



StrataQuant[®] Index Family

Version 2.2
Valid from
September 8, 2015

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Version History:

Version 2.2 (Effective September 8, 2015)

This version clarified the index treatment around companies with multiple share classes and situations where two or more companies are tied on the basis of their value and/or growth factors (Section 5.2).

Version 2.1 (Effective February 25, 2015)

This version added Canadian Dollar (CAD) variants for the StrataQuant[®] indices.

Version 2.0 (Effective January 2, 2015)

This version implemented one minor change to the methodology by inserting in a liquidity requirement in the rebalancing process. All of the other updates to the rulebook are related to formatting or providing more clarity around the index maintenance process.

1. Index summary

Factsheet	
<i>Full Names</i>	<ul style="list-style-type: none"> • StrataQuant[®] Consumer Discretionary Index • StrataQuant[®] Consumer Staples Index • StrataQuant[®] Energy Index • StrataQuant[®] Financials Index • StrataQuant[®] Health Care Index • StrataQuant[®] Industrials Index • StrataQuant[®] Materials Index • StrataQuant[®] Technology Index • StrataQuant[®] Utilities Index
<i>Index Types</i>	<ul style="list-style-type: none"> • <u>StrataQuant[®] Consumer Discretionary Index</u> USD - Price Return: STRQCD / Gross Total Return: STRQCDTR CAD - Price Return: STQCDCD / Gross Total Return: STQCDCDT • <u>StrataQuant[®] Consumer Staples Index</u> USD - Price Return: STRQCS / Gross Total Return: STRQCSTR CAD - Price Return: STQCSCD / Gross Total Return: STQCSCDT • <u>StrataQuant[®] Energy Index</u> USD - Price Return: STRQEN / Gross Total Return: STRQENTR CAD - Price Return: STQENC / Gross Total Return: STQENCDT • <u>StrataQuant[®] Financials Index</u> USD - Price Return: STRQFN / Gross Total Return: STRQFNTR CAD - Price Return: STQFNCD / Gross Total Return: STQFNCDT • <u>StrataQuant[®] Health Care Index</u> USD - Price Return: STRQHC / Gross Total Return: STRQHCTR CAD - Price Return: STQHCCD / Gross Total Return: STQHCCDT • <u>StrataQuant[®] Industrials Index</u> USD - Price Return: STRQIN / Gross Total Return: STRQINTR CAD - Price Return: STQINCD / Gross Total Return: STQINCDT • <u>StrataQuant[®] Materials Index</u> USD - Price Return: STRQMT / Gross Total Return: STRQMTTR CAD - Price Return: STQMTCD / Gross Total Return: STQMTCDT • <u>StrataQuant[®] Technology Index</u> USD - Price Return: STRQTC / Gross Total Return: STRQTCTR CAD - Price Return: STQTCCD / Gross Total Return: STQTCCDT • <u>StrataQuant[®] Utilities Index</u> USD - Price Return: STRQUT / Gross Total Return: STRQUTTR CAD - Price Return: STQUTCD / Gross Total Return: STQUTCDT

<i>Index Description</i>	The StrataQuant [®] Indexes are modified, equal-dollar weighted indexes designed to objectively identify and select stocks from a particular market segment that have the potential for greater capital appreciation. The indexes utilize the AlphaDEX [®] screening methodology by applying it to each of the sectors within the Russell 1000 [®] Index. Index compositions and corporate actions, including rebalance information, can be found at www.nyxdata.com and ftp2.nyxdata.com .
<i>Eligible Socks</i>	Stocks within the Russell 1000 [®] that meet the liquidity threshold
<i>Number of Constituents</i>	At each rebalance, a StrataQuant [®] sector index will contain 75% of the number of stocks within the corresponding Russell 1000 [®] sector
<i>Weighting</i>	At each rebalance, the stocks within the Russell 1000 [®] are split into their respective sectors and are assigned a selection score utilizing the AlphaDEX [®] methodology. The top 75% of stocks of each sector is included in the index. For each sector, that 75% is then split into quintiles, based upon each stock's AlphaDEX [®] selection score. The top quintile receives a 5/15 (33.33%) weighting, with successive quintiles receiving weightings of 4/15 (26.67%), 3/15 (20.00%), 2/15 (13.33%) and 1/15 (6.67%), respectively. Stocks are equally weighted within each quintile.
<i>Review of Composition</i>	Announced quarterly on the 1 st U.S. trading day of January, April, July, and October
<i>Effective Date of the Rebalance</i>	Effective quarterly after the close of trading on the 3 rd U.S. trading day of January, April, July, and October
<i>Calculation Frequency</i>	Price Return: 15 seconds between 09:30 & 18:00 ET Gross Total Return: Once-a-Day between 19:00 & 20:15 ET
<i>Base Date</i>	July 3, 2003
<i>Base Level</i>	1000.00
<i>Historic Data Available Since</i>	January 4, 1996
<i>Derivatives and Linked Products</i>	<ul style="list-style-type: none"> • First Trust Consumer Discretionary AlphaDEX[®] Fund (FXD US) • First Trust Consumer Staples AlphaDEX[®] Fund (FXG US) • First Trust Energy AlphaDEX[®] Fund (FXN US) • First Trust Financials AlphaDEX[®] Fund (FXO US) • First Trust Health Care AlphaDEX[®] Fund (FXH US) • First Trust Industrials/Producer Durables AlphaDEX[®] Fund (FXR US) • First Trust Materials AlphaDEX[®] Fund (FXZ US) • First Trust Technology AlphaDEX[®] Fund (FXL US) • First Trust Utilities AlphaDEX[®] Fund (FXU US) • First Trust AlphaDEX[®]™ U.S. Consumer Discretionary Sector Index ETF (CAD-Hedged) (FHD CN) • First Trust AlphaDEX[®]™ U.S. Consumer Staples Sector Index ETF (CAD-Hedged) (FHC CN) • First Trust AlphaDEX[®]™ U.S. Energy Sector Index ETF (CAD-Hedged) (FHE CN)

	<ul style="list-style-type: none"> • First Trust AlphaDEX[®]™ U.S. Financial Sector Index ETF (CAD-Hedged) (FHF CN) • First Trust AlphaDEX[®]™ U.S. Health Care Sector Index ETF (CAD-Hedged) (FHH CN) • First Trust AlphaDEX[®]™ U.S. Industrials Sector Index ETF (CAD-Hedged) (FHG CN) • First Trust AlphaDEX[®]™ U.S. Materials Sector Index ETF (CAD-Hedged) (FHM CN) • First Trust AlphaDEX[®]™ U.S. Technology Sector Index ETF (CAD-Hedged) (FHQ CN) • First Trust AlphaDEX[®]™ U.S. Utilities Sector Index ETF (CAD-Hedged) (FHU CN)
	<p>STRQCD INDEX / STRQCDTR INDEX STRQCS INDEX / STRQCSTR INDEX STRQEN INDEX / STRQENTR INDEX STRQFN INDEX / STRQFNTR INDEX STRQHC INDEX / STRQHCTR INDEX STRQIN INDEX / STRQINTR INDEX STRQMT INDEX / STRQMTTR INDEX STRQTC INDEX / STRQTCTR INDEX STRQUT INDEX / STRQUTTR INDEX STQCDCD INDEX / STQCDCDT INDEX STQCSCD INDEX / STQCSCDT INDEX STQENCD INDEX / STQENCDT INDEX STQFNCD INDEX / STQFNCDT INDEX STQHCCD INDEX / STQHCCDT INDEX STQINCD INDEX / STQINCDT INDEX STQMTCD INDEX / STQMTCDT INDEX STQTCCD INDEX / STQTCCDT INDEX STQUTCD INDEX / STQUTCDT INDEX</p>
Bloomberg Code	
	<p>.STRQCD / .STRQCDTR .STRQCS / .STRQCSTR .STRQEN / .STRQENTR .STRQFN / .STRQFNTR .STRQHC / .STRQHCTR .STRQIN / .STRQINTR .STRQMT / .STRQMTTR .STRQTC / .STRQTCTR .STRQUT / .STRQUTTR .STQCDCD / .STQCDCDT .STQCSCD / .STQCSCDT .STQENCD / .STQENCDT .STQFNCD / .STQFNCDT .STQHCCD / .STQHCCDT .STQINCD / .STQINCDT .STQMTCD / .STQMTCDT .STQTCCD / .STQTCCDT .STQUTCD / .STQUTCDT</p>
Reuters Code	
Launch Date	April 11, 2007

2. Governance and disclaimer

Index Sponsor & calculation Agent

NYSE[®] Group, Inc. is the Index Sponsor. NYSE[®] Arca[®] is the Index Calculation Agent on behalf of NYSE[®] Group, Inc.

The NYSE[®] Arca[®] Index Committee is responsible for the day-to-day management of the index and is also responsible for decisions regarding the interpretation of these rules. The Index Committee reviews all rule book modifications and index constituent changes to ensure that they are made objectively and without bias. NYSE[®] Arca[®] believes that information regarding rule book modifications and index constituent changes is material and can have an impact on the market. Consequently, all index committee discussions and decisions are confidential.

Cases not covered in rules

In cases which are not expressly covered in these rules, operational adjustments will take place along the lines of the aim of the index. Operational adjustments may also take place if, in the opinion of the calculation agent, it is desirable to do so to maintain a fair and orderly market in derivatives on this index and/or this is in the best interests of the investors in products based on the index and/or the proper functioning of the markets.

Rule book changes

The Index Committee reviews all rule book modifications and index changes to ensure that they are made objectively and without bias. These rules may be supplemented, amended in whole or in part, revised or withdrawn at anytime. Supplements, amendments, revisions and withdrawals may also lead to changes in the way the index is compiled or calculated or affect the index in another way.

Liability

NYSE[®] Arca[®] is not liable for any losses resulting from supplementing, amending, revising or withdrawing the Rules for the index. The calculation agent will do everything within its power to ensure the accuracy of the composition, calculation, publication and adjustment of the index in accordance with relevant rules. However, NYSE[®] Arca[®] is not liable for any inaccuracy in share prices, calculations and the publication of the index, the information used for making adjustments to the index and the actual adjustments. Furthermore, NYSE[®] Arca[®] does not guarantee nor the continuity of the composition of the index, nor the continuity of the calculation of the index, nor the continuity of the dissemination of the index levels.

Ownership and trademarks

Intercontinental Exchange, Inc. (ICE) owns all intellectual and other property rights to the Index, including the name, the composition and the calculation of the Index. StrataQuant[®], NYSE[®], NYSE Arca[®] and NYSE Group, Inc. are registered trademarks of ICE's subsidiaries. AlphaDEX[®] is a registered trademark of First Trust Portfolios L.P. and is being utilized by NYSE Group, Inc. under license for application to the methodology of the StrataQuant[®] Indexes. Russell 1000[®] is a

registered trademark of Russell Investments and is being utilized in the index under license.

3. Publication

3.1 The opening, intraday and closing or daily publication of index values.

Opening

The first index level is calculated and published around 09:30 ET, when the U.S. equity markets open for their regular trading session. The calculation of that level utilizes the most updated prices available at that moment. In the case of constituents that have a non-traded, halted or suspended status, or have not opened for the current day, the previous day's reference prices or estimated prices (for IPOs, buyouts and swap offers) are used.

Dissemination frequency

The level of the index is in principle published every 15 seconds to the NYSE[®] Global Index Feed (NYSE[®] GIF). The calculated index levels incorporate the latest traded price of each constituent from within the regular trading session, normally 09:30 to 16:00 ET. The index only holds equities listed and traded in the U.S., and thus, intraday calculations of the index would incorporate trades on a consolidated level, from all exchanges including those not designated as the official primary exchange.

The index is calculated from 09:30 until 18:00 ET on those days specified as index business days. Index business days will be classified as days on which the U.S. Equity Markets (NYSE[®], NASDAQ, NYSE[®] MKT) are open for a full or partial day of trading.

Closing level

The closing level is the last level disseminated on the trading day and uses the official close prices from the primary listing market for each constituent. For constituents that have non-traded, halted or suspended status, or have not opened for the current day, the previous day's reference prices or estimated prices (for IPOs, buyouts and swap offers) are used instead. In the case of exceptional market conditions, the Index calculation agent reserves the right to utilize other prices in the calculation of the official closing level, as indicated below in Section 3.2.

Sources of Data

The Consolidated Tape (CTS/UDTF) is the primary market data source for U.S. equity realtime and closing prices. Additional sources of data less commonly used include other market data vendors, company announcements, exchange announcements, and other official sources.

3.2 Exceptional market conditions and corrections

The calculation agent retains the right to delay the publication of the opening level of the index. Furthermore, the calculation agent of the index retains the right to suspend the publication of the level of the index if it believes that circumstances prevent the proper calculation of the index.

If index constituent prices are cancelled, the index will not be recalculated unless the calculation agent decides otherwise.

Commercially reasonable efforts are made to ensure the correctness and validity of data used in real-time index calculations. If incorrect price or corporate action data affects index daily highs, lows, or closes, it is corrected retroactively as soon as possible.

There is the possibility of an exchange or market-wide event resulting in the normal closing auction not going off or official closing prices not being available. In those situations, the index will take guidance from the respective exchange(s) and address on an event-by-event basis. Exchange or market-wide events include, but are not limited to, the following:

- Volatility Halts
 - LULD (Limit Up / Limit Down)
 - Market Wide Circuit Breaker
- Technological Problems / Failures
- Natural Disaster or Other BCP-Related Event

3.3 Announcement policy

Announcement policy

Changes to the index methodology will be announced by an index announcement which will be distributed via www.nyxdata.com and [ftp2.nyxdata.com](ftp://ftp2.nyxdata.com).

As a general rule the announcement periods that are mentioned below will be applied. However, urgently required corporate action treatments, often resulting from late notices from the relevant company or exchange, may require the calculation agent to deviate from the standard timing.

Inclusion of new constituents

The inclusion of new companies in the index will typically only occur during the quarterly rebalances or rebalances, although there could be exceptions based on a specific corporate action affecting a current constituent. The inclusion of the new company will be announced at least three trading days before the effective date of the actual inclusion. For example, for the rebalance effective for January 7, 2015, the announcement would occur after the close on January 2, 2015.

Removal of Constituents

Components would be removed from the index as a result of periodic corporate actions as well as the results of the quarterly rebalances. All removals will be announced at least one trading day before the effective date of the removal. It should be noted that in the case of mergers and acquisitions, every effort will be made to remove the company at some reasonable time ahead of the suspension in trading in the acquired company. There will be certain situations and corporate

actions that would require the removal of a company that has already ceased trading. In those cases, the company will be removed from the index at its last traded price, or, at the discretion of the index calculation agent, at a derived price that most accurately represents its post-suspension value.

Corporate actions

In case of an event that could affect one or more constituents, the calculation agent will inform the market about the intended treatment of the event in the index shortly after the firm details have become available and have been confirmed. When possible, the corporate action will be announced, even if not all information is known, at least one trading day before the effective date of the action. Once the corporate action has been effectuated, the calculation agent will confirm the changes in a separate announcement.

Rule changes

Going forward, barring exceptional circumstances, a period of at least two months should pass between the date a proposed change is published and the date it goes into effect. Exceptions can be made if the change is not in conflict with the interests of an affected party, which specifically includes external parties that license the index for a tracking product.

Reviews: publication of new selection

The new composition of the index, including the companies to be a part of the index and their corresponding new index shares, will be announced at least three trading days before the effective date on www.nyxdata.com and [ftp2.nyxdata.com](ftp://ftp2.nyxdata.com).

4. Calculation

4.1 Calculation of the price index

The index is calculated on a Price Return and Gross Total Return basis. The current index level would be calculated by dividing the current modified index market capitalization by the index divisor. The divisor was determined off of the initial capitalization base of the index and the base level. The divisor is updated as a result of corporate actions and composition changes.

The Gross Total Return calculation incorporates regular cash dividends paid in the underlying constituents and reinvests those distributions into the index at the open of the dividend ex-date.

4.2 Currency Conversion

The index is calculated and published in USD. The index calculation agent reserves the right to create, calculate, and publish the index in other currencies as required.

Canadian Dollar (CAD) variants for the StrataQuant® indices were launched on February 25, 2015. These indices are converted utilizing the WM/Reuters CAD/USD spot currency rate from 4 PM ET.

5. Index rebalances

5.1 General aim of rebalances and frequency

General aim of the periodical rebalance

The general aim of the quarterly rebalance of the index is to ensure that the selection and weightings of the constituents continues to reflect as closely as possible the index's goal of utilizing the AlphaDEX[®] methodology to objectively identify and select stocks from a particular market segment that have a greater potential for capital appreciation. The calculation agent reserves the right to, at any time, change the number of stocks comprising the index by adding or deleting one or more stocks, or replacing one or more stocks contained in the index with one or more substitute stocks of its choice, if in the calculation agent's discretion such addition, deletion or substitution is necessary or appropriate to maintain the quality and/or character of the index.

Frequency

Changes to the index constituents may occur during a scheduled quarterly rebalance and as a result of the removal of an index constituent. At each index rebalance, an index constituent's AlphaDEX[®] selection score is calculated. That constituent's weighting in the index is then derived based upon that score, combined with the respective sector that the company belongs to. The number of shares of that index constituent to be included in the index is updated to reflect its respective derived weighting. The exact process of how the weighting of an index constituent is determined is outlined in Section 5.3 below.

The quarterly index rebalances become effective before the open of trading on the 4th U.S. trading day of January, April, July, and October. The announcement will be made three trading days before the effective date of the rebalance. This date generally falls on the 1st U.S. trading day of January, April, July, and October. The reference date for all company-specific data and information utilized in the rebalancing process will be taken from the previous U.S. trading day, the last U.S. trading day of December, March, June, and September.

5.2 Index universe and selection principle

Index Universe

The Russell 1000[®] Index serves as the initial base index universe. The composition of the Russell 1000[®] effective for the open of trading on the 1st U.S. trading day of the calendar quarter will be utilized.

There will be a liquidity threshold applied starting with the January 2015 quarterly rebalance:

Stocks will be eliminated from the starting index universe if they do not have a 5-day rolling average daily traded value (turnover) over the last 60 trading days of greater than \$5 million USD. Consolidated volumes from all exchanges will be utilized for purposes of applying this screen.

For companies with multiple share classes, only the most liquid share class will be eligible for inclusion in the index. The liquidity rule that this determination will be based upon will be the trailing 60-day average daily traded value (turnover).

Selection of constituents

At each quarterly rebalance, the index universe, with the liquidity threshold applied, will be screened utilizing the AlphaDEX[®] methodology. The following steps will be followed:

1. All of the stocks are ranked on both growth and value factors. Stocks are ranked separately on the sum of their ranks for both growth and value factors.
 - a. **(5) Growth Factors**
 - i. 3-Month Price Appreciation
 - ii. 6-Month Price Appreciation
 - iii. 12-Month Price Appreciation
 - iv. Price to Sales
 - v. 1-Year Sales Growth
 - b. **(3) Value Factors**
 - i. Price to Book Value
 - ii. Price to Cash Flow
 - iii. Return on Assets
2. In the case that two or more companies are tied on the basis of their value factors, the Price to Cash Flow ranking is attributed a lower weighting when determining the overall value ranking.
3. In the case that two or more companies are tied on the basis of their growth factors, the 3-Month Price Appreciation ranking is attributed a lower weighting when determining the overall growth ranking.
4. For stocks that Russell has classified as solely growth or value, the stock receives the rank for that style from Step 1 as its **selection score**. For stocks Russell allocates between growth and value, the stock receives the best rank from Step 1 as its selection score.
5. Stocks are then placed in their respective sectors and ranked according to their selection score from Step 3. The **bottom 25%** in each sector is then eliminated to yield each StrataQuant[®] sector index's final constituent list. [Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Materials, Technology, Utilities]

Source of Data

The Compustat[®] (Classic) database is the source of all company fundamental data. In order to prevent look-ahead bias, the database contains no restated financial information.

Data Availability

If a factor cannot be calculated due to a lack of data, “@NA” or a large negative number will result (e.g. -999). The company will then receive the worst rank for that factor.

Data Lag

Quarterly data is lagged 5 months if the selection period is the end of the 4th quarter of the firm's fiscal year. Quarterly data is lagged 4 months otherwise. Annual data is lagged for 14 months.

Value Factors

1. Price to Book Value

Quarterly Common Equity [Compustat Item Q59] divided by the product of the Price multiplied by the Quarterly Common Shares Outstanding [Item Q61] if all data is available

If not, then the Previous Quarterly Common Equity [Item Q59] divided by the product of the Price multiplied by the Previous Quarterly Common Shares Outstanding [Item Q61] if all data is available

If not, then the Annual Common Equity [Item C60] divided by the product of the Price multiplied by the Annual Common Shares [Item C25]

2. Price to Cash Flow

The Sum of the Trailing Four Quarters' Cash Flow [Item Q8 + Item Q5; if Item Q5 is not available, then just Item Q8] divided by the Month-End Market Capitalization if all data is available

If not, then the same formula as above, but start one quarter previous if all data is available

If not, then the Annual Cash Flow [Item C18 + Item C14; if Item C14 is not available, then just Item C18] divided by the Month-End Market Capitalization

3. Return on Assets

The Sum of the Trailing Four Quarters' Income Before Extraordinary Items Available for Common Shareholders [Item Q25] divided by the Average of the Previous Four Quarters' Total Assets [Item Q44] if all data is available

If not, then the same formula as above, but start one quarter previous if all data is available

If data for previous quarters is not available, then use Annual Data [C237 for Income, Average of Last Two Years' C6 for Assets]

Growth Factors

1. 3-Month Price Appreciation

Current Price divided by the Price Three Months Prior

2. 6-Month Price Appreciation

Current Price divided by the Price Six Months Prior

3. 12-Month Price Appreciation

Current Price divided by the Price Twelve Months Prior

4. Price to Sales

The Sum of the Trailing Four Quarters' Sales [Item Q2] divided by the Month-End Market Capitalization if all data is available

If not, then the same formula as above, but start one quarter previous if all data is available

5. 1-Year Sales Growth

The Sum of the Trailing Four Quarters' Sales [Item Q2] divided by the Sum of the Four Quarters of Sales Preceding the Earliest Quarter Utilized in the Numerator

If quarterly data is not available, then Annual Sales [Item C12] divided by Annual Sales the Year Before

Capping

There will be no direct capping of index constituent weightings within the Index.

5.3 Periodical update of weighting

Determining constituent weightings at Quarterly Index Rebalances

At Quarterly Index Rebalances, the top 75% of stocks to be a part of each StrataQuant[®] sector index is split into quintiles based upon their selection score from the AlphaDEX[®] methodology. The top-ranked quintile receives a 5/15 (33.33%) weighting, with successive quintiles receiving weightings of 4/15 (26.67%), 3/15 (20.00%), 2/15 (13.33%) and 1/15 (6.67%), respectively. Stocks are equally weighted within each quintile.

6. Corporate Actions

6.1 General

The index may be adjusted in order to maintain the continuity of the index level and the composition. The underlying aim is that the index continues to reflect as closely as possible the index's goal of utilizing the AlphaDEX[®] methodology to objectively identify and select stocks from a particular market segment that have a greater potential for capital appreciation.

Adjustments take place in reaction to events that occur with constituents in order to mitigate or eliminate the effect of that event on the index performance.

6.2. Removal of constituents

Any stock deleted from the index as a result of a corporate action such as a merger, acquisition, spin-off, delisting or bankruptcy is not replaced by any new stock. The total number of stocks in the index is reduced by one every time a company is deleted. In certain circumstances, the Index Calculation agent may decide to add another company into the index as a result of the pending removal of a current constituent. This action would be taken while considering the interests of affected parties and would typically only be a result of a certain type of corporate action, such as an acquisition where part of the merger proceeds is paid in the stock of another company already part of the index.

If a company is removed from the index, the divisor will be adjusted to maintain the index level.

6.2.1. Mergers and Acquisitions

Merger or acquisition between members of a StrataQuant[®] Index: In the event a merger or acquisition occurs between members of a StrataQuant[®] Index, the acquired company is deleted and its Index market capitalization may move to the acquiring company's stock, according to the merger terms and depending on the portion of proceeds paid in the stock of the acquirer, if any.

Merger or acquisition between a member and a non-member: A non-member is defined as a company that is not a current constituent of the same StrataQuant[®] Index. A merger or acquisition between one member of the Index and one non-member can take two forms:

- (1) The acquiring company is a member of the Index and the acquired company is not. There will be no action taken within the index.
- (2) The acquiring company is not a member, but the acquired company is a member. The acquired company is removed from the index and there will be no other actions taken.

6.2.2 Suspensions and company distress

Immediately upon a company filing for bankruptcy, an announcement will be made to remove the stock from the index effective for the third day following the bankruptcy. If the stock is trading on

an over-the-counter (OTC) market, the last trade or price on that market is utilized as the deletion price on that day.

If the stock does not trade on the relevant exchange between the bankruptcy announcement and the next rebalance effective date, the stock may be deleted from the index in that rebalance with a presumed market value of \$0.

6.2.3 Price sources

In the event that the trading in shares is suspended or halted, the last known price established during regular daytime trading on the primary exchange will be used. Depending on the particular situation, the Index Calculation agent may choose to value the security at a price of \$0 for purposes of index calculation and/or index corporate action. This would be applicable for certain extreme cases such as a company bankruptcy or severe distress.

6.3 Split-up /spin off

The closing price of the index constituent is adjusted by the value of the spin-off, and the shares of the index constituent will be adjusted to maintain its existing weighting in the index. The divisor will be adjusted to account for any changes in the overall index market capitalization.

Spun-off companies will not be added into the index at the time of the event.

6.4 Dividends

6.4.1 Distinction ordinary and special dividend

The price return index will be adjusted for dividends that are special in nature, typically through a price adjustment and corresponding share increase to maintain the constituent's existing weighting in the index. The divisor will be adjusted to account for any changes in the overall index market capitalization.

To decide whether a dividend should be considered a special dividend the Calculation agent will use the following criteria:

- a) the declaration of a company of a dividend additional to those dividends declared as part of the company's normal results and dividend reporting cycle; merely an adjustment to the timing of the declaration of a company's expected dividend would not be considered as a special dividend circumstance; or
- b) the identification of an element of a dividend paid in line with a company's normal results and dividend reporting cycle as an element that is unambiguously additional to the company's normal payment.

For the purpose of clarification, the Calculation agent will not make adjustment for the following situations, specifically in the Price Return Index:

1. Payment of ordinary dividends, irrespective of how they are financed;
2. Issue of redeemable shares or any other entitlement in lieu of an ordinary dividend; or

3. Unexpected increase or decrease, resumption or cessation, or change in frequency to an ordinary dividend.

6.5. Rights issues and other rights

In the event of a rights issue, the price is adjusted for the value of the right before the open on the ex-date, and the shares are increased to maintain the constituent's existing weighting within the index. The adjustment assumes that the rights issue is fully subscribed. The amount of the price adjustment is determined from the terms of the rights issue, including the subscription price, and the price of the underlying security. The Index Calculation agent shall only enact adjustments if the rights represent a positive value, or are in-the-money, or alternatively, represent or can be converted into a tangible cash value.

6.6 Bonus issues, stock splits and reverse stock splits

For bonus issues, stock splits and reverse stock splits, the number of shares included in the index will be adjusted in accordance with the ratio given in the corporate action. Since the event will also incorporate a corresponding price adjustment and won't change the value of the company included in the index, the divisor will not be changed because of this.

6.7 Changes in number of shares

Changes in the number of shares outstanding, typically due to share repurchases, tenders, or offerings, will not be reflected in the index.

7. Index Formula

7.1 Index calculation formula

The general formula for the **price return version** of the Index is:

$$\text{Index}_t = \frac{1}{D_t} \times \sum_i P_{i,t} Q_{i,t}$$

Where:

t means Index Calculation Date t

D_t means the Index divisor on Index Calculation Date t

P_{i,t} means the price of Index Constituent i on Index Calculation Date t

Q_{i,t} means the number of shares of Index Constituent i on Index Calculation Date t

Index Calculation Date means a U.S. Business Day where all of the Constituent Exchanges are open.

For the **total return version** of the Index, the Index divisor is adjusted on the morning of each Index Constituent's ex-date to take into account the reinvestment of the related dividend.

For any **currency variant** of the Index, the current USD level of the Index will be multiplied by the ratio of the current USD FX rate divided by the USD FX rate as of the Index base date.