

INFORMATIONAL PACKET | SEPTEMBER 30, 2018

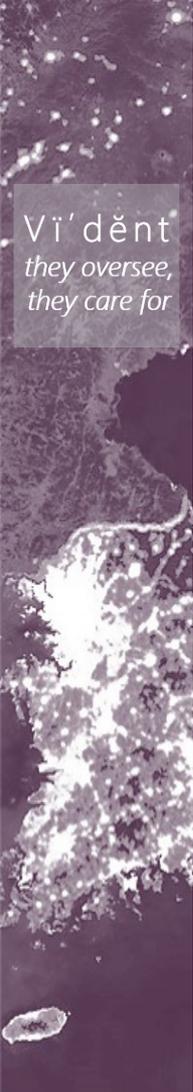


VIDENT

FINANCIAL

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

Vident Core U.S. Equity Fund | VUSE®

A vertical strip on the left side of the slide showing an aerial view of a coastline with a mix of dark and light areas, possibly representing land and water.

*Vī'dēnt
they oversee,
they care for*

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.

Vident
they oversee,
they care for

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.

*Vī'dēnt
they oversee,
they care for*

UNCERTAINTY AND INSTABILITY

Well diversified solutions for long-term investment planning



Broadly diversified company exposures within and across sectors helps to enhance the resilience of the portfolio.

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



Companies with poor leadership & governance scores are removed from the investment universe.

VALUATION

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



Incorporates relative valuation in assessing and weighting companies, seeking to acquire principles at favorable prices.

The Vident Core U.S. Stock Index™ strategy seeks to apply time-tested investment principles to address the risks and opportunities of U.S. equity investing.

STRATEGY HIGHLIGHTS

PRINCIPLES AT A REASONABLE PRICE

- Utilizes time-tested economic and investment principles to screen for companies with better revenue & expense recognition and corporate governance, and identify higher quality companies trading at attractive valuations

DIVERSIFIED PORTFOLIO

- Companies are well-diversified within each sector, enhancing the resilience of the portfolio. Further, while capitalization-weighted portfolios concentrate capital in the largest mega-cap companies, VCUSX reduces this concentration and allocates capital more broadly.

COMBINED RISK PREMIA FACTORS

- Optimal combination of risk premia factors seeks to result in a portfolio of companies with strong governance, higher relative quality, positive momentum, and favorable valuations

Vident
they oversee,
they care for

Vident
they oversee,
they care for

Investable Universe: Apply rigorous liquidity and market capitalization screens

Eliminate ~20% weakest companies within each sector based on: **Corporate Governance, Forensic Accounting and other Extreme Risks**

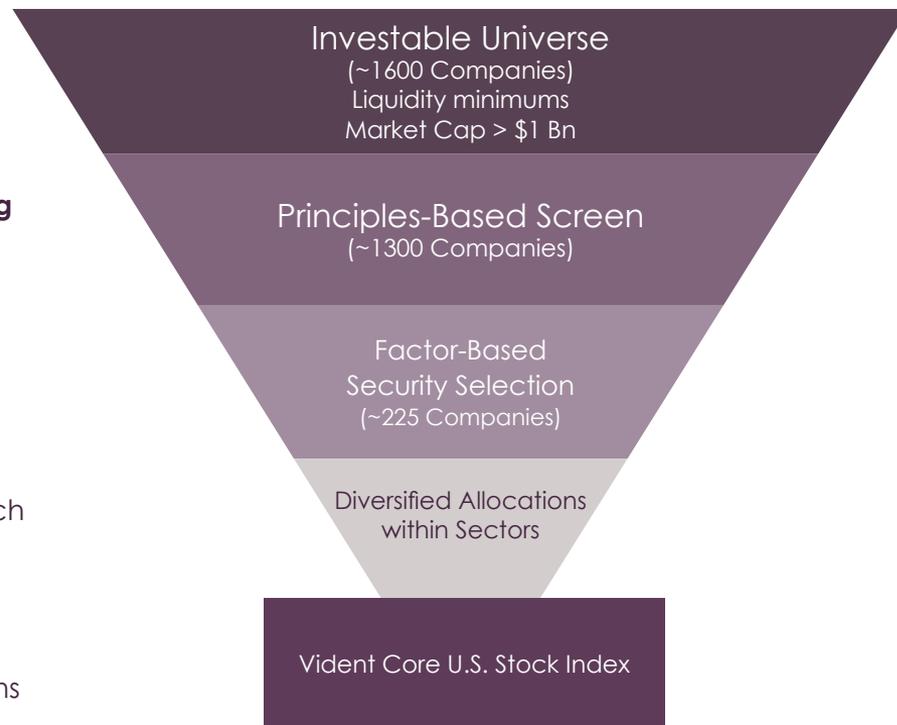
Select the most attractive stocks within each sector based on:

- **Valuation (50%)**
- **Quality (30%)**
- **Momentum (20%)**

Capital is allocated to most attractive stocks within each sector with individual company allocations capped at 0.5%

Core portfolio of U.S. equities, cut from a universe of companies with higher governance / quality, positive momentum, and trading at attractive relative valuations

Beginning Universe: ~3000 largest U.S. companies



**Risk-balanced weightings adjusted for liquidity and other frictional costs. Reconstituted and rebalanced twice annually. Please see disclosures for further notes.*

Vident
they oversee,
they care for

Can we avoid companies with **questionable accounting**?

Revenue Recognition - Revenue can be heavily manipulated at times, impacting the top & bottom line

Earnings Quality - Firms have ways of manipulating or smoothing earnings (accruals, reserve accounts, depreciation policy, etc.)

Cash Flows - Earnings without corresponding cash flows is a red flag

Use of cash - A company using cash to pay dividends is less likely to be manipulating financial ratios

Expectations - Are companies being rewarded for earnings surprises based on low quality earnings beats?

Can we steer clear of companies with **weaker governance** policies?

Board Composition - Is the board populated & structured in a way that maximizes action taken in the best interests of shareholders?

- Is the chairman also the CEO? Is the board entrenched? Are members overboarded? Are women on the board? Is CEO pay excessive relative to other executives?

Incentives Alignment - Are top managers incentivized to perform in shareholders' interests

- Is CEO pay tied to the share price? Is management receiving excessive perks? Has the company received >10% votes against its pay policies?

Control & Ownership - Are board elections democratic, giving shareholders opportunity to press change?

- Do shareholders have equal voting rights? Are boards staggered? Can the company unilaterally change company articles, constitution or bylaws?

Are there companies undergoing **severe challenges** that we should stay away from?

- Executives dismissed or facing prosecution
- Late SEC filings
- Difficulties obtaining needed financing or refinancing

Worst ~20% of companies within each sector are removed

Vī'dēnt
they oversee,
they care for

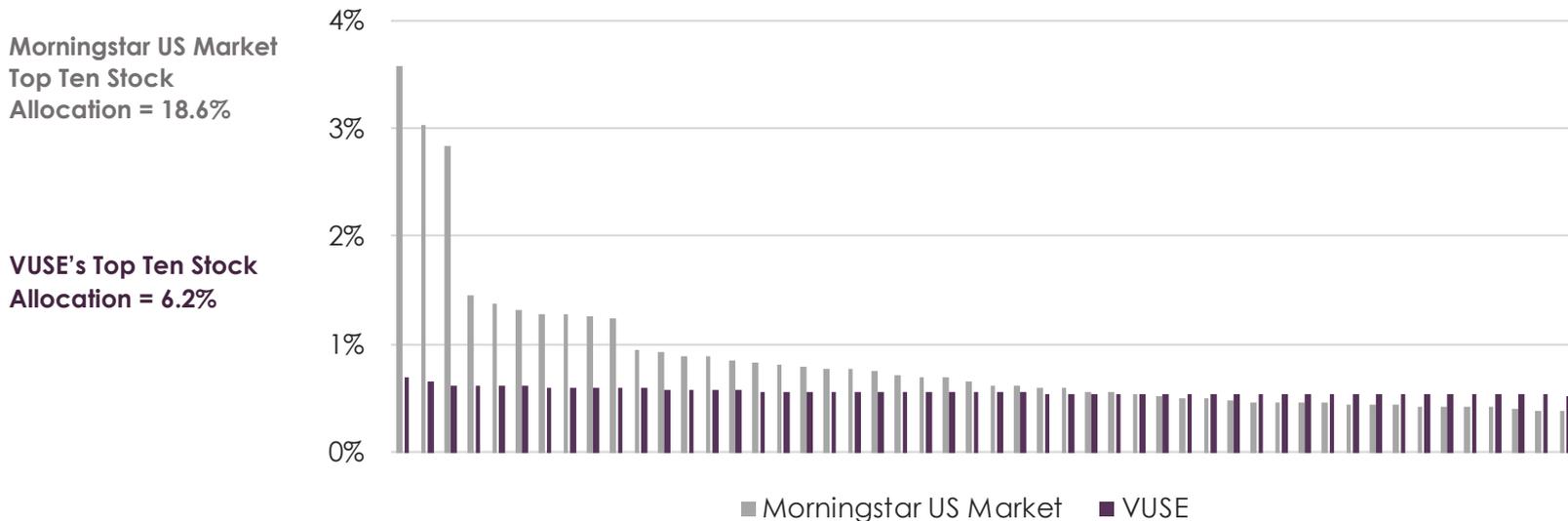
<p>INHERENT VALUE</p>	<p>LEADERSHIP & GOVERNANCE QUALITY</p>	<p>APPLIED WISDOM INSTABILITY & UNCERTAINTY</p>
<p>How best to identify value in a stock?</p> <p>Measure value a variety of ways and combine:</p> <p>Compare:</p> <ul style="list-style-type: none"> Earnings, cash flows, dividends, sales - what shareholders hope to receive <p>...To:</p> <ul style="list-style-type: none"> Stock price, firm enterprise value - 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

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

Vident
they oversee,
they care for

Top 50 Stock Allocations



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

UNCERTAINTY & INSTABILITY

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

VUSE	
Molina HealthCare Inc	0.70%
Amedisys Inc	0.65%
DSW Inc - Class A	0.62%
Premier Inc - Class A	0.61%
Telephone & Data Systems	0.61%
Conduent Inc	0.61%
Avanos Medical Inc	0.60%
CVS Health Corp	0.60%
T-Mobile US Inc	0.59%
Progressive Corp	0.59%
Top 10	6.19%

Morningstar US Market	
Apple Inc	3.59%
Microsoft Corp	3.04%
Amazon.com Inc	2.84%
Berkshire Hathaway Inc B	1.44%
Facebook Inc A	1.37%
JP Morgan Chase & Co	1.31%
Johnson & Johnson	1.28%
Alphabet Inc - C	1.27%
Alphabet Inc - A	1.25%
Exxon Mobil Corp	1.25%
Top 10	18.64%

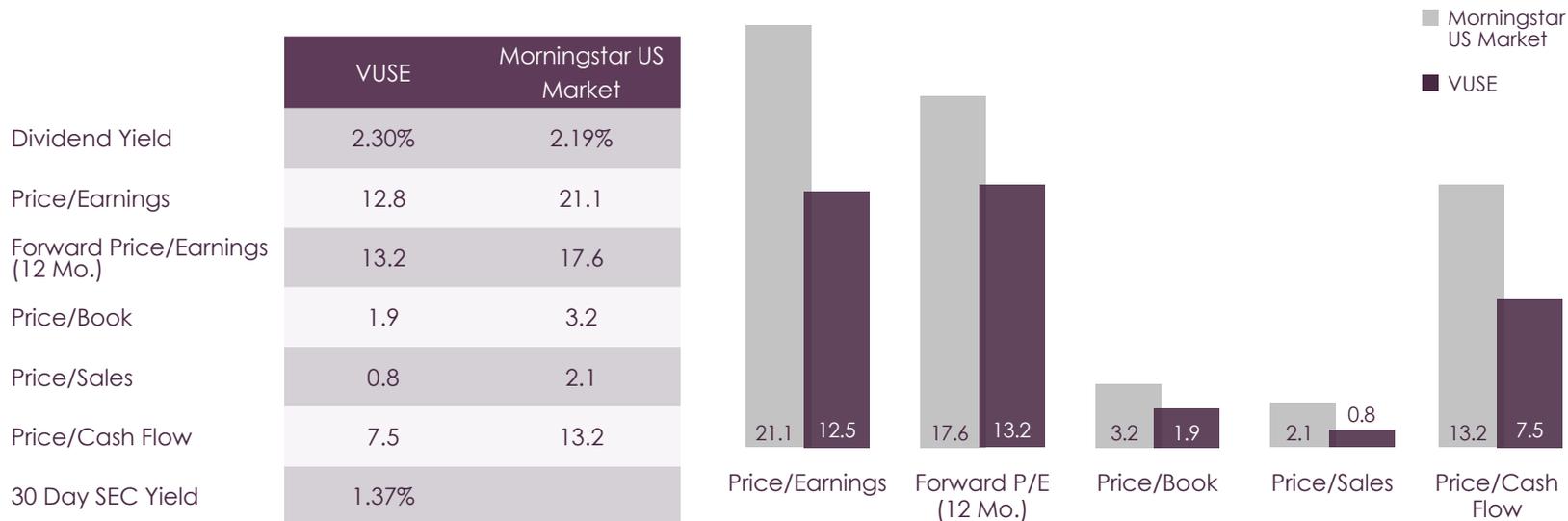
**This data does not include historical performance from any fund. These are simply some of the characteristics within the composition of the VUSE as of 9/30/2018. Please see disclosures for further notes. Source data provided by Bloomberg and Morningstar.*

Vident
they oversee,
they care for

INHERENT VALUE

The Vident Core U.S. Equity Fund actively seeks to identify and allocate to stocks trading at attractive valuations

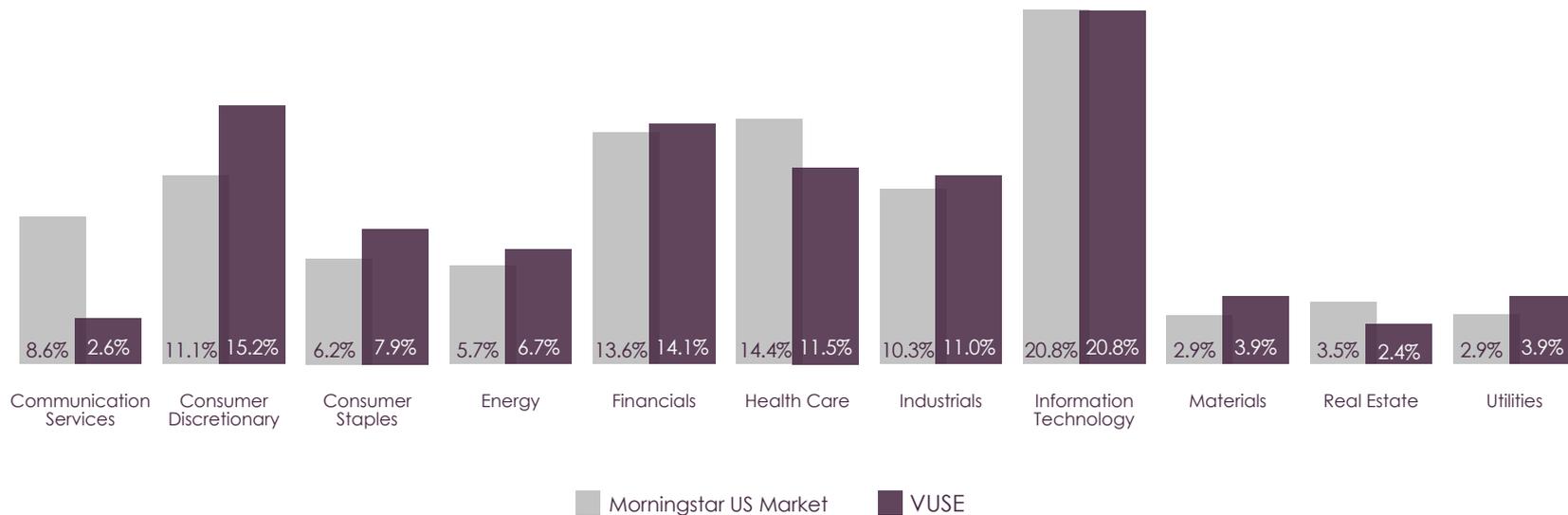
Vident
they oversee,
they care for



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

Vident
they oversee,
they care for

Sector Weightings Remain in Line With Benchmark Norms



Please see disclosures for further notes. Source data provided by US Bancorp and Morningstar as of 9/30/2018.

VUSE allocations are spread more broadly across the market capitalization spectrum than either large or small cap alone:

Vident
they oversee,
they care for

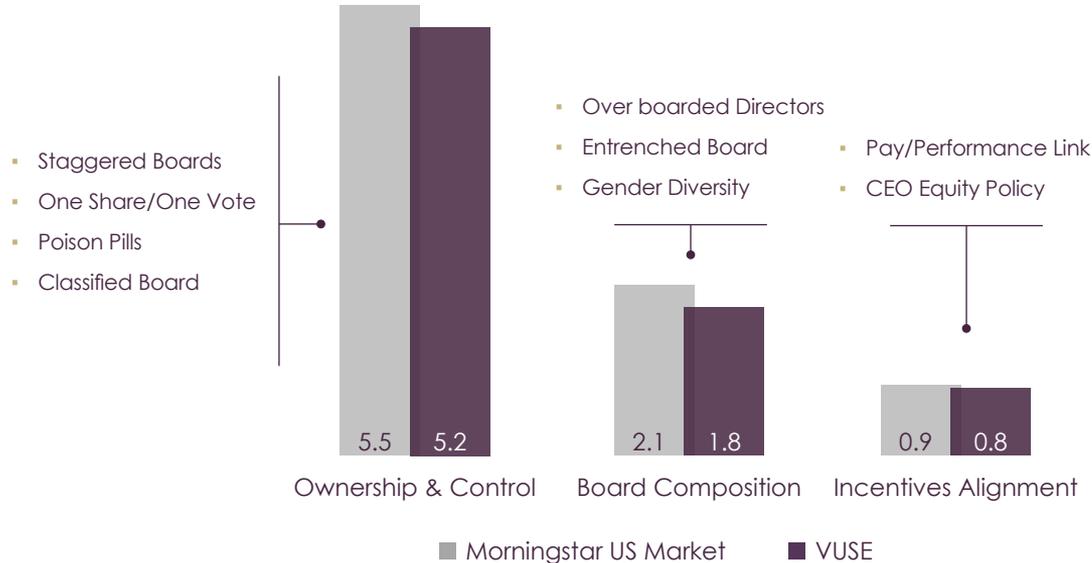
	VUSE	Morningstar US Market
>\$100 Bn	3.3%	45.9%
\$20 Bn - \$100 Bn	18.6%	30.6%
\$10 Bn - \$20 Bn	9.0%	10.3%
\$2 Bn - \$10 Bn	52.6%	12.4%
\$1 Bn - \$2 Bn	16.5%	0.8%
<\$1 Bn	0.1%	0.0%
Weighted Average	19.4 Bn	209 Bn
Median (\$Bn)	4.4 Bn	5.6 Bn

Please see disclosures for further notes. Source data provided by US Bancorp and Morningstar as of 9/30/2018.

LEADERSHIP & GOVERNANCE

VUSE Seeks Higher Quality Leadership and Governance

Vident
they oversee,
they care for



Extreme Risk Factors

% of Companies in the Fund that are Flagged

VUSE	0.4%
Morningstar US Market	2.3%

The fund seeks to eliminate stocks in the portfolio that are flagged for extreme risk. Some extreme risks that VUSE accounts for:

- Debt Covenant Breach
- Securities Fraud and Investor Protection
- Executive Misconduct

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

VUSE PERFORMANCE

- VUSE was up 2.82% in Q3 while the cap-weighted Morningstar US Market was up 7.22%.
- The LTM P/E ratio on VUSE is 12.8 while it is 21.1 for SPY, making VUSE a portfolio of high value stocks. VUSE was in line with underperforming value stocks, outpacing the mid-cap value index's 2.37% return for Q3.
- YTD VUSE is up 3.89% while SPY is up 10.28%, reflecting similar performance themes driven by the performance of large cap growth stocks. YTD large cap, mid-cap and small cap value are up 4.08%, 3.29% and 3.19% respectively.

Total Cumulative Returns
VUSE, VCUSX, and Morningstar US Market
(12/31/2017 – 9/30/2018)



	QTD	YTD	1 Year	Since Inception 1/21/14
VUSE Market	2.82%	3.89%	11.75%	8.23%
VCUSX	2.85%	4.00%	11.90%	9.22%
VUSE NAV	2.82%	3.99%	11.85%	8.21%
Morningstar US Market	7.22%	10.51%	17.66%	11.74%

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. Short term performance is not a good indication of the fund's future performance, and 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 VUSE is 0.57%. The VUSE inception date was 1/22/2014. Please see disclosure for further notes. Source data provided by Bloomberg and Morningstar.

Vident
they oversee,
they care for

It is not possible to invest directly in an Index. 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 it/they is/are rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations, please visit www.videntfinancial.com.

Any charts and graphs are provided for illustrative purposes only. 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.

Must be preceded or accompanied by a prospectus

Investing involves risk. Principal loss is possible. VUSE has the same risks as the underlying securities traded on the exchange throughout the day. Redemptions are limited and often commission are charged on each trade. 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. Small and medium-capitalization companies tend to have more limited liquidity and greater price volatility than large-capitalization companies. ETFs may trade at a discount or premium to their NAV.

Sources for company analytics are as follows: Bloomberg, GMI Consulting (Environmental/Social/Governance (ESG) and Accounting and Governance Risk (AGR) data sets) Bloomberg and Morningstar are the sources for all index data shown. * Graphs calculated using historical data related to index composition, not historical performance. Data was collected from January 1, 2000 through June 30, 2014. The inception date of the VCUSX Index was 12/31/2014. All dividends will be reinvested back into the fund to keep future costs low.

Staggered Board is a governance practice in which only a fraction of the members of the board of directors is elected each year, rather than all at once

Poison Pill is strategy used by corporations to discourage "hostile takeovers." A company will attempt to make its stock less attractive to the acquirer.

Classified Boards are a particular structure for a board of directors in which a portion of the directors serve for different term lengths

Overboarded Directors refers to a director who sits on a number of boards which could result in excessive time commitments and inability to properly fulfill their duties

Entrenched Board is a board composed of directors with such long tenure and advancing ages

Holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security. Diversification does not assure a profit or protect against loss in a declining market.

Morningstar U.S. Market is a diversified broad market index that targets 97% market capitalization coverage of the investable universe. **Vident Core U.S. Stock Index-*TM* (VCUSX)** is a principles-based U.S. equity strategy that seeks to emphasize companies with high-quality leadership and governance standards and trading at attractive valuations. **S&P 500** data (as of 1/21/14) includes the largest 500 U.S. companies and captures approximately 80% coverage of available market capitalization. **Earnings Beat** is the amount of profit produced during a specific period. **Firm Enterprise Value** is a measure of a company's total value. **Price/earnings** is the valuation ratio of a company's current share price compared to its per-share earnings. **Forward Price Earnings (P/E)** is a measure of the price-to-earnings ratio (P/E) using forecasted earnings for the P/E calculation, in this case using the next 12-month period. **Price/book** is the ratio used to compare a stock's market value to its book value. **Price/sales** is a ratio for valuing a stock relative to its own past performance, other companies or the market itself. **Price/cash flow** is the measure of the market's expectations of a firm's future financial health. **Market cap** is an estimation of the value of a business that is obtained by multiplying the number of shares outstanding by the current price of a share. All dividends will be reinvested back into the fund to keep future costs low.

The Vident Core U.S. Equity 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.

Vident
they oversee,
they care for