



SRH US QUALITY GARP INDEX

Index Methodology

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01 Introduction & Objective

The SRH US Quality GARP Index (the “Index”) is designed to track the performance of the stocks of domestic (U.S.) companies that have moderate and consistent revenue growth but do not trade at excessive valuations. Stocks are screened through value, growth, and quality metrics to determine eligibility in the Index.

The value criterion attempts to remove excessively high valued stocks. The intent is not to create a pool of the least expensive stocks in the market. In fact, we believe quality is often worth paying for. A six-quarter buffer also allows stocks added to the Index for a minimum term to appreciate without being removed prematurely from the Index.

The growth criterion is intended to identify companies with observed moderate or better long-term revenue growth. Revenue growth is generally recognized as more difficult to sustain than earnings growth for profitable companies. A record of consistent revenue growth is indicative of a business that will likely provide operational growth over the long-term horizon. A buffer was added to this criterion to reduce turnover in the Index.

The quality criterion attempts to remove companies that experience most of their revenue growth in one or two years. The intent is to remove, for example, overly cyclical companies or companies that only increase revenue through the occasional major acquisition. We believe removing these types of companies gives the Index a higher probability of identifying and retaining truly sound businesses.

The Index is rebalanced once per year and includes several buffers that increase the average holding period. We believe quality businesses should be held long enough to allow the operational performance to influence the stock performance.

SRH Advisors, LLC (“SRH”) developed the Index methodology by emphasizing the following potential advantages of a well-constructed index:

- An investment thesis structured in an objective, rules-based methodology that is transparent, replicable, and amenable to long-term adherence.
- A diversified portfolio of U.S. Equities comprised of quality- and value-styled factor characteristics while maintaining a market beta close to that of widely followed, broad-based U.S. benchmarks.

02 Starting Universe Eligibility

2.1 Definitions

Reference Date: the last business day of March

2.2 Financial Market Exchanges

Securities included must be listed on the following major U.S. securities exchanges:

- CBOE BYX
- CBOE BZX
- EDGA
- EDGX
- NASDAQ CM
- NASDAQ GM
- NASDAQ GS
- NYSE Arca
- NYSE American
- NYSE National
- New York

2.3 Security and Business Types

Securities eligible for inclusion are classified as common stocks. Equity security types that are excluded are defined as, but not limited to:

- REITs
- MLP Units
- American Depository Receipts (ADRs)
- Preferred Stocks
- Investment Vehicle Shares (ETFs, OEFs, CEFs)

Business Development Companies (BDCs), and Special Purpose Acquisition Companies (SPACs) are not eligible for inclusion.

Only the primary security of multi-class securities is eligible for inclusion.

2.4 Country of Domicile

Securities must have a country of domicile classification as the United States (U.S.), as defined by the International Organization of Standardization (ISO), to be eligible for inclusion.

2.5 Market Capitalization

Eligible securities must qualify as one of the top 1,000 securities by market cap as of the reference date.

2.6 Liquidity Criterion

Any security without at least \$1 million in median daily trading value over the previous 30 days as of the reference date is ineligible for inclusion.

2.7 Buffer

The market capitalization requirement utilizes a four-quarter buffer to reduce turnover in the Index. If a security was in the top 1,000 securities by market cap measured at the end of the previous four quarters, it will remain eligible for inclusion in the Index even if it is not within the top 1,000 securities on the current reference date.

03 Security Selection

3.1 Value Criterion

The Index Committee will apply the following formula, known as the “value criterion” to each eligible security:

$$V = \frac{EV}{FCF}$$

Where:

EV= Enterprise Value

FCF= Trailing 12 months free cash flow

Any security where V is greater than or equal to 20 is excluded from the Index.

3.2 Growth Criterion

A second formula, known as the “growth criterion” will be applied as follows:

$$G = \left(\frac{R_0}{R_{-5}} \right)^{0.2} - 1$$

Where:

R₀ = Annual revenue in the most recent fiscal year

R₋₅ = Annual revenue 5 years prior to the most recent fiscal year

Any security where G is less than or equal to 0.07 is excluded from the Index.

3.3 Quality Criterion

A final formula, known as the “quality criterion” will be applied to generate a final pool of eligible securities, as follows:

$$Q = \max\{S_0, S_{-1}, S_{-2}, S_{-3}, S_{-4}\}$$

Where:

S_x = Year over year revenue growth for the fiscal year x years prior to the most recent

Any security where Q is greater than or equal to 21% is excluded from the Index.

3.4 Acquisition Exclusion

Any otherwise eligible security subject to a pending transaction and trading at or near the indicative value of the transaction value will be ineligible for inclusion in the Index at the next rebalance.

3.5 Buffers

Both the value and growth criteria use buffers in an attempt to limit the turnover in the Index. The value criterion uses a six-quarter buffer so that any security that had passed the value criterion as of the end of the previous six quarters is still considered passing the value criterion. The growth criterion uses a one-year buffer so that any security that had passed the growth criterion as of the reference date for the previous year is still considered passing the growth criterion.

04 Reconstitution, Rebalance, and Weighting

- The Index reconstitutes and rebalances on the 3rd Friday of April.
- The market data date used to calculate eligibility for inclusion is the reference date.
- Securities eligible for inclusion within the Index are equal-weighted.

05 Governance & Roles of Parties Involved

5.1 SRH Advisors, LLC

SRH Advisors, LLC serves as the Index provider for the SRH US Quality GARP Index. The index provider's role is to compile, calculate, and maintain the SRH US Quality GARP Index. In governing the Index, SRH, has established an Index Committee to oversee the Index management.

5.1.a The Index Committee

The Index Committee's role is to ensure that the Index management of the SRH US Quality GARP Index is performed accurately and abides by the rules set forth within the methodology. Any proposal to modify an index's methodology are reviewed by the Index Committee to ensure that such changes are made objectively and without bias.

The Index Committee meets at least annually to review calculation of scheduled rebalances. It may also convene on an ad-hoc basis to address extraordinary market events that may not be explicitly covered in the methodology.

The Index Committee annually reviews the Index to ensure that it meets its objective and tracks appropriately the relevant broad performance that the Index's objective aims to pursue.

The Committee is comprised of employees of SRH Advisors, LLC, and is subject to procedures designed to prevent the use or dissemination of material non-public information regarding the indices developed by SRH.

5.2 The Index Calculation Agent

The Index Committee has appointed S&P Dow Jones Indices LLC as the Index's calculation agent (the "Calculation Agent"). The Calculation Agent is tasked to calculate the daily Index values, make applicable adjustments related to corporate action events, data dissemination and data corrections.

The Index is disseminated to major 3rd party financial data vendors under the index identifier, [SRHUSQ] (Price Return) and [SRHUSQTR] (Total Return).

06 Index Events and Announcements

Events, such as, but not limited to, index rebalances, methodology changes, and general index events related to the Index will be announced at least two business days prior to effective date, when possible.

07 Contact Information & Interaction with 3rd Party

To submit inquiries regarding the SRH US Quality GARP Index, please contact info@srhfunds.com.

SRH may, in its sole discretion, conduct an advisor opinion poll to obtain feedback from major market participants, including, but not limited to, fund management companies, banks, and insurance companies that utilize the SRH US Quality GARP Index.

SRH makes no warranties or guarantee that it will consider and/or incorporate such opinions received by market participants.

SRH maintains independence in judgment when developing and maintaining its indexes, as is common and widely practiced within the index management industry.

08 Disclaimers

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