



arabesque

FundVantage Trust

Arabesque Systematic USA Fund

June 2019

Arabesque



Mission



Make sustainable investing economically attractive and available to the mainstream.

We integrate Environmental, Social and Governance (ESG) data with quantitative investment strategies to generate financial outperformance.

Sustainable is powerful



Achieving the Mission



Making sustainability performance relevant



Research in sustainability, big data and artificial intelligence



Sustainable finance as a lifestyle choice

Contributing to the mainstreaming of sustainable finance



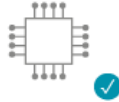
Investment Philosophy

Sustainable



We believe integrating material sustainability information in the investment process is the fourth dimension of security analysis, to help reduce risk and seek to increase performance.

Quantitative



The rules-based quantitative investment process helps to avoid typical behavioural biases and makes for a transparent, disciplined strategy, capable of processing vast data streams.

Human Oversight



The Investment Committee reviews all decisions and has the ability to reduce the risk level of the portfolio in case of exceptional circumstances.

Transparent



The Fund only invests in liquid equity and cash instruments. No derivatives, no leverage, no shorting, no stock lending.

Sustainable and quantitative investing



Investment Process Overview

1

Investment Universe

Approximately 1,100 liquid US stocks that have passed Arabesque S-Ray® screening:

Arabesque's proprietary assessment of non-financial risk factors such as environmental, social and governance ("ESG") issues as well as alignment with the principles of the UN Global Compact.

The investment universe is rebalanced on a quarterly basis.

2

Preparation: Analysis

Calculation of metrics that are used for the asset allocation and stock selection.

Fundamental analysis:

- F-Score
- G-Score
- Earnings Pressure

Momentum analysis:

- Stock momentum
- Market momentum

3

Asset Allocation

Based on the calculated market momentum, the Fund allocates between cash and equity.

The equity allocation ranges from 0% to 100% with the remainder invested into cash and cash instruments.

The asset allocation is done on a daily basis.

4

Stock Selection

The Fund selects securities from the investment universe with an initial maximum target weight of 2% per position.

The stock selection is based on a rules-based portfolio optimization taking into consideration the calculated stock momentum, fundamental analysis and transaction costs.

The stock selection is done on a daily basis.

Transparent and rules-based investment process

Arabesque Systematic USA Fund

Step 1: Investment Universe



Investment Universe



Arabesque's database covers all listed USA stocks.

Arabesque Systematic USA Fund can only invest in stocks from the Investment Universe.

The Investment Universe is limited to USA stocks that pass both of two important screening steps:

- Liquidity screening in terms of size, trading volume and free float, to allow for daily liquidity in the strategy
- S-Ray® screening removes companies with low S-Ray® scores from the portfolio aiming to improve risk-adjusted performance and seeking to reduce tail-risks in the portfolio

No. of equities after each screening step (approximately):

4,100 USA Stocks

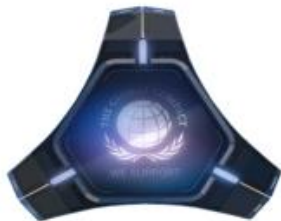
1,500 Liquid stocks

1,100 S-Ray® Investment Universe

Using sustainability to drive risk-adjusted performance

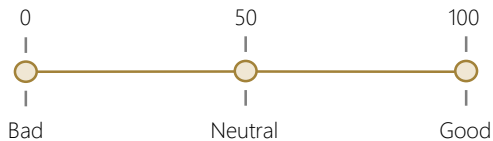


The Three Pillars of S-Ray®



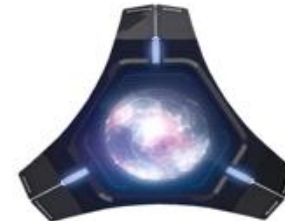
GC Score

A normative assessment of each company based on the core principles of the United Nations Global Compact



ESG Score

A sector specific analysis of each company's performance on financially material environmental, social and governance (ESG) issues



Preferences

A search tool that checks the business involvements of companies, and excludes those with significant revenues (> 5%) coming from tobacco, weapons or gambling



S-Ray® is a transparency tool



Arabesque S-Ray® : GC Score



S-Ray® GC Score aims to quantify the performance of companies on the principles of the United Nations Global Compact.

S-Ray® GC Score delivers scores for more than 7,000 of the world's largest companies.

S-Ray® GC Score systematically analyses news from over 30,000 sources across 4 languages.

Investors with combined assets in excess of \$4tn have referenced the UNGC in their investment policy statement.¹

Arabesque excludes the companies with the 5% worst GC scores.

Principles



Human Rights



Anti-Corruption



Labour Rights



Environment

Measuring how companies 'behave'

1: Based on own research, September 2016



Arabesque S-Ray®: ESG Score



Identification of financially material ESG factors.

Calculation of a proprietary ESG score per stock.

Open architecture with 22 sub-categories to ingest multiple and diverse data sources.

Best in class screening to select the top 75% stocks within an industry.

ESG momentum screening may however include companies from the bottom 25% if ESG scores increase over previous periods.

Sector specific ESG performance

75% included

25% excluded

Momentum screen

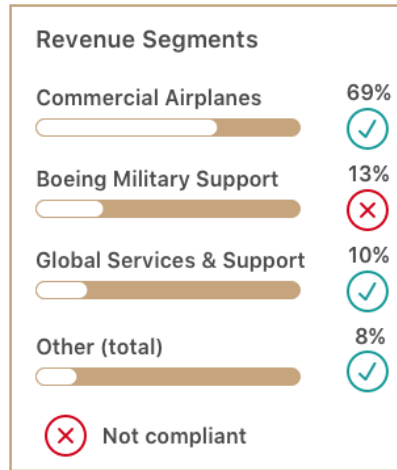
Yes

Measuring how well companies are managed



Preferences Filter

Stock: Boeing



Example: all of a company's revenues are analysed to determine its actual business involvements.

A bespoke search tool that checks the business involvements of companies, based on its revenue streams.

For the Arabesque Systematic USA Fund, the Preferences Filter excludes companies with revenues from tobacco, weapons and gambling in excess of 5% of total revenues from the Investment Universe.

Arabesque Systematic USA exclusions:



Gambling



Tobacco



Defense & Weapons



Coal

Implementing preferences

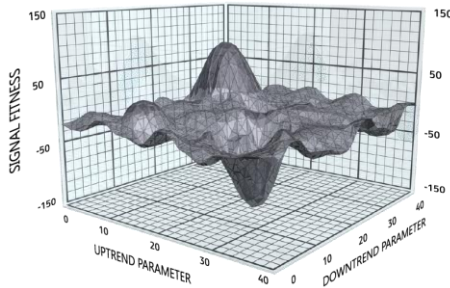
Arabesque Systematic USA Fund:

Step 2: Asset Allocation and Stock Selection



Momentum Analysis

Momentum Landscape per Single Stock



Arabesque Systematic uses a quantitative approach to capture behavioral biases in the market.

1,600 signals are analyzed per equity to determine its individual strength and overall market momentum.

The calculated strength indicator is a key ingredient for the built-in risk management system.

Number of technical indicators
1,600 per stock

Recalibration Frequency
Monthly

Self-calibrating system to measure stock momentum



Fundamental Analysis



Arabesque Systematic's portfolio optimization favors stocks with strong fundamental measures (G-Score, F-Score, and Earnings Pressure).

F - Score¹

Identifies strong balance sheets and cash flows, based on 9 financial ratios.

G - Score²

Identifies firms showing continued growth and increasing earnings, based on 8 financial ratios.

Earnings Pressure

An Arabesque proprietary technology that utilizes behavioral patterns of sell-side research analysts.

Selection of underlying ratios:

F - Score
Cash flow from operations
Return on assets
Long-term debt
Gross profit margin
Current sales

G - Score
R&D
Capital expenditure
Cash flow
Earnings per share
Advertising expenses

- 1: Piotroski J.D., 'Value Investing: The Use of Historical Financial Statement information to Separate Winners From Losers', 2002
- 2: Mohanram P.S., 'Separating Winners from Losers among Low Book-to-Market Stocks using Financial Statement Analysis', 2005

Rules-based fundamental stock screening



Asset Allocation

Cash Allocation: Illustration

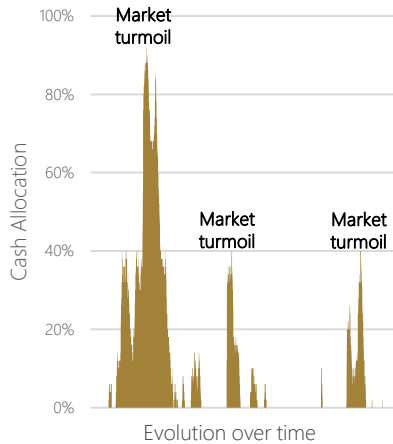


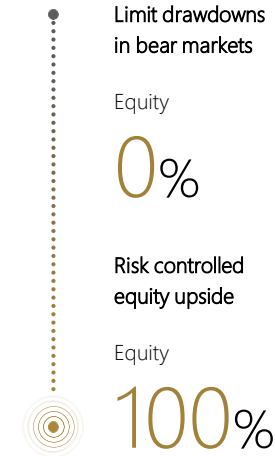
Illustration of how the Arabesque Systematic Fund's cash allocation mechanism reacts to market movements. When negative market momentum is detected, cash allocation is increased.

Arabesque Systematic's built-in risk management system dynamically allocates between cash and equity to balance exposure according to market movements.

The dynamic cash allocation results from a bottom-up aggregation of individual stock momentum scores into an overall market momentum score. In rising markets the equity allocation will increase up to 100%. In falling markets the equity allocation can go down to 0%, with the remainder invested into cash and cash instruments. The mechanism is illustrated on the left-hand side.

The dynamic cash allocation is performed daily and aims to reduce volatility and make drawdowns smaller.

Risk Management



Average market trend determines allocation between cash and equity



Stock Selection

Portfolio Construction: Illustration

Selected stocks

#1	#2	#3	#4	#5	#6	#7	#8	#9	#10
#11	#12	#13	#14	#15	#16	#17	#18	#19	#20
#21	#22	#23	#24	#25	#26	#27	#28	#29	#30
#31	#32	#33	#34	#35	#36	#37	#38	#39	#40
#41	#42	#43	#44	#45	#46	Cash	Cash	Cash	Cash

Remaining stocks from Arabesque Universe

#47	#48	#49	#50	#51	#52	#53	#54	#55	#56

Arabesque Systematic aims to find the best combination of equities that offer an attractive superior risk adjusted return.

The portfolio optimization selects upward-trending stocks with strong fundamental measures (G-Score, F-Score, and Earnings Pressure).

To limit the turnover, potential portfolio improvements have to exceed the trading costs.

The color scheme in the chart indicates the quality of each stock with respect to the target function of the conditional value at risk portfolio optimization (CVaR).

Portfolio Optimization

Conditional Value at Risk (CVaR)

Frequency

Daily

Implementation

Cash Equity Trading

Stock selection is driven by single asset and portfolio properties



Arabesque Systematic USA Fund

Fund Overview – Institutional Class

Ticker	ASUX
ISIN	US3608752982
Inception Date	May 2 nd , 2017
Benchmark	MSCI USA
Fund Net Assets	\$40.2M*

* Figure as of May 31st 2019

Minimum Purchase Amounts

Initial	\$50,000
Subsequent	No minimum

Arabesque Systematic USA Fund is a balanced US equity fund that uniquely combines sustainability values with a sophisticated fundamental and quantitative stock selection process.

On a daily basis, the Fund assesses the equity market risk using a rules-based process and allocates between equity and cash.

The stock selection is based on a rules-based portfolio optimization taking into consideration price information, financial data, analyst estimates and transactions costs. The portfolio consists of up to c. 50 stocks.

The Fund aims to have returns that are c. 25% less volatile than the benchmark and to limit maximum drawdowns to around 25%.

A transparent investment process which is
Rules-based

Cash/equity allocation aims to provide
**Risk-controlled
equity exposure**

Portfolio monitoring performed
Daily

Aims to provide risk-controlled sustainable equity exposure



Appendix



Staff



Omar Selim
CEO,
Partner



Andreas Feiner
CEO of Arabesque S-Ray®,
Partner



Dr Hans-Robert Arndt
Head of Quantitative
Research,
Partner



Dr Dominic Selwood
General Counsel,
Partner



Alfred Lang
CFO & COO,
Partner



Brace Young
Head of US,
Partner



Philipp Müller, CFA
Head of Product Office,
Partner



Gabriel Karageorgiou
Head of Business
Development,
Partner



Dominic Godman
Head of Singapore,
Partner



Maria Mahl
Head of Nordics,
Partner



Haliza Abd Rahim
Legal Counsel,
Director



Dr Yasin Rosowsky
Head of AI,
Director



Jennifer Djaferis
Business Development,
Director



James von Claer
Business Development,
Director



Claran McCale
Head of Media and
Communication,
Director



Linda Baigrie
Business Development,
Director



Dr Qasim Nasar-Ullah
Quantitative Research,
Director



Dr Tim Verheyden
Head of Research,
Arabesque S-Ray®,
Director



Stéphan Vuylsteke
Product Office,
Director



Rooker Price
Business Development,
Director

- Experienced leadership
- 40 professionals from 18 nations
- Flat hierarchy of three levels

A company greater than the sum of its parts



Staff



Caroline Clarke
Business Development,
Director



Dr Nikolaos Kaplis
Head of S-Ray® Artificial
Intelligence Research,
Director



Francie Heller
Business Development,
Director



Thomas Schafbauer
Business Development,
Director



Tanyarat Riinger
Business Development,
Associate



Jan Vermeulen
ESG Research,
Associate



Matthias Baetens
ESG Research,
Associate



Gilles Jacobs
ESG Research,
Associate



Dr Rebecca Thomas
ESG Research,
Associate



Dries Braems
ESG Research,
Associate



Dr Ngoc Vu
Quantitative Research,
Associate



Alexandra Pavlovskis
ESG Research,
Associate



Nicholas Stott
Business Development,
Associate



Dr Inna Amesheva
ESG Research,
Associate



Dr Roan du Feu
ESG Research,
Associate



Dr Julian Gaberle
Quantitative Research,
Associate



Emily Matthews
Product Office,
Associate



Ion Butmalai
Product Office,
Associate



Nathan Abela
ESG Research,
Associate



Max Kelton
Product Office,
Associate

- Experienced leadership
- 40 professionals from 18 nations
- Flat hierarchy of three levels

A company greater than the sum of its parts



Board



Georg Kell

Founder

United Nations Global Compact

**Non-Executive
Chairman**

- Founder and former Executive Director of the UN Global Compact
- Principles for Responsible Investment (PRI)
- Principles for Responsible Management Education (PRME)
- Sustainable Stock Exchanges (SSE) initiative



Barbara J. Krumsiek

Senior Industry Fellow, Georgetown University

**Non-Executive
Director**

- Senior Industry Fellow, Georgetown University Women's Leadership Institute
- President & CEO, Calvert Investments, 1997 - 2014
- Co-Chair of the U.N. Environment Programme Finance Initiative, 2010 - 2012
- Columbia University Business School's Botwinick Prize in Business Ethics in 2012



John Ruggie

Berthold Beitz Professor, Harvard Kennedy School

**Non-Executive
Director**

- Berthold Beitz Professor in Human Rights and International Affairs at the Harvard Kennedy School of Government
- Affiliated Professor in International Legal Studies at Harvard Law School
- Special Representative for Business and Human Rights under the UN administration 2005 – 2011



Dr. Carolyn Woo

President & CEO, Catholic Relief Services

**Non-Executive
Director**

- President's Fellow for Global Development, Purdue University
- President and CEO of Catholic Relief Services, 2011 – 2016
- Served as dean of University of Notre Dame's Mendoza College of Business
- 1st female dean to chair accreditation body for business schools, AACSB: Association to Advance Collegiate Schools of Business



Yolanda Kakabadse

President, WWF International

**Non-Executive
Director**

- President of WWF International
- Executive Director of Fundación Natura in Quito, 1979 - 1990
- President of the World Conservation Union (IUCN)
- Minister of Environment for the Republic of Ecuador



Advisory Board



Prof Robert Bauer
Director,
ECCE, Maastricht University



Prof Gordon Clark
Director,
SSEE, Oxford University



Prof Tensie Whelan
Clinical Professor of Business
and Society, NYU



Prof. Alexander Bassen
Full Professor,
University of Hamburg



Emma Hunt
Former Co-Head,
Hermes Equity Ownership



Mohamed Donia
CEO,
IdealRatings



Prof Michael Griebel
Director,
SCAI,
Fraunhofer Institute



Prof David Tuckett
Director,
Centre for the Study of
Decision-Making Uncertainty, UCL



Dr. Gregor Leban
CEO,
Event Registry

- Leading scientists in ESG research and quantitative finance
- CEOs from leading service providers

Industry leaders and renowned academics advise Arabesque



Arabesque Setup

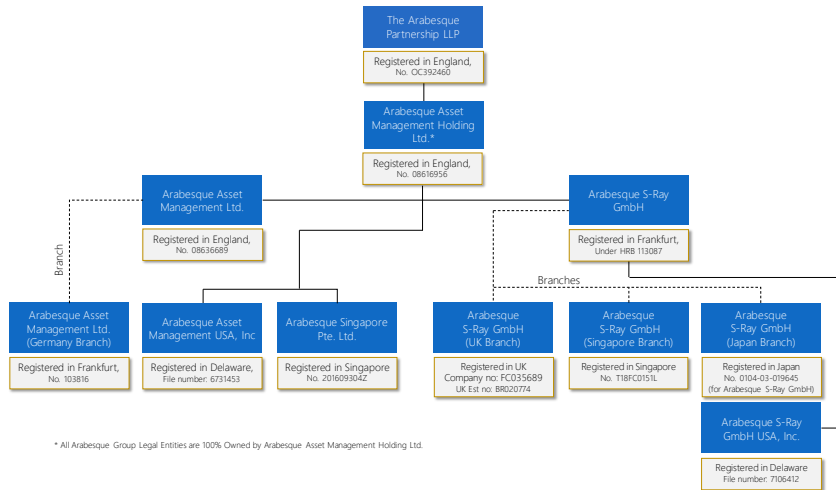


- Transparency and strong regulation
 - Registered onshore in the UK and Germany
 - Arabesque Asset Management Limited, acting as the investment advisor, is overseen by the FCA in the UK (lead regulator) and registered with the SEC as Registered Investment Advisor (RIA)
 - Arabesque Asset Management Ltd (Germany) follows BaFin regulations in Germany
 - Financial affairs are transparent and fully taxed in UK and Germany
 - Arabesque's setup is fully hedged against Brexit via the co-location of its staff and business in London and Frankfurt
- No offshore entities
 - No aggressive tax management
 - Full legal and financial accountability

Institutionally transparent



Structure



- The Arabesque Partnership LLP holds the partners' interests
- Arabesque Asset Management Holding Ltd is the group holding company
- Arabesque Asset Management Ltd is the UK FCA regulated asset management company
- Arabesque Asset Management Ltd (Germany) is the German, FCA regulated, branch, supervised by the BaFin
- Arabesque S-Ray GmbH, UK Branch is the home of Arabesque S-Ray® and ESG research
- Arabesque Singapore PTE Ltd is the Singapore registered company
- Arabesque Asset Management Ltd is registered with the SEC as a Registered Investment Advisor (RIA)

Simplicity and accountability

INVESTMENT CONSIDERATIONS: There can be no guarantee that any strategy (risk management or otherwise) will be successful. All investing involves risk, including the potential loss of principal.

STOCK MARKET: The risk that the market value of a security may fluctuate, sometimes rapidly and unpredictably. The prices of securities change in response to many factors including the historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity. **LARGE CAP:** Companies may be unable to respond quickly to new competitive challenges such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. **SMALL AND MID-CAP:** Securities of small or mid-capitalization companies may be subject to more abrupt or erratic market movements than securities of larger, more established companies. Generally the smaller the company size, the greater the risk. Small and mid-capitalization companies may have limited product lines or financial resources, or may be dependent upon a small or inexperienced management group and their securities may trade less frequently and in lower volume than the securities of larger companies, which could lead to higher transaction costs. **ASSET-ALLOCATION.** The Adviser's asset allocation decisions between equity securities, on the one hand, and cash instruments, on the other hand, will not anticipate market trends successfully. For example, investing too heavily in common stocks during a stock market decline may result in a failure to preserve capital. Conversely, investing too heavily in cash instruments during a period of stock market appreciation may result in lower total returns. **CREDIT:** It is the risk that an issuer will not make timely payments of principal and interest. A credit rating assigned to a particular debt security is essentially the opinion of an NRSRO as to the credit quality of an issuer and may prove to be inaccurate. The cash allocation for the Fund is held overnight with the Fund's certain counterparties. The Fund will hold no more than 25% of the Fund's NAV with any single counterparty. In case there is a default overnight at the institution where cash is held, the Fund may incur losses. **INTEREST RATE:** The cash allocation of the Fund is held overnight with the Fund's counterparties. In case rates fall below zero, the Fund might incur costs for holding cash.

INDEXES: There may be significant differences between the Fund's investments and the indexes referenced herein. For instance, the Fund may use leverage and invest in securities that have a greater degree of risk and volatility, as well as less liquidity, than those securities contained in such indexes. Fund investors may also be subject to a lock-up which further limits the Fund investor's liquidity relative to an investment in one or more of the securities comprising any index. It should not be assumed that the Fund will invest (or has invested) in any specific investments that comprise any index, nor should it be understood to mean that there is a correlation between the Fund's returns and the returns of any index. The MSCI USA Index is designed to measure the performance of the large and mid cap segments of the US market. With 625 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US. You cannot invest directly into an index.

An investor should consider a Fund's investment objectives, risks, and charges and expenses carefully before investing or sending money. This and other important information about the Funds can be found in the Fund's prospectus. To obtain a prospectus, please call (Toll Free (844) 567-2134) or write to the Fund at 4400 Computer Drive, Westborough, MA 01581-1722. Please read the prospectus carefully before investing.

The Funds are distributed by Foreside Funds Distributors LLC. Arabesque Asset Management Ltd is the investment advisor for the Fund.

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