



Contacts:

WeatherStorm Capital
415.872.1580
info@wscmgmt.com

Vident Financial
404.267.1501
support@videntfinancial.com

WeatherStorm Capital – A Vident Group of Companies - Introduces WeatherStorm Forensic Accounting Long-Short ETF

Enhances market exposure and adds alpha with a Long-Short, Beta-One, Multi Factor Model

July 22, 2015, San Francisco, CA – WeatherStorm Capital, an alternative asset management company offering “all-weather” investment solutions, announced the NASDAQ launch of the WeatherStorm Forensic Accounting Long-Short ETF (NASDAQ: FLAG). The fund seeks to enhance investors’ U.S. large cap exposures by offering a long-short portfolio with full participation in the U.S. market beta while providing additional alpha potential through the careful and systematic selection and shorting of stocks based on forensic accounting analysis.

Forensic accounting is the process of critically dissecting companies’ financial statements with the goal of identifying the “red flags” of aggressive accounting and revenue recognition practices. While Generally Accepted Accounting Principles (GAAP) are standardized, managers have wide latitude in interpretation. Some managers, highly incentivized to produce stock performance, will use the accounting levers at their disposal to boost short-term results at the cost of future performance. The Forensic Accounting Long-Short Fund seeks to distinguish between such companies to the benefit of investors.

The importance of forensic accounting was highlighted recently in an Associated Press study, which uncovered the widespread divergence between adjusted profits and bottom line earnings figures among the top 500 U.S. companies, with 1 in 5 companies reporting adjusted profits more than 50% higher than net income.¹ “These divergences, among others, can highlight aggressive accounting and a higher likelihood of disappointments in future earnings,” explains John Del Vecchio, original designer of the original FLAG index and co-author of *What’s Behind the Numbers* – a book on exposing financial chicanery, “the longer the rally, the bigger the downside because of all the smoke and mirrors.”

John Del Vecchio has built a career upon detecting such disparities. It is John Del Vecchio’s deep forensic accounting insights that form the basis for the Forensic Accounting Long-Short Index which the FLAG ETF tracks. The new long-short index harnesses the analytical intellect of the original index, but enhances the potential for outperformance from the approach.

Andrew Alden, WeatherStorm’s Head of Quantitative Research, shares his enthusiasm for the new offering. “We are excited to offer investors an efficient and transparent way to utilize forensic accounting in their U.S. large cap investing.” Investors will be able to utilize the fund as a core strategic tool while harnessing factors with enhanced risk adjusted returns potential.

¹ June 8, 2015, AP analysis: *More ‘phony numbers’ in reports as stocks rise*, <http://news.yahoo.com/experts-worry-phony-numbers-misleadingtml-investors-070228914.h>

"We view forensic accounting as a way to measure corporate honesty. The method and construction of this portfolio really gets behind the numbers and is reflective of a company's leadership and governance" explains Nicholas Stonestreet, CEO of Vident Financial.

The Forensic Accounting Long-Short ETF will be sub-advised by Vident Investment Advisory (VIA). VIA is the trading sub-advisor to Vident's international and domestic equities and domestic bond ETFs, Robo-Stox Global Robotics & Automation ETF (ROBO), YieldShares High Income ETF (YYY), Janus Equal Risk Weighted Large Cap ETF (ERW) and the Hull Tactical U.S. ETF, totaling approximately \$2 billion in assets under management (AUM).

About WeatherStorm Capital

WeatherStorm Capital is a subsidiary of Vident Financial that provides all-weather investment strategies that combine deep investment research with thoughtful systematic portfolio design and risk management. WeatherStorm provides alternative investment solutions that are broadly classified into two categories: investments across asset classes designed to deliver absolute returns, and single asset class solutions designed to deliver superior risk adjusted return over respective benchmarks.

About Vident Investment Advisory (VIA)

VIA is an asset management firm, providing investment advisory services to institutional clients and ETF sponsors. VIA's areas of specialization and expertise are index fund and ETF fund management and trading, custom benchmark development, and cash management. VIA utilizes capital markets resources efficiently and effectively to produce optimal performance versus both standard and custom benchmarks.

Disclosure

This press release is for informational purposes only, and is not an offer or recommendation to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. Further, none of the information and material in this presentation is intended to constitute legal advice, tax advice, investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Additionally, nothing herein shall be deemed to constitute an offer or a solicitation of an offer to provide advisory services to any person in any jurisdiction where such offer or solicitation would be unlawful or otherwise prohibited. Historical data and analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Investing involves risk. Principal loss is possible.

Carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. This and additional information can be found in the Fund's prospectus, which may be obtained by visiting www.flagfunds.com. Read the prospectus carefully before investing.

Investing involves risk, including the possible loss of principal. Because the Fund will be shorting stocks, it will incur expenses relating to those transactions.

The Funds are distributed by SEI Investments Distribution Co., which is not affiliated with Exchange Traded Concepts, LLC, Vident Investment Advisory, WeatherStorm Capital or any of their affiliates.