

September 2018

INDXX SUPERDIVIDEND U.S. LOW VOLATILITY INDEX METHODOLOGY

CONTENTS

1. INDXX SUPERDIVIDEND U.S. LOW VOLATILITY INDEX	2
1.1 INDEX DESCRIPTION	2
1.2 CREATION OF MASTER LIST	2
1.2.1 Initial Universe	2
1.2.2 Free Float	2
1.2.3 Maximum Price	2
1.2.4 Security Type	2
1.2.5 Beta	2
1.2.6 Share Classes	3
1.3 SECURITY SELECTION PROCESS	3
1.4 FINAL COMPOSITION	3
1.5 WEIGHTING	3
1.6 BUFFER RULES	3
1.6.1 Market Capitalization	3
1.6.2 Liquidity	3
1.6.3 Beta	4
1.6.4 Dividend Yield	4
1.7 RECONSTITUTION AND REBALANCING RULES	4
1.8 QUARTERLY REVIEW	4
1.9 CORPORATE ACTIONS	4
2. DISCLAIMER	5

1. INDXX SUPERDIVIDEND U.S. LOW VOLATILITY INDEX

1.1 INDEX DESCRIPTION

The Indxx SuperDividend® U.S. Low Volatility Index is designed to track the performance of companies in the United States that have a high dividend yield and low beta.

The index has a base date of February 29, 2008 with an initial value of 1,000.

The index is currently available in the following versions:

- Price Return (Bloomberg Ticker: IDIVP)
- Total Return (Bloomberg Ticker: IDIVT)

1.2 CREATION OF MASTER LIST

1.2.1 Initial Universe

To be eligible for inclusion in the Initial Universe, securities must have:

- Their incorporation in the US. For those securities where the company is incorporated in other countries, the country of primary listing will be considered.
- A minimum market capitalization of \$500 million.
- A 6-month average daily turnover greater than or equal to \$1 million.
- Traded for at least 90% of the total trading days over the last 6 months on their respective stock exchanges, and at least 90% of the total trading days over the last 3 months for an Initial Public Offering ("IPO") security.

1.2.2 Free Float

All securities must have a minimum free float equivalent to 10% of shares outstanding.

1.2.3 Maximum Price

Securities trading at a price of \$10,000 or above are ineligible for inclusion in the universe. This rule is not applicable for existing constituents. Existing constituents shall remain in the universe irrespective of their stock price.

1.2.4 Security Type

The following security types are eligible for inclusion:

- Common Stock
- MLP
- REIT

BDCs will not be considered for inclusion in the portfolio.

1.2.5 Beta

All securities with beta (with respect to country benchmark) greater than 0.85 are excluded.

1.2.6 Share Classes

If multiple share classes exist for a company, the most liquid share class is considered for inclusion in the portfolio.

1.3 SECURITY SELECTION PROCESS

- The 12-month dividend yield for all the securities in the universe is calculated. All securities with dividend yield below 1% or above 20% are excluded.
- The Selection List is ranked according to dividend yield. Each Constituent should have paid dividends consistently for the last two years and the current year dividend should be greater than or equal to 50% of the previous year. Companies which do not display consistent dividends are removed.
- The selection pool is ranked by dividend yield and top 200 companies are selected. These companies are included in the 'Selection List' for the index.

1.4 FINAL COMPOSITION

From the Selection List:

- The top 50 companies by dividend yield will form the final index. (Please see buffer rules section 1.6.4 for selection rule applied to existing index components).
- Dividend forecast for selected constituents should be stable, i.e. there should be no official announcement as of the selection day, that dividend payments are likely to be cancelled or significantly reduced in the future. Such companies are excluded from the Top 50 and the next best securities by the highest dividend yield from the Top 200 are selected until the component count reaches 50.
- Each sector has a maximum security cap of 12. In addition, MLPs have a maximum security cap of 10.

1.5 WEIGHTING

All constituents in the portfolio are equally weighted.

1.6 BUFFER RULES

Buffer Rules are employed to reduce Portfolio Turnover. The following buffer rules apply:

1.6.1 Market Capitalization

A constituent shall continue to be included in the Initial Universe if its market capitalization is greater than or equal to 80% of the previously defined market capitalization limit.

1.6.2 Liquidity

A constituent shall continue to be included in the Initial Universe if its 6-month ADTV is greater than or equal to 70% of the previously defined liquidity limit.

1.6.3 Beta

An existing index constituent shall continue to be included in the Initial Universe even if its Beta is above 0.85 but remains less than or equal to 1.

1.6.4 Dividend Yield

Additionally, an existing index constituent shall continue to be included in the index even if its Dividend Yield Rank (among securities in the Selection List) is beyond the top 50 but falls within the top 200 ranks.

1.7 RECONSTITUTION AND REBALANCING RULES

- The index follows an annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of last three trading days of February each year. These days are called the 'Reconstitution Effective Days.'
- The security selection and portfolio creation process start on the close of the nearest Friday falling at least one month before the effective day, called the 'Selection Day.' The selection list is created based on the data as of the Selection Day.
- Weights are calculated at the close of the seventh trading day prior to the Effective Day. Index Shares are frozen using weights as of this day.
- A 3-day rolling rebalance schedule is employed, and it targets the shares calculated on the share freeze date over the three reconstitution effective days.
- Constituents are publicly announced on the sixth trading day prior to the last trading day in February.

1.8 QUARTERLY REVIEW

- The index follows a quarterly review. The new portfolio becomes effective on the last trading day of May, August and November each year. This day is called the 'Rebalance Effective Day'.
- The index components are screened for dividend cuts and an overall negative outlook concerning the companies' dividend policy at least ten trading days before the effective day, called the 'Selection Day'.
- A Company excluded during these quarterly reviews, is replaced by the highest yielding non-component from the top 200 (created during the last annual reconstitution).
- The component cap at the sector level is maintained during the quarterly review.
- The added component will be given the same weight as the company that is deleted, calculated as of the rebalance effective day.
- In case more than one company is deleted, the cumulative weight of the companies is calculated and distributed equally among the replacements as of the rebalance effective day.
- Constituents are publicly announced on the sixth trading day prior to the rebalance effective day.

1.9 CORPORATE ACTIONS

Indxx standard Corporate Actions for attribute weighted indices apply. The corporate action guidebook is present in the Announcements section of our website, under 'Index Documents'.

2. DISCLAIMER

This methodology document and all information contained herein including, without limitation, all text, data, graphs, charts, visuals and theory (collectively, the “information”), were created by and is the sole property of Indxx, LLC. Redistribution, reproduction and/or photocopying of this document in whole or part is prohibited without written permission from Indxx. All information in this document provided by Indxx is impersonal and not tailored to the needs of any person, entity or group. None of the information constitutes an attempt at an offer to sell (or an attempt of an offer to buy), or a promotion or recommendation of, any security, product, investment vehicle or any trading strategy, and Indxx does not endorse, approve or otherwise express any opinion regarding any issuer, security, financial product, instrument, or trading strategy. None of the information, Indxx indices, models, other products or services contained herein is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and should not be relied on as such. A decision to invest in any investment fund or other vehicle should not be made based solely on information or statements contained in this document. Prospective investors are advised to make an investment in any such fund or other vehicle only after carefully considering the risks, fees and expenses associated with investing, as detailed in an offering memorandum or similar document that is prepared by or on behalf of the issuer of the investment fund or other vehicle. Historical data, analysis and performance of Indxx indices should not be taken as an indication or guarantee of any future performance. Indxx does not guarantee the accuracy and/or completeness of any Indxx index, any data included herein, or any data from which it is based, and Indxx shall have no liability for any errors, omissions, or interruptions therein. All information in these materials is provided “as is” and the content may change without notice.

For more information on the index, please email info@indxx.com.

Learn more at www.indxx.com.