

FOR IMMEDIATE RELEASE

Dated: 08/04/2017

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## **Vident Financial's Vident Core U.S. Stock Index Semi-Annual Rebalance Review July 2017**

***Vident Financial, a principles-based index provider, undergoes semi-annual rebalance of their domestic equity index strategy.***

Vident Core U.S. Stock Index™ (VCUSX) is a principles-based U.S. equity strategy emphasizing companies with high-quality leadership and governance standards and trading at attractive valuations. VCUSX seeks to emphasize companies that are believed to have high-quality leadership and governance corporate standards and lower fundamental risks, while seeking to reflect disciplined, factor-based portfolio construction and well diversified U.S. company exposure.

### **Rebalance Goals:**

The rules-driven objective semi-annual reviews ensure the index continues to accurately reflect Vident's principles-based methodology and form an essential component of the index management. The rebalance serves to identify changes in market opportunities and risks and update the portfolio accordingly. As well as, eliminate what we believe to be high risk stocks from the index and increase diversity and liquidity by reducing concentrated positions and positioning in lesser liquid names. Positions which have grown in size are reduced to decrease company concentration risks.

Rebalance updates are driven by risk premia factors, seeking to return a portfolio of companies with strong leadership and governance and favorable valuations.

### **Outcomes of Current Rebalance**

Turnover this rebalance was in line with previous rebalances at 30%. Given the index's focus on both risk management and attractive opportunities, about half of turnover was driven by evolving opportunities to allocate to high quality companies at attractive valuations. In the new index, the average stock's factor score increased by 30%. Reducing concentration risks, by trimming back allocations in stocks which had grown due to strong performance, was also a material driver in the rebalance. Following the rebalance, the largest sector allocation underweights are to Health Care and Technology, while the largest sector allocation overweights are to Consumer Discretionary and Financials.

### **About Vident Financial**

Vident Financial develops and licenses transparent investment market solutions (indices and funds) based on a distinct philosophy and rigorous global research. Their investment strategies are founded upon sound principles that help identify environments where capital is going to thrive long-term. Many investment strategies are constructed by simply measuring single-factors such as a company's market capitalization or dividend yield. Vident's strategies are considered Systematic Active--measuring dozens of different factors (human productivity, economic freedom, quality leadership, etc.) embedded within multiple process layers. Such a systematic, rules-based strategy helps to avoid emotional decision-making biases as they identify companies who exhibit higher levels of principles. *Please visit [www.videntfinancial.com](http://www.videntfinancial.com) for more information on Vident's indices.*

A link to the full methodology can be found [here](#).

**All changes from this review will be implemented at the close of business Monday, July 31, 2017 and take effect from the start of trading on Tuesday, August 1, 2017.**

**Bloomberg is the source for all index data shown. The inception date of the VCUSX Index was 12/31/14. All information is provided for information purposes only.**