

**VERITY INTERNATIONAL EQUITY & INCOME STRATEGY**

*An international multi-asset strategy designed for capital appreciation with current income*

Income, Capital Growth and Real Assets

## In Search of Diverse Opportunities

Conditions outside of the U.S. may present unique opportunities for investors seeking exposure to Europe, Asia/ Pacific, Latin America (including Mexico), Middle East, and Africa - based companies. Securities identified for the strategy are generally well-capitalized, highly profitable companies with minimal debt exposure. These companies are typically valued for their ability to withstand periods of economic volatility as well as their flexibility to use excess profits which may be distributed in the form of interest or dividends.

The Verity International Equity & Income Strategy can help investors gain exposure to high quality and well-capitalized international companies as part of their overall portfolio. The Strategy utilizes a comprehensive quantitative and qualitative methodology designed to construct a diversified portfolio of attractively valued companies with strong balance sheets and consistently high profitability.

## Flexible Investment Strategy

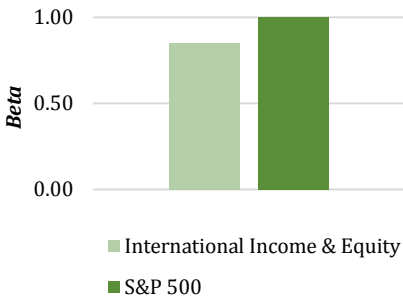
**Verity International Equity & Income Strategy** : An actively managed strategy that seeks to provide long-term capital appreciation along with income, with lower volatility than international stock indices.

## Strategy Details

### International Equity & Income Strategy

Portfolio Manager:	Brad Corbett
Target Yield:	3.75%
Target Beta (vs. S&P500):	0.70
Contribution Period:	Daily
Lock-Up Period:	None
Liquidity:	Daily

## Targeted Strategy Beta<sup>1</sup> Exposure



<sup>1</sup> Beta is a measure of the volatility of a portfolio in comparison to the market as a whole. A security with a Beta of 0 is believed to have no systematic risk. A security with a Beta of 1 is believed to have the same risk as the S&P500.

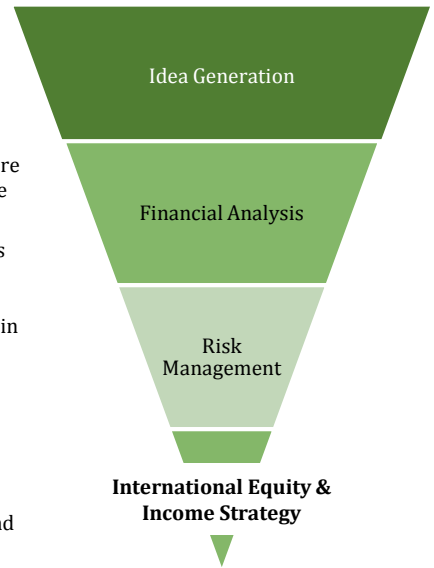
## Investment Process

In constructing each Strategy's portfolio, securities are selected based on the following criteria:

- **step 1 Idea Generation:** Establish an initial universe of securities through theme development, quantitative screening, and business observations.
  - ✓ *General Market Analysis*
  - ✓ *Asset Allocation*
  
- **step 2 Financial Analysis:** Carefully measure each investment to provide a unique source of return and diversification.
 

The relationship between risk and return is determined through analysis of technical, macroeconomic, sentiment, and valuation indicators across a series of securities within each asset class.

  - ✓ *Investment Selection =  $\frac{\text{Return Potential}}{\text{Associated Risk}}$*
  
- **step 3 Risk Management:** Measure and monitor key factors at both the portfolio and position levels in order to minimize unwanted risks.

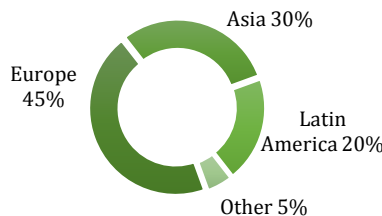


## Key Considerations

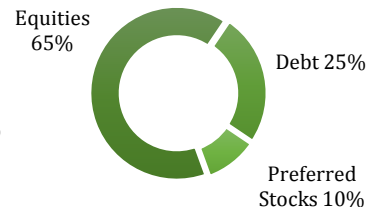
- **Risk-Based Approach:** Employs a systematic approach that avoids market timing, individual stock selection risk and return chasing.
- **Diversification Potential:** Strategically balanced among debt, equity and other securities to provide enhanced diversification through low correlation.
- **Experienced Team:** The investment team has a long history of managing risk with a focus on capital preservation, effectively navigating turbulent markets and compounding investor capital.

## Geography Breakdown

\*Portfolio Date: 12/31/2017



## Security Breakdown





## **IMPORTANT DISCLOSURE**

The Strategy will be allocated at various times with direct exposure to foreign and emerging markets, equities and debt securities, including preferred securities, high-yield debt, convertible bonds, corporate bonds, foreign government bonds, REITs, and currencies. During periods when risks to international markets are perceived to be disproportionately great, the portfolio manager may temporarily move parts of the portfolio into U.S. securities for defensive purposes, but there is no guarantee this strategy will reduce portfolio volatility or reduce the potential for loss. The security selection process places a high priority on fundamental analysis of individual companies, although exchange-traded funds (ETFs) or mutual funds may be used for exposure to certain regions and sectors. We do not use leverage or derivatives but may invest in funds that use leverage or derivatives of certain types, generally for hedging purposes.

The Strategy will be subject to market risk and the value will fluctuate. As compared to domestic investments, investments in foreign securities involve additional risks, including but not limited to risks associated with exchange-rate fluctuations, social and political instability, lower market liquidity, and limited regulation, among other factors. Additionally, fixed income securities are subject to credit, liquidity, and interest rate risk.

The investment process illustrated for the Strategy is representative of some of the steps in the actual process, but is not intended to demonstrate the entire screening process, components of which may be proprietary.

The S&P 500 is a commonly recognized, market-capitalization-weighted index of 500 widely held equity securities, designed to measure broad U.S. equity performance. The S&P 500 index does not include fixed income, preferred securities, or money market securities, whereas the Verity Strategies may include these as well as other non-equity securities. The S&P 500 Index has not been selected to represent the most appropriate or comparable benchmark index with which to compare the target Beta of the Verity Strategy but rather to allow for general comparison of the target Beta of the Verity Strategy with a well-known and widely recognized benchmark index for informational and illustrative purposes only. The securities held in the Verity Strategy will differ significantly from the securities included in the S&P 500 benchmark index, and the volatility of the strategy may differ significantly from that of the benchmark index.

All investing involves risk of loss. Portfolio values will fluctuate with changing market conditions, and there is no guarantee that strategies that have been successful in the past will be similarly successful in the future. Diversification does not assure a profit or protect against loss in a declining market. This material contains forward looking statements. There is no guarantee that these outcomes will be achieved.

Verity Asset Management, LLC ("Verity") is an SEC registered investment adviser with its principal place of business in the State of North Carolina. Any references to the terms "registered investment adviser" or "registered," do not imply that Verity Asset Management or any person associated with Verity Asset Management have achieved a certain level of skill or training.

This document contains summary information only. Before investing, please refer to the firm's Form ADV, Part 2 for a full description of strategies and fees.

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