

Concinnity Multi-stakeholder Operating Companies Index Description

The Concinnity Multi-stakeholder Operating Companies Index (the "Index") is designed to provide exposure to U.S.-listed companies that Concinnity Advisors LP, (the "Index Provider") believes appear to achieve financial performance in a sustainable and responsible manner, as measured by their ability to achieve positive outcomes that are consistent with a multi-stakeholder operating system ("MsOS"), as defined by the Index Provider. The Index Provider conducts its analysis based on the following five key stakeholder groups: (1) Customers, (2) Employees, (3) Suppliers, (4) Stock and Debt Holders, and (5) Communities in which the companies operate.

The universe of companies eligible for inclusion in the Index is comprised of US-listed firms with a market capitalization greater than \$2 billion at the time of the initial screen. From this initial universe, the Index Provider applies a proprietary, two-step analysis to select companies for the Index. In the first step, the Index Provider utilizes approximately forty information sources and public rankings to identify and evaluate companies based on their demonstrated ability to achieve positive outcomes across all five stakeholder groups. These information sources are vetted annually and weighted based on stakeholder focus, research methodology and third party or in-house analysis of a source's potential as a leading indicator of corporate and/ or stock performance. Companies are scored based on their appearance and performance in these sources and rankings. Of the approximately 1,100 – 1,400 companies that typically make up the eligible universe, approximately 600-700 are generally selected for further analysis and potential inclusion in the underlying Index.

In the second step of the research process, the Index Provider uses a composite analysis to apply a deeper evaluation on the remaining companies. The composite analysis uses Concinnity Advisors, LP's data set, which has been developed over many years and updated as Concinnity Advisors, LP believes is appropriate. This data set combines ratings data from multiple research entities that specialize in various stakeholder assessment categories. Companies are evaluated through a series of scoring lenses that combine to form a composite score, which is underpinned by several hundred criteria. Composite analysis categories include, but are not limited to: employee engagement, executive integrity, customer relationship quality, labor and human rights, and quality of financial reporting. Various modeling techniques are then used to combine qualitative and quantitative data into a single score for each company. This score reflects the degree to which a company is considered MsOS proficient by the research process. Approximately 300-350 companies ultimately comprise the MsOS investable universe ("MsOS Annual List") for the purposes of constructing the Index.

Along with an MsOS score, a valuation score is calculated for each company. The valuation score is calculated using fundamental valuation metrics, including Free Cash Flow to Price, Enterprise Value to EBITDA, Sales to Price, and Economic Value Add.

The final step to create the Index combines the MsOS score and valuation score with a risk balancing process. The risk balancing process measures the sector exposure, beta, and tracking error of the proposed equal weighted Concinnity MsOS List as compared to the Solactive US Large Cap Index to ensure a balanced outcome. Each stock on the list is also checked for:

1. Excessive debt
2. Excessive leverage
3. Bankruptcy risk
4. Recent negative news

The Concinnity Multi-stakeholder Operating Companies Index is ultimately created by evaluating the MsOS score, the valuation score, and the risk balancing process. The final output consists of 300-350 equal-weighted U.S. companies. The index is reconstituted annually and rebalanced back to equal weight quarterly.