

INDEX METHODOLOGY: EMLES HOME LIFESTYLE INDEX**Constituent Criteria**

The universe of the equity and corporate credit securities included in the Emles Home Lifestyle Index (the “Index”) are based upon the following criteria:

- Eligible equity securities must be U.S. listed, publicly traded companies, partnership or limited liability companies (“LLC”), including ADRs.
- Securities must be in one of the following GICs sub-industry “sectors” (per Bloomberg): Air Freight & Logistics; Apparel Accessories & Luxury Goods; Application Software; Cable & Satellite; Communications Equipment; Data Processing & Outsourced Services; Education Services; Footwear; Health Care Technology; Household Products; Human Resource & Employment Services; Hypermarkets & Super Centers; Integrated Telecommunication Services; Interactive Home Entertainment; Interactive Media & Services; Internet & Direct Marketing Retail; Internet Services & Infrastructure; Leisure Products; Movies & Entertainment; Packaged Foods & Meats; Restaurants; Semiconductors; Systems Software; Technology Hardware Storage & Peripherals; Trucking.
- The Market Capitalization minimum is set at \$3.5B USD
- The average daily dollar turnover minimum is set at \$25M. This is calculated using the previous 20-day (trading days) average daily dollar turnover (per Bloomberg).
- The maximum Net Debt to the forward projected Adjusted EBITDA (per Bloomberg) is set at 6x. The forward year is defined as the upcoming estimated fiscal year of the security and not the current estimated fiscal year. This estimate is per Bloomberg. Net debt is calculated as the current/actual total debt minus the current/actual cash and cash equivalents as reported by Bloomberg. The latter criteria help comprise the universe of securities from which we select the Index constituents
- The Index constituents are then determined by a proprietary and systematic scoring system which measures each security on the following metrics: revenue exposure to “at home” trends, future earnings and revenue leverage to “at home” trends, and future balance sheet health. Each of the three metrics is scored from a scale of 1 to 10, with “1” representing the lowest (worst) measure per metric while “10” represents the highest (best) score per metric. The resulting cumulative score of the three metrics then corresponds to the weighting within the Index.
- The maximum weighting for any security in the Index is set at 7%. The minimum weighting for any security in the Index is set at 2%.
- The Index may hold up to only 2 securities with market capitalizations above \$1 Trillion USD
- Securities with market capitalizations at or above \$750B are capped to a 4% weighting in the Index
- Publicly traded 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 the outlined criteria, or (b) special rebalancing process if it: (i) is acquiring the constituent that is being removed, and/or (ii) meets all criteria. Constituents will only be

removed from the Index for failing to meet criteria during the quarterly rebalancing process. These criteria are reviewed regularly to ensure consistency with industry trends.

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.

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 rebalancing date.

Supporting Information

Base Date

The base date for the Index is 31 March 2019, 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] / 100
- [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 quarterly rebalancing will be announced by 08:30 ET on the third Friday of March, June, September, and December. Constituent changes related to special rebalancing 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 special rebalancing 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 EMLES Home Lifestyle 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 Advisors 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.

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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

- The word “reflected” here means for Index share calculation and constituent selection purposes only.
- Any other notes to add

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