



Zacks

**INDEX
SERVICES**

**A DIVISION OF ZACKS
INVESTMENT MANAGEMENT**

**ZACKS INTERNATIONAL MULTI-
ASSET INCOME INDEX (ZAXIH)**

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1. Who is ZACKS

Zacks Investment Research

Zacks Investment Research was formed in 1978 to compile and analyze brokerage research for both institutional and individual investors. The guiding principle behind the work is the belief that there must be good reason for brokerage firms to spend over a billion dollars a year to research stocks to recommend to their clients. Obviously, these investment experts know something special that may be indicative of the future direction of stock prices. Zacks was determined to unlock that secret knowledge and make it available to clients to help them improve their investment results.

This massive undertaking requires Zacks to continually process reports issued by approximately 3,000 analysts from 150 brokerage firms. At any given point in time, Zacks is monitoring well over 200,000 earnings estimates and brokerage recommendation data points, looking for any change - whether it be an upgrade from a "hold" to a "buy" or a revision in an analyst's forecast for a specific quarter or fiscal year. Zacks constantly compiles and updates this information, distributing it to institutional investors and many financial web sites. Zacks ability to gather, analyze, and distribute information on a timely basis makes Zacks' research amongst the most widely used in the industry.

Zacks Investment Management

Zacks Investment Management (ZIM), a wealth management boutique, is an expert on earnings and using earnings estimates in the investment process. The firm is a wholly owned subsidiary of Zacks Investment Research. ZIM employs quantitative models that are made available to both retail and institutional clients through separately managed accounts and mutual funds. Zacks Index Services (ZIS), a division of ZIM, creates and maintains proprietary, quantitative portfolio strategies that are licensed to product sponsors and serve as the basis of investment products such as ETFs, UITs, and CEFs.

2. INDEX SUMMARY

Full Name	Zacks International Multi-Asset Income Index
Index Types	Price Appreciation Index (Ticker: ZAXIH) Total Return Index (Ticker: ZAXIHTR)
Eligible Stocks	All non-U.S. listed dividend-paying equities that are compliant with U.S. GAAP and listed in a developed market, U.S. listed American Depository Receipts with the country of domicile an emerging market, Closed-End Funds and Royalty Trusts.
Number of Constituents	150
Weighting Scheme	Modified Dividend Yield Weighted
Rebalancing & Reconstitution Frequency	Effective Semiannually in February and August
Calculation Frequency	Price Return: 15 seconds between 00:30 & 18:00 ET Gross Total Return: 15 seconds between 00:30 & 18:00 ET
Base date	03/31/1997
Base level	1000
Historical Returns available since	03/01/2002
Derivatives and Linked Products	Guggenheim International Multi-Asset Income ETF (Ticker: HGI)

3. INDEX METHODOLOGY

3.1. Overview

The Zacks International Multi-Asset Income Index (“the Index”, hereafter) selection methodology is designed to identify companies with potentially high income and superior risk-return profiles as determined by Zacks. The objective of the Index is to select a diversified group of stocks with the potential to yield and outperform on a risk adjusted basis the MSCI EAFE Index and other benchmark indices.

The Index constituent selection methodology utilizes multi-factor proprietary selection rules to identify those stocks that offer the greatest potential from a yield and risk/return perspective while maintaining global diversification. The approach is specifically designed to enhance investment applications and investability. The Index is adjusted semiannually, or as required, to assure timely stock selections.

3.2. Constituent Criteria

Creation of Developed Universe I:

- Include only non-U.S. developed stocks
- Eliminate stocks with less than 2 times the dividend yield of the S&P 500
- Rank the remaining universe by market capitalization and select the largest 250
- Rank the remaining 250 stocks by dividend yield and select the highest 30
- Developed 30 universe is weighted by dividend yield and makes up 20% of the total portfolio

Creation of Developed Universe II:

- Exclude all emerging market ADRs, U.S. developed stocks and any ADR that is in the Developed Universe I
- 20% of the remaining universe is eliminated based on high payout ratios
- Rank the remaining stocks by dividend yield growth rate over the last 52 weeks and select the largest 65
- Developed 65 universe is weighted by dividend yield and makes up 40% of the total portfolio

Creation of Emerging ADRs Universe:

- Exclude all developed market ADRs
- Eliminate all ADRs that have not paid a consistent dividend over the last two consecutive years
- Eliminate ADRs that do not have an indicated annual dividend greater than the stock's 3 year average indicated annual dividend
- Rank the remaining universe by dividend yield and select the highest 30
- Emerging ADRs universe is weighted by dividend yield and makes up 20% of the total portfolio

Creation of Royalty Trusts Universe:

- Eliminate Royalty Trusts with price less than \$10, no dividend and liquidity less than \$2.5 million
- Rank the remaining universe by dividend yield and take the highest 10 stocks
- Royalty Trusts universe is weighted by liquidity with an individual maximum weight of 1.1%; Royalty Trusts make up 10% of the total portfolio.

Creation of Closed-End Funds Universe:

- Exclude Closed-End Funds (CEFs) that do not have at least 25% of the assets invested internationally
- Eliminated CEFs not trading at a discount, not paying dividend and with less than \$300 million assets under management
- Rank the remaining universe by dividend yield and take the highest 15 CEFs
- CEFs universe is weighted by dividend yield with an individual maximum weight of 1.1%; CEFs make up 10% of the total portfolio.

3.3. Rebalancing Frequency

Index reconstitution will begin semiannually after the close of the last business day of February and August. The effective date will be four business days after the last business day in February and August. Special rebalancing can occur due to corporate actions such as mergers and acquisitions.

4. Index Calculation & Dissemination

S&P Dow Jones (“the Agent”, hereafter) has been selected as the index calculation agent acting on behalf of ZIS. The Agent calculates the index value for both the Price Appreciation and Total Return indexes, and applies all the index maintenance work such as handling of stock splits, M&A activities, etc. according to the specifications provided

by ZIS. The Agent also updates and disseminates the index values, notably, through Bloomberg.

5. DISCLAIMER

Cases uncovered by the rules provided in this document

Should ZIS encounter cases that are not covered by the rules provided in this document, ZIS reserves the right to apply an adjustment to the rules that are believed to be along the lines of the purpose of the index.

Index Rule Changes

ZIS reserves the right to amend or withdraw the index rules in whole or in part at any time. ZIS and its affiliates (Zacks Investment Management and Zacks Investment Research) are not liable for any losses resulting from the index rule changes.

Liability

Although ZIS will do its best to ensure the accuracy of all the data and the calculations involved in the periodic index updates, it is not liable for any unforeseen outcomes caused by any inaccuracy in data or human errors.

Ownership

ZIS is the owner of all intellectual and other property rights to the index, including the name, the composition and the calculation of the index.