



VIDENT

FINANCIAL

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

Vident Core U.S. Equity Fund | VUSE

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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 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.

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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 index 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 (VCUSX) seeks to apply time-tested investment principles to address the risks and opportunities of U.S. equity investing.

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INDEX OVERVIEW

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 seeks to 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

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Investable Universe: Apply rigorous liquidity and market capitalization screens

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

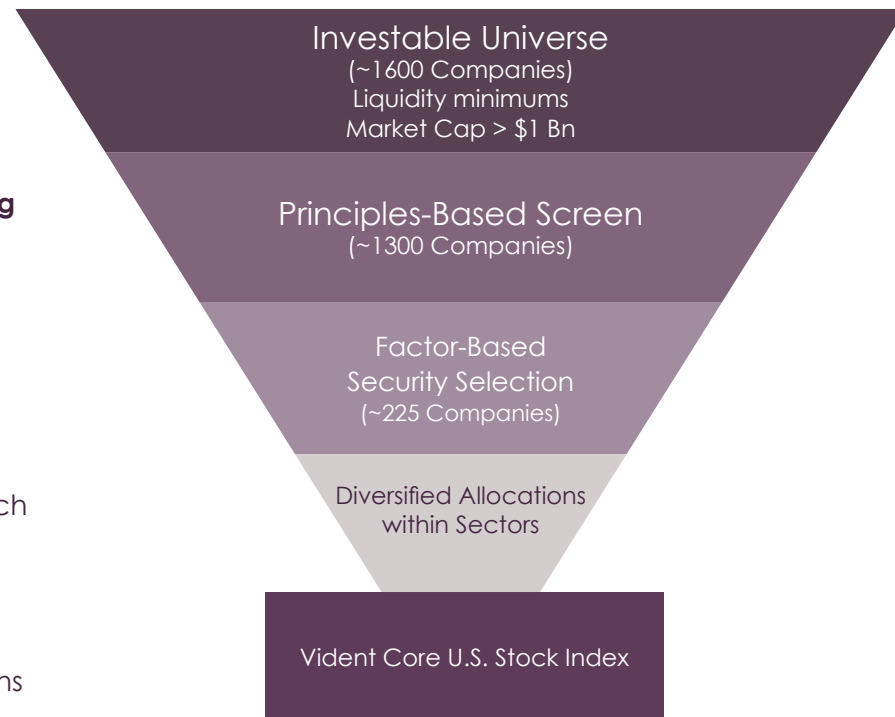
Select the most attractive stocks within each sector based on:

- **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.*

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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

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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 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

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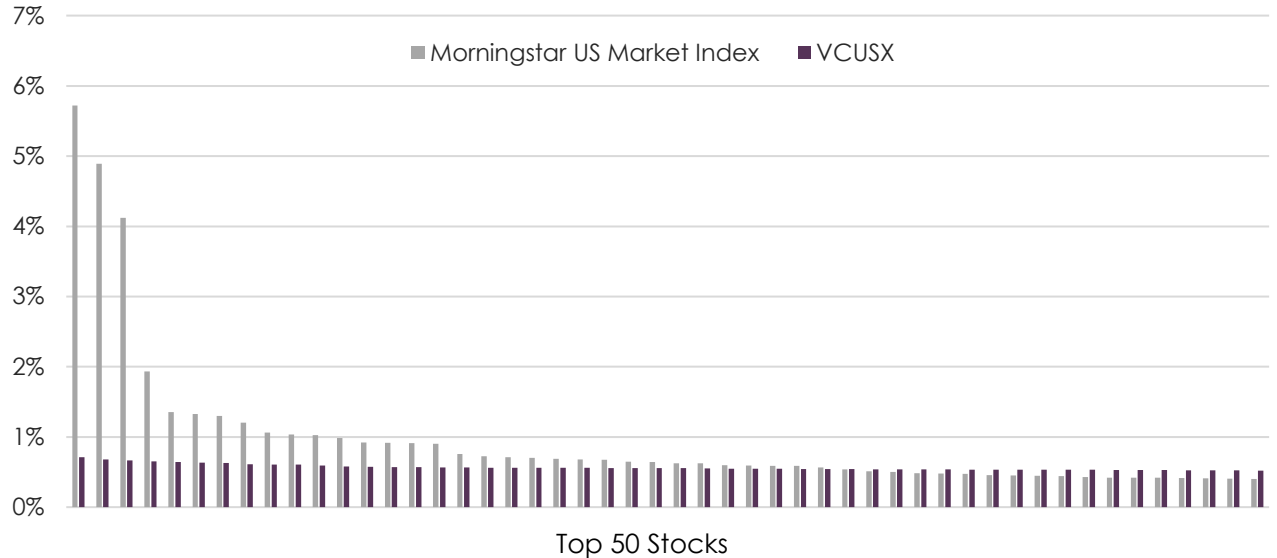
UNCERTAINTY & INSTABILITY

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

Top 50 Stock Allocations

**Morningstar U.S. Market
Index Top Ten Stock
Allocation = 23.9%**

**VCUSX's Top Ten Stock
Allocation = 6.4%**



Source data provided by Bloomberg and Morningstar, as of 9/30/2020.

UNCERTAINTY & INSTABILITY

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

VCUSX	
Builders FirstSource Inc	0.71%
Michaels Companies Inc	0.68%
TopBuild Corp	0.66%
Quanta Services Inc	0.65%
Darling Ingredients Inc	0.64%
Qualcomm Inc	0.63%
Target Corp	0.63%
Nuance Communications Inc	0.61%
Xerox Holdings Corp	0.61%
Cerence Inc	0.61%
Top 10	6.44%

As of 9/30/2020

Morningstar U.S. Market Index	
Apple Inc	5.72%
Microsoft Corp	4.89%
Amazon.com Inc	4.12%
Facebook Inc - A	1.94%
Alphabet Inc - A	1.35%
Alphabet Inc - C	1.33%
Berkshire Hathaway B	1.30%
Johnson & Johnson	1.20%
Procter & Gamble	1.06%
Visa Inc - A	1.04%
Top 10	23.95%

As of 9/30/2020

Source data provided by Bloomberg and Morningstar. Diversification does not assure a profit or protect against a loss in a declining market.

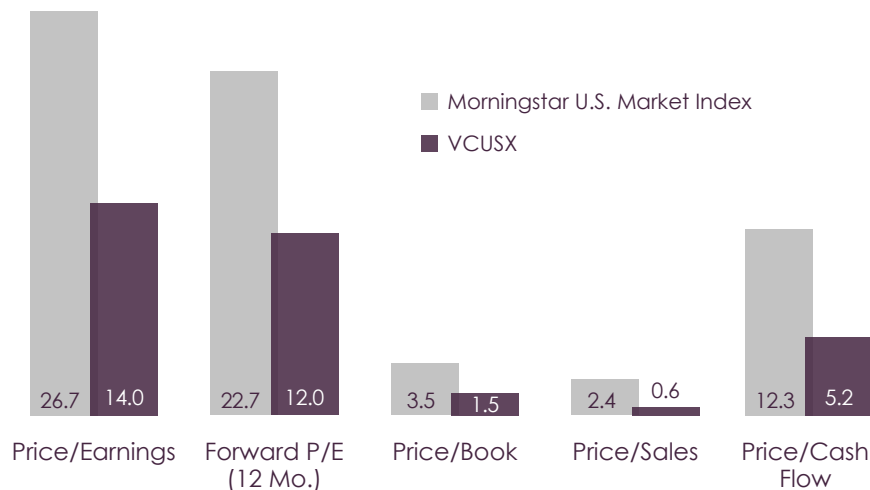
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INHERENT VALUE

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

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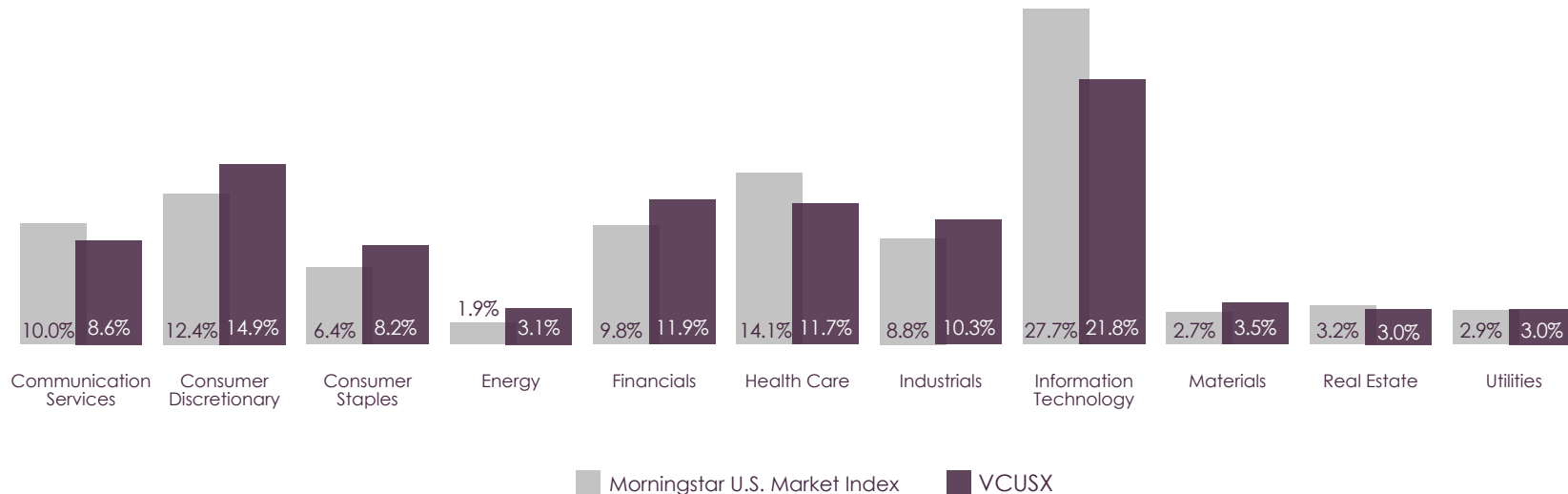
	VCUSX	Morningstar U.S. Market Index
Price/Earnings*	14.0	26.7
Forward Price/Earnings (12 Mo.)*	12.0	22.7
Price/Book ³	1.5	3.5
Price/Sales ⁴	0.6	2.4
Price/Cash Flow ⁵	5.2	12.3



Source data provided by Bloomberg and Morningstar as of 9/30/2020.

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Sector Weightings Remain in Line With Benchmark Norms



Source data provided by Bloomberg and Morningstar as of 9/30/2020.

Allocations are spread more broadly across the market capitalization spectrum

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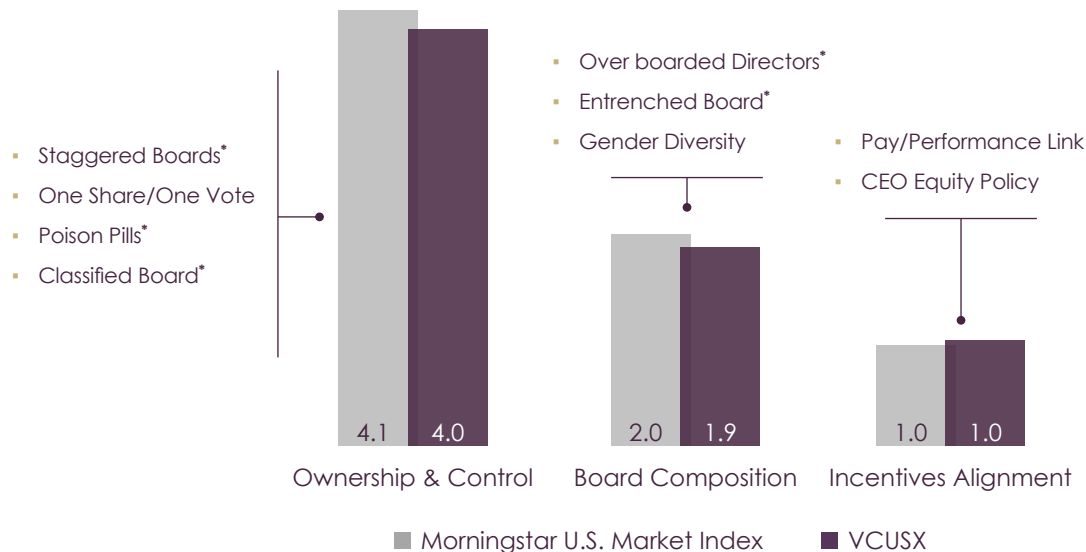
	VCUSX	Morningstar U.S. Market Index
>\$100 Bn	8.4%	52.4%
\$20 Bn - \$100 Bn	13.7%	29.3%
\$10 Bn - \$20 Bn	12.7%	8.7%
\$2 Bn - \$10 Bn	46.2%	9.0%
\$1 Bn - \$2 Bn	16.7%	0.6%
<\$1 Bn	2.3%	0.0%
Weighted Average	29.6 Bn	389.7 Bn
Median (\$Bn)	5.1 Bn	6.4 Bn

Source data provided by Bloomberg, Morningstar and FactSet as of 9/30/2020.

LEADERSHIP & GOVERNANCE

Seeking Higher Quality Leadership and Governance

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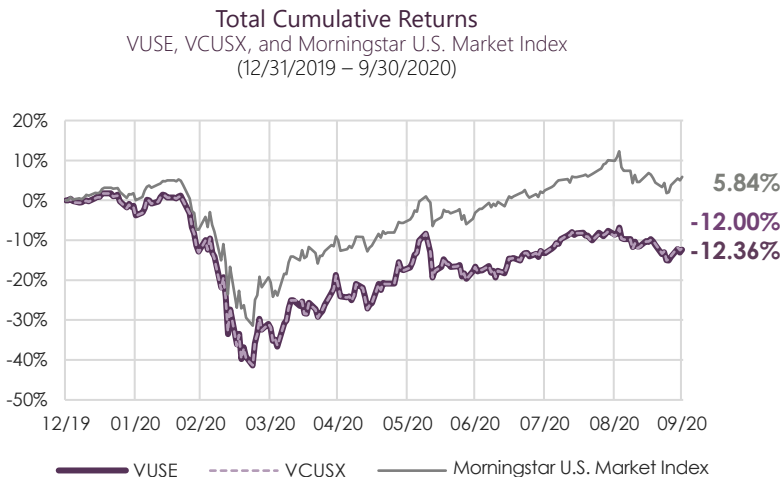
Extreme Risk Factors	
	% of Companies in the Index that are Flagged
VCUSX	3.5%
Morningstar U.S. Market Index	4.7%

The index seeks to eliminate stocks in the portfolio that are flagged for extreme risk. Some potentially adverse events that the index accounts for:

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

Source data provided by Morningstar as of 10/12/2020.

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	Cumulative		Annualized			
	QTD	YTD	1 Yr	3 Yr	5 Yr	Since Inception 1/22/14
VUSE Market	5.04%	-12.36%	-5.47%	-1.18%	5.12%	3.61%
VUSE NAV	5.12%	-12.63%	-5.54%	-1.17%	5.10%	3.59%
Morningstar U.S. Market Index	9.24%	5.84%	15.36%	11.98%	13.88%	10.88%
VCUSX	5.66%	-12.00%	-4.74%	-0.73%	5.35%	4.33%

Since Inception
VCUSX: 12/31/14

As of 9/30/2020

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 or visit www.videntfunds.com/funds/vuse. The fund's total annual operating expenses after fee waiver is 0.48%. Effective February 1, 2020, Vident Advisory, LLC, the investment adviser to the Fund, has contractually agreed to waive two basis points (0.02%) of its unified management fee for the Fund until at least January 31, 2021. The fee waiver agreement may only be terminated by, or with the consent of, the Fund's Board of Trustees.

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Accruals are revenues earned or expenses incurred which impact a company's net income on the income statement, although cash related to the transaction has not yet changed hands.

Cash flow is the net amount of cash and cash equivalents being transferred into and out of a company.

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

Debt covenants are agreements between a company and a creditor usually stating limits or thresholds for certain financial ratios that the company may not breach. Their projection is a vital component of a financial model.

Depreciation policies are a company's policy around depreciation. Depreciation is an accounting method of allocating the cost of a tangible or physical asset...

...over its useful life or life expectancy. Depreciation represents how much of an asset's value has been used up.

Dividends are the sum of money paid by a company to its shareholders out of its profits.

Earnings typically refer to after-tax net income, sometimes known as the bottom line or a company's profits

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

Firm enterprise value is the measure of a company's total value.

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.

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Leverage refers to the use of debt (borrowed funds) to amplify returns from an investment or project. Instead of issuing stock to raise capital, companies can use debt to invest in business operations in an attempt to increase shareholder value.

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

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

Price/book is the ratio used to compare a stock's market value to its book value.

Price/cash flow is the measure of the market's expectations of a firm's future financial health

Price/earnings is the valuation ratio of a company's current share price compared to its per-share earnings.

Price/sales is a ratio for valuing a stock relative to its own past performance, other companies or the market itself.

Reserve accounts are the accounts containing the profits that a company sets aside until they need money for some purpose.

Sales refers to a company's sales revenues.

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

Stock price is the price a share of stock is trading for on the market.

Carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. To obtain a prospectus visit www.videntfunds.com/literature 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.

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.

Holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security.

The Vident Core U.S. Equity Fund ETF is distributed by ALPS Distributors, Inc. Vident Financial is the Index provider of the Fund. Vident Advisory, LLC is the investment advisor of the fund and Vident Investment Advisory (VIA) is the sub-advisor of the fund. ALPS is not affiliated with Vident Financial, Vident Advisory or VIA.