Columbia Threadneedle Investments

Beta Advantage® Research Enhanced US Value Index (BAREVA)

Index Methodology

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1. Introduction

The Beta Advantage® Research Enhanced US Value Index ("The Index") aims to provide exposures to companies that offer both reasonable valuation multiples as well as attractive total return potential. The Index will typically consist of 35-40% of the constituents in the Russell 1000 Index in order to meet this objective.

The Index derives its roots from many years of successful quantitative investing at Columbia Threadneedle. We deploy this experience in a rules-based framework designed to overcome the shortcomings of typical value-oriented strategies to provide investors with a balance of attractive valuation multiples and a more competitive total return experience.

A number of large cap equity indices simply attempt to represent the underlying markets by holding all relevant names weighted by the companies' market capitalization. Some "Strategic Beta" indices rely on combining factor portfolios of value-, quality- and/or momentum-style names when choosing or allocating weights to stocks; however, having very low Price/Earnings or Price/Book Value does not automatically signal a turnaround, and investors frequently end up with names that either stay cheap (value traps) or even where the business ultimately fails. Further, names where growth expectations are unrealistically high can also subject shareholders to the potential for significant capital loss and increased portfolio volatility. By applying the proprietary Quantitative Research models, we eliminate names which typically score lower in these models in terms of one or more of the following broad features: Quality, Valuation and Catalyst.

The Index is part of a broader effort by Columbia Threadneedle Investments to apply the lessons learned from more than a decade of Quantitative Research and internal Investment Oversight to rules-based style investing.

2. Index Construction Methodology

2.1 Applicable Universe

All constituents in the Russell 1000 Value Index are eligible for inclusion.

2.2 Constituent Identification

From the applicable universe, we limit the included stocks to the roughly 35% that have been given a "Buy"-rating ("1" or "2") by Columbia's Quantitative Research Group's (QRG) proprietary stock rating models for the Russell 1000 Value Index. Additionally, all constituents classified in the Biotechnology industry are selected for inclusion.

If, after selecting all "1" and "2" rated eligible constituents and all Biotechnology classified eligible constituents, there is a sector that is absent 1 or 2 rated eligible constituents, all the "3" rated eligible constituents will be selected to constitute that sector only.

2.3 Weighting Scheme

2.3.1 Weighting

All names selected in the "Constituent Identification" process above are then assigned a Market Capitalization based on share price of the constituent multiplied by the number of shares in the parent index, the Russell 1000 Value Index. Next, the market capitalization of all constituents is summed, and each name assigned a starting weight based on the proportion of the total each name represents. Finally, the constituents are adjusted on a pro rata basis such that the total weight of each sector of the Index matches the weight of the respective sector in the Russell 1000 Value Index. Additionally, the Index weighting of the Biotechnology industry will be adjusted on a pro rata basis to match the weight of the respective industry in the Russell 1000 Value Index. Industry weight in the Index is capped at 25%.

3. Maintaining the Index

3.1 Semi-Annual Reconstitution & Rebalancing

- The Beta Advantage® Research Enhanced US Value Index is reconstituted and rebalanced on a semi-annual basis
- Selection for index reconstitution occurs on the second Tuesday of June and the third Friday of November
- Reconstitution is complete on the fourth Friday of June and the second Friday of December
- If the scheduled day for a rebalancing falls on a market holiday, rebalancing occurs on the prior business day
- Announcement of the new index constituents will be published the day before reconstitution is complete

3.2 Ongoing Event Related Changes

3.2.1 Corporate Actions and Events

The Beta Advantage® Research Enhanced US Value Index follows the event maintenance of the Russell 1000 Index, as related to the selected constituents. The daily maintenance of the index will follow the FTSE Russell Corporate Action and Events Guide for Market Capitalization Weighted Indexes which can be found at https://research.ftserussell.com/products/downloads/Corporate_Actions_and_Events_Guide.pdf.

3.2.2 Holiday Schedule and Unexpected Market Closures

The Index is calculated when the US equity markets are open. In situations where an exchange is forced to close early due to unforeseen events, the Index will be calculated based on the closing prices published by the exchange, or if no closing price is available, the last regular trade reported

for each stock before the exchange closed.

3.3 Index Data

Price return and total return data for The Index is available in the following currencies: USD, GBP, EUR, JPY, AUD, CNY, CAD, and HKD.

3.4 ETF/Self-Indexing Oversight Group Policy

The ETF/Self-Indexing Oversight Group is responsible for setting policy, determining index composition, and administering the Index in accordance with the index methodology. The ETF/Self-Indexing Oversight Group reserves the right to use qualitative judgment to include, exclude, adjust, or postpone the inclusion of a stock within the Index. Continued index membership of a constituent is not necessarily subject to the guidelines provided in the index methodology. A stock may be considered for exclusion by the ETF/Self-Indexing Oversight Group based on corporate governance, accounting policies, lack of transparency and lack of representation, despite meeting all the criteria provided in the index methodology.

In order to promote investability, the Index may undergo off-cycle (interim) rebalances and/or reconstitutions in connection with rules and regulations applicable to registered investments companies and other commingled vehicles, including ETFs, that seek to track the performance of the Index.

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