



Methodology & Maintenance

ProfitScore Long/Short U.S. Treasury Index

Table of Contents

INDEX DESCRIPTION	2
INDEX CALCULATION.....	2
INDEX OPPORTUNITY SET	3
INDEX STRATEGY	4
METHOD	4
TACTICAL.....	4
INDEX COMMITTEE	5
INDEX DEFINITION	6
CONTACTS	7

INDEX DESCRIPTION

The ProfitScore Long/Short U.S. Treasury Index (the "Index") offers a dynamic (time-varying) exposure across a defined range of assets within (the "Opportunity Set") representing U.S. treasury bond and cash equivalent assets: (U.S. Treasury Bond Equivalents), (Cash Equivalents). Allocations to each asset within the Opportunity Set are generated by a proprietary systematic methodology developed by ProfitScore Capital Management, Inc. (the "Index Sponsor"). New allocations are generated as market conditions change.

INDEX CALCULATION

- Official Index values are independently verified and calculated by TimerTrac (the "Index Calculation Agent") daily and published monthly by ProfitScore Indexes.
- The Index is calculated at the end of the day in the United States Dollar (USD) as a Total Return Index based on the verified allocations and calculated returns by the Index Calculation Agent.
- Allocations to assets within the Opportunity Set are updated daily based on a proprietary methodology independently maintained by the Index Sponsor.

INDEX OPPORTUNITY SET

At any point in time, the Index represents a complete or partial selection of the individual assets within the Opportunity Set of the Index. The specific allocations vary depending on underlying investment objectives.

ASSETS WITHIN THE OPPORTUNITY SET

M1	1. US Treasury Bond Equivalents – Exchange Traded Funds
M2	1. Cash Equivalents - money market funds and other short-term, high-quality securities

- The Index can hold exposures to all assets in the Opportunity Set simultaneously
- Potential changes in the Opportunity Set (subtractions, substitutions or additions) could be triggered, either for trading technical reasons, or with the objective of improving the diversification matrix.
- The assets selected for the Opportunity Set offer a maximum amount of liquidity and diversification potential.
- The algorithms governing the dynamic allocation structure of the Index are designed to exploit opportunities within each asset class, as well as shaping the overall risk level between the asset classes. For the latter reason, occasionally the Index can be completely geared towards the less risky assets across the Opportunity Set.

INDEX STRATEGY

The objective of the Index is to offer improved risk-adjusted performance compared to a portfolio equally distributed across the Opportunity Set. The Index provides varying exposure across the full spectrum of assets within the Opportunity Set. Exposures are complimented with innovative overlays and a focus on efficient access to directional movements inherent in exchange-traded funds and/or futures contracts.

The individual assets are grouped into inherent Opportunity Sets and are represented on either a "long," "short," or "flat/neutral" basis. Investment allocations are based on recent price trends and multi-factor relational price movement. Implementing long/short positions serves as a form of statistical arbitrage across financial assets. With the ability to go long, short, or flat/neutral, the Index is designed to capture the economic benefit derived from rising and declining trends within a cross-section of the Opportunity Set. In addition, a non-directional position can be taken when the overall risk level increases.

The methodology is implemented in a rules-based, systematic manner. The Index is not intended to represent or serve as a benchmark for a particular market or group of markets.

METHOD

The basis of the Index strategy is to capture (or avoid) intermediate persistency across and within the Opportunity Set caused by excess investor behavior. Thus, the underlying analytical processes do not predict future market dependence on specific factors. Instead, the focus seeks to tap into persistency in group behavior amongst investors to capture intermediate absolute outperformance within and between assets and asset groups. In particular, the proprietary processes are geared towards protecting capital by allowing for the instant elimination of allocations to affected financial sectors during certain (adverse) market conditions.

TACTICAL

The Index Sponsor has defined the Opportunity Set in two asset class modules:

M1 U.S. Treasury Bond Equivalents

M2 Cash Equivalents

The Index may invest:

1. 100% of the assets into M1 or M2
2. A percentage in M1 with any remainder into M2

INDEX COMMITTEE

To provide for the smooth functioning of the Index, the Index Committee ("Index Committee") will make any decisions that cannot be systematized or that occur semiannually (June and December) and on an ad hoc basis.

The Index Committee will implement an established methodology or determine a new policy if market conditions warrant a change. For example, it is unclear how long the U.S. Treasury 10-year Note contract will remain viable if the U.S. government announces that it will no longer issue 10-year notes. Alternatively, an exchange might change the contract terms or even discontinue trading a component contract. The Index Committee would determine any component or allocation methodology changes in each case.

The Index Committee does not, however, use discretion to affect performance. Ultimately, the goal is to maintain liquidity and low volatility in the Index.

INDEX DEFINITION

The ProfitScore Long/Short U.S. Treasury Index is independently verified and calculated by TimerTrac and published by ProfitScore Indexes. End of day ("EOD") changes in the Index are directly related to the aggregate allocations across the Opportunity Set and the underlying instrument's daily changes in market price. The latest officially available EOD price/fixing is used if any date is missing for any constituents. Specifically, this could occur when a particular market within the Opportunity Set is closed while others are not. New Index asset allocations are captured daily by the Index Calculation Agent and ProfitScore Indexes, which are responsible for maintaining the functionality of the proprietary methodology owned by the Index Sponsor.

CONTACTS

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About ProfitScore Indexes

ProfitScore Indexes is a boutique index publishing agent specializing in tracking quantitative-based investment strategies. We promote innovation and thought leadership and turn sophisticated research into cutting-edge investment solutions. ProfitScore Indexes track non-subjective investment strategies focused on harvesting alternative betas from liquid investment instruments with core competencies in quantitative methods, risk management, and portfolio construction. For more information, go to www.profitscoreindex.com.

Disclaimer

ProfitScore Long/Short U.S. Treasury Index is independently verified and calculated by TimerTrac, published by ProfitScore Indexes, and sponsored by ProfitScore Capital Management, Inc. Past performance is not necessarily indicative of future results, and products replicating the Index may carry charges above the estimated costs in the Index calculation. Any investments to exceed the risk-free rate of return will implicitly have a degree of risk.

This document does not constitute an offer, a solicitation, advice, or a recommendation to purchase or sell any investment products associated with the ProfitScore Long/Short U.S. Treasury Index described herein. The purpose of the Index Methodology is to describe the Index's principles, constraints, and primary financial characteristics. Before investing in a product tracking the Index, you should make your appraisal of the investment risks from a legal, tax, and accounting perspective without relying exclusively on the information provided by the Index Sponsor. Investment products tracking the Index must be issued or/and marketed by a regulated company. This document is strictly for informative purposes. The single source of the underlying asset data is ProfitScore Indexes, and ProfitScore Capital Management, Inc. cannot guarantee the correctness of the underlying asset data of the Index and should not be held legally responsible in this regard.

Disclosure

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