



Vident Core U.S. Equity Fund | VUSE

Fund Story | 7.31.2020

Does a Company's Governance and Leadership Impact Risk and Return?

VUSE seeks to track the Vident Core U.S. Stock Index™ (VCUSX)

BUILDING A PORTFOLIO FOCUSED ON GOVERNANCE, LEADERSHIP & VALUE

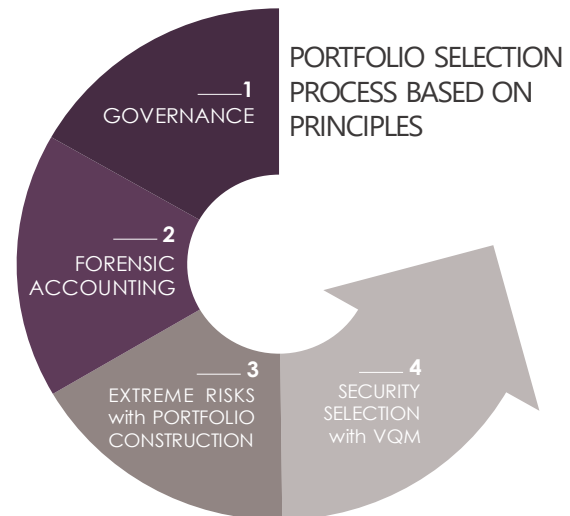
The index (VCUSX) seeks to improve risk adjusted returns by addressing the inherent weakness of a market cap weighted U.S. equity strategy: Overexposure to risk concentrations, overvalued securities, and lack of consideration for Leadership and Governance risks.

Index Construction

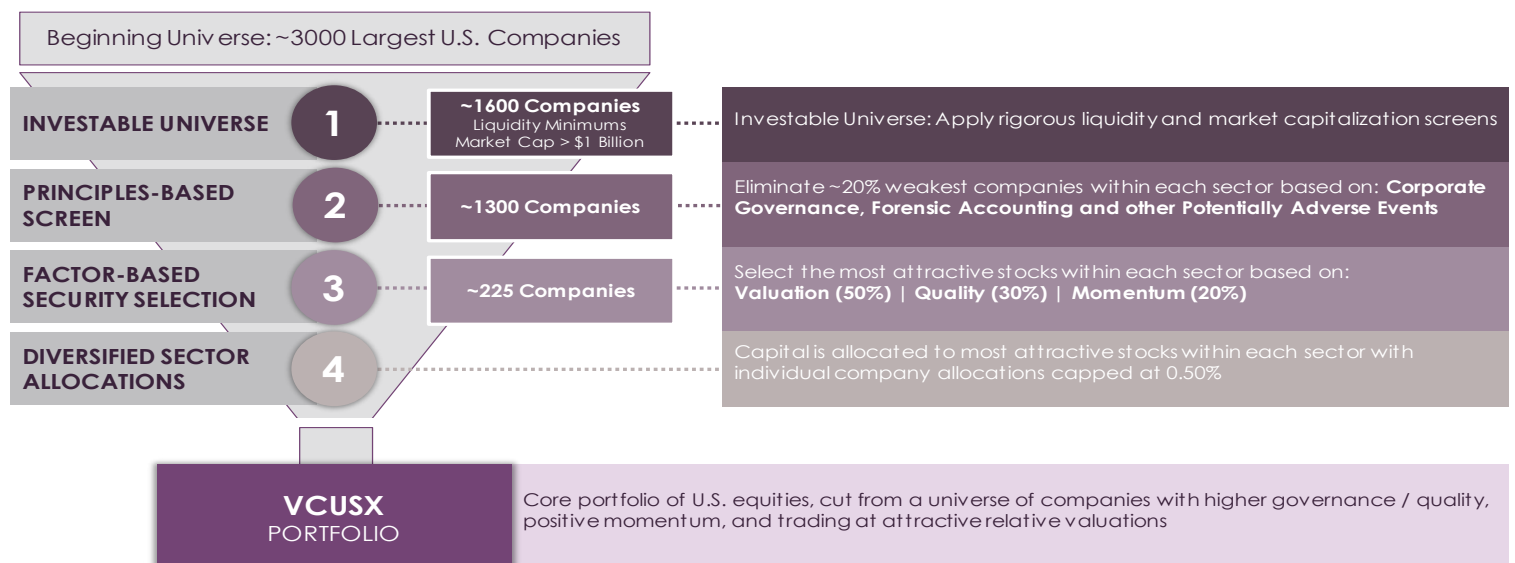
The index's rules driven, multi-factored selection process seeks to address liquidity risks, governance risks, forensic accounting risks, and other extreme risks to define the investible universe.

Security Selection

Utilizing Value, Quality and Momentum factors, capital is then tilted to higher quality companies at better valuations. The resulting portfolio seeks to diversify risk across sectors, stocks and the traditional capitalization spectrum



INVESTMENT PROCESS

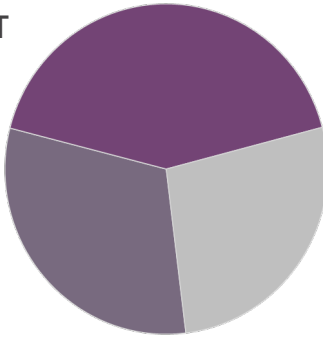


DIVERSIFYING RISK

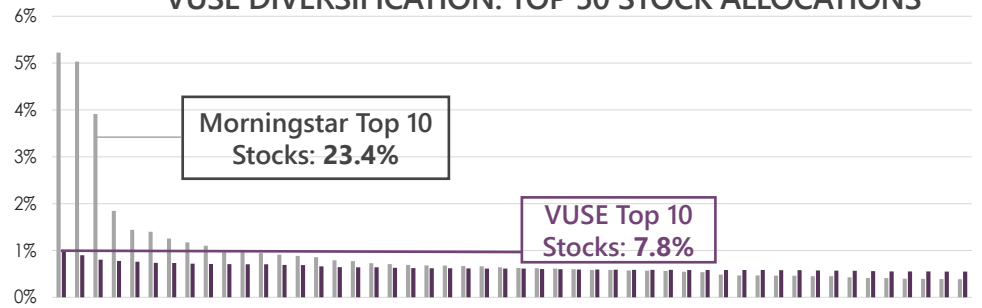
VUSE seeks to achieve a better risk adjusted return over time by tracking VCUSX. The index's distinct focus on Governance, Leadership and Value spreads risk across individual companies throughout the capitalization spectrum and addresses some of the shortcomings of a traditional cap-weighted approach.

U.S. MARKET EXPOSURE

- Large Cap
- Mid Cap
- Small Cap



VUSE DIVERSIFICATION: TOP 50 STOCK ALLOCATIONS

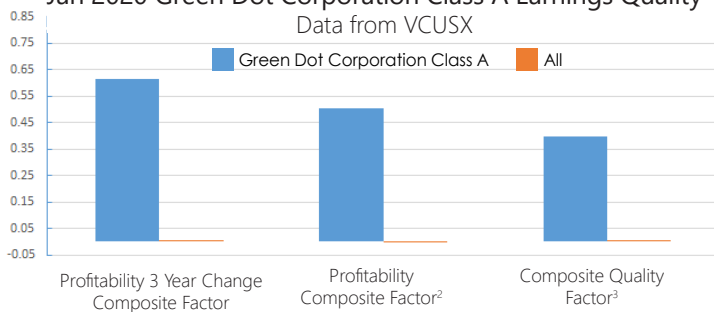


Source: Bloomberg, data as of 7/31/2020

CASE STUDY: GREEN DOT

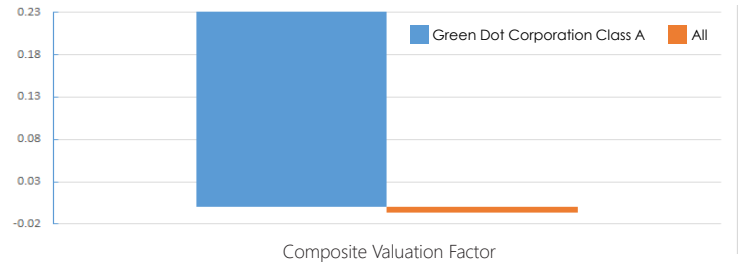
Jan 2020 Green Dot Corporation Class A Earnings Quality¹

Data from VCUSX



Jan 2020 Green Dot Corporation Class A Valuation

Data from VCUSX



GREEN DOT

Green Dot (GDOT), a fintech company focusing on payment systems and processing, was the our second largest return contributor from rebalance data Jan 31st, 2020 to July 31st, and the largest contributor based on an overweight position. Green Dot has return 92% over the past year (as of 8/8/2020).

The Highly Diversified Approach:

Green Dot is an example of the benefits of a highly diversified approach which includes small and mid-cap stocks instead of focusing exclusively on large and mega cap stocks. At \$2.8 bn, it is in the low range of mid-cap, which is usually defined as \$2-10 bn in market cap.

VCUSX & Green Dot:

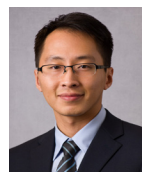
VCUSX had an overweight to Green Dot. Between Jan. 31st and July 31st rebalance of VCUSX, Green Dot returned an 68.5%, while large banks such as JP Morgan and Wells Fargo produced negative 25.6% and negative 46.1% respectively. VCUSX was underweight to both of those stocks.

¹Earnings quality composite combines various internal accounting assessment metrics. ²This is an internal composite of the various company-level valuation factors. ³Internal metric based designed to evaluate the quality of dividends. Green Dot Source: WSJ. Green Dot (GDOT) 1 Year Return: 66.4%. Composite Data Source: Bloomberg, Bowyer Research. VCUSX holds Green Dot at 0.48% as of 7.31.2020.



Rafael Zayas, CFA
Senior Vice President, VIA

Over 15 years of trading and portfolio management experience in global equity products and ETFs. He is SVP, Head of Portfolio Management and Trading.



Austin Wen, CFA
Portfolio Manager, VIA

Mr. Wen has seven years of investment management experience, specializing in portfolio management and trading of equity portfolios and commodities based portfolios, as well as risk monitoring and investment analysis. VUSE PM since December 2018.

Carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. To obtain a prospectus visit www.videntfunds.com/funds/vuse or call 800-617-0004. Please read it carefully before investing.

Investing involves risk, including the risk of loss of principal. VUSE has 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. The Fund invests primarily in securities of large cap companies. As a result, the Fund's performance may be adversely affected if the securities of large cap companies underperform. The Fund may also invest in small and medium-capitalization companies. Small and medium-capitalization companies tend to have more limited liquidity and greater price volatility than large-capitalization companies. The Fund invests in the securities included in, or representative of its Index regardless of their investment merits. The performance of the Fund may diverge from the Index. The Fund is not actively managed and its performance may be adversely affected by a general decline in the market segments relating to its Index. The Fund may invest a significant portion of its assets in the securities of companies of a particular sector of the economy therefore its performance will be especially sensitive to developments that significantly affect those sectors.

VCUSX Top 10 Holdings as of 7.31.2020: Michaels Cos Inc. 0.70%, Cerence Inc. 0.64%, Range Res Corp 0.63%, Big Lots Inc. 0.62%, First Solar Inc. 0.61%, Xerox Holdings Corp. 0.60%, Quanta SVCS Inc. 0.60%, Qualcomm Inc. 0.60%, Builders Firstsource Inc. 0.59%, Target Corp. 0.58%

The fund's investment advisor is Vident Advisory, LLC. VUSE's sub-advisor is Vident Investment Advisory (VIA). Vident Financial owns the index that underlies the fund. The Vident Core U.S. Equity Fund is distributed by ALPS Distributors, Inc. ALPS is not affiliated with Vident Financial, Vident Advisory or VIA.

Investor shares are bought and sold at market price (not NAV), may trade at a discount or premium to NAV and are not individually redeemed from the Fund.

Diversification does not ensure a profit or protect against a loss.