



Methodology Guide

Prime Auto Industry Index

Version 1.2 dated June 5, 2023

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This document contains the underlying principles regarding the structure and the operation of the Prime Auto Industry Index (the “**Index**”). The Index is owned by Prime Indexes, a division of Level ETF Ventures LLC. Prime Indexes shall make every effort to implement these principles. Prime Indexes does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the Index nor the Index Level (defined below) at any certain point in time nor in any other respect. The Index is calculated and disseminated by Solactive AG (the “**Index Calculation Agent**”) and it strives to the best of its ability to ensure the correctness of the calculation. Prime Indexes has no obligation, irrespective of possible obligations to issuers, to advise third parties, including investors and/or financial intermediaries, of any errors in the Index. The publication of the Index by Prime Indexes is not a recommendation for capital investment and does not contain any assurance or opinion of Prime Indexes regarding a possible investment in a financial instrument based on this Index.

Introduction

This document is to be used as a guideline for the composition, calculation and management of the Index. Any changes made to the guideline are initiated by the Committee specified in section 1.5. Such committee may, at its own discretion, and in response to industry best practices and/or changing regulatory requirements, modify any part of this index methodology. The Index is calculated and published by the Index Calculation Agent, on behalf of Prime Indexes. The “Prime Indexes” trademark is owned by Level ETF Ventures LLC.

1 Index specifications

The Index is owned by Prime Indexes, a division of Level ETF Ventures LLC, and is calculated and distributed by the Index Calculation Agent.

The Index has been created to provide investors with a reference measure that enables them to track both event-driven news and long-term trends in automobile industry companies. To be included in the Index, companies need to have satisfied the eligibility requirements described herein.

There are three different versions of the Index calculated and published by the Index Calculation Agent:

- Gross Total Return – this version measures the price performance of the Index Constituents (defined below), with all cash dividends/distributions (hereinafter “**Cash Dividends**”) and special dividends/distributions (hereinafter “**Special Dividends**”) reinvested gross of any withholding taxes
- Net Total Return – this version measures the price performance of the Index Constituents, with all Cash Dividends and Special Dividends reinvested net of any applicable withholding taxes; provided, however, that the withholding tax rate for Index Constituents that are incorporated in the U.S. shall be set to zero (0)
- Price Return – this version measures the performance of the price appreciation of the Index Constituents, with only Special Dividends reinvested gross of any withholding taxes (i.e., Cash Dividends are not reinvested)

Cash Dividends refer to cash distributions usually paid in regular intervals, while Special Dividends designate all other cash distributions falling outside the normal pattern, which are often substantially larger than regular Cash Dividends and are usually non-recurring.

1.1 Short name and ISIN

The Index is distributed under the following codes and symbols:

Name	Bloomberg	Reuters	ISIN	WKN
Prime Auto Industry Index PR	N/A	.PCARS	DE000SL0HXW5	SL0HXW
Prime Auto Industry Index NTR	PCARSNTR	.PCARSNTR	DE000SL0HXX3	SL0HXX
Prime Auto Industry Index GTR	N/A	.PCARSGTR	DE000SL0HXY1	SL0HXY

1.2 Initial value

The Index is based on 100.00 at the close of trading on December 19, 2022 (the “**Base Date**”).

1.3 Distribution

The Index is published via the price marketing services of Boerse Stuttgart AG and is distributed to all affiliated vendors. Each vendor, in turn, decides whether it will distribute/display the Index via its information systems.

1.4 Prices and calculation frequency

The Index Calculation Agent calculates and publishes the Index Level every 15 seconds on each Index Trading Day from 9:00 a.m. to 4:50 p.m., Eastern Time, using the most recent Trading Prices (as defined below) of the Index Constituents on their respective Primary Exchanges (defined below). If an Index Constituent has stopped trading or has been halted, the last reported Trading Price for that Index Constituent is used in the calculation. If an Index Constituent has not opened for trading, then the most recent Trading Price (defined below) for that Index Constituent is used in the calculation.

The Index Calculation Agent calculates Index Levels using data inputs from market data aggregators or directly from the relevant securities exchanges. If the Index Calculation Agent cannot calculate the Index Level using its existing pricing data sources, then Prime Indexes will request that the Index Calculation Agent use an alternative pricing data source, such as other market data aggregators or relevant securities exchanges, in order to resume calculating Index Levels. If the Index Calculation Agent has no alternative pricing data source, then Prime Indexes may select an alternative Index Calculation Agent.

The Index Levels are distributed to all affiliated vendors, including Reuters and Bloomberg. If the Index Calculation Agent cannot disseminate the Index Level via Boerse Stuttgart AG, then Prime Indexes will request that the Index Calculation Agent use an alternative data disseminator. If the Index Calculation Agent has no alternative data disseminator, then Prime Indexes may select an alternative Index Calculation Agent.

The Index Level will not be published until either (i) the Index Calculation Agent can resume using its existing data source or data disseminator, as applicable; (ii) the Index Calculation Agent uses an alternative data source or data disseminator, as applicable; or (iii) Prime Indexes selects a new Index Calculation Agent that can publish the Index Level. Calculation errors may be identified by either Prime Indexes or the Index Calculation Agent, but only the Index Calculation Agent can publish corrected Index Levels on a retrospective basis.

1.5 Decision-making bodies

A Committee composed of staff from Prime Indexes is responsible for decisions regarding the composition of the Index, as well as any amendments to the rules (in this document referred to as the “**Committee**” or the “**Index Committee**”). The composition of the Index is determined by the Committee in accordance with the procedures outlined in section 2 of this document. The Committee shall also determine whether an Extraordinary Event (defined below) has occurred, and the implementation of any necessary adjustments.

Members of the Committee can recommend changes to this guideline and submit them to the Committee staff for approval.

1.6 Publication

Information relevant for calculating the Index is made available on <http://www.primeindexes.com> and sub-pages.

The Index is published in U.S. Dollars.

1.7 Historical data

Historical data will be maintained from the Base Date.

1.8 Licensing

Prime Indexes grants licences to securities exchanges, banks, financial services providers and investment houses to use the Index as the underlying value for derivative instruments or investment products.

2 Composition of the Index

The initial composition of the Index was determined on December 1, 2022.

2.1 Selection of the Index Constituents

After the Trading Close (as defined below) on each Selection Day (as defined below) in March, June, September, and December, the eligibility requirements listed below and data as of the Trading Close on such day shall be used to select the Index Constituents. All securities satisfying such requirements shall be included in the Index.

- **Security and Listing Requirement.** Each Index Constituent must be an equity security or an American Depository Receipt (an “**ADR**”) listed on a U.S. national securities exchange, *provided* that “equity security” shall not include (i) any exchange traded products, such as exchange traded funds and exchange traded notes; or (ii) any master limited partnerships;
- **Headquarters Requirement.** The issuer of the Index Constituent (or, with respect to an ADR, the issuer of the security underlying the ADR) (in either case, the “**Index Constituent Issuer**”) must not be headquartered or organized in Canada or the People’s Republic of China, as determined by Prime Indexes, based on the review of the Index Constituent Issuer’s regulatory filings and information from market data vendors, such as Refinitiv and/or Bloomberg;
- **Industry Requirement.** Each Index Constituent Issuer must belong to one or more of the following categories:
 - a) Automobile Manufacturing. Automobile Manufacturing companies are those that are engaged in the design, development, manufacturing, marketing and sales of motor vehicles, or categorized as *Automobile and Light Duty Motor Vehicle Manufacturing* by the North American Industry Classification System (the “**NAICS**”);
 - b) Automobile Parts and Retail. Automobile Parts and Retail companies are those that are engaged in the distribution of motor vehicle parts and accessories, or categorized as *Automotive Parts and Accessories Stores* or *Automotive Parts and Accessories Retailers* by the NAICS;

- c) New Car Dealers. New Car Dealers are companies engaged in the distribution and sale of new motor vehicles, or categorized as *New Car Dealers* by the NAICS; or
- d) Used Car Dealers. Used Car Dealers are companies engaged in the distribution and sale of used motor vehicles, or categorized as *Used Car Dealers* by the NAICS.
- **Market Capitalization Requirement:** Each Index Constituent must have a Market Capitalization of \$1 billion or greater;
- **Liquidity Requirement:** Each Index Constituent must have an ADVT of at least \$25,000,000, where “ADVT” for a given equity security or ADR shall be the average daily value traded of such security or ADR over the 3-month period immediately preceding the relevant Selection Day;
- **Minimum Share Price:** Each Index Constituent must have a minimum share price of at least \$1.00; and
- **Minimum Listing History:** Each Index Constituent’s initial listing date on its Primary Exchange must be at least three (3) calendar months prior to the relevant Selection Day.

2.2 Weighting of the Index Constituents

After the Trading Close on each Selection Day, the weighting of each Index Constituent (the “**Selection Weight**”) shall be determined in accordance with the process outlined below, with reliance on data as of the Trading Close on such day:

1. Rank all Index Constituents from highest to lowest, based on their respective ADVTs.
2. Calculate the Selection Weights for the Index Constituents using the following formula:

$$W_i = \frac{ADVT_i}{\sum_{i=1}^n ADVT_i}$$

where,

W_i = the Selection Weight for Index Constituent i

$ADVT_i$ = ADVT for Index Constituent i

n = the number of Index Constituents in the Index

If any Selection Weight is greater than 15% for any Index Constituent, reduce that Index Constituent’s Selection Weight to 15% and redistribute the excess amount above 15% proportionately to the other Index Constituents based on the proportionate Selection Weights of such other securities to each other. If necessary, this step is repeated until no Index Constituent has a Selection Weight greater than 15%.

If the aggregate weight of the top five (5) highest-weighted Index Constituents is greater than 50%, redistribute the excess amount above 50% proportionately to the other Index Constituents (i.e., those that are not initially in the top five) based on the proportionate Selection Weights of such other securities to each other. If necessary, this step is repeated until the aggregate weight of the resulting top five (5) highest-weighted Index Constituents equals 50%.

If the aggregate weight of all Foreign Index Constituents (defined below) is greater than 10%, redistribute the excess amount above 10% proportionately to the other Index Constituents that (i) are not Foreign Index Constituents; and (ii) do not have a Selection Weight that is greater than or equal to 15%, based on the proportionate Selection Weights of such other constituents to each other, *provided* that such excess amount shall not be proportionately redistributed in such a manner that would result in the top five highest-weighted Index Constituents having an aggregate weight that is greater than 50%. A “**Foreign Index Constituent**” is an Index Constituent whose issuer (i.e., the Index Constituent Issuer), is not headquartered in the U.S.

In the event that two or more securities and/or ADRs have the same ADVT, such “tied” securities and/or ADRs shall be ranked, from highest to lowest, in accordance with their respective Market Capitalizations.

2.3 Ordinary adjustments

After the Trading Close on the first Index Trading Day (defined below) of each month (the “**Selection Day**”), the following process occurs: (i) if necessary, remove from the Index any Index Constituent that does not meet the Market Capitalization Requirement described above, and (ii) calculate the Selection Weight for each remaining Index Constituent in accordance with section 2.2 above.

After the Trading Close on the third Friday of every month or, if such Friday is not an Index Trading Day, the next Index Trading Day (in either case, an “**Adjustment Day**”), the Index is updated to reflect the Index Constituents and their respective Selection Weights, each as determined on the immediately preceding Selection Day.

2.4 Extraordinary Event

If an Extraordinary Event (defined below) involving an Index Constituent Issuer or, in the case of a delisting, an Index Constituent, occurs, the Index Calculation Agent will make any necessary adjustments to the Index that it deems appropriate in order to take into account the effect of such event, and shall determine the date (using the effective date as disclosed by the Index Constituent Issuer or the Index Constituent’s Primary Exchange, or market data vendor) on which such adjustments will become effective. An “**Extraordinary Event**” shall consist of, but not be limited to, the following:

- a Merger
- a Takeover Bid
- a Delisting
- a Nationalization
- an Insolvency

A “**Merger**” includes the following events:

- a change in the security class or a conversion of a share class that results in a transfer, or an ultimate definite obligation to transfer, all shares of an Index Constituent in circulation to another legal person;
- a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the Index Constituent Issuer to exchange shares with another legal person (except in a merger or share exchange under which the Index Constituent Issuer is the acquiring or remaining company and which does not involve a change in security class or a conversion of all the shares of the Index Constituent in circulation);
- a takeover offer, exchange offer, other offer or another act of a legal person for the purposes of acquiring or otherwise obtaining from the Index Constituent Issuer all of the issued Index Constituent shares that entails a transfer or the irrevocable obligation to transfer all such shares (with the exception of those shares held and controlled by the legal person); or
- a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of an Index Constituent Issuer or its subsidiaries to exchange Index Constituent Issuer shares with another legal person, whereby the issuer of such Index Constituent shares is the acquiring or remaining company and it does not involve a change in the class or a conversion of all the issued Index Constituent shares, but the Index Constituent shares in circulation directly

prior to such an event (except for the shares held and controlled by the legal person) represent in total less than 50% of the Index Constituent shares in circulation directly subsequent to such an event.

A **“Takeover Bid”** is a bid to acquire, an exchange offer or any other offer or act of a legal person that results in such legal person acquiring, as part of an exchange or otherwise, more than 10% and less than 100% of the voting Index Constituent shares in circulation or the right to acquire such shares, as determined by the Index Calculation Agent based on notices submitted to public or self-regulatory authorities or other information considered by the Index Calculation Agent to be relevant.

A **“Delisting”** occurs if the Primary Exchange of an Index Constituent announces pursuant to such exchange’s regulations that the listing of, the trading in or the issuing of public quotes on the Index Constituent at such exchange has ceased immediately or shall cease at a later date, for whatever reason (provided that the delisting is not because of a Merger or a Takeover Bid), and the Index Constituent is not immediately listed, traded or quoted again on a U.S. national securities exchange, trading or listing system that is acceptable to the Index Calculation Agent.

“Nationalization” is a process whereby all Index Constituent shares or the majority of the assets of an Index Constituent Issuer are nationalized or are expropriated or otherwise must be transferred to public bodies, authorities or institutions.

“Insolvency” occurs with respect to an Index Constituent if (i) all Index Constituent shares must be transferred to a trustee, liquidator, insolvency administrator or a similar public officer as result of a voluntary or compulsory liquidation, insolvency or winding-up proceedings or comparable proceedings affecting such Index Constituent Issuer, or (ii) the holders of the Index Constituent shares are legally enjoined from transferring the shares of such Index Constituent.

3 Calculation of the Index

3.1 Index Level calculation

From 9:00 a.m. to 4:50 p.m., Eastern Time, on each Index Trading Day, the **“Index Level”** is calculated every 15 seconds in accordance with the following formula*:

$$Index_t = \sum_{i=1}^n x_{i,t} \times p_{i,t}$$

where,

$Index_t$ = the Index Level on Index Trading Day t

$x_{i,t}$ = Index Shares of Index Constituent i on Index Trading Day t

$p_{i,t}$ = Trading Price of Index Constituent i on Index Trading Day t

* The formula to calculate the three versions of the Index is the same. However, Index Shares may be subject to adjustment for some versions of the Index when certain events arise (see definition of Index Shares and sections 3.2 and 3.3 below).

An **“Index Trading Day”**, in relation to the Index, is a day that the New York Stock Exchange (the **“NYSE”**) is open for trading (or a day that the NYSE would have been open for trading if an Index Disruption Event, as defined below, had not occurred). The Index Calculation Agent is ultimately responsible for determining whether a day is an Index Trading Day with regard to the Index or an Index Constituent.

“**Index Shares**” with respect to any Index Constituent, is calculated on each Selection Day and represents the number of hypothetical shares (including a fraction thereof) of an Index Constituent to be included in the Index. For any Index Constituent, this number equals the ratio of (a) the Selection Weight of the Index Constituent on such Selection Day, *multiplied by* the Index Level on such day, to (b) the Closing Price of the Index Constituent on such day. Index Shares for any Index Constituent may be subject to adjustment in the event of a dividend or corporate action (see sections 3.2 and 3.3 below).

3.2 Corporate actions

Following an announcement by an Index Constituent Issuer of the terms and conditions of a corporate action (as disseminated by that Index Constituent Issuer, the Index Constituent’s Primary Exchange, or market data vendor that aggregates such data), the Index Calculation Agent will determine whether such corporate action has a dilutive, concentrative or similar effect on the price of the relevant Index Constituent. The Index Calculation Agent will make any necessary adjustments that it deems appropriate, including adjusting the Index Shares of such constituent, in order to take into account the dilutive, concentrative or similar effect, and shall determine the date (using the effective date as disclosed by the Index Constituent Issuer or the Index Constituent’s Primary Exchange, or market data vendor) on which such adjustments will become effective.

These adjustments are performed by the Index Calculation Agent, as enumerated in their policy and procedures documents, which at the time of publication of this document were available at: <https://www.solactive.com/documents/>.

3.3 Dividends

A Cash Dividend or Special Dividend in respect of an Index Constituent will result in an adjustment to the Index Shares of such constituent when calculating the Index Level for the Gross Total Return and Net Total Return versions of the Index and a Special Dividend in respect of an Index Constituent will result in an adjustment to the Index Shares of such constituent when calculating the Index Level for the Price Return version of the Index. The foregoing adjustments entail reinvesting the dividend in question into such dividend-paying constituent based on the Closing Price of that Index Constituent on the Index Trading Day immediately prior to the dividend ex-date. Due to such adjustment, the Index Shares of such constituent increases by a price adjustment factor (the “**Price Adjustment Factor**” or “**PAF**”). The PAF reflects the relation between the Closing Price of the Index Constituent one Index Trading Day prior to the dividend ex-date and such adjusted price on the dividend ex-date. The PAF is calculated in accordance with the following formula:

$$PAF_{i,t+1} = \frac{p_{i,t}}{p_{i,t} - d_{i,t+1} * (1 - w_{i,t+1})}$$

where,

$PAF_{i,t+1}$ = the Price Adjustment Factor of Index Constituent i on Index Trading Day $t+1$

t = the Index Trading Day immediately prior to the dividend ex-date

$p_{i,t}$ = the Closing Price of Index Constituent i on Index Trading Day t

$d_{i,t+1}$ = the dividend of Index Constituent i on Index Trading Day $t+1$

$w_{i,t+1}$ = the withholding tax rate* of Index Constituent i on Index Trading Day $t+1$

* Applicable withholding tax rates are available at <https://www.solactive.com/documents/withholding-tax-rates>. The withholding tax rate is deemed to

be zero (0) for the Gross Total Return version of the Index. Further, the withholding tax rate for Index Constituents that are incorporated in the U.S. shall be set to zero (0).

The adjusted Index Shares after the implementation of the foregoing adjustment is calculated as follows:

$$ax_{i,t+1} = x_{i,t} * PAF_{i,t+1}$$

where,

$ax_{i,t+1}$ = the adjusted Index Shares of Index Constituent i on Index Trading Day $t+1$

3.4 Calculation of the Index in the event of an Index Disruption Event

The calculation and dissemination of Index Levels may be delayed, halted, suspended or rendered incorrect in the event of an Index Disruption Event (defined below) or Force Majeure Event (unforeseeable or unavoidable circumstances, including but not limited to act of God, war, crime, or terrorism). If the Index Disruption Event or Force Majeure Event continues over a period of eight consecutive Index Trading Days, then the Committee shall determine the necessary action (including, but not limited to, taking into account the market conditions prevailing at this point in time, the last quoted Trading Price for each of the Index Constituents, as well as any other conditions that it deems relevant for calculating the Index Level) such that the Index Constituents affected by the Index Disruption Event are no longer causing such disruption to occur.

4 Definitions

An “**Affiliated Exchange**” is, with regard to an Index Constituent, any exchange, trading or quotation system on which options and futures contracts on such Index Constituent are traded, as specified by the Index Calculation Agent.

“**Closing Price**” is, in respect of an Index Constituent on an Index Trading Day, the closing price on such Index Trading Day determined in accordance with such Index Constituent’s Primary Exchange regulations. If an Index Constituent’s Primary Exchange has no such price for an Index Constituent, the Index Calculation Agent shall determine the Closing Price in a reasonable manner.

The “**Index Calculation Agent**” is Solactive AG or any other appropriately appointed successor in this function.

“**Index Constituent**” is each security currently included in the Index.

The “**Index Currency**” is U.S. Dollars.

An “**Index Disruption Event**” with respect to an Index Constituent includes, but is not limited to, any of the following events occurring or continuing to occur on an Index Trading Day:

1. Trading is disrupted, suspended or restricted (due to price movements that exceed the limits allowed by the relevant Primary Exchange or an Affiliated Exchange, or for other reasons) (i) on the Primary Exchange or in a trading or quotation system (as determined by the Index Calculation Agent) on which such Index Constituent is listed or quoted, or (ii) in options or futures contracts on

or with regard to such Index Constituent or such Index Constituent that is quoted on an Affiliated Exchange;

2. Disruptions in the calculation and/or publishing of the Trading Price of any Index Constituent for any reason;
3. Trading on the relevant Primary Exchange or an Affiliated Exchange is ceased prior to the usual closing time, unless the early cessation of trading is announced by either such exchange on the relevant Index Trading Day at least one hour before (i) the actual closing time for normal trading on either such exchange on the Index Trading Day in question or, (ii) the order submission cutoff time for same-day order execution, if such a time requirement exists and is earlier than the actual closing time of either such exchange on the Index Trading Day in question;
4. The implementation by the Index Calculation Agent of any procedure or policy that interrupts, suspends or changes the frequency or method of the calculation of the Index Levels;
5. Third-party vendor outages, errors or omissions; or
6. A general moratorium is imposed on banking transactions in the country of the Index Constituent Issuer.

“Market Capitalization” is, with regard to each of the companies on a Selection Day, the value determined to be the Market Capitalization on such day. As of the date of this document, Market Capitalization is defined as the value of a company calculated by multiplying the number of shares outstanding of the company by its share price.

“Primary Exchange” is, in respect of every Index Constituent, the U.S. national securities exchange where the Index Constituent has its primary listing. With respect to any Index Constituent, the Committee may declare a different securities exchange the Primary Exchange for trading reasons, even if the company is only listed there via a Stock Substitute.

“Stock Substitute” includes, in particular, ADRs and Global Depository Receipts.

The **“Trading Close”** is the time at which the principal trading session on the NYSE closes, typically 4:00 p.m., Eastern Time.

The **“Trading Price”** is, with regard to an Index Constituent, the last available price of an Index Constituent on an Index Trading Day as determined in accordance with the Index Constituent's Primary Exchange regulations.

5 Appendix

5.1 Contact information

Information regarding the Index can be found at www.PrimeIndexes.com.

5.2 Calculation of the Index – change in calculation method

The implementation by the Index Calculation Agent of the method described in this document is final and binding. The Index Calculation Agent shall apply the method described above for the composition and calculation of the Index. However, it cannot be excluded that market environment, supervisory, legal, financial or tax reasons may require changes to be made to this method. The Index Calculation

Agent may also make changes to the terms and conditions of the Index and the method applied to calculate the Index, which are deemed to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. The Index Calculation Agent is not obliged to provide information on any such modifications or changes. Despite any such modifications and changes, the Index Calculation Agent will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above and its own standard operating procedures.