FactSet ETF Classification System

Rules & Methodology

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INTRODUCTION

The FactSet ETF Classification System categorizes exchange-traded funds and exchange-traded products using a rules-based system built around seven core classification tiers.

The FactSet ETF Classification System classifies ETFs based upon the statements made in each product's prospectus, offering document and/or marketing materials. The system relies both on academic finance and investor convention to create the rules governing these classifications. As the literature and convention evolve, FactSet reserves the right to modify this rule set.

This document outlines those rules.

Note

For simplicity's sake, we have chosen to refer to all exchange-traded products that feature an ongoing, daily creation and redemption process as ETFs, following common usage. Please assume that the term ETF includes ETNs and other exchange-traded products, except where explicitly stated.

ASSET CLASS

Equity

The prospectus, offering document and/or marketing materials of an ETF assigned to the Equity Asset Class must state that the ETF contains only equity securities, except for select derivatives and cash-like vehicles as defined in additional notes listed below.

1. The FactSet ETF Classification System defines equities as an ownership share in a business, with rights to the residual profits of the business and to vote in corporate elections.

2. Equity security types may include:

    a. Ordinary shares/common stock

    b. Depositary receipts (domicile will be attributed to the country of the issuing firm)

    c. Exchange-traded funds or other pooled vehicles that, by prospectus, can contain only equities as defined in this section

    d. Holding companies, investment trusts and limited partnerships whose sole purpose is to hold equity shares in other businesses, or temporarily hold cash for the purpose of investing in shares of other businesses

    e. Tracking stocks whose values depend directly on the performance of a business unit of a larger firm, if the business unit issues its own financial statements and could be spun off as an independent business

    f. Master limited partnership units and Yieldcos

  g. Real estate investment trusts that convey the residual cash flows from property ownership to the holders

  h. Debt instruments used specifically within the ETN structure that link the ETN's returns exclusively to the returns of an equity index, with or without a collateral return included

3. All equity securities must trade on a public exchange.

Fixed Income

The prospectus, offering document and/or marketing materials of an ETF assigned to the Fixed-Income Asset Class must state that the ETF contains only fixed-income securities, except for select derivatives as defined in additional notes listed below.

1. Fixed income is defined as follows: debt issued with a specified maturity date and par value.

2. Fixed-income security types may include:

  a. Any debt instrument regardless of features involving:

   i. Contractually defined optionality or conditionality in maturity date, coupon, redemption, currency, convertibility to equity, and exchangeability.

   ii. Adjustments to principal prespecified in the prospectus.

   iii. Domicile of issuer (foreign bonds will be attributed to the country of the issuing firm, e.g., Yankee bonds in the U.S. will not be considered U.S. domestic issues).

   iv. Collateralization

  b. Private placements: SEC and other regulatory registration is not required

  c. Perpetual securities, such as preferred equities, that do not represent ownership in a business but do pay a coupon on a fixed par amount

  d. Equities or fixed-income securities that are issued with fixed coupons but have an equity conversion feature, such as convertible bonds or convertible preferred equities, until such a time as they convert

Commodities

The prospectus, offering document and/or marketing materials of an ETF assigned to the Commodities Asset Class must state that the ETF is specifically designed to track the returns available within the commodity sector.

1. The FactSet ETF Classification System defines the commodity sector as consisting of exchange-traded physical goods or contracts regarding the physical goods.

2. Commodity exchange-traded product securities may track the prices of these physical goods using the following instruments:

  a. Physical holdings of the goods

      b.   Legal structures that transfer ownership of physical holdings stored by a third party c. Commodity derivatives such as futures, forwards and swaps

      c.   Debt instruments used in the ETN structure that link ETN returns to the return of a commodity index, with or without a collateral return included

Currency

The prospectus, offering document and/or marketing materials of an ETF assigned to the Currency Asset Class must state that the ETF is specifically designed to track the returns available to investments in currencies.

1. Currency is defined as the government-issued medium of exchange of a sovereign nation.

2. Currency exchange-traded product securities may track the exchange rates and risk-free interest rates of currencies using the following instruments:

      a.   Demand deposit accounts at overseas banks

      b.   Currency derivatives such as futures and forwards

      c.   Short-term investment-grade debt instruments

      d.   Debt instruments used in the ETN structure that link ETN returns to the return of a currency or currency index, with or without a collateral return included.

Asset Allocations

The prospectus, offering document and/or marketing materials of an ETF assigned to the Asset Allocation Asset Class must state that the ETF is designed to combine assets from at least two of the following FactSet ETF Classification System Asset Classes: equity, fixed income, commodities and currency. ETFs with two or more asset classes could instead appear in the Alternatives Asset Class if they meet the requirements below.

Alternatives

ETFs in the Alternatives Asset Class may hold any type of asset, or multiple assets. Alternatives funds must claim one or more of the following objectives:

1. The fund's stated investment objective must be to deliver a sustainable positive real return or positive return regardless of business cycles and market trends.

2. The fund must be designed to generate a series of returns that shows low correlation to any of the primary asset classes.

3. The fund must explicitly state a goal of replicating hedge fund performance or following a common hedge fund strategy.

4. The fund must invest in an asset type that has a distinctly different economic exposure than that of any of the primary asset classes.

5. The fund must provide exposure to the relative differences between or within asset classes or broad representatives thereof.

Additional Note

Notwithstanding the above sections 1-3, an equity, fixed-income or commodity ETF may hold derivative securities that enhance a fund's ability to deliver its prescribed exposure to equities, fixed income or commodities, without introducing non-Asset Class risks or returns other than those associated specifically with derivative use. Examples include forwards to hedge currency movements, Treasury futures to hedge interest rate risk or options overlays on equities or commodities.

Notwithstanding sections 4-6, any ETF may hold cash or cash equivalents in small amounts, for the purposes of providing liquidity or for near-term investments, or have the ability to convert part or all of its asset exposure to or from cash without compromising its Asset Class designation.

ECONOMIC DEVELOPMENT LEVEL

The FactSet ETF Classification System follows the International Monetary Fund's designation of developed economies, as delineated in its most recent World Economic Outlook report. We follow the designations of the majority of five major global index providers to distinguish between emerging markets and frontier economies. The FactSet ETF Classification System assigns all countries not covered by the IMF to the classification designated by the World Bank.

The FactSet ETF Classification System will assign all single-country funds to an economic development level according to the IMF's classification. Funds that hold positions in two or more countries will be classified based on the description presented in the fund's prospectus, offering document and/or marketing materials, or, if no such description is available, by an analysis of the fund's holdings.

REGION

The FactSet ETF Classification System has divided the globe into regions based on traditional continental descriptions as well as similarities of economies and cultures. The region rules are somewhat flexible because they were designed to accommodate the investment community's consensus of geographical groupings. The FactSet ETF Classification System rules about regions are:

1. A region must be contiguous. Regions may, however, encompass portions of oceans without compromising their regional integrity (Asia-Pacific includes Australia).

2. A region should cover a significant portion of the globe.

3. A region must have some major commonality to it, including any of the following:

    a. Language group

    b. Continental affiliation

    c. Culture

    d. Development status

4. No region may overlap with another region. All countries must belong to exactly one region.

5. A region need not be defined by its continent. For example, the FactSet ETF Classification System assigns Mexico to Latin America rather than to the U.S. and Canada group, despite the fact that all three nations are part of North America.

6. If a fund covers a group of countries not linked together according to rules 1 and 2, or not covered by any of the criteria of rule 3, the FactSet ETF Classification System will deem the fund to be region-less, and will carry its economic development-level categorization to the Region field. An example is BRIC (Brazil, Russia, India and China) funds, which carry the "Emerging Markets" categorization into the Region field.

7. If, following the rule in #6 above, a fund would carry the label of "Blended Development" over to the Specific Geography field, then the fund's region will be designated as Global or Global Ex-US.

8. A region may be defined by what it excludes (Global Ex-U.S.).

9. A single country will be assigned to a region, not to an economic development level.

SPECIFIC GEOGRAPHY

Specific Geography describes the most compact land area whose securities are covered by the fund, according to the fund's prospectus, offering document and/or marketing materials. The only rule about specific geography is that the area(s) covered must be well recognized and specifiable in advance. Therefore, California is permitted as a specific geography field; "Blue States" and "Failed States" are not.

Funds that focus on development status instead of geography (i.e., emerging markets funds) will carry the economic development label to the Specific Geography tag.

A Note about Country Assignments

The FactSet ETF Classification System categorizes an ETF according to the claims made about it by its issuer. However, we evaluate an ETF based on its actual holdings and performance. The FactSet ETF Classification System country assignment methods depend on a security's asset class as noted below.

EQUITY AND FIXED INCOME

The intent of the FactSet ETF Classification System country designation is to assign a security's issuer to the country that best reflects the firm's economic center of business. Because many firms have a global footprint, either operationally or in their consumer base, firms may not have a single dominant economic center. Therefore, the FactSet ETF Classification System uses the primary location of decision-making power as the determining factor for country assignation. We measure this using the location of corporate headquarters, as proxied by country of incorporation.

Because there are instances in which an issuing firm will choose to incorporate in a country for tax or other regulatory advantage, but locate decision-making elsewhere, The FactSet ETF Classification System relies on the security's primary exchange location, as measured in currency-adjusted trading volume, as a confirmatory measure for countries incorporated in known tax havens (Bermuda, Channel Islands, etc.).

CURRENCY

Assigning a currency to a country is quite straightforward, except in the case of a regional currency such as the euro. In the case of regional currencies, we will treat regions as we would single-country currency issuers. Although some countries have adopted currencies of other countries as their legal tender (Ecuador uses the U.S. dollar), The FactSet ETF Classification System will continue to assign the currency to the country that retains monetary policy control for the currency.

COMMODITIES

Most commodities trade globally in U.S. dollars. The FactSet ETF Classification System considers all commodities to be global.

ASSET ALLOCATION

Any security in an asset allocation fund will be governed in its geographic description by the rules pertaining to its primary asset class.

ALTERNATIVES

Alternatives funds that hold any of the assets listed above will be governed in geography by the rules of those assets. Derivatives whose value is tied to a security will have their home base rules governed by the FactSet ETF

Classification System treatment of the underlying asset class. If this is not possible, the FactSet ETF Classification System will investigate the underlying security and make a country assignment determination based on its economic center.

EXPOSURE SORT

These designations function on an asset-class-specific level. Therefore, this rules document will cover these descriptors by asset class.

EXPOSURE SORT: EQUITY

Equity has three categories: Sector; Size and Style; and High Dividend Yield, each of which treats Focus and Niche differently. They are presented in sequence below.

Equity Sector – Category

1. All sector funds must have the stated purpose of providing exposure to a set of companies, drawn from the broad market, grouped and defined by sources of revenue.

2. The FactSet ETF Classification System will choose a standard classification system to categorize businesses by sector. The FactSet ETF Classification System sector names will agree with this system's names. The current system is Thomson Reuters Business Classification.

3. Many sector funds contain securities selected in accordance with another business classification system (GICS or ICB, for example). The FactSet ETF Classification System will not disqualify a fund from carrying the sector designation because of conflicts between business classification systems.

4. The FactSet ETF Classification System recognizes that some funds are designed to capture the economic exposure of an industry that, though generally recognizable, mixes traditional business classifications. "Infrastructure" funds are an example of such "themed" exposure. The FactSet ETF Classification System permits such funds to carry the sector designation via the focus designation.

Equity Sector – Focus

1. The focus of a sector fund (but not necessarily the fund's name) must align with what The FactSet ETF Classification System selected classification system calls an Economic Sector.

2. For any sector fund that purports to track an industry and that holds securities from more than one sector:

   - The focus designation will be "Theme" if the fund aims to capture widely recognized industry groupings that are not accommodated by the selected classification structure, subject to availability of suitable benchmarks.

- The focus designation will be the corresponding sector if the industries stated in the prospectus primarily reside within one sector.

- If the fund does not meet the above criteria, then it cannot be a sector fund.

Equity Sector – Niche

1. A sector fund does not have to have a niche. If the fund tracks a broad economic sector, then the fund's niche will be deemed "Broad-based."

2. The niche of any fund that tracks an industry will have that industry's name, as described by the classification system. The industry name may come from any level of the classification system's hierarchy, except the top level.

3. The FactSet ETF Classification System may shorten or simplify the classification system's industry name to improve readability. For any "Theme" fund, the niche will be assigned by the FactSet ETF Classification System. The FactSet ETF Classification System will endeavor to reflect market consensus in its assignments of thematic sectors.

4. For any "Theme" fund, the niche will be assigned by the FactSet Research Systems Inc. ETF Classification System. The FactSet ETF Classification System will endeavor to reflect market consensus in its assignments of thematic sectors.

Equity Size and Style – Category

1. Size and Style funds must purport to replicate a broad segment of an equities market, or merely use a broad segment of an equities market as a universe for stock selection, provided they do not meet the criteria for Sector funds and High Dividend Yield funds. A broad segment of an equities market is defined as a universe based either on the securities' market capitalizations (float adjustments accepted) or a widely accepted company size measurement such as book value, revenues or earnings or on its growth/value assignment (see Size and Style – Niche).

2. Size and Style funds may include funds that apply selection or weighting criteria that significantly alter the overall size, style, or country and sector composition of the relevant market.

Equity Size and Style – Focus

1. Focus for Size and Style funds is intended to describe the size of the market capitalization range of the component equities in the fund. We note however that some index providers and fund issuers define firm size by means other than market capitalization.

2. We designate a fund's size based on the claim made by the fund in its prospectus, other offering documents, and marketing materials or on its website. The size designations are:

   a. Total Market (includes combined large- and midcap exposure)

    b.   Large-Cap

    c.   Midcap

    d.   Small-Cap

    e.   Micro-Cap

    f.   Extended Market (combined midcap and small-cap exposure)

3. We note that fund issuers and index providers differ greatly in their treatment of size. We follow the fund's claim for size assignment whenever possible, without regard to overlaps or gaps in size coverage within a fund or index size family or across different fund issuers.

4. When a fund does not make a specific size claim, the FactSet ETF Classification System refers to the size designation of the parent index and/or the size designation of other funds tracking the parent index. If neither the fund nor the parent index makes a size claim, the FactSet ETF Classification System refers to size boundaries below:

    a.   Total Market – at least 90% of the investable market

    b.   Large-Cap – the top 70% of a market by cumulative capitalization

    c.   Midcap – between 70% and 90% of a market by cumulative capitalization

    d.   Small-Cap – between 90% and 98% of market by cumulative capitalization

    e.   Micro-Cap – between 98% and 100% of market by cumulative capitalization

    f.   Extended Market – between 70% and 100% of a market by cumulative capitalization

These designations apply within any market. Therefore, a large-cap fund that covers a small economy may hold large-cap securities that would be small- or micro-caps in the global marketplace.

Equity Size and Style – Niche

1. Niche serves to carry the style designation for a Size and Style fund.

2. We designate a fund's style based on the claim made by the fund in its prospectus, other offering documents, and marketing materials or on its website regarding the fund's primary objective or strategy. The style designations are:

    a.   Value

    b.   Growth

    c.   Broad-Based

3. If a fund has no style designation, The FactSet ETF Classification System will show the Niche label as "Broad- Based". The FactSet ETF Classification System does not recognize "Core" as a style designation. Funds that claim to be "Core" funds are categorized as "Broad-Based".

4. The FactSet ETF Classification System recognizes that factors commonly associated with growth and value are often used for selection and weighting in conjunction with other factors unrelated to style.

Therefore, we designate funds to the growth or value niche based on the fund's claim that growth or value exposure is its primary aim. The claim must be unambiguous, but not necessarily exclusive. Additional exposure aims (i.e. additional factor claims) are acceptable if deemed secondary to growth or value. The claim can be present in the fund name, underlying index name, prospectus or marketing documents. Funds with a primary aim of dividend growth are not considered Growth funds.

Equity High Dividend Yield – Category

1. High Dividend Yield funds are those that claim high dividend yield as their primary objective. The claim must be unambiguous, such as the following: high dividend, high yield, above average dividend, higher than average dividend, high income, above average income. Modifiers such as "achievers", "leaders" etc. applied to the words "dividend" or "income" are considered ambiguous. Claim can be present in fund name, underlying index name, prospectus or marketing documents.

2. Funds that claim to provide exposure to broad dividend payers or subsets of broad dividend payers other than high dividend yield are not considered high dividend yield funds. Funds with dividend growth as primary objective are not considered High Dividend Yield funds.

3. High Dividend Yield funds must select stocks from their total market with respect to firm size. High dividend strategies that are applied to market cap subsets (i.e., large - mid or small-cap) will be considered size and style funds rather than High Dividend Yield funds, regardless of their claim.

Equity High Dividend Yield– Focus

1. All "High Dividend Yield" funds carry the "High Dividend Yield" focus designation.

Equity High Dividend Yield – Niche

1. All "High Dividend Yield" funds carry the "Broad-Based" niche designation.

EXPOSURE SORT: FIXED INCOME

Fixed Income – Category

1. The Category field in Fixed Income describes the types of issuers and securities targeted by a fund. The field consists of a primary category and a modifier, separated by a comma, e.g., "Government, Inflation-linked".

2. The primary category broadly describes the issuer.

   a. Corporate – debt issued by a business without government backing

   b. Government – debt issued or guaranteed by a globally recognized government, including subsidiary agencies, local authorities, or supranational entities

   c. Broad Market – debt from both corporate and government issuers

3. The modifier provides further details about the type of issuer or debt. A fund that targets multiple issuer types or debt structures, or has no specific target, will carry the modifier "Broad-based".

   a. Agency – debt issued by a subsidiary agency of a national government, including a private organization backed by the credit of a national government.

   b. Asset-backed – debt backed by a pool of loans or similar financial assets. Funds that exclusively target mortgage-backed securities should receive the Mortgage-backed modifier.

   c. Bank Loans – debt issued by a corporate borrower directly to bank lenders, generally in connection with a leveraged buyout, recapitalization, or similar restructuring. Bank loans are typically senior, secured, floating-rate, and/or sub-investment-grade.

   d. Convertible – corporate debt that may be exchanged for common equity under pre-determined conditions, typically at the option of the debtholder

   e. Ex-US Government – USD-denominated debt, within a fund that targets both government and corporate issuers but excludes US Treasury and agency issues

   f. Inflation-linked – debt with returns indexed to a widely accepted measure of price inflation in the currency of denomination

   g. Local Authority/Municipal – debt issued by a subnational authority, such as a city, state, or provincial government

   h. Mortgage-backed – debt backed by a pool of mortgage loans

   i. Non-native currency – debt issued by a government body but not denominated in the locally issued currency, typically within an emerging market

   j. Preferred – non-voting corporate equity with prioritized dividend payments, senior to common equity but subordinate to debt in the event of liquidation

   k. Treasury – debt issued by a sovereign national government and secured by the full credit of that government

Fixed Income – Focus

1. Within Fixed Income, the Focus field describes the creditworthiness of the debt targeted by a fund.

   a. Investment Grade – debt rated BBB-/Baa3 or above by a recognized credit rating agency

   b. High Yield – debt rated below Investment Grade, or not rated

2. Any fund targeting both Investment Grade and High Yield debt will carry the designation "Broad Credit"

Fixed Income – Niche

1. Niche for Fixed Income serves to describe the funds' maturity time horizons. Any fund with a nonspecific maturity target will carry the "Broad Maturities" Niche descriptor.

2. We recognize that there is no industry consensus that defines the boundaries of intermediate-term bonds. The FactSet ETF Classification System bases its distinctions on the SEC's requirements for investment companies.

3. The following are the descriptors and definitions of the FactSet ETF Classification System maturity designations:

   a. Ultra-Short Term – weighted average maturity of one year or less from now

   b. Short Term – weighted average maturity between one and three years from now

   c. Intermediate – weighted average maturity between three and 10 years from now

   d. Long Term – weighted average maturity more than 10 years from now

   e. Floating Rate – interest rate resets periodically, no maturity range required

EXPOSURE SORT: COMMODITIES

Commodities – Category

1. Commodity Categories must describe a well-recognized sector of the exchange-traded commodities market. We describe sectors by their use.

2. If a commodity fund does not focus on a specific sector, its category descriptor will be "Broad Market."

3. The following are the category descriptors and their definitions for commodities:

   a. Agriculture – plants or animals, or parts thereof, used primarily for producing food or fabrics

   b. b. Energy – products or byproducts that relate to the generation of power

   c. Industrial Metals – metals whose primary function is in industrial use

   d. Precious Metals – metals with high economic value due to rarity, including gold, silver, palladium and platinum

Commodities – Focus

1. The function of Focus within Commodities is to modify Category. A focus description must differentiate products within the Commodity Market Sectors.

2. Any fund with no modifications to Category will carry the Focus designation "Broad Market."

3. A Focus-level descriptor should be only as specific as is needed to describe the commodity exactly. Therefore, a fund that tracks only corn prices will have the Focus descriptor of "Corn" and not "Grains," whereas a fund that tracks corn, wheat and soybeans will carry the Focus descriptor of "Grains," not "Corn."

Commodities – Niche

1. The function of Niche within Commodities is to describe the investment strategy the fund uses to gain exposure to the commodity it tracks.

2. The following are the Commodity Niche descriptors and their definitions:

   a. Physically Held – the fund is directly exposed to the spot price of the tracked commodity, either by holding the commodity itself, or in the case of certain ETNs, promising the return of spot gold or ETFs that track spot gold.

   b. Front Month – the fund takes a long position in the soonest-to-expire futures contracts whose settlement price depends on the closing spot price of the commodity tracked. This designation includes funds that will take a long position in the next-soonest-to-expire futures contracts as part of its rolling process, in order to avoid taking delivery of the underlying commodity.

   c. Laddered – the fund takes a long position in a series of futures contracts across many or most of the available tenors without regard to the term structure of the curve at the time of the roll.

   d. Optimized – the fund utilizes a dynamic rules-based process to select futures contracts in order to achieve a stated goal, typically to reduce contango.

   e. Variable – the fund varies its method of exposure to the underlying commodities.

   f. Extended-term – the fund follows a fixed schedule that is not exclusively Front-month, holding only one contract per commodity at a time.

EXPOSURE SORT: CURRENCY

Currency – Category

1. Category descriptors for Currency funds state first the Long Currency, then the Short Currency. Each Long/Short currency is referenced using the three-letter alphabetic ISO currency code (ex: USD, AUD, CAD, etc.)

2. The Category descriptor is adjusted from a single currency in the following circumstance:

   a. If the fund targets a basket of currencies, then Category will use "Basket" rather than state a single currency.

      i. The descriptor will still reference both the Long and the Short currency, even if a basket is involved.

Currency – Focus

Focus serves to provide additional detail regarding the target currency exposure and will specify the target foreign currency. Generally, the target exposure can be derived from the fund's domicile and/or listing currency.

Currency – Niche

1. The function of Niche within Currencies is to describe the investment strategy the fund uses to gain exposure to the currency it tracks.

2. The following are the Commodity Niche descriptors and their definitions:

   a. Derivative – the fund uses futures, forwards or swaps to gain exposure to its underlying currency.

   b. In Specie – the fund uses demand deposit accounts in local currencies.

EXPOSURE SORT: ASSET ALLOCATION

Asset Allocation – Category

The Category descriptor for all Asset Allocation funds is "Asset Allocation."

Asset Allocation – Focus

1. The purpose of Focus for Asset Allocation is to specify the type of strategy the fund is using.

2. The Focus designators and their definitions for Asset Allocation are:

   a. Target Risk – a fund must either specify a qualitatively defined risk level, which serves to set the risk boundaries of an asset allocation strategy, or engage in multi-asset class investment strategies with risk ranges that correspond to those that specify a qualitatively defined risk level.

   b. Target Outcome – a fund must specify a desired outcome, such as income generation or price stability.

Asset Allocation – Niche

1. The purpose of Niche for Asset Allocation is to specify the targets for the strategies outlined in Focus.

2. The Niche for Target-Risk Funds may be "Aggressive," "Moderate" or "Conservative." The FactSet ETF Classification System expects that, for any fund provider that issues a series of target-risk funds, the funds' risk targets will be highest for the aggressive funds, less so for the moderate funds and lowest for the conservative funds.

3. The Niche for Target Outcome may be income, capital appreciation, a combination of the two, or constant weight. The niche will consist of the specific theme or outcome that the multi-asset-class portfolio is expected to target.

EXPOSURE SORT: ALTERNATIVES

Alternatives – Category

1. The purpose of Category within Alternatives is to identify the types of patterns of returns that a fund claims to deliver. The two Category Descriptors for Alternatives are Absolute Returns and Tactical Tools.

2. Absolute Returns funds must satisfy one of the following conditions:

    a. The fund's stated investment objective must be to deliver a sustainable positive real return or positive return regardless of business cycles and market trends.

    b.   The fund must be designed to generate a series of returns that shows a low correlation to any of the primary asset classes.

    c. The fund must explicitly state a goal of replicating hedge fund performance or following a common hedge fund strategy.

3. Tactical Tools must satisfy one of the following conditions:

    a. The fund must invest in an asset type that has a distinctly different economic exposure than that of any of the primary asset classes.

    b. The fund must provide exposure to the relative differences between or within asset classes or broad representatives thereof.

Alternatives – Focus

1. Within Alternatives, the purpose of Focus is to specify the broad investment strategy the fund is designed to track or employ.

2. The Focus designators and their definitions for Absolute Return are:

    a. Global Macro – the fund pursues its strategy by investing in any asset class or sub-asset class. The fund does not have a mandate that requires it to maintain any degree of exposure to a particular broad market at any given time.

    b. Long/Short – the fund has a mandate to hold long and/or short positions within an asset class or in multiple asset classes

3. The Focus designators and their definitions for Tactical Tools are:

    a. Volatility – the fund must primarily hold volatility-linked derivatives exposure structured to give positive returns when volatility increases. The fund may hold other assets in addition, provided the assets are of the same asset class whose volatility serves as the underlying asset of the derivatives position.

    b. Spreads – the fund must hold positions that are structured to respond to changes in the relative performance between asset classes or sub-asset classes.

Alternatives – Niche

1. The function of Niche within Alternatives is to explain the fund's specific investment strategy.

2. For Global Macro, the Niche descriptor must explain how the fund makes investment decisions, or what pattern of returns the fund aims to deliver.

3. For Long/Short, the Niche descriptor must name the asset class from which the fund selects both long and short positions.

4. For Volatility, the Niche must describe the tenor of the exposure and the underlying securities whose volatility is being tracked.

5. For Spreads, the Niche must describe the long and short positions, in order to explain the fund's economic exposures.

SELECTION CRITERIA

Selection describes the fund's or index's method for selecting the securities that it holds or tracks.

DESCRIPTOR	DEFINITION
AMT-free	Selects municipal bonds that are not subject to Alternative Minimum Tax
Beta	The fund selects securities using their systematic risk in relation to a benchmark
Committee	Selects based on decisions made by an individual or group
Credit Downgrade	Selects corporate bonds that were rated investment grade but have since been downgraded to high yield
Credit Rating	Selects corporate bonds from a specific ratings range from the larger credit rating spectrum, other than simply investment grade or high yield
Depositary Receipts	The fund holds only depositary receipts
Developed-Market Currencies	Selects bonds that are denominated in currencies from developed markets
Distributions	The fund selects limited partnerships based on distribution yield
Dividends	Selects based on the dividends paid by a firm, measured either in dollars or in yield
Dollar Peg	The fund selects securities from countries that have pegged the value of their currency to the U.S. dollar
Earnings	Selects securities based on the level of the firm's earnings
Exchange (NYSE, NASDAQ, BATS)-listed	Selects securities that are listed on a specific exchange. The Selection can reflect the specific exchange
Financials	Selects bonds issued by the financial sector
Fixed	The fund's set of securities is static
Fundamental	Selects based on information from a firm's financial statements
Futures Liquidity	Selects by ranking liquidity of commodity futures (open interest, average daily volume)

Industrials	Selects bonds issued by the industrials sector
Interest Rates	The fund selects currencies based on the prevailing level of interest rates in the issuing country
Liquidity	Selects according to the underlying securities' liquidity
Market Cap	Selects based on market capitalization, including float/liquidity and capping adjustments
Market Value	Selects based on the market value of outstanding debt securities
Maturity	Selects securities according to maturity date
Momentum	Selects based on historical price trends
Multifactor	Selects by combining a set of fundamental and technical factors
Price	Selects based on the security price
Principles-Based	Selects by applying a set of environmental, social, corporate governance, ethical, religious, gender-based and/or sexual orientation principles
Proprietary	Selects based on a set of rules or processes that are opaque to investors and/or via active management
Relative Strength	Selects by comparing a stock's price to other securities, sectors, or markets
Revenue	Selects securities according to either the type of revenue or the geography from where the revenue is generated
Revenue-backed	Selects municipal bonds that are backed entirely by revenue from specified projects rather than by general obligation of the taxing authority
Share Buybacks	Selects securities of firms that are buying back their own shares
Single Asset	The fund holds only one security or underlying commodity
Technical	The fund selects securities based on historical price movements not limited to trends
Time Since Listing	The fund uses the IPO date or spin-off date for selection
U.S. Dollar Denominated	Selects bonds that are denominated in U.S. dollars, regardless of country of issue
Utilities	Selects bonds issued by the utilities sector
Volatility	The fund uses variance in a security's price for selection
Z-Spread	Selects bonds by their static yield over Treasuries

WEIGHTING SCHEME

Weighting describes the fund's or index's method for weighting the securities that it holds or tracks.

DESCRIPTOR	DEFINITION
Beta	The fund weights securities using their systematic risk in relation to a benchmark
Committee	Weights securities based on decisions made by an individual or group
Dividend	Weighted by historical or forecast cash dividends or yield
Duration	Bonds are weighted by an estimate of interest rate risk
Earnings	Securities are weighted by corporate earnings
Equal	Equally weighted on a percentage-of-holdings basis

Fixed	Uses static proportions
Fundamental	Weighted based on financial statement measurements
Liquidity	Weighted by liquidity, such as average trading volume
Market Cap	Market capitalization, including float/liquidity and capping adjustments
Market Value	Weighted by value of outstanding securities (i.e., bonds)
Momentum	Weighted based on historical security price trends
Multifactor	Weighted based on a combination of fundamental and technical factors
Price	Weighted based on securities' prices without regard to total market value of equity
Production	Weighted based on the dollar value of global production of a commodity
Proprietary	Weighted based on a set of rules or processes that are opaque to investors and/or via active management
Revenue	Weighted based on firms' reported sales
Single Asset	Holds only one asset; targets the pattern of returns of a single asset
Target Tenor	Futures contracts are weighted by maturity date
Technical	The fund weights securities based on historical price movements not limited to trends
Tiered	Securities are weighted first by one metric, then within each group, by another
Volatility	The fund uses variance in a security's price for weighting

STRATEGY

Strategy describes the fund's or index's aggregate method for selecting and weighting the securities that it holds or tracks. Asset allocation and alternative asset classes are excluded.

DESCRIPTOR	DEFINITION
Active	The fund is actively managed and does not track an index
Bullet Maturity	The fund and its bonds mature at a certain date
Bullet Maturity Fundamental	The fund and its bonds mature at a certain date and uses fundamental selection and/or weighting
Buy-write	The fund follows an options overlay strategy
Copycat	The fund mimics the positions of other funds or managers
Currency Hedged Dividends	The fund hedges currency exposure and uses dividend selection and/or weighting
Currency Hedged Fundamental	The fund hedges currency exposure and uses fundamental selection and/or weighting
Currency Hedged Low Volatility	The fund hedges currency exposure and uses low volatility selection and/or weighting
Currency Hedged Multi-Factor	The fund hedges currency exposure and uses multi-factor selection and/or weighting

Currency Hedged Vanilla	The fund hedges currency exposure for U.S. investors
Depositary Receipts	The fund holds only depositary receipts
Dividends	The fund selects or weights based on the dividends paid by a firm, measured either in dollars or in yield
Duration Hedged	The fund modifies the interest rate risk of its bond portfolio
Equal	The fund equally weights its holdings
ESG	The fund uses a set of environmental, social, corporate governance, ethical, religious, gender-based, and/or sexual orientation principles for selection or weighting
Exchange-specific	The fund's universe is confined to a single U.S. exchange
Extended-Term	The fund follows a fixed schedule that is not exclusively Front-month, holding only one futures contract per holding at a time
Fixed Asset Allocation	The fund follows a set criteria of asset allocation
Fundamental	The fund selects or weights its constituents based on information from a firm's financial statements
Growth	The fund claims to provide exposure to the growth part of the style continuum
High Beta	The fund aims to provide exposure to stocks with relatively high systematic risk in relation to a benchmark
Laddered	The fund selects its commodity futures across the curve based on static tenor-based rules
Low Volatility	The fund aims to provide exposure to stocks with relatively low historic price volatility or with low correlation to their parent universe
Momentum	The fund provides exposure to stocks based on historical price trends
Multi-factor	The fund provides exposure to stocks based on combination of fundamental and technical factors
Optimized Commodity	The fund modifies its exposure to commodities based on contango-reducing or backwardation-enhancing rules
Price-weighted	The fund weights holdings based on securities' prices without regard to total market value of equity
Target Duration	The fund aims to provide a consistent aggregate level of estimated interest rate risk
Target Tenor	The fund aims to provide a consistent maturity timeframe for underlying futures contracts
Technical	The fund selects securities based on historical price movements not limited to trends
Time Since Launch	The fund uses the IPO date or spin-off date for selection
Value	The fund claims to provide exposure to the value part of the style continuum
Vanilla	The fund aims to provide market-like exposure to a market segment
Volatility Hedged	The fund modifies the risk profile of an underlying asset with cash-toggles or derivative overlays

INVERSE

Inverse funds have negative or inverse exposure to an asset class, whether levered or unlevered.

LEVERAGE

Leverage funds have positive levered exposure to an underlying asset. Inverse funds are excluded, even if that fund does employ leverage.

LEVERAGE FACTOR

The leverage factor combines the functions of the Inverse and Leverage fields, and adds more detail. It is a mathematical expression of the daily-expected return of the fund relative to its reference index. The leverage factor shows the leverage in an inverse fund.