

INDEX METHODOLOGY: EMLES GLOBAL LUXURY 50 INDEX

Constituent Criteria

The universe of the securities included in the Emles Global Luxury 50 Index (the “Index”) are based upon the following criteria:

- Eligible companies must engage in the business of and have reasonably estimated revenue of at least 50% or more attributable to the manufacturing, marketing, or selling of luxury goods, as reasonably determined by Emles Indexing LLC. Index constituents may operate in global or regional markets and may have a primary or sole listing on a non-U.S. global exchange
- Have a minimum average daily trading volume over the preceding six months prior to the inclusion date of 50,000 shares
- Have a minimum \$1.00 share price (or equivalent thereof in local currency, based on prevailing exchange rates) at the initial inclusion date
- Have a minimum average daily trading value over the preceding six months of \$25 million (or equivalent thereof in local currency, based on prevailing exchange rates)
- Emles Indexing LLC may elect to include stocks with liquidity under \$25 million when reviewed by the Index Committee and deemed appropriate for inclusion in the Index
- Have a minimum \$100 million (or equivalent thereof in local currency, based on prevailing exchange rates) market valuation at the initial inclusion date

Publicly traded preferred units and institutional shares are not eligible for Index inclusion. A non-constituent will only be added to the Index during the (a) quarterly rebalancing process if it meets all criteria, or (b) special rebalancing process if it (i) is acquiring the constituent that is being removed, and (ii) meets all criteria. Emles Indexing LLC may delete one or more components, or replace one or more issues contained in the Index with one or more substitute stocks of its choice, if in the Emles Indexing LLC’s discretion such addition, deletion, or substitution is necessary or appropriate to maintain the quality and/or character of the Index. All such reviews and final Index determination are at the discretion of the Index Committee.

Index Rebalance

There is both a quarterly rebalance and a special rebalance for the Index. The quarterly Index rebalance occurs on the third Friday of each March, June, September, and December, and are effective at the open of the next trading day. In the event that the major US exchanges are closed on the third Friday of March, June, September, or December, the rebalancing will take place after market close on the immediately preceding trading day. Data relating to constituent eligibility, additions, and deletions are analyzed as of 18:00 ET three days prior to the third Friday of March, June, September, and December. The Index shares of each constituent are then calculated according to the capping system described below, and assigned after market close on the quarterly rebalancing date. Since Index shares are assigned based on prices three days prior to the third Friday of March, June, September, and December, the weight of each constituent on the quarterly rebalancing date may differ from its target weight due to market movements.

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The post-rebalancing constituents are weighted and ranked by market capitalization (“AMC”). If the weight of the largest constituent exceeds 3% (“Weight Cap”), it is assigned a weight of 3% and its excess weight is proportionately distributed to the remaining constituents. After this distribution, if the weight of the next largest constituent exceeds 3%, it is assigned a weight of 3% and its excess weight is proportionately distributed to the remaining constituents. This process is repeated until none of the remaining constituents has a weight that exceeds 3% (“Market Value Weights”).

Individual stock weights are subsequently adjusted down to a weight that can support a minimum strategy capacity (“Strategy Capacity Weights”) of \$1 billion. Weights of components whose market value weights are higher than their strategy capacity weights are reduced to the lesser of the two weights. Excess weight is proportionally redistributed to all uncapped companies within the index. This calculation allows EMLES to back into a portfolio in which each position is sized to support a total portfolio size of at least \$1 billion, based on each individual stock’s liquidity.

Strategy capacity weight calculation is outlined below, where “Max. Wp” is Strategy Capacity Weight; “6m ADTV” is trailing 6-month average daily value traded in U.S. Dollars; “Avail. Daily Liquidity” is liquidity of a day trading volume that can be available to a single trader on any given day; “SEC Liquidity Rule” refers to SEC’s Rule 22e-4 that requires most investments to settle under seven calendar days (where we assume 5 business days).

$$\text{Max. } W_p = \frac{6m \text{ ADTV} \times 20\% \text{ Avail. Daily Liquidity} \times 5 \text{ days under SEC Liquidity Rule}}{\text{Desired strategy capacity of } \$1 \text{ billion}}$$

A special Index rebalance is triggered by corporate actions and will be implemented as practically as possible on a case-by-case basis. Generally, in a merger between two or more Index constituents, the special Index rebalance will take place one trading day after the constituent’s issuance of a press release indicating all needed merger votes have passed. If the stock is delisted before market open on the first trading day after all needed merger votes have passed, the delisted security will trade at the conversion price, including any cash consideration. Only the units outstanding and IWFs of the surviving constituents in a merger will be updated to reflect the latest information available. Data are analyzed as of 18:00 ET two trading days prior to the last required merger vote. Index shares are then calculated to the weighting scheme above and assigned after market close on the rebalance date.

At each quarterly rebalancing, if the component count is less than 50 after applying the rules set forth in the eligibility criteria, Emles Indexing LLC may elect to 1) remove the least liquid components and replace with appropriate liquid substitutes, based on Emles Indexing LLC’s judgment, or 2) decrease minimum strategy capacity requirement described above, or both, until EMLES arrives at a constituent count of 50. Other methods of rounding out the portfolio may be considered and implemented by EMLES.

Supporting Information

Base Date

The base date for the Index is [December 31, 2014], with a base value of 1000. Data prior to the live launch was back-tested by rigorously applying then-current Index methodology to each historical rebalancing date to select and weight constituents. A backfilled or back-casted methodology can result in the exclusion of acquired, merged, or delisted companies and distort historical performance.

Index Equations

The Index is calculated by S&P Dow Jones Indices as follows:

- [Initial Divisor] = [Base Date Index Market Capitalization] / 1000
- [Index Value] = [Index Market Capitalization] / Divisor
- [Post-Rebalance Divisor] = [Post-Rebalance Index Market Capitalization] / [Pre-Rebalance Index Value]

Treatment of Distributions

The price-return Index does not account for cash distributions. The total-return Index accounts for cash distributions by reinvesting them across the Index after market close on the ex-dividend date.

Holiday Schedule

The Index is calculated when US equity markets are open.

Announcements

Constituent changes related to the quarterly Index rebalance will be announced by 08:30 ET on the third Friday of March, June, September, and December. Constituent changes related to a special Index rebalance resulting from mergers will be announced by 08:30 ET on the last trading day prior to the last required merger vote. Constituent changes related to a special Index rebalance resulting from other types of delistings will be handled on a case-by-case basis. Index methodology changes, if any, will be announced after market close on the last trading day of the month. Announcements can be found at [www.emles.com].

Index Committee

The Index is managed by an Index Committee that reviews all methodology modifications to ensure that they are made objectively and without bias. The committee is composed of full-time professional members of Emles Advisers LLC staff and board, convenes on a quarterly basis, and is responsible for overseeing the development and applications of the methodology. If the Index methodology does not provide a clear process for the management of any situation, the committee will determine the process to be followed. Information regarding methodology modifications and constituent changes is considered to be material and can have an impact on the market. Consequently, all committee discussions are confidential.

Data Integrity

Emles Indexing LLC uses various quality assurance tools to monitor and maintain the accuracy of its data. While every reasonable effort is made to ensure data integrity, there is no guarantee against error. Adjustments to incorrect data will be handled on a case-by-case basis depending on the significance of the error and the feasibility of a correction. Incorrect intraday ticks of the Index resulting from data errors will not be corrected.

Notes

- Reference to 10-K filing data being included as publicly available.

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