



## Issuer Spotlight: V-Shares by V-Square



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**Further information:**

Please visit <https://www.v-shares.com/>

**Q. We will be talking about your V-Shares US Leadership Diversity ETF (NYSE Arca: VDNI) today, but before that, can you tell us more about your background and V-Square, the firm you co-founded?**

Well, without going too far down the memory lane, I have been in the market for over 20 years, and I am an international financier. I worked in Paris, London, Abu Dhabi and now Chicago. I started my career as a currency trader and then moved into the asset management industry as an equity strategist. Prior to launching V-Square, I was at a large U.S. asset manager where I was the Global Head of ESG and Product Development for nearly 10 years. Since I entered the industry, I never lost sight of my vision to build a unique investment firm, so I focused on training and apprenticing at large firms, managing assets, building investment platforms, and honing my market reputation.

When I felt I was ready to go, I reached out to a former partner of mine, Habib Moudachirou, with whom I worked at HSBC Asset Management back in early 2000's. Habib was the deputy Head of Quantitative Management for Americas based in New York when I was a product strategist based in London. This is when we formulated the view that at some point, we would come back together to build a unique asset management firm.

V-Square is a global asset manager with sustainability at its core. The "V" of V of V-Square stands for Values and Velocity. We have two main pillars: The first pillar is that we specialize in developing and managing customized passive, factor-based portfolios, and thematic ETFs. The second pillar is that we deliver analytics to integrate ESG into portfolios, risk management and reporting.

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**Q. What do you believe is the business case for VDNI?**

For me, the business case for the V-Shares US Leadership Diversity ETF (Ticker: VDNI) comes down to **unlocking the diversity value**.

Our Chief Investment Officer, Habib Moudachirou, wrote an interesting paper last year titled: Diversity, what's in it for investors? In his paper, he drew the parallel between diversity and diversification. Diversity and diversification have in common more than their Latin root: they both carry value.

I think we can all agree that human capital is a critical source of capital, and a key driving force for any businesses. As such, human capital also enjoys the benefit of diversification.

Academic research shows that diversity at the senior leadership level is a foreteller of a healthy corporate culture, which in turn strengthens the levers and drivers of sustainable corporate performance.

So, the business is strong and multifaceted. It encompasses companies bottom-line, reputational risk, client demand, regulatory requirements and finally ethical or value imperative.

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**Q. What do you believe we can expect going forward on diversity commitments and initiatives?**

A notable step in this direction was taken in July 2021, when the SEC Asset Management Advisory Committee's Subcommittee on Diversity and Inclusion recommended, among other things, that asset managers disclose data relating to racial and gender diversity within their workforce, officers, ownership, and board. The Singapore Exchange (SGX) announcement last year that it will proceed with plans to require issuers to provide climate-related reporting based on recommendations of the Task Force on

Climate-related Financial Disclosures (“TCFD”) and disclosures on board diversity.

In the United Kingdom, the FCA has launched a consultation on proposals to improve transparency for investors on the diversity of listed company boards and their executive

In a nutshell, all these initiatives are pointing in the same direction, namely more accountability and measurement of diversity in the financial industry.

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**Q. From your perspective, what do you believe are the main reasons why an investor should consider VDNI?**

The V-Shares US Leadership Diversity ETF (VDNI) invests in domestic companies (US) exhibiting broad ethnic and gender representation for Directors and Named Executive Officers (NEO) as determined by the index provider. The fund seeks to track the investment results of the ISS ESG U.S. Diversity Index Total Return (Ticker ISSDIVUT).

Three reasons to consider VDNI:

- Get your US All Cap exposure through an innovative ETF – correlation close to 1 versus the Russell 3000 or the S&P500.
- Unlock the diversity value Research finds that diversity at the top of companies is a catalyst for out-performance<sup>1</sup>
- Companies’ leadership culture drives sustainable corporate performance. And by investing in VDNI, you invest in the first US ETF focused on diversified human capital in leadership positions accounting for both gender and ethnicity.

<sup>1</sup> Source: McKinsey reports Why Diversity Matters (2015), Delivering Through Diversity (2018), and Diversity Wins (2020).

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**Note from NYSE Arca:**

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**Note from Company:**

**Carefully consider a Fund’s investment objectives, risk factors and charges and expenses before investing. This and other information can be found in the Fund’s prospectus, which may be obtained by calling + 1 844 VSHRETF (1 844 874 7383) or by visiting the Fund’s website v-shares.com to view or download a prospectus. Read the prospectus carefully before investing.**

As with all ETFs, Shares may be bought and sold in the secondary market at market prices. Although it is expected that the market price of Shares will approximate the Fund’s NAV, there may be times when the market price of Shares is more than the NAV intra-day (premium) or less than the NAV intra-day (discount) due to supply and demand of Shares or during periods of market volatility. Brokerage commissions will reduce returns.

Passive Investment Risk. The Fund is not actively managed and therefore the Fund generally will not sell a security due to the underperformance of a security, industry or sector, unless that security is removed from the Underlying Index or sold upon a rebalancing. There is no guarantee the Fund will achieve a high degree of correlation to the Underlying Index and achieve its investment objective. The Fund’s return may not match the return of its Underlying Index due to differences between the securities held in the Fund’s portfolio, pricing differences and the Fund’s holding of cash. Consequently, the performance of the Fund may diverge from that of its Underlying Index. Tracking error may result because the Fund incurs fees and expenses, while the Underlying Index does not.

Investments in securities of non-U.S. issuers and Depository Receipts involve risks relating to political, social and economic developments abroad, differences in foreign regulatory and accounting requirements, tax risks, and market practices, as well as fluctuations in foreign currencies. Methodology Risks. The Index Provider relies on various sources of information to assess the criteria of issuers included in the Underlying Index, including information that may be based on assumptions and estimates. Neither the Fund nor the Index Provider can offer assurances that Underlying Index’s calculation methodology or sources of information will provide an accurate assessment of included issuers or that the included issuers will provide the Fund with the market exposure it seeks.

Correlation is defined as a mutual relationship or connection between two or more things.

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