

EquityCompass Share Buyback Index

Actively managed Index that tracks the performance of the 30 most significant stock buyback announcements by U.S. companies

EquityCompass Strategies

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Key Considerations

1. Focuses on the two drivers of excess returns identified in our empirical tests (recency of an announcement and size of the repurchase) to determine the significance of a buyback announcement.
2. Utilizes an adequate number of positions to mitigate market impact while maintaining focus on drivers of excess returns (30 stocks).

Index Methodology

Determining the Universe

Only stocks that are members of the Russell 3000 Index as of the most recent year end are considered for inclusion.

Identify Index Candidates

Only the companies that have announced the intention to buy back their common stock in the open market within the previous 3 calendar months are considered. On constitution date, the company must have a market-capitalization of at least \$500 million and annual share trading volume of at least 15 million shares in the previous year.

Setting the Index Constituents

The Index candidates are ranked using a 2-factor model based upon:

1. Days since announcement (announcement date to constitution date) –
Lower is better
2. Significance of announcement (as a % of shares outstanding) –
Higher is better

The average ranking of each factor determines the overall composite rank. The 30 stocks with the highest overall composite rank will form the Index. In the event of a tie (i.e., the 30th and 31st stock have the exact same composite rank), the stock with the highest market-capitalization will be selected. The Index holds equal weight positions in the 30 stocks.

Rebalancing

The Index is reconstituted monthly on the last trading business day.

EquityCompass Share Buyback Index Members May 2012

Source: EquityCompass Strategies

Symbol	Company Name
ADBE	Adobe Systems Inc
AKAM	Akamai Technologies Inc
AXP	American Express Co
AON	Aon PLC
AMAT	Applied Materials Inc
AN	AutoNation Inc
AVGO	Avago Technologies Ltd
CMA	Comerica Inc
DHX	Dice Holdings Inc
DDS	Dillard's Inc
DTV	DIRECTV
DFS	Discover Financial Services
DTSI	DTS Inc/CA
DY	Dycom Industries Inc
FHN	First Horizon National Corp
HLIT	Harmonic Inc
IBM	International Business Machines Corp
JPM	JPMorgan Chase & Co
MPC	Marathon Petroleum Corp
MCK	McKesson Corp
NPBC	National Penn Bancshares Inc
OC	Owens Corning
PMCS	PMC - Sierra Inc
RLD	RealD Inc
SAI	SAIC Inc
STT	State Street Corp
TNC	Tennant Co
TIBX	TIBCO Software Inc
USB	US Bancorp
XL	XL Group Plc

Disclosures

Important Disclosures

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Strategy Specific Risks: Any investment involves risks, including a possible loss of principal. Small company stocks are typically more volatile and carry additional risks, since smaller companies generally are not as well established as larger companies. The market risk associated with small-cap and mid-cap stocks is generally greater than that associated with large-cap stocks because small-cap and mid-cap stocks tend to experience sharper price fluctuations than large-cap stocks, particularly during bear markets. Due to their narrow focus, sector-based investments typically exhibit greater volatility and are generally associated with a high degree of risk. Some investments involve unique risks, for example, mutual funds and Exchange Traded Funds (“ETFs”) are subject to the risk that the values will fluctuate with the value of the underlying investments. ETFs trade like stocks and are subject to market risk, including the potential for loss of principal. The value of ETFs will fluctuate with the value of the underlying securities. Inverse ETFs are considered risky. The use of inverse strategies by a fund increases the risk to the fund and magnifies gains or losses on the investment. You could incur significant losses even if the long-term performance of the underlying index showed a gain. Most inverse ETFs “reset” daily. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. Investors should review the prospectus and consider the ETF’s investment objectives, risks, charges, and expenses carefully before investing.

Index Description(s): The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. Indices are unmanaged, and it is not possible to invest directly in the index.

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Additional Information Available Upon Request

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