

Lunt Capital Large Cap Factor Rotation Index Methodology

Index Description

The Lunt Capital Large Cap Factor Rotation Index is designed to track the performance of securities exhibiting desirable factor exposure. The Index selects securities from four single factor-oriented indexes based on the proprietary Lunt Capital Factor Allocation Methodology.

Index Calculation

The Lunt Capital Large Cap Factor Rotation Index is a modified market 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 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 July 9, 2018 at a base value of 1000.00.

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 (LUNTFPCR) is ordinarily calculated without regard to cash dividends on Index Securities.
- The total return index (LUNTFCTR) reinvests cash dividends on the ex-date.
- The net total return index (LUNTFCLR) reinvests cash dividends on the ex-date based on the securities incorporation withholding rate.

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 Index(es) 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 types eligible for the Index include common stocks and REITs.

Eligibility Criteria

The Lunt Capital Large Cap Factor Rotation Index tracks the components and weights comprising four of the following eight indexes:

- Nasdaq Factor Family US Momentum Index - NQFFUSM
- Nasdaq Factor Family US Value Index - NQFFUSV
- Nasdaq Factor Family US Low Vol Index - NQFFUSLV
- Nasdaq Factor Family US Quality Index - NQFFUSQ
- Nasdaq Factor Laggard US Momentum Index - NQFFLUSM
- Nasdaq Factor Laggard US Value Index - NQFFLUSV
- Nasdaq Factor Laggard US Low Vol Index - NQFFLUSLV
- Nasdaq Factor Laggard US Quality Index - NQFFLUSQ

The eight indexes are evaluated after the last trading day of each month based on the Lunt Capital Factor Allocation Methodology. The allocation between the four selected indexes is dependent on the current holdings of the LFR index. If the LFR Index selects the same four indexes currently replicated within the index, no changes of any kind are enacted. If three of the selected indexes are currently replicated in the LFR Index, the allocation towards the currently replicated indexes remains unchanged and the newly selected index inherits the allocation level of the outgoing index. If two of the selected indexes are currently replicated in the LFR Index, the allocation towards the currently replicated indexes remains unchanged and the two newly selected indexes inherit the collective allocation level of the two outgoing indexes with an equal weight given to each incoming index. If one of the selected indexes is currently replicated in the LFR Index, the allocation towards the currently replicated index remains unchanged and the three newly selected indexes inherit the collective allocation level of the three outgoing indexes with an equal weight given to each incoming index. If all four selected indexes are new additions to the LFR Index, they each receive 25% of the overall LFR Index weight.

Index Evaluation

The Index is evaluated after the last trading day of each month. The above Eligibility Criteria are applied using available market data as of the end of the last trading day of each month. Security additions and deletions are made effective at the market open on the 4th business day of the following month.

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 eligible for inclusion in the Index, the security is removed from the Index and is not replaced. 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, at 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 at which the official closing value of the Index is disseminated, which is ordinarily 17:16:00 ET.

Index Maintenance

While Index Share changes are not made outside of the monthly evaluations, changes arising from stock dividends and stock splits are made to the Index on the evening prior to the effective date of such corporate actions. 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. Additionally, 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 of an Index Security prior to market open on the ex-date for the special amount distributed. A corresponding adjustment will be made to the Index Shares of the security 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 Index Shares, a change in an Index Security or a change to the price of an Index Security due to spin-offs, rights issuances or special cash dividends as mentioned 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.

Index Rebalancing

The weighting methodology is applied using data as of the last trading day each month. Index Shares are calculated by multiplying the weight of the security derived, as described under the Eligibility Criteria section, by the new market value of the Index and dividing the modified market capitalization for each Index Security by its corresponding Last Sale Price. The changes are made effective at the market open on the 4th business day of the following month.

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

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