



Guideline relating the

APTUS BEHAVIORAL MOMENTUM METHODOLOGY

Version 1.1 dated 30th of May 2016

APTUS BEHAVIORAL MOMENTUM Index is owned by Aptus Capital Advisors

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This document contains the underlying principles and regulations regarding the structure and the operating of the Aptus Behavioral Momentum Index. Aptus Capital Advisors shall make every effort to implement regulations. Solactive AG does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the Index nor the Index value at any certain point in time nor in any other respect. The Index is merely calculated and published by Solactive AG and it strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for Solactive AG – irrespective of possible obligations to issuers – to advise third parties, including investors and/or financial intermediaries, of any errors in the Index. The publication of the Index by Solactive AG is no recommendation for capital investment and does not contain any assurance or opinion of Solactive AG regarding a possible investment in a financial instrument based on this Index.

For all indices composed of data of please reference to the document “Terms and Conditions” available on www.solactive.com.

Introduction

This document is to be used as a guideline with regard to the composition, calculation and management of the Aptus Behavioral Momentum Index. Any changes made to the guideline are initiated by the Committee specified in section 1.6. The Aptus Behavioral Momentum Index is calculated and published by Solactive AG and Owned by Aptus Capital Advisors.

1 Index specifications

The Aptus Behavioral Momentum Index (the “Index”) is an Index of Aptus Capital Advisors and is calculated and distributed by Solactive AG.

The Aptus Behavioral Momentum Index is designed to track the performance of 25 large US-traded equity securities. The proprietary index methodology developed by Aptus Capital Advisors quantitatively ranks large US companies based on a combination of momentum and irrational investor behavior and seeks to gain exposure to only the highest ranked stocks. The index has an added objective of capital protection during market downtrends, and is therefore risk-managed in that it’s exposure can vary between 100% long only stocks or 100% intermediate Treasury Bonds, dependent on the overall market environment.

The Index is calculated as a Gross Total Return Index [GTR].

The Index is published in USD.

1.1 Short name and ISIN

The Aptus Behavioral Momentum Index is distributed under the ISIN DE000SLA12M4; the WKN is SLA12M4. The Index is published in Reuters under the code <.APTUS > and in Bloomberg under the code APTUS <Index>.

1.2 Initial value

The Index is based on 1000 at the close of trading on the start date, 03.01.2006.

1.3 Distribution

The Index is published via the price marketing services of Boerse Stuttgart AG and is distributed to all affiliated vendors. Each vendor decides on an individual basis as to whether he will distribute/display the Index via his information systems.

1.4 Prices and calculation frequency

The price of the Index is calculated on each Business Day based on the prices on the respective Exchanges on which the Index Components are listed. The most recent prices of all Index Components are used. Prices of Index Components not listed in the Index Currency are translated using spot foreign exchange rates quoted by Reuters. Should there be no current price available on Reuters, the most recent price or the Trading Price on Reuters for the preceding Trading Day is used in the calculation.

The Index is calculated every Business Day from 9:00am to 10:30pm, CET. In the event that data cannot be provided to Reuters or to the pricing services of Boerse Stuttgart AG the Index cannot be distributed.

Any incorrect calculation is adjusted on a retrospective basis.

1.5 Weighting

- All constituents are equally weighted only at inception or whenever the Index exits the long position in one or more ETFs that principally track the performance of intermediate US Treasury notes – Specifically IEF or IEI, and enters a 100% long position in equities.
- During any subsequent rebalance:
 - Each new entrant is given a 4% weighting.
 - The sum of the weightings of all Index constituents must equal 1 at all times.
 - The above allocation is made using the cumulative weights of the exiting securities.
 - Any shortfall in the required cumulative weight for the new entrants is obtained proportionately from selling the retained securities.
 - Any excess cumulative weight of the exiting securities after the above allocation is distributed proportionately among the retained securities.
- If, on the Selection Day, any sector weighs more than 30%, then the lowest ranking members within the sector are replaced with the next highest ranking securities belonging to other sectors from the eligible universe.
- This process is repeated until no sector weighs more than 30% on the Selection Day.

1.6 Decision-making bodies

A Committee composed of staff from Aptus Capital Advisors and Solactive AG is responsible for decisions regarding the composition of the Index as well as any amendments to the rules (in this document referred to as the "Committee" or the "Index Committee"). The future composition of the Index is determined by Solactive AG on the Selection Days according to the procedure outlined in 2.1 of this document. The Committee shall also decide about the future composition of the Index if any Extraordinary Events should occur and the implementation of any necessary adjustments.

Members of the Committee can recommend changes to the guideline and submit them to the Committee for approval.

1.7 Publication

All specifications and information relevant for calculating the Index are made available on the <http://www.solactive.de> web page and sub-pages.

1.8 Historical data

Historical data will be maintained from the 03.01.2006. For the backtest a timeframe of 2 days between Adjustment and Selection date has been used. Starting June 2016, the timeframe as defined under 4. Definitions is applicable.

1.9 Licensing

Licences to use the Index as the underlying value for derivative instruments are issued to stock exchanges, banks, financial services providers and investment houses by Aptus Capital Advisors.

2 Composition of the Index

2.1 Selection of Index Components

- On each Selection Day, Solactive AG calculates the Drawdown level of the Solactive US Large Cap Index, covering a period of 120 Trading Days (including the Selection Day).
- If, on the Selection Day, the calculated Drawdown level does not exceed a -10% threshold, Solactive AG will calculate a ranking for each of the Index components of the Solactive US Large Cap Index. The Index Components of the Solactive US Large Cap Index are ranked based on:
 - Their Total Return over a period of 120 Trading Days prior to the Selection Day.
 - The Proximity of their closing levels on the Selection Day to their respective 52 week high before the Selection Day.
 - Each stock is given a combined ranking where both, the Total Return and the Proximity have an equal weighting.
 - The top 25 members based on the combined ranking of these two parameters are included in the Index.
- If, on the the Selection Day the Drawdown level breaches the threshold of -10%, a 100% long position in the iShares 7-10 Year Treasury Bond ETF is taken. The iShares 7-10 Year Treasury Bond ETF principally tracks the performance of 7-10 year U.S. Treasury notes.
 - This position is exited on the Adjustment Day until the closing level of the Solactive US Large Cap Index lies above its 100-day Simple Moving Average on the Selection Day.
- Buffer rules are applied to reduce Portfolio Turnover. Any existing Index Constituent shall continue to remain in the Index as long as its combined ranking remains in the top 60% of all eligible securities on the Selection Day.
- In case multiple share classes are available, the most liquid share class will be considered for inclusion in the index.

2.2 Ordinary adjustment

The composition of the Index is adjusted every 28 days. The composition of the Index is reviewed on the Selection Day 3 days prior to the Adjustment day. If there are no additions or deletions to the existing portfolio, due to corporate events or ranking changes, constituent weights are not changed.

2.3 Extraordinary adjustment

The Index Committee will decide about the future composition and the implementation of any necessary adjustments of the Index if an Extraordinary Event (early redemption, credit event etc.) regarding one or more index constituents occurs.

3 Calculation of the Index

3.1 Index formula

The Index Value on a Business Day at the relevant time is calculated in accordance with the following formula:

$$Index_t = \frac{\sum_{i=1}^n x_{i,t} * p_{i,t} * f_{i,t}}{D_t}$$

with:

$x_{i,t}$ = Number of Index Shares of the Index Component i on Trading Day t

$p_{i,t}$ = Price of Index Component i on Trading Day t

$f_{i,t}$ = Foreign exchange rate to convert the Price of Index Component i on Trading Day t into the Index Currency

D_t = Divisor on Trading Day t

The initial Divisor on the Start Date is calculated according to the following formula:

$$D_t = \frac{\sum_{i=1}^n (p_{i,t} * f_{i,t} * x_{i,t})}{100}$$

After the close of trading on each Adjustment Day t the new Divisor is calculated as follows:

$$D_t = \frac{\sum_{i=1}^n (p_{i,t} * f_{i,t} * x_{i,t})}{Index_t}$$

This Divisor is valid starting the immediately following Business Day.

3.2 Accuracy

The value of the Index will be rounded to two decimal places.

Trading Prices and foreign exchange rates will be rounded to four decimal places.

Divisors will not be rounded.

3.3 Adjustments

Indices need to be adjusted for systematic changes in prices once these become effective. This requires the new Number of Index Shares of the affected Index Component and the Divisor to be calculated on an ex-ante basis.

Following the Committee's decision the Index is adjusted for distributions, capital increases and stock splits.

This procedure ensures that the first ex quote can be properly reflected in the calculation of the Index. This ex-ante procedure assumes the general acceptance of the Index calculation formula as well as open access to the parameter values used. The calculation parameters are provided by the Index Calculator.

3.4 Dividends and other distributions

Dividend payments and other distributions are included in the Index. They cause an adjustment of the Divisor. The new Divisor is calculated as follows:

$$D_{t+1} = D_t * \frac{\sum_{i=1}^n (p_{i,t} * f_{i,t} * x_{i,t}) - (x_{i,t} * y_{i,t} * g_{i,t})}{\sum_{i=1}^n (p_{i,t} * f_{i,t} * x_{i,t})}$$

with

$p_{i,t}$ = Price of Index Component i on Trading Day t

$f_{i,t}$ = Foreign exchange rate to convert the Price of Index Component i on Trading Day t into the Index Currency

$x_{i,t}$ = Number of Index Shares of the Index Component i on Trading Day t

$y_{i,t}$ = Distribution of Index Component i with ex date t+1 multiplied by the Dividend Correction Factor

$g_{i,t}$ = Foreign exchange rate to convert the amount of the distribution of Index Component i on Trading Day t into the Index Currency

D_t = Divisor on Trading Day t

D_{t+1} = Divisor on Trading Day t+1

3.5 Corporate actions

3.5.1 Principles

Following the announcement by an issuer of Index Components of the terms and conditions of a corporate action the Index Calculator determines whether such corporate action has a dilutive, concentrative or similar effect on the price of the respective Index Component.

If this should be the case the Index Calculator shall make the necessary adjustments that are deemed appropriate in order to take into account the dilutive, concentrative or similar effect and shall determine the date on which this adjustment shall come into effect.

Amongst other things the Index Calculator can take into account the adjustment made by an Affiliated Exchange as a result of the corporate action with regard to option and futures contracts on the respective share traded on this Affiliated Exchange.

3.5.2 Capital increases

In the case of capital increases with ex date t+1 the Index is adjusted as follows:

$$x_{i,t+1} = x_i * \frac{1+B}{1} \quad \text{with:}$$

- $x_{i,t+1}$ = Number of Index Shares of Index Component i on Trading Day t+1
- $x_{i,t}$ = Number of Index Shares of Index Component i on Trading Day t
- B = Shares received for every share held

$$p_{i,t+1} = \frac{p_{i,t} + s * B}{1 + B} \quad \text{with:}$$

- $p_{i,t}$ = Price of Index Component i on Trading Day t
- $p_{i,t+1}$ = Hypothetical Price of Index Component i on Trading Day t+1
- s = Subscription Price in the Index Component currency

$$D_{t+1} = D_t * \frac{\sum_{i=1}^n (p_{i,t} * f_{i,t} * x_{i,t}) + \sum_{i=1}^n [(x_{i,t+1} * p_{i,t+1} * f_{i,t}) - (x_{i,t} * p_{i,t} * f_{i,t})]}{\sum_{i=1}^n (p_{i,t} * f_{i,t} * x_{i,t})}$$

with

- $p_{i,t}$ = Price of Index Component i on Trading Day t
- $f_{i,t}$ = Foreign exchange rate to convert the Price of Index Component i on Trading Day t into the Index Currency
- $x_{i,t}$ = Number of Index Shares of the Index Component i on Trading Day t
- $p_{i,t+1}$ = Hypothetical price of Index Component i on Trading Day t+1
- $x_{i,t+1}$ = Number of Index Shares of the Index Component i on Trading Day t+1
- D_t = Divisor on Trading Day t
- D_{t+1} = Divisor on Trading Day t+1

3.5.3 Share splits

In the case of share splits with ex date on Trading Day t+1 it is assumed that the prices change in ratio of the terms of the split. The new Number of Index Shares is calculated as follows:

$$x_{i,t+1} = x_{i,t} * B$$

- $x_{i,t}$ = Number of Index Shares of the affected Index Component on Trading Day t
- $x_{i,t+1}$ = Number of Index Shares of the affected Index Component on Trading Day t+1
- B = Shares after the share split for every share held before the split

3.5.4 Stock distributions

In the case of stock distributions with ex date on Trading Day t+1 it is assumed that the prices change according to the terms of the distribution. The new Number of Index Shares is calculated as follows:

$$x_{i,t+1} = x_{i,t} * (1 + B)$$

$x_{i,t}$ = Number of Index Shares of the affected Index Component on Trading Day t
 $x_{i,t+1}$ = Number of Index Shares of the affected Index Component on Trading Day t+1
B = Shares received for every share held

3.6 Calculation of the Index in the event of a Market Disruption Event

The Index is not calculated in the event of a Market Disruption Event or Force Majeure Event. If the Market Disruption Event or Force Majeure Event continues over a period of eight Trading Days, then the Committee will determine the necessary action (including but not limited to taking into account the market conditions prevailing at this point in time, the last quoted Trading Price for each of the Index Components as well as any other conditions that it deems relevant for calculating the Index value) such that the affected securities resulting from the Market Disruption Event are no longer causing such disruption to occur.

4. Definitions

“Index Universe” in respect of a Selection Day are companies that fulfill the following criteria:

- an existing portfolio member of an Index designed to track the performance of large US Based companies, or
- ETFs that principally track the performance of 7-10 year U.S. Treasury notes

“Index Component” is each share currently included in the Index.

“Number of Shares” is in respect of an Index Component and any given Business Day the number or fraction of shares included in the Index. It is calculated for any Index Component as the ratio of (A) the Percentage Weight of an Index Component multiplied by the Index value and (B) its Trading Price.

“Percentage Weight” of an Index Component is the ratio of its Trading Price multiplied by its Number of Shares divided by the Index value.

“Dividend Correction Factor” is calculated as 1 minus the applicable withholding tax rate and/or other applicable tax rate currently prevalent in the respective country.

The “Total Return” is calculated as the closing price of the respective security on the Selection Day divided by the closing price of the respective security on a Trading Day 120 Days prior to the Selection Day minus 1.

The “Proximity” is calculated as the closing price of the respective security on the Selection Day divided by the highest observed closing price of the respective security during a period of 120 Trading Days prior the Selection Day.

“Drawdown” is calculated as the closing level of the Solactive US Large Cap Index on the Selection Day, divided by the highest observed closing price of the Solactive US Large Cap Index over the last 120 Trading Days prior to the Selection Day minus 1.

“Portfolio Turnover” is defined as how many Index Components are replaced on each Adjustment Day due to the Ordinary Adjustments as defined under 2.2.

The “Simple Moving Average” is calculated as the average of the Index closing levels of the Solactive US Large Cap Index over a period of 100 Trading Days prior to the Selection Day (and including the selection Day).

In particular an “Extraordinary Event” is

- a Merger
- a Takeover bid
- a delisting
- the Nationalisation of a company
- Insolvency.

The Trading Price for this Index Component on the day the event came into effect is the last available market price for this Index Component quoted on the Exchange on the day the event came into effect (or, if a market price is not available for the day the event came into effect, the last available market price quoted on the Exchange on a day specified as appropriate by the Index Calculator), as determined by the Index Calculator, and this price is used as the Trading Price of the particular Index Component until the end of the day on which the composition of the Index is next set.

In the event of the Insolvency of an issuer of an Index Component the Index Component shall remain in the Index until the next Adjustment Day. As long as a market price for the affected Index Component is available on a Business Day, this shall be applied as the Trading Price for this Index Component on the relevant Business Day, as determined in each case by the Index Calculator. If a market price is not available on a Business Day the Trading Price for this Index Component is set to zero. The Committee may also decide to eliminate the respective Index Component at an earlier point in time prior to the next Adjustment Day. The procedure in this case is identical to an elimination due to and Extraordinary Event.

An Index Component is “**delisted**” if the Exchange announces pursuant to the Exchange regulations that the listing of, the trading in or the issuing of public quotes on the Index Component at the Exchange has ceased immediately or will cease at a later date, for whatever reason (provided delisting is not because of a Merger or a Takeover bid), and the Index Component is not immediately listed, traded or quoted again on an exchange, trading or listing system, acceptable to the Index Calculator,

“**Insolvency**” occurs with regard to an Index Component if (A) all shares of the respective issuer must be transferred to a trustee, liquidator, insolvency administrator or a similar public officer as result of a voluntary or compulsory liquidation, insolvency or winding-up proceedings or comparable proceedings affecting the issuer of the Index Components or (B) the holders of the shares of this issuer are legally enjoined from transferring the shares.

A “**Takeover bid**” is a bid to acquire, an exchange offer or any other offer or act of a legal person that results in the related legal person acquiring as part of an exchange or otherwise more than 10% and less than 100% of the voting shares in circulation from the issuer of the Index Component or the right to acquire these shares, as determined by the Index Calculator based on notices submitted to public or self-regulatory authorities or other information considered by the Index Calculator to be relevant.

With regard to an Index Component a “**Merger**” is

- (i) a change in the security class or a conversion of this share class that results in a transfer or an ultimate definite obligation to transfer all the shares in circulation to another legal person,
- (ii) a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer to exchange shares with another legal person (except in a merger or share exchange under which the issuer of this Index Component is the acquiring or remaining company and which does not involve a change in security class or a conversion of all the shares in circulation),
- (iii) a takeover offer, exchange offer, other offer or another act of a legal person for the purposes of acquiring or otherwise obtaining from the issuer 100% of the shares issued that entails a transfer or the irrevocable obligation to transfer all shares (with the exception of shares which are held and controlled by the legal person), or
- (iv) a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer of the share or its subsidiaries to exchange shares with another legal person, whereby the issuer of the share is the acquiring or remaining company and it does not involve a change in the class or a conversion of the all shares issued, but the shares in circulation directly prior to such an event (except for shares held and controlled by the legal person) represent in total less than 50% of the shares in circulation directly subsequent to such an event.

The “**Merger Date**” is the date on which a Merger is concluded or the date specified by the Index Calculator if such a date cannot be determined under the law applicable to the Merger.

“**Nationalisation**” is a process whereby all shares or the majority of the assets of the issuer of the shares are nationalised or are expropriated or otherwise must be transferred to public bodies, authorities or institutions.

“**Exchange**” is, in respect of the Index and every Index Component, the respective primary exchange where the Index Component has its primary listing. The Committee may decide to declare a different stock exchange the “**Exchange**” for trading reasons, even if the company is only listed there via a Stock Substitute.

“**Stock Substitute**” includes in particular American Depository Receipts (ADR) and Global Depository Receipts (GDR).

With regard to an Index component (subject to the provisions given above under “**Extraordinary Events**”) the “**Trading Price**” in respect of a Trading Day is the closing price on this Trading Day determined in accordance with the Exchange regulations. If the Exchange has no closing price for an Index Component, the Index Calculator shall determine the Trading Price and the time of the quote for the share in question in a manner that appears reasonable to him.

A “**Trading Day**” is in relation to the Index or an Index Component a Trading Day on the Exchange (or a day that would have been such a day if a market disruption had not occurred), excluding days on which trading may be ceased prior to

the normal Exchange closing time. The Index Calculator is ultimately responsible as to whether a certain day is a Trading Day with regard to the Index or an Index Component or in any other connection relating to this document.

A **“Business Day”** is a day on which the New York stock exchange is open for trading.

The **“Index Calculator”** is Solactive AG or any other appropriately appointed successor in this function.

The **“Index Currency”** is USD.

“Market Capitalization” is with regard to each of the shares in the Index Universe on a Selection Day or Adjustment Day the value published as the Market Capitalization for this day.

As at the date of this document Market Capitalization is defined as the value of a company calculated by multiplying the number of shares outstanding of the company by its share price.

“Adjustment Day” is every rolling 28th day. As an example the next adjustment day is 8th of June 2016. If this day is not a Business day, the respective next Business Day is chosen as an Adjustment day. For the avoidance of doubt the rolling 28 day period is calculated based on calendar days without taking into account the Business day definition.

“Selection Day” is the Business Day three Business Days before the Adjustment Day.

An **“Affiliated Exchange”** is with regard to an Index Component an exchange, a trading or quotation system on which options and futures contracts on the Index Component in question are traded, as specified by the Index Calculator.

A **“Market Disruption Event”** occurs if

1. one of the following events occurs or exists on a Trading Day prior to the opening quotation time for an Index Component:
 - A) trading is suspended or restricted (due to price movements that exceed the limits allowed by the Exchange or an Affiliated Exchange, or for other reasons):
 - 1.1. across the whole Exchange; or
 - 1.2. in options or futures contracts on or with regard to an Index Component or an Index Component that is quoted on an Affiliated Exchange; or
 - 1.3. on an Exchange or in a trading or quotation system (as determined by the Index Calculator) in which an Index Component is listed or quoted; or
 - B) an event that (in the assessment of the Index Calculator) generally disrupts and affects the opportunities of market participants to execute on the Exchange transactions in respect of a share included in the Index or to determine market values for a share included in the Index or to execute on an Affiliated Exchange transaction with regard to options and futures contracts on these shares or to determine market values for such options or futures contracts; or
2. trading on the Exchange or an Affiliated Exchange is ceased prior to the usual closing time (as defined below), unless the early cessation of trading is announced by the Exchange or Affiliated Exchange on this Trading Day at least one hour before
 - (aa) the actual closing time for normal trading on the Exchange or Affiliated Exchange on the Trading Day in question or, if earlier.
 - (bb) the closing time (if given) of the Exchange or Affiliated Exchange for the execution of orders at the time the quote is given.

“Normal exchange closing time” is the time at which the Exchange or an Affiliated Exchange is normally closed on working days without taking into account after-hours trading or other trading activities carried out outside the normal trading hours; or
3. a general moratorium is imposed on banking transactions in the country in which the Exchange is resident if the above-mentioned events are material in the assessment of the Index Calculator, whereby the Index Calculator makes his decision based on those circumstances that he considers reasonable and appropriate.

5 Appendix

5.1 Contact data

Information regarding the Index concept

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5.2 Calculation of the Index – change in calculation method

The application by the Index Calculator of the method described in this document is final and binding. The Index Calculator shall apply the method described above for the composition and calculation of the Index. However it cannot be excluded that the market environment, supervisory, legal, financial or tax reasons may require changes to be made to this method. The Index Calculator may also make changes to the terms and conditions of the Index and the method applied to calculate the Index, which he deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. The Index Calculator is not obliged to provide information on any such modifications or changes. Despite the modifications and changes the Index Calculator will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.