

ISE-REVERE Natural Gas™ Index Methodology

Index Description

The ISE-REVERE Natural Gas Index is designed to track public companies that derive a substantial portion of their revenues from midstream activities and/or the exploration and production of natural gas.

Index Calculation

The ISE-REVERE Natural Gas Index is a linear-based capitalization-weighted index. The value of the Index equals the aggregate value of the Index share weights, also known as the Index Shares, of each of the Index Securities multiplied by each such security's Last Sale Price¹, and divided by the divisor of the Index. The divisor serves the purpose of scaling such aggregate value to a lower order of magnitude which is more desirable for Index reporting purposes. If trading in an Index Security is halted on its primary listing market, the most recent Last Sale Price for that security is used for all index computations until trading on such market resumes. Likewise, the most recent Last Sale Price is used if trading in a security is halted on its primary listing market before the market is open. The Index began on December 29, 2000 with a base value of 25.00.

The formula for index value is as follows:

$$\text{Aggregate Adjusted Market Value/Divisor}$$

The formula for the divisor is as follows:

$$\frac{(\text{Market Value after Adjustments/Market Value before Adjustments}) \times \text{Divisor before Adjustments}}{\text{Divisor before Adjustments}}$$

Three versions of the Index are calculated:

- The price return index in USD (NASDAQ: FUM) is ordinarily calculated without regard to cash dividends on Index Securities.
- The total return index in USD (NASDAQ: FUMTR) reinvests cash dividends on the ex-date.
- The net total return index in USD (Nasdaq: FUMNTR) reinvests cash dividends on the ex-date and adjusts for an Index Security's country of incorporation withholding rate. The net total return index began on February 6, 2017 at a base value of 25.00.

All Indexes reflect extraordinary cash distributions.

The Indexes are calculated and disseminated once per second from 9:30:01 to 17:16:00 Eastern Time (ET) in USD. The closing value of the Indexes may change up until 17:15:00 ET due to corrections to the Last Sale Price of the Index Securities.

¹ For purposes of this document, Last Sale Price refers to the last regular way trade reported on such security's Index Market. The Index Market is the listing market for which prices are received and used by Nasdaq in the Index calculation and generally will represent the most liquid trading market of the Index Security. If a security does not trade on its Index Market on a given day or the Index Market has not opened for trading, the most recent last sale price from the Index Market (adjusted for corporate actions, if any) is used. For securities where Nasdaq is the Index Market, the Last Sale Price may be the Nasdaq Official Closing Price (NOCP) when Nasdaq is closed.

Eligibility

Index eligibility is limited to specific security types only. The security type eligible for the Index include common stocks, depositary receipts and master limited partnerships. Security types not eligible for the index include closed-end funds or exchange-traded funds (ETF).

Eligibility Criteria (*)

To be eligible for inclusion in the Index, a security must meet the following criteria:

- the issuer of the security must be involved in the exploration and production of crude oil and natural gas, according to FactSet Fundamentals, where its natural gas proved reserves accounts for 30% or greater of its total proved reserves. Natural gas shall be converted to Barrels of Oil Equivalent (BOE) using the industry standard conversion of 1 BOE = 6,000 cubic feet.
- be listed on The Nasdaq Stock Market, the New York Stock Exchange or NYSE MKT;
- a minimum free float of 20%;
- a minimum three-month average daily dollar trading volume (ADDTV) of \$1 million;
- a minimum market capitalization of \$250 million;
- one security per issuer is permitted²;
- have "seasoned" for at least three months on an index recognized market;
- the issuer of the security may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being Index eligible;
- may not be issued by an issuer currently in bankruptcy proceedings; and
- the issuer of the security may not have annual financial statements with an audit opinion that is currently withdrawn.

* For the purpose of Index Eligibility Criteria, if the security is a depositary receipt representing a security of a non-U.S. issuer, the references to the "issuer" are references to the issuer of the underlying security.

Index Evaluation

Securities which meet the Eligibility Criteria above are further evaluated as follows:

1. For each segment (Operating Company and Master Limited Partnership) rank all securities by Market Capitalization in descending order. Assign a numerical score to each security based on its rank (e.g., largest stock gets a '1').
2. Select all Operating Company securities and the top 10 Master Limited Partnership securities as Index Securities.

The Index is evaluated in March, June, September and December. The criteria are applied using market data as of the end of January, April, July and October. Securities meeting the criteria are included in the Index. Security additions and deletions are made effective after the close of trading on the third Friday in March, June, September and December.

Additionally, if at any time during the year other than the Evaluation, an Index Security is determined to have become ineligible for continued inclusion in the Index due to bankruptcy, delisting, or a definitive agreement that would likely result in the security no longer being Index eligible, the security is removed from the Index and is not replaced. In

² If an issuer has multiple securities, the security with the highest three-month ADDTV will be selected for possible inclusion into the Index.

the case of mergers and acquisitions, the Index Security may be removed the day following the shareholder vote or the expected expiration of the tender offer, provided the acquisition is not contested. In the event the acquisition is contested then the deletion will occur as soon as reasonably practicable, once results have been received that indicate the acquisition will likely be successful. Ordinarily, a security will be removed from the Index at its Last Sale Price. If, however, at the time of its removal the Index Security is halted from trading on its primary listing market and an official closing price cannot readily be determined, the Index Security may, in Nasdaq's discretion, be removed at a zero price. The zero price will be applied to the Index Security after the close of the market but prior to the time the official closing value of the Index is disseminated, which is ordinarily 17:16:00 ET.

Index Maintenance

Index Share changes are not made during the quarter however changes arising from stock dividends and stock splits are made to the Index on the evening prior to the effective date of such corporate action. In the case of certain spin-offs or rights issuances, the price of the Index Security is adjusted and a corresponding adjustment is made to the Index Shares such that the weight of the Index Security does not change as a result of the action. However, for a spin-off event, if there is no when-issued trading available for the spin-co security, the spin-co security may be added to the index at a zero value. In this case, the spin-co security will be removed from the Index after two full days of trading.

A special cash dividend announced by the listing exchange, will result in an adjustment to the Last Sale Price for the special amount distributed and a corresponding adjustment to the Index Shares of an Index Security prior to market open on the ex-date such that the weight of the Index Security will not change as a result of the action. A special dividend may also be referred to as extra, extraordinary, non-recurring, one-time, unusual, etc.

Ordinarily, whenever there is a change in an Index Security as noted above, the divisor is adjusted to ensure that there is no discontinuity in the value of the Index which might otherwise be caused by any such change. All changes are announced in advance and are reflected in the Index prior to market open on the Index effective date.

Index Rebalancing

The Index employs a linear based capitalization weighting methodology. At each Index Evaluation, the following rebalance is performed:

1. For each segment (Operating Company and Master Limited Partnership), rank all Index Securities in ascending order by float market capitalization. Assign a numerical score to each security based on its rank (e.g., smallest stock gets a '1').
2. For each segment (Operating Company and Master Limited Partnership), rank the Index Securities in ascending order by liquidity using three-month ADDTV. Assign a numerical score to each security based on its rank (e.g., least liquid stock gets a '1').
3. For each segment (Operating Company and Master Limited Partnership), calculate the overall rank of each Index Security by adding the scores assigned during each ranking process above.
4. Set the weight of the Operating Companies to 85% of the Index and the weight of the Master Limited Partnerships to 15% of the Index.

5. For each segment (Operating Company and Master Limited Partnership), adjust each Index Security's weighting to a multiple of the weighting of the smallest Index Security using the following equation:

$$W_i = \frac{CR_i}{\sum_{i=1}^n (CR_i)}$$

where:

W_i = Weight of Index Security i

CR_i = Index Security score

n = Number of Index Securities

The adjustment described above results in a linear distribution where each Index Security is weighted by a certain multiple of the smallest Index Security.

Once initial Index Security weights are established those weights are then optimized to account for Index Securities exhibiting traits of limited liquidity and/or low levels of market capitalization. Index Securities are optimized for liquidity first and then optimized for market capitalization.

The mechanism by which these adjustments are made is as follows:

1. Set liquidity optimization threshold:
 - a. Calculate three-month ADDTV for each Index Security
 - b. Set percentage of three-month ADDTV threshold
 - c. Set theoretical index tracking product one-time investment threshold
2. Set float market capitalization optimization threshold:
 - a. Calculate float market capitalization for each Index Security
 - b. Set percentage float market capitalization held threshold
 - c. Set theoretical index tracking assets under management
3. Determine Index Security weighting limits given the respective criteria using the following equations:

$$ADDTV_{\%i} = \frac{W_i \times INV_{\$}}{ADDTV_{\$i}}$$

where:

W_i = Weight of Index Security i

$ADDTV_{\%i}$ = Percentage of three-month ADDTV for Index Security i

$ADDTV_{\$i}$ = Three-month ADDTV for Index Security i

$INV_{\$}$ = Theoretical index tracking product one-time investment threshold

$$MKT_{\%i} = \frac{W_i \times AUM_{\$}}{MKT_{\$i}}$$

where:

W_i = Weight of Index Security i
 $MKT_{\%i}$ = Percentage of float market capitalization held of Index Security i
 $MKT_{\$i}$ = Current float market capitalization of Index Security i
 $AUM_{\$}$ = Theoretical index tracking product assets under management

4. If the calculated values are less than the percentage thresholds (“pass”) then the weight of Index Security i does not need to be adjusted.

5. If the calculated values are greater than the percentage thresholds (“fail”) then assign a new modified weight to Index Security i equal to each percentage threshold using the following steps:

a. For liquidity optimization, calculate the Index Security weight based on the theoretical investment threshold and three-month ADDTV threshold using the following equation:

$$W'_i = \frac{ADDTV_{\$i} \times ADDTV'_{\%i}}{INV_{\$}}$$

where:

W'_i = Modified weight of Index Security i
 $ADDTV_{\$i}$ = Three-month ADDTV for Index Security i
 $ADDTV'_{\%i}$ = Percentage ADDTV threshold
 $INV_{\$}$ = Theoretical index tracking product one-time investment threshold

b. For float market capitalization optimization, calculate the Index Security weight based on theoretical index tracking product assets under management and percentage float market capitalization held threshold using the following equation:

$$W'_i = \frac{MKT_{\$i} \times MKT'_{\%i}}{AUM_{\$}}$$

where:

W'_i = Modified weight of Index Security i
 $MKT_{\$i}$ = Current float market capitalization of Index Security i
 $MKT'_{\%i}$ = Current float market capitalization held threshold
 $AUM_{\$}$ = Theoretical index tracking product assets under management

c. For both optimizations, take the aggregate difference between the initial and modified weights of those Index Securities failing the respective threshold test and distribute evenly among Index Securities passing the respective threshold test using the following equations:

$$W_{adj} = \frac{\sum_{i=1} (W_i - W'_i)}{n'}$$

where:

W_i = Initial weight of Index Security i failing respective threshold test
 W'_i = Modified weight of Index Security i failing respective threshold test
 W_{adj} = Adjustment for weight of Index Security i passing respective threshold test
 n' = Number of Index Securities passing respective threshold test

- d. Adjust the weight of the Index Securities passing respective threshold test using the following equation:

$$W''_i = W_i + W_{adj}$$

where:

W_i = Initial weight of Index Security i passing respective threshold test

W''_i = Modified weight of Index Security i passing respective threshold test

W_{adj} = Adjustment for weight of Index Security i passing threshold test

- e. Repeat step 5 until all Index Securities pass liquidity and market capitalization threshold tests.

Once the above steps are completed, the Index is rebalanced such that the maximum weight of any Index Security does not exceed 4.5%. Any Index Security in excess of 4.5% is capped at 4.5% and the excess weight is redistributed proportionally across the remaining Index Securities. The process is repeated, if necessary, to derive the final weights.

Index Shares are calculated by dividing the above determined weight for each Index Security by the corresponding last sale price multiplied by the spot rate of the security at the close of trading on the last trading day of the month prior to the Index Evaluation i.e., February, May, August or November. The changes are effective after the close of trading on the third Friday in March, June, September and December.

Nasdaq may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure Index integrity.

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