ZACKS SUSTAINABLE DIVIDEND INDEX (ZAXDR)

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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 Sustainable Dividend Index
Index Types	Price Appreciation Index (Ticker: ZAXDR) Total Return Index (Ticker: ZAXDRTR)
Eligible Stocks	All U.S. listed dividend-paying common stocks, American Depository Receipts and Master Limited Partnerships
Number of Constituents	100
Weighting Scheme	Modified Dividend Yield Weighted
Rebalancing & Reconstitution Frequency	Monthly
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	100
Historical Returns available since	10/18/2007

3. INDEX METHODOLOGY

3.1. Overview

The Zacks Sustainable Dividend Index ("the Index", hereafter) seeks to maximize dividend income by selecting dividend-paying stocks from the largest 1,500, by market capitalization, U.S.-listed equities as well as outperform, on a risk-adjusted basis, the S&P 1500 Dividend Index and other dividend benchmarks.

The Index constituent selection methodology utilizes multi-factor proprietary selection rules to identify those stocks that offer the most attractive risk/return potential. The index, seeking to maximize dividend sustainability at the time of each rebalance, is designed to eliminate companies that have recently paid a dividend and include companies that are expected to pay dividends. The index is adjusted on a monthly basis.

3.2. Constituent Criteria

Stocks that meet the below conditions are included in the investable universe:

- The 1,500 largest U.S. listed common stocks, American Depository Receipts and Master Limited Partnerships that pay dividends

- Eliminate stocks that did not pay a dividend three months prior to rebalance

- 20% of the remaining universe is eliminated based on high payout ratios

- 60% of the remaining universe is eliminated based on high P/E ratios

- Rank the remaining stocks based dividend yield and select the 100 largest dividend yielding stocks

- Rank the remaining 100 stocks based on dividend payout certainty and select the best 50 stocks

- The index replaces 50 stocks each month. So at any given time, the index will contain 100 stocks, 50 of which are poised to pay dividends to shareholders.

3.3. Rebalancing Frequency

Index reconstitution will begin monthly after the close of the last business day of each month. Special rebalancing can occur due to corporate actions such as mergers and acquisitions.

4. Index Calculation & Dissemination

NYSE Euronext ("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.