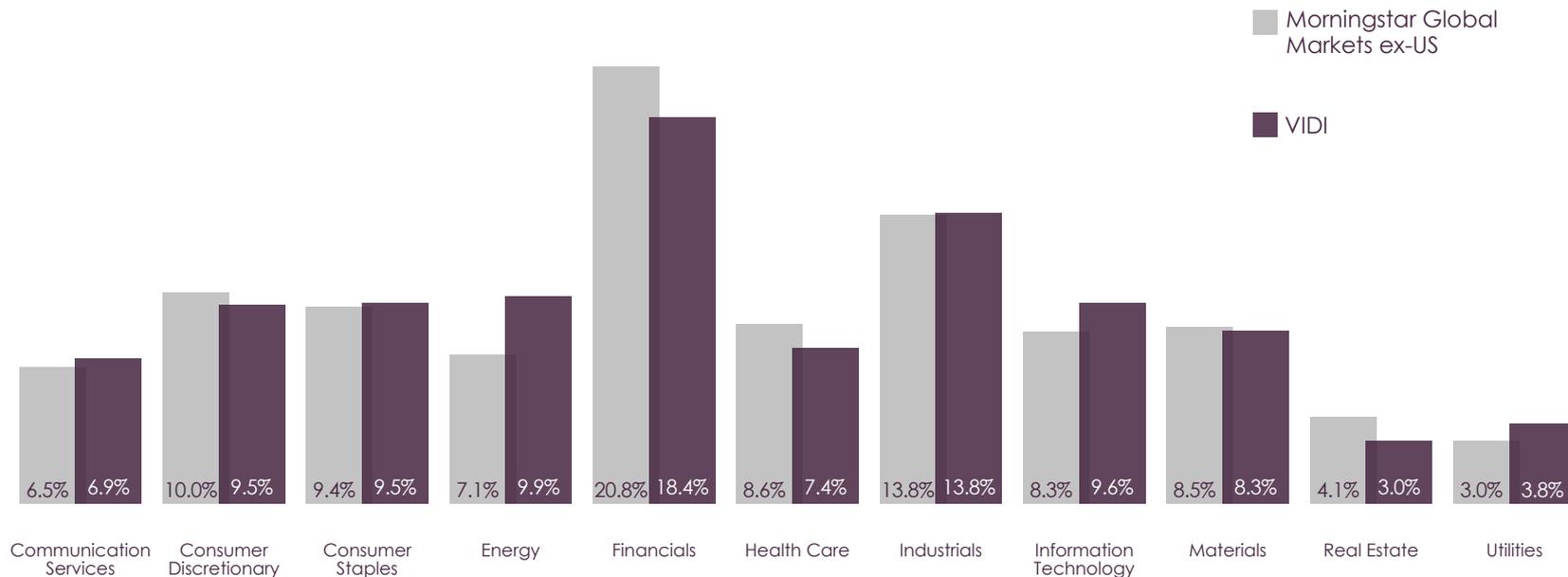


Please see disclosures for further notes. Source data provided by Bloomberg and Morningstar as of September 30, 2018. This data does not include historical performance from any fund. These are simply some of the characteristics within the composition of the VIDI as of 9/30/2018.

Sector weightings remain in line with a capitalization-weighted portfolio.

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Sector Weighting



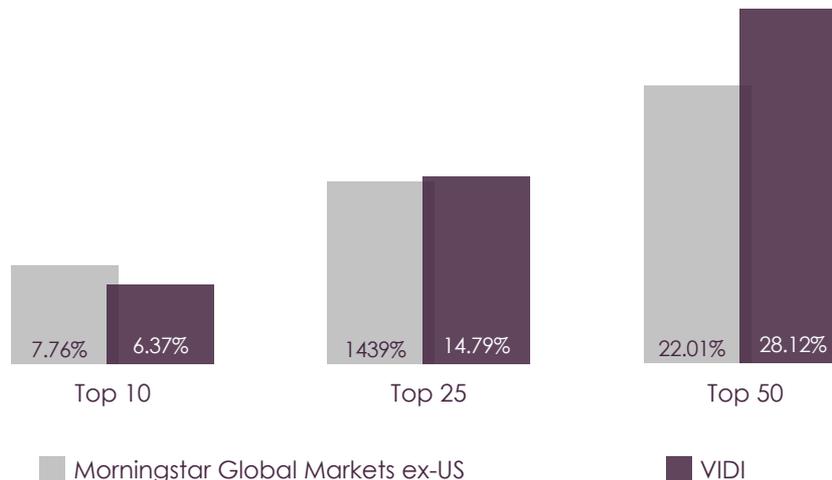
Please see disclosures for further notes. Source data provided by US Bancorp and Morningstar.

UNCERTAINTY & INSTABILITY

Greater diversification across stocks reduces concentration risks relative to cap-weighted indices

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Stock Concentrations



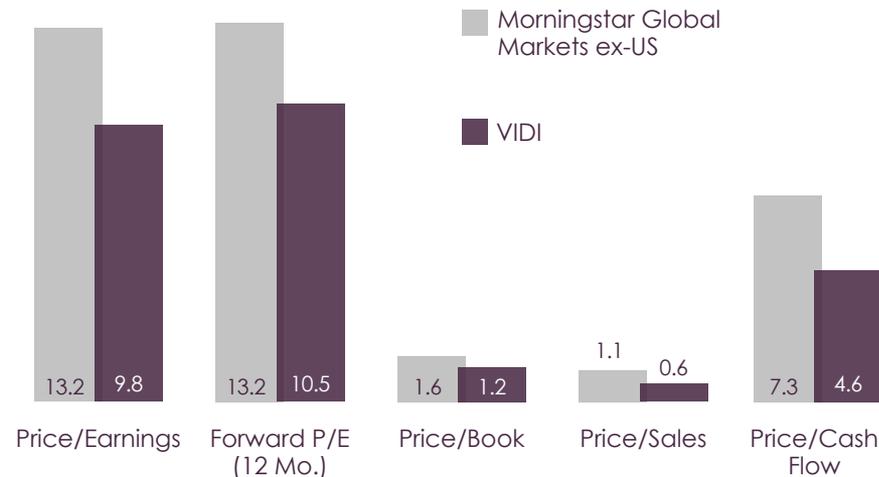
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INHERENT VALUE

The Vident Core International Equity Index actively seeks to identify and allocate to stocks trading at attractive valuations

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	VIDI	Morningstar Global Markets ex-US
Price/Earnings ³	9.8	13.2
Forward Price/Earnings (12 Mo.)	10.5	13.4
Price/Book ⁴	1.2	1.6
Price/Sales ⁵	0.6	1.1
Price/Cash Flow ⁶	4.6	7.3

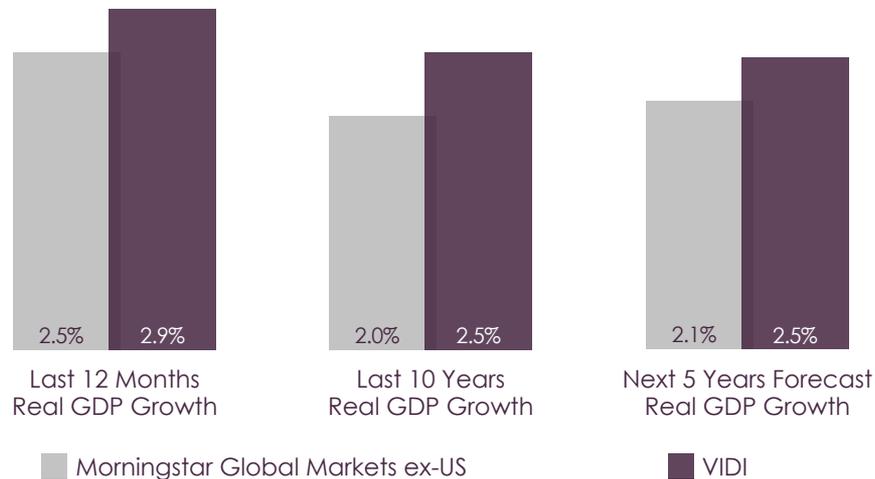


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HUMAN PRODUCTIVITY and LEADERSHIP & GOVERNANCE

The **Vident International Equity Index** allocation resulted in improved economic growth characteristics across the portfolio.

Country Allocation Characteristics - Economic Growth



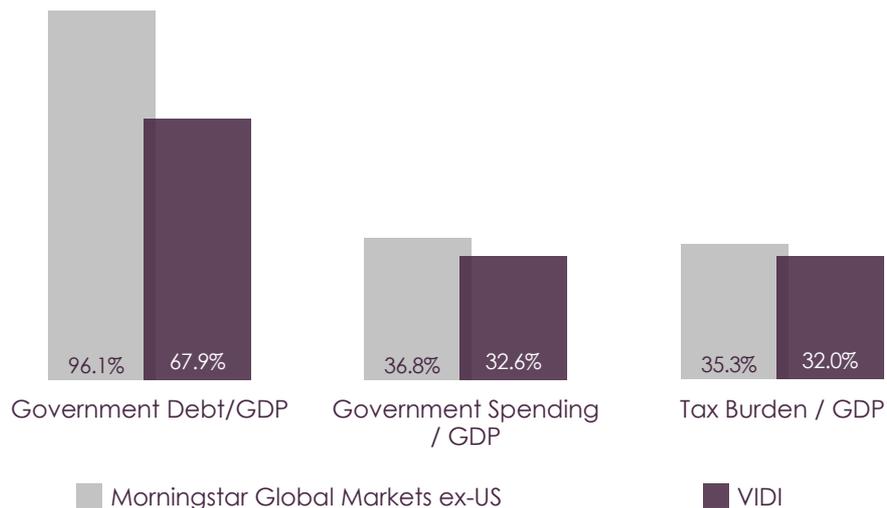
*This graph does not include historical performance from any fund. These are simply some of the characteristics within the composition of the VIDI as of 9/30/2018. Please see disclosure for further notes. Source data provided by Morningstar.

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HUMAN PRODUCTIVITY and LEADERSHIP & GOVERNANCE

The Vident Core International Equity Index allocation favors countries with lower government debt, lower government spending and lower taxation levels.

Country Allocation Characteristics - Economic Growth



*This graph does not include historical performance from any fund. These are simply some of the characteristics within the composition of the VIDI as of 9/30/2018. Please see disclosures for further notes. Source data provided by Heritage Foundation.

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Q3 2018 PERFORMANCE

- VID I was down -0.44% for the quarter, underperforming Morningstar Global Markets ex-US which was up 0.70%.
- VID I's underperformance was largely driven by temporary pricing differences between the market price of the fund and the NAV price.
- YTD VID I is down -7.67% while Morningstar Global Markets ex-US is down -2.95%. An overweight to Asian emerging markets has been a key factor behind underperformance.

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Total Cumulative Returns
VID I, VIEQX, and Morningstar Global Markets ex-US
(12/29/2017 – 9/30/2018)



	QTD	YTD	1 Year	Since Inception 10/29/13
VID I Market	-0.44%	-7.67%	-3.62%	2.39%
VIEQX	0.72%	-6.97%	-2.48%	4.14%
VID I NAV	0.54%	-7.40%	-3.00%	2.53%
Morningstar Global Market	0.70%	-2.95%	2.20%	4.05%

Returns are average annualized total returns, except those for periods of less than one year, which are cumulative. 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. An investment should not be made based solely on returns. To obtain performance data current to the most recent month-end, please call (800) 617-0004. All performance figures are net of management fees. The Gross Expense ratio of VID I is .68%. The VID I inception date was 10/29/2013. Please see disclosure for further notes. Source data provided by US Bancorp Fund Services and Morningstar.

The funds' 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 800.617.0004. Read it carefully before investing.

Investments involve risk. Principal loss is possible. The Funds have the same risks as the underlying securities traded on the exchange throughout the day at market price. Redemptions are limited and often commissions are charged on each trade. VID I is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Investments in foreign securities involve political, economic and currency risks, greater volatility and differences in accounting methods. These risks are greater for investments in emerging markets. A fund that concentrates its investments in the securities of a particular industry or geographic area may be more volatile than a fund that invests in a broader range of industries. VID I and VBND may invest in illiquid or thinly traded securities which involve additional risks such as limited liquidity and greater volatility. VBND may make investments in debt securities. The Fund's investments in high yield securities expose it to a substantial degree of credit risk. These investments are considered speculative under traditional investment standards. Debt issuers and other counterparties may not honor their obligations or may have their debt downgraded by ratings agencies. An increase in interest rates may cause the value of fixed-income securities held by the Fund to decline. During periods of rising interest rates, certain debt obligations will be paid off substantially more slowly than originally anticipated and the value of those securities may fall sharply, resulting in a decline in the Fund's income and potentially in the value of the Fund's investments. 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 funds may diverge from that of the Index. Because the Funds employ a representative sampling strategy and may also invest up to 20% of its assets in securities that are not included in the Index, the Funds may experience tracking error to a greater extent than a fund that seeks to replicate an index. The Funds are not actively managed and may be affected by a general decline in market segments related to the index. The Funds invest in securities included in, or representative of securities included in, the index, regardless of their investment merits. Small and medium-capitalization companies tend to have more limited liquidity and greater price volatility than large-capitalization companies. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value.

1Cash Flow – is the difference in amount of cash available at the beginning of a period (opening balance) and the amount at the end of that period (closing balance).

2Firm Enterprise Value – a measure of a company's total value, often used as a more comprehensive alternative to equity market capitalization.

3Price/earnings is the valuation ratio of a company's current share price compared to its per-share earnings. 4Price/book is the ratio used to compare a stock's market value to its book value. 5Price/sales is a ratio for valuing a stock relative to its own past performance, other companies or the market itself. 6Price/cash flow is the measure of the market's expectations of a firm's future financial health.

Vident Core International Equity Index™ (VIEQX) is a strategy seeking to balance risk across developed and emerging countries and emphasize those with favorable conditions for growth. It is not possible to invest directly in an index.

Morningstar Global Markets ex-US – captures the performance of the stocks located in the developed and emerging countries across the world. Stocks in the index are weighted by their float capital, which removes corporate cross ownership, government holdings and other locked-in shares.

The Vident Funds are distributed by Quasar Distributors, LLC. The fund's investment advisor is Exchange Traded Concepts LLC. VID I, VUSE and VBND's sub-advisor is Vident Investment Advisory (VIA). Vident Financial owns the indexes that underlie the funds. Quasar is not affiliated with Vident Financial, Exchange Traded Concepts, or VIA.

It is not possible to invest directly in an Index. **Past performance of an index is no guarantee of future results.** Any charts and graphs are provided for illustrative purposes only. Complete index methodology details for Vident indices (if any) (collectively, the "Vident Indices"), including the manner in which it/they is/are rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations, can be found at the Vident Website at www.videntfinancial.com. All data described is reported using semiannual rebalancing and the assumed re-investment of dividends. 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 shown or discussed, but does not manage actual assets.

Diversification does not assure a profit or protect against loss in a declining market

Index performance is not illustrative of fund performance

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