LifeSci BioThreat Strategy Index Methodology

June 19, 2020

Index Description

The LifeSci BioThreat Strategy Index is designed to track the performance of U.S. listed companies which help protect against biological threats to human health. The Underlying Index is developed using a proprietary, multi-step research process to identify BioThreat companies. Companies in the BioThreat sector offer at least one product, technology or service intended to protect life and the planet from biological and natural threats. Such threats may include new or epidemic diseases such as COVID-19, Ebola, SARS, multi-drug resistant bacteria and Zika; agents of biological warfare such as anthrax and sarin gas; and natural threats to biology such as earthquakes and hurricanes.

Screening for Constituent Companies

First, the Index Provider conducts fundamental research to identify the most important current and emerging biological threats to human health. As of April 15, 2020, these identified threats include pandemic diseases, biological warfare, food and water safety, environmental safety and natural disasters.

Next, the Index Provider utilizes publicly available information including, but not limited to, financial reports and screens, corporate websites, news reports and interviews with key opinion leaders to identify companies publicly traded on a major U.S. market which protect against and prepare for these threats.

These companies have products, technologies and services which:

(1) research or combat pandemic diseases such as COVID-19, Zika, H1N1, Ebola, avian flu and MERS;
(2) combat agents of biological warfare such as anthrax, sarin gas, variola virus and brucellosis;
(3) detect the presence of biological threats;
(4) secure national borders and ports and strengthen homeland security;
(5) aid in stockpiling of products in times of natural disasters and disease outbreaks, such as canned foods, power sources, consumer first aid kits, anti-microbial agents, gas masks, and sterilization supplies and services;
(6) test and improve food and water safety and purity; and/or
(7) enable or benefit from shelter-in-place mandates and work-at-home or stay-at-home economies.

The Index Provider includes in the Underlying Index only those companies with a minimum market capitalization of $1 billion and a minimum average daily turnover for the last 6 months greater than or equal to $2 million.

In the final step of this process, the Index Provider selects the qualifying publicly traded companies which it believes, based on fundamental research conducted by the Index Committee, have the highest markets shares in each of these categories as components of the LifeSci BioThreat Strategy Index.

Index Construction and Maintenance

The indexes are reconstituted semi-annually upon the close of trading on the third Friday of June and December. If either such Friday falls on a market holiday, then the indexes will rebalance on the following trading day.

The components in the index will be weighted by equity market capitalization, with a maximum weight for each component being 4.9%. Market capitalization data will be as per Bloomberg data, or if not available via Bloomberg, another data source may be used pursuant to the index provider's discretion. Component weights will be set as of the closing values on the second Friday of January and July.

The Index Committee meets to evaluate and determine any changes to the indexes, and any changes are publicly announced at least 3 trading days prior to changes being affected on the index provider's website (www.lifesciindex.com).

Changes for corporate events such as mergers, spin-offs, split offs, dividends, stock splits and rights issuances are adjusted on the ex-date.

In addition, the Index Committee will meet once per month on the second Friday of each month (including the months that fall between semi-annual reconstitution dates) to specifically assess whether there are any emerging biological threats which would result in the addition of additional index components to the LifeSci BioThreat Strategy Index to be made between the semi-annual reconstitution dates. If the Index Committee determines that such special additions should be made, then it may make additions to the Index on the third Friday of any month subject to at least 4 business day advance notice.

Index Calculation

The index was created with a base value of 1,000 as of January 15, 2016. Index values between January 15, 2016 and April 17, 2020 were created using a backtesting methodology and by applying substantially the same criteria described above. However the backtest benefits from the benefit of hindsight and has other certain limitations (please see "Backtest Disclaimer" below). The official inception date of the index is April 17, 2020.

The index calculation agent for the indexes is Indxx, LLC (www.indxx.com).

Backtest Disclaimer

The performance information presented in certain charts or tables represent backtested performance based on combined simulated index data from January 15, 2016 to the period ending date shown. LifeSci Index Partners, LLC did not offer the indexes until April 17, 2020. Any information presented

prior to the index inception date is backtested. The backtested calculations are based on substantially the same methodology that was in effect when the index was officially launched.

Backtested performance is hypothetical (it does not reflect trading in actual accounts) and is provided for informational purposes only to indicate historical performance had the indexes been available over the relevant time period. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Returns for actual investors may differ from and be materially lower than what is shown because of differences in timing, the amount invested and fees and expenses.

Backtested performance results have inherent limitations as to their relevance and use. For example, they ignore certain factors such as the trade timing, security liquidity and the fact that economic and market conditions in the future may differ significantly from those of the past. Furthermore, model performance data does not include transaction costs or custodial charges that can materially affect actual performance. Any and all of these factors mean that no representation is being made that any model or model mix will achieve performance similar to that shown, and in any case, past performance is no guarantee of future performance. Such results do not represent the impact that material economic and market factors might have on an investment adviser's decision-making process if the adviser were actually managing client money.

Backtested performance also differs from actual performance because it is achieved through the retroactive application of model portfolios designed with the benefit of hindsight. As a result, the models theoretically may be changed from time to time and the effect on performance results could be either favorable or unfavorable. No hypothetical record can completely account for the impact of financial risk in actual trading. For example, there are numerous factors related to the equities markets in general which cannot be, and have not been accounted for in the preparation of the index information set forth, all of which can affect actual performance.