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The logo is contained within a rectangular box with a light gray gradient background and a thin black border. It features the text 'S%NETWORK' on the top line, 'PASS-THRU SECURITIES' on the second line, and 'I N D E X' on the third line. The 'S' is black, the '%' is green with a white outline, and the 'NETWORK' is black. The 'PASS-THRU SECURITIES' is in a smaller, black, sans-serif font. The 'I N D E X' is in a large, black, spaced-out, sans-serif font.

**S%NETWORK**  
PASS-THRU SECURITIES  
**I N D E X**

**S-Network  
Pass-Thru Securities  
Index**

March 2017

## Index Overview

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- ❑ **Diversified Portfolio of 152 Constituents**
- ❑ **Provides High Levels of Annual Income Compared to Other Asset Classes**
- ❑ **All Income Exempt from Federal Taxation at Company Level (Pass-Thru Securities)**
- ❑ **Diversified Across Many Income Producing Asset Types**
  - **Commodities**
  - **Real Estate**
  - **Fixed Income**
  - **Operating facilities**
- ❑ **Diversification Provides Stable Income Throughout the Economic Cycle**
- ❑ **Consistent Long-Term Performance**
- ❑ **All Securities Listed on US Exchanges**

**PTSI provides a high income yield and is diversified across key alternative investment sectors.**

## Index Composition

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### Business Development Corporations

- Middle Market Investors
- Industry Specialized

### CEF High Yield Fixed Income

- Emerging Markets Income
- High Yield
- Hybrid
- Loan Participation

### CEF International

- Emerging Markets Income
- Global Growth & Income
- Global Income

### CEF Investment Grade Fixed Income

- Global Income
- Government
- Investment Grade
- Mortgage-Backed
- Multi-Sector
- Preferred

### Master Limited Partnership

- Energy Midstream
- Energy Downstream
- Industrial Facilities

### Real Estate Investment Trust Equity

- Diversified REITs
- Industrial REITs
- Office REITs
- Residential REITs
- Retail REITs
- Specialized REITs

### Real Estate Investment Trust Mortgage

- Residential Mortgages
- Commercial Mortgages

### Royalty Trust

- Oil
- Gas
- Coal
- Metallic Ores

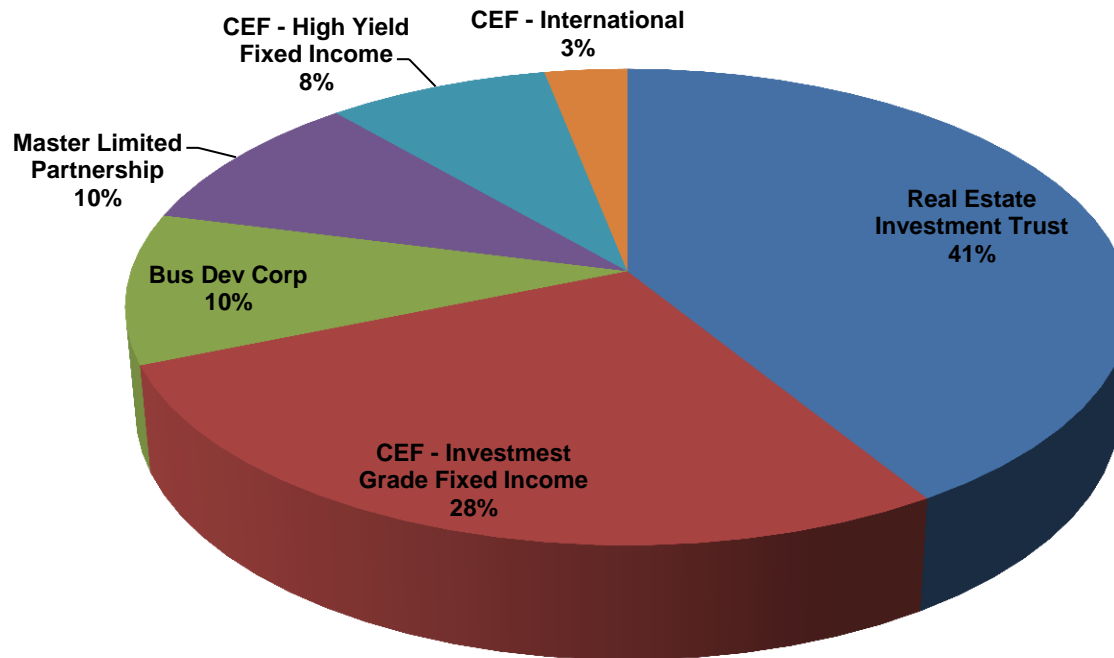
## Capitalization Profile

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Market Capitalization Profile	
Number of Constituents	152
Total Market Capitalization	563.07 Billion USD
Largest Market Capitalization	58.98 Billion USD
Smallest Market Capitalization	42.00 Million USD
Average Market Capitalization	3.70 Billion USD
Median Market Capitalization	776.99 Million USD

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

### Sector Distribution

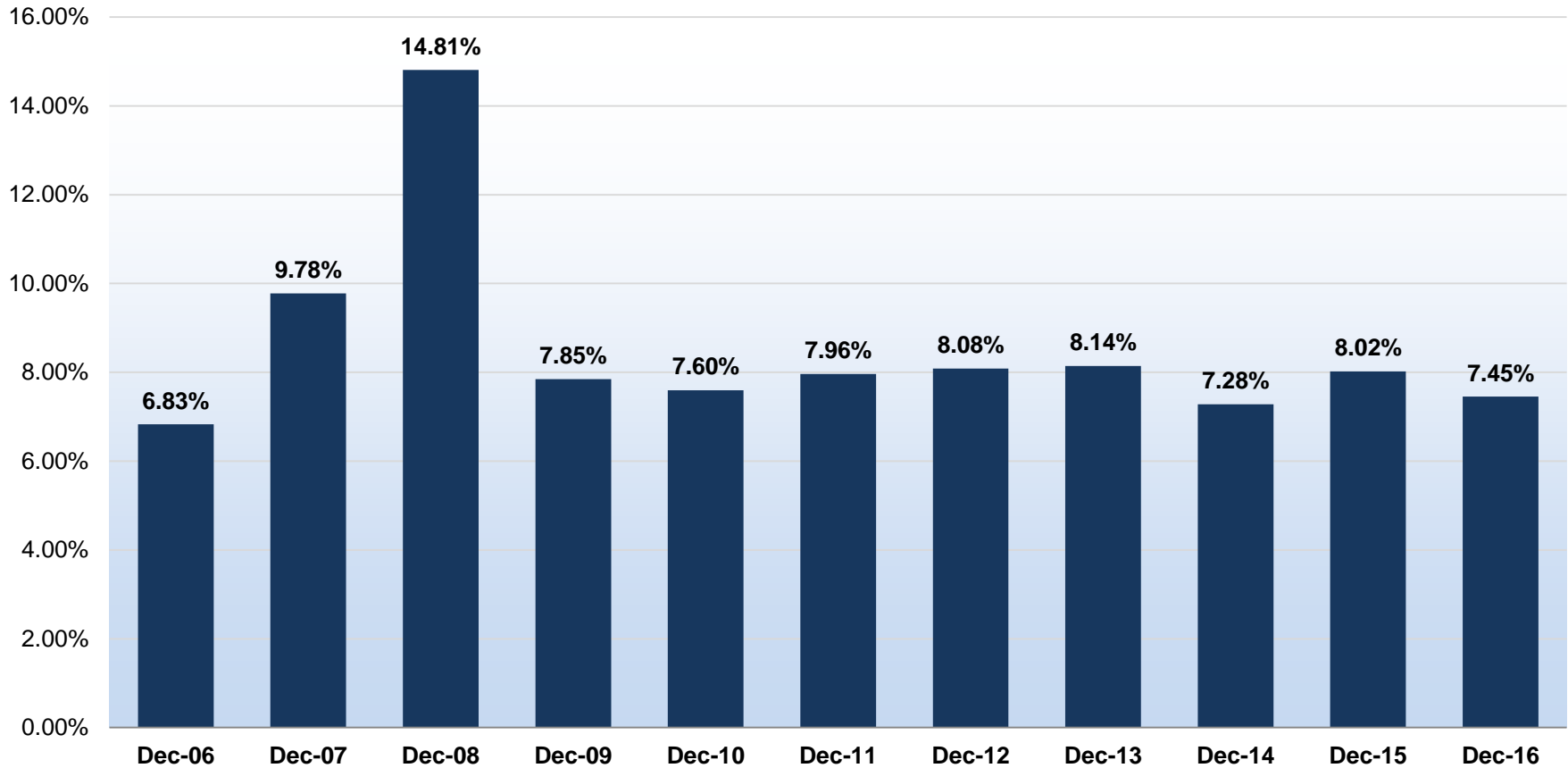


Source: Bloomberg, as of 2/28/2017

## Index Rationale - Yield

### Historical Dividend Yields

12/31/2006–12/31/2016

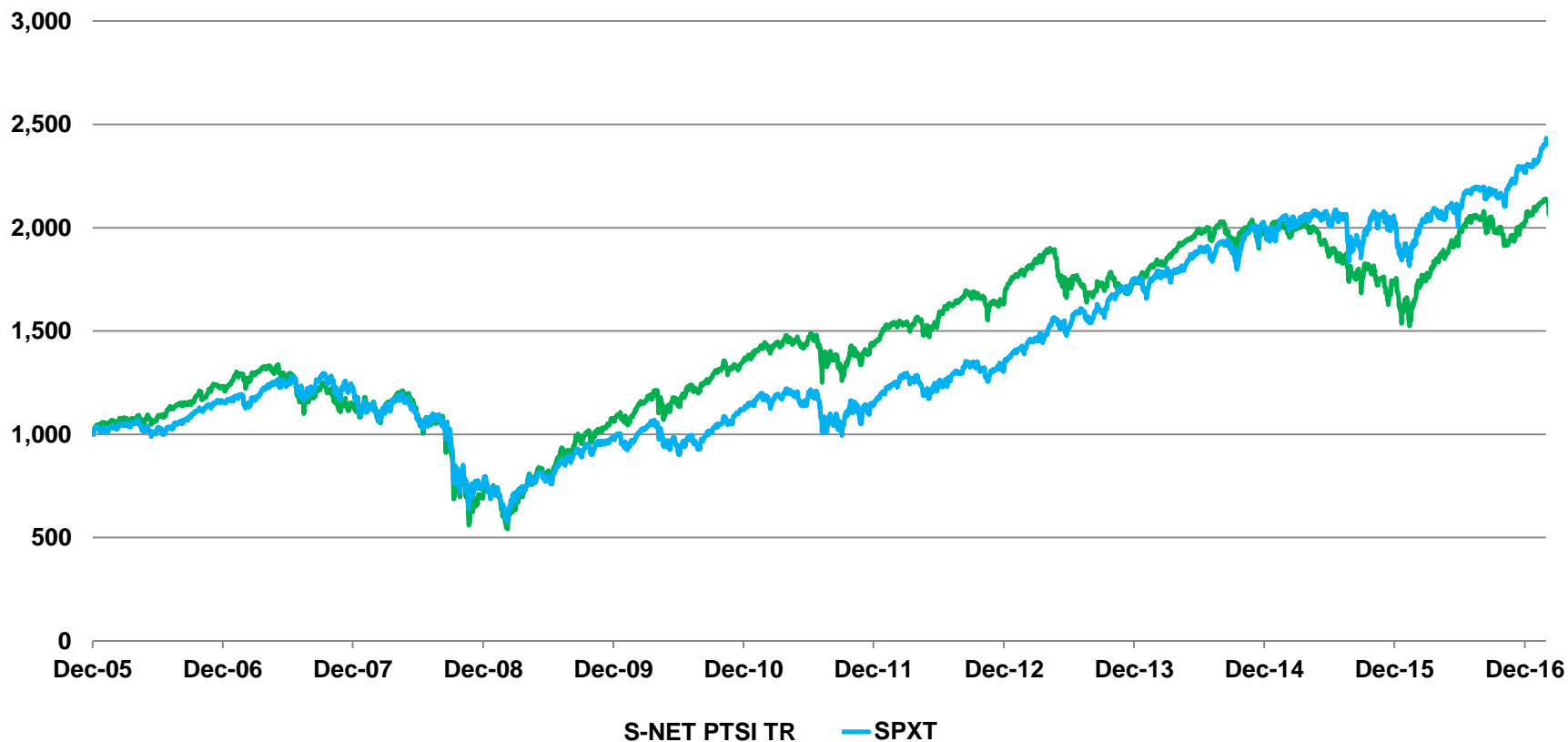


Source: S-Network, as of 2/28/2017

## Historical Performance I

### S-Network Pass-Through Securities TR Index vs. S&P 500 TR Index

(12/31/2005–2/28/2017)



Source: Bloomberg, as of 2/28/2017

## Top Ten Constituents

S-Network Pass-Through Security Index			
Ticker	Company Name	Sector	Weight
NLY US	Annaly Capital Management Inc.	Real Estate Investment Trust	5.10%
EPD US	Enterprise Products Partners L	CEF - Investment Grade Fixed Income	4.98%
VNO US	Vornado Realty Trust	Master Limited Partnership	3.41%
VTR US	Ventas Inc	Real Estate Investment Trust	3.21%
HCN US	Welltower Inc	Real Estate Investment Trust	3.05%
AGNC US	AGNC Investment Corp	Real Estate Investment Trust	2.74%
HCP US	Hcp Inc	Real Estate Investment Trust	2.47%
DLR US	Digital Realty Trust	Real Estate Investment Trust	2.22%
ETE US	Energy Transfer Equity Lp	CEF - Investment Grade Fixed Income	2.09%
MMP US	Magellan Midstream Partners Lp	CEF - Investment Grade Fixed Income	1.74%

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



## Index Construction - Methodology

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### ❑ Universe Development and Maintenance

- ~700 Pass -Through US Listed Securities
- Updated Quarterly for Corporate Actions + IPOs

### ❑ Inclusion Criteria

- No Investment Restrictions
- No Operational Impediments
- Listed on Exchange with Last Closing Price
- Minimum Market Capitalization (Sector Specific)
- Minimum Average Daily Trading Volume (>USD 500 Thousand)
- Annual Yield Greater than 1.5x S&P 500

**A stable and transparent construction methodology is entirely rules-based and fully replicable.**

## Index Construction - Weighting

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- Sectors Weights Based on Full Market Capitalization of Sector**
  - Weights of Each Sector Then Capped at 20%
  - Royalty Trust Sector Capped at 10%
  
- Weighting Within Sectors**
  - Capitalization Weighted
  - Securities Within Each Sector Capped at 20%
  
- Capped Weights Within Sectors Adjusted by Sector Weights**
  
- Capping Procedures Applied (25/5/45 RIC Rules)**
  
- All Income Qualifies for Favorable Tax Treatment Under RIC Rule**

## Index Construction - Eligibility

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Sector	Minimum Capitalization
Real Estate Investment Trust	4 Billion USD
Master Limited Partnership	3 Billion USD
Real Estate Investment Trust - Mortgage	500 Million USD
Royalty Trust	300 Million USD
CEF - Investment Grade Fixed Income	400 Million USD
CEF - High Yield Fixed Income	350 Million USD
Bus Dev Corp	150 Million USD
CEF - International	100 Million USD

## Index Details & Data Distribution

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- ❑ **Index Values Distributed in Real Time (15 second snapshots) in USD and EUR**
- ❑ **Total Return Index Calculated Daily in USD and EUR**
- ❑ **Index Values Distributed via Consolidated Tape**
- ❑ **Comprehensive Historic Data (including simulated back-tests from 12/31/2005)**
  - **Daily Prices for Price-Only + TR Indexes in USD + EURO**
  - **Quarterly Portfolio Snapshots (Historic Constituents and Weights)**
- ❑ **Extensive Analytic support**
  - **Quarterly Reports (“Index Insights”)**
  - **Industry Overviews**
  - **Extensive Statistical Data**
- ❑ **Comprehensive website**
- ❑ **Broad data distribution via third party vendors**
  - **S&P/Bloomberg/Yahoo, etc.**
  - **S-Network contribution page on Bloomberg: SNET**

**Complete data availability and index transparency facilitate more effective benchmarking and investment analytics.**



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## TOP NEWS

- Wet Seal dumps CEO, lowers guidance
- Cnooc to buy Canada's Nexen for \$15.1B
- Spanish GDP estimate puts markets in turmoil
- DigitalGlobe, GeoEye in \$900M merger
- German group buying Peet's Coffee
- NRG Energy to merge with GenOn Energy
- European markets are heavily down

## MARKET CURRENTS

**11:30 AM** Pluristem (PSTI **+2%**) plans to apply for FDA authorization of its stem cell treatment for aplastic bone marrow as an orphan drug or rare-disease treatment. The benefits of orphan-drug status include an accelerated regulatory process, possible grant money and tax credits. Pluristem also intends to apply for similar designations outside the U.S. [Comment!](#) [Healthcare]

**11:29 AM** While Cnooc's (CEO **-3.7%**) past attempt at a big North American deal fell apart - its 2005 bid for Unocal - analysts so far show **cautious optimism** the Nexen (INXY **+51.2%**) deal can go through, with several seeing Canada as more willing than the U.S. to approve a deal. "Cnooc did a nice job in adding oil reserves at less than US\$20/bbl,"

## ANALYSIS FOR MONDAY, JUL 23, 11:30AM ET

### Coeur D'Alene Mines: An Easy Double

by Resourcearb

### Halliburton Is An All-Star

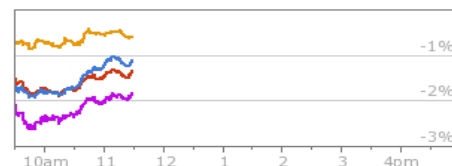
by Morningstar

### Google Settlement Could Drive Vringo Above \$30

by John H. Ford

- Weight Watchers Looking Rather Attractive
- Why Low Volume ETFs Should Not Be Avoided
- Zambia Currency Controls And Copper ETFs
- Fly High With Boeing This Earnings Season
- Qihoo's ARPU: Playing Games With Investors
- When This Indicator Hits 19, Stocks Always Rally
- The End Of The U.S/Global Stocks Decoupling

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**VXUS**

[Take a closer look](#)

## Company History

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### S-Network Global Indexes

S-Network Global Indexes, Inc. is a publisher and developer of proprietary and custom indexes. Founded in 1997, S-Network publishes over 200 indexes, which serve as the underlying portfolios for financial products with over USD 6 billion in assets under management. S-Network indexes, which are supported by a state-of-the-art technology platform, are known for their transparency and efficiency.

S-Network is a leader in socially responsible investment, publishing best-practice benchmark indexes in collaboration with Thomson Reuters. S-Network published the first global alternative energy and water indexes, which today serve as the recognized benchmarks for those sectors worldwide. In addition to publishing socially responsible indexes, S-Network produces proprietary environmental, social and governance ratings on nearly 5,000 public companies worldwide.

S-Network publishes a comprehensive suite of benchmark indexes covering US, European, Pacific Basin and emerging markets companies and mirroring the performance characteristics of the most popular indexes. The benchmark series offers detailed historical data, including daily constituent level data, from December 31, 1999 to the present. S-Network benchmarks serve as starting universes for smart beta indexes, as institutional-quality performance benchmarks, and as bases for Separately Managed Accounts.

S-Network is a prominent provider of smart beta indexes that incorporate standard market statistics as well as unique and highly specialized proprietary data sets derived from non-traditional sources. Smart beta indexes developed by S-Network embrace powerful single-factor models as well as complex multi-factor models that incorporate over 200 discrete factors. All indexes developed by S-Network address and resolve issues such as liquidity, investability and index turnover characteristics. For more information please visit <http://www.snetglobalindexes.com/>