REUTERS/Toru Hanai

S-Network Indexes

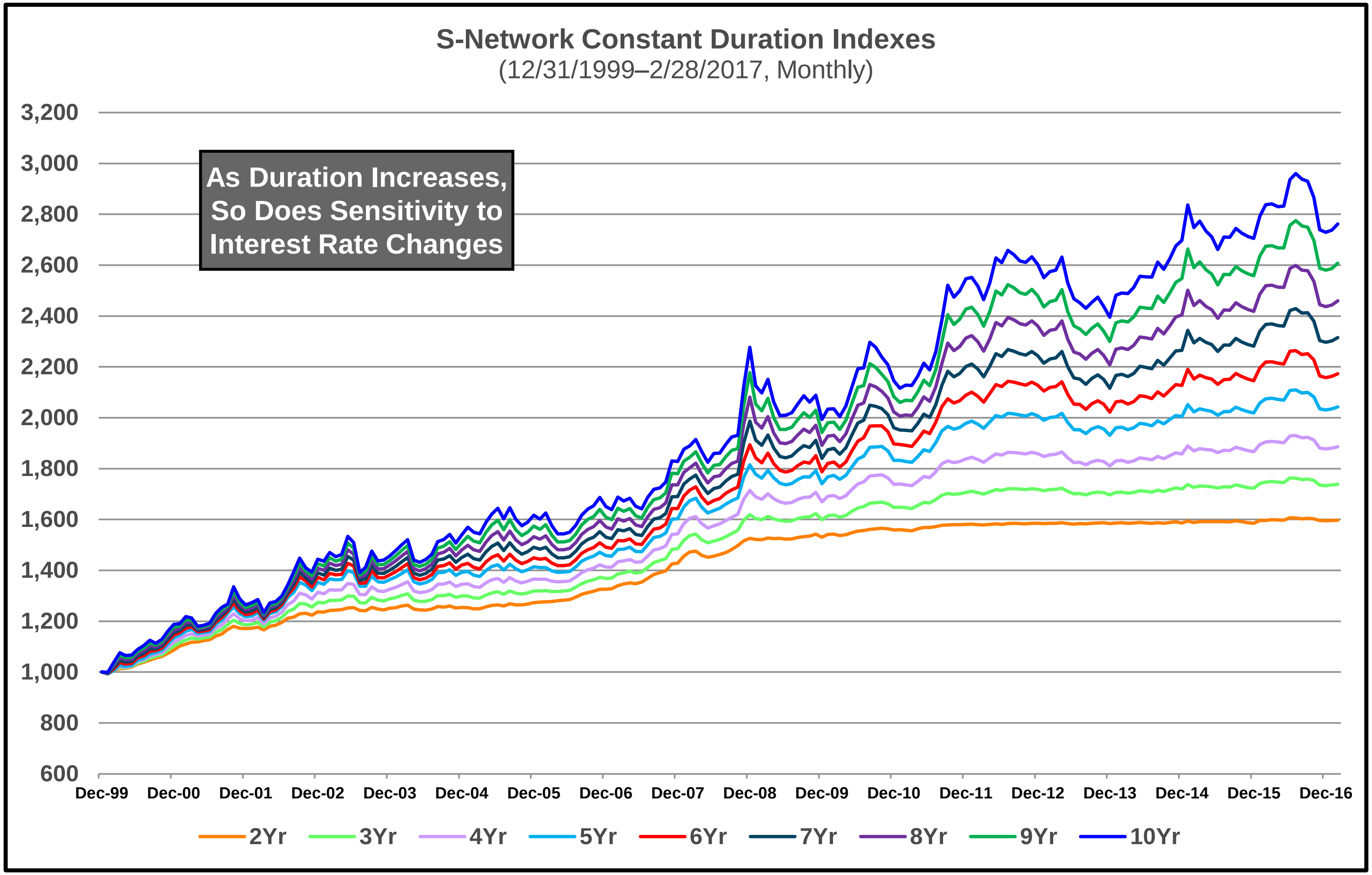
CONSTANT DURATION INDEXES

MARCH 2017

S-Network Indexes
CONSTANT DURATION Indexes

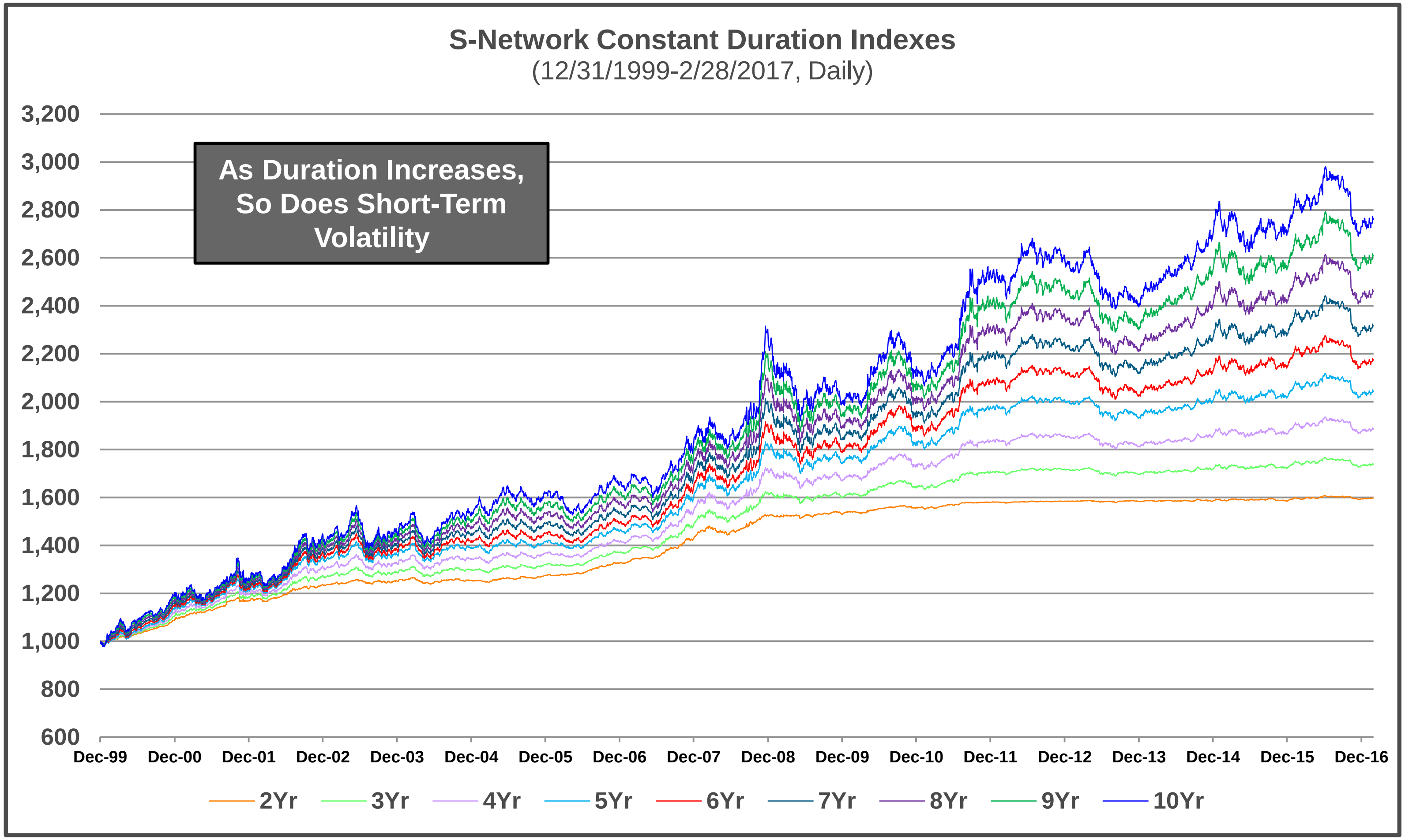
- A Family of Bond Indexes with Constant/Fixed Modified Durations
- Allows for Precise Exposures to Changes in Interest Rates/Yield Curve
- Derived from On-The-Run US Treasuries
- Indexes Covering All Key Durations
  - 2, 3, 4, 5, 6, 7, 8, 9 and 10 Years
  - Convexity Stable
- Rules-Based and Transparent
- Precise Intraday Pricing Available
- Efficient as Basis for Swaps, Futures, Derivatives
- Effective Trading Tool for Hedge Funds, Bond Managers, Private Investors
- Ideal for Short and Leveraged Exchange-Traded Products (ETNs/ETFs)

INDEX PERFORMANCE: MONTHLY



Source: S-Network, as of 2/28/2017

INDEX PERFORMANCE: DAILY



Source: S-Network, as of 2/28/2017

INDEX STRUCTURE

Core Portfolio

- Uses 5 OTR Treasury Issues
- Holds 95% of Index Market Cap
- Rebalances Quarterly to Target Duration

Trading Portfolio

- Holds 2-Year OTR Treasury
- Holds 0-5% of Index Market Cap
- Rebalances Daily to Offset Shifts in Core Portfolio

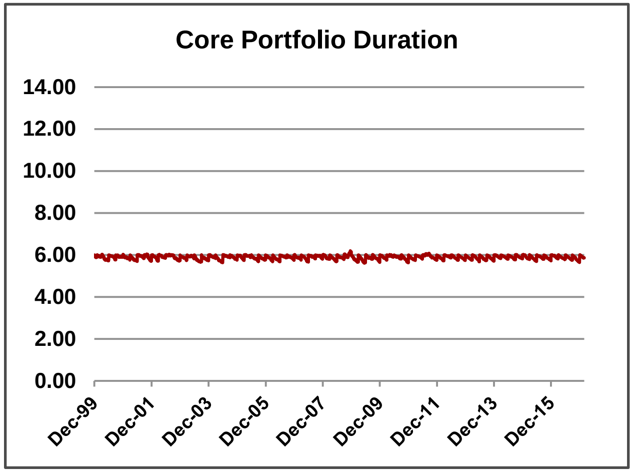
Daily Rebalance

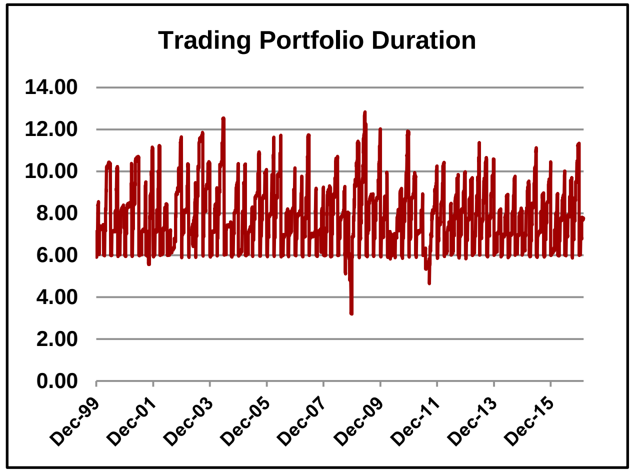
Trading Portfolio

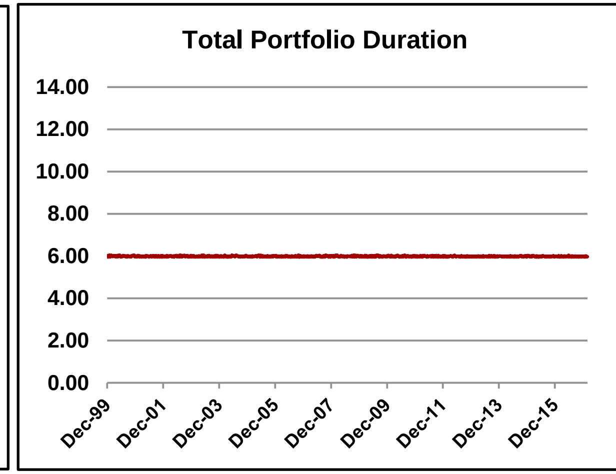
- Holds 30-Year OTR Treasury
- Holds 0-5% of Index Market Cap
- Rebalances Daily to Offset Shifts in Core Portfolio

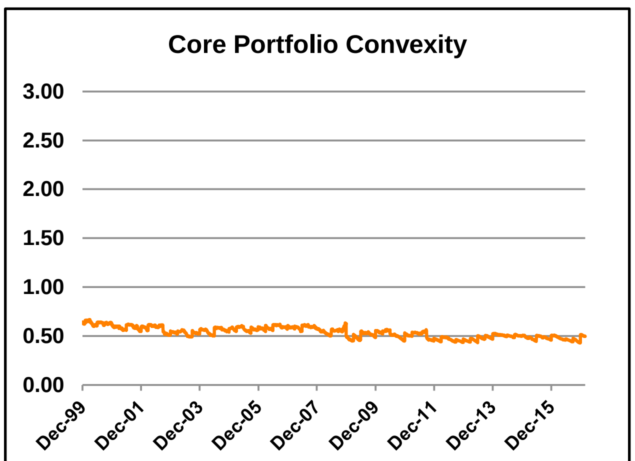
Daily Rebalancing of the Trading Portfolio Offsets Duration Drift in Core Portfolio and Assures that Target Duration Is Maintained.

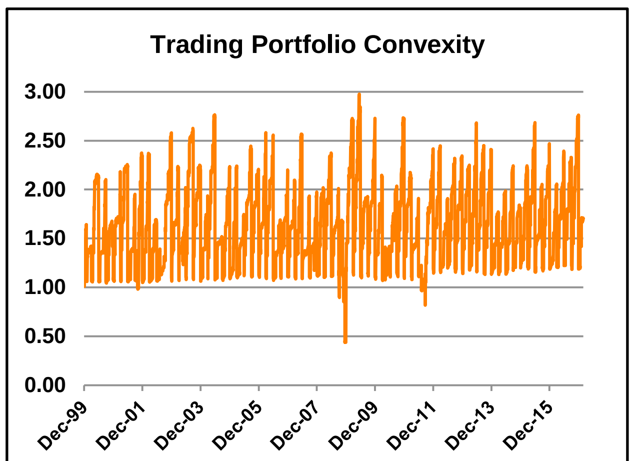
DURATION/CONVEXITY
(BASED ON 6-YEAR CONSTANT DURATION INDEX)

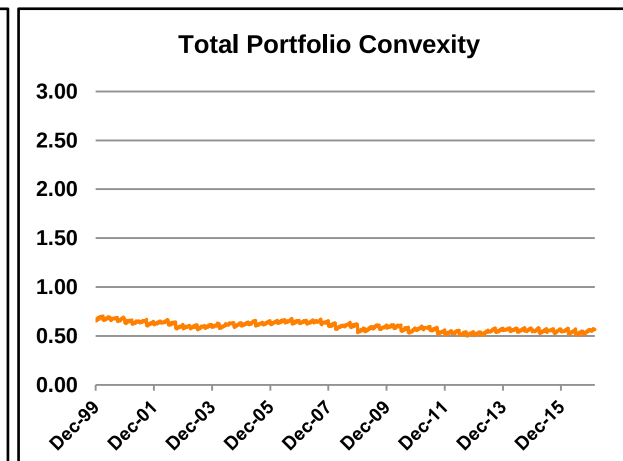












Source: S-Network, as of 2/28/2017

STATISTICAL PROFILE I

Annualized Volatility									
Ending 12/31/2016	**2 Year Duration**	**3 Year Duration**	**4 Year Duration**	**5 Year Duration**	**6 Year Duration**	**7 Year Duration**	**8 Year Duration**	**9 Year Duration**	**10 Year Duration**
Daily	0.0165	0.0255	0.0355	0.0457	0.0544	0.0618	0.0696	0.0777	0.0860
Monthly	0.0033	0.0050	0.0069	0.0088	0.0101	0.0116	0.0132	0.0149	0.0167
Quarterly	0.0021	0.0033	0.0045	0.0058	0.0068	0.0079	0.0092	0.0105	0.0118
Yearly	0.0011	0.0018	0.0025	0.0033	0.0038	0.0043	0.0049	0.0055	0.0060

Sharpe Ratio (Not Adjusted for Risk-Free Rate)									
Ending 12/31/2016	**2 Year Duration**	**3 Year Duration**	**4 Year Duration**	**5 Year Duration**	**6 Year Duration**	**7 Year Duration**	**8 Year Duration**	**9 Year Duration**	**10 Year Duration**
Daily	0.0262	0.0299	0.0311	0.0317	0.0366	0.0407	0.0436	0.0456	0.0473
Monthly	0.0685	0.0625	0.0588	0.0584	0.0906	0.1127	0.1286	0.1396	0.1482
Quarterly	0.1091	0.0673	0.0479	0.0392	0.0714	0.0920	0.1064	0.1160	0.1234
Yearly	0.2123	0.1158	0.0745	0.0551	0.0900	0.1134	0.1318	0.1455	0.1570

Source: S-Network, as of 12/31/2016

STATISTICAL PROFILE II

Compound Annual Growth Rate									
Ending 12/31/2016	**2 Year Duration**	**3 Year Duration**	**4 Year Duration**	**5 Year Duration**	**6 Year Duration**	**7 Year Duration**	**8 Year Duration**	**9 Year Duration**	**10 Year Duration**
3 Year	0.043%	0.076%	0.110%	0.145%	0.199%	0.251%	0.304%	0.354%	0.406%
5 Year	0.022%	0.031%	0.040%	0.051%	0.091%	0.131%	0.170%	0.208%	0.247%
7 Year	0.023%	0.022%	0.022%	0.023%	0.048%	0.073%	0.097%	0.122%	0.146%
10 Year	0.023%	0.021%	0.019%	0.018%	0.034%	0.049%	0.065%	0.080%	0.095%
Since Inception	0.002%	-0.019%	-0.040%	-0.060%	-0.061%	-0.064%	-0.066%	-0.068%	-0.070%

Source: S-Network, as of 12/31/2016

INDEX PROVIDER SUPPORT

- Index Branded by S-Network

- Index Visibility through S-Network Data Distribution Network
  - Potential Data Distribution Covering ~ 80% of US Financial Services Desktops
  - Related Media and Conference Visibility

- Education by Top Development Team
  - Noted Academics to Provide White Papers
  - Noted Academics Available for Conferences & Road Shows
  - Noted Academics Available for Webinars

- Cross-Product Sales
  - ETFs (Short & Leveraged)
  - Structured Products (US & Europe)
  - Swaps Dealers
  - International Investors (UCITs, etc.)