

# Inside the Zacks Quality International ETF Portfolio (Ticker: QUIZ)

## A Deeper Dive into the Quality-Focused International ETF from Zacks Investment Management

### Global Quality through Active Management

The Zacks Quality International ETF (QUIZ) is an actively managed strategy that provides targeted exposure to high-conviction companies across non-U.S. developed markets. Seeks to outperform traditional international benchmarks, QUIZ blends data-driven insights with discretionary oversight to construct a portfolio of 75 to 250 companies with strong fundamentals, price leadership, and attractive income profiles.

Rather than passively track an index, QUIZ uses a proprietary, three-step portfolio construction process that integrates dividend yield, momentum, factor strength, and active risk management to deliver better global equity exposure.

### A Structured, Three-Step Process for Smarter Global Investing

QUIZ is built using a deliberate combination of quantitative models and qualitative judgment, applied in a sequenced process designed to uncover the strong opportunities across developed markets.

#### 1 Optimization Based on Dividend Yield and 9-1 Momentum

The process begins with a portfolio optimization model that ranks and selects stocks based on two key signals:

- **Dividend Yield** – favoring companies with strong, sustainable cash flows and attractive yield relative to peers (value signal)
- **9-1 Momentum (Local Currency)** – targeting companies with strong 9-month price momentum minus 1-month short-term pullback, measured in local currency (price leadership signal)

This initial optimization creates a candidate portfolio that tilts toward **value and momentum**, both of which are powerful predictors of long-term equity outperformance.

#### 2 Zacks Multi-Factor Model Screen

Next, the optimized trade list is screened using the Zacks proprietary Multi-Factor Model, which evaluates:

- **Earnings Estimate Revisions** – upward analyst revisions are historically linked to strong forward returns
- **Relative Valuation** – identifying companies with attractive valuation characteristics
- **Additional Momentum Metrics** – reinforcing conviction in price strength with broader signals

This step helps refine the portfolio toward companies that also exhibit strong **fundamental momentum**, improving the overall durability of the exposure.

#### 3 Qualitative Oversight by Portfolio Management

Finally, the portfolio management team conducts a **hands-on review** of the remaining securities to assess:

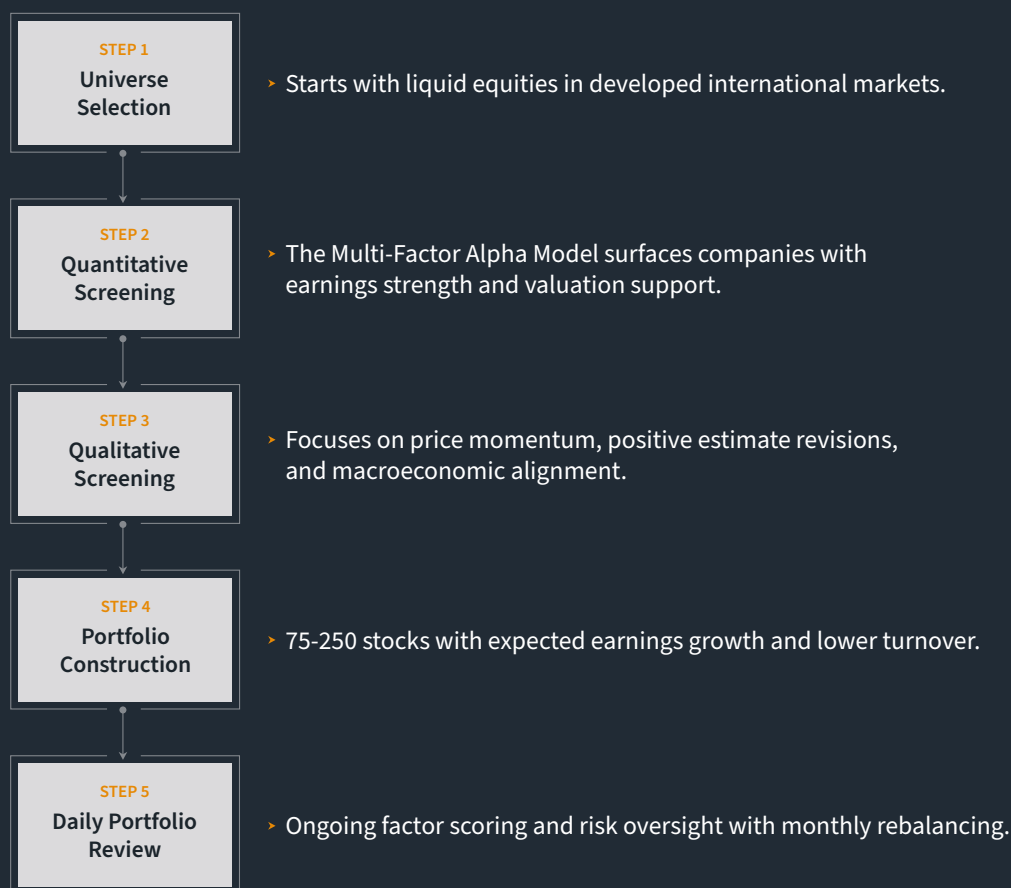
- **Earnings Surprises** – a proprietary Zacks signal that measures deviation from consensus expectations
- **Business Quality & Competitive Moat** – evaluating the strength, consistency, and durability of each company
- **Country & Sector Risk** – adjusting allocations based on macro trends, Foreign Exchange exposure, and geopolitical factors
- **Liquidity & Position Sizing** – ensuring the portfolio maintains flexibility, diversification, and risk control

This qualitative layer allows the team to further refine holdings, ensure balance across geographies and industries, and actively manage risks not always captured by models.

## From Process to Portfolio

The result is a diversified yet high-conviction portfolio of **75 to 250 holdings**, built to capitalize on international opportunities with discipline and precision. Key portfolio characteristics include:

- Active management with monthly rebalancing
- Exposure caps by sector, country, and individual positions
- Risk-aware construction targeting a tracking error of 4–6% relative to benchmark
- Benchmark: **Bloomberg Developed Markets ex-North America Large and Mid-Cap Index**



## Glossary

**Bloomberg Developed Markets ex N. America Large & Mid Cap Price Return Index (DXAP)** is a float market-cap-weighted equity benchmark that covers the top 85% of market cap of the measured market. The index covers the top 85% of market capitalization in each included market which includes large and mid-cap stocks from developed markets excluding North America. The index was developed as of 3/31/2003. “BLOOMBERG®” and the Bloomberg indices listed herein (the “Indices”) are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (“BISL”), the administrator of the Indices (collectively, “Bloomberg”) and have been licensed for use for certain purposes by the distributor hereof (the “Licensee”). Bloomberg is not affiliated with Licensee, and Bloomberg does not approve, endorse, review, or recommend the financial products named herein (the “Products”). Bloomberg does not guarantee the timeliness, accuracy, or completeness of any data or information relating to the Products.

**Diversification** is a fundamental investment strategy aimed at reducing risk in a portfolio by spreading investments across various asset classes, industries, and geographical locations.

**Dividend Yield** are sums of money paid regularly (typically quarterly) by a company to its shareholders out of its profits (or reserves).

**Earnings Estimate Revisions** are analysts’ estimates for a company’s future quarterly or annual earnings per share (EPS).

**Earnings Surprises** are when a company’s reported profits significantly differ from analysts’ expectations, either exceeding or falling short of those estimates.

**Zacks Multi-Factor Alpha Model** is a proprietary process designed by Zacks Investment management portfolio team that incorporates earnings estimate revisions research from our parent company, Zacks Investment research and additional fundamental inputs relevant to the Zacks Quality International strategy.

**The Fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company and can be found at [www.zackssetfs.com](http://www.zackssetfs.com). Please read carefully before investing. A hard copy of the prospectuses can also be requested by calling 855-813-3507.**

#### **QUIZ Fund Specific Risk**

Diversification does not ensure a profit or guarantee against loss.

Investing involves risk. Principal loss is possible. As an ETF, the funds may trade at a premium or discount to NAV.

A Fund's direct or indirect investments in foreign securities, including depositary receipts, involve risks not associated with investing in U.S. securities that can adversely affect the Fund's performance. Foreign markets, particularly emerging markets, may be less liquid, more volatile and subject to less government supervision than domestic markets.

Shares of any ETF are bought and sold at market price (not NAV) and are not individually redeemed from the Fund.

Transactions in shares of ETFs will result in brokerage commissions, which will reduce returns. The Fund is subject to management risk because it is an actively managed portfolio. The Advisor's judgments about the attractiveness, value, and stability of particular stocks in which the Fund invests may prove to be incorrect, and there is no guarantee that the Advisor's judgment will produce the desired results. Equity securities are subject to changes in value, and their values may be more volatile than those of other asset classes. Stocks of large companies as a group can fall out of favor with the market, causing the Fund to underperform investments that have a greater focus on mid-cap or small-cap stocks. Larger, more established companies may be slow to respond to challenges and may grow more slowly than smaller companies. Investments selected using quantitative methods may perform differently from the market as a whole.

Distributor: Northern Lights Distributors, LLC.

Zacks Investment Management is not affiliated with Northern Lights Distributors, LLC.

#### **Disclosure**

Past performance is no guarantee of future results. Inherent in any investment is the potential for loss.

Zacks Investment Management, Inc. is a wholly-owned subsidiary of Zacks Investment Research. Zacks Investment Management is an independent Registered Investment Advisory firm and acts as an investment manager for individuals and institutions. Zacks Investment Research is a provider of earnings data and other financial data to institutions and to individuals.

This material is being provided for informational purposes only and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. Do not act or rely upon the information and advice given in this publication without seeking the services of competent and professional legal, tax, or accounting counsel. Publication and distribution of this article is not intended to create, and the information contained herein does not constitute, an attorney-client relationship. No recommendation or advice is being given as to whether any investment or strategy is suitable for a particular investor. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable. All information is current as of the date of herein and is subject to change without notice. Any views or opinions expressed may not reflect those of the firm as a whole.

#### **Benchmark**

Bloomberg Developed Markets ex N. America Large & Mid Cap Price Return Index (DXAP) is a float market-cap-weighted equity benchmark that covers the top 85% of market cap of the measured market. The index Covers the top 85% of market capitalization in each included market which includes large and mid-cap stocks from developed markets excluding North America. The index was developed as of 3/31/2003. "BLOOMBERG®" and the Bloomberg indices listed herein (the "Indices") are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the Indices (collectively, "Bloomberg") and have been licensed for use for certain purposes by the distributor hereof (the "Licensee"). Bloomberg is not affiliated with Licensee, and Bloomberg does not approve, endorse, review, or recommend the financial products named herein (the "Products"). Bloomberg does not guarantee the timeliness, accuracy, or completeness of any data or information relating to the Products.

Zacks Investment Management reserves the right to discontinue this offering at any time.