

INTRODUCTION

Vident Asset Management ("Vident") is registered with the Securities and Exchange Commission ("SEC") as an investment adviser. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers and investing.

What investment services and advice can you provide me?

We offer investment sub-advisory services via agreement with third-party primary advisers to retail investors through separately managed accounts ("SMA"), as well as direct SMA advisory services for institutional clients. Vident offers fixed income SMAs and equity SMAs. The fixed income strategies include Laddered Bond Portfolios, Core Fixed Income strategies for both taxable and tax-efficient portfolios, and a Cash Allocation strategy. The Core Fixed Income strategies are targeted to a benchmark index or model, while the Laddered Bond Portfolio and Cash Allocation strategies are tailored to meet your cash flow needs and investment guidelines. The equity SMA strategies are managed according to an investment strategy model chosen by you in coordination with the primary adviser, where applicable, and inclusive of any established investment guidelines and/or restrictions, capital gains tax schedules, and select environmental, faith-based, governance, and/or social screens chosen by you and as implemented by us utilizing third-party providers' investment criteria screens or the primary adviser's own investment screens.

Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis and will make changes to the portfolio as required by changes in market conditions, changes in the benchmark index, changes in the investment strategy model portfolio selected by you, and/or your financial circumstances. If you participate in our SMA services, we will require that you grant Vident discretionary authority to manage your account. Discretionary authority will allow our firm to determine the specific securities, and the amount of securities, to purchase, sell or exchange for your account without your approval prior to each transaction.

We generally require an equity SMA account to have a minimum of \$75,000 in investable assets, a Cash Allocation SMA to have a minimum of \$100,000 in investable assets, a Laddered Bond Portfolio to have a minimum of \$200,000 in investable assets, and a Core Fixed Income strategy SMA to have a minimum of \$300,000 in investable assets. The minimum investable assets is negotiable. Vident may approve an account to fund with a lower amount of investable assets depending on the strategy to be implemented or where the SMA agrees to meet the stated minimum of investable assets within a mutually agreed upon timeframe.

For additional information, please see items 4, 7, 8, and 12 of our Form ADV Part 2A available at www.videntam.com.

Conversation Starters.

Ask your financial professional:



- (1) Given my financial situation, should I choose an investment advisory service? Why or why not?
- (2) How will you choose investments to recommend to me?
- (3) What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

What fees will I pay?

Our sub-advisory fees for fixed income SMAs differ depending on strategy. The sub-advisory fee for Municipal Laddered Bond, Corporate Laddered Bond, and Core Fixed Income SMAs is 0.20%-0.28% on the first \$5 million of assets, 0.15%-0.23% on the assets between \$5 million and \$10 million, and 0.10%-0.20% on the assets above \$10 million on an annual basis; subject to a minimum fee of \$100 per quarter. The sub-advisory fee for Taxable Laddered Bond, CD/Treasury Laddered Bond, and Cash Allocation SMAs is 0.10%-0.20% on all assets on an annual basis; subject to a minimum fee of \$100 per quarter. Our sub-advisory fee for a Custom Laddered Bond SMA is 0.20%-0.30% on the first \$5 million of assets, 0.15%-0.25% on the assets between \$5 million and \$10 million, and 0.10%-0.25% on the assets above \$10 million on an annual basis; subject to a minimum fee of \$1,000 per quarter.

Our investment sub-advisory fee for equity SMAs is typically 0.20%-0.30% for the first \$20 million in assets under management, 0.15%-0.25% on the next \$20 million, and 0.10%-0.20% on assets under management exceeding \$40 million on an annual basis; subject to a minimum fee ranging between \$187.50-\$250 per quarter. For the equity SMAs, a custom fee of 0.30%-0.40% for the first \$20 million in assets under management, 0.25%-0.35% on the next \$20 million, and 0.20%-0.30% on assets under management exceeding \$40 million on an annual basis; subject to a minimum fee of \$375 per quarter, will be assessed if an account's primary adviser directs the account into a non-standard target strategy and/or the account owner elects to utilize an alternative third party screening provider or provides a customized list of issuers above a reasonable number determined by Vident.

The fee for the Sovereign's Flourish SMA equity model is 0.60%-0.70% on the first \$20 million of assets, 0.55%-0.60% on the assets between \$20 million and \$40 million, and 0.50% on the assets above \$40 million. Subject to a minimum fee of \$375 per quarter. Vident will retain 0.10%-0.20% respectively of the fees collected based on the three fee tiers. Sovereign's Capital Management LLC, who provides the model portfolio, will be paid 0.50%, 0.45%, and 0.40%, respectively.

The fee for the Eventide Investment Management SMA equity models is 0.38%-0.45% on all assets, subject to a minimum fee of \$375 per quarter. Vident will retain 0.10% of the fees collected.

The direct advisory fees for equity SMAs range from 0.05%-0.18% and may be assessed on all assets or on a tiered structure. Certain accounts may be subject to a minimum quarterly or annual fee, as negotiated. Vident has agreed with certain third-party advisers to manage particular investment accounts for no fee. This arrangement applies when an SMA client also has other equity SMA accounts under Vident's management.

Sub-advisory SMA fees and direct advisory fees for institutional SMAs are primarily payable quarterly in advance, based on the value of the assets under management at the end of the preceding quarter. In certain circumstances, Vident may use alternative billing methodologies in accordance with SMA account requirements, including, but not limited to, billing in arrears based average daily balance. Our fees are negotiable, on a case-by-case basis..

In addition to the investment management fees paid to the primary advisers by sub-advised accounts, both advisory and sub-advisory SMAs typically bear certain expenses on top of Vident's SMA fees, including custodial fees, transaction charges (such as ticket charges or mark up/down on fixed income transactions) and/or brokerage fees when purchasing or selling securities

The broker-dealer or custodian through whom the SMA account transactions are executed typically imposes these custodial and brokerage charges and fees. Fees, if any, paid by the SMA account to the primary adviser and/or broker-dealer/custodian are separately negotiated without Vident's involvement. Vident is not a party to those separate agreements. Vident's advisory or sub-advisory fee is inclusive of fees for third party screening provider access and corporate engagement partners.

The primary adviser for sub-advised SMAs may have negotiated certain commission rates (including zero brokerage commission), custodial from transaction fees, transaction charges, or other fees with its preferred custodian that SMAs may choose for services. We intend to execute purchases and sales of securities for equity SMAs with the named custodian; however, we do have the ability, subject to best execution, to "trade away" from the custodian and use another broker-dealer to execute transactions for your account. We generally "trade away" for fixed income SMAs to attempt to seek best execution for fixed income trades. Such "trade away" transactions could incur additional fees assessed by your custodian and commission charges assessed by the executing broker-dealer. We do not share in any portion of the brokerage fees/transaction charges imposed by your primary adviser, or the broker-dealer or custodian. Direct institutional SMAs will transact directly with broker-dealers and will pay brokerage commissions on transactions.

If we invest your account in exchange-traded funds, mutual funds, and/or money market funds, you will indirectly bear a proportionate share of any fees and expenses payable directly by such funds (including, for example, the fund's investment advisory fees or applicable Rule 12b-1 fees). This is in addition to Vident's advisory fees, sub-advisory fees, or any fees charged by your primary adviser, as applicable.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

For additional information, please see item 5 and 12 of our Form ADV Part 2A available at www.videntam.com.

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money & what conflicts of interest do you have?

Conversation Starters.

Ask your financial professional:

- (1) Help me understand how these fees and costs might affect my investments.
- (2) If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

When we act as your investment adviser, we must act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they affect the recommendations we provide you. Here are some examples to help you understand what this means.

Our fees are based on the assets under management of your account and as a result the more assets there are in your account, the more you will pay in fees, and we therefore have an incentive to encourage you to increase the assets in your account. Although Vident does not generally aggregate account orders, we may aggregate orders if there are multiple accounts in the same investment strategy and Vident believes aggregation is in the best interest of the account. In these scenarios Vident could favor one account over another account. Vident has policies and procedures in place to ensure that no client account is favored over another

Vident may use Vident advised ETFs and mutual funds sub-advised by us when investing on behalf of the SMAs, though we generally do not intend to do so. If utilized, we will not charge you a fee on your assets invested in our affiliated products, so as to avoid double-counting of fees paid to Vident.

For additional information, please see items 6, 11 and 12 of our Form ADV Part 2A available at www.videntam.com.

Conversation Starters.

Ask your financial professional:

- (1) How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money?

Portfolio managers ("PMs") receive a fixed base salary and discretionary bonus that are not tied to the performance of SMAs or other client accounts they may manage. PMs are not compensated based on factors such as the amount of client assets they service, the time and complexity required to meet a client's needs, the product sold, product sales commissions, or revenue we earn from the financial professional's recommendations.

Do you or your financial professional have legal or disciplinary history?

No. We, including our PMs, do not have legal or disciplinary histories. Visit investor.gov/CRS for a free and simple search tool to research us and our financial professionals.

Conversation Starters.

Ask your financial professional:

- (1) As a financial professional, do you have any disciplinary history?
- (2) If so, for what type of conduct?

Additional Information

For additional information about our services, please see our Form ADV Part 2A and/or our website www.videntam.com. If you would like additional, up-to-date information or a copy of this disclosure, please call 404.267.1501.

Conversation Starters.

Ask your financial professional:

- (1) Who is my primary contact person?
- (2) Is he or she a Representative of an investment adviser or a broker-dealer?
- (3) Who can I talk to if I have concerns about how this person is treating me?